

U.S. Department of
Homeland Security

United States
Coast Guard



FINANCIAL RESOURCE MANAGEMENT MANUAL (FRMM)



COMDTINST M7100.3E

September 2013



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COMMANDANT INSTRUCTION M7100.3E

Subj: FINANCIAL RESOURCE MANAGEMENT MANUAL (FRMM)

1. PURPOSE. This revision updates Coast Guard policy for all financial resource management matters and related issues.
2. ACTION. All Coast Guard unit commanders, commanding officers, officers-in-charge, deputy/assistant commandants, and chiefs of Headquarters staff elements shall comply with the provisions of this manual. Internet release is authorized.
3. DIRECTIVES AFFECTED. Financial Resource Management Manual (FRMM), COMDTINST M7100.3D is cancelled.
4. REQUESTS FOR CHANGES. Units and individuals may recommend changes by writing via the chain of command to:

COMMANDANT (CG-843)
ATTN: FINANCIAL MANAGEMENT POLICY DIVISION
US COAST GUARD STOP 7618
2703 MARTIN LUTHER KING JR AVE SE
WASHINGTON DC 20593-7618

5. DISCUSSION. This revision updates Coast Guard financial policy and procedures in accordance with changes in Coast Guard rules, Federal Government regulations, generally accepted accounting principles (GAAP), and generally accepted auditing standards (GAAS).

DISTRIBUTION – SDL No. 162

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NON-STANDARD DISTRIBUTION:

6. MAJOR CHANGES. Significant changes include:

Chapter 1. Introduction to Financial Resource Management:

Addition of duties and membership of the Financial Management Accounting Oversight Board (FMAOB).

Chapter 2. Coast Guard Budget Authority and Structure:

Addition of a new description of Operating Expense Allowance Fund Code (AFC) AFC-34 Training and Recruiting Centers.

Chapter 3. Administrative Control of Funds:

Changes to Administrative Control of Funds resulting from new DHS policy.

Chapter 4. Budget Formulation:

Streamlined the chapter to align with current practices.

Chapter 5. Budget Execution:

- 1) Added over 100 pages of detailed policy, including a chronological presentation of budgetary execution planning, coordination with OMB and DHS, execution of commitments and obligations, management of expired and cancelled appropriations, and year-end reporting and closeout.
- 2) Clarified recent Acquisition, Construction, and Improvement appropriations, including those related to the Integrated Deepwater System (IDS) program (The Coast Guard's Integrated Deepwater System was only used for FY2002-FY2011 appropriations. IDS assets are now included as part of Coast Guard's current \$27 billion recapitalization investment portfolio, which includes more than 20 major acquisition programs and projects managed by Commandant (CG-9).); also specific guidance on distinctions between maintenance, major repairs, and renovations for vessels, aircraft, and electronic equipment.

Chapter 6. Continuing Operations without Appropriations:

Aligned the chapter to OMB Circular A-11 and other applicable law.

Chapter 7. Accounting Policies and Standards:

- 1) Added new policy for the management of obligations in the accounting system of record, including detailed procedures for ensuring proper recording of obligations from the Finance and Procurement Desktop (FPD) feeder system into the Core Accounting System (CAS).
- 2) Added new policy for a U.S. Treasury payment confirmation process.
- 3) Added new policy for accruals.

Chapter 8. Financial Reporting:

Added this new chapter, which covers period-end reporting, adjustments, eliminations, and other special intragovernmental reconciliations.

Chapter 10. Property, Plant, and Equipment (PP&E):

Updated the policy for lease accounting.

This revision also replaces the two-column layout of previous editions with a report-style layout, which uses more of Word's automated capabilities, including the automatic formatting and numbering of chapter and section headers. Therefore, letters are no longer used as the second digit of paragraph identifiers as in FRMM-D. For example, "5.K- Use of OE Funds" from FRMM-D is now formatted as "5.6.10 Use of OE Funds". As a result, this manual is easier to maintain, and changes can be made with greater speed and accuracy.

7. **DISCLAIMER.** This guidance is not a substitute for applicable legal requirements, nor is it itself a rule. It is not intended to nor does it impose legally binding requirements on any party outside the U.S. Coast Guard. It represents the Coast Guard's current thinking on this topic and may assist industry, mariners, the general public, and the Coast Guard, as well as other Federal and State agencies, in applying statutory and regulatory requirements. All Coast Guard personnel are required to ensure that current business practices are accomplished within the guidelines of this policy.
8. **RECORDS MANAGEMENT CONSIDERATIONS.** This manual has been thoroughly reviewed during the directives clearance process, and it has been determined there are further records scheduling requirements, in accordance with Federal Records Act, 44 USC 3101 et seq., NARA requirements, and Information and Life Cycle Management Manual, COMDTINST M5212.12 (series). This policy creates significant or substantial change to existing records management requirements.
9. **ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS.** Environmental considerations under NEPA were examined in the development of this manual. This manual includes preparation of guidance documents that implement, without substantive change, the applicable Commandant Manual or other federal agency regulations, procedures, manuals, and other guidance documents. It is categorically excluded from further NEPA analysis and documentation requirements under Categorical Exclusion (33) as published in National Environmental Policy Act Implementing Procedures and Policy for Considering Environmental Impacts, COMDTINST M16475.1 (series), Figure 2-1. An Environmental Impact Evaluation Process and Record of Environmental Consideration (REC) are not required.
10. **FORMS/REPORTS.** The forms referenced in this manual are available in USCG Electronic Forms on the Standard Workstation or on the Internet: <http://www.uscg.mil/forms/>; CGPortal at <https://cgportal2.uscg.mil/library/forms/>; and Intranet at <http://cgweb.comdt.uscg.mil/CGForms>. The DOD Single Line Item Requisition System Document (Manual), Form DD 1348, is available at <http://www.dtic.mil/whs/directives/infomgt/forms/forminfo/forminfo493.html>. Standard and Optional Forms are located here: <http://www.gsa.gov/portal/forms/type/TOP/category/22457/hostUri/portal>. Department of Defense forms are located here: <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>. Department of Homeland Security forms are located here: <http://dhsconnect.dhs.gov/forms>.

Note: The Apportionment and Reapportionment Schedule, Form SF 132, and Report on Budget Execution and Budgetary Resources, Form SF 133, have been incorporated into the Federal Government's electronic budgetary system; consequently, these forms are no longer available as

hard copies. The Apportionment and Reapportionment Schedule, Form SF 132, is submitted using OMB's secure web-based apportionment application system, and the Report on Budget Execution and Budgetary Resources, Form SF 133, must be submitted electronically through the Treasury's Federal Agencies' Centralized Trial-Balance System II (FACTS II). For illustrative formats of these forms and their proper use, see OMB Circular A-11, sections 121 and 130, at the following websites: http://www.whitehouse.gov/omb/assets/a11_current_year/s121.pdf and http://www.whitehouse.gov/omb/assets/a11_current_year/s130.pdf. In addition, FACTS II is also used for the Year-End Closing Statement, Form FMS 2108. Procedures for completing and submitting this form can be found at: <http://www.fms.treas.gov/tfm/vol1/v1p2c420.html>. Finally, the following forms are also no longer available as hard copies: Statement of Transactions, Form FMS 224; Statement of Differences (SOD), Form FMS 6652; Undisbursed Appropriation Account Ledger, Form FMS 6653; Undisbursed Appropriation Account Trial Balance, Form FMS 6654; and Receipt Account Ledger/Trial Balance, Form FMS 6655. However, they can be found in the FMS's GOALS II system, which is a collection of applications that allows FMS to collect data from and disseminate reports on Federal Program Agencies. Informational summaries are provided at http://fms.treas.gov/goals/factsheet_224.html and <https://fms.treas.gov/tfm/vol1/supplements/background.html>, and access is available at <http://www.fms.treas.gov/goals/index.html>.

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Chief Financial Officer

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Chapter 1. Introduction to Financial Resource Management

1.1 Purpose and Scope of this Manual

This manual prescribes Coast Guard financial resource management policy. It sets forth responsibilities, guidelines, timetables, and some procedures for Headquarters (HQ) staffs, areas, districts, logistics and service center commands, and Headquarters units involved in financial resource management and administration.

1.2 Financial Resource Management

Financial resource management includes the diligent oversight of all actions that affect the use of Coast Guard funds. These efforts include:

1. Obtaining funding to carry out the missions, duties, and responsibilities of the Coast Guard;
2. Exercising good stewardship over the funds provided, by ensuring that they are used for the purposes for which they were meant and in accordance with applicable laws, rules, regulations, and policies; and
3. Maintaining audit-ready documentation in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

1.3 Financial Management Accounting Oversight Board (FMAOB)

1.3.1 Overview

In 2009 the Coast Guard established a professional oversight board – the Financial Management Accounting Oversight Board (FMAOB) – to help ensure consistent and compliant accounting treatment throughout the Coast Guard. Consistent application of Federal accounting and related financial management standards across the Coast Guard is an essential task in fulfilling the agency's duty to be publicly accountable. The FMAOB will provide guidance to the Chief Financial Officer (CFO) relating to the appropriate accounting treatment of complex financial accounting issues. It will also provide guidance on interpretation, application, and compliance relating to Federal laws and regulations, including generally accepted accounting principles (GAAP) and Department of Homeland Security (DHS) financial management policies.

The FMAOB will institutionalize an enhanced governance structure for financial management and accounting policy decision-making in support of enterprise-wide Coast Guard financial management transformation goals in accordance with Federal standards. The FMAOB will establish oversight and achieve audit readiness by providing authoritative guidance in the development and updating of financial management and accounting policies to ensure consistent accounting treatment throughout the Coast Guard.

1.3.2 Authorities

1. Chief Financial Officers Act of 1990.
2. Department of Homeland Security Financial Accountability Act.
3. Federal Managers' Financial Integrity Act of 1982 (FMFIA).
4. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*.
5. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM).

1.3.3 Responsibilities

1.3.3.1 *Chief Financial Officer*

The Chief Financial Officer (CFO), Commandant (CG-8), receives all policy and technical recommendations from the FMAOB for review, comment, and final approval on the accounting matters presented.

1.3.3.2 *Director of Financial Operations/Comptroller (CG-8C)*

Commandant (CG-8C):

1. Acts as FMAOB Chair and establishes the direction for the Board, in conjunction with the CFO.
2. Approves the appointment of FMAOB members and maintains the membership roster.
3. Sets each meeting's agenda, date, and location.
4. Directs the recording of meeting minutes and disseminates the minutes to the Senior Management Council (SMC) and the Senior Assessment Team (SAT).
5. Reports directly to the CFO on elevated risks, FMAOB decisions, issue resolution, task progress, and outstanding issues.
6. Provides final dispute resolution and tie-breaking decision approval authority, in consultation with the CFO and the SMC.
7. Provides final approval authority on all financial management and accounting policies forwarded to the CFO for review and comment.
8. Provides a quarterly briefing to the Coast Guard and DHS CFOs and the Coast Guard SMC on the progress and outputs of the FMAOB.
9. Provides a technical review of all financial and accounting policies presented to the FMAOB and forwards the Board's recommendations to the CFO for review and approval.

10. Invites the independent audit partners to an FMAOB meeting each quarter in order to gain their perspective on proposed financial management and accounting policies; specifically, how proposed policies could impact the effectiveness and efficiency of the financial statement audit.

1.3.3.3 FMAOB Members

FMAOB members:

1. Review and approve:
 - a. The master inventory list of existing financial management and accounting policies compiled by Commandant (CG-843); and
 - b. The priority list of policies being developed, updated, or disputed, compiled by Commandant (CG-843).
2. Define a standard format for all policies.
3. Review and approve newly developed policies and updated policies.
4. Review and adjudicate policies being disputed for a valid business reason.
5. Delegate authority, as appropriate, for the development of policies, the revision of policies resulting from dispute resolution decisions, and the training of personnel to execute approved policies.
6. Review all DHS financial statements and Office of Inspector General and GAO audit reports to determine how existing policies can be strengthened to address audit findings.
7. Contribute to the quarterly briefing of the Coast Guard and DHS CFOs and the Coast Guard SMC on the progress and outputs of the FMAOB.
8. Serve as principal advisors to the CFO on financial management and accounting policy matters.
9. Act as liaison between the Coast Guard and the DHS policy group on all financial management and accounting policy issues.
10. Maintain liaison with the Office of Management and Budget (OMB), the Treasury Department, GAO, and other Federal agencies on all financial management and accounting policy matters.

1.3.3.4 Financial Management Policy Division (CG-843)

Commandant (CG-843):

1. Compiles and maintains a master inventory list of existing financial management and accounting policies.
2. Compiles and prioritizes a list of policies considered for development or updating, along with policies being disputed for a valid business reason.

3. Meets with key process owners in accounting and financial management areas to obtain information on new policies to be developed and existing policies to be revised.
4. Reviews the independent auditors' "Notice of Findings and Recommendations (NFR)," "Report on Internal Control," and "Report on Compliance with Laws and Other Matters" to determine which policies are affected by the issues noted.
5. Reviews Coast Guard Mission Action Plans (MAPs) and the Financial Strategy for Transformation and Audit Readiness (FSTAR) plan quarterly to determine whether the MAPs have changed and are still consistent with the issues noted in the reports listed in paragraph 4 above.
6. Prepares a task execution schedule recommending the assignment of subject matter experts (SMEs) and expected timelines to policies approved by the FMAOB for development, update, or revision resulting from disputes.
7. Coordinates training of Coast Guard personnel to effectively execute all approved policies.
8. Ensures Commandant (CG-843) attendance at FMAOB meetings. Creates a detailed record of events regarding policies in the review and approval process, including each member's opinions for or against the policy under consideration.
9. Maintains a repository of all approved policies in this manual or other approved repository, supported by all applicable documentation detailing the development, review, and approval process. This repository shall be appropriately cross-referenced to the DHS policy area noted in its repository.
10. Establishes a schedule for annual review of the policies in the repository to evaluate the continued relevancy of all existing policies.
11. Provides a quarterly briefing to the FMAOB on potential new policies to be developed, progress of on-going policy drafts, problems being encountered in the delivery schedule, etc.
12. Liaises with representatives from the DHS Office of Financial Management (OFM) Policy Division and other DHS components in order to learn best practices in technical accounting policy development.

1.3.4 Policy

1. The FMAOB shall consist of seven members and shall be chaired by the Comptroller or designated official who will provide advice and direction to the Board on Coast Guard financial management accounting policy.
2. FMAOB membership shall include:
 - a. Chair: Office of Director of Financial Operations/Comptroller (CG-8C);
 - b. Vice chair: Deputy Assistant Commandant for Resources (CG-8D);
 - c. Member: Director, DHS Office of Financial Management (OFM);

- d. Member: Division Chief, Financial Information and Control (FINCEN);
 - e. Member: professional staff, Audit Remediation Division (CG-845);
 - f. Member: professional staff, Mission Support Resources Directorate (DCMS-8); and
 - g. Member: Judge Advocate General and Chief Counsel (CG-094).
3. Every professional staff member of the FMAOB shall be one of the following: a Certified Public Accountant (CPA), a licensed attorney, a Certified Government Financial Manager (CGFM), or a Certified Defense Financial Manager (CDFM).
 4. The FMAOB Chair shall schedule all meetings. Regular meetings shall be held on a monthly basis (or other interval as agreed by the members). Special meetings may be scheduled at the discretion of the Chair. The meeting agenda shall be determined by the Chair.
 5. FMAOB members shall vote when adopting recommendations or taking action on matters before the Board. Each member has one vote. A quorum of four members must be present to vote, and a majority vote of the members present and voting is required to approve any recommendation or action. Any member sending an alternate shall ensure that the alternate has the same final approval authority as the member. The Chair shall forward recommended policies approved by the Board to the CFO for review and comment.
 6. Issues that cannot be resolved by the FMAOB or that require the attention of the Coast Guard Leadership may be addressed to the CFO or Deputy CFO for further escalation and/or resolution. Any issue elevated outside the FMAOB shall be recorded in the meeting minutes and shall be tracked through an issues log.
 7. Meeting minutes and action items shall be documented at each meeting, including each member's opinions for or against the policies under consideration.
 8. The FMAOB Charter shall be reviewed by the Board on an annual basis. Proposed changes shall be forwarded to the CFO and Deputy CFO for approval.
 9. The FMAOB may develop or recommend financial policies and procedures in compliance with GAAP and *Coast Guard Directives System*, COMDTINST M5215.6 (series).

1.4 The Budget Process

Budgeting is a planned, disciplined approach to funds management and is a cornerstone of financial resource management. It is the process by which planned operations and objectives are translated into their related financial requirements for purposes of estimating and executing those plans. The budget provides base levels or standards of performance from which to evaluate results. It is a tool that best serves its purpose when it is founded on sound financial and management principles supported by the organization and its people.

The budget process is a general term used to describe how the Coast Guard obtains funding and the rules it must live by in using the funding provided. The budget process involves two major phases:

1. Budget formulation; and
2. Budget execution.

1.4.1 Budget Formulation

Budget formulation begins with the preparation of estimated Coast Guard funding requirements as an operating administration of the Department of Homeland Security (DHS). There are two initial stages of the formulation process, the Forecast Stage and the DHS Stage. The resulting budget estimates are then incorporated into the Office of Management and Budget (OMB) Stage.

The final product of these efforts becomes part of the President’s Budget, which is submitted to Congress in late January or early February, thus entering the Congressional Stage of budget formulation. The budget estimates reflect the missions, programs, and responsibilities assigned to the Coast Guard, and the policies of the President in carrying out these missions. OMB acts as the President’s immediate staff in dealing with executive agencies on matters of budget formulation and, following Congressional action on the budget, on budget execution.

The Congressional budget process is outlined in 2 USC 631. The timetable for any fiscal year is as follows:

Table 1.1 Timetable of the Congressional Budget Process

On or Before	Action to be Completed
First Monday in February	President submits his budget.
15 February	Congressional Budget Office submits report to Budget Committees.
Six weeks after President submits budget	Committees submit views and estimates to Budget Committees.
1 April	Senate Budget Committee reports concurrent resolution on the budget.
15 April	Congress completes action on concurrent resolution on the budget.
15 May	Annual appropriation bills may be considered in the House.
10 June	House Appropriations Committee reports last annual appropriation bill.
15 June	Congress completes action on reconciliation legislation.
30 June	House completes action on annual appropriation bills.
1 October	Fiscal year begins.

Although this schedule is designed to provide appropriations prior to the start of the fiscal year (1 October), conflicting perspectives of national goals and economic conditions frequently delay approval beyond that date. In this situation, Congress usually enacts a continuing resolution to provide interim funding until required appropriations are passed. See subsections 5.5.1 and 5.5.2 of this manual for additional details.

1.4.2 Budget Execution

Budget execution and planning for execution begins some eight months prior to the beginning of the fiscal year, immediately after the President's Budget is submitted.

1.5 Trademarks

Many of the designations used by manufacturers and vendors to distinguish their products are claimed as trademarks. Following are some of the trademarks cited this manual:

CheckFree is a trademark of Fiserv, Inc.

Cognos is a trademark of Cognos, Inc.

Dun & Bradstreet is a trademark of Dun & Bradstreet Corporation.

Oracle is a trademark of Oracle Corporation.

Microsoft Excel, Microsoft Office 2007, and Windows Vista are trademarks of Microsoft Corporation.

PRISM is a trademark of Compusearch Software Systems, Inc.

Sunflower is a trademark of Sunflower Systems.

All other trademarks are the property of their respective owners.

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Chapter 2. Coast Guard Budget Authority and Structure

2.1 Federal Agency Authority to Spend Funds

Federal agencies obtain their authority to “spend” Federal funds via a statute called an appropriation. Appropriations, as a type of budget authority, permit an agency to incur obligations and to make outlays (payments). Congress usually enacts appropriations in annual **appropriations acts** and other laws. An appropriation may make funds available from the General Fund, special funds, or trust funds, or it may authorize the spending of offsetting collections, which are credited to expenditure accounts (including revolving funds).

By contrast, **authorization acts** usually precede appropriation acts, setting a limit by Congress on itself as to what it may later appropriate for a given purpose. Authorization acts generally do not make any funds available to an agency. It is not unusual for Congress to skip this preliminary authorization step.

Authorization acts are the primary source of permanent enabling legislation for agency missions and functions. Appropriations are needed to execute authorized missions and functions.

2.2 Coast Guard Budget Authority

Coast Guard budget authority comes from a wide variety of statutes. The most common authorities for funding the Coast Guard’s programs and missions are:

1. The annual DHS appropriations act;
2. Supplemental appropriations;
3. Continuing resolutions; and
4. Revolving funds, special funds, and trust funds.

In addition to these, the Coast Guard is authorized by law to collect monies for goods and services, fines, and fees. Various statutes authorize the Coast Guard to safeguard and seize property, including cash, in the course of conducting operations. Authority to establish and use nonappropriated funds (NAFs) may be authorized by law, or by agency sanction, policy, and regulation.

In the absence of appropriations (per OMB Circular A-11):

1. Federal officers may not incur any obligations that cannot lawfully be funded from prior appropriations unless such obligations are otherwise authorized by law.
2. Federal officers may incur obligations as necessary for orderly termination of an agency’s functions, but funds may not be disbursed.

2.2.1 Regular Appropriations

Regular appropriations provide funding for:

1. Operating Expenses (OE).
2. Acquisition, Construction, and Improvement (AC&I).
3. Research, Development, Test, and Evaluation (RDT&E).
4. Environmental Compliance and Restoration (EC&R).
5. Alteration of Bridges (AB).
6. Reserve Training (RT).
7. Retired Pay (RP).
8. Oil Spill Liability Trust Fund (OSLTF). Amounts are derived from the OSLTF for the OE, AC&I, and RDT&E appropriation. The President may apportion up to \$50 million per fiscal year from the OSLTF.
9. Boat Safety (BS). Amounts for Boat Safety are transferred to the Coast Guard from the Sport Fish Restoration and Boating Trust Fund of the Treasury.

These appropriations are described in the subsections that follow.

2.2.1.1 Operating Expenses (OE)

The OE appropriation provides for the operation and maintenance of all authorized Coast Guard programs and facilities not otherwise specifically provided for in other appropriations or funds. Unless otherwise directed by Congress in the appropriations language, OE is an annual appropriation that is available for obligations for one fiscal year.

2.2.1.2 Acquisition, Construction, and Improvement (AC&I)

The AC&I appropriation provides for the acquisition, construction, rebuilding, and improvement of vessels, aircraft, shore facilities, aids to navigation (ATON) systems and facilities, and command, control, communication, and computer (C4) systems and related equipment. AC&I funds are normally available for obligation as follows:

1. Acquisition, repair, renovation, and improvement of vessels: typically five fiscal years.
2. Acquisition, repair, renovation, rebuilding, and improvement of shore facilities and ATON: three to five fiscal years.
3. Acquisition, repair, renovation, and improvement of new aircraft and increases in aircraft capability: three to five fiscal years.
4. Acquisition, construction, replacement, or improvement of capital equipment related to the above categories or for other specific purposes: three to five fiscal years.
5. Personnel and administrative expenses: typically one fiscal year.

2.2.1.3 Research, Development, Test, and Evaluation (RDT&E)

The RDT&E appropriation provides funding for applied scientific research and development (R&D). This includes funds for pay, allowances, and related personnel support costs, as well as the maintenance, rehabilitation, lease, and operation of related facilities and equipment. RDT&E funds were typically available until expended (no-year funds), however, the most recent Appropriation Act (PL113-6) stated that the 2013 RDT&E funds were to remain available until 30 September 2017, making them five year funds.

2.2.1.4 Environmental Compliance and Restoration (EC&R)

The EC&R appropriation provides for environmental compliance and restoration of contamination from hazardous substances and pollutants at all current and former Coast Guard facilities. It provides for identification, investigation, and cleanup, and also physical changes to Coast Guard buildings and structures, in order to comply with Federal, State, and local environmental laws and regulations. EC&R funds are normally available until expended (no-year funds), however, the most recent Appropriation Act (PL113-6) stated that the 2013 EC&R funds were to remain available until 30 September 2017, making them five year funds.

2.2.1.5 Alteration of Bridges (AB)

Pursuant to the Truman-Hobbs Act (54 Stat. 497, 33 USC 511-523) governing bridge alterations, and in accordance with the Coast Guard Authorization Act of 1996, permanent authority exists in 49 USC 104(e) to transfer funds from the Federal-Aid Highways discretionary bridge program to the Coast Guard to finance alteration of obstructive highway bridges.

The AB appropriation provides for the Government's share of altering or removing railroads and publicly owned bridges that obstruct navigable waterways in the United States. The administrative costs associated with this appropriation are funded under the OE appropriation. AB funds are normally available until expended (no-year funds).

2.2.1.6 Reserve Training (RT)

The RT appropriation provides for the operation and administration of the Coast Guard Reserve Program. RT is an annual appropriation.

The Director of the Coast Guard Reserve is the official within the Coast Guard who, subject to the authority, direction, and control of the Secretary of Homeland Security and the Commandant, is responsible for preparation, justification, and execution of the personnel, operation and maintenance, and construction budgets for the Coast Guard Reserve. As such, the Director of the Coast Guard Reserve is the director and functional manager of appropriations made for the Coast Guard Reserve in those areas.

The Director of the Coast Guard Reserve shall submit to the Secretary of Homeland Security and the Secretary of Defense an annual report on the state of the Coast Guard Reserve and the ability of the Coast Guard Reserve to meet its missions. The report shall be prepared in conjunction with the Commandant and may be submitted in classified and unclassified versions.

2.2.1.7 Retired Pay (RP)

The RP appropriation provides for the pay of former military members of the Coast Guard, the Coast Guard Reserve, and members of the former Lighthouse Service. It also funds survivor annuity payments under the Retired Serviceman's Family Protection Plan and the Survivor Benefit Plan (SBP), as well as medical benefits for retirees and their dependents. RP is an annual appropriation and generally remains available until expended.

2.2.1.8 Oil Spill Liability Trust Fund (OSLTF)

Title 1 of the Oil Pollution Act (OPA) of 1990 (33 USC 2701 et. seq.) includes authorization language governing the uses of the OSLTF. Title 6 (33 USC 2752) includes special provisions authorizing permanent definite and permanent indefinite appropriations for specific purposes, as well as a requirement that all other OSLTF funds be subject to annual appropriations.

The Energy Policy Act of 2005, PL 109-58, reinstated a five-cent per barrel tax on oil received at a U.S. refinery or petroleum product entering U.S. ports, to be deposited into the OSLTF to be used to finance oil pollution prevention, response, and enforcement activities of various Federal agencies.

2.2.1.8.1 OSLTF Spending

The Coast Guard uses the OSLTF for:

1. Operating expenses – Congress may appropriate not more than \$25 million dollars from the OSLTF for operating expenses of the Coast Guard. This annual appropriation is available for administrative, operation, and personnel costs and other expenses necessary and incidental to carry out OPA 90 with respect to prevention, removal, and enforcement.
2. Oil spill response (Emergency Fund/SZ) – A permanent definite (no-year) appropriation of \$50 million per year (not all of which may be apportioned by OMB for any given year), administered by the National Pollution Funds Center (NPFC), for immediate response to oil spills and substantial threats of such spills by Coast Guard and Environmental Protection Agency (EPA) Federal On-Scene Coordinators (FOSCs) in accordance with the National Contingency Plan (40 CFR 300). To the extent that \$50 million is inadequate, the Coast Guard may obtain an additional advance of up to \$100 million, unless otherwise provided by law.
3. Oil spill claims (Claims Fund/SX) – A permanent indefinite warrant authority extended to the Coast Guard National Pollution Funds Center to pay all valid claims for oil spill response costs and damages authorized by OPA to injured parties resulting from oil spills.

2.2.1.8.2 OSLTF Receipts

Two categories of receipts are deposited back into the OSLTF:

1. Cost recovery from liable responsible parties for the costs of Federal response to oil spills and for claims paid from the OSLTF for oil spill response costs and damages.

2. Certain civil and criminal fines and penalties, including administrative and judicial fines or penalties for violations of sections 309 and 311 of the Clean Water Act, penalties under the Deepwater Port Act of 1974, and penalties under section 207 of the Trans-Alaska Pipeline Authorization Act. Clean Water Act administrative fines and penalties may be collected by the Coast Guard or the EPA, since both agencies have enforcement authority under the Clean Water Act. Judicial fines or penalties are collected by the Department of Justice or local U.S. attorneys.

2.2.1.9 Boat Safety (BS)

There are appropriations and transfers from the Sport Fish Restoration and Boating Trust Fund to carry out the provisions of Title 16 of the U.S. Code (USC) Chapter 10B–Fish Restoration and Management Projects. This provision of 16 USC includes funding for a boat safety account. The BS account is also governed by 46 USC Chapter 131–Recreational Boating Safety, which provides the use of funding for the development and implementation of a coordinated national recreational boating safety program. Current provisions of the law provide for the transfer of highway trust fund revenue derived from the motorboat fuel tax, and certain other taxes, to the Sport Fish Restoration and Boating Trust Fund. Congress authorizes appropriations and transfers from this fund for Coast Guard and State recreational boating safety assistance, and other programs specified by law. BS account funds are available until expended (no-year funds).

2.2.2 Supplemental Appropriations

Supplemental appropriations are legislatively funded adjustments to the Coast Guard budget authority. These appropriations are provided in various statutes and are outside the normal annual budgeting process in order to address funding needs that are often emergent in nature. Examples of supplemental funding are annual pay increases, Operation Desert Shield/Storm, the Midwest floods of 1993, and Homeland Security.

2.2.3 Continuing Resolutions

Continuing resolutions are stopgap legislation enacted to continue operations whenever Congress and the President have not completed action on appropriations acts by the beginning of the fiscal year. A continuing resolution generally covers a short period of time (i.e., one to three weeks). Several continuing resolutions may be needed at the beginning of the fiscal year before the regular appropriations are enacted. However, continuing resolutions have, on occasion, provided budget or spending authority and limitations for an entire fiscal year.

2.2.4 Operating with No Appropriations

Occasionally a fiscal year will begin with neither a regular appropriation nor a continuing resolution in place. In the absence of appropriations (per OMB Circular A-11):

1. Federal officers may not incur any obligations that cannot lawfully be funded from prior appropriations unless such obligations are otherwise authorized by law.

2. Federal officers may incur obligations as necessary for orderly termination of an agency's functions, but funds may not be disbursed.

Chapter 6 provides specific instructions and policies for continuing operations without appropriations.

2.2.5 Revolving Funds

Specific provisions of law for self-financing operations authorize revolving funds. Funds are obtained by charging customers for services or materials furnished. The income from such operations is available in its entirety for meeting authorized expenses.

Once capitalized, annual appropriations are not normally made for these funds, since they are meant to be self-sufficient, occasionally an appropriation may be made to increase the total capital structure. In addition, 37 USC 1011(d) specifically authorizes reimbursement of operating expenses and food costs to subsistence accounts for meals sold at Coast Guard dining facilities.

2.2.5.1 Supply Fund (SF)

The Coast Guard Supply Fund is authorized by 14 USC 650. It finances the procurement of uniform clothing, subsistence provisions, general stores, technical material, fuel for medium endurance cutters (WMEC) and larger vessels, and certain specified facilities. The fund is normally financed by reimbursements from the sale of goods, unless otherwise provided for by statute or an appropriation.

2.2.5.2 Yard Fund (YF)

The Coast Guard is authorized to finance industrial activities with a revolving fund by 14 USC 648. The Coast Guard used this authority to create the Yard Fund, which finances the industrial operations of the Coast Guard Yard. The Yard provides services such as construction, repairs, and alteration of vessels and boats; and fabrication of buoys and other special items for the Coast Guard and other Government agencies (OGAs). The Government customers pay the Yard for these services from their respective appropriations. The charges to the customer by the Yard are based upon recovery of its total industrial cost because the statute requires that amounts in excess of the actual cost be returned to the customers.

2.2.6 General Gift Fund

The Coast Guard General Gift Fund is authorized by 10 USC 2601 and is maintained to account for gifts, devises, and bequests. The Coast Guard uses the money in the Gift Fund as specified by the donor in the devise or bequest. This fund is financed by gifts, bequests, and proceeds from interest and dividends. The fund is not financed by Congressional appropriations.

2.2.7 Sales, Fees, Fines, and Other Collections

The Coast Guard is authorized by law to collect monies for goods and services that it provides. Sources include:

1. Goods and services provided to Coast Guard personnel (e.g., sale of meals at Coast Guard dining facilities (CGDFs));
2. Goods and services provided to other agencies (e.g., issues of electronic parts from the SFLC to a DOD command);
3. Goods and services provided to the public;
4. Fines collected (e.g., boating safety violations);
5. Fees collected (e.g., yacht documentation fees); and
6. Recovery of Federal funds used to clean up oil spills.

Funds collected may only be used as authorized by law – they cannot be automatically used to fund the operations and maintenance (O&M) of Coast Guard units.

Units that receive or collect funds must safeguard them, handle them in accordance with established procedures, and ensure that they are only used for purposes provided by law.

Establishing policies and procedures for all funds collected by the Coast Guard is beyond the scope of this manual.

2.2.8 Reimbursable Activities

Reimbursable activities are created when the Coast Guard, as a performing or servicing agency, acts as a seller (provider of goods or services), and is thus entitled to reimbursement of all or part of the costs of its performance. The annual budget submitted to Congress develops costs and funds required for programs to be carried out through appropriations made directly to the Coast Guard. However, to ensure that the budget presents a complete picture of the Coast Guard's operations, the estimated costs of the reimbursable activities are included in the OMB and Congressional Stage budgets.

2.2.9 Imprest Funds

An imprest fund is a fixed cash fund in the form of currency, coin, or Government check. The fund is advanced to a duly authorized cashier for cash disbursement when other methods of payment are not feasible (e.g., cash purchase of fuel at a foreign port). See *U.S. Coast Guard Certifying and Disbursing Manual*, COMDTINST M7210.1 (series).

2.2.10 Nonappropriated Funds (NAFs)

NAFs are typically used for morale, well-being, and recreation (MWR) programs, and also by the Coast Guard Exchange System (CGES). Policies and procedures governing NAFs may be found in *Coast Guard Morale, Well-Being, and Recreation Manual*, COMDTINST M1710.13

(series), and *Coast Guard Nonappropriated Fund Instrumentalities (NAFI) Manual*, COMDTINST M7010.5 (series).

A portion of nonappropriated MWR funds, known as Extraordinary Expense Funds (XXFs), are set aside annually into the Coast Guard Trust Fund Operating Account to provide a nominal allocation to flag officers and other members of senior leadership to be used to further the welfare of the Coast Guard family. If funds are available, a portion of the XXF funds may also be budgeted for other Commandant-approved uses, such as flag officer change of command, flowers for Arlington funerals, and other centrally funded activities for the benefit of the Coast Guard family. Questions regarding the use of these funds should be referred to Commandant (CG-843).

2.2.11 Cash and Property Recovered or Seized

Coast Guard units sometimes recover or seize property, including cash, in the course of conducting operations. All cash and property thus obtained must be safeguarded and used only for the purposes authorized by law. Policies and procedures for handling such property are specified in *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series), and also in the directives governing the activity being conducted at the time that the property is recovered or seized.

2.3 Subappropriation Accounts

Subappropriation accounts break down appropriations, apportionments, or allotments into smaller accounts and functional categories that serve as tools for funds control, and for assigning responsibilities for funds management. Subappropriation accounts for specific appropriations, earmarks, and allowance fund codes are subdivisions of budget authority used to assign responsibility for obligations and expenditures.

2.3.1 Apportionment

Funding is provided to an agency through an appropriation or fund account. The Coast Guard then must receive an apportionment from OMB before it can “spend” funds (i.e., incur obligations). Apportionments divide the funds available for obligation by time periods (usually quarters for OE).

2.3.1.1 Allotments and Suballotments

Allotments or suballotments are formal subdivisions of budget authority made by DHS or the Coast Guard, which allows authorized officials to incur obligations not to exceed a specified amount.

2.3.1.2 Target (Funding)

A target is an amount established by the appropriation or allowance manager for the obligation of funds within program areas at an established administrative target unit (ATU), such as a district or a logistics/service center command.

2.3.1.3 Allotment or Suballotment Level

Each appropriation (or project for AC&I), revolving fund, trust fund, and special fund must be allocated to a single allotment or suballotment (i.e., a formal subdivision of budget authority). For direct appropriations and special funds, Coast Guard issues suballotments to Deputy Commandants, Assistant Commandants, or Directors of Headquarters-managed programs, projects, or activities (PPAs) in accordance with the approved Financial Management Operations Plan (FMOP), not to exceed the amounts apportioned by OMB.

2.3.1.4 Establishing Targets

The appropriation manager establishes targets to reflect the Coast Guard's financial plan and to ensure proper management control and responsibility for funds below the apportionment, allotment and suballotment levels. For the OE and RT appropriations, these targets are identified as administrative operating targets, and are equal to the total funding for that administrative target unit (ATU) in a particular appropriation. For all other appropriations, the targets are identified as project targets.

2.3.1.5 Administrative Operating Targets

Commandant (CG-8) issues one OE operating target and, where applicable, one RT operating target to each Headquarters directorate, area, logistics center command, service center command, district, and Headquarters unit. The recipient should treat these targets as firm obligation ceiling levels.

2.3.1.6 Program, Project, or Activity Category (PPA)

A PPA is a major category within an appropriation. The Government Accountability Office has defined a PPA as an element within a budget account. For annually appropriated accounts, the Office of Management and Budget (OMB) and agencies identify PPAs by reference to committee reports and budget justifications; for permanent appropriations, OMB and agencies identify PPAs by the program and financing schedules that the President provides in the "Detailed Budget Estimates" in the budget submission for the relevant fiscal year. Program activity structures are intended to provide a meaningful representation of the operations financed by a specific budget account—usually by project, activity, or organization. An example is the Military Pay and Allowances PPA in the Operating Expenses appropriation.

2.3.1.7 Allowance Fund Control Code (AFC)

AFCs represent a breakdown of OE and RT administrative operating targets for specified purposes.

2.3.1.8 Project Targets (PTs)

PTs represent the planned obligation ceilings for project-oriented efforts in the AC&I, AB, EC&R, and RDT&E appropriations, and in some of the project-oriented special funds. The appropriation manager normally issues project targets to the Headquarters staffs, areas, logistics and service center commands, districts, and Headquarters units for administration at their respective levels.

2.3.1.9 Administrative Target Unit (ATU)

ATUs consist of logistics and service center commands, districts, areas, Headquarters staffs, and Headquarters units that are authorized to receive funding authority from an appropriation manager.

2.3.1.10 Program Element

A program element is funding authority provided to a staff element or unit supported by an ATU.

2.4 Operating Expenses (OE) Allowance Fund Control Codes

The OE allowance fund control codes (AFCs) are described in the subsections that follow. More detailed explanations of how to use the OE AFCs are provided in the appendices at the end of this chapter.

2.4.1 AFC-01 Military Pay

Compensation, subsistence rations, and entitlements for active duty, cadets, and reserve members undergoing initial active duty training (IADT), and all required Joint Uniform Military Pay System (JUMPS) support costs.

2.4.2 AFC-08 Civilian Pay

Compensation, benefits, and costs associated with civilian salaried employees, Permanent Change of Station (PCS), and reimbursable positions in the Coast Guard.

2.4.3 AFC-20 Permanent Change of Station (PCS)

Travel and transportation expenses incident to PCS orders for military personnel and their dependents.

2.4.4 AFC-30 Operating and Maintenance

General unit-level operating and maintenance (O&M) expenses, including ordnance.

Travel, per diem, and tuition for formal training intended for field execution of training that is not approved nor funded through the class convening schedule for Coast Guard class “A” and “C” resident and exportable training courses.

2.4.5 AFC-34 Training and Recruiting Centers

General operating and maintenance expenses associated with the following training and recruiting centers:

1. Aviation Technical Training Center (ATTC), Elizabeth City, NC;
2. Aviation Training Center (ATC), Mobile, AL;
3. Coast Guard Academy, New London, CT;
4. Coast Guard Institute, Oklahoma City, OK;
5. Coast Guard Recruiting Command (CGRC), Arlington, VA;
6. Container Inspection Training and Assistance Team (CITAT), Oklahoma City, OK;
7. FORCECOM, Norfolk, VA;
8. Leadership Development Center, New London, CT;
9. Maritime Law Enforcement (MLE) Academy, Charleston, SC;
10. Personnel Service Center (PSC), Arlington, VA;
11. Special Missions Training Center (SMTC), Camp LeJeune, NC;
12. Training Center (TRACEN) Cape May, Cape May, NJ;
13. TRACEN Petaluma, Petaluma, CA;
14. TRACEN Yorktown, Yorktown, VA; and
15. Training Quota Management Center (TQC), Chesapeake, VA.

This allowance fund control code allows the Coast Guard to easily segregate operating and maintenance expenses related to the training and recruiting centers, and facilitates reporting that information to managers and other stakeholders. Thus, AFC-34 funds support the operating and maintenance expenses for Coast Guard training and recruiting centers, just as AFC-30 does for all other units, as well as its intended purpose of meeting training needs. In other words, since AFC-34 is funded through PPA #3 (Program Project and Activity) for Training and Recruiting, it can be used for tuition, formal training, and associated costs without reprogramming concerns.

2.4.6 AFC-36 Central Accounts

General Coast Guard accounts for centralized bill payment that is managed at Headquarters. Accounts include Ammunition (AMMO), Buoys, Enterprise Communication/Network Services (formerly FTS), GSA (Rent and Security), Medals, Postal charges, Standard Workstations (SWS), and certain depot-level maintenance of IT systems—not specifically provided for by AFC-42 or other AFCs, Industrial Recapitalizations, and Working Capital Funds. Each account has a direct manager, but the overall management of AFC-36 is performed by Commandant (CG-83).

2.4.7 AFC-40 Other Activities

Funds for operating projects or expenses approved by Commandant (CG-8).

2.4.8 AFC-41 Aeronautical Engineering

Depot-level maintenance expenses incurred in support of the Aviation Logistics Support Program.

2.4.9 AFC-42 Command, Control, Communications, and Electronics Engineering

Depot-level maintenance expenses incurred in support of standard electronics Command, Control, and Communication (C3) systems.

2.4.10 AFC-43 Civil Engineering

Depot-level maintenance expenses incurred in support of the Shore Unit Logistics Support Program. The Civil Engineering Logistics Support Program is responsible for nonrecurring major maintenance repairs of real property facilities within the Coast Guard to ensure attainment of maximum service life and intended purpose. AFC-43 may also be available for other purposes as provided by appropriation acts.

2.4.11 AFC-45 Naval Engineering

Depot-level maintenance expenses incurred in support of the Naval Engineering Logistics Support Program. General expenses related to inventory, repair, alteration, modification, and engineering design services in support of naval engineering.

2.4.12 AFC-56 Training

Formal training performed as temporary assignment duty (TAD) for civilian and military personnel, including reserve members in the RK and RP reserve enlistment programs funded via RT-to-OE adjustment; and auxiliaries.

2.4.13 AFC-57 Health, Safety, and Work-Life

General expenses to support health care for military members and their dependents.

2.4.14 AFC-75 Reimbursable/Refund Program

A “contra” reimbursable account. This contra reimbursable account allows tracking of reimbursable obligations and is administered by the Office of Resource Management, Commandant (CG-83). (A contra account provides a more detailed presentation of an account balance. For example, “accumulated depreciation” is a contra account for fixed assets and highlights the depreciation that reduces the original cost of purchasing the asset. The account and its related contra account are combined to show the net balance of the fixed asset.)

2.4.15 AFC-77 Reimbursable Execution Accounts

This reimbursable budget authority account is managed by Commandant (CG-83). The account funds O&M purchases made at the ATU and field levels.

2.4.16 AFC-80 Reimbursements

This general account is used for establishing and identifying reimbursable agreements. The sole purpose of AFC-80 is to accept and expend funds in the Coast Guard accounting system for reimbursable work for other Government agencies and non-Government entities in accordance with specific legislative authority. AFC-80 is managed and controlled by Commandant (CG-83).

2.4.16.1 AFC-80 Reimbursable CERCLA Accounts

The Coast Guard and the EPA are parties to a Memorandum of Understanding (MOU) that provides the Coast Guard with access to funding from the Hazardous Substance Superfund, the trust fund established under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 USC 9604). Each fiscal year one or more interagency agreements (IAAs) transfer CERCLA funds from the EPA to the Coast Guard. The Coast Guard establishes AFC-80 reimbursable accounts to enable spending of the funds and then bills EPA for reimbursement of expenditures against the accounts.

2.4.16.1.1 Incident-Specific Funds

The Coast Guard uses CERCLA AFC-80 incident-specific funds for Coast Guard Federal On-Scene Coordinators (FOSCs) to respond to hazardous-substance incidents in the Coastal Zone (including costs for contractors) and for National Strike Force (NSF) operations nationwide in support of specifically designated hazardous substance incidents. Procedures for the use of these funds are set by the NPFC. Guidance for the use of incident-specific CERCLA funds can be found in the National Pollution Funds Center User Reference Guide, located at <http://www.uscg.mil/npfc/URG/default.asp> and in the National Contingency Plan (40 CFR 300), located at http://www.access.gpo.gov/nara/cfr/waisidx_02/40cfr300_02.html.

2.4.17 AFC-88 Reimbursable CERCLA Accounts

The CERCLA MOU mentioned in AFC-80 also provides the Coast Guard with access to these funds. A separate IAA transfers the AFC-88 funds from the EPA to the Coast Guard. The Coast Guard establishes AFC-88 reimbursable accounts and bills EPA for reimbursement of expenditures against the accounts. Procedures for the use of these funds are set by the National Pollution Funds Center: <http://www.uscg.mil/npfc/URG/default.asp>.

2.4.17.1 Management and Support Funds

AFC-88 is the management and support (M&S) account, also known as the ongoing activities account, used to support the Coast Guard's capability to respond to external hazardous substance releases, not EC&R actions for internal Coast Guard pollution issues. These funds are limited in application, and some procedures for their use are different from the procedures for standard Coast Guard OE funds. Procedures for the use of these funds are set by the National Pollution Funds Center.

The Coast Guard's M&S funds are used for the personnel, functions, activities, training, and equipment/property purchases needed to build or maintain the Coast Guard's hazardous substance response capability. There are two cost centers responsible for these funds:

1. Commandant (CG-MER) – Office of Environmental Response Policy; and
2. National Pollution Funds Center (NPFC) CF-2.

In addition, there are six designated ATU users for these funds:

1. Sector District Response Advisory Teams (DRATs);
2. National Strike Force (Atlantic, Pacific, Gulf);
3. Training Center Yorktown;
4. Commandant (CG-113) HSWL (medical);
5. National Response Center; and
6. Coast Guard Academy.

2.5 Reserve Training (RT) Allowance Fund Control Codes

The RT AFCs are established as follows:

1. AFC-90 Reserve Training Program – provides funding for the preparation, justification, and execution of personnel costs and for operation and maintenance costs for the Coast Guard Reserve.
2. AFC-94 Reserve Reimbursable Program – used for all reimbursable programs to the Coast Guard Reserve, to include the Selective Service System, DOD, and other agencies.
3. AFC-97 Reserve Refund Program – Reserve Program refunds to the OE appropriation. (For Headquarters use only.)

A more detailed explanation of how to use the RT AFCs is provided in the appendices at the end of this chapter.

2.6 Retired Pay (RP) Allowance Fund Control Codes

The RP AFCs are established as follows:

1. AFC-72 Retired Pay – provides compensation and entitlements for Coast Guard military retirees.
2. AFC-73 Retired Medical – used for medical expenses to support health care for Coast Guard retired members and their dependents.

2.7 Coast Guard Supply Fund

Authorized by 14 USC 650, the Supply Fund finances the procurement of uniform clothing, subsistence provisions, O&M stores, technical material, and fuel for certain cutters and specified facilities. Items authorized for supply fund stockage are consumable low-cost commodities having a high demand. The fund is reimbursed by charging customers for inventory sold, and the income from these sales is then used to repurchase inventory and to meet authorized fund expenses. Subsistence provisions, supply account 82 (see below), may be reimbursed per 37 USC 1011(d) for meals sold below cost at Coast Guard dining facilities. The Supply Fund may be increased by the value of usable materials transferred in from other Coast Guard accounts. In addition, the Supply Fund may be increased by appropriations or transfers approved by Congress.

Supply Fund accounts are summarized in the following table:

Table 2.1 Supply Fund Accounts

Supply Account	Appropriation	Inventory Type
81.00xx	XU6	Clothing and accessories

Supply Account	Appropriation	Inventory Type
82.00xx	XS6	Subsistence provisions
83.01xx	XG6	General inventory
83.03xx	XE6	Electronics inventory
83.04xx	XB6	Buoy appendages inventory
85.00xx	XF6	Fuel inventory

Supply account (SA) 81.00: Clothing and Accessories. This inventory consists of fabric, uniform items, and accessories (both OGA and commercial) for sale to eligible uniform patrons. Members of other branches of the Armed Services may purchase common clothing items subject to inventory availability.

SA 82.00: Subsistence Provisions. This inventory supplies authorized CGDFs throughout the Coast Guard. However, it does not support contracted (A-76) dining facilities. Inventory management and general stocking criteria is found in *Coast Guard Food Service Manual*, COMDTINST M4061.5 (series).

SA 83.00: Operations and Maintenance. This inventory is broken into subaccounts:

1. SA 83.01: General Inventory. Hull, mechanical, and electrical inventory, general parts, paint, lube oil, tools, and general supplies.
2. SA 83.03: Electronics Inventory. Electronics parts and materials to support the Management Information of Combined Allowance (MICA).
3. SA 83.04: Buoy Appendages and Parts. Supplies and parts to support buoys and related ATON.
4. SA 85.00: Fuel Inventory. This consists of fuel purchased for vessels above 180' in length, and for selected shore facilities.

2.7.1 Authorities

1. 14 USC part I, chapter 17, section 650, Coast Guard Supply Fund.
2. 37 USC 1011, Mess operation: reimbursement of expenses.
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*.
4. *Coast Guard Food Service Manual*, COMDTINST M4061.5 (series).
5. *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series).
6. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
7. *Energy Management*, COMDTINST 4100.2 (series).

2.7.2 Responsibilities

The subsections that follow list the offices and their respective responsibilities for Supply Fund accounting.

2.7.2.1 *Assistant Commandant for Resources (CG-8)/CFO*

Commandant (CG-8)/CFO:

1. Establishes policy on executing financial management within the Supply Fund.
2. Monitors controls over Supply Fund operations and verifies that corrective actions are initiated and completed whenever process or reporting errors are noted.
3. Reviews and approves material transfers-in to the Supply Fund.
4. Coordinates at the budget formulation and budget execution stages the respective budgets of the Supply Fund and the appropriation accounts from which the Supply Fund derives its annual income, as provided in subsection 5.5.12 of this manual.

2.7.2.2 *Office of Resource Management (CG-83)*

Commandant (CG-83) is designated the Coast Guard Supply Fund officer and is responsible for financial and inventory management of the Supply Fund.

2.7.2.3 *Budget Execution Division (CG-831)*

Commandant (CG-831) is designated the Coast Guard Supply Fund management officer, and is responsible for:

1. Developing and implementing Supply Fund financial management and reporting policy and procedures.
2. Establishing and reviewing Capital Authorization (CA) levels.
3. Gathering and analyzing financial and logistics data to oversee fund performance, and recommending logistics improvements to Commandant (CG-44).
4. Implementing financial controls to ensure that obligations and inventories do not exceed Supply Fund CA levels.
5. Providing guidance and oversight as necessary.
6. Delegating authority and responsibility for local management of SAs, when appropriate.
7. Financial systems and CFO oversight of FINCEN operations.

2.7.2.4 *Office of Military Personnel (CG-122)*

Commandant (CG-122) is designated program manager for Supply Fund Account 81.00 (Clothing and Accessories), and is responsible for:

1. Developing and implementing clothing (uniforms) policy and procedures.
2. Ensuring that standard operating procedures (SOPs) exist for daily operations, internal control, budgeting, procurement, inventory, sales, and storage.

2.7.2.5 Office of Work-Life (CG-111)

Commandant (CG-111) is designated program manager for the Supply Fund Account 82.00 (Subsistence Provisions), and is responsible for:

1. Issuing instructions regarding subsistence policy and procedures.
2. Administering Supply Fund Account 82.00 on a service-wide basis.
3. Delegating authority and responsibility for management of dining facilities to area and district commanders, logistics and service center commands, and commanding officers (COs) of Headquarters units.

2.7.2.6 Finance Center (FINCEN)

FINCEN is responsible for general accounting and reporting for the Supply Fund. It is also responsible for:

1. Establishing and promulgating accounting procedures for the Supply Fund.
2. Maintaining accounting records in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and submitting accounting and financial reports for all units within the Coast Guard.
3. Providing financial statements to the Supply Fund manager that reflects the service-wide status of the Supply Fund.
4. Providing reconciliation reports to Supply Fund activities on a monthly basis.

2.7.2.7 Office of Energy Management (CG-46)

Commandant (CG-46) is the designated program manager for Supply Fund Account 85.00 (Fuel Inventory), and is responsible for:

1. Issuing instructions regarding fuel inventory policy and procedures.
2. Administering Supply Fund Account 85.00 on a service-wide basis.
3. Delegating authority and responsibility for the management of fuel inventory distribution activities to area and district commanders, logistics and service center commands, and commanding officers (COs) of Headquarters units.

2.7.2.8 Activities or Units with SA 81, SA 83, or SA 85 Accounts

Activities or units with SA 81, SA 83, or SA 85 accounts are responsible for:

1. Establishing and maintaining a local Supply Fund program.

2. Identifying a Supply Fund manager.
3. Safeguarding Supply Fund inventory.
4. Ensuring that the CA is used effectively, is not breached, and is returned after unit analysis determines that an excess exists.
5. Stocking only inventory items that meet prescribed customer demand.
6. Maintaining accounting and inventory records and providing reports and financial statements in accordance with established policies and guidelines.
7. Reconciling accounting records against inventory records and making appropriate adjustments.
8. Reconciling local financial records with FINCEN accounting records and reporting all material unreconciled balances on a monthly basis.
9. Identifying and removing excess, obsolete, or unserviceable (EOU) inventory from the Supply Fund.
10. Reporting EOU inventory to the Supply Fund manager on a quarterly basis.
11. Maintaining a listing of inventory on hand as of 30 September for recordkeeping and audit purposes. At a minimum, the listing shall contain National Stock Number (NSN), quantity on hand, unit price, and total value.
12. Reviewing and reconciling undelivered orders, accounts payable, accounts receivable, price variance, and surcharge accounts monthly.
13. Reviewing surcharge rates annually and requesting approval from Commandant (CG-831) to update.
14. Providing performance measurement data as requested by the Supply Fund manager in Commandant (CG-831).

2.7.3 Authorized Sales Methods

The subsections that follow specify the sales methods authorized for:

1. Wholesale inventory activities;
2. Retail inventory activities;
3. Wholesale clothing activities;
4. Retail clothing activities;
5. Dining activities; and
6. Fuel activities.

2.7.3.1 Wholesale Inventory Activities

Wholesale inventory activities stock and sell inventory items to a broad customer base consisting of worldwide Coast Guard and authorized OGA customers. Inventory may be sold either over-the-counter or shipped using authorized transportation methods. Backorders are authorized.

2.7.3.2 Retail Inventory Activities

Retail inventory activities stock and sell inventory items to a regional or local customer base supporting Coast Guard and authorized OGA customers. Inventory is sold over-the-counter only and is not shipped. Backorders are not authorized.

2.7.3.3 Wholesale Clothing Activities

Wholesale clothing activities stock and sell inventory items to a broad customer base consisting of worldwide Coast Guard members, Exchange stores, and authorized OGA customers. Inventory can be sold either over-the-counter or shipped using authorized transportation methods. Backorders are authorized.

2.7.3.4 Retail Clothing Activities

Retail clothing activities stock and sell inventory items to a regional or local customer base consisting of authorized Coast Guard members. Inventory is sold over-the-counter only and is not shipped. Backorders are not authorized.

2.7.3.5 Dining Activities

Dining activities stock and consume food provisions at authorized CGDFs. Food provisions are purchased using the Supply Fund, and meals are charged to service members assigned to field units that have CGDFs. Meal rates are generally set at prices below the cost of the food consumed, causing a shortfall in revenue with which to reimburse the Supply Fund. 37 USC 1011(d) specifically authorizes reimbursement of operating expenses and food costs to subsistence accounts for meals sold at Coast Guard dining facilities.

2.7.3.6 Fuel Activities

Fuel activities stock and consume (sales and losses) fuel inventory onboard Coast Guard cutters greater than 180' in length, and identified Coast Guard shore facilities. Fuel is purchased using the Supply Fund, and consumption is identified and reported monthly from fuel reports. The appropriate unit's energy fund in the OE appropriation is charged for all consumption.

2.7.4 Designation of Activities

Table 2.2 Designation of Supply Fund Activities

Activity	Location	Designation	Sale Methods
Surface Forces Logistics Center (SFLC)	Baltimore, MD	Wholesale inventory activity	MILSTRIP Unit Credit Card; Requisition and Invoice/Shipping Document, Form DD 1149
Lube oil/Hazmat	Kodiak, AK	Retail inventory activity	Requisition and Invoice/Shipping Document, Form DD 1149; DOD Single Line Item Requisition System Document (Manual), Form DD 1348
Uniform Distribution Center (UDC)	Woodbine, NJ	Wholesale clothing activity	Cash; check; money order; personal credit card; charge-to-pay; unit credit card; Requisition and Invoice/Shipping Document, Form DD 1149; DOD Single Line Item Requisition System Document (Manual), Form DD 1348; CGES purchase order (PO)
Uniform Center CG Academy	New London, CT	Retail clothing activity	Cash; check; money order; personal credit card; charge-to-pay; unit credit card; Requisition and Invoice/Shipping Document, Form DD 1149; DOD Single Line Item Requisition System Document (Manual), Form DD 1348
Enlisted Dining Facilities	CG-wide	Dining activities	Cash; check; money order; personal credit card; Requisition and Invoice/Shipping Document, Form DD 1149
Cutters over 180'	CG-wide	Fuel activity	Requisition and Invoice/Shipping Document, Form DD 1149; DOD Single Line Item Requisition System Document (Manual), Form DD 1348; Point of Sale (POS) Credit Slip
Fuel Farm	Kodiak, AK	Fuel activity	Requisition and Invoice/Shipping Document, Form DD 1149; DOD Single Line Item Requisition System Document (Manual), Form DD 1348; Point of Sale (POS) Credit Slip

2.7.5 Requests to Establish or Close a Supply Fund Activity

Using a Supply Fund to stock low-cost consumable items with a steady, stable demand can be a cost-effective means of operating an inventory. Unlike the OE appropriation, the Supply Fund is

not affected by continuing resolutions or mandatory spending goals. However, the inventory does require oversight, and good stewardship and reporting responsibilities are essential. Activities requesting the establishment of a Supply Fund must understand that the inventory stocked must be bought or sold, and requires an increased level of care and oversight.

1. Permission to establish a Supply Fund activity shall be requested by the activity, endorsed through the applicable district and/or logistics/service center command, and forwarded to the Supply Fund management officer in Commandant (CG-831) for review and approval. The request shall be in writing and must fully support the need. The following information shall be provided in the request:
 - a. Unit or activity requesting the account;
 - b. Amount requested;
 - c. Types of inventory items to be stocked;
 - d. Estimated annual sales;
 - e. Types and numbers of customers supported; and
 - f. Personnel and facilities available.
2. The procedure for closing a Supply Fund account is almost the reverse of its establishment. The unit commanding officer or officer-in-charge is responsible for ensuring the integrity of the inventory, undelivered orders, unfilled customer orders, accounts payable, and accounts receivable until the account is closed.
3. Closing a Supply Fund activity shall be documented in writing to Commandant (CG-831). The letter should address the following, and must include a Capital Position Report:
 - a. The remaining on-hand inventory;
 - b. Proper disposal or transfer to another managing activity of the remaining on-hand inventory once “bought out” of the Supply Fund;
 - c. Identifying and cancelling any pending inventory purchases; and
 - d. Identifying and settling any outstanding debts that the fund may have (e.g., uncollected receivables).
4. The Supply Fund must be reimbursed for all on-hand inventories from either the activity’s surcharge account or current-year OE funds. An itemized listing should be prepared and attached to the letter.
5. A final Capital Position Report shall be prepared and forwarded to Commandant (CG-831) and FINCEN’s Financial Reports and Analysis Branch (FF)/Supply Fund and Program Element Status (PES) division (OGP) after all close actions have been completed to indicate that the authorized CA is available for withdrawal.

2.7.6 Capital Authorization (CA)

The CA is an operating target assigned by the Supply Fund manager to a Supply Fund activity for authorized purposes. It provides a dollar limitation on the value of on-hand inventory and undelivered orders that may be maintained by a supply account (SA) at any time. Supply Fund activities are provided the CA by Commandant (CG-831). The CA shall not be exceeded unless approved by the Supply Fund management officer in Commandant (CG-831).

The CA for each SA is analyzed and re-established using various factors (e.g., inventory turnover, average inventory, undelivered orders, sales, and other factors and requirements). The Supply Fund manager will review the CA and adjust for conformity with changes in supply support requirements. The Supply Fund CA will be reviewed monthly. Additionally, at the end of each fiscal year, the Supply Fund manager will conduct the analysis and provide FINCEN, HQ program managers, and Supply Fund activities their new-year CA no later than 15 October.

With the exception of “transfers-in” (see below), no adjustment shall be made to the assigned CA unless approved by the Supply Fund manager using an approved Financial Transfer Authorization, Form CGHQ-3200.1, or by annual authorization in October.

The CA may be increased or decreased by review, or by request of the unit. Coast Guard activities may request the establishment or closing of a Supply Fund account through the appropriate chain of command. Wholesale inventory activities have the authority to increase the CA from inventory “transfers in” from other appropriations or Coast Guard accounts. With the exception of annual reviews and “transfers in,” the Supply Fund management officer will prepare a Financial Transfer Authorization, Form CGHQ-3200.1, for each change made to the CA. CA levels will not be changed without notification and review with the Supply Fund activity.

2.7.6.1 Changes to CA from “Transfers-In”

Wholesale inventory activities have the authority to increase their CA by transfers-in of inventory not previously stocked in the Supply Fund. These items are transferred from other Coast Guard accounts (e.g., systems stock purchased by AC&I funds or carried as operating materials and supplies (OM&S) but meets Supply Fund criteria). Transfers-in from other Coast Guard unit Supply Fund accounts shall increase inventory and transferred-in without reimbursement accounts. All other transfers-in will increase the inventory and CA accounts. The following policy shall be applied to inventory transferred in:

1. The inventory shall support equipment or a platform that will be in service for a period greater than 24 months.
2. The inventory quantity shall not exceed 24 months or the automated maximum allowable stockage level.
3. The items shall be consumable, low-cost, demand-type (not insurance/project) having a minimum of four demands per year.
4. An audit trail shall be maintained documenting the transfer-in, and all documentation shall be kept for three fiscal years from the date of transfer. Records are to be disposed of in

accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

2.7.6.2 Changes to CA from “Transfers-Out”

Transfers-out of Supply Fund inventory to other activities without reimbursement is not authorized in accordance with 14 USC 650. The Supply Fund shall be reimbursed for all sales or transactions that reduce inventory levels.

2.7.7 Financial Management

1. Appropriation symbol 70X4535 has been assigned by the Treasury Department to identify the Coast Guard Supply Fund. This symbol shall be used on all Supply Fund procurement documents to ensure proper accounting.
2. All accounting transactions shall be in accordance with FINCEN guidance.
3. Prompt reimbursement of the Supply Fund is required. FINCEN shall provide documentation to reimburse the Supply Fund no later than 30 days after the receipt of Daily Summary of Expenditure Transactions, Form CG-3097. SA 82 (subsistence) will be reimbursed the month following the consumption of subsistence items.
4. Supply Fund purchases/obligations shall be reconciled with FINCEN accounting records on a monthly basis. FINCEN shall provide a Supply Fund reconciliation report to each Supply Fund account, monthly, except SFLC. SFLC shall reconcile and adjust subsidiary ledgers with general ledgers monthly.

2.7.8 Supply Fund Capital Available For Procurement

The capital of the Supply Fund is the summed difference between the assets (e.g., funds with Treasury, inventory, accounts receivable) and liabilities (e.g., accounts payable). It is a measure or reflection of the overall health of the fund and provides the amount available for future inventory investment. Fluctuations can occur from one of the following transactions:

1. Increase due to transfer-in of inventory from another Supply Fund appropriation.
2. Decrease due to transfer of obsolete inventory to Defense Logistics Agency (DLA) Disposition Services.
3. Price gains or losses due to re-evaluation (price change) of inventories.
4. Congressional approval for an appropriation increase.
5. Waste, loss, spoilage, or obsolescence of inventory.

2.7.9 Pricing of Supply Fund Inventory

Supply Fund inventory will be valued at historical cost using a moving weighted average method, with the exception of SA 85.00 (Fuel Inventory), which will use first-in, first-out (FIFO)

costing. This accounting methodology captures the perishable nature of fuel, and is in alignment with engineering and fuel husbandry guidance for fuel inventory maintenance.

Most units maintain inventory records/systems that contain one price field. This value is considered both the standard sales price and the cost field. The surcharge is applied at the time of sale and is reported at month-end using the Adjustment Form, Form CG-3114.

Some unit inventory records/systems contain a separate standard sales price and a cost field. In these records, the standard sales price contains a “markup” or surcharge that is applied to all inventory sales and the cost field is the weighted average cost of the inventory.

All Supply Fund inventory shall have one standard sales price used to charge Coast Guard and OGA customers. Sales prices for SA 81 and SA 83 may include a surcharge that is applied at the time of sale. SA 82 and SA 85 inventories will be valued at cost with no surcharge. All Supply Fund inventory purchases shall be recorded using the weighted average valuation method, and be rounded upward to the next penny if the calculated amount is \$0.005 or greater.

Documentation to support valuation (invoices) shall be maintained by FINCEN (the Supply Fund activity must have access to invoice data for valuation testing). The cost should include any setup costs and the cost of Government-furnished equipment/material (GFE/GFM) applicable to the procurement of the inventory. Inventory at cost shall be based on the receipt or invoice document, including any discount for prompt payment or the interest charged for a late payment. The accounting office shall ensure that the inventory manager is made aware anytime there is a variance of more than one percent (\pm), and the inventory manager shall ensure that the unit price for on-hand inventory is adjusted accordingly.

2.7.10 Standard Price Record File

Unless stored by automated means, units shall maintain a file of standard prices by stock number or control number that contains the following information:

1. Current cost;
2. Stock/control number;
3. Unit of issue;
4. Nomenclature (item name);
5. Current standard sales price;
6. Procurement history; and
7. Invoice documents.

2.7.10.1 *Review and Revisions of Standard Prices*

Units with SA 81, SA 83, or SA 85 accounts are responsible for the establishment, review, revision, and publication of standard sales prices for Supply Fund items stocked within their particular segment of the Coast Guard Supply System. Standard sales prices shall be reviewed a minimum of once per year. Unless accomplished by automated means, standard price

adjustments gain/loss shall be documented on the Adjustment Form, Form CG-3114. Ensure that full documentation is kept to support the adjustment. Pricing adjusted by automated means shall have full audit functionality to support price adjustments. Changes may be made during the year using the following criteria:

1. To correct pricing errors;
2. After unit of issue changes; and/or
3. When the inventory cost exceeds the standard sales price, and the projected impact on annual sales is \$250 or greater.

2.7.10.2 Surcharges

A surcharge may be included in the standard sales price to recover certain costs incurred by the Supply Fund for accounts SA 81 and SA 83. In addition, SA 85 may include a surcharge for non-Department of Defense OGA customers. Fuel surcharges will be added to the DLA Standard Price list for the commodity being sold. The surcharge shall consist of elements that will finance operating expenses such as inventory adjustments, excess, and obsolescence. All activities with a surcharge will review all operating expenses annually to ensure that the surcharge is sufficient to cover operations costs. Analysis of surcharge rates and recommendations for changes will be submitted for review and approval to the Supply Fund management officer in Commandant (CG-831) no later than 30 June of each year. The surcharge is authorized to cover the following costs:

1. Physical inventory adjustments: Adjustments made to the financial record to resolve an imbalance that has resulted from a sounding or physical count.
2. EOU inventory:
 - a. Excess inventory is defined as quantities that exceed the amount expected to be used in normal operations because the amount on hand is more than can be used in the foreseeable future (over the authorized stockage level).
 - b. Obsolete inventory is inventory that is no longer needed due to changes in technology, laws, customs, or operations.
 - c. Unserviceable inventory is defined as inventory that is physically damaged and cannot be consumed (sold) in operations.
3. Bad debts: Uncollected OGA and commercial accounts receivable shall be reported to FINCEN and the Treasury respectively. Supply activities with surcharge accounts will use those accounts to the greatest extent possible.

2.7.11 Stocking Criteria

Generally, program managers are responsible for funding new items placed into the Supply Fund.

The subsections that follow specify the stocking criteria for:

1. Wholesale inventory activities;
2. Retail inventory activities;
3. Wholesale clothing activities;
4. Retail clothing activities;
5. Dining activities; and
6. Fuel activities.

Except for food, inventory shall be limited to Coast Guard unique material, with exception. Stocking of OGA material is by limited exception and must be in accordance with *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series). Inventory may be stocked at the wholesale inventory site, or at a remote stock point.

2.7.11.1 Wholesale Inventory Activities

The following criteria must be met in order to stock inventory at a wholesale inventory activity. Exceptions must be requested through the Supply Fund management officer in Commandant (CG-831).

1. Consumable items only;
2. Four demands per year or more;
3. Unit price \$5,000 or less;
4. Must support equipment or platform with an active life expectancy of 24 or more months;
5. No more than a 24-month inventory level to be stocked; and
6. No project or insurance stock.

2.7.11.2 Retail Inventory Activities

Retail inventory activities support operations at the regional or user level, and inventory stocked can be from either OGA or commercial sources. Retail inventory activities shall not stock OM&S material carried in other Coast Guard accounts without prior approval from Commandant (CG-831).

The following criteria must be met in order to stock inventory at a retail inventory activity. Exceptions must be requested through Commandant (CG-831).

1. Consumable items only;
2. One demand per year or more;
3. Unit price \$1,000 or less;
4. No more than a six-month inventory level to be stocked; and
5. No redistribution or mail/freight of inventory to end user (over-the-counter sales only).

2.7.11.3 Wholesale Clothing Activities

Wholesale clothing activities shall maintain inventory for sale to Coast Guard activities, exchanges, and authorized members. These activities may stock, sell, or provide fabric to manufacturers as Government-furnished material (GFM). The cost of the provided GFM shall be included in the cost of the finished inventory item. Fabric provided as GFM shall be accounted for and valued as inventory, pending receipt of the finished inventory item, and will be dropped from the inventory by using the Adjustment Form, Form CG-3114. Wholesale clothing activities may sell inventory across-the-counter, retail clothing activities, or through the mail order system to authorized recipients.

The following criteria must be met in order to carry inventory in a wholesale clothing activity. Exceptions must be requested through Commandant (CG-831).

1. Uniform items, fabric, and uniform accessories only;
2. Four demands per year or more;
3. Unit price \$1,000 or less (excludes fabric); and
4. No more than a 12-month inventory level to be stocked.

2.7.11.4 Retail Clothing Activities

Retail clothing activities shall sell unique uniforms and accessories from the wholesale clothing activity, OGA, and commercial sources. Supply system uniforms shall be requisitioned from the wholesale clothing activity.

The following criteria must be met in order to carry inventory in a retail clothing activity. Exceptions must be requested through Commandant (CG-831).

1. Uniform items and uniform accessories only;
2. Two demands per year or more;
3. Unit price \$500 or less; and
4. No more than a six-month inventory level to be stocked.

2.7.11.5 Dining Activities

Dining activities shall order food provisions to meet requirements.

2.7.11.6 Fuel Activities

Fuel activities shall order and stock fuel to meet operational requirements.

2.7.12 Stock Record

Automated or manual stock/inventory records shall be maintained for all Supply Fund inventory. All issues, receipts, gains, losses, and financial adjustments will be posted to the record to ensure

that the record balances with the inventory. Inventory levels shall be based on demand data, and no account shall carry more than the authorized inventory level.

2.7.13 Annual Inventory Listing

All units shall maintain an inventory list of on-hand items as of 30 September of each year. At a minimum, the list shall consist of the following elements:

1. Item identification number (e.g., NSN, P/N, Fuel Type);
2. Quantity on hand; and
3. Standard price cost.

This list shall be maintained for three fiscal years. Records are to be disposed of in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

2.7.14 Physical Inventories

Physical inventories are a means to ensure that accurate inventories are maintained for sale and that financial statements when prepared are correct. It is imperative that all Supply Fund activities schedule, conduct, and complete all required inventories. Inventories are generally completed in five phases:

1. Preparation;
2. Count;
3. Reconcile;
4. Adjust; and
5. Report.

Policy for physical inventories can be found in *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series), and *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).

2.7.15 Reports of Survey

The Supply Fund shall be reimbursed for all lost, missing, damaged, or destroyed inventory in all accounts. The Supply Fund unit/activity, district, logistics/service center command will reimburse the Supply Fund for all losses that result from approved Reports of Survey, from either the Surcharge Account or current-year OE appropriation.

A Report of Survey, Form CG-5269, is required for all lost, missing, damaged, or destroyed inventory greater than these thresholds, or when neglect, misuse, theft, or fraud is suspected.

Commandant (CG-831) is the final approving authority for all Reports of Survey exceeding \$5,000.

2.7.16 Cash Sales

Cash sales are authorized at wholesale clothing activities, retail clothing activities, and CGDFs. Cash sales are for over-the-counter purchases or CGDF consumption and cannot be accepted for backordered inventory.

2.7.17 Personal Check and Money Order Sales

Personal checks and money orders may be accepted at wholesale clothing activities, retail clothing activities, and CGDFs. Personal checks shall be completed as follows:

1. The check shall be made out to “U.S. Coast Guard.”
2. The employee identification number (or other identifier such as a randomly selected number/designator appearing on the State drivers’ license) shall be written on the front of the check.

Note: No third-party checks can be accepted.

2.7.18 Change-Making Fund

A Change-Making Fund is authorized for wholesale clothing activities, retail clothing activities, and CGDFs. The commanding officer or officer-in-charge shall ensure that policies and procedures exist for the safeguarding and reporting of the Change-Making Fund. Contact FINCEN for further guidance.

Change-Making Funds are authorized in the following amounts:

Table 2.3 Change-Making Funds – Authorized Amounts

Supply Fund Activity Type	Amount
Wholesale clothing activities	\$100.00
Retail clothing activities	\$50.00
Small CGDF	\$50.00
Medium CGDF	\$75.00
Large CGDF	\$200.00
Logistics/service center	\$200.00

2.7.19 Cash, Check, and Money Order Safeguards

The commanding officer or officer-in-charge is responsible for providing adequate facilities and safeguards to protect public funds (i.e., cash, checks, money orders) collected from sales. Standard operating and audit procedures shall be established that will ensure that those safeguards exist. Monies collected from over-the-counter or mail order sales shall be deposited into a lock-box account in accordance with FINCEN guidance.

2.7.20 Organizational Clothing Sales

Wholesale clothing activities may sell organizational clothing to Coast Guard units. Units purchasing organizational clothing shall use either the Requisition and Invoice/Shipping Document, Form DD 1149, citing unit funds, or the unit's procurement credit card.

2.7.21 Government-Furnished Material (GFM)

GFM (e.g., fabric) required specifically for the manufacture of Supply Fund items shall be stocked and provided as required. The following policy applies to GFM in the Supply Fund:

1. Requests for approval to stock GFM shall be forwarded to Commandant (CG-831) by the activity.
2. GFM will be carried as inventory at (acquisition) weighted average cost.
3. GFM issued to a vendor will not initially be deducted from the inventory, and will be accounted for as on-hand inventory. The stock record will be noted to reflect GFM in the hands of vendors.
4. The value of GFM that is issued to a vendor and consumed in the manufacturing process will be included in the cost of the manufactured Supply Fund item.
5. The value of GFM consumed shall be deducted from the inventory record when the manufactured item is received. The remaining GFM quantity should either be returned or kept at the vendor's site.
6. GFM quantities no longer needed should be disposed of as excess and the cost charged to the unit's surcharge or AFC-30 account.

2.7.22 Returned Items

Customers occasionally request that previously sold items be returned for credit for reason of quality, form, fit, or function. Normally, these requests are received from customers using either a Report of Discrepancy (ROD) or a Quality Deficiency Report (QDR). Ensure that all approved ROD/QDRs are forwarded to FINCEN (OGP) so that an accounts receivable can be established.

Accepting previously sold items and providing credit creates good customer relations, but consideration must be given to the item, quantity returned, and the activity's ability to credit the customer. The following return/credit policy applies to the Supply Fund inventory items from the time of sale. Original sales documentation must be copied and kept with all return documents to support the credit amount. Credit will be given in the amount the customer was originally charged, not the current sales price. Documentation to support the return and credit must be kept for a period of three years from date of credit. Records are to be disposed of in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

Table 2.4 Time Frame for Returned Items

Supply Fund Activity Type	Time Frame
Wholesale inventory activity	12 months
Retail inventory activity	3 months
Wholesale clothing activity	12 months
Retail clothing activity	3 months

2.7.23 Excess, Obsolete, or Unserviceable (EOU) Inventory

EOU inventory shall be identified and reported to Commandant (CG-831) on a quarterly basis. All Supply Fund activities shall aggressively work to identify and remove EOU inventory from stock using either the activities surcharge account, or current-year OE appropriation. The activity shall ensure that sufficient surcharge or current-year OE funds are available to cover all EOU inventory.

The activity is encouraged to use the Material Returns Program for the reporting of excess OGA-purchased inventory and seek credit to the Supply Fund. Should full credit not be provided, the shortage amount shall be charged to either the activity’s surcharge account, or current-year OE funds.

EOU inventory shall be identified and reported on a quarterly basis to Headquarters program offices.

2.7.24 Reporting

Inventory and financial management of the Coast Guard Supply Fund is accomplished by the consistent application of good stewardship responsibilities and the controls gained through financial reporting. Reporting for Supply Fund activities are summarized below. Contact FINCEN for detailed reporting procedures. Complete reporting instructions for dining facilities are provided in *Coast Guard Food Service Manual*, COMDTINST M4061.5 (series). Activities are encouraged to use e-reporting methods for all forms, provided that all required data elements are included.

2.7.24.1 *Wholesale Inventory Activities Report Matrix*

Table 2.5 Report Matrix for Wholesale Inventory Activities

Report	Frequency	When	Submit To
Capital Position Report package	Monthly	NLT 5th Work Day	Commandant (CG-831) FINCEN (FF/OGP)*
Inventory Certification Letter	Annually	NLT 5 Oct	Commandant (CG-831) FINCEN (FF/OGP)*

Report	Frequency	When	Submit To
Supply Fund Inventory Report	Quarterly	NLT 5th Work Day	Commandant (CG-44)
Surcharge Analysis Report	Annually	NLT 30 June	Commandant (CG-831)
Trial Balance (if one is maintained)	Monthly	NLT 5th Work Day	Commandant (CG-831) FINCEN (FF)*

* *FINCEN Divisions:* (FF) – Financial Reports and Analysis Branch; (OGP) – Supply Fund and PES

2.7.24.2 Retail Inventory Activities Report Matrix

Table 2.6 Report Matrix for Retail Inventory Activities

Report	Frequency	When	Submit To
Supply Fund Inventory Report	Quarterly	NLT 5th Work Day	Commandant (CG-44)
Capital Position Report package	Monthly	NLT 5th Work Day	Commandant (CG-831) FINCEN (FF/OGP)*
Inventory Certification Letter	Annually	NLT 5 Oct	Commandant (CG-831) FINCEN (FF/OGP)*
Surcharge Analysis Report	Annually	NLT 30 June	Commandant (CG-831)

* *FINCEN Divisions:* (FF) – Financial Reports and Analysis Branch; (OGP) – Supply Fund and PES

2.7.24.3 Wholesale Clothing Activities Report Matrix

Table 2.7 Report Matrix for Wholesale Clothing Activities

Report	Frequency	When	Submit To
Capital Position Report package	Monthly	NLT 5th Work Day	Commandant (CG-831) FINCEN (FF/OGP)*
Inventory Certification Letter	Annually	NLT 5 Oct	Commandant (CG-831) FINCEN (FF/OGP)*
Supply Fund Inventory Report	Quarterly	NLT 5th Work Day	Commandant (CG-831); Commandant (CG-44)

* *FINCEN Divisions:* (FF) – Financial Reports and Analysis Branch; (OGP) – Supply Fund and PES

2.7.24.4 Dining Activities Report Matrix

Complete reporting instructions for CGDFs can be found in *Coast Guard Food Service Manual*, COMDTINST M4061.5 (series).

2.7.24.5 Fuel Activities Report Matrix

Table 2.8 Report Matrix for Fuel Activities

Report	Frequency	When	Submit To
Fuel Report	Monthly	NLT 5 th Work Day	Commandant (CG-831) FINCEN (FF/OGA)*

* *FINCEN Divisions:* (FF) – Financial Reports and Analysis Branch; (OGA) – Supply Fund and PES

2.7.25 Capital Position Report

The Supply Fund Capital Position Report contains critical information needed to evaluate and report on the Supply Fund. It provides the Supply Fund management officer critical summary information regarding inventory, receipts, issues, undelivered orders, unfilled customer orders, and capital available for procurement.

The Supply Fund Capital Position Report package is due no later than the fifth of each month. Supply Fund activities are encouraged to develop and submit these reports electronically (e-mail). Local development of the Coast Guard forms is authorized as long as all data fields are contained in the electronic submission.

The Capital Position Report will be slightly different for the various types of Supply Activities. SFLC shall prepare and submit a Capital Position Report (electronic) and Trial Balance only.

The report package includes:

1. Capital Position Report (see formats below);
2. Stores Account Balance Sheet, Form CG-3116;
3. Daily Summary of Receipt Transactions, Form CG-3095; and
4. Daily Summary of Expenditure Transactions, Form CG-3097.

2.7.25.1 Wholesale Inventory/Clothing Activity

Figure 2.1 Capital Position Report Format – Wholesale Inventory/Clothing Activity

Unit Name: _____	
Supply Account: _____	Month/Yr. _____

Capital Authorization	XXX,XXX.XX
Adjustments from Transfers-In (+)	XXX,XXX.XX
Adjustments from Transfers-Out (-)	XXX,XXX.XX
Adjusted Capital Authorization	XXX,XXX.XX
Inventory at Standard Price	XXX,XXX.XX
Purchase Price Variance (±)	<u>XXX,XXX.XX</u>
Inventory at Cost (-)	XX,XXX.XX
Undelivered Orders (-)	XXX,XXX.XX
Commitments (-)	XXX,XXX.XX
Unfilled Customer Orders (+)	<u>XXX,XXX.XX</u>
Capital Available for Procurement	XXX,XXX.XX
Surcharge	XXX,XXX.XX
Receipts: COMM SSA OCGA OGA MISC TOTAL	
Issues: CFEU SSA OCGA OGA MISC TOTAL	

2.7.25.2 Retail Inventory/Clothing Activity

Figure 2.2 Capital Position Report Format – Retail Inventory/Clothing Activity

Unit Name: _____	
Supply Account: _____	Month/Yr. _____

Capital Authorization	XXX,XXX.XX
Beginning Inventory	XXX,XXX.XX
Undelivered Orders (-)	XXX,XXX.XX
Ending Inventory (-)	<u>XXX,XXX.XX</u>
Capital Available for Procurement	XXX,XXX.XX
Surcharge	XX,XXX.XX
Receipts: COMM	SSA OCGA OGA MISC TOTAL
Issues: CFEU	SSA OCGA OGA MISC TOTAL

2.7.26 Capital Available for Procurement

The capital available for procurement shall normally be within 10 percent of the overall inventory investment. The Supply Fund management officer shall review these reports quarterly and shall contact units to analyze their CA future requirements.

2.7.27 Unfilled Customer Orders

Unfilled customer orders (anticipated sales) will be considered in the capital available for procurement formula for wholesale inventory activities and wholesale clothing activities.

2.7.28 Supply Fund Inventory Report

This quarterly report is required for wholesale inventory, wholesale clothing, retail inventory, and retail clothing activities. SFLC is exempted from reporting any elements already reported on their Inventory Control Effectiveness (ICE) report.

The report provides critical program information regarding the Supply Fund inventory, and can show the unit and the Supply Fund management officer areas that need attention or additional oversight. It shall be submitted each quarter for that performance period.

A sample report format is shown on the following pages.

Figure 2.3 Supply Fund Inventory Report Format

<p>UNIT NAME: _____</p> <p>SUPPLY ACCOUNT: _____</p> <p>PERIOD: _____</p> <p>PART I – PERFORMANCE</p> <p>1. Issue Effectiveness</p> <p> a. Number of Requisitions</p> <p> b. Number of Issues</p> <p> c. Issue Effectiveness Rate (percent)(sum b/a)</p> <p>2. Issue Denials</p> <p> a. Number of Issues</p> <p> b. Number of Denials</p> <p> c. Denial Rate (percent) (sum b/a)</p> <p>3. Receipts Processed on Time</p> <p> a. Number Processed</p> <p> b. Number Posted to Record and Stored on Time</p> <p> c. On-time Receipt Rate (percent)(sum b/a)</p>
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4. Storage location Accuracy
 - a. Number of Locations Checked
 - b. Number of Locations without Errors
 - c. Location Accuracy Rate (percent)(sum b/a)

5. Valuation Accuracy
 - a. Number of Items Checked
 - b. Number of Items without Errors
 - c. Valuation Accuracy Rate (percent)(sum b/a)

PART II – INVENTORY

1. Segments of Inventory
 - a. Total Value of Inventory
 - b. Value of EOU Inventory

2. Reviews of Inventory
 - a. Value of EOU Inventory
 - b. Value of EOU Inventory Disposed

3. Accuracy of Inventory
 - a. Value of Inventory
 - b. Value of Inventories Completed
 - c. Value of Gains processed
 - d. Value of Losses processed
 - e. Total Adjustments Processed (sum c+d)
 - f. Inventory Accuracy Rate (percent)(sum e/a)

2.8 AC&I Project Identification System

Each AC&I project is assigned a four-digit identification number which relates to the appropriate AC&I program area (budget activity). The following table defines the meaning of each digit in the identification number:

Table 2.9 Explanation of AC&I Product Identification Numbers

Budget Activity Number	Fiscal Year (Note 1)	Project Number (Note 2)	Major Category
0	X	XX	AC&I Personnel and Related Costs
1	X	XX	Vessels
2	X	XX	Aircraft
3	X	XX	Shore Facilities and Aids to Navigation
4	X	XX	Other Equipment
5	X	XX	Integrated Deepwater System (Note 3)
6	X	XX	Reimbursable

Note 1: The second digit indicates the last fiscal year in which funds can be obligated.

Note 2: The third and fourth digits indicate the specific project serial number.

Note 3: Budget Activity Number 5 (Integrated Deepwater System) is no longer authorized. The Coast Guard's Integrated Deepwater System (IDS) was only used for FY2002-FY2011 appropriations. IDS assets are now included as part of Coast Guard's current \$27 billion recapitalization investment portfolio, which includes more than 20 major acquisition programs and projects managed by Commandant (CG-9).

2.9 Transfers

A transfer is the shifting of budgetary resources from one budget account (appropriation) to another. The basic rule with respect to transfers per 31 USC 1532 is: Transfer is prohibited without statutory authority. Two exceptions to this rule are refunds and reimbursements. These are addressed in the subsections that follow.

2.9.1 Refunds

The Government Accountability Office (GAO) and OMB identify refund transactions as bookkeeping adjustments to correct errors such as overpayments and incorrect disbursements, and to fund common services provided by one appropriation to another.

2.9.2 Reimbursements

Reimbursement transactions are repayments for commodities or services provided by one agency or appropriation to another, and authorized by law to be credited directly to specific appropriation and fund accounts.

2.10 The Investment Board

The purpose of the Investment Board (IB) is to provide Commandants (CG-09) and (CG-8) with sound and reliable information on matters relating to resource allocation. The IB looks at a wide variety of issues, from budget-year priorities to current-year targets and projected deficiencies in a given appropriation, and makes recommendations to Commandant (CG-09).

2.10.1 The Resource Group

The primary role of the Resource Group is to act as an advisory body to the IB concerning the prioritization of all investment, divestment, and research alternatives. In doing so, the Resource Group must make significant contributions to Coast Guard planning. The Resource Group shall provide the following deliverables to the IB:

1. Prioritization list of all investment, divestment, and research alternatives;
2. Recommended Proposed Reduction List with the prioritized alternatives;
3. Validated Agency Capital Plan;
4. Prioritized list of Financial Management Operations Plan (FMOP) requests; and
5. Recommended FMOP budget.

2.11 The Budget Review Board

The executive officer (XO)/deputy director of a Headquarters unit, under the direction of the unit commanding officer, supervises and coordinates the budgetary program of the unit, ensures the efficient management and use of unit funds, and makes recommendations to the unit commanding officer when program adjustments are necessary to ensure effective use of those funds. This individual shall serve as chairperson of the Budget Review Board.

2.11.1 Headquarters Unit – Financial Management Staff

Organization of Headquarters units varies widely; however, Headquarters units fall under one of the following Resource Management Offices (RMOs): Commandants (CG-8), (CG-8R), (DCO), (DCMS), and (CG-2); PACAREA; and LANTAREA. Each should have a designated financial management staff. This staff is responsible for coordinating with Headquarters unit COs in all aspects of the Headquarters unit's financial budget process, including the issuance of funding targets to subordinate Headquarters units and staffs, and developing financial guidance that aligns with Headquarters unit missions, requirements, and directives to foster good stewardship

over the funds provided. RMOs are also responsible for coordinating with Headquarters unit COs to ensure financial management duties and responsibilities are clearly outlined in Headquarters unit directives.

2.12 Field Unit – Commanding Officers

As the end user of funding provided to the administrative operating target at an area, logistics center command, service center command, or district unit, the individual unit commanding officer is responsible for the efficient and economical expenditure of available funds to carry out the unit's mission. The unit commanding officer must ensure that the unit's funds are used only for the purposes for which they were provided and in accordance with established laws, rules, and regulations.

2.12.1 Field Unit – Executive Officers

The executive officer, deputy commander, or executive petty officer (under the direction of the officer-in-charge) supervises and coordinates the budgetary program of the unit, ensures the efficient management and use of unit funds, and makes recommendations to the unit commanding officer or officer-in-charge when program adjustments are necessary to ensure effective use of those funds.

2.12.2 Field Unit – Financial Managers

Like Headquarters units, field units are also aligned under one of the following RMOs: Commandants (CG-8), (CG-8R), (DCO), (DCMS), and (CG-2); PACAREA; and LANTAREA. RMOs are responsible for coordinating overarching guidance to field units, and shall coordinate with field unit COs to designate personnel to administer field unit funding and to ensure financial management duties are clearly outlined in field unit directives. Designated financial managers of field unit funding will be responsible for coordinating all aspects of the field unit's budget process, including the issuance of field unit funding targets to subordinate staff, and developing directives and other guidance to foster good stewardship over the funds provided. These financial management duties and responsibilities shall be clearly outlined in field unit directives.

In order to enhance the effective use of funds distributed down to the unit level (i.e., AFC-30, AFC-34, AFC-36, and others) and allow unit commanding officers more flexibility to manage recurring expenses, funds are passed to the lowest level bearing both the operational and funding responsibility. Therefore, in general, all funds should be programmed to the unit level whenever possible for efficient and effective management.

Appendix 2-1 AFC-01 Military Pay/Commandant (CG-83)

Compensation, subsistence rations, entitlements, and special and incentive pay for active duty and cadets in the OE appropriation.

1. Expenses chargeable to AFC-01:
 - a. Basic pay.
 - b. Subsistence, housing, cost of living, and clothing allowances (includes clothing-in-kind).
 - c. Childcare programs.
 - d. Military member transit benefits.
 - e. Special and incentive pay (e.g., career sea pay, hazardous duty incentive pay (HDIP), aviation career incentive pay (ACIP), responsibility pay, diving duty pay).
 - f. Separation allowances including unused accrued leave and severance pay.
 - g. Employer's contribution for benefits including Federal Social Security Insurance Tax (FICA).
 - h. Reenlistment bonus payments and cash awards for beneficial suggestions.
 - i. Family and unaccompanied personnel leased housing, including rent and utilities.
 - j. Net value of Coast Guard Supply Fund subsistence provisions consumed by CGDFs.
 - k. Subsistence furnished to enlisted members by another service dining facility and subsistence expense for Coast Guard Auxiliary members.
 - l. Contract galleys and associated costs.
 - m. Death gratuities.
 - n. Cost of educating dependent children for members serving in foreign countries.

2. Expenses not chargeable to AFC-01:
 - a. Miscellaneous ordinary recruiting expenses, other than occasional meals for applicants for enlistment, are chargeable to AFC-30.
 - b. Inactive duty training (IDT) drill pay, annual training pay and allowances (ADT-AT), short-term active duty operational support of the reserve component (ADOS-RC) pay and allowances, and other training duty (ADT-OTD) pay and allowances.

Notes: Redistributed Costs – Military pay and allowances are first charged to AFC-01. Under the intra-Coast Guard refund program, costs are marked for redistribution as follows:

1. Gross pay and allowances accruing to members performing work that will subsequently be reimbursed by another appropriation, or Government agency, will be subsequently charged to AFC-77.
2. Gross pay and allowances accruing to industrial personnel at the Coast Guard Yard will be subsequently charged to the Yard Fund.
3. Gross pay and allowances accruing to members engaged in AC&I, EC&R, RDT&E, BS, or RT programs will be subsequently charged to the respective appropriation.
4. Accrued mileage allowance that is not credited to a member's pay account and for which travel must be performed prior to payment will be subsequently charged to AFC-20.

Appendix 2-2 AFC-08 Civilian Pay/Commandant (CG-83)

Compensation, benefits, and costs associated with civilian pay and permanent change of station (PCS) in the OE appropriation.

1. Expenses chargeable to AFC-08:
 - a. Regular pay, overtime pay, lump sum terminal leave, holiday pay, Sunday premium pay, hazardous duty pay, night work differentials, post differentials, cost of living allowances for permanent and temporary employees in full-time, part-time, and intermittent employment categories (disability retirees are included).
 - b. Special act performance awards, quality step increases (QSIs), on-the-spot cash, Senior Executive Service (SES) bonuses, Presidential Rank Award, and awards associated with gains-sharing efforts.
 - c. Civilian employee transit benefits.
 - d. Employer's contribution for benefits, including FICA, health insurance plans, retirement plans, life insurance plans, and unemployment compensation.
 - e. Severance pay and uniform allowances.
 - f. Civilian pay related costs, including PCS, when applicable. (See Appendix 2-3 for examples of detailed costs associated with PCS.)
 - g. Compensation and benefits for all Coast Guard civilian employees, including non-ceiling employees (e.g., cooperative education students, student aides, summer aides, Federal junior fellows) and employees not otherwise covered by other appropriations.
 - h. Federal employee compensation charges covering compensation costs for injuries and deaths.
 - i. Personnel costs not specifically funded by other appropriations.
 - j. Compensation to nonappropriated fund accounts for critical vacant appropriated fund positions in non-pay compensation programs, as determined by an MOA between Commandants (CG-11) and (CG-83) and Community Services Command (CSC), under the authority of 14 USC 152.

Appendix 2-3 AFC-20 Permanent Change of Station (PCS)

Travel and transportation expenses incident to PCS orders for military personnel and their dependents.

1. Expenses chargeable to AFC-20:
 - a. Mileage or transportation-in-kind and per diem furnished to military members and their dependents for travel incident to PCS orders, including recall to active duty from retirement status, call to extended active duty (EAD) from reserve status, active duty operational support (ADOS) for over 180 days, and retirement orders.
 - b. Temporary lodging allowance/expense (TLA/TLE) and dislocation allowance (DLA) paid to military members.
 - c. Transportation and storage of household goods, motor vehicles, and house trailers furnished to military members.
 - d. Miscellaneous reimbursable expenses for military personnel incident to PCS travel as authorized by *Joint Federal Travel Regulations* (JFTR).
 - e. Mileage allowance or transportation-in-kind furnished upon separation.
 - f. PCS-related travel and transportation expenses of personnel in connection with AC&I or RDT&E are charged to the respective appropriation.
2. Expenses not chargeable to AFC-20:
 - a. Civilian employee relocation entitlements are funded and expensed through AFC-08.
 - b. Travel and transportation expenses of personnel on assignment to, or in connection with, work that will be reimbursed by another Government agency or appropriation are charged to AFC-77 or AFC-94.

Appendix 2-4 AFC-30 Operating and Maintenance/Commandant (CG-83)

General operating and unit-level maintenance expenses. Expenses in support of the CGES and MWR programs are defined in *Coast Guard Nonappropriated Fund Instrumentalities (NAFI) Manual*, COMDTINST M7010.5 (series) and *Coast Guard Morale, Well-Being, and Recreation Manual*, COMDTINST M1710.13 (series).

In order to maximize the effective use of AFC-30 funds and allow unit commanders maximum flexibility for the management of normal recurring expenses, funds are passed to the lowest level bearing both the operational and funding responsibility. In general, all funds should be programmed to the unit level with only a small contingency. Maintenance of large contingency accounts fosters a dependency on the contingency and leads to inefficiency in spending patterns, usually displayed in excessive fourth quarter expenditures.

1. Expenses chargeable to AFC-30:
 - a. Travel, tuition, course material, and per diem costs of local training not included in AFC-56 for civilian and military personnel, reserve members on active duty (AD) or extended active duty (EAD), and Auxiliary.
 - b. All direct, indirect, and overhead costs, not chargeable to another category, associated with electronics depot-level logistics support.
 - c. Temporary duty (TDY) and TAD travel for administrative purposes (except AFC-41, 42, 43 and 45 project-related travel or operational purposes).
 - d. TAD travel expenses of personnel in connection with effectiveness and compliance review visits, and integrated logistics support projects.
 - e. Pay, allowances, and employer's contributions to reservists on active duty short term (temporary) operational support of the active component (ADOS-AC) not chargeable to a more specific account. Transportation (shipping) expenses of information technology (IT) or training equipment.
 - f. Vehicles in support operation shall be purchased with AFC-30 funds. This includes all passenger vehicles and trucks supporting operations other than the Civil Engineering Program (i.e., directly supporting facility maintenance activities).
 - g. Transportation (shipping) expenses, except for items procured with other AFCs. This includes shipping of type I, II, and IV aeronautical material from the ALC or other repair sites to an air station for end use or stock.
 - h. GSA vehicle damage repairs or loss reimbursement.
 - i. Unit-level communications circuits and communications services, including cellular phones and data plans. Enterprise leased communications circuits not chargeable to a more specific AFC.

- j. Utility services, except those charged to AFC-01 for the Coast Guard leased housing program.
- k. All energy and energy efficiency retrofit projects of \$150,000 or less approved for funding through the energy Cost Avoidance Reduction and Efficiency (CARE) prioritization process, which includes operational and maintenance stakeholder evaluation.
- l. Rental of property and equipment not chargeable to a more specific account.
- m. Purchase and maintenance of equipment not within the scope of another AFC.
- n. Subsistence and clothing for rescued persons at sea.
- o. Expenses incident to seized property, including aircraft.
- p. Necessary expenses of operations of private auxiliary aircraft while operating under Coast Guard orders, or reimbursement to auxiliaries for such fuels, supplies, or provisions.
- q. Household effects (HHE) claims against the Coast Guard (e.g., damages during Government-ordered moves, or damages while occupying Government-owned/leased quarters).
- r. Expenses for the operation of district mobile training teams.
- s. General services that are the result of unit-level recurring maintenance and repair of shore structures and facilities, cutters, electronics equipment installations, small craft, vehicles, ordnance equipment, recreation equipment, and certain ATON.
- t. All standard support level (SSL) boat expenses, regardless of amount, except those involving fire, flooding, grounding, and collision damage or costs above the engineering change request (ECR) cutoff limit.
- u. Hull, mechanical, electrical, and electronic work on standard boats that constitute minor repair and corrective maintenance within the unit's technical capability, and within the purchase card or warrant level of the unit. Minor maintenance is not Depot-Level Maintenance, and does not require the technical and contracting support of a Base or Logistics Center.
- v. Routine unit-level services, supplies and materials for repair, maintenance and operation of cutters and boats as delineated by the appropriate Class Maintenance Plan (CMP) and/or casualty report (CASREP) levels.
- w. Buoy-related expenses for routine unit-level procurement, outfitting, installation, and maintenance (including costs of chain and sinkers), not part of a waterways AC&I project. Consumable materials for installation, maintenance, and repair of fixed ATON structures, including day board fabrication, ATON signal equipment, solar panels, and primary and secondary batteries (does not include piles and towers used by ATON teams or construction/buoy tenders).
- x. Materials, services, and replacement systems, not designated for procurement by AFC-43, required for routine maintenance and repair of unmanned ATON.

- y. Routine unit-related expenses such as purchase costs, contracted maintenance costs, corrective maintenance, repair, modification, or replacement of nonconsumable marine environmental response (MER) equipment, if not qualified to be recovered from the responsible party or the oil pollution fund. Examples include Vessel of Opportunity Skimming System (VOSS), nonfixed Spilled Oil Recovery System (SORS) equipment, offshore booms, temporary oil storage devices, and off-loading systems.
- z. 14 USC 830 states that appropriations shall be made available for actual necessary expenses of auxiliary assigned to authorized Coast Guard duty. Besides common necessary costs such as fuel, oil, supplies, and provisions, this also includes payments for the replacement for the constructive or actual loss of auxiliary vessels while assigned to authorized duties not covered by insurance. Past OE appropriation language also limits this type of replacement to not exceed \$700,000 per vessel.
- aa. Spare parts, consumables, and noncontracted maintenance for MER equipment, if not qualified to be recovered from the responsible party or the oil pollution fund.
- ab. Repair and maintenance of aviation ground support equipment, ground and ship-based command, control, communications and electronics equipment systems, including communications equipment and ATON, used to support aircraft operations, when not meeting the criteria for funding under AFC-4X.
- ac. Unit-level service contracts for calibration (includes Preventive/Planned Maintenance System (PMS) and corrective maintenance within the unit's capability) and minor repair of electronic test equipment and special tools. Unit-level maintenance and spare parts (ERPAL) for electronics equipment.
- ad. Maintenance of towers not meeting the criteria for funding from AFC-42 or AFC-43.
- ae. MWR equipment, services, and other expenditures, including memberships (in the name of the unit) in local fitness facilities, when approved, as defined in the *Coast Guard Morale, Well-Being, and Recreation Manual*, COMDTINST M1710.13 (series).
- af. Cost of ceremonies, subject to the limitations in Subsection 5.6.10, Use of OE Funds, (except those related to other appropriations) and cultural awareness programs.
- ag. Membership fees for the Coast Guard. See subsections 5.6.10.20 and 5.6.10.25 of this manual.
- ah. Seasonal decorations that are not for personal use and are nonsectarian. See Subsection 5.6.10.29, Seasonal Decorations.
- ai. Refreshments and food as permitted by Subsection 5.6.10.13, Food – Meals and Refreshments.
- aj. Organizational and personal protective clothing, as well as flight clothing, unit patch identifier, and required equipment per *Coast Guard Helicopter Rescue Swimmer Manual*, COMDTINST M3710.4 (series) annex E, and survival equipment. See Subsection 5.6.10.22, Organizational Clothing, and *Uniform Regulations*, COMDTINST M1020.6 (series).

- ak. Coast Guard uniforms for Navy chaplains on duty with the Coast Guard. See Subsection 5.6.10.7, Chaplain Support, and *Uniform Regulations*, COMDTINST M1020.6 (series).
- al. Administrative expenses associated with command religious activities.
- am. Miscellaneous administrative expenses (e.g., paper, pens, binders, and other office supplies).
- an. Printing and reproduction expenses.
- ao. Housekeeping and maintenance supplies, materials, and services.
- ap. Unvouchered expenditures for confidential investigations.
- aq. All furnishings and office labor-saving devices, regardless of cost, except furnishings provided by an AC&I project. See *Civil Engineering Manual*, COMDTINST M11000.11 (series); also see chapters 5 and 7 of this manual. This also includes furnishings for Coast Guard Flag and Command Quarters in accordance with *Coast Guard Housing Manual*, COMDTINST M11101.13 (series).
- ar. Procurement, installation, and maintenance of unit-level information resources management (IRM) hardware and software (except if required for a specific AFC-4X project, part of a C4 system, or qualifies for AC&I), unless centrally funded by AFC-36.
- as. Maintenance and support of existing IT software systems not chargeable to a more specific account. Development of IT software systems once approved by Commandant (CG-6) not chargeable to a more specific account.
- at. Logistics studies.
- au. Interservice Support Agreements (ISSAs) in connection with logistics activities.
- av. Configuration management project expenses not qualifying for AC&I funding.
- aw. Purchase and/or installation of logistics-related IT hardware/software (except within the AC&I criteria – see Subsection 5.6.12, Acquisition, Construction, and Improvement (AC&I) – Purpose), unless centrally funded by AFC-36.
- ax. Accessory surcharges and credit allowances for retail stock losses applied to materials issued to the Coast Guard by DLA, GSA, and OGA when the cost of material is chargeable to the OE appropriation.
- ay. Adjustments to the Supply Fund inventory accounts as prescribed in *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
- az. Interest payments for AFC-30-funded goods/services.
- ba. Core Accounting System (CAS) chargebacks.
- bb. Consulting services not related to a specific AFC project or another appropriation.
- bc. Moving costs for non-PCS intra-district Government-ordered moves.

- bd. Type III and V aeronautical material only as defined in Coast Guard 298 that does not meet specific AFC-41 thresholds/requirements.
- be. All aircraft landing fees.
- bf. Deployable rescue equipment.
- bg. Credit card and traveler's check fees associated with the Cash Management System.
- bh. Procurement, transportation, and maintenance of ammunition, pyrotechnics, and other munitions necessary to meet requirements that are not Navy-funded.
- bi. Procurement, transportation, maintenance and repair of small arms, small arms spare parts, line-throwing equipment, accessories, and maintenance supplies, unless centrally funded under AFC-36.
- bj. Service, supplies and materials required for design, modification, installation, removal, and maintenance of Navy-supported combat systems and components not Navy funded or funded under AFC-45.
- bk. Plaques, medals, trophies, badges, and similar items that acknowledge individuals and organizations which significantly contribute to Coast Guard programs, missions, or operations, including State and local governments and commercial and nonprofit organizations, including reasonable expenses of ceremony and presentation, in accordance with 14 USC 93(a)(22) and the limitations as set forth in this manual. See Subsection 5.6.10.1, Awards and Recognition.
- bl. Service, supplies, and equipment for armory and range support directly related to small arms training.
- bm. Travel and expenses associated with small arms training for all regular and reserve Coast Guard members, competitive gunnery and small arms shooting programs, ordnance program compliance inspections and oversight.
- bn. TDY and TAD travel expenses, tuition, books, and related costs for military and civilian personnel attending training, with the exception of professional certifications and training which is funded by Coast Guard through separate HQ allocations, such as service-wide class "C", tuition assistance, and advanced education. A list of courses, which shall not be funded by AFC-30, can be found in the class convening schedule for Coast Guard class "A" and "C" resident and exportable training courses.
- bo. Nonrecurring shore maintenance, repairs, in-kind replacements, and alterations of Coast Guard-owned real property facilities that constitute minor repair, safety, code compliance, and corrective maintenance that is within \$5K. (If project costs exceed this amount, it shall be funded with AFC-43). Any level of improvements (including complete in-kind replacement of an RPUID) must go through the Civil Engineering Unit and be funded by AFC-43. Minor maintenance is not Improvement or Depot-Level Maintenance, and does not require the technical and contracting support of a Civil Engineering Unit or Logistics Center.

- bp. Direct operating leases with GSA waiver. See Subsection 5.6.10.17, Lease of Real Property, for guidance on the use of funds for leases and leasehold improvements.
- bq. Second destination freight charges to transport exchange merchandise to outside the continental United States (OCONUS) Coast Guard Exchanges to provide price parity for members stationed in these OCONUS locations, as defined in the *Coast Guard Morale, Well-Being, and Recreation Manual*, COMDTINST M1710.13 (series).
- br. Coast Guard Exchange costs associated with selling Uniform Distribution Center (UDC) uniforms in CGES stores, as detailed in the *Coast Guard Nonappropriated Fund Instrumentalities (NAFI) Manual*, COMDTINST M7010.5 (series).

2. Expenses not chargeable to AFC-30:

- a. TDY and TAD travel expenses for AFC-41, 42, 43, and 45 project-related travel.
- b. Travel expenses or tuition for military and civilian personnel attending service-wide Class “A” and “C” training. A list of courses, which shall not be funded by AFC-30, can be found in the class convening schedule for Coast Guard Class “A” and “C” resident and exportable training courses.
- c. All travel expenses, tuition, books, and related cost for which funding is otherwise provided by Coast Guard through AFC-56. (This includes tuition assistance and advanced education.)
- d. TDY and TAD travel expenses, tuition, books, and related cost for military and civilian personnel attending training for professional certifications (e.g., bar exam, professional development hours, or continuing education unit requirements). See Comp Gen B-185341 and B-187525.
Note: Exceptions to this policy are: 1.) DHS-sponsored CFO certifications (CGFM); 2.) DHS/Federal Acquisition non-contracting certifications; and 3.) IT certifications authorized in *Information Assurance Professional Certifications*, COMDTINST 5200.3 (series).
- e. TDY and TAD travel expenses of personnel on assignment, or connected with work, which will be reimbursed by another appropriation or Government agency.
- f. TDY and TAD travel expenses of personnel assigned to Commandant (CG-131) performing duty in connection with the Reserve Training Program (RT appropriation).
- g. TDY and TAD travel expenses of personnel performing duty in connection with AC&I, RDT&E or EC&R projects. (AC&I, RDT&E, or EC&R appropriations).
- h. Wage-grade overtime related to AFC-41, 42, 43, and 45 projects.

Appendix 2-5 AFC-36 Central Accounts

The AFC-36 fund is managed by Commandant (CG-83) at Coast Guard Headquarters. The fund supports several budgetary accounts including GSA rental of property and equipment, GSA security charges for GSA leases, postal expenses, the Working Capital Fund, and the Work-Life Program. In addition, AFC-36 funds the procurement of ammunition, buoys, Enterprise Communication/Network Services (formerly FTS), medals, and standard workstations (SWS), as well as certain capitalized equipment for industrial activities at logistics center commands.

1. Expenses chargeable to AFC-36:
 - a. Central procurement of Industrial Program equipment greater than \$5,000 that is specifically owned and operated by logistics center commands and that is used by the Industrial Program in support of industrial service order execution, subject to the provisions of Coast Guard's current appropriation act language. This equipment will typically be used in support of a variety of industrial activities, service orders, and projects. The equipment purchased will be approved via the annual Commandant (CG-441) program central review board.
 - b. Rent and security charges paid for GSA property leases.
 - c. Central procurement of buoy moorings and related hardware.
 - d. Central procurement, depot-level repair, modification, or replacement of nonconsumable marine environmental response (MER) equipment, if not qualified to be recovered from the responsible party or the oil pollution fund. Examples include Vessel of Opportunity Skimming System (VOSS) equipment, offshore booms, temporary oil storage devices, and off-loading systems.
 - e. Materials, services, and replacement systems, not designated for procurement by AFC-43, required for routine maintenance and repair of unmanned ATON.
 - f. Purchase costs, contracted maintenance costs, corrective maintenance, repair, modification, or replacement of nonconsumable MER equipment, if not qualified to be recovered from the responsible party or the oil pollution fund. Examples include Vessel of Opportunity Skimming System (VOSS), nonfixed Spilled Oil Recovery System (SORS) equipment, prepositioned District Response Advisory Team (DRAT) gear, offshore booms, temporary oil storage devices, and off-loading systems.
 - g. Spare parts, consumables, and noncontracted maintenance for MER equipment, if not qualified to be recovered from the responsible party or the oil pollution trust fund.
 - h. Procurement of ammunition, pyrotechnics, and other munitions as well as transportation of weapons and weapon systems.
 - i. Central procurement of services, supplies, and materials needed for armory and range support; maintenance and repair of weapons and weapon systems; design, modification, installation, and removal of weapon systems (e.g., consulting services); pyrotechnics; and associated security systems.

- j. Central procurement of general services for recurring maintenance and repair of ordnance equipment.
- k. Travel and expenses associated with small arms training for all regular and reserve Coast Guard members, competitive gunnery and small arms shooting programs, ordnance program compliance inspections and oversight.
- l. Miscellaneous administrative expense to support the weapons/ammunition program (e.g., printing, reproduction, paper, pens, markers, binders, toner).
- m. Pay, allowances, awards, and employer's contributions to reservists on active duty for operational support of the active component (ADOS-AC), unless centrally funded under AFC-30.
- n. Rental of property and equipment associated with weapons and/or weapon systems.
- o. Protective clothing.
- p. Contract interest penalties.
- q. Initial purchase, maintenance, and replacement (technology refresh) of Coast Guard standard image workstations (laptops or desktops).
- r. Initial purchase, maintenance, and license sustainment of Coast Guard standard software.
- s. Initial purchase, maintenance, and replacement (technology refresh) of classified and unclassified network servers.
- t. Hardware and software maintenance.
- u. Support of standard workstations and the classified and unclassified networks. Centralized Support Desk expenses for enterprise software not chargeable to a more specific account.
- v. Training of IT support resources.
- w. Standard workstation configuration management activities.
- x. Support for enterprise management organization activities.
- y. Enterprise Communication/Network Services (formerly FTS) that are ordered off the GSA contracts, including routers, switches, service/feature initiation charges, upgrades, disconnects, extended wiring, nonrecurring costs, monthly recurring costs, lease equipment, Universal Service Fund (USF), carrier line charges (presubscribed interchange carrier), taxes and surcharges, and transition costs. GSA will bill the agency for transition cost: long distance services and equipment, video services, Dedicated Transition Service (DTS), Frame Relay Service (FRS), 800 service, calling cards, Internet Protocol (IP), and support services.
- z. Systems and services ordered through DISA/DITCO in support of classified and unclassified networks.

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- aa. Installation, monthly recurring cost (MRC), leased hardware, Network Control Center (NCC) fees, and MIPRs for: Coast Guard Data Network +, Coast Guard Data Network + NCC (CACI), Enhanced Mobile Satellite Service (Iridium telephones), SIPRNET (Secret Internet Protocol Router Network), NIPRNET (Unclassified Internet Protocol Router Network), DVSG-VTC (DISA Video Teleconference), JWICS (Intel), Remote Access System (MOA to OSC), and HF-RWI (High Frequency Radio Wireline Interface)/CAMS Phone patching to Aircraft.
 - ab. Commercial satellite-related recurring bills, including any bills relating to commercial satellite data or voice connectivity, or funds required for the support infrastructure to those capabilities.
 - ac. Penalty mail expenditures in the Official Mail Accounting System (OMAS), such as postage meter settings, penalty mail stamps, permit imprint mailings, business reply mail, postage due fees, and express mail corporate account.
 - ad. Transfers of funds to pay postage costs to a DOD or Federal agency that posts U.S. Coast Guard mail (best practice).
 - ae. Purchase or rental of mailing systems equipment (including maintenance contracts) associated with sending official mail.
 - af. Items procured using DHS Working Capital Funds.
2. Expenses not chargeable to AFC-36:
- a. Any maintenance or repair of equipment specifically provided for in another AFC.
 - b. Procurement of Industrial Program capital equipment owned by the logistics center commands but which is not used in support of Industrial Activities of the logistics center commands (e.g., facilities engineering equipment – AFC-30 or AFC-43).
 - c. Procurement of equipment owned and operated by any other Coast Guard entity (stations, districts, sectors, etc.).
 - d. Any items associated with the build-out of a space that is not amortized in the rent bill.
 - e. In accordance with a Memorandum of Agreement (MOA) with DOD, costs associated with Navy-owned weapons and/or weapons systems.
 - f. Costs associated with AC&I or RDT&E projects (appropriation).
 - g. Childcare programs.
 - h. OE costs not specifically related to a Work-Life Program.
 - i. Purchase of nonstandard workstations.
 - j. Purchase of nonstandard servers.
 - k. Purchase of nonstandard software.

- l. Commercial Internet services not attached to the central network.
- m. Costs associated with expendable supplies for mailing systems, such as meter tape and ink (individual units pay for these items).
- n. Payments to alternate carriers such as FEDEX, UPS, DHL, etc.
- o. All items procured using vehicles other than the DHS Working Capital Fund.

Appendix 2-6 AFC-40 Other Activities/Commandant (CG-8)

Funds for operating projects or expenses approved by Commandant (CG-8).

Appendix 2-7 AFC-41 Aeronautical Engineering/Commandant (CG-41)

General expenses incurred in the aviation program.

1. Expenses chargeable to AFC-41:
 - a. Materials, services, and supplies necessary for the modification, repair and intermediate or depot-level maintenance and other depot-level logistics support of aircraft and aircraft equipment including avionics.
 - b. Repair of private auxiliary aircraft damaged while operating under Coast Guard orders, or reimbursement to auxiliarists for such repairs.
 - c. Issuance of AFC-41 field stock inventory and inventory turn-ins as specified in Coast Guard 298.
 - d. Aeronautical engineering contractual services (e.g., technical services).
 - e. Transportation costs for the shipment of aircraft, or aeronautical material/equipment procured with AFC-41.
 - f. Depot-level maintenance expenses incurred in support of the Aeronautical Engineering Logistics Support Program.
 - g. All direct, indirect, and overhead costs, not chargeable to another category, associated with aircraft depot-level logistics support (training and associated travel required to acquire or retain knowledge/skill necessary for an authorized billet or position at ALC is considered a direct overhead cost).
 - h. Type III and V aeronautical material and consumable supplies when directly associated with AFC-41-funded depot-level logistics support.
 - i. Calibration and minor repair of equipment and special tools directly associated with AFC-41-funded depot-level logistics support.
 - j. Repair and maintenance of ground support equipment required for AFC-41-funded depot-level aircraft maintenance.
 - k. Interest payments for AFC-41-funded goods/services.
2. Expenses not chargeable to AFC-41:
 - a. Civilian payroll, and wage-grade expenses in support of the AFC-41 Depot-Level Logistics Support Program.
 - b. Type III and V aeronautical material and consumable supplies not directly associated with AFC-41 depot-level logistics (AFC-30).
 - c. Local service contracts for calibration and minor repair of equipment and special tools not directly associated with AFC-41-funded depot-level logistics support (AFC-30).

- d. Repair and maintenance of ground support equipment except equipment required for AFC-41-funded depot-level aircraft maintenance (AFC-30).
- e. Purchase and restoration of flight clothing and survival equipment (AFC-30).
- f. Costs of deployable rescue equipment, shelving and rescue equipment other than for flight crew survival (AFC-30).
- g. Expenses incident to seized aircraft and the cost of all aircraft landing fees (AFC-30).
- h. Costs of ground and ship-based electronics equipment including communications equipment and ATON used to support aircraft operations (AFC-42/30).
- i. Procurement of aircraft ground handling and support equipment, except as outlined in subsections 5.6.12.4.2 and 5.6.12.4.3 of this manual.

Appendix 2-8 AFC-42 Command, Control, Communications, and Electronics Engineering

Depot-level maintenance and sustainment including technology refreshment/replacement in-kind of standard Command, Control, & Communication (C3) electronics systems. See the notes at the end of this appendix for additional information.

1. Expenses chargeable to AFC-42:
 - a. Depot-level maintenance and sustainment including technology refreshment/replacement in-kind of standard C3 systems (aircraft, boats, cutters, or shore-based) and equipment including transmitting systems, receivers, non-structural antennas for radio transmission purposes, data communications systems, private branch exchanges (PBXs), telephone switch equipment, video and teleconferencing, monitoring systems, and cabling or wireless communication equipment that is an integral part of the C3 system, and any associated hardware or software.
 - b. TDY and TAD expenses in direct support of AFC-42 Depot-Level Logistics Support Program.
 - c. Transportation costs of material and equipment procured with AFC-42.
 - d. Interest payments for AFC-42 goods/services.
2. Expenses not chargeable to AFC-42:
 - a. Procurement, replacement, installation, maintenance, and support of nonstandard electronics equipment (this does not preclude using AFC-42 funds for procuring nonstandard equipment needed to support a specific AFC-42 project, for example to purchase prototype equipment to plan a system replacement).
 - b. Procurement, installation, and maintenance of general-purpose, office automation hardware and software, which are not an integral part of an AFC-42 supported system.
 - c. Procurement, replacement, installation, maintenance, and support of nonstandard computer hardware and software (this does not preclude using AFC-42 funds for procuring nonstandard hardware and software needed to support a specific AFC-42 project).
 - d. Leased communications circuits (AFC-30, 36).
 - e. Electronics systems for MWR use (AFC-30, NAF).
 - f. Modifications to shore facilities and vessel structures necessary to accommodate the installation of electronic equipment. This includes items such as conduit, cable pathways, bulkhead penetration, and foundations for equipment. "Major modifications" include modifications, which meet the AFC-43 threshold, or are

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- defined as AFC-45 program manager expenses in the Cutter Class Maintenance Plans. (AFC-43 and AFC-45).
- g. Routine services, supplies and materials, including transportation costs, used for unit-level electronic maintenance, and repairs (AFC-30).
 - h. Procurement, installation and maintenance of towers and structural antennas (e.g., supporting structural platforms, energized guyed towers with ground systems).
 - i. Procurement, installation, and major maintenance of computer systems that are an integral part of facilities or systems. Shore facility examples are fire detection and environmental control systems that are part of a structure. Shipboard examples include cabling that is part of an AFC-45 supported systems such as the gyro or IC system.
 - j. Routine unit-level maintenance and OE for computer systems that are an integral part of facilities or systems (AFC-30).
 - k. Administrative TDY and TAD expenses not specifically related to an AFC-42 project Depot-Level Logistics Support Program (AFC-30).

Note 1: Standard equipment and enterprise systems are defined as those fielded with a Commandant-approved Electronic Integrated Logistic Support Plan (EILSP) and for which recurring support has been provided through the AFC-42 Program.

Note 2: Major maintenance includes depot-level maintenance, overhauls, and other maintenance which exceeds unit capability.

Note 3: Minor maintenance includes Coast Guard PMS and corrective maintenance within the unit's capability.

Note 4: Cabling includes signal-carrying twisted-pair wires, coaxial cable, fiber-optic cable, and waveguides.

Appendix 2-9 AFC-43 Civil Engineering/Commandant (CG-43)

Depot-level maintenance expenses incurred in support of the Civil Engineering Logistics Support Program.

The Civil Engineering Logistics Support Program is responsible for nonrecurring major maintenance repair and rebuilding of real property facilities within the Coast Guard to ensure attainment of the maximum service life and its intended purpose. As a matter of financial policy, this includes expenses associated with the program that has a unit cost over \$5,000, unless otherwise noted. This excludes expenses that may include a level of minor improvements (as may be provided in law) to accomplish an objective.

1. Expenses chargeable to AFC-43:
 - a. Maintenance and repair work to minimize deterioration, avoid service failures (utility system repairs, roof replacements, paving, and structural inspections), higher long-term maintenance costs and loss of design useful life.
 - b. Maintenance and repair to address health and safety discrepancies.
 - c. Maintenance and scheduled dredging at CG-owned facilities.
 - d. Building retrofits resulting from technological advances, seismic reinforcements, Uniformed Federal Accessibility Standards, etc.
 - e. In-kind replacement of an element within a real property facility of comparable capacity and capability.
 - f. Major maintenance and repairs to a real property facility to ensure the entire useful life of the facility can be realized.
 - g. Demolition or removal of a portion or all of a real property facility.
 - h. Procurement of ATON piles and towers.
 - i. Procurement of CG-wide short-range ATON consumable hardware and spare parts for the purpose of modernization of existing ATON assets (the unit cost may fall under the \$5,000 threshold). Upon modernization of an ATON asset, consumables shall thereafter be charged to AFC-30.
 - j. Procurement of prototype ATON hardware or new commercially available short range ATON hardware for field tests not within the RDT&E appropriation.
 - k. Procurement, installation, and maintenance of towers and structural antennas (e.g., supporting structural platforms, energized guyed towers with ground plane systems).
 - l. A&E design work associated with an AFC-43 project.
 - m. Maintenance, repairs, and replacement of Underground Storage Tanks (USTs), except when work is required solely to meet environmental regulations.
 - n. Civil engineering projects at Government facilities housing CGES are limited to:

- 1) Correcting a safety-related code deficiency or a handicap access requirement, except when resulting from a CGES change of use for space;
 - 2) Maintaining structural integrity, building envelope, building-wide utility systems, and supporting infrastructure, except for CGES facilities constructed or procured with NAF; and
 - 3) Civil engineering projects (not related to a CGES initiative) involving a Government facility partially occupied by a CGES tenant, may include work to restore the area to preconstruction condition when the non-CGES project affects the occupied space.
- o. Transportation costs of material and equipment procured with AFC-43.
 - p. TDY and TAD expenses in direct support of AFC-43 projects.
 - q. Interest penalties for AFC-43 materials and services.
2. Expenses not chargeable to AFC-43:
- a. Service, supplies, and materials used for routine recurring maintenance of shore structures and facilities, regardless of cost.
 - b. Nonrecurring maintenance and repairs under \$5K per project.
 - c. All furnishings and office labor-saving devices, regardless of cost (AFC-30).
 - d. Rental expenses of passenger vehicles, trucks, and other transportation equipment (AFC-30).
 - e. Claims against the Coast Guard for loss or damage to GSA vehicles (AFC-30).
 - f. Buoy-related expenses related to procurement, outfitting, installation, and maintenance (including costs of chain and sinkers). Consumable materials for installation, maintenance, and repair of fixed ATON structures, including day board fabrication ATON signal equipment, solar panels, and primary and secondary batteries, (but not including piles and towers used by ATON Teams or Construction/Buoy Tenders) (AFC-30).
 - g. Replacement, cleaning and repair, and modification of marine environmental response (MER) equipment, spare parts, and consumables are charged only to AFC-30, if not qualified to be recovered from the responsible party or the oil pollution fund. MER equipment procurement, replacement, and repair are charged to AFC-30 when used for Government facility and Government vessel pollution response or pollution readiness under “OPA-90” legislation.
 - h. Environmental cleanup or restoration projects shall be funded from the EC&R appropriation. See subsection 5.6.14, Environmental Compliance and Restoration (EC&R).
 - i. Procurement and installation of nonstructural antennas (AFC-30).

- j. Procurement and installation of cabling that connects CG-purchased telecommunications equipment with other CG-purchased telecommunications equipment (e.g., computers, phones, PA systems). Procurement and installation of cable television systems. Any work on leased antennas (AFC-30).
- k. Any non-salary direct costs (e.g., A/E fees, travel, printing, mailing of bid packages), associated with the design/construction of a CGES project, unless as previously allowed as defined.
- l. Closed-circuit television systems and other non-fire detection/suppression systems that send signals of threats to contents/mission of a particular space (e.g., disbursing space alarm, hangar deck motion sensors) that are not integral components of a shore facility driven by building codes or required for utilities supporting general occupancy.
- m. Procurement and maintenance of vehicles in support of operations shall be AFC-30-funded. This includes all passenger vehicles and trucks supporting operations unless required for shore facility maintenance activities.
- n. Routine preventive maintenance and base operation services to real property facilities. Examples include interior decorating activities (e.g., carpeting and interior painting, except when work is performed in conjunction with an AFC-43 major project), snow removal, lawn and gardening services, janitorial services, food services, pest control services, etc. (AFC-30).
- o. Administrative TDY and TAD expense not specifically related to an AFC-43 Depot-Level Logistics Support Program (AFC-30).
- p. Rental expenses for space needs (office, pier, etc.) or equipment rental due to executing an AFC-43 project, unless provided within the AFC-43 contract (i.e., a contractor provides the space or equipment needs while performing the construction work).
- q. Procurement maintenance and repair of equipment in support of operations shall be AFC-30-funded, unless required for shore facility maintenance activities.

Appendix 2-9.1 Real Property Unique Identification Numbers

Real Property Unique Identification Numbers (RPUIDs) are categorized as land, buildings, and structures. A shore facility is a grouping of RPUIDs (i.e., assets), which make up an organization entity such as a Station, Sector, Unit, Center, etc.

Appendix 2-9.1.a Major Depot-Level Maintenance

Major maintenance includes depot-level maintenance, overhauls, and other maintenance that exceeds unit capability, and will require the technical and contracting support of a Civil Engineering Unit, a Contracting Officer with a warrant in excess of \$5000, and/or a Contracting Officer's Representative (COR).

Appendix 2-9.1.b Minor Maintenance

Minor maintenance includes Coast Guard PMS and corrective maintenance within the unit's technical capability, and within the purchase card or warrant level of the servicing Contracting Officer not to exceed \$5000. Minor maintenance does not require the technical and contracting support of a Civil Engineering Unit.

Appendix 2-10 AFC-45 Naval Engineering/Commandant (CG-45)

General expenses related to inventory, repair, alteration, modification, engineering design services in support of naval engineering.

1. Expenses chargeable to AFC-45:
 - a. Travel expenses of military members from shipyard to homeport and return as authorized in 37 USC 406b.
 - b. TDY and TAD expenses in direct support of AFC-45 projects.
 - c. All direct, indirect, and overhead costs, not chargeable to another category, associated with naval engineering depot-level logistics support (training and associated travel required to acquire or retain knowledge/skill necessary for an authorized billet or position at SFLC is considered a direct overhead cost).
 - d. Hull, mechanical, and electrical (HM&E) engineering change requests to standard boats in excess of \$500 per boat.
 - e. General engineering design and contractual services related to vessels, floating dry docks, barges, and houseboats.
 - f. Services, supplies and major equipment for the installation, alteration, modification and overhaul of ordnance systems onboard cutters.
 - g. Materials and services in response to casualty reports (CASREPs) in excess of the prescribed cutoff level.
 - h. Maintenance delineated in the appropriate Class Maintenance Plan (CMP) as promulgated by the responsible logistics/service center command.
 - i. Restoration and repair of standard support level (SSL) boats resulting from fire, flooding, collision, and grounding.
 - j. Contract messing and berthing costs for eligible crewmembers displaced from their vessel due to repair or rehabilitation during vessel availability.
 - k. Interest payments for AFC-45 goods/services.
 - l. Repair of damages to auxiliary vessels incurred while assigned to authorized duty per 14 USC 827 and 830.
2. Expenses not chargeable to AFC-45:
 - a. Routine unit-level services, supplies, and materials for repair, maintenance, and operation of cutters, boats, and auxiliary vessels performing authorized duties, as delineated by the appropriate CMPs and/or CASREP levels (AFC-30).
 - b. TAD travel expenses in connection with maintenance of boat buildings (AFC-30).

- c. Administrative and TAD expenses not specifically related to an AFC-45 Depot-Level Logistics Support Program (AFC-30).
- d. Transportation expenses of boats, including shipment or trans-shipment of fuel, material, and equipment to Coast Guard floating units, as well as shipment from floating units (AFC-30).
- e. Expenses incident to seized vessels (AFC-30).
- f. HM&E alterations and modifications, less than \$500, to SSL boats (AFC-30).
- g. All items required initially to complete the hull allowances of new boats, barges, and houseboats (AFC-30).
- h. Procurement, installation, overhauls, and replacement of electronic equipment on vessels, floating dry docks, barges, and houseboats (AFC-30, AFC-42).
- i. Procurement of vessels, floating dry docks, boat trailers, barges, and houseboats (AC&I, AFC-30).
- j. Travel and related costs associated with AC&I-funded modernization (AC&I).

Appendix 2-10.1 Commandant (CG-45) Oversight

Commandant (CG-45) will ensure that the CASREP cutoff levels and CMP within the same cutter class are consistently applied throughout the Coast Guard.

Any fund source changes to the CASREP cutoff levels or the CMP shall be made with the concurrence of Commandant (CG-45) and the AFC-30 funds manager, Office of Resource Management, Commandant (CG-83).

Appendix 2-11 AFC-56 Training/FORCECOM (FC-51)

Travel and per diem costs for formal training performed as TAD, and tuition for such training. Also, costs associated with the development, implementation, presentation, evaluation, and direct support of formal training (including e-learning) for:

- a. Accession training, e.g., Officer Candidate School (OCS), Basic Flight School, Direct Commission Officer (DCO), and “A” School;
 - b. Advanced education, e.g., full-time tuition and associated costs for required travel that must be done for successful completion of the program;
 - c. Tuition assistance, e.g., partial or full reimbursement of tuition costs for off-duty education; and
 - d. Class “C” training, including funding for service-wide advanced specialized training.
1. Expenses chargeable to AFC-56:
 - a. Travel and per diem for civilian and active duty military personnel, reserve members on EAD or ADOS-AC/RC (more than 180 days), and auxiliaries.
 - b. Tuition for advanced education is authorized for Coast Guard personnel per 14 USC 470.
 - c. Books and materials required by the college or university for course completion are authorized for enlisted members.
 - d. Cost of typing, copying, and binding of required thesis; and mandatory fees that meet the following requirements:
 - 1) Supporting documentation from the college/university is provided stating that the fees are mandatory;
 - 2) The funding cap assigned for the specific HQ program is not exceeded, and is not expected to be exceeded for the specified fiscal year;
 - 3) Funds are available;
 - 4) Fees listed as general must be itemized to be considered for funding or reimbursement;
 - 5) Health/medical fees require a statement from the university stating that the fee cannot be waived;
 - 6) The fee was incurred on or after 1 July 2002;
 - 7) Local transportation/parking and entertainment fees are not funded or reimbursable; and
 - 8) The thesis topic, along with an estimate of the costs associated with the thesis, is submitted to FC-51 for approval. Officers are encouraged to select thesis topics related to Coast Guard functions.

- e. Contract instructors and direct support personnel related to accession/recruit training, “A” and “C” schools.
 - f. For training requirements, the analysis, design, development, implementation, presentation, and evaluation of training (including e-learning) related to accession/recruit training, “A” and “C” schools. AFC-56 funds are not normally available for new starts; therefore, programs should expect to fund the analysis, development, and other associated costs of new courses.
 - g. Printing and distribution of training publications and manuals, and/or production of training films, videos, etc., related to accession/recruit training, Class “A” and “C” Schools.
 - h. Training aids, services, supplies, and equipment related to accession/recruit training, Class “A” and “C” Schools.
2. Expenses not chargeable to AFC-56:
- a. Training aids, services, supplies, and equipment not related to accession/recruit training, Class “A” and “C” Schools (AFC-30).
 - b. Printing of training publications and manuals, or production of training films, videos, etc., not related to accession/recruit training, Class “A” and “C” Schools (AFC-30).
 - c. Hosting and/or attending conferences, seminars, and symposiums (AFC-30).
 - d. Travel and per diem for schools of more than 20 weeks duration (AFC-20).
 - e. Books and fees that do not meet the requirements described under “Expenses chargeable to AFC-56” above.
 - f. Course materials and any other non-tuition items are not authorized for officers and civilians in the Advanced Education Program.
 - g. Initial training, including training aids and related equipment, attributed to the delivery of new assets (AC&I).

Appendix 2-12 AFC-57 Health, Safety, and Work-Life/Deputy Commandant Mission Support (DCMS-831)

Health, Safety, and Work-Life (HSWL) Program expenses to support care of military members, dependents, and eligible beneficiaries. The HSWL Program includes medical, dental, and mental health services; safety, occupational, and environmental health programs; and programs dealing with family advocacy, special needs, employee assistance, dependent care, elder care, sexual assault prevention, transition and relocation counseling, substance abuse, dietary and nutrition management, health promotion, ombudsman, and wellness.

1. Expenses chargeable to AFC-57:
 - a. Medical, dental, pharmacy, ancillary support, work-life, and safety/environmental health equipment and supplies, specifically used by Coast Guard HSWL personnel in the delivery of HSWL services.
 - b. Federal and non-Federal medical and dental services to ensure fitness for duty and operational readiness requirements.
 - c. Procurement of medical, dental, and laboratory equipment.
 - d. Maintenance and repair of equipment as authorized by paragraph 1a of this appendix.
 - e. Transportation of supplies and equipment as authorized by paragraph 1a of this appendix.
 - f. Procurement of medical and dental safety and environmental health program reference materials authorized by the Health Services Allowance Lists, and member/patient/beneficiary preventive medicine and support program educational pamphlets and materials.
 - g. Mental health assessments to determine clinical diagnosis, screening, intervention, and counseling services related to family violence intervention, in accordance with *Coast Guard Family Advocacy Program*, COMDTINST 1750.7 (series), and *Management of Family Advocacy and Special Needs Cases*, COMDTINST 1754.12 (series).
 - h. Clinic contract service personnel.
 - i. Headquarters health care, safety, and work-life contracts.
 - j. Reimbursement to the Department of Health and Human Services for Public Health Service officers assigned to the Coast Guard HSWL Program to support the care of military members, dependents, and eligible beneficiaries.
 - k. Coast Guard physician assistant special pay in accordance with 37 USC 335 as approved by the National Defense Authorization Act of 2008.
 - l. Biohazard waste disposal.
 - m. Clinic laundry services supporting infection control.

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- n. Coast Guard civilian employee occupational medical expenses (e.g., OMSEP), as specifically authorized by *Civilian Employee Health Care and Occupational Health Program*, COMDTINST M12792.3 (series).
 - o. Services, supplies, and equipment for administrative or operational support of the HSWL Program (e.g., Advanced Life Support (ALS) training, Cardio Pulmonary Resuscitation (CPR) training, medical/dental cabinetry, file systems, copiers, IT equipment, laundry, housekeeping, administrative supplies, and any related shipping and maintenance costs).
 - p. Furnishings, fixtures, and equipment specific to HSWL waiting areas and administrative and provider office spaces, including any related shipping and maintenance costs.
 - q. Outside the continental United States (OCONUS) travel and transportation costs for Coast Guard members to receive covered medical and dental health care.
 - r. HSWL-SC staff travel necessary to support the coordination, delivery, and mission operations of the HSWL Service Center and services sponsored by the HSWL Program.
 - s. HSWL staff travel to obtain health care. (This exception is necessary because HSWL-funded organizations do not have access to AFC-30 funding for medical treatment travel.)
 - t. Patient overseas travel to obtain health care.
2. Expenses not chargeable to AFC-57:
- a. Salaries for Coast Guard active duty and civilian employees working in support of the medical program (AFC-01; AFC-08).
 - b. Costs for building renovation, maintenance and repair, utilities, and grounds keeping (e.g., paint, carpet, and window treatments).
 - c. Active duty continental United States (CONUS) travel.
 - d. Outside the continental United States (OCONUS) travel and transportation costs for Coast Guard members to receive elective care.
 - e. Travel and registration fees for the purpose of obtaining continuing education credits for professional licenses.
 - f. Initial outfitted medical supplies attributed to the delivery of new assets (AC&I).

Appendix 2-13 AFC-72 Retired Pay/Commandant (CG-122)

Payroll expenditures for retired pay of military members of the Coast Guard.

1. Expenses chargeable to AFC-72:
 - a. Retired Pay.
 - b. Survivor Benefits.
 - c. Limited income for widows.
 - d. Redistribution of funds from AFC-72 to AFC-73 to pay for medical expenditures for Coast Guard retirees.

Notes: Redistributed Costs:

1. Funds can be redistributed from AFC-72 to AFC-73 to pay for medical expenditures for Coast Guard retirees. (Redistributions for this purpose are not transfers or reprogramming under OMB guidelines; these redistributions are accounting adjustments to allow for better reporting and management of funds.)
2. Funds can be redistributed from AFC-73 to AFC-57 to cover medical care expenditures for Coast Guard retirees, retired dependents, survivors, and widows treated at Coast Guard medical facilities.

Appendix 2-14 AFC-73 Retired Medical/Commandant (CG-112)

Medical care expenditures for Coast Guard retirees, widows, and survivors entitled to medical care.

1. Expenses chargeable to AFC-73:
 - a. Payment of DOD military treatment facility bills for treatment of Coast Guard retired beneficiaries.
 - b. Payment of TRICARE charges for treatment of Coast Guard retired beneficiaries.
 - c. Payment of eyewear fabrication for Coast Guard retirees.
 - d. Payment of medical care expenses for retired members from the former Lighthouse Service.

Notes: Redistributed Costs:

1. Funds can be redistributed from AFC-73 to AFC-72 to pay for payroll expenses for Coast Guard retirees.
2. Funds can be redistributed from AFC-73 to AFC-57 to cover medical care expenditures for Coast Guard retirees, retired dependents, survivors, and widows.

Appendix 2-15 AFC-75 Reimbursements/Fund Programs

AFC-75 is a “contra” reimbursable account. No funds are executed within AFC-75, and no program element is permitted to carry a negative balance. This contra reimbursable account allows tracking of reimbursable obligations, and is administered by the Office of Resource Management, Commandant (CG-83). (A contra account provides a more detailed presentation of an account balance. For example, “accumulated depreciation” is a contra account for fixed assets, and highlights the depreciation that reduces the original cost of purchasing the asset. The account and its related contra account are combined to show the net balance of the account.)

Appendix 2-16 AFC-77 Reimbursable Field Execution Account

AFC-77 funds O&M purchases made at the ATU and field level with reimbursable budget authority managed by Commandant (CG-83).

Created in FY99, AFC-77 includes all Headquarters reimbursable O&M funds that were previously distributed to AFC-30 and AFC-4X. The former practice caused reimbursable funds to be mixed with appropriated funds, making it difficult to separate reimbursable funds for enforcement of travel ceilings, obligation targets, and reprogramming guidelines. O&M (AFC-30 & AFC-4X) purchases made with Headquarters reimbursable funds can be made from AFC-77 through the use of agreements established by ATUs or field units.

Appendix 2-16.1 AFC-77 General Guidance

AFC-77 accounts will generally be used at the ATU level and above. The only exceptions are ATUs that are inventory control points not using Finance and Procurement Desktop (FPD) and Coast Guard Oracle Financials (CGOF), and field units tasked with executing reimbursable funds on a regular basis. ATUs that receive Headquarters reimbursable funds should have their authorized budget officer contact the Finance Center (FINCEN) to establish new AFC-77 program elements. Reimbursable funds distributed to AFC-77 should be obligated and expended from AFC-77 to the greatest extent possible. However, ATUs may request waivers from Commandant (CG-831) to transfer AFC-77 reimbursable funds into field unit's AFC-30 or AFC-4X accounts. This should only be done for field units for whom the management of an additional program element would provide a substantial workload. There may be other instances where the former practice of distributing the funds to AFC-30 and AFC-4X will still be necessary. ATUs should notify the appropriate AFC program manager to gain authorization before proceeding with these types of transactions.

Appendix 2-16.2 AFC-77 FTA/CIFP Policy

Any changes from the initial Financial Management Operations Plan (FMOP) AFC-77 distributions require either a Financial Transfer Authorization (FTA) or a Change in Financial Plan (CIFP). FTAs will be used whenever a Headquarters program, ATU, or field unit transfers AFC-77 funds to another Headquarters program, ATU, or field unit AFC-77 account.

Appendix 2-16.3 AFC-77 Military Interservice Purchase Reports

Commandant (CG-83) will closely monitor the transfer and execution of all AFC-77 reimbursable funds. Since these funds are being received and executed under the authority of the Economy Act, it is vital that they are tracked and executed for their intended purpose and within the appropriate time frame.

AFC-77 funds may not be used to augment a Headquarters program, ATU, or field unit normal O&M AFC-30 and AFC-4X accounts for purposes outside those specifically stipulated by the originator in a Military Interdepartmental Purchase Request (MIPR), reimbursable agreement, Memorandum of Understanding (MOU), or Memorandum of Agreement (MOA). Commandant (CG-83) will review and approve all CIFPs requesting the transfer of AFC-77 funds to other AFCs. AFC-77 one-year funds expire at the close of the fiscal year and are no longer available for new obligations. Prior to the close of the fiscal year, Headquarters program managers and ATUs may recover AFC-77 multi-year/no-year funds for carryover into the next fiscal year.

Appendix 2-17 AFC-80 Reimbursements

AFC-80 is a general account used for establishing and identifying reimbursable agreements. The sole purpose of AFC-80 is to accept and expend funds in the Coast Guard accounting system for reimbursable work for other Government agencies and non-Government entities in accordance with specific legislative authority. AFC-80 is managed and controlled by Commandant (CG-83).

Appendix 2-18 AFC-90 Reserve Training/Commandant (CG-131)

1. Expenses chargeable to AFC-90:
 - a. Reserve inactive duty training (IDT) pay, including regularly scheduled IDT, and readiness management periods (RMPs).
 - b. Continuing training, including active duty for training that satisfies the annual training requirement (ADT-AT) and other training duty (ADT-OTD). OTD is defined as structured formal training that will lead to qualification or certification.
 - c. Active duty other than training, including active duty operational support of the reserve component (ADOS-RC).
 - d. Administrative costs in direct support of the Reserve Program.
 - e. Training costs for Reserve – unique items (e.g., development PS3 correspondence course).
 - f. Recruiting costs for Reserve – unique items for recruiting (e.g., posters or Reserve pamphlets).

2. Expenses not chargeable to RT accounts:
 - a. Active duty operational support of the active component (ADOS-AC).
 - b. Extended active duty (EAD).
 - c. Unit equipment or OE funds.
 - d. Reserve personnel organizational clothing, personal safety and protective gear, and personal-issue gear.

Appendix 2-19 AFC-94 Reserve Reimbursable Program

1. Expenses chargeable to AFC-94:
 - a. Pay and allowances for reservists performing drills (IDT), annual training (ADT-AT), or active duty operational support (ADOS-RC) for Selective Service System, DOD, or other agencies.

2. Expenses not chargeable to AFC-94:

See paragraph 2 in Appendix 2-18.

Appendix 2-20 AFC-97 Reserve Refund Program

1. Expenses chargeable to AFC-97:
 - a. Personnel support costs – reserve (PSCR) adjusted standard personnel cost (SPC) is provided for selective reserves drilling at active duty commands to offset integration.
 - b. Long-term active duty for operational support of the Reserve Program (ADOS-RC). SPC for reserve personnel on active duty more than 180 days funded to AFC-01.
 - c. Pay and allowances for members on IADT (e.g., boot camp/basic).
 - d. RT-funded full-time support (FTS) billets.

2. Expenses not chargeable to AFC-97:

See paragraph 2 in Appendix 2-18.

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Chapter 3. Administrative Control of Funds

Note: The Department of Homeland Security (DHS) issued new Administrative Control of Funds Policy in February 2010. The Coast Guard, as a component of DHS, follows this DHS policy. If there is any ambiguity or inconsistency between DHS funds control policy and the Coast Guard's policy, the DHS policy will control.

3.1 Purpose

This chapter prescribes funds control procedures to follow in the execution of the budget. It includes an administrative control of funds policy, which provides the procedures designed to restrict, to the amount available, obligations and expenditures against each appropriation account. This restricts both obligations and expenditures from each appropriation to the lower of the amount apportioned by the Office of Management and Budget (OMB) or the amount available for obligation or expenditure in the appropriation (i.e., automatic apportionments including continuing resolutions). This will enable the Coast Guard to determine responsibility for preventing the overobligation and overdisbursement of appropriations and other administrative subdivisions of funds. Finally, this chapter provides the policy for dealing with violations of the Antideficiency Act (ADA), as well as any administrative violations of limitations imposed by the Coast Guard, including reporting requirements.

3.1.1 Policy Review

Per OMB requirements, the following situations specifically trigger review of this policy:

1. OMB, GAO, FASAB, or the Department of Homeland Security (DHS) issues revised guidance on budget execution.
2. The Coast Guard is reorganized.
3. Staff members violate the Antideficiency Act.
4. GAO, FASAB, or another Federal Government regulatory agency issues new regulations.

Coast Guard policies and procedures will be reviewed and updated based on the results of investigations of current Antideficiency Act violations.

Any changes to this chapter of this manual require the approval of the DHS CFO.

3.2 Authority for Funds Control

Statutory authority for the policies in this chapter is provided in the following regulations:

1. 31 USC, Money and Finance:
 - a. Sections 1341-1342, 1349-1351, 1511-1519, Antideficiency Act, as amended.

- b. Sections 1101, 1104-1108, 3324 (part of the Budget and Accounting Act, 1921, as amended).
 - c. Sections 1501-1502 (part of the Supplemental Appropriations Act of 1950).
 - d. Sections 1112, 1531, 3511-3512, 3524 (part of the Budget and Accounting Procedures Act of 1950).
2. 2 USC 681-688 Public Law 93-344, Title X.
 3. OMB Circular A-11 and related guidelines.
 4. DHS Delegation Number: 0160.1.
 5. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), Section 2.5, “Administrative Control of Funds.”

3.3 Scope of Funds Control

All Coast Guard entities that execute budget authority are subject to the provisions of this chapter.

3.4 Definitions, Terminology, and Concepts

All definitions, terminology, and concepts in OMB Circular A-11 apply.

allotment – Allotments are subdivisions of apportionments that are made by the heads of agencies. This is a formal administrative division of an apportionment representing the authority to incur obligations within a specified amount. This authority is subject to further delegation and subdivision. Incurring obligations in excess of the amount specified in an allotment is a violation of the Antideficiency Act.

suballotment – Suballotments are subdivisions of allotments. Suballotments are formal administrative divisions, and typically include allotments that are apportioned quarterly, specific appropriations, earmarks in law, and all remaining allotments. Incurring obligations in excess of the amount specified in an allotment or suballotment is a violation of the Antideficiency Act.

allowance – Allowances are subdivisions of allotments and suballotments. “Allowance” is the general term for any distribution below the allotment/suballotment level. These distributions will not be considered formal subdivisions of budget authority for purposes of determining violations of the Antideficiency Act, unless they result in the incurring of obligations or expenditures in excess of the amount specified in the allotment or suballotment.

allowance fund code (AFC) – An AFC is an allowance established for a specific purpose for funds control.

apportionment – A distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, programs, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, suballotments, and allowances.

appropriation – A provision of law formally authorizing obligations or the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

budget authority – Formal authority by Federal law to enter into financial obligations that will result in immediate or future outlays involving Federal Government funds. The basic forms of budget authority include (1) appropriations, (2) borrowing authority, (3) contract authority, and (4) authority to obligate and expend offsetting receipts and collections.

deficiency apportionment – An apportionment that anticipates the need for a supplemental appropriation.

program, project, or activity (PPA) – An element within a budget account. For annually appropriated accounts, the Office of Management and Budget (OMB) and agencies identify PPAs by reference to committee reports and budget justifications; for permanent appropriations, OMB and agencies identify PPAs by the program and financing schedules that the President provides in the “Detailed Budget Estimates” in the budget submission for the relevant fiscal year. Program activity structures are intended to provide a meaningful representation of the operations financed by a specific budget account—usually by project, activity, or organization.

3.5 Responsibilities

This section identifies those individuals and offices within the agency charged with funds control responsibilities by title or position. It specifies:

1. The positions and describes the funds control responsibilities of each; and
2. Each position’s responsibilities with regard to investigating, reporting, and following up on Antideficiency Act violations, as well as violations of agency limitations that are not violations of the Antideficiency Act.

3.5.1 DHS Under Secretary for Management (DHS USM)

The DHS Under Secretary for Management (DHS USM) has the authority and responsibility to establish and oversee the implementation of policies within the Department and, except as otherwise provided by law, carry out the functions of the agency regarding the budget, appropriations, expenditures of funds (including grant monies), accounting, internal controls, and finance, in conjunction with the exercise of the statutory duties of the Chief Financial Officer under the Chief Financial Officers Act of 1990 (Public Law 101-576 (as amended); see 31 USC Chapter 9).

3.5.2 DHS Chief Financial Officer (DHS CFO)

The DHS Chief Financial Officer (DHS CFO) is responsible for all aspects of the administrative control of funds within DHS. The DHS CFO directs, issues policy about, and provides guidance on and oversight of the financial management process in accordance with Federal law and OMB. The DHS CFO:

1. Establishes department-wide policies on administrative control of funds and ADA reporting.
2. Appoints an independent investigator to conduct a formal investigation of any potential ADA violations.
3. Reviews and approves reports of investigations.

3.5.3 DHS Director, Office of Financial Management (OFM)

The DHS Director of Financial Management (OFM) develops, publishes, and oversees financial management policy, and is responsible for reporting Coast Guard information at the consolidated level.

3.5.4 DHS Director, Budget Office

The DHS Director, Budget Office, manages the DHS budget formulation and execution processes. This includes the following:

1. Provides guidance to the Coast Guard on how to monitor and distribute resources.
2. Provides service, advice, and assistance to the Coast Guard's Assistant Commandant for Resources on the management and execution of budgetary resources.
3. Provides guidance on formulating adequate budget estimates in line with DHS missions and priorities.
4. Advises executive staff on budget and finance issues.
5. Recommends actions that may be necessary to ensure that DHS does not exceed its available budgetary resources.
6. Monitors apportionments and allotments.

3.5.5 Commandant (CG-00)

The Commandant has overall responsibility for governance of the Coast Guard. The Commandant is assisted by the Vice Commandant (CG-09). The Secretary has delegated authority to the Commandant to incur obligations and make expenditures within the budgetary resources available to the Coast Guard, consistent with applicable Office of Management and Budget (OMB) apportionments and reappportionments and other authority to make funds available for obligation; and issue suballotments or allocations of funds to components, activities, or units of the Coast Guard.

3.5.6 Assistant Commandant and Deputy Assistant Commandant for Resources (CG-8/8D)

Commandant (CG-8), assisted by the Deputy Assistant Commandant for Resources, is the Coast Guard's Senior Financial Officer. Commandant (CG-8) is responsible for the overall financial management of the Coast Guard. Subject to the oversight of the Vice Commandant, Commandant (CG-8) has been delegated authority to control and manage obligations and expenditures within budgetary resources available to the Coast Guard, consistent with applicable Office of Management and Budget (OMB) apportionments and reappportionments and other authority to make funds available for obligation; and to issue suballotments or allocations (allowances) of funds to components, activities, or units of the Coast Guard. This includes the authority to make allotments, suballotments, and allowances of funds to Deputy/Assistant Commandants, Commands, and other Coast Guard officials, in writing.

Commandant (CG-8):

1. In consultation with legal counsel, ensures that the overall administration and processing of violations within the Coast Guard, as well as the Coast Guard's internal control of appropriations and funds, are evaluated annually.
2. Develops and implements financial control systems.
3. Provides financial advice to the Commandant (CG-00) on the status of resources and other financial management issues.
4. Identifies potential ADA violations within the Coast Guard, and notifies the DHS CFO. At a minimum, Commandant (CG-8) must:
 - a. Notify the DHS CFO of potential ADA violations.
 - b. Identify the cause(s).
 - c. Take corrective action.
 - d. Determine responsibility and culpability.
 - e. Ensure appropriate disciplinary action is taken against those persons found to be responsible, and report such actions to the DHS CFO.
 - f. Ensure that reports of investigations and reports of violations under reference are:
 - 1) Prepared in accordance with policies and procedures prescribed by the DHS CFO in section 2.5 of the DHS *Financial Management Policy Manual* (FMPM) and guidance provided by OMB.
 - 2) Prepared in accordance with the Coast Guard's *Administrative Investigations Manual*, COMDTINST M5830.1 (series).
 - 3) Reviewed and approved by the DHS CFO.
 - g. Implement appropriate internal controls to prevent recurrence of the same type of ADA violation.

- h. Establishes and maintains accounting systems and internal controls in accordance with DHS policies and procedures and OMB Circular A-127, "Policies and Standards for Financial Management Systems."
 - i. Monitors allotments and suballotments.
5. Ensures that Coast Guard financial managers and the supporting workforce are adequately trained in the use of the Coast Guard's designated financial accounting system.

3.5.7 Director of Financial Operations/Comptroller (CG-8C)

Commandant (CG-8C) will oversee all financial management, accounting, and financial reporting functions; direct, manage, and provide policy guidance and oversight for the Coast Guard's financial management organization; and monitor the financial execution of the budget in relation to actual obligations, unliquidated obligations, and expenditures.

Commandant (CG-8C) provides direct oversight of the Coast Guard Finance Center (FINCEN). FINCEN is responsible for the coordination of all Coast Guard accounting information.

3.5.8 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84) serves as the Coast Guard's office of financial management; assists Commandants (CG-8C) and (CG-8) by providing technical control over the Coast Guard's accounting support for fund control, development, publication, and oversight of financial management policy; and is responsible for reporting Coast Guard information to DHS.

This includes the following:

1. Overseeing Coast Guard internal control policies, including funds control.
2. Ensuring that the Core Accounting System supports the Coast Guard's funds control policy. The Core Accounting System should provide for:
 - a. Recording all financial transactions affecting apportionments; reapportionments; allotments; agency restrictions; financial plans; program operating plans; obligations; expenditures; and anticipated, earned, and collected reimbursements; and
 - b. Preparing and reconciling financial reports that display cumulative obligations and the remaining unobligated balance by appropriation and allotment, and cumulative obligations by budget activity and object class.
3. Coordinates closely with executives responsible for the administrative control of budget authority and their staffs responsible for day-to-day account management and use of the Core Accounting System, paying particular attention to Headquarters units that carry out accounting functions in Coast Guard systems for the administrative control of funds.
4. Accounts for Coast Guard property and adherence to policy.

3.5.9 Office of Resource Management (CG-83)

Commandant (CG-83) serves as the Coast Guard's budget office, and assists Commandant (CG-8) by providing technical control over the budget execution process. This includes the following:

1. Requests and manages apportionments; and makes allotments, allowances, and other allocations of budget authority for programs, projects and activities, as required by law, to execute the budget.
2. Provides oversight and management of the Coast Guard system of funds control.
3. Provides guidance to Deputy and Assistant Commandants on funds control and the distribution of resources.
4. In cooperation with Commandant (CG-84), provides guidance and direction to financial management personnel on systems, activities, operations, and reporting.
5. Provides service, advice, and assistance to Deputy and Assistant Commandant budget officers on the management and execution of their budgetary resources.
6. Provides guidance on formulating adequate budget estimates in line with DHS mission and priorities.
7. Advises executive staff on budget and finance issues.
8. Recommends actions that may be necessary to ensure that the Coast Guard does not exceed its available budgetary resources.

3.5.10 Budget Execution Division (CG-831)

Commandant (CG-831) serves as the Coast Guard's appropriation manager; assists Commandant (CG-8); and is responsible for overseeing allotments, suballotments, and allowances of budget authority by program, project, or activity, that are fixed in amount, as specified in Appropriations Acts and OMB Apportionments, and that are consistent with the President's Budget, and, in some cases, other evidence of Congressional intent.

1. Commandant (CG-831) is responsible for the oversight of allotments, suballotments, and allowances of amounts available in the following appropriation and fund accounts:
 - a. Operating Expenses (OE);
 - b. Acquisition, Construction, and Improvement (AC&I);
 - c. Research, Development, Test, and Evaluation (RDT&E);
 - d. Environmental Compliance and Restoration (EC&R);
 - e. Alteration of Bridges (AB);
 - f. Reserve Training (RT);
 - g. Retired Pay (RP);

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- h. Oil Spill Liability Trust Fund (OSLTF);
 - i. Boat Safety (BS);
 - j. Coast Guard Gift Fund;
 - k. Coast Guard Supply Fund;
 - l. Yard Fund;
 - m. Cadet Fund;
 - n. Commissary Stores Surcharge Fund; and
 - o. Medicare Eligible Retiree Health Care Fund.
2. Commandant (CG-831) assigns an appropriation manager to monitor each allotment and suballotment. The appropriation manager's responsibilities include:
- a. Preparing documentation authorizing the distribution of budget authority at levels specified in appropriation acts and conference/committee reports, within the limitations of apportionments or reapportionments approved by OMB.
 - b. Advising allotment managers when obligations and expenditures are approaching the amount available in their allotment or suballotment. Allotment managers are, however, primarily responsible for obligations and expenditures from their accounts.
 - c. Determining that the allotment and suballotment of budget authority is at the highest level practical.
 - d. Ensuring that all OMB apportionments are properly entered into the Core Accounting System.
 - e. Developing apportionment schedules for submission to OMB, and developing secondary financial plans for orderly and systematic execution of the approved financial plan and apportionment.
 - f. Management and coordination of the procedure for reprogramming and transfer of budget authority between programs, projects, and activities or appropriation accounts. Determining when shifting or transfers between accounts requires notice of reprogramming or transfer to OMB and the Appropriations Committees.
 - g. Ensuring that reimbursable agreements are properly executed and that costs are recovered.
 - h. Evaluating actual closeout results against a resource/allowance manager's closeout projections, and taking corrective action where necessary.
 - i. Ensuring that disbursements relating to cancelled (closed) accounts (i.e., unobligated funds for antecedent liabilities) are treated in accordance with 31 USC 1553(b).
 - j. Managing funds that have expired for obligation purposes.

3.5.11 Office of Procurement Policy & Oversight (CG-913)

Commandant (CG-913) is responsible for establishing and enforcing policies to ensure that the Coast Guard procurement personnel achieve accurate and timely recording of obligations resulting from the issuance of contracts, purchase orders (POs), and Military Interdepartmental Purchase Requests (MIPRs) (document types 23, 24, and 28, respectively). Coast Guard contracting officers are to ensure that proper and adequate funding is available before making or adjusting any contract obligation.

Sound funds control practices require an interdependent relationship and a shared responsibility between contracting officers, allotment managers, allowance managers, business managers, resource managers, project managers, and other officials who have the authority and responsibility for making, recording, and adjusting obligations. In the final analysis, however, it is the Contracting Officer who makes and records the contract obligation.

3.6 Antideficiency Act

The Antideficiency Act (ADA) was enacted by Congress to prevent the incurrence of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations or funds. Personnel authorized to administer and control funds are responsible for seeing that funds obligated or expended do not exceed the amount allotted to them. This requirement is specifically spelled out by law and requires reporting action, as well as corrective action, in the event of a violation.

The Antideficiency Act applies to current, expired, and closed appropriations; unrealized anticipated budgetary resources; and nonappropriated funds such as revolving funds. The investigation of a violation may involve an assessment of the extent to which a number of individuals authorized, approved, and certified the transaction(s) that led to the violation; and the official(s) charged with administering and monitoring the various levels of funds controls impacted by the actions of the administrative unit that caused the violation. However, responsibility for the overobligation or overexpenditure of funds will be assigned to one or more individuals.

3.6.1 Violations of the Antideficiency Act

It is important for all Coast Guard personnel with budget authority and all financial management supporting staff to recognize the importance of preventing violations of the Antideficiency Act.

A violation will occur if an employee of the Coast Guard makes or authorizes an expenditure or creates or authorizes an obligation against any funds in excess of the amount available in an appropriation, apportionment, or designated allotment or suballotment. Violations also include obligations or expenditures in excess of a congressionally imposed limitation contained in an authorization or appropriation act restricting the amount for a particular program or activity.

ADA violations are divided into the following specific categories:

1. **Amount limitation.** 31 USC 1341 stipulates (in part) that any officer or employee of the U.S. Government or of the District of Columbia government may not:
 - a. Make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation; or
 - b. Involve the Government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law.
2. **Voluntary services limitation.** 31 USC 1342 stipulates (in part) that an officer or employee of the U.S. Government or of the District of Columbia government may not accept voluntary services for the either government or employ personal services exceeding that authorized by law, except for emergencies involving the safety of human life or the protection of property.
3. **Administrative control of funds, amount limitation.** 31 USC 1517 stipulates (in part) that an officer or employee of the U.S. Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding
 - a. An apportionment; or
 - b. The amount permitted by regulations prescribed under section 1514(a).
4. **Purpose Statute.** 31 USC 1301(a) stipulates that appropriations shall be applied only to the objects for which the appropriations were made, except as otherwise provided by law.
5. **Time limitation.** 31 USC 1502(a) stipulates (in part) that the balance of an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made within that period of availability and obligated with 31 USC 1501.
6. **Miscellaneous Receipts Statute.** 31 USC 3302(b) stipulates that an official or agent of the Government who receives money for the Government from any source shall deposit the money in the Treasury as soon as practicable without deduction for any charge or claim, except as provided in 31 USC 3718(b).

3.6.2 Violations of Limitations That Do Not Per Se Violate the Antideficiency Act

Nonstatutory Violations: Violation of Coast Guard-approved funds distribution plans will be reported to the appropriations manager setting forth the same information as required for a statutory violation. Procedures for allowance managers, ATUs, and program elements to report overobligation or overexpenditure of their accounts are provided in subsection 5.6.5.

Overobligation of a fund can result in administrative discipline. It is important for financial managers to recognize that overobligation or overexpenditure of an allowance, ATU, or program element's funds will result in a violation of the act if it results in overobligation or overexpenditure of an allotment or suballotment.

3.6.3 Antideficiency Act Employee Restrictions

The ADA states that an officer or employee of the U.S. Government cannot do the following:

1. Make or authorize expenditures or obligate funds in excess of the available amounts appropriated for such expenditures or obligations;
2. Involve the Government in contracts or obligations for payment of funds prior to an appropriation unless specifically authorized by law;
3. Accept voluntary services or employ personal services for amounts exceeding those authorized by law except in the case of emergencies involving the safety of human life or the protection of property;
4. Incur any obligation or make any expenditure in excess of an apportionment or reapportionment or in excess of other subdivisions established pursuant to 31 USC 1513-1514; and
5. Make or authorize an expenditure or obligation or involve the Government in a contract for payment of funds required to be sequestered.

3.6.4 Penalties

Administrative Penalties: The Antideficiency Act provides that any officer or employee of the United States who violates the prohibitions of 31 USC 1341(a), 1342, or 1517 will be subject to appropriate administrative discipline. Administrative discipline may consist of:

1. A letter of reprimand or censure for the official personnel record of the officer or employee;
2. Unsatisfactory performance rating;
3. Transfer to another position;
4. Suspension from duty without pay;
5. Removal from office.

Criminal Penalties: 31 USC 1350 provides that “An officer or employee of the United States Government or of the District of Columbia government knowingly and willfully violating section 1341(a) or 1342 of this title shall be fined not more than \$5,000, imprisoned for not more than two years, or both.”

3.6.5 Antideficiency Act Violations Discovered by Coast Guard Employees

The investigative process is preceded by an informal review of reported overobligations or overexpenditures of funds to screen out incidents in which a violation has not occurred.

Suspected ADA violations shall be initially investigated under the oversight of the Coast Guard Chief Financial Officer (CFO). In all instances, the report shall be addressed to the funds manager with copies to Commandants (CG-09) and (CG-8) (as the Coast Guard CFO). Commandant (CG-83) will immediately initiate an investigation to determine if, in fact, a

violation did occur. The preliminary investigation shall be conducted and documented in a preliminary report within 30 business days of onset of the investigation. Requests for an extension must be approved by Commandant (CG-8).

Note: Once a potential violation is identified, all related transactions cease for which the ADA is suspected while the preliminary investigation is conducted (e.g., if the suspected violation results from the leasing of vehicles, then all identical leases must cease). This cessation of transactions has both practical and legal limitations. For example, if the suspected violation results from disbursements on a contract, the Coast Guard can only cease further identical contract payments as allowed under contract law.

If cessation appears to be prohibited by law, or if it is impractical for other reasons, written approval must be obtained from Commandant (CG-8) before the suspect transactions can continue during the investigation.

If the preliminary investigation concludes that a violation has occurred, the preliminary report shall be forwarded to the Department of Homeland Security (DHS) for formal investigation by the DHS CFO.

3.6.6 Initial Coast Guard Investigation and Preliminary Report

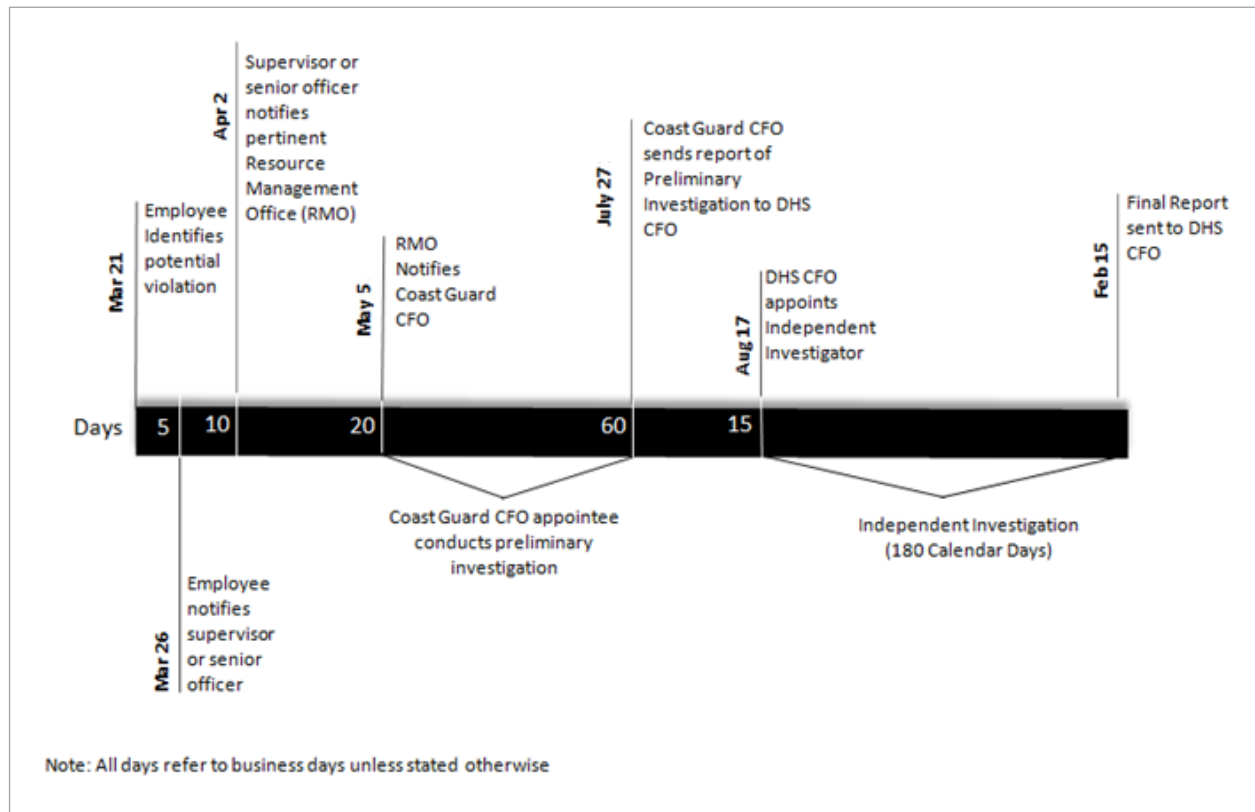
This subsection describes the procedure followed by the Coast Guard in response to suspected violations of the ADA.

1. A Coast Guard employee learns of or detects a potential violation of the ADA.
2. The employee notifies the supervisor or senior officer within the unit as soon as possible, but no later than five business days after the detection. The notification must be in the form of a written memorandum stating the specific events or observations that led the employee to submit the report, along with the amounts involved.
3. The supervisor or senior officer has up to 10 business days from the date of notification to evaluate the circumstances and report the results to the pertinent Resource Management Office (RMO).
4. The RMO reports the following information to Commandant (CG-8) within 20 business days:
 - a. Accounting classification of funds involved;
 - b. Name and location of the activity where the alleged violation occurred;
 - c. Name and location of the activity issuing the fund authorization;
 - d. Amount of fund authorization or limitation that allegedly was exceeded;
 - e. Amount and nature of the alleged violation;
 - f. Date(s) the alleged violation occurred and the date of discovery;
 - g. Means of discovery;
 - h. Description of the facts and circumstances of the case;

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- i. Anticipated dates for completing the preliminary review and submitting the report; and
 - j. Names and office telephone numbers for employees responsible for alleged violation.
5. Commandant (CG-8) or delegate appoints an individual to conduct a preliminary investigation of the applicable budgetary transactions and accounting records to determine whether a potential ADA violation exists.
- a. The preliminary investigation is coordinated with the Office of General Law, Commandant (CG-0944).
 - b. Training requirements for ADA investigators are specified in 3.6.10 , Training of Financial Managers and Investigating Officials.
 - c. The investigation follows the guidelines contained in the Coast Guard's *Administrative Investigations Manual*, COMDTINST M5830.1 (series).
6. The results of the preliminary investigation are documented in a preliminary report. The preliminary report must contain the following information:
- a. The appropriations involved, by title, symbol, and apportionment status;
 - b. The location where the alleged violation occurred;
 - c. The name and location of the activity issuing the fund authorization;
 - d. The amount of the alleged violation;
 - e. The date that the alleged violation occurred;
 - f. The type of alleged violation. Provide the section of Title 1 USC that is alleged to have been violated, along with a brief description of the violation. For instance, if the alleged violation is an overobligation, state whether it was of an appropriation, an apportionment, an allotment, or a suballotment. (e.g., 1341(a) (1) (A) exceeded the amount available in the appropriation or fund);
 - g. A statement as to whether the alleged violation had an effect on the next higher level of funding and, if it did, to what extent;
 - h. The name, position title, and organization of the responsible individuals;
 - i. Indicate whether statements have been received from the individuals responsible, and, if so, provide the statements as an enclosure;
 - j. The date that the alleged violation was discovered, how it was discovered, and by whom;
 - k. The causes and circumstances surrounding the alleged violation. Provide a detailed description of the alleged violation, including:
 - 1) A detailed summary of what caused the alleged violation, along with all related circumstances; what actions should have been taken by specific individuals but were not taken; what actions were taken that should not have been taken; and an explanation of why the alleged violation occurred;

- 2) The scope and methods used during the investigation (e.g., face-to-face interviews; research of legal, financial, and management issues; written explanation of the facts of the alleged violation);
 - 3) The results of the interviews of individuals involved in the alleged violation and a summary of the relevant Coast Guard component procedures and processes involved in the investigation. Discuss the issues and the areas or functions that were reviewed, evaluated, and investigated. Provide the names, ranks, and titles of the individuals who were not investigated and the rationale for omitting them from the investigation; and
 - 4) A copy of the original memorandum that initiated the investigation; and evidence of knowing and willful intent to violate. State whether the alleged ADA violation appears to be willful, and enclose evidence to support that accusation.
7. The preliminary report is reviewed by Commandant (CG-0944) for substantiation of the alleged violation. Commandant (CG-851) will review the preliminary report to determine the root cause and/or control deficiency for corrective action as a preventative measure to future occurrences. If corrective action is warranted, the pertinent facts are submitted to the appropriate program office(s) for immediate development of a remediation strategy containing milestones with start/due dates. This strategy may either be incorporated into the existing Mission Action Plan or developed as a separate plan.
8. The preliminary report is forwarded to the Commandant (CG-8).
- a. If the alleged violation has not been substantiated, the case is closed administratively. No further action is required except for the remediation action (if any) described in paragraph 6 above.
 - b. If a potential violation is identified, Commandant (CG-8) forwards the preliminary report, along with Commandant (CG-0944) opinion, to the DHS CFO and the Association General Counsel for General Law within 60 business days of notifying the Commandant (CG-8) of the potential violation.

Figure 3.1 Sample Antideficiency Act Reporting Timeline



3.6.7 Formal DHS Investigation and Final Report

If the Coast Guard determines that a potential ADA violation exists, the DHS CFO appoints an independent investigator within 15 business days of receipt of the preliminary report to conduct a formal investigation. Following the completion of a formal investigation, the investigation report is submitted to the DHS CFO. Generally, formal investigations of ADA violations are completed and a report submitted within six months (9 months for interagency cases) from the start of the investigation.

The investigation report is reviewed by the DHS CFO, in coordination with the Office of General Counsel (OGC).

1. All individuals implicated in the investigation report are given the opportunity to read the report.
2. If the CFO and the OGC conclude that the alleged ADA violation has not been substantiated, **the case is closed and no further action is required.**
3. If the CFO and the OGC conclude that an ADA violation has occurred, the report is forwarded to the DHS Secretary and identical notification letters are submitted to the President and Congress.

- a. The office under investigation shall reimburse incidental costs incurred during the investigation (e.g., temporary duty assignments, local travel).
- b. The recommended penalties are imposed upon the individuals deemed responsible for the ADA violation.

Formal ADA investigation procedures are specified in DHS *Financial Management Policy Manual* (FMPM).

3.6.8 ADA Violations Uncovered during Audits

If a GAO or OIG audit or investigation identifies an ADA violation:

1. Coast Guard shall notify the DHS CFO and issue a preliminary review report on the violation according to the established timeframes. The preliminary report must identify the audit report by title, number, date, and issuing audit organization. It must also explain why the violation was not discovered and previously reported.
2. If Commandant (CG-8), in coordination with legal counsel, does not agree that a violation has occurred, the preliminary report must also explain the Coast Guard's position.
3. The DHS CFO, in coordination with OGC, will review the notification letters prior to transmission to the DHS Secretary for signature.

3.6.9 Examples of ADA Violations

All Antideficiency Act violations must be reported. Following are examples of ADA violations:

1. **Overobligation or overexpenditure of an appropriation or fund.** This occurs when an officer or employee of the United States Government makes or authorizes an expenditure or obligation against an appropriation or fund in excess of the amount available in the account.
2. **Creating a contract or obligation in advance of an appropriation.** A violation occurs when an officer or employee of the United States Government involves the Government in a contract or other obligation for payment for any purpose in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law. If authorized by law, but not yet financed by an appropriation, the budget authority recorded to cover such transactions is known as contract authority. If the contract authority is provided in anticipation of receipts, then obligations incurred against such contract authority cannot be liquidated unless either the receipts are collected and credited to the account or an appropriation has been enacted.
3. **Acceptance of voluntary service.** This occurs when an officer or employee of the United States Government accepts voluntary service on behalf of the United States Government or employs personal services in excess of that authorized by law, except in cases such as these:
 - a. Emergencies involving the safety of human life or the protection of property;

- b. Use of student volunteers under an agreement between the Department and the school, as provided by OMB regulations; and
 - c. Permitted specifically by law.
4. **Overobligation or overexpenditure of an apportionment or reapportionment.** This occurs when an officer or employee of the United States Government makes or authorizes an expenditure or obligation in excess of an apportionment or reapportionment described in an Apportionment and Reapportionment Schedule, Form SF 132, including any restrictions within the Form SF 132 footnotes of the respective apportionment or reapportionment. This provision also applies to obligations or expenditures in a credit financing account.
5. **Overobligation or overexpenditure of an allotment or suballotment.** This occurs when an officer or employee of the United States Government makes or authorizes an expenditure or obligation in excess of the amount permitted by the prescribed and approved component funds control system.
6. **Overobligation or overexpenditure of an agency limitation (e.g., a program element).** This occurs when an officer or employee of the United States Government makes or authorizes an expenditure or obligation in excess of the amount permitted under an agency limitation, which results in the overobligation or overexpenditure of an appropriation, apportionment, allotment, or suballotment.
7. **Overobligation or overexpenditure of a credit limitation.** This occurs when an officer or employee of the United States Government makes or authorizes an expenditure or obligation exceeding a credit limitation contained in an appropriation or authorization act. For additional information on credit limitations, see OMB Circular A-11, section 185, "Federal Credit." These overages include, but are not limited to:
 - a. Making or authorizing a direct loan obligation or loan guarantee commitment that requires a subsidy cost obligation or expenditure in excess of amounts appropriated and/or apportioned for such purposes in a credit program;
 - b. Modifying direct loans or loan guarantees resulting in obligations or expenditures in excess of amounts appropriated and apportioned for the cost of modifying direct loans or guarantees in a credit program;
 - c. Making or authorizing a direct loan obligation or loan guarantee commitment that is in excess of the level specified by law and apportioned by OMB;
 - d. Making or authorizing an expenditure or obligation in excess of the amount appropriated or apportioned for administrative expenses in a credit program;
 - e. Making or authorizing an expenditure or obligation, including a commitment, against unobligated subsidy balances in a credit program after the period of availability of funds has expired; and
 - f. Making or authorizing an expenditure or obligation in excess of available and apportioned resources (including borrowing authority) in a financing account.

8. **Creating obligations against unrealized anticipated budgetary resources.** This occurs when an officer or employee of the United States Government makes or authorizes an obligation against anticipated budgetary resources before they are realized, even though the resources have been apportioned.
9. **Creating new obligations in expired and closed accounts.** This occurs when an officer or employee of the United States Government makes or authorizes an expenditure or obligation against an expired or closed account. This includes adjustments that cause obligations in expired or closed accounts to exceed the original appropriation, apportionment, allotment, or suballotment issued before the account had expired. Funds typically expire on 30 September of the fiscal year in which the period of availability of funds ends.
 - a. Expired accounts shall remain available for legitimate obligation adjustments but not for new obligations. Five years after the expiration of an account, all obligated and unobligated balances must be cancelled, and the expired account must be closed.
 - b. Although no disbursements may be made from cancelled accounts, any legitimate obligations or adjustments chargeable to the cancelled account may be paid from another unexpired appropriation available for the same purpose as the cancelled account, subject to certain limitations. For example, the cumulative total of old obligations payable from current appropriations may not exceed the lesser of 1 percent of the current appropriation or the remaining balance (whether obligated or unobligated) cancelled when the appropriation account is closed (31 USC 1553(b)).
10. **Charging the wrong account.** This occurs when the wrong appropriation or Treasury account is charged. The charge may be deliberate (e.g., for purposes of expediency or administrative convenience, with the intent to rectify the situation by transferring the funds to the proper account at a later date), or accidental (e.g., an error when posting a disbursement to prior year as opposed to current year). If the receiving appropriation, apportionment, allotment, or suballotment is exceeded at any time, a deficiency exists and the ADA is violated.
11. **Creating open-ended liabilities.** Signing an agreement that contains indemnification clauses and that creates open-ended liabilities is an ADA violation even when the circumstance requiring the expense is never triggered. These clauses obligate the Department (or any operating unit) to indemnify another party for loss or injury, or otherwise commit the Department or operating unit to an open-ended (and therefore potentially unlimited) liability or expense. Such clauses must be amended as appropriate or negotiated out of the agreement before the agreement may be signed.
12. **Obligation or expenditure of funds required to be sequestered.** The Antideficiency Act requires that, in the absence of appropriations (e.g., sequestration), no obligations may be incurred, including salary expenses, unless authorized by law. In very limited circumstances, 41 USC 6301 allows the Coast Guard to enter into obligations, but not disburse funds, for clothing, subsistence, forage, fuel, quarters, transportation, or medical and hospital supplies, which, however, shall not exceed the necessities for the current year.

3.6.10 Training of Financial Managers and Investigating Officials

1. Commandant (CG-8) and the Resource Management Offices shall take leadership roles in providing appropriate training for financial managers and program managers throughout the Coast Guard. This training will cover:
 - a. Appropriations law;
 - b. Funds control;
 - c. The ADA statute;
 - d. The types of ADA violations that can occur, and their causes;
 - e. Requisite training, supervision, and oversight of personnel who perform financial management or programmatic functions; and
 - f. Methods for preventing ADA violations.
2. Coast Guard personnel directly involved in the investigation and reporting of potential ADA violations must have received adequate training. At a minimum, these personnel must possess the following training prerequisites:
 - a. Completion of an Appropriations Law course within the last three years;
 - b. Knowledge of regulatory requirements and Agency policy related to the ADA; and
 - c. Ability to interview witnesses, gather evidence, establish facts, document findings, prepare reports of violation, meet the timeframes established for the completion of an investigation, and recommend corrective action.

3.6.11 Reporting Violations

Antideficiency Act violations must be reported to the President, the Congress, and the Comptroller General via the DHS CFO. Procedures for investigating and reporting ADA violations are specified in the DHS *Financial Management Policy Manual* (FMPM). The Commandant shall report suspected violations to the DHS CFO immediately after it has been established that a potential violation has occurred.

All violations must be reported immediately upon discovery. Any individual with knowledge of a possible violation has the responsibility to report it. Action taken to correct the cause of a violation does not eliminate the requirement to report it. Any employee of the Coast Guard having knowledge of an apparent violation shall be responsible for initiating a written report through the appropriate channels.

3.7 Apportionments

Funds appropriated by Congress will not be available for allotment or obligation until after they have been apportioned by OMB. The apportionment of funds is required for all unexpired budgetary resources including appropriated funds, reimbursements, estimated carryover amounts, and recoveries of prior-year obligations.

3.7.1 Apportionment Procedures

Any appropriation or fund which is apportioned may be subdivided administratively within the limits of such apportionments. Apportionment procedures are intended to:

1. Prevent obligation or expenditure of funds in a manner which would require a deficiency or supplemental appropriation; and
2. Achieve the most effective and economical use of funds made available.

Commandant (CG-8) has overall responsibility for requesting apportionment from OMB. Guidelines for requesting apportionment from OMB are contained in OMB Circular A-11 and in section 2.5 of the DHS *Financial Management Policy Manual* (FMPM).

Additional guidance on the apportionment process, covering apportionment action in connection with supplemental, reprogramming, and transfer between accounts, is included in Chapter 5.

3.7.2 Anticipated Reimbursements

The system of apportionment provided by OMB Circular A-11 permits the inclusion of anticipated reimbursements from other Government agencies or the public in determining the amounts available for apportionment. Once an apportionment is established, anticipated reimbursements will not be allotted unless there is reasonable assurance that such items will be collected. Furthermore, even though these estimates have been apportioned and allotted, they will not be considered budgetary resources available for obligation unless they meet one of the following criteria:

1. Valid orders between Federal entities, including written agreements, have been received.
2. Accounts receivable has been earned based on goods or services furnished to Federal entities.
3. In the case of orders from the public, advance payment has been received, unless such receipt has been exempted by law.

All officials who receive allotments containing estimated reimbursements or other anticipated amounts must maintain constant and careful oversight to ensure that these reimbursements and other income are earned as planned. Appropriate action must be taken, including funding adjustments or reapportionment, if actual earnings are less than anticipated.

Proper procedures for including anticipated budgetary resources on Apportionment and Reapportionment Schedule, Form SF 132, and Report on Budget Execution and Budgetary Resources, Form SF 133, are included in OMB Circular A-11.

3.7.3 Deficiency Apportionments

Apportionments that anticipate the need for a deficiency appropriation or a supplemental under 31 USC 1515 will be specifically identified on the apportionment request, as discussed in OMB Circular A-11, section 120.41.

To qualify as a deficiency apportionment, the request must be required by:

1. Laws enacted subsequent to the transmittal of the annual budget for the year to Congress;
2. Emergencies involving human life, the protection of property, or the immediate welfare of individuals; or
3. Specific authorization by law.

The approval of a deficiency apportionment by OMB and its transmittal to Congress merely notifies the Congress. It does not authorize the use of any amounts not yet provided.

3.8 Policy on Allotments and Suballotments

In general, allotments and suballotments should be established at the highest practical level. To the extent possible, each Coast Guard operating facility (OPFAC) will be financed from no more than one subdivision for each appropriation or fund. The Coast Guard will assign allotments for each appropriation listed in subsection 3.5.10 above. Quarterly apportionments are required to be designated as allotments or suballotments separately from annual apportionments.

3.8.1 Procedures

Commandant (CG-8) shall develop a Financial Management Operating Plan (FMOP) specifying the distribution of allotments, suballotments, and allowances. To ensure the widest distribution possible, Commandant (CG-09) will issue the FMOP as a Commandant Notice. At a minimum, the FMOP will contain:

1. The amount available;
2. The funding source (e.g., appropriations, reimbursements);
3. The time period of availability;
4. The position title of the official responsible for managing the allotment and any limitations; and
5. Justification for changes in allotments.

Note: In some cases, changes in allotments will create the need for a reapportionment, which requires OMB approval.

3.8.2 Restrictions

The following restrictions apply to allotments:

1. The sum of allotment amounts issued shall not exceed the apportionment, including any applicable footnotes.
2. The sum of suballotment amounts shall not exceed the allotment amount.
3. Allotments or other administrative subdivisions shall be fixed in amount and only changed when authorized by Commandant (CG-09).
4. Congressional restrictions contained in the appropriation will be enforced.

3.9 Administrative Control of Funds Policy

3.9.1 Administrative Control of Funds

Administrative Control is the direction or exercise of authority over subordinate or other organizations with respect to administration and support including organization of Coast Guard forces, control of resources and equipment, personnel management, unit logistics, individual and unit training, readiness, mobilization, demobilization, discipline, and other matters not included in the operational missions of the subordinate or other organizations (*Coast Guard Organization Manual*, COMDTINST M5400.7 (series); Unified Action Armed Forces (UNAAF), JP 0-2).

Administrative Control of Funds restricts both obligations and expenditures from each appropriation or fund account to the lower of either the amount apportioned by OMB or the amount available for obligation and or expenditure in the appropriation or fund account. This enables the Commandant (CG-8) to determine responsibility for the obligations or expenditures in excess of appropriations, apportionments, allotments, and suballotments and to promptly investigate and report those actions as violations if they cannot be properly adjusted.

Administrative Control should not be confused with the term ‘Administrative Support.’ Administrative Support is often used to describe the support one unit provides to another under the terms of a formal or informal agreement, such as an intra-service support agreement. Administrative Support can be provided and received among units at a variety of command levels regardless of their organizational relationships.

3.9.2 Formal Delegation of Budget Authority

DHS and the Coast Guard must formally make allotments and suballotments of budget authority to the chain of command before it is legally available for obligation or expenditure. In addition Coast Guard also makes allowances for funds control. The Financial Management Operation Plan (FMOP) formally subdivides budget authority into allotments, suballotments, and allowances. The following rules shall be used by the Coast Guard’s budget office when formally subdividing appropriations:

1. All budget authority shall be allotted or suballotted by program, project, or activity to the responsible Deputy Commandants, Assistant Commandants, or Directors of Headquarters-managed programs, projects, or activities (PPAs).
2. All budget authority provided in specific appropriations shall be a suballotment to the responsible flag officer or executive.
3. Any further subdivision of budget authority shall be an allowance.

3.9.3 Responsibility for Administrative Control of Funds

An allotment or suballotment in the FMOP is the formal subdivision of an apportionment. It is a delegation of the authority received from the DHS Under Secretary of Management to incur obligations and make expenditures. The first formal subdivision of an apportionment shall be made to an Allotment Manager at the highest practical level in the chain of command responsible for obligations.

The senior-most officer or executive responsible for the administrative control of obligations will generally be a Deputy Commandant, Assistant Commandant or a Director. These officials shall ensure that obligations made by personnel under their command, control or supervision do not exceed the amount of budget authority that they have been delegated in order to prevent violations of the Antideficiency Act.

Allotments and suballotments of obligation authority will typically be accompanied by “allowances” of obligation authority. (A specific appropriation must, however, be the object of an allotment before it may be divided into allowances.) Although “allowances” are informal subdivisions of budget (obligation) authority, they are essential components of programs, projects, and activities (PPAs) for budget planning, programming and activities. Some “allowances” constitute entire PPAs. Allowances are, or are critical components of, PPAs for reprogramming purposes. Funds control at the allowance level is essential since obligations in excess of allowances can result in obligations in excess of allotments.

While the authority to incur obligations may be delegated in the Chain of Command, and a resource management staff may be assigned responsibility for day-to-day account management, the formal responsibility for administrative control of allotments or suballotments **cannot be delegated**.

3.9.4 Delegation of Authority within the Chain of Command

An organization functions best when the authority to enter into obligations is placed as close as possible to the need for goods or services. Therefore, Allotment Managers delegate budget authority within the Chain of Command. Allotment Managers, Allowance Managers, and Administrative Target Unit (ATU) Commanders, Commanding Officers, Directors, and Superintendents may delegate obligation authority within the Chain of Command. However, formal responsibility for administrative control of obligation authority **cannot be delegated**.

Budget authority shall be delegated in writing as a suballotment, and obligation authority shall be delegated in writing as an allowance to an organizational title or position (as opposed to an individual), specifically stating any restrictions or conditions on authorization such as:

1. The purpose of the allowance;
2. The time period of availability; and
3. The amount available.

3.9.5 Segregation of Duties

Administrative control of funds requires a balance between three delegated authorities; program authority, obligation authority, and certification of fund availability authority. In order to maintain the proper segregation of duties, program authority, obligation authority, and certification of fund availability authority must be performed by different individuals. Certification of fund availability is the authority to assign proper funding citations on obligating documents before obligations are incurred. This is a “certification of fund availability” in support of the fund control system; it is not a certification for payment. Allotment Managers, Allowance Managers, Commanders, Commanding Officers, Directors and Superintendents of Administrative Target Units must ensure adequate internal controls are in place for funds control. This should be accomplished as part of the periodic monitoring and control process.

3.9.6 Accounting Support for Fund Control Systems

Pursuant to 31 USC 3512(b), the Coast Guard fully supports internal management and administrative control of funds, and establishes and maintains systems of accounting and internal controls that provide complete disclosure, adequate financial information needed for management purposes, and effective control over assets for which the Coast Guard is responsible. This provides for:

1. Assistance to responsible officials in restricting the authorization or incurrence of obligations to the amount for which obligation authority is available.
2. Sufficient information for responsible officials to determine the availability of funds for commitments and obligations by appropriation, allotment, and suballotment.
3. Recording all financial transactions affecting apportionments, reapportionments, allotments, suballotments, agency restrictions, financial plans, program operating plans, obligations, and expenditures, as well as anticipated, earned, and collected reimbursements.
4. Complete, accurate, and timely budgetary and financial information that allows for the preparation and reconciliation of financial reports displaying cumulative obligations and remaining unobligated balances by appropriation, allotment, suballotments, and object class.

3.9.7 Allotment Managers

An allotment or suballotment is a formal delegation of the authority to incur obligations and make expenditures. This authority may be delegated to a Suballotment Manager as shown in Appendix 3-1, or it may be delegated in writing by an Allotment Manager. By statute, allotments and suballotments are made to finance operations, programs, projects and activities at the highest practical level. All budget authority that has been limited to a specific time, purpose and amount shall be a suballotment to the responsible flag officer or executive. These Allotment Managers will generally be Deputy Commandants, Assistant Commandants, or Directors of Headquarters-managed programs, projects, and activities (PPAs), or those who are responsible for the administration and execution of allotments and suballotments. Allotment Managers are responsible for obligations and are accountable to Commandant (CG-8), and through that position, to Commandants (CG-83) and (CG-831)'s Appropriation Managers. The senior manager for a revolving fund is also considered to be an Allotment Manager, and is subject to the same requirements and responsibilities.

Allotment Managers have a shared responsibility with the senior-most officer or executive in their administrative control (ADCON) chain of command to ensure that obligations do not exceed the amount of budget authority that they have been delegated, thereby preventing violations of the Antideficiency Act. Allotment Managers are responsible for managing obligations within the approved Coast Guard Financial Management Operating Plan (FMOP). Any changes to allotments and allowances in the distribution of obligation authority must be formally approved and in writing.

Allotment Managers may be assisted by resource managers that are responsible for day-to-day management of an allotment or suballotment. Resource managers share responsibility for funds control with their Allotment Manager.

The administrative subdivision of obligation authority by an Allotment Manager is an informal subdivision. The authority to incur obligations may be delegated to Allowance Managers as an "allowance." Allotment Managers are responsible for performing all Administrative Target Unit (ATU) functions and duties for any obligation authority that is not delegated.

Allotment Managers may delegate obligation authority to Allowance Managers within the Chain of Command. However, the overall responsibility to ensure that obligations do not exceed an allotment or suballotment **cannot be delegated**.

Allotment Managers have the following responsibilities:

1. Managing and requesting changes to the distribution of allowances, programs, and funds within projects, and activities, and establishing obligation guidance accordingly.
2. Tracking the flow of funds into and out of the allotment accounts and among Allowance Managers.
3. Tracking obligations against planned amounts for the entire account to ensure compliance with allowance or project funding levels.
4. Monitoring the status of accounts, adjusting resources as necessary, and staying within funding limits. However, Allotment Managers are not authorized to make adjustments

between suballotments, or allowances, or to reprogram. These must be requested via the responsible appropriation manager.

5. Ensuring compliance with spend down rates.
6. Reporting accurate close out positions for the entire account to the appropriations manager.
7. Reserving adequate unobligated funds for the adjustment of obligations (i.e., booking antecedent liabilities) for current or expired appropriations.
8. Conducting post fiscal-year review of all closeout results for comparison to reported closeout projections and taking appropriate follow up action where necessary.
9. Managing funds that have expired for obligation purposes.
10. Balancing resources to adjust for surpluses/shortfalls in respective accounts.

3.9.8 Allowance Managers

Allowance Managers are responsible to an Allotment Manager for the day-to-day management of an allowance. An allowance is authority to incur obligations. This authority is delegated to an Allowance Manager in Appendix 3-1, or it may be delegated in writing by a Suballotment Manager. Allowance Managers have a shared responsibility with their Allotment Manager to ensure that obligations do not exceed the amount available in an allowance, an allotment, an apportionment or an appropriation to prevent violations of the Antideficiency Act.

The majority of Allowance Managers are subordinate to Deputy and Assistant Commandants for Headquarters directorates who are responsible for programs, projects and activities. However, Allowance Managers for certain revolving accounts are assigned to the Commanding Officer of the Coast Guard Yard, the Superintendent of the Coast Guard Academy, and the Director of the National Pollution Funds Center.

Allowance Managers may be assisted by resource managers that are responsible for day-to-day management of an allowance. Resource managers share responsibility for funds control with their Allowance Manager.

Allowance Managers may administratively subdivide their allowance. Administrative subdivision of obligation authority by an Allowance Manager is informal in nature. Obligation authority may be delegated to ATU Officers as an allowance. Allowance Managers are responsible for performing all Administrative Target Unit (ATU) functions and duties for any obligation authority that is not delegated.

3.9.9 Administrative Target Unit Commander, Commanding Officer, Director, or Superintendent

A target allowance may be delegated to the Commander, Commanding Officer, Director, or Superintendent of an Administrative Target Unit (ATU) in the Financial Management Operations Plan (FMOP). ATUs may include: Area Commanders; Logistics or Service Center Commanders/Directors; District Commanders; and Unit Commanding

Officers/Directors/Superintendents. These Commanders, Commanding Officers, Directors, and Superintendents have a primary responsibility for managing an allowance of obligation authority delegated by an Allotment Manager or Allowance Manager. Although ATU Commanders, Commanding Officers, Directors, and Superintendents rely on comptrollers, budget officers, and other financial resource managers with a shared responsibility for day-to-day account management, the overall responsibility for target allowances received **cannot be delegated**.

A target allowance from an Allotment Manager or an Allowance Manager cannot be exceeded. If needed, the ATU Commander, Commanding Officer, Director, or Superintendent will contact the appropriate Allowance Manager or Allotment Manager for additional funding.

The ATU Commander, Commanding Officer, Director, or Superintendent is authorized to further divide their target allowance for control by staff elements and units supported by the ATU. These staff elements and units supported by the ATU Commander, Commanding Officer, Director, or Superintendent are designated as program elements.

Other duties of the ATU Commander, Commanding Officer, Director, or Superintendent include:

1. Maintaining awareness of funding and specific requirements from Congress, Commandants (CG-09), (CG-8), and (CG-9), appropriation managers, allotment managers, and reimbursable customers.
2. Coordinating all phases of the fiscal year budget model update and distribution processes.
3. Tracking obligations against plans and changes in funding levels for each program element. This includes adjusting program element budgetary resources to meet ATU goals.
4. Ensuring sound program element management, including ensuring that program element status (PES) is reconciled as required by current Coast Guard guidance.
5. Ensuring that program elements stringently adhere to undelivered order (UDO) policy and procedures contained in this manual.
6. Comparing budgeted versus actual expenditures and evaluating variances.
7. Explaining the full costs of the ATU's facilities.
8. Adjusting resources at closeout, including requesting intra-AFC adjustments, to meet ATU goals; providing surplus funds to, or requesting additional funds from, AFC managers. However, AFC managers are not authorized to make inter-AFC adjustments. Adjustments between AFCs must be requested from Commandant (CG-831).
9. Coordinating with allowance managers to ensure that unobligated funds are adequate to cover antecedent liabilities.
10. Reporting closeout position to Allowance and/or Allotment Manager and conducting post fiscal-year review of closeout results for comparison with reported closeout projections for each program element. Taking corrective action as necessary.
11. Managing funds that have expired for obligation purposes.

12. If applicable, ensuring that reimbursable agreements are properly executed and that costs are recovered.
13. Coordinating periodic reviews of outstanding administrative commitments of funds for currency and validity and to identify potential errors or discrepancies.

3.9.10 Program Element Managers

Program Element Managers share responsibility for managing obligation authority with their ATU Commander, Commanding Officer, Director or Superintendent. While the ATU Commander, Commanding Officer, Director or Superintendent may rely on Program Element Managers for day-to-day account management, the overall responsibility for allowances received **cannot be delegated**.

Specific responsibilities include:

1. Knowledge of funding approved and distributed to the program elements.
2. Developing and maintaining a spend plan for funding received.
3. Ensuring proper use of accounting classification codes.
4. Maintaining and reconciling an up-to-date ledger using the designated CG financial management system for all transactions associated with the program element.
5. Ensuring that reconciliation of financial management system ledgers is performed in accordance with current Coast Guard guidance.
6. Identifying PES errors, analyzing for causes, seeking solutions, and forwarding for action.
7. Ensuring transmittal of all receiving reports for goods and services.
8. Comparing budgeted versus actual expenditures and evaluating all variances each fiscal year.
9. Using historic obligation data and new requirements, developing and submitting budget needs to the Allotment Manager; Allowance Manager; ATU Commander, Commanding Officer, Director or Superintendent's budget officer or comptroller.
10. Ensuring that obligations can be traced to specific cost objects (i.e. end items) so that accurate capitalizations can occur.
11. Reconciling and correcting PES reports after the obligation authority for these funds expires and until the account is closed. See paragraph 6 of subsection 5.6.4.4.2 for specific PES reconciliation guidelines.

Program Element Managers shall ensure proper segregation of duties. They shall ensure that all individuals seeking to exercise the obligation authority delegated to the program element have been authorized in writing by their chain of command. In addition, they must ensure that fund certifiers and funds approvers understand the roles and responsibilities assigned to them, as well as the personal liabilities that arise from those roles and responsibilities. Failure to follow

procedures for fund certification and approval may lead to a potential Antideficiency Act (ADA) violation, which may have both civil and criminal penalties.

3.9.11 Civilian Resource Coordinators

As a part of internal controls, Civilian Resource Coordinators (CRCs) are considered the designated points of contact between the Civilian Pay and Benefits Manager and their respective units or areas of responsibility—generally an ATU. CRC performance of duties and policy issues include RMO oversight to ensure resource chain-of-command continuity.

CRC functions cannot be delegated. In the event of occasional absences for leave or temporary duty of less than 60 days, CRC duties shall be covered by the RMO CRC. The Civilian Pay Manager shall be advised by the impacted CRCs when this occurs. CRC absences of greater than 60 days require assignment of a new CRC. RMOs may assign a back-up CRC to cover extended absences of the primary RMO CRC, consistent with the 60-day rule.

CRCs shall have suitable financial management experience and understand funds management and appropriation law principles. Military grade O3 and above, and civilian GS-11 and above are the minimum seniority requirements to be assigned CRC duties.

CRCs are responsible for:

1. Managing and monitoring overtime utilization, including funds certification and reconciliation duties per existing SOPs and supplementary policy (i.e., ALCGFINANCE messages);
2. Managing and monitoring awards and quality step increases (QSIs), including funds certification and reconciliation duties per existing SOPs and supplementary policy (i.e., ALCGFINANCE messages);
3. Reviewing documentation to ensure that guidelines are followed per *Coast Guard Professional Liability Insurance Reimbursement (PLIR) Policy*, COMDTINST 12800.1 (series);
4. Verifying that the information posted in the personnel and payroll systems is current, accurate, and truly reflects the composition of the workforce in relation to the assigned area of responsibility;
5. Managing positions by:
 - a. Verifying that each Request for Personnel Action, Form SF 52, is current and correct, and funds certifying proposed hiring actions per existing SOPs;
 - b. Ensuring that double encumbrances are in accordance with existing policy; and
 - c. Minimizing position vacancies (see *Personnel Resources and Reprogramming Manual*, COMDTINST M5312.13 (series), chapter 4);
6. Participating in CRC/civilian staffing advisor (CSA) annual meetings;
7. Controlling unit-level access to personnel and payroll systems by adding, deleting, and altering access to users;

8. Managing summer-hire budget allocations; and
9. Advising the Civilian Pay Manager and impacted units/commands of hiring, award, and overtime obligations that fail to receive proper CRC funds certification prior to execution. Such actions constitute unauthorized/illegal obligations. Within 30 days of detecting the incident, unit commanders shall submit a memo to Commandant (CG-83) through their respective chain of command, CRC, and RMO Resource Office documenting the circumstances leading to the incident, including internal control weaknesses and corrective/disciplinary actions, to prevent a repeat occurrence.

Appendix 3-1 Suballotment and Allowance Managers

1. The Operating Expenses (OE) appropriation is divided into the following allowances with corresponding allowance managers:

Table 3.1 Allowances and Allowance Managers for the OE Appropriation

AFC	OE Allowance	Suballotment Manager	Allowance Manager
AFC-01	Military Pay	Commandant (CG-8)	Commandant (CG-8)
AFC-08	Civilian Pay	Commandant (CG-8)	Commandant (CG-8)
AFC-20	Permanent Change of Station (PCS)	DCMS	Commandant (CG-1)
AFC-30	Operating and Maintenance	Commandant (CG-8)	Commandant (CG-8)
AFC-34	Training and Recruiting	Commandant (CG-8)	Commandant (CG-8)
AFC-36	Central Accounts	Commandant (CG-8)	Commandant (CG-8)
AFC-38	Industrial Support Revolving Fund	DCMS	Commandant (CG-4)
AFC-40	Other Activities	Commandant (CG-8)	Commandant (CG-8)
AFC-41	Aeronautical Engineering	DCMS	Commandant (CG-4)
AFC-42	Command, Control, Communications, and Electronics Engineering	DCMS	Commandant (CG-6)
AFC-43	Civil Engineering	DCMS	Commandant (CG-4)
AFC-45	Naval Engineering	DCMS	Commandant (CG-4)
AFC-56	Training	DCMS	FORCECOM (FC)
AFC-57	Health, Safety, and Work-Life	DCMS	Commandant (CG-1)

2. Reimbursable funding is divided into the following allowances with corresponding allowance managers:

Table 3.2 Allowances and Allowance Managers for Reimbursable Funding

AFC	Reimbursable Allowance	Suballotment Manager	Allowance Manager
AFC-75	Reimbursables – Refund	Commandant (CG-8)	Commandant (CG-8)
AFC-77	Headquarters Reimbursables	Commandant (CG-8)	Commandant (CG-8)
AFC-80	Reimbursables	Commandant (CG-8)	Commandant (CG-8)
AFC-88	Reimbursables Special Purpose Account	Commandant (CG-8)	Commandant (CG-8)

3. The Retired Pay (RP) appropriation is divided into the following allowances with corresponding allowance managers:

Table 3.3 Allowances and Allowance Managers for the RP Appropriation

AFC	RP Allowance	Suballotment Manager	Allowance Manager
AFC-72	Retired Pay	Commandant (CG-8)	Commandant (CG-8)
AFC-73	Retired Health Care Matters	Commandant (CG-8)	Commandant (CG-8)

4. The Reserve Training (RT) appropriation is divided into the following allowances with corresponding allowance managers:

Table 3.4 Allowances and Allowance Managers for the RT Appropriation

AFC	RT Allowance	Suballotment Manager	Allowance Manager
AFC-90	Reserve Training Program Expense	DCMS	Commandant (CG-1)
AFC-94	Reserve Reimbursable Program	Commandant (CG-8)	Commandant (CG-8)
AFC-97	Reserve Refund Program	Commandant (CG-8)	Commandant (CG-1)

5. The Acquisition, Construction, and Improvement (AC&I) appropriation is divided into the following categories with corresponding allowance managers:

Table 3.5 Allowances and Allowance Managers for the AC&I Appropriation

AC&I Project	Suballotment Manager	Allowance Manager
Vessels	DCMS	Commandants (CG-4) and (CG-9)
Aircraft	DCMS	Commandants (CG-4) and (CG-9)
Integrated Deepwater System	DCMS	Commandant (CG-9)
Other Equipment	DCMS	Commandants (CG-4), (CG-6), and (CG-9)
Shore Facilities and Aids to Navigation	DCMS	Commandant (CG-43)
Personnel and Related Support	Commandant (CG-8)	Commandant (CG-8)

Note 1: AC&I project accounts are often divided into smaller subproject accounts. When this occurs, there will be a project officer for each subproject account under the oversight of Commandant (CG-831).

Note 2: The Coast Guard's Integrated Deepwater System (IDS) was only used for FY2002-FY2011 appropriations. IDS assets are now included as part of Coast Guard's current \$27 billion recapitalization investment portfolio, which includes more than 20 major acquisition programs and projects managed by Commandant (CG-9).

6. Other appropriations are assigned allowance managers as follows:

Table 3.6 Allowances and Allowance Managers for Other Appropriations

Appropriation	Suballotment Manager	Allowance Manager
RDT&E	DCMS	Commandant (CG-9)
EC&R	DCMS	DCMS
Alteration of Bridges	DCO	DCO
Boating Safety	DCO	DCO

7. Revolving Accounts are assigned allowance managers as follows:

Table 3.7 Allowances and Allowance Managers for Revolving Accounts

Revolving Account	Suballotment Manager	Allowance Manager
Gift Fund	Commandant (CG-8)	Commandant (CG-8)
Yard Fund	Commandant (CG-8)	Commanding Officer, CG Yard
Cadet Fund	Commandant (CG-8)	Superintendent, CGA

Another Revolving Account is the Supply Fund, which has four subdivisions that are managed by the following allowance managers:

Table 3.8 Allowance Managers for the Supply Fund

Supply Fund	Suballotment Manager	Allowance Manager
Fuel	Commandant (CG-8)	Commandant (CG-4)
Uniforms	Commandant (CG-8)	Commandant (CG-1)
Commissary	Commandant (CG-8)	Commandant (CG-1)
Operation & Maintenance	Commandant (CG-8)	DCMS

8. Trust Fund(s) are assigned allowance managers as follows:

Table 3.9 Allowance Managers for Trust Funds

Trust Fund	Suballotment Manager	Allowance Manager
Oil Spill Liability Trust Fund (OSLTF)	NPFC	NPFC

Chapter 4. Budget Formulation

4.1 Overview

In accordance with USC Title 14 and other applicable laws (e.g., USC Title 10, which authorizes the Gift Fund), the Coast Guard has 11 appropriations (7 discretionary and 4 mandatory) that specify the purposes for which the appropriation is authorized. The following appropriations form the basis for the budget formulation process.

1. Discretionary appropriations:
 - a. Operating Expenses (OE);
 - b. Environmental Compliance and Restoration (EC&R);
 - c. Reserve Training (RT);
 - d. Acquisition, Construction, and Improvement (AC&I);
 - e. Alteration of Bridges (AB);
 - f. Research, Development, Test, and Evaluation (RDT&E); and
 - g. Medicare-Eligible Retiree Health Care Fund (MERHCF).
2. Mandatory appropriations:
 - a. Retired Pay (RP);
 - b. Boating Safety (BS);
 - c. Oil Spill Liability Trust Fund (OSLTF); and
 - d. Gift Fund.

See section 2.2 for information regarding these appropriations and funds.

4.2 The Stages and Format of the Budget

The budget formulation process is essentially a continuous effort, with a gradual change in focus from broad program to specific line-item requests. There are, however, discrete actions which serve to divide the process into several “stages.”

Prior to commencement of the budget formulation stages, Coast Guard program managers submit individual budget requests by project via the Electronic Resource Proposal (ERP) System. These electronic resource proposals are commonly referred to as “RPs”.

4.2.1 Budget Stages

4.2.1.1 *Coast Guard Stage*

The Coast Guard Stage of the budget development process begins with the Programming and Budgeting Guidance (PBG) Memo promulgated by the Vice Commandant. Using this guidance, the Resource Group (RG) conducts a cross-programmatic review of directorates' RPs based on prioritization criteria, and makes recommendations to the Investment Board (IB) for consideration. The IB members act as the enterprise-wide deliberative body, and make recommendations to the Investment Review Board (IRB) by considering what is best for the Coast Guard. Once the IRB concurs on the prioritization of the RPs, the Commandant is briefed for a final decision. The Coast Guard Stage concludes with the submission of the Commandant-approved Resource Allocation Plan (RAP) to DHS. The RAP is the initial submission to DHS that reflects current program execution, including financial obligations, expenditures, hiring rates, performance results, and the measurement of milestone completion.

4.2.1.2 *DHS Stage*

The DHS Stage is a follow-on to the RAP submission. It involves the preparation and presentation of the Coast Guard's initial submission of its detailed budget requirements to DHS. DHS usually provides submission requirements during the April-May time period; however, it does not normally establish specific resource ceilings or limitations for the DHS submission during this process. The DHS Stage usually comes to an end by mid-to-late August, with receipt of the Secretary's Resource Allocation Decision (RAD), also known as "Final RAD". This stage is finalized and submitted to OMB by early September.

4.2.1.3 *OMB Stage*

The OMB Stage involves the preparation and presentation of the refined DHS Stage budget request. This stage usually begins in early September and usually ends in late November.

4.2.1.4 *Congressional Stage*

The Congressional Stage involves the preparation and presentation of the final budget request to Congress in early February. This document normally contains more detailed exhibits and tabular presentations than the two previous stages. The subsequent congressional hearings, reviews, and appropriation process is usually completed in the May-September time frame with enactment of authorization and appropriation statutes.

4.2.1.5 *Drug Budget Submission*

The Office of National Drug Control Policy (ONDCP) requires a Drug Budget submission simultaneously with each budget stage submission. The drug budget consists of several appropriations that have drug-related projects. The Coast Guard does not have a specific appropriation for drug interdiction activities. All drug interdiction operations, capital

improvements and acquisitions, reserve training, and research and development activities are funded out of the aforementioned appropriations.

4.2.2 Budget Format

In FY 2004, the Administration directed Federal agencies to submit a performance-based budget, a process that changed the format for DHS's OMB submission. The presentations may be incremental or zero-based, depending upon the nature of the appropriation being addressed. The annual reissuance of OMB Circular A-11 prescribes instructions for the preparation and submission of the annual budget estimates. The Circular also prescribes instruction on the execution of the budget.

4.2.3 Budget Preparation – Participants

All program managers, LANTAREA, and PACAREA are involved in the Coast Guard budget formulation process via the ERP system. The Office of Budget and Programs, Commandant (CG-82), is responsible for the internal Coast Guard preparation, review, prioritized ranking process, and overall formulation and development of the budget schedules. The finalized list is presented to the Investment Board (IB) at Headquarters. The process usually culminates in mid-to-late June with the submission of a budget reflecting the Commandant's decisions on resource requirements.

4.2.4 Congressional Stage

The Coast Guard prepares the Congressional Stage submission using an incremental basis for its "annual" or "one-year" appropriation; i.e., the narrative justification is geared toward explaining changes to the previous year's level. For its "multi-year" and "no-year" appropriations, the format shifts to a "zero-based" presentation; i.e., the narrative justification is geared toward explaining all proposed budget-year project requirements.

4.3 Public Disclosure

OMB has issued strict guidelines in Circular A-11, section 22, "Communication with the Congress and the public and clearance requirements," governing the classification of budget estimates, which are considered confidential. All agencies must treat budget material as pre-decisional communication until the President delivers his budget message to Congress. This means that Coast Guard personnel must not disclose the contents of either the RAP submission or the DHS and OMB Stages to the public or to congressmen, congressional committees, or congressional staff without first reviewing the guidelines in OMB Circular A-11. Even after publication of the President's Budget message, Coast Guard personnel may only disclose the identification of line items in earlier stages of the budget in response to direct Congressional inquiry.

4.3.1 Release or Withholding of Information

The provisions for the release or withholding of information in response to Freedom of Information Act requests are stated in the Freedom of Information Act (5 USC 552).

4.3.2 Questions on Public Disclosure

All Coast Guard personnel shall refer questions concerning matters of public disclosure of budget or program material to Commandants (CG-82) and (CG-83) for resolution via the chain of command.

4.3.3 DHS Review – Receipt of Allowances and Appeal

By mid-to-late August, the Secretary provides the Resource Allocation Decision (RAD) on the Coast Guard's budget request. The RAD is an appropriation-by-appropriation ceiling on budget authority, military and civilian positions, full-time equivalent (FTE) levels of employment, and (optionally) end-of-year employment. The Commandant normally has a short period of time in which to appeal any of these allowances to the Secretary.

4.3.4 OMB Review, Allowances, and Appeal

OMB's review of the Coast Guard budget normally lasts until mid November, and the passback is received in late November. The passback and appeal process is much the same as that for the DHS Stage, with most major decisions being made by the Director of OMB. The resolution of the appeals process is commonly referred to as "settlement".

4.4 Preparation of the Congressional Stage Budget – President's Budget (Appendix)

After receiving OMB's settlement, Commandant (CG-82) begins to make appropriate revisions to the resource levels contained in the technical budget schedules, which comprise the Coast Guard's input into the MAX A-11 data entry system. The MAX A-11 system is an OMB-controlled database that agencies use to enter the data required for the Budget of the United States Government (President's Budget). The President submits this document to Congress on or before the first Monday in February, following the annual State of the Union address in January.

4.4.1 Preparation and Submission

Commandant (CG-82) prepares the Congressional budget using both incremental and zero-based formats, depending on the nature of the appropriation account. The makeup of this submission goes well beyond the schedules contained in the President's Budget, by providing extensive narrative justification for each requested line item and project contained in the major accounts within the budget. DHS and OMB review copies of this document prior to its transmission by the Coast Guard to the DHS Subcommittee of the House and Senate Appropriations Committees.

4.4.2 Funding, Military Strength, and Student Load Authorization

Each year the House Merchant Marine and Fisheries Committee and the Senate Committee on Commerce, Science, and Transportation review Coast Guard activities, resource levels, active duty military strength, and military student training loads funded within the OE, AC&I, AB, EC&R, and RDT&E appropriations. These levels are usually approved by the above committees in annual authorization statutes prior to the Appropriations Committees actually appropriating funds for Coast Guard activities.

Commandant (CG-0947) has primary responsibility for the preparation and submission of the Coast Guard’s annual authorization request to DHS, OMB, and the Congress for funding, military strength, and student load authorizations.

4.4.3 Selected Reserve Strength

Each year the Congressional Defense Authorization Committees, through the annual DOD authorization act, must approve the strength of the selected reserve prior to any appropriation of RT funds by the Appropriations Committees.

The Director of Reserve Training, Commandant (CG-13), has primary responsibility for the preparation and submission of the Coast Guard’s annual selected reserve strength request to DHS, OMB, and the Congress.

4.4.4 Congressional Committee Review

House and Senate appropriations and authorization subcommittees normally schedule hearings in February, March, and April. Preparations for Coast Guard witnesses begin in earnest in February, and usually include the following:

1. Background book questions prepared in a prescribed “bullet” format and covering, in brief, anticipated hearing topics;
2. Written statement for the record; and
3. Briefing sessions (“murder boards”) for the Commandant and other witnesses to review the foregoing material.

4.4.4.1 Subcommittee Hearings

Coast Guard witnesses for these hearings usually include the Commandant, the Vice Commandant, and Commandants (CG-8), (CG-82), and (CG-83). These hearings normally begin with the witness’ opening statement, followed by an extended period of questioning by subcommittee members on specific budget items and other related subjects.

As a follow-up to these face-to-face meetings, the subcommittees normally request written answers to additional questions for the record. This information, which the subcommittee reviews during its decision-making process, is also published in the hearing record.

Turnaround time for budget questions from the subcommittee is generally very short, and all program and support managers become involved in providing responses.

4.4.4.2 *House Subcommittees*

The House appropriations and authorization subcommittees, having held hearings somewhat earlier than their Senate counterparts, act through their full committees in issuing a bill and report with appropriation allowance, usually in the May-June time period. The Commandant has the option, with the approval of the Secretary, to appeal any reductions to the still-to-act Senate subcommittees.

4.4.4.3 *Senate Subcommittees*

The Senate subcommittees react to the Secretary’s appeal, and also complete their own independent reviews. These subcommittees, through their full committees, issue bills, reports, and appropriation allowances, usually in the June-July time period. House and Senate committee representatives then form a conference committee to resolve differences in the allowances provided by each in their bill and report. After both houses pass the final bill, the President usually signs into law the resulting compromise measure in August-September, thus completing the budget formulation process.

Congressional authorization and Appropriations Committees customarily develop and publish narrative reports to accompany their proposed bills. Besides providing the rationale for recommended resource levels, these reports often provide general or specific program guidance for certain action items.

Chapter 5. Budget Execution

5.1 Overview

The budget execution process is the application of all available funds to Coast Guard missions and programs. The process requires the integration of nearly all Government administrative functions and financial management disciplines whose collaboration and interaction are required to effectively carry out Coast Guard missions while meeting financial management responsibilities.

These budget execution policies and procedures reflect the movement of the Coast Guard toward a fully integrated financial management system. In this system, the accounting functionality places all financial resources in a single system under administrative and general ledger controls from which financial management information is obtained for decision-making and the management of funds.

This chapter provides policies governing the budget execution processes that are followed each fiscal year. The chapter is organized to provide a chronology of the major budgetary events in order to illustrate the sequence and relationship of these processes. This chronology is not meant to be prescriptive of each fiscal year's processes, since the timing of congressional action on appropriations may have a major impact on the timing of certain budget execution activities. Rather, the chapter is organized to describe the general alignment of budgetary resource management (BRM) activities in a typical fiscal year – from the preparations needed to establish funds control objectives to the closing of appropriation accounts.

BRM is the Coast Guard key financial process for budget execution. These policies and procedures prescribe the application of management controls within this process to provide reasonable assurance of high data quality when entering, summarizing and reporting budgetary information. Further, the controls provide reasonable assurance that Coast Guard budget execution transactions and processes comply with laws and regulations in all material respects.

5.1.1 Purpose

This chapter defines Coast Guard funds control objectives and specifies the policies and procedures necessary to meet those objectives. It prescribes a system for positive administrative control of funds designed to restrict obligations and expenditures against each appropriation or fund to the amount available therein and for the purposes authorized. It also provides the basis for compliance with statutory requirements and central agency regulatory authorities throughout the Coast Guard. These instructions supplement the budget execution and management control regulations found in the Office of Management and Budget (OMB) Circular A-11.

This chapter consolidates current legal, regulatory, and administrative policies and procedures applicable to the Coast Guard and provides guidelines and appropriate management controls for recording, distributing, managing, reporting budget authority and reviewing the status of funds. It identifies the key BRM processes, the point within the fiscal year when the activities defining those processes are carried out, and the individuals responsible for meeting the standards

established within each process. It also prescribes the activities that shall be followed to fully execute the Coast Guard's annual operating budget responsibilities.

5.1.2 Scope

This chapter prescribes BRM policies required to comply with laws and regulations pertaining to all Coast Guard funds. All appropriations or funds, regardless of their purpose or source, available for obligation and expenditure to the Coast Guard, whether apportioned or unapportioned, are subject to these requirements.

Control of funds requires the exercise of procedural restraints to prevent the incurring of obligations and expenditures beyond established periods of availability, in excess of authorized amounts, or for other than authorized purposes. The Coast Guard shall establish administrative controls at the highest practicable organizational level consistent with assigned responsibilities for carrying out authorized programs. These administrative controls are initiated through the formal distribution of funds to the position or individual designated in writing to fulfill this responsibility. This individual is also responsible for the subsequent issuance of funding authority to Coast Guard operating officials.

These general policies also apply, to the extent applicable, to funds transferred to other Federal agencies under specific legislative transfer authorities, and to funds transferred to other Federal agencies under the Economy Act.

These provisions apply to all transactions, transaction processing, and data summarizations needed to meet reporting requirements prescribed in regulation and statute that pertain to the budgetary accounts of the U.S. Standard General Ledger (USSGL). All Coast Guard organizations and officials involved in the transactions identified in these budgetary accounts are subject to these policies and procedures.

These policies and procedures do not apply to nonappropriated fund instrumentalities (NAFIs) that are covered in other Coast Guard financial policies.

5.2 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
2. Budget and Accounting Act of 1921, as amended. 31 USC 1101, 1104-1108, 3324.
3. Budget and Accounting Procedures Act of 1950. 31 USC 1112, 1531-1533, 1536, 3511-3512, 3524.
4. Chief Financial Officers Act of 1990.
5. Department of Homeland Security Financial Accountability Act. PL 108-330.
6. Economy Act of June 30, 1932. 31 USC 1535-1536.
7. Federal Financial Management Improvement Act of 1996 (FFMIA).
8. Federal Managers' Financial Integrity Act of 1982 (FMFIA).

9. Government Management Reform Act of 1994 (GMRA).
10. Government Performance and Results Act of 1993 (GPRA).
11. Impoundment Control Act of 1974. PL 93-344.
12. Oil Pollution Act of 1990. 33 U.S.C 2701-2761.
13. Paperwork Reduction Act, as amended. 44 USC 3501-3520.
14. Supplemental Appropriations Act of 1950. 31 USC 1501-1502.
15. 10 USC 2601. General gift funds.
16. 14 USC 151. Contracts with Government-owned establishments for work and material.
17. 14 USC 181. Administration of Academy.
18. 14 USC 183. Cadets; initial clothing allowance.
19. 14 USC 648. Accounting for industrial work.
20. 14 USC 650. Coast Guard Supply Fund.
21. 14 USC 687. Coast Guard Housing Fund.
22. 31 USC 1551-1557. Appropriation Accounting -- Closing Accounts.
23. 41 USC chapter 7. Public Contracts -- Office of Federal Procurement Policy.
24. 48 CFR chapter 1. *Federal Acquisition Regulation (FAR)*.
25. Government Accountability Office, *Principles of Federal Appropriations Law*.
26. Government Accountability Office, *Standards for Internal Control in the Federal Government*, AIMD-00-21.3.1, November 1999.
27. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*.
28. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*.
29. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 7, *Accounting for Revenue and other Financing Sources*.
30. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, part 4.
31. Office of Management and Budget, Circular A-25, Transmittal Memorandum No. 1, *User Charges*.
32. Office of Management and Budget, Circular A-97, *Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government Under Title III of the Intergovernmental Cooperation Act of 1968*.

33. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*.
34. Office of Management and Budget, Circular A-127, *Financial Management Systems*.
35. Office of Management and Budget, Circular A-130, Transmittal Memorandum No. 4, *Management of Federal Information Resources*.
36. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
37. Office of Federal Financial Management, Federal Financial Management Systems Requirements (FFMSR), *Core Financial System Requirements*, OFFM-NO-0106, January 2006.
38. Financial Systems Integration Office (FSIO), *Financial Management Systems Standard Business Processes for US Government Agencies*, July 2008.
39. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*.
40. Department of the Treasury, Financial Management Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* [series].
41. Department of Homeland Security, *Department of Homeland Security Acquisition Manual*, October 2009.
42. Department of Homeland Security, Designation as Responsible Party for ICOFR Key Process Ownership - Budgetary Resource Management.
43. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), Section 2.4, "Budget Execution."
44. Department of Homeland Security, Office of Financial Management, *Component Requirements Guide for Financial Reporting* (series).
45. *Accounting Manual*, COMDTINST M7300.4 (series), part XI, "Accounting – Coast Guard Academy."
46. *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).
47. *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
48. *Coast Guard Internal Control Program*, COMDTINST 5700.10 (series).
49. *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
50. U.S. Coast Guard, COCO Alert 08-48, "Quarterly Certification of Undelivered Orders (UDOs)."
51. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
52. *Major Systems Acquisition Manual (MSAM)*, COMDTINST M5000.10 (series).

5.3 Responsibilities

The subsections that follow specify general roles and responsibilities of Coast Guard managers.

5.3.1 Coast Guard Financial Management Organizations

5.3.1.1 *Commandant (CG-00)*

1. Commandant (CG-00) has overall responsibility for the BRM process, including proper funds control and the reporting of violations of such controls.
2. Commandant (CG-00) has delegated the authority to carry out the funds control provisions to Commandant (CG-8).

5.3.1.2 *Assistant Commandant for Resources (CG-8)/CFO*

Commandant (CG-8), assisted by the Deputy Assistant Commandant (CG-8D), handles the day-to-day management of appropriated funds, and is responsible for:

1. Overseeing the Coast Guard planning and programming process and, where appropriate, directing the planning processes pertaining to the Coast Guard's financial resources. The budget formulation and execution process is the purview of Commandant (CG-8) and tied to strategic planning and performance.
2. Complying with laws and regulations pertaining to financial management. This responsibility includes the authority to enforce accountability for resource and financial funds control violations, to include personal performance documentation, Uniform Code of Military Justice enforcement, and appointment of an Administrative Investigator for potential Antideficiency Act (ADA) violations. If a violation of the ADA has occurred, Commandant (CG-8) coordinates the investigation and resulting notification process through the Commandant and Secretary of DHS to the Director of OMB and the President, in accordance with OMB Circular A-11, section 145. The Commandant (CG-8) notice includes any recommended actions, as appropriate, against the accountable officials.
3. Establishing and maintaining a robust internal audit function over all three areas of internal control identified in OMB Circular A-123: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. As a result, Commandant (CG-8) has authority to set Coast Guard policy for the establishment, operation, evaluation, and improvement of management controls (internal controls).
4. Reviewing the financial reporting process and all reports that contain financial information.
5. Overseeing the status of all appropriations and funds, and reporting on the financial condition of the Coast Guard to Commandant (CG-00) and other executive staff.

6. Establishing configuration controls over data quality, data assurance, and data architecture for all Coast Guard financial performance data. These controls cover all data within financial and mixed systems and data relating to Coast Guard activities and performance results. All data relationships between budgets, fund organizations, costs, activities, and results in order to meet mandated reporting requirements are also covered. The data configuration controls set standards for data quality and mandate processes for monitoring and achieving data assurance.
7. Implementing financial management policy, procedures, and internal controls, including the establishment of appropriate funds control limits and other budgetary transactions.
8. Implementing the accurate recordation of budgetary transactions into the accounting system of record and ensuring that the data relating to Coast Guard activities and performance results is maintained in the accounting system of record in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
9. Providing agency approval for reporting budgetary and financial activity/status and reprogramming actions prior to forwarding to DHS, OMB and/or Congress.

5.3.1.3 Office of Resource Management (CG-83)

Commandant (CG-83) assists Commandant (CG-8) through the oversight of all Coast Guard appropriations and is responsible for:

1. Establishing, implementing, and managing Coast Guard BRM policies and procedures. This function covers the budgetary execution stages: recognizing and recording budget authority, fund distribution, funds control, fund transfers, fund status, and access/system controls.
2. Managing the Coast Guard budget execution processes.
3. Reviewing and transmitting appropriate budget-related communications to DHS and OMB, including required budgetary data and analyses.
4. Providing oversight over FINCEN budgetary accounting, including the monthly report on budget execution and the Statement of Budgetary Resources in the Coast Guard's financial statements.

5.3.1.4 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84) is responsible for:

1. Developing, issuing, and updating this manual.
2. Overseeing Coast Guard internal control policies, including funds control.
3. Supporting the Coast Guard's funds control objectives by overseeing the establishment of compliant financial management systems.
4. Overseeing the development and implementation of financial management training plans that address the needs of all Coast Guard employees with financial management

responsibilities. This training includes the use of accounting system of record, related financial systems, and other administrative systems that impact financial management.

5. Providing oversight over FINCEN's implementation of this manual's policies and procedures.

5.3.1.5 *FINCEN*

FINCEN is responsible for:

1. Performing general ledger maintenance and coordinating general ledger maintenance across the Coast Guard ledgers. **Note:** General ledger maintenance is defined as processes associated with the monthly financial close and consolidation, per *Coast Guard Internal Control Program*, COMDTINST 5700.10 (series).
2. Compiling, developing, and reporting Coast Guard budgetary and proprietary accounting information.
3. Implementing budgetary and proprietary policies and establishing related procedures to carry out budgetary and accounting functions.
4. Providing accounting support for Coast Guard units and staff.
5. Documenting and maintaining the process for entering and supervising the processing of approved transactions into the Coast Guard's accounting system of record. Documentation of the process includes access security controls and the maintenance of supporting documentation once a transaction is processed.
6. Providing reports to all Coast Guard levels of funds control to enable managers to fully carry out their financial management responsibilities.

5.3.2 Coast Guard Central Management Organizations Other Than Financial

5.3.2.1 *Assistant Commandant for Human Resources (CG-1)*

Commandant (CG-1) directs the hiring and management of the Coast Guard workforce, and is responsible for:

1. Regularly reviewing and reporting changes in workforce levels against annual plans with Commandant (CG-83).
2. Planning and coordinating midyear pay, benefit, and entitlement legislative or policy changes with Commandant (CG-83).
3. Coordinating at each stage of the budget cycle with Commandant (CG-83) to identify the budgetary requirements of the Supply Fund. These requirements are based upon the program levels anticipated in the individual appropriations, changes in the cost of goods and services provided, and historical rates of consumption.

5.3.2.2 *Engineering and Logistics Directorate (CG-4)*

Commandant (CG-4) is responsible for:

1. Coordinating at each stage of the budget cycle with Commandant (CG-83) to identify the budgetary requirements of the Supply Fund and Yard Fund. These requirements are based upon the program levels anticipated in the individual appropriations, changes in the cost of goods and services provided, and historical rates of consumption.
2. Executing acquisition, construction, and improvement (AC&I) contracts within the boundaries of established appropriation definitions.
3. Working with Commandant (CG-84) and FINCEN to verify that all real property asset transactions are properly recorded into the accounting system of record.

5.3.2.3 *Assistant Commandant for Command, Control, Communications, Computers and Information Technology (CG-6)*

Commandant (CG-6) is responsible for:

1. Establishing, maintaining, monitoring, and improving general computer controls for financial and mixed systems which process budget and related transactions.
2. Responding to Commandant (CG-83) system requirements to establish, maintain, and improve application controls for all financial systems.
3. Coordinating financial management improvement projects with Commandant (CG-83) that result in financial systems compliant with the Financial Systems Integration Office (FSIO) Governmentwide financial system standards.

5.3.2.4 *Director of Contracting and Procurement (CG-91)*

Commandant (CG-91) is responsible for:

1. Advising Commandant (CG-8) of Coast Guard procurement plans and plan changes that impact nearly every aspect of the Coast Guard's Financial Management Operating Plan (FMOP) Financial Plan.
2. Supporting funds control through the accurate and timely recording of commitments, obligations, and expenditures. This includes obligating funds and approving expenditures to liquidate obligations.
3. Verifying that appropriate and adequate funding is available before signing any contractual document.
4. Maintaining and monitoring supporting documentation for approving and issuing replacement contracts, requesting appropriate budget authority, and recording obligations for contract actions that are antecedent liabilities in contractual provisions.

5. Establishing and monitoring contractor reporting requirements that prescribe the reporting needed for contractors to meet cost allocation requirements to varying lines of accounting.

5.3.2.5 Judge Advocate General and Chief Counsel (CG-094)

Commandant (CG-094) is responsible for:

1. Providing advice and counsel to Commandant (CG-8) and all subordinate offices on the availability of appropriations; the interpretation and application of laws and regulations governing budget preparation and resource proposals; the administration, execution, documentation, and reporting of appropriations; and budget and spending authority.
2. Providing advice and counsel to Commandant (CG-8) in support of communications with Congress, Government Accountability Office, Office of Management and Budget, DHS Office of the Inspector General, and other third parties.
3. Providing advice and counsel to Commandant (CG-00) in the identification, investigation, and reporting of potential Antideficiency Act violations.
4. Providing advice and counsel to Commandant (CG-00) and the senior staff on the availability of appropriated and nonappropriated funds.
5. Facilitating coordination and cooperation with the DHS Office of General Counsel.

5.3.3 All Coast Guard Employees Committing and Obligating Funds

Upon completion of the fund distribution process, administrative control responsibilities fall upon all Coast Guard employees given authority to request the obligation of funds and to enter into the obligation. No official shall request, approve, or authorize any obligation, or make any expenditure, beyond the total amount available within that individual's funding authority as recorded within the official general ledger, or exceed any statutory limitation that modifies or restricts the availability of funds. Special or recurring statutory limitations on Coast Guard funds are frequently imposed by authorization or appropriations acts, or may be imposed by other legislation.

Procedures shall be established within each organizational entity whose actions lead to the obligation or expenditure of funds that:

1. Limit any further subdivision of funds to the amount provided and currently available.
2. Limit the obligation and expenditure of funds provided to the amount currently available at the time of the obligation or expenditure, enforce those limitations, and provide training regarding such limitations for all personnel involved in administrative control and use of available funds.
3. Limit the obligation and expenditure of funds provided to the purposes authorized by type of fund or account.

4. Establish that each obligation and expenditure of funds provides for a bona fide need of the period of availability of the fund or account.
5. Preclude acceptance and use of voluntary services, gifts, and donations, except in accordance with specific provisions of law.
6. Make certain that all personnel, including fund users, contracting personnel, and other personnel involved in administrative control and use of available funds, are fully aware of and comply with the requirements of the Antideficiency Act.
7. Make appropriate decisions on the proper obligation of funds to comply with the provisions of the Antideficiency Act by careful review and examination of the facts involved in advance of the decision.
8. Rigorously enforce compliance with all the provisions of the Antideficiency Act and other specific laws that limit the obligation and expenditure of funds.
9. Maintain internal control systems that:
 - a. Identify, control, and record all available funds in the accounting system of record, from the time received until distributed to other funds managers, obligated, or expended;
 - b. Identify all available funds with authorized purposes by account and period of availability for new obligations and for the period of availability for expenditure;
 - c. Identify and document all special and recurring provisions and limitations on the obligation and expenditure of funds for all available funds and accounts; and
 - d. Review all proposed obligations of funds to confirm that sufficient funds are available to cover the obligation, that the purpose of the obligation is consistent with the authorized purposes of the fund or account, and that the obligation does not violate any special or recurring provisions and limitations on the incurrence of obligations.
10. Issue and maintain appropriate delegations of authority.
11. Establish and confirm that amounts recorded in systems of record and reported to the Treasury are recorded accurately and posted to the correct appropriation account.
12. Review the existence of general and specific internal controls to establish segregation of duties designating the review and approval of both authorizing and approving officials prior to the obligation of funds.
13. Impart to personnel the knowledge, skills, and abilities to perform the duties specified above.

5.4 Actions Taken Prior to the Start of the Fiscal Year

5.4.1 Updating and Synchronizing Coast Guard Budget and Accounting Coding Structure

Budget execution responsibilities begin with the monitoring of congressional action and likely OMB apportionment restrictions for the current year in order to identify prospective changes to the Coast Guard's budget and accounting structures. To carry out budget execution in a manner consistent with the formulation of the budget, FINCEN shall establish a uniform method of coordinating the development of instructions to identify and classify financial activity for budgeting, internal/external accounting, and reporting purposes within their standard policies and procedures. FINCEN shall coordinate these instructions with appropriate Headquarters financial staff under the purview of Commandant (CG-8).

FINCEN shall issue the official reference for classification and coding of all financial activity used in the generation of management reports. The reference shall establish the detailed internal coding required to develop reports that accommodate the classifications used by OMB, the Department of the Treasury, and the Congress. All Commandant (CG-8) units shall validate that the system modifications and changes needed to maintain the several classifications are complete and consistently reflected in the FINCEN reference document.

Commandant (CG-84), in consultation with Commandant (CG-83), is responsible for approving, disseminating, and maintaining the BRM policy, including the issuance of revisions and implementing instructions. Commandant (CG-84) exercises functional supervision over the application of the coding structure to all financial systems and operations. A change approval process shall provide for specific forms and levels of approval in order that coding changes and the establishment of new entities are consistent with the control objectives established in the Financial Management Operating Plan (FMOP), and the availability of the recommended codes within the current structure.

5.4.2 Preparing Apportionments Required Prior to the Start of the Year

By 21 August of each fiscal year, OMB requires DHS to request the apportionment of estimated resources to be carried forward in the ensuing fiscal year for each Treasury Appropriation Fund Symbol (TAFS). (See OMB Circular A-11.) The Coast Guard is required to submit these apportionment requests to OMB through DHS, as prescribed in annual guidance, in advance of 21 August for the fiscal year to begin on 1 October. These apportionment requirements apply if any part of the budgetary resources for a TAFS is not determined by current action of the Congress. For example, these include:

1. Multi-year and no-year TAFS anticipated prior-year unobligated balances to be carried forward in the ensuing fiscal year;
2. TAFS with new budget authority that will become available in the ensuing fiscal year under permanent appropriations, such as permanent budget authority in trust funds; and
3. Anticipated and realized collections to be credited to revolving funds.

As required by 31 USC 1513, these initial apportionments are to include estimates for permanent appropriations in trust funds, balances in revolving funds, and other income, such as recoveries of obligations made in the prior year and balances of prior-year budget authority in multi-year and no-year appropriation accounts (OMB Circular A-11, lines 1-6 on the Apportionment and Reapportionment Schedule, Form SF 132).

These initial apportionments shall also provide the estimated full-year obligational authority to be established for revolving and trust funds, i.e., the income anticipated for the entire fiscal year. The amounts apportioned, allotted, and issued as allowances shall be in place and recorded in the accounting system of record by 1 October. Commandant (CG-83) shall establish appropriate controls to ensure that no obligations are incurred against these budgetary resources prior to the receipt of OMB-approved apportionments and corresponding DHS-approved allotments.

OMB policy provides that estimated resources apportioned prior to the start of the fiscal year be made available within an agency's funds control system only to the extent that these resources are realized. Procedures shall be established to guide appropriation managers who are tasked with the development of estimates of the budgetary resources in these initial appropriation and fund accounts. Appropriation managers shall review these estimates early in the fiscal year when final accounting results from the prior year are known and shall be adjusted in later reapportionment requests.

Reapportionments in the revolving funds may also be necessitated by substantial changes in those appropriations that provide the income to the funds. Since the initial apportionments may be made prior to the time congressional action is completed, the estimates of collections to be realized by the funds may be impacted. Higher or lower than anticipated appropriations to the Operating Expenses account or the Acquisition, Construction, & Improvements account, for example, could result in comparable changes in obligations needed by the Supply Fund and Yard Fund to support those appropriations.

New apportionment actions for the current fiscal year are independent of all previous apportionment actions. Subsequent reapportionments supersede previous apportionment actions taken during the year and will cover all transactions from the beginning of the current year.

5.4.3 Monitoring the Status of Appropriation Bills

At the start of each fiscal year, there is normally some period of uncertainty as to the final level of funding that will be available for current-year operations. Appropriations may be delayed and, even if enacted, further actions may be contemplated by the Administration or the Congress that changes the level of funding for programs planned in the initial budget request. Timing requirements for the first apportionment of funds for all resources available in the entire fiscal year is dependent on the date of enactment of appropriations. Appropriate guidance on the status of funds shall be issued prior to the start of the fiscal year by Commandant (CG-8) to all Coast Guard employees with budget execution responsibilities.

Commandant (CG-83) shall submit recommendations to Commandant (CG-8) that will provide general guidance on what obligations may be incurred at the start of year and what measures shall be taken to establish funds controls in the accounting system of record e.g., the point at which to turn on hard funds controls (those automated systems controls that prevent the

recording of an obligation), and soft funds controls (those automated system controls that provide advisory warnings that fund limitations will be breached). The guidance shall address the actions to be taken by financial managers at the start of the fiscal year in the following circumstances:

1. Appropriations have been enacted just prior to the start of the fiscal year, and apportionments have been submitted to OMB.
2. The Coast Guard appropriations are in a conference bill and are expected to be passed within days and sent to the President who is expected to sign the bill into law or veto the bill, and the Coast Guard is covered by a continuing resolution.
3. Appropriations are delayed in Congress, and:
 - a. A continuing resolution is expected to be in place for a short time period; or
 - b. Interim funding under a continuing resolution can be expected for a considerable length of time into the fiscal year.
4. A funding hiatus is anticipated because Congress is not expected to enact either a continuing resolution or regular appropriations at the start of the year.

Commandant (CG-83) shall be prepared to advise Commandant (CG-8) well in advance of these events. The following subsections provide general guidance, which may be superseded by more specific guidance for the current year that might be issued by OMB and DHS related to operations under a continuing resolution and a shutdown of certain operations.

5.5 Actions Taken at the Start of the Fiscal Year

5.5.1 Establishing Funding Under a Continuing Resolution

When annual appropriations have not been enacted by the first day of the fiscal year, Congress usually provides interim financing in the form of a continuing resolution for the continued operation of ongoing programs. In the language of the continuing resolution, Congress prohibits the financing of new programs before the enactment of the regular appropriation for the year. When a continuing resolution has been enacted, Commandant (CG-83) will submit to OMB through DHS, a computation of the amount for each appropriation which, under the terms of the resolution, shall be the basis for fund distribution and funds control over the period covered by the continuing resolution.

5.5.2 Managing Operations under a Continuing Resolution

Congress usually enacts a continuing resolution to cover a limited period of time, such as a month or a calendar quarter. Rarely, Congress enacts a continuing resolution that covers the remainder of a fiscal year. Usually, continuing resolutions do not appropriate specific amounts. Instead, they provide generic formulas for calculating the amounts available for continuing programs at minimal levels (this is addressed in more detail below). The continuing resolution

usually specifies that appropriated amounts will cease to be available when one of the following conditions is met (whichever occurs first):

1. If the activity is later funded by a regular appropriation;
2. If Congress intends to end the activity by enacting an applicable appropriation act without providing for the activity; or
3. As of the fixed cutoff date of the continuing resolution.

Normally, OMB does not require agencies to submit apportionment requests (Apportionment and Reapportionment Schedule, Form SF 132) under a continuing resolution. Instead, OMB issues a bulletin that automatically apportions resources based on the formulas in the continuing resolution. The Coast Guard shall submit written apportionment requests if, for reasons such as seasonality, the normal pattern of obligations is expected to exceed the prorated level calculated under the automatic apportionment.

The Department of the Treasury generally does not issue warrants under a continuing resolution. Treasury warrants are normally issued only upon enactment of the regular appropriation. Exceptions may be made and the Coast Guard may request warrants from the Department of the Treasury through DHS:

1. When the continuing resolution covers specific mandatory Federal payments;
2. On a case-by-case basis after the second quarter of the fiscal year; or
3. If the continuing resolution covers the entire year.

The wording of each continuing resolution is unique and designed to cover the specific circumstances in effect at the time that it is enacted. A continuing resolution generally, but not always, specifies that interim obligating authority is provided at a rate equal to the lesser of: amounts contained in the President's Budget; the lowest amount provided by congressional action to the date of the resolution (House action, Senate action, or conference committee action); or the current rate.

For an annual appropriation, the "current rate" is normally estimated as the amount appropriated for the program in the preceding year. For programs financed from multi-year and no-year appropriations in the preceding year, the current rate has been defined as an amount equal to the total funds appropriated for the previous fiscal year, plus the total of unobligated budget authority carried over from prior years, less the total of unobligated budget authority carried over to the current fiscal year. OMB will issue specific guidance covering these and other terms that are contained in continuing resolutions.

During periods funded by continuing resolutions, obligations shall be restricted to those necessary to carry out essential operations and establish a level of program operations that will be consistent with the likely outcome of congressional action on appropriations for the current year. For appropriations which are managed on a project basis, such as Acquisition, Construction, and Improvement (AC&I), Commandant (CG-83) shall request full year warrants from the Department of the Treasury in amounts consistent with the provisions of the continuing resolution. These projects represent continuations of a prior-year program (such as waterways aids, multi-year aircraft purchase, and cutter rehabilitation program).

Commandant (CG-83) shall issue guidelines whenever funding is temporarily available under continuing authority to cover the many unique conditions and limitations that may be contained in appropriation acts under continuing resolutions. The issued guidance will supplement the following general guidelines that are normally contained in OMB and DHS guidance:

1. Obligations shall be limited to those necessary to maintain and avoid disruption of operations.
2. Obligations shall not be deferred in situations in which they are needed to preserve life and property, or situations in which the delay in obligation causes greater utilizations of funds at a later time.
3. Excessive rates of obligation shall be avoided in sensitive policy areas in which deliberations over final funding levels are still being actively pursued by the Administration and the Congress so as to pre-empt appropriation decisions.
4. Prior-year balances and reimbursable authority shall not be used to increase the rate of obligation for a program or project above the annualized levels prescribed in the continuing resolution.
5. Obligations in the new fiscal year shall not be incurred at an increased rate for levels of effort proposed in the pending President's submission, or in anticipation of congressional increases pending the annual appropriation acts, without the approval of Commandant (CG-83).
6. Program initiatives or new projects scheduled to begin in the current year shall not begin until appropriations are enacted.
7. No hiring, contract awards, or other actions representing program increases shall be taken in anticipation of funding.

Upon enactment of regular, annual appropriations, unobligated balances of budget authority provided under a continuing resolution do not remain available for obligation. Appropriations bills enacted after the start of the fiscal year contain provisions that ratify obligations made in continuing resolutions in anticipation of the regular act, and direct that those obligations be charged to the regular appropriation.

OMB guidance in Circular A-11 for the conduct of operations under a continuing resolution may be found in section 123. In addition, OMB may issue more specific guidance in a bulletin. DHS most likely will also issue guidance.

Agencies under a long-term continuing resolution shall request a warrant from the Department of the Treasury for the annualized level of an amount appropriated by a continuing resolution. These warrant requests shall be made through DHS's Budget Office. DHS is likely to provide further guidelines in addition to those provided below which may be found in *Treasury Financial Manual*, volume 1, part 2, section 2025.20. The Coast Guard shall submit these requests as early as possible to cover obligations incurred under authority of the continuing resolution. When submitting a letter request for the various appropriations of the Coast Guard, include the following:

1. The legislative authority for the request (public law number);

2. Account symbols for the current fiscal year and the amount requested for each account;
3. Amounts appropriated for the account in the prior fiscal year;
4. Amounts of formal budget requests for the current fiscal year (as transmitted in the President's Budget and subsequent amendments);
5. The continuing resolution number, status of the pending legislation, and amounts allowed by the related appropriation bills;
6. Amounts of unobligated balances carried over into the previous and/or current fiscal year;
7. A contact person for additional information; and
8. Commandant (CG-83)'s signature.

Upon receipt of the appropriation warrant request from DHS, the Department of the Treasury will issue a warrant for the annualized level of amounts appropriated. If a subsequent continuing resolution for the fiscal year is enacted, Treasury will not revise the warrant unless the annualized level of the amount appropriated differs from the previous level.

If a subsequent continuing resolution changes the annualized level, agencies shall submit new warrant requests. The Department of the Treasury then will issue new warrants adjusting the previous amounts. When Congress enacts the regular appropriation bill, Treasury will make any necessary adjustments to those amounts. Generally, the warrant prepared for the enacted appropriation bill requires no special action by or letter from the agency. Normal procedures for warranting regular appropriations apply.

Treasury will handle programs exempted from the normal provisions of a continuing resolution individually (for example, a specific amount appropriated separately or the appropriation of an amount not based on the specified rate). Amounts provided under continuing resolutions are subject to apportionment. Each fiscal year, Treasury will monitor the progress of the appropriation bills through the second quarter and will advise agencies when the continuing resolution process will be invoked.

5.5.3 Managing Operations in the Absence of Appropriations – Funding Hiatus

A funding hiatus occurs when there are no budgetary resources available for an activity, because neither regular appropriations nor a continuing resolution has been enacted for the fiscal year, and funds that do not require current action by Congress, such as unobligated balances, are not available. At the onset of a funding hiatus, the Coast Guard shall execute plans to shut down operations. During an absence of appropriations, the Coast Guard must limit obligations to those essential to maintain the minimum level of essential activities necessary to protect life and property. Exceptions to this requirement may be made through guidance issued by DHS to support a planned number of personnel who are military, law enforcement, direct health care providers, or personnel identified as essential.

Additional information on this subject may be found in Chapter 6, Continuing Operations without Appropriations.

5.5.4 Preparing Apportionment and Reapportionment Actions Upon the Enactment of Appropriations

OMB Circular A-11, section 120.37, requires the submission of apportionment requests from DHS within 10 calendar days from the enactment of appropriations. OMB provides for the expediting of apportionments in unusual circumstances in advance of the statutory requirements given OMB to apportion funds. DHS normally issues guidelines for submission requirements that establish submission timelines and requirements for supporting information. The Coast Guard's Financial Management Operating Plan (FMOP), and its companion summary, the Monthly Execution Report, has served as the primary source of supporting information.

Commandant (CG-83) shall begin preparing the Apportionment and Reapportionment Schedule, Form SF 132, schedules as soon as the likely outcome of congressional action is known. In some cases, certain appropriations with carry-over balances may have been apportioned to meet the requirements discussed in the preceding subsection. These reapportionments shall request the appropriated amounts just enacted and, where necessary, revised estimates of other budgetary resources available to an account previously apportioned.

5.5.5 Establishing and Recording Apportionments, Allotments, and Suballotments

Commandant (CG-83) shall record the Coast Guard's apportionments, allotments and suballotments, as budgetary accounting transactions using the U.S. Standard General Ledger (USSGL) accounts and related transaction coding to conform to TFM Supplement S2-08-02 as required by the Federal Financial Management Improvement Act. The receipt and recording of apportioned budgetary resources by Commandant (CG-83) establishes requirements and restrictions for budget execution and shall occur before recording the allotments and suballotments of budgetary resources. Normally, the amounts allotted will equal the amounts apportioned since DHS has determined that the apportionment schedule shall be considered the allotment of funds to the Coast Guard. In no circumstances shall allotments issued within an account exceed the apportioned funds.

In preparing Apportionment and Reapportionment Schedule, Form SF 132, Commandant (CG-831) and funds managers will follow the guidance provided in OMB Circular A-11 in sections 120, 121 and 122 and supplemental guidance provided by the DHS *Financial Management Policy Manual* (FMPM). Additionally, for each line item amount reported on the Apportionment and Reapportionment Schedule, Form SF 132, Commandant (CG-831) will provide any supporting documentation prescribed by Commandant (CG-83). For many line items, this supporting documentation will be recognized and recorded as new budget authority as provided in the appropriation acts, and appropriation warrants issued by the Treasury. Treasury warrants shall be checked to establish that the appropriate funding sources agree with the amounts contained in the final appropriation act. In particular, Commandant (CG-831) shall confirm that Treasury does not include amounts from the Oil Spill Liability Trust Fund in Operating Expenses (OE), Acquisition, Construction, and Improvement (AC&I), and Research, Development, Test, and Evaluation (RDT&E) Treasury warrants. The General Fund warrants for these appropriations should exclude the trust fund amounts to be transferred to the accounts

when the appropriation language specifies a total that includes the trust fund transfers. Other supporting documentation may include:

1. Estimates and justifications for recoveries and offsetting collections;
2. OMB written direction for deferrals of budget authority; and
3. Documentation developed by Commandant (CG-831) and funds managers to support reapportionment of unobligated balances and anticipated recoveries of unpaid obligations.

After Commandant (CG-831) prepares the Apportionment and Reapportionment Schedule, Form SF 132, with supporting documentation, it is forwarded to Commandant (CG-83) for internal agency approval. During the review and approval, Commandants (CG-83) and (CG-831) shall confirm the accuracy of the Apportionment and Reapportionment Schedule, Form SF 132, amounts, review the supporting documentation, and confirm that the submission complies with OMB and DHS policies and guidance. Additionally, Commandant (CG-83) shall monitor all submissions to confirm that all appropriations managers within Commandant (CG-831) prepare and submit apportionments, unless the Coast Guard has written OMB authorization to obligate and expend certain funds without apportionment.

As required by OMB and/or DHS, Commandant (CG-831) shall allocate its available budgetary resources within Apportionment and Reapportionment Schedule, Form SF 132, section 8 (“Application of Budgetary Resources”) to Category A and Category B divisions. Category A apportionments are by time period, e.g., quarter. Category B represents divisions by major programs, projects, or activities (PPAs), as provided within the President’s Budget request, or PPAs specified within Congressional Report language. Either DHS or OMB may amend the Apportionment and Reapportionment Schedule, Form SF 132, during the process as DHS reviews and OMB approves the document. When approved, the apportionment and its accompanying allotment provide the Coast Guard with authority to obligate, expend, and disburse Federal funds by TAFS, apportionment category, and time period.

Upon receipt of the approved Apportionment and Reapportionment Schedule, Form SF 132, Commandant (CG-831) shall execute the apportionment. Since the DHS *Financial Management Policy Manual* (FMPM) states that OMB-approved apportionments shall serve as DHS-approved allotment advice documentation to the Coast Guard, DHS allotments to the Coast Guard will generally be in the same amount as the OMB-approved apportionment. Therefore the total amount of apportioned budget resources for each Apportionment and Reapportionment Schedule, Form SF 132, shall serve as the allotment amount for that appropriation or fund for the period of the apportionment unless DHS has issued an allotment at variance with the apportionment.

Commandant (CG-831) shall provide date-stamped copies of the Apportionment and Reapportionment Schedule, Form SF 132, to FINCEN for the posting of USSGL allotment transactions. These postings shall be made immediately upon receipt. This standard also applies to later reapportionments. The exception to this policy shall be if DHS has issued specific signed allotment advice to the Coast Guard for an apportioned TAFS; in this case the DHS allotment advice document serves as the Coast Guard’s allotment.

In some cases an account may require the establishment of suballotments to enhance management controls and to meet specific legal limitations and ceilings. When allotments are further subdivided to control specific legal limitations within an apportionment, those subdivisions will be clearly established through the issuance of appropriate documents to support the recordation by FINCEN.

5.5.6 Preparing the Final Financial Management Operations Plan (FMOP)

The Coast Guard's FMOP defines its financial management objectives. The FMOP guides and informs senior managers at the start of each fiscal year of resource levels available to carry out their program missions. As the plan is modified throughout the year, many of the changes to the plan are documented to form the budget base for the following fiscal year's budget submission. Thus, the FMOP represents the bridge between the Budget Formulation and Budget Execution processes. While the final FMOP is issued in the first quarter of each fiscal year, its development is begun well before the start of the fiscal year. The FMOP serves these important BRM functions:

1. Documenting congressional action on the President's Budget request, including the distribution of budget authority to each appropriation's allowances.
2. Supporting the amount of budgetary resources in each appropriation and fund account, and their application by program, project, activity, and quarter established in apportionment requests to DHS and OMB.
3. Serving as the basis for DHS-mandated operating plans. For example, the Monthly Execution Report (MER) and supporting the allotment of resources issued by DHS to the Commandant.
4. Delineating specific funds control objectives and communicating these control requirements to senior management for each major appropriation and fund.
5. Defining the amounts available for obligation in higher-level fund distributions (at the allowance level) for each major appropriation and fund.
6. Establishing a baseline for further management and tracking of changes to budgetary resources at the allowance level of funds control.
7. Establishing a benchmark for the review of financial performance and status of funds at the allowance level, and serving as the limit for defining the amounts to be included for related financial plans at the target and program element levels.
8. Serving as a bridge linking the budget execution functions in the current year and the baseline needed to perform budget formulation functions in the ensuing budget year.

5.5.6.1 Coordinating with the Budget Formulation Function

The compilation of the FMOP and the formulation of the budget documents for the next fiscal year reflect a continuum of activity within the Commandant (CG-8) organization. The effective coordination of these budget execution and budget formulation functions is essential to

maintaining the integrity of the Coast Guard's financial management operations. These policies and related procedures, when strictly observed, shall provide the assurances to DHS, OMB, and Congress that:

1. The Coast Guard budget submitted in each fiscal year reflects an accurate depiction of the budgetary resources obligated and spent for the various programs, projects, or activities (PPAs) in the prior-year column for each appropriation.
2. The execution of the budget in the prior year was carried out within the same structural framework and within the amounts appropriated within that framework for that year.
3. The current-year amounts represent the distribution of budgetary resources to the PPAs in the current Financial Management Operations Plan (FMOP) as provided for in the most recently enacted appropriation bill.
4. The budget base and proposed labor and non-labor pricing increases represented for each PPA in the latest budget submission reflect the necessary adjustments to the current-year amounts reflected in the current FMOP to maintain the PPAs at generally the same program levels in the budget year.
5. The FMOP for the current year reflects the distribution of congressional increases and decreases to PPAs in a manner consistent with committee reports and directions.

5.5.7 Meeting OMB Financial Plan Requirements

OMB Circular A-11, section 120.22, prescribes that Federal agencies are to develop financial plans that support apportionment requests. The distribution of apportioned amounts is based upon a careful forecast of obligations to be incurred under the project plans and operations during the year. Ensuing sections of the Circular prescribe:

1. The coordination of the financial plan's format and detail with OMB in advance of the submission of apportionment requests. The specific requirement for supporting information for the Apportionment and Reapportionment Schedule, Form SF 132, is established by the OMB examining division staff who review and approve the apportionment request. Requirements may include some of the following types of information, or include other data submissions requested by the OMB Budget Examiner.
2. A brief narrative on how requests by time period (Category A apportionments) were developed. For example, whether seasonal or similar variations in the apportionment request require apportionments in varying quarterly amounts.
3. A description of the programs, projects, or activities that comprise each Category B apportionment.
4. If requested by OMB, full-time equivalent (FTE) data backing up the apportionment on a monthly, quarterly, or other basis, depending on the nature of the obligations customarily made in the appropriation.

5. The inclusion of sufficient supporting data with apportionment and reappropriation requests to justify the financial requirements set forth therein, e.g., performance goals and performance indicators including output and outcome measures when possible.

These general requirements have been established in OMB Circular A-11 policy but may be amended by the OMB examining division staff that reviews and approves the Coast Guard's apportionment requests. Commandant (CG-831) shall coordinate and confirm specific supporting material requirements with DHS and OMB.

5.5.8 Meeting DHS Operating Plan Requirements

DHS budget execution policies prescribe that the Coast Guard prepare and maintain annual operating plans for submission to DHS. DHS's annual guidance on budget execution should be reviewed, and these policies and procedures updated to reflect changes.

The Coast Guard plan should be structured to reflect the entities used to implement congressional decisions made in the latest DHS appropriations act. The plans must list the programs as approved in the appropriations process (e.g., the program, project, or activity (PPA) structure in DHS appropriations conference committee reports), the number of full-time equivalent (FTE) personnel funded, the available amount and sources of required funds, the phased implementation of programs, and the financing during the fiscal year.

The DHS's Budget Division will meet with Commandant (CG-831) to review operating plans. During the course of the year, the Budget Division will be responsible for the review of annual obligations in conjunction with the operating plan. DHS normally conducts formal reviews for first quarter results in February and mid-year results in May.

The focus of the reviews will be to analyze the obligation of resources to judge whether funds are being administered in accordance with the purposes for which they were authorized and appropriated. Staffing levels, including onboard strength and vacancies, and progress on achieving performance metrics will be included in the review. The Monthly Execution Report is a valuable tool for analyzing current agency operations and the status of funds shall reflect the most current data. The framework for this report is discussed below.

The DHS Budget Division, with input from Commandant (CG-831), will review the obligations to date and the projected surplus or deficit for each Coast Guard appropriation and program, project, or activity (PPA). Funding projections will include the planned carryover of funds into the current fiscal year, as displayed in the financial plan. These analyses will be reported to DHS's senior leadership. If significant deviations from the plan materialize (usually an underutilization of funds greater than 10 percent) and cannot be justified to DHS Budget Division staff, the DHS CFO may initiate formal correspondence or meetings with Coast Guard leadership to resolve any potential differences and, where necessary, initiate the reprogramming or appropriation transfer notification process to divert funds to programs in greater need of available funding.

DHS policies prescribe that the Coast Guard review its operating plans and provide updates as necessary that reflect significant changes. These updates include adjusting the plans to reflect changes made from supplemental appropriations, reprogrammings (both internally and externally

approved), rescissions, transfers, and/or revised personnel authorizations or ceilings during the operating year, and/or other changes that require an apportionment change. General Coast Guard policies for managing and controlling FMOP changes are provided in subsection 5.6.24 .

The Coast Guard operating plan submission (currently referred to as the “Monthly Execution and Staffing Report”) shall represent a summary of the FMOP. The appropriations to be included in the plan shall be determined by DHS. The plan shall be compiled monthly to provide a summary status of funds by appropriation with supporting detail of the PPAs included in the appropriation. Financial data for each PPA shall include the following data elements:

1. The budget authority provided in the annual appropriation act;
2. Any rescissions of authority enacted subsequent to the annual appropriation’s enactment;
3. Supplemental appropriations enacted subsequent to the annual appropriation’s enactment;
4. Transfers of authority to or from other Federal agencies accomplished by issuance of a Nonexpenditure Transfer Authorization, Form SF 1151, to the Coast Guard;
5. The current amount of unobligated balances carried forward from prior years in multi-year and no-year appropriations;
6. The recoveries of amounts obligated in prior years in multi-year and no-year appropriations;
7. Undistributed obligational authority representing apportioned authority available but not released to the PPAs (e.g., Category A amounts apportioned to later quarters);
8. Amounts allotted to the PPAs in the funds controls of the system of record;
9. Current-year obligations reported in the system of record;
10. Unobligated authority carried forward from the prior year in unexpired accounts;
11. Beginning unexpended obligations;
12. Current-year expenditures to date;
13. Unexpended obligations;
14. On-board strength for civilian and military personnel; and
15. Number of contract employees.

As an integral part of DHS’s financial review, the Coast Guard shall compare the amounts reported above with the comparable data elements reported in the Report on Budget Execution and Budgetary Resources, Form SF 133. An analysis and discussion of the differences between the two reports shall be provided as an attachment to the Monthly Execution Report Submission. Further policy and procedures for Report on Budget Execution and Budgetary Resources, Form SF 133, and other appropriation-level monitoring is provided in subsection 5.6.27 below.

DHS is required to submit periodic reports to OMB on Federal outlays to assist in the monitoring of spending and to improve Treasury Department forecasts of the Government’s daily cash operating balances, borrowing requirements, and debt subject to legal limits, including trust and special fund investment activity. This requirement is discussed in section 135 of OMB Circular

A-11 and is supplemented by periodic DHS guidance. Realistic outlay estimates, particularly for the immediate six-month period, enable Treasury to borrow only amounts needed to finance Government activities, thus reducing interest costs and overall cash balances maintained in the Treasury. DHS is required to report a CG-wide total of outlays by month for all appropriations.

DHS guidance normally requests that the Coast Guard identify expected congressional actions that will raise or lower estimates, discuss any other events that have caused or are expected to cause significant fluctuations in the normal outlay pattern, and specify whether they have been included or excluded from the submission plan.

5.5.9 Establishing Operating Plans within the Coast Guard Funds Control Structure

The Coast Guard's funds control hierarchy below the appropriation level includes the allowance, target, and program element levels. Appropriation level controls are established through OMB's issuance of apportionments of budgetary resources and DHS's issuance of allotments at the appropriation level to the Commandant of the Coast Guard. These control points are prescribed in law and OMB/DHS regulations. Below the appropriation level, the Coast Guard has considerable flexibility in establishing the funds control structure within each appropriation. (See *Principles of Appropriations Law*, Third Edition, volume II, p. 6-142.)

Commandant (CG-831) for each appropriation or fund is hereby given the authority to determine the specific elements of funds control needed to meet Coast Guard funds control objectives. In most cases, Commandant (CG-831) is carrying out the budget decisions made by Commandant (CG-8) in deliberations with the executive staff of the Coast Guard. These elements shall also serve as the basis for defining the structure of the FMOP (at the allowance level) and the various operating plans derived from the FMOP document ("spend" plans developed at the target and program element levels). Commandant (CG-831) shall maintain documentation of the funds control structure and delegate the funds control responsibilities in writing to a designated allowance manager. In exercising this authority, Commandant (CG-831) shall observe the following general guidelines in establishing and applying the following elements of funds control:

5.5.9.1 Allowances

1. At least one allowance shall be established within each appropriation and assigned to an individual to carry out the numerous responsibilities defined for an allowance manager throughout these BRM guidelines and other Coast Guard policies.
2. Multiple allowances shall be established in the larger appropriations to the extent needed to define funds control limitations enacted within each appropriation. Examples include earmarks established in language, separate Category B apportionments established by OMB, and divisions needed to define category. PPAs are established in subsection 5.6.25.1 for the purpose of conforming to reprogramming policies.

3. Commandant (CG-831) shall establish written guidelines for each appropriation manager, establishing the authority to shift or reprogram funds from one allowance to another within the appropriation.
4. Commandant (CG-831) shall be authorized to process the shift or reprogramming of funds between allowances (currently designated as a Change in Financial Plan (CIFP)). The chart at subsection 5.6.25 provides an example of the process of assigning authority and responsibilities for fund distribution.
5. Where necessary, Commandant (CG-831) shall identify amounts that need to be earmarked for obligation for specific purposes, and, if necessary, establish a reserve of allowance funds for those purposes. Commandant (CG-831) has the authority to withhold and reserve amounts from the allowances in order to meet unforeseen requirements of the appropriation that are not covered by the allowances, or to provide for contingencies within the appropriation. For example, highly volatile price fluctuations for certain goods and services, e.g., fuel, may require the reservation of funds from other object classes of expenditure to meet year-end requirements for fuel.
6. Groupings of allowances may be used to define these limitations and other funds control entities required to improve the management of funds.
7. Commandant (CG-831) should avoid establishing excessive numbers of allowances that result in an inflexible, rigid control structure that impedes the movement of funds to meet changing mission needs, requires an excessive number of personnel needed to coordinate major redirections of budgetary resources in budget execution, and necessitates the use of considerable overhead resources to administer and control the flow of funds.
8. Commandant (CG-831) shall periodically confirm that the sum of amounts distributed to each allowance within the FMOP, the amount of funds entered into the system of record, and related budget execution reports, (e.g., Report on Budget Execution and Budgetary Resources, Form SF 133, and internal fund-monitoring reports) are consistent with the total amounts of budgetary resources available for obligation within each appropriation as provided in apportionments made by OMB and allotments issued by DHS.
9. Commandant (CG-831) shall require operating plans for each allowance. These plans generally include the distribution of funds by main object classification, by quarter. These plans shall be monitored throughout the year as provided in subsection 5.6.26 below to maintain positive balances for the appropriation.

5.5.9.2 Targets

1. Allowance managers, in consultation with and at the direction of Commandant (CG-831), shall establish the targets that represent appropriate organizational and geographical groupings within each allowance. The establishment and definition of targets is dictated largely by executive staff of the Coast Guard in the budget formulation and other management processes. Allowance managers shall transmit target amounts to a specific individual within the target entity to carry out the numerous responsibilities outlined for target managers in this and related Coast Guard policies. The allowance manager, in the

delegation of authority to the target manager, shall convey the authority to redistribute funds from one target manager covered by the allowance to another target manager. Such delegations shall establish certain thresholds for the redistribution of those amounts and establish any other terms and conditions governing the movement of funds.

2. Funding is generally provided to targets when a project, facility, program, or requirement is first established. For districts, a system of budget forecasting – the District Budget Model – may be applied to determine the distribution of funds. In subsequent years this funding generally becomes a part of the target base. (The base is automatically provided each year at the same level as in previous years, unless significant changes to requirements, including cost of living adjustments, occur). When a facility is decommissioned or a requirement is no longer needed, funding is withdrawn from the base. Each major Headquarters unit, as defined and documented by Commandant (CG-831), shall be treated in much the same manner as a target.
3. When issuing target amounts, allowance managers shall inform target managers of any special limitations that apply to the target. For example, target managers should be advised specifically when portions of the amount distributed to the target may pertain to certain suballotments of funds for a certain purpose (e.g., programs, projects, or activities funded in specific amounts in language within the appropriation) that is subject to the Antideficiency Act.
4. Allowance managers shall allocate amounts to each target so that the totals allocated do not exceed the amounts provided to the allowance within the FMOP, the related funds controls entered into the accounting system of record, related Monthly Expenditure and Staffing Reports, and other reports prepared for the purpose of monitoring the status of funds.
5. Smaller appropriations may not require a target level of funds control to provide adequate safeguards over the rate of obligation and application of budgetary resources.
6. Allowance managers, in consultation with Commandant (CG-831), shall direct the development of appropriate target operating plans, e.g., a distribution of main object classes by quarter, to support the funds control requirements established within the allowances reflected in the FMOP.

5.5.9.3 Program Elements

1. Target managers, in consultation with and at the direction of related appropriation and allowance managers, shall establish program elements to serve as the basic building blocks within the funds control hierarchy.
2. All appropriations and funds covered by these BRM guidelines shall establish at least one program element within each Treasury Appropriation Fund Symbol.
3. All obligations managed within the FMOP shall be made from a program element that is clearly linked to a related target and allowance within the appropriation.

4. The authority to establish program elements may be delegated by Commandant (CG-831) and allowance managers to the target manager.
5. The target manager shall require that program elements be executed with a positive balance and that no financial transaction shall be approved which causes a negative balance.
6. The target manager may require the development of program element operating plans. For example, planning by “object class codes,” including expenditure by quarter, and monitoring expenditure rates to the extent necessary to keep the target’s obligations within its funds control limits.
7. Care should be exercised in establishing only those program elements required to execute the budget efficiently and effectively. The establishment of excessive numbers of program elements can result in a highly fragmented budget execution plan for the appropriation, because it can result in numerous small balances at year-end that require excessive time to properly manage.

5.5.10 Coordinating Legal Requirements from Appropriations Language with the Judge Advocate General & Chief Counsel (CG-094)

5.5.10.1 Appropriations Language Review Process

Prior to the enactment of Coast Guard appropriations, Commandant (CG-831) shall continually monitor and review the specific versions of appropriations language coming out of the House, Senate, and conference committee reports. The review shall focus on structural changes in appropriation language from the appropriations enacted in the prior year. Commandant (CG-831) shall analyze these changes to determine the extent to which the Coast Guard’s funds control structure might need modification. Examples of such changes might include:

1. Specific earmarks in language added for programs, projects, or activities;
2. Provisions carving specific amounts out of appropriations made in a lump sum in prior years for specific purposes established in language for the current year; and
3. Stipulations or conditions that must be met prior to the Coast Guard or DHS making funds available to program managers.

As these changes are reviewed and developed further in the appropriations process, Commandant (CG-831) should consult informally with Commandant (CG-094) legal staff to determine the effects of enactment of these provisions on the Coast Guard’s funds control system. For example, certain changes made in the appropriation language may impose a new condition or limitation subject to the Antideficiency Act’s provisions. FINCEN and other financial systems staff should be kept apprised of these developments to make systems changes and publish classification structure changes required to support funds control. These actions should be taken in a timely fashion after enactment of the Coast Guard’s appropriations.

These language changes should also be reviewed to determine whether the language changes might require a modification to the apportionment request to OMB. For example, specific

earmarks of amounts for specific programs, projects, or activities that were previously only contained in conference appropriation reports – and not in the language of the appropriation act itself – should generally be treated as separate Category B apportionments within the Treasury Appropriation Fund Symbol of that appropriation. This change will provide the necessary breakout of obligations related to the Category B limitations and the status of obligations against those limitations in the external Report on Budget Execution and Budgetary Resources, Form SF 133, reports. The obligation of funds in excess of the earmarks prescribed in language and/or the comparable amount established in the Apportionment and Reapportionment Schedule, Form SF 132, constitute violations of the Antideficiency Act.

After completing the appropriations language review, Commandant (CG-831) shall issue an analysis of all appropriations language changes (other than changes to amounts), providing the following information:

1. A side-by-side comparison of current and prior-year language provisions;
2. An explanation of the purpose for the change contained in committee reports and other informal contacts with Appropriations Committee staff;
3. A description of the effect of the language change on the funds control system (e.g., “required the establishment of a new Category B apportionment” or “required the addition of new allowance-level controls”);
4. An identification of the systems changes or the changes in monitoring required to comply with the new language provisions (agreement should be reached with FINCEN on the funds control techniques that will be employed to administer the new provisions); and
5. An identification of the individual(s) responsible for compliance with the stipulations in the appropriations language.

In many instances some appropriations language may contain nonmonetary limitations on fund use. For example, a limitation on the purchase of certain numbers of passenger vehicles may be included. The appropriations language review shall identify the types of procurement or other administrative controls that will be used to meet these and similar legislative provisions, and the individual or organization that will be responsible for compliance. The appropriation language review shall also include any special provisions contained in the DHS general provisions that apply to the Coast Guard and any Governmentwide general provisions contained in Treasury’s appropriation.

On occasion, an appropriation act provision may establish a floor on spending for a specific line item in the Coast Guard budget. These provisions are generally considered to preclude the use of the designated funds for any other purpose. The FMOP should identify these and similar circumstances that apply to the funding distributions contained in the plan.

The appropriations language review shall be incorporated as an integral part of the FMOP and distributed to Coast Guard component organizations to increase awareness of the legislative framework in which the budget must be executed. The review should be maintained indefinitely as a record to define the history of funding decisions, their rationale, and the changes in the budget structure of the Coast Guard.

5.5.10.2 Delineating Appropriations Language and Reprogramming Limitations in FMOP Documents

Commandant (CG-831) shall take the opportunity, upon the release of the FMOP, to remind allowance managers of the general requirements of the Antideficiency Act as discussed in Chapter 3. Allowance managers may be fully aware that they could be held responsible for an Antideficiency Act violation if an overobligation of authority in their allowance causes the overobligation of amounts apportioned and/or allotted to the appropriation as a whole. However, these managers may not be aware of potential violations of the act that pertain to special limitations passed by the Congress. Therefore, Commandant (CG-831) shall clearly delineate in its portion of the FMOP any special limitations that may apply to the distribution of funds to the allowances within the appropriation. Allowance managers should be constructively notified in the plan when there are special limitations subject to the Antideficiency Act within the appropriation. When, for example, a provision of the appropriation act identified in the appropriation language review establishes a ceiling on a specific project, program, activity, object class, etc., the FMOP shall identify, in the body of the plan or in a footnote, those allowances whose funding is subject to those provisions. See subsection 5.5.11 for additional information on statutory and administrative ceilings.

The FMOP for each appropriation should also be formatted in a manner that groups the programs, projects, or activities within the appropriation into the reprogramming entities established by Congress. These groupings should establish the reprogramming thresholds discussed in subsection 5.6.24.2 below.

5.5.11 Statutory and Administrative Ceilings – Ceilings in the Authorization Process

Coast Guard authorization acts contain specific levels for end-of-year active duty military strength. The Assistant Commandant for Human Resources (CG-1) manages the active duty strength based on the section of the act that specifies authorized levels of military strength and training. The Selected Reserve strength enacted in the DOD authorization act identifies the “maximum” authorized strength of the Coast Guard Selected Reserve. It requires Commandant (CG-1) to maintain the selected reserve strength (within that maximum) at a number that can be fully trained at the funding level appropriated.

5.5.11.1 Civilian Employment Ceilings

Coast Guard budget allowances for the budget year usually include FTE ceilings on full-time permanent civilian employment. Increases to the FTE ceiling for part-time and temporary employment can come from the full-time FTE ceiling.

An FTE ceiling represents the total number of work years that an agency may incur in each category. The OMB and Congressional Stage allowances normally include an update of the current-year ceiling. The Office of the Secretary for the Department of Homeland Security issues this ceiling to the Programs Division. Commandant (CG-83) allocates FTE using the Personnel Allowance List. DHS and their Office of Personnel receive a monthly report detailing

civilian employment. Commandant (CG-83), Office of Resource Management, has Civilian Pay Managers who monitor and report on FTE ceilings and allocations within the Coast Guard.

5.5.11.1.1 Interim Ceilings and Hiring Constraints

In addition to the OMB-imposed 30 September ceiling, it is possible that the Secretary might wish to impose more restrictive controls. This may be in the form of hiring constraints (e.g., three-for-four) or total employment targets for other than 30 September. The Coast Guard manages these targets, and Commandant (CG-83) allocates the amount received. As far as the Coast Guard is concerned, both ceilings are equally binding, but the opportunity for relief from departmental-imposed ceilings is obviously greater.

5.5.11.2 Cash Outlay Ceilings

Cash outlay ceilings are additional administrative controls that OMB can impose. This is normally received as a total ceiling for all appropriations and funds. Updates occur upon receipt of budget-year allowances, and after Congressional action on pay, supplemental, and regular appropriations. Commandant (CG-83) is responsible for outlay estimates, allocation of ceilings to various appropriations, and periodic reports to DHS. Commandant (CG-8) establishes controls when necessary.

Outlay ceilings are a subdivision of a statutory ceiling imposed on the executive branch by Congress. The Coast Guard must request authority from DHS in order to exceed outlay ceilings.

5.5.11.3 Other Ceilings in Appropriation Language – Passenger Vehicles

Appropriation language limits the number of passenger vehicles the Coast Guard may purchase each year, whether for replacement or for new acquisition. The definition of passenger vehicles includes sedans, station wagons, ambulances, and buses. A vehicle transferred from another Federal Government department constitutes a purchase. A detailed explanation of the Coast Guard vehicle program is located in the *Motor Vehicle Manual*, COMDTINST M11240.9 (series).

5.5.11.3.1 Operation of Aircraft

The number of aircraft, including helicopters, which the Coast Guard may operate during a fiscal year, comes from the prior authorization or appropriation language. This limitation does not include aircraft in storage, but it does include those “support” aircraft that are used to replace aircraft withdrawn from air units for overhaul or other purposes. The Assistant Commandant for Capability (CG-7) is responsible for managing this ceiling.

5.5.11.4 Dependent Schooling Overseas – DOD Ceiling

14 USC 657 includes a provision authorizing payment of tuition for overseas dependents in primary and secondary schools under specified conditions at costs not greater than those of the DOD for the same area. DOD administratively determines this ceiling. Commander, Coast

Guard Personnel Command is responsible for liaison with DOD and enforcement of this limitation.

5.5.11.5 Federal Debt Ceiling Restrictions

31 USC 3101 establishes the maximum amount that the Federal Government may borrow to discharge its obligations (commonly referred to as the “debt ceiling”). When this maximum amount has been reached, the Federal Government may not borrow additional money to meet its payment obligations. This may affect the Coast Guard’s ability to make payments, incur obligations, or hire employees. Should such a situation exist, Commandant (CG-8)/CFO will issue an ALCOAST directing appropriate action.

5.5.11.6 Travel and Other Ceilings

Administrative ceilings frequently govern travel and other administrative costs. Policies and procedures related to ceilings will be provided, usually by FINCEN or by Commandant (CG-84), in conjunction with the directive establishing the ceiling.

5.5.12 Formulating and Establishing the Financial Management Operations Plan (FMOP)

An FMOP shall be prepared for every Coast Guard appropriation or fund, unless that entity is exempted by Commandant (CG-83). Commandant (CG-831), in consultation with the counterpart budget analyst from Commandant (CG-82), shall develop an appropriate format that is commensurate with the size, scope, and complexity of each appropriation. In establishing the FMOP format for each appropriation and fund, the respective analysts from Commandants (CG-82) and (CG-83) shall develop a form and content for each appropriation and fund that meets the following criteria:

1. The plan shall be formulated to execute the appropriation in the same format as it was formulated and presented to the Appropriations Committees in the Congress. The entities presented in the budget shall be represented in the FMOP (e.g., with comparable listings of PPAs in the congressional budget justification documents and the related committee reports used to communicate the status of the budget as it is being marked up within the committees).
2. The plan shall identify the several line-item requests made in the President’s Budget, reformulated to reflect the proposals made in the congressional budget justification materials. The plan shall identify the proposed changes to the base for each resource proposal maintained in the budget formulation system of record, and the disposition of those items by the Congress in its action on the annual appropriation request.
3. Where appropriate, those appropriations that are subdivided into PPAs shall provide a distribution of the request into the appropriate allowances established for funds control purposes. The FMOP document may extend below the allowance level of funds control to the extent needed to reflect the divisions established by the Congress in Appropriations

Committee reports. In some cases, the congressional action may reflect an “undistributed” increase or decrease in funding outside the resource proposal line items. The FMOP shall serve as the definitive authority for the distribution of those amounts (either increases or decreases) to the allowances (and/or lower levels in the funds control hierarchy where appropriate) established for the appropriation. The FMOP distribution shall serve as the basis for establishing the amounts to be recorded in the accounting system of record for allowances.

5.5.12.1 Congressional Requests

The Congressional Requests portion of the FMOP shall reflect the following elements of the enacted annual budget approved by the Congress:

1. Programmatic increases contained in the President’s Budget that increase levels of effort within and among the Coast Guard missions (e.g., staffing increases, the addition and modification of ships and shore facilities, and major equipment acquisitions);
2. Programmatic decreases assumed in the President’s Budget (e.g., the decommissioning and disposal of obsolete assets);
3. Pricing increases required to maintain the level of services in the prior year (e.g., pay increases, non-pay price increases for goods and services, GSA rents, fuel);
4. Technical adjustments required to maintain full-year funding for budgetary changes made in the prior year (e.g., the annualization of pay increases and programmatic increases received after the start of the preceding fiscal year);
5. Transfers of resources and related functions within the individual Coast Guard appropriations, and to and from other Federal agencies; and
6. Movements of resources among allowances related to reorganizations of Coast Guard functions.

5.5.12.2 Congressional Stage Adjustment

The Congressional Stage Adjustment portion of the FMOP shall reflect the actions taken by Congress on the DHS appropriations act including:

1. Program increases or decreases to specific line items contained in the congressional requests discussed above;
2. Congressional initiatives to add resources for line items not requested in the President’s Budget;
3. Undistributed increases or decreases specified by Congress to offset other funding decisions made by the Appropriations Committees; and
4. Undistributed reductions in funding that may be specified by Congress to offset congressional increases.

5.5.12.3 *Reimbursables*

The reimbursables section of the FMOP identifies the obligational authority anticipated for the entire year from reimbursement agreements that will be concluded with other Government agencies. A reimbursable section shall be provided in the plan for every appropriation that anticipates reimbursable funding of more than \$5 million dollars. Allowance managers shall be issued obligational authority that corresponds to the value of interagency agreements concluded up to that point in the fiscal year. A monthly financial report shall be provided that shows the current status of the estimated reimbursable program contained in the FMOP, those amounts realized in concluded interagency agreements, and anticipated amounts of reimbursements expected through the balance of the fiscal year. Estimates for anticipated reimbursements shall never be issued in the funds control system until a valid reimbursable agreement has been concluded. Thus, the FMOP related to reimbursables is divided into two parts:

1. The Realized Reimbursements section identifies the amounts concluded in reimbursable agreements with other Government agencies that will be added to the appropriations and other budgetary resources available to each appropriation.
2. The Anticipated Reimbursements section identifies reimbursable agreements that are expected to be concluded with other Government agencies. This section shall include all reimbursements that have not been formally signed by both the Coast Guard and the ordering agency, whether or not the value of the reimbursable work has been determined. The amounts shown in this portion of the FMOP represent placeholders for planning purposes. These amounts are not available to allowance managers as obligational authority, but only represent estimates of additional obligational authority to be added to that allowance when a reimbursable agreement is concluded.

Section 7.11, Reimbursable Agreements, identifies the conditions for accepting reimbursable work. One of these conditions requires the determination that the reimbursable work can be performed without adversely affecting regular, direct Coast Guard programs. The inclusion of an anticipated reimbursable agreement in this portion of the FMOP and the scope of work as reflected in the amount represents the policy approval of the item. Agreements added to the FMOP, or agreements whose scope is increased by adding substantially to the amounts reflected in the FMOP, shall require policy approval prior to the establishment of the reimbursable agreement. Upon the issuance of the FMOP, Commandant (CG-831) shall establish appropriate guidelines, including threshold amounts, for obtaining approval for changes in scope of approved reimbursable work.

The amounts reflected in both the realized and anticipated reimbursements section are normally equivalent to – but should never be greater than – the combined realized and anticipated reimbursements lines on the most recent apportionment approved by OMB. If reimbursable work is anticipated in excess of the total amounts provided in the latest apportionment schedule, a reapportionment request to increase the anticipated amounts should be made as soon as possible.

5.5.12.4 Unobligated Balances

The FMOP shall provide, for each appropriation containing multi-year and no-year Treasury Appropriation Fund Symbols, the latest estimated amounts of unobligated balances from prior years. These estimates shall be distributed in the plan to the allowance level, and in some appropriations, to lower levels where necessary to identify distributions by project, program, or activity. These amounts should be derived from unobligated balance amounts contained in the most recent apportionment request to OMB.

5.5.12.5 Recoveries

Recoveries of prior-year appropriations may represent significant resource levels in some multi-year and no-year appropriations. The FMOP shall provide a distribution of these amounts to the allowance levels in each appropriation to the extent that they are estimated in the apportionment request to OMB. These resources shall be controlled in the same manner as the anticipated and realized reimbursements discussed above. Commandant (CG-831) shall maintain appropriate supporting information of the estimated recoveries likely to materialize within each allowance. For example, historical rates of recoveries of obligated balances and the canvassing of allowance managers and procurement officials to identify circumstances in individual major contractual agreements that may result in recoveries. These amounts shall be incorporated into the resource base of the FMOP.

5.5.12.6 Adjustments between Appropriations

The sections of the FMOP that deal with adjustments between appropriations identifies for each affected appropriation the gains and losses from services provided by one Coast Guard appropriation to another. For example, Acquisition, Construction, and Improvement (AC&I) refunds Operating Expenses (OE) for the non-salary costs of civilian and military members in AC&I billets; however, those costs are initially paid for by the OE appropriation for the entire Coast Guard workforce. These adjustments shall be distributed to the allowance level for planning purposes within each appropriation. Such adjustments must net to zero in the planning document.

5.5.12.7 Revolving Funds

Special revolving fund FMOPs shall be prepared for the Supply Fund and the Yard Fund to reflect decisions made during budget formulation for these revolving funds. Each of these funds shall identify the anticipated level of obligational authority needed in the current year to fund each of its main business lines as defined by Commandant (CG-831) for the fund, e.g.:

1. Supply Fund: uniforms, commissary provisions, general stores, and fuel.
2. Yard Fund: ship construction, materials, supplies, equipment, civilian labor, overhead, maintenance, weapons, electronics, and other expenses.

These business lines shall be established by Commandant (CG-831) for each of the funds in advance of the formulation of the fall budget submission to OMB. The obligational authority

required for each business line shall be coordinated at all stages of the budget formulation and budget execution processes with Commandant (CG-831), whose appropriations order goods and services from the funds.

The obligations established in the final FMOP shall reflect the obligational authority requested in the latest OMB apportionment for the funds and shall serve as a ceiling on obligations to be incurred throughout the current fiscal year. The level of obligations reflected in the plan – and the related apportionment issued by OMB and allotment issued by DHS – may only be increased when covered by an approved reapportionment and re-allotment.

The FMOP for each revolving fund shall identify the sources of funding, from both Coast Guard and external funding sources, which comprise the anticipated levels of obligations. Those sources of funding from Coast Guard appropriations shall identify the amounts within each allowance within each appropriation that will transfer obligational authority into the funds to support the FMOP business plans of the revolving funds. These funding sources shall be identified in the same manner as the adjustments between appropriations discussed above by identifying for each allowance those amounts estimated to be transferred for orders to be placed with each line of business.

For those business lines funded primarily from offsetting collections from Coast Guard personnel, the FMOP shall be based upon budget models established to forecast business volumes and changes in the costs of goods and services provided (e.g., commissary provisions and uniforms).

The sum of each revolving fund's total obligational authority for the current fiscal year identified in the plan shall equal:

offsetting collections anticipated for orders placed by the individual Coast Guard allowances, **plus**

reimbursable income from other Federal agencies and the public (including collections of unexpired Federal sources from prior-year orders), **plus**

income received from the sale of surplus equipment and materials (to the extent that such sales are authorized to be credited to the fund), **plus**

unobligated fund balances carried forward in the fund from the prior fiscal year, **plus**

estimated recoveries of amounts obligated in prior fiscal years, **less**

estimated carry-over of unobligated amounts into the next fiscal as retained earnings to cover future obligations.

The amounts contained in the reimbursables sections of the final FMOP may not be consistent with the related entries in the full-year apportionment request submitted prior to the start of the fiscal year as provided in subsection 5.4.2 above. These differences are due to the varied timing of final congressional action on appropriations and the final decisions made by the Commandant on the FMOP. Commandant (CG-83) shall request a reapportionment from OMB when the amounts contained in the latest apportionment schedule are modified. The level of obligations set forth in the FMOP shall be consistent with the obligational authority established in the revolving fund apportionments.

5.6 Actions Taken during the Fiscal Year

5.6.1 General Policies for Carrying Out the Financial Management Operations Plan (FMOP)

5.6.1.1 *Issuing the Financial Management Operations Plan (FMOP)*

The timing of the final release of the FMOP is dependent upon a number of factors; some of which are beyond the immediate control of the Coast Guard. The date of enactment of the annual appropriation act and the processing and approval of related apportionments and allotments are the primary determinants of the release date.

In most years the final issuance is a formality, since the draft plan, awaiting OMB apportionment and DHS allotment actions, is likely to be consistent with those actions. Commandant (CG-831) shall issue the plan in draft as soon as final congressional action is taken on the annual appropriation bills and after the Commandant's decisions on the distribution of those final amounts have been made. This will enable financial managers to take the initial planning steps needed to execute the budget in the current year. The allowance, target, and program element managers should be advised that final, official funds control limitations will not be officially established until related apportionments and allotments are received by the Coast Guard.

Commandant (CG-831) should release the FMOP within two days after the issuance of the apportionment/allotments by DHS. Additional days may be required if there are significant differences between the apportionment request forwarded to OMB and the approved apportionment. The entry of consistent, related amounts for each of the allowances reflected in the plan for funds controls in the system of record should be accomplished upon release of the plan. Commandant (CG-831), for each account and fund, is responsible for ensuring the recordation of allowances in the system of record and for issuing the appropriate written authorizations designating the allowance manager responsible for maintaining obligations for the allowance within the amounts issued. The written authorizations/designations, together with the FMOP itself, shall serve as the supporting documentation for the allowance entry into the funds control system.

5.6.1.2 *Developing Allowance, Target, and Program Element Operating Plans*

The allowance managers, in consultation with Commandant (CG-831), shall develop operating plans to facilitate the execution and monitoring of the allowance's budget. The form and content of these plans may vary from allowance to allowance within a given appropriation, depending upon the object classifications and categories of expenditure used by the allowance. For some allowances, an object classification breakdown of all obligations by quarter may be appropriate. In other allowances, a quarterly estimate of obligations for certain types of procurements by main object class, or a project-by-project breakdown within each allowance, may be a more appropriate basis for monitoring rates of obligation, with a minimum amount of detail provided for less important object classes.

In some allowances, Commandant (CG-831) and allowance managers may determine that a quarterly estimate of obligations by target within the allowance may provide an adequate amount of detail to carry out monitoring responsibilities. These operating plans shall serve as the basis for monitoring the rate of obligations within each allowance as provided in subsection 5.6.26 below. These operating plans shall be updated on a timely basis when the amounts available for obligation are modified in the current year. The obligations in each plan should always be consistent with the amounts established for that allowance in the accounting system of record.

Target managers within each allowance, in consultation with each allowance manager, shall develop similar target operating plans to serve as supporting detail for the allowance operating plan. Program element managers within each target shall maintain similar operating plans to serve as supporting detail for the target operating plan.

Operating plans are not required for those appropriations that require a limited number of transactions, and whose rates of obligation are highly predictable in each fiscal year.

5.6.1.3 Standards for Distributing and Recording Target and Program Element Funding

Allowance managers shall be responsible for the distribution of funding limitations to target managers in the accounting system of record. These official amounts shall be recorded within two business days from the receipt of the allowance from Commandant (CG-831).

These standards shall also apply to target managers in their distribution of funds to program element managers. Given the large number of program elements that may need to be established within a target, a less formal system of notification of program element managers may be maintained (e.g., e-mail notification). These records shall serve as the basis for supporting the recordation of the program element amounts in the accounting system of record.

Appropriate controls shall be established to limit the authority to record target and program element amounts in the accounting system of record (i.e., only to individuals designated in the Unit Action Plan).

5.6.2 Availability of Funds by Purpose

This subsection provides general principles, authorities, and guidelines governing the proper use of appropriations. These principles are derived from several sources, including general appropriations law, provisions contained in the language for each appropriation, general provisions in certain appropriation acts, and other regulatory policies. See subsection 5.6.2.1.1 below.

The policies stated in this subsection are derived from the basic “purpose” statute found at 31 USC 1301(a), which states, “Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.” Thus, appropriations have conditions and rules that must be followed if funds are to be legally expended and obligated.

Purpose is one of the three basic elements in determining whether appropriations are legally available for obligation or expenditure. In order for an obligation or expenditure to be legal, each of these three elements must be met:

1. Purpose – The purpose of the obligation or expenditure must make a direct contribution to an authorized Coast Guard function.
2. Time – The obligation shall occur within the time limits applicable to the appropriation.
3. Amount – The obligation and expenditure shall be within the amounts Congress has established.

If funds are not spent according to these principles, the Coast Guard risks an Antideficiency Act (ADA) violation.

5.6.2.1 Overview of the Proper Use of Coast Guard Funds

5.6.2.1.1 Authorities

Following are sources that provide guidance related to the purpose principle on the use of funds. All Coast Guard officials with authority over funds shall be aware of these sources and shall make frequent reference to them when questions arise on the appropriateness of certain obligations in each appropriation.

1. Financial Services and General Government Appropriation Act.
Each year, this appropriation act includes Governmentwide general provisions that govern how funds provided in all appropriation acts can be spent. These provisions include Governmentwide restrictions on the use of funds that must be followed by all Federal agencies. While many of the restrictions are re-enacted each year, they are subject to change and shall be reviewed each year.
2. DHS Appropriation.
This appropriation act contains general provisions that all DHS agencies are required to follow. These provisions, and any related departmental budget execution guidance, shall be reviewed annually to confirm that the Coast Guard is following these requirements.
3. Individual Coast Guard Appropriations.
The Coast Guard appropriations prescribe additional rules and restrictions on how funds can be expended.
4. Government Accountability Office, *Principles of Federal Appropriations Law* (“Red Book”). Volume I, section 4 of this source provides guidance and case studies on the general principles.
5. DHS *Financial Management Policy Manual* (FMPM).
DHS provides guidance on budget execution. Included are DHS-wide policies and procedures.

In addition to the above sources, individual appropriations have legislation and authorities that guide in the proper and improper use of funds. Subsection 5.6.2.2 includes a breakdown by appropriation of the legislation that governs their use.

5.6.2.1.2 General Policies Regarding Purpose

The Coast Guard's system of funds control provides a framework for ensuring that funds are spent correctly with respect to the principles of purpose, time, and amount.

5.6.2.1.2.1 "Necessary Expense" Doctrine

Appropriations made for a specific purpose (e.g., altering a bridge) are available for expenses necessary to accomplish the project goals.

When applying the necessary expense doctrine, obligations and expenditures can be justified after meeting a three-part test:

1. The expenditure shall bear a logical relationship to the appropriation sought to be charged. In other words, it shall make a direct contribution to carrying out either a specific appropriation or an authorized agency function for which more general appropriations are available.
2. The expenditure shall not be prohibited by law.
3. The expenditure shall not be otherwise provided for; that is, it shall not be an item that falls within the scope of some other appropriation or statutory funding scheme.

For questions on the necessary expense doctrine, refer to the GAO "Red Book", volume I, chapter 4, section B.

5.6.2.1.2.2 Time – Bona Fide Needs Rule

An appropriation is only available for the needs of the current year; it is not available for the needs of a prior or future year, unless otherwise prescribed. The bona fide needs rule states that a fiscal year appropriation may be obligated only to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. This principle addresses problems related to end-of-year spending, when excessive obligations are made for goods or services that extend far beyond the current year (e.g., excessive stockpiles of inventories).

This rule also applies to multi-year funds. An agency may use a multiple-year appropriation for needs arising at any time during the period of availability.

The rule does not apply to no-year funds. Without a prescribed period of availability, there is no fixed period during which the bona fide need must arise for which the funds must be obligated and expended.

The GAO "Red Book", volume I, chapter 5, section B has an in-depth discussion of the bona fide needs rule.

5.6.2.1.2.3 Appropriations Available for the Same Purpose

There may be situations where two appropriations (or formal subdivisions of budget authority) can possibly be available for the same purpose, but neither can reasonably be called the more specific of the two.

In this circumstance, the Coast Guard may exercise reasonable discretion to select which appropriation (or other formal subdivision of budget authority) to charge for the expenditure in question. Once the decision has been made, the Coast Guard shall continue to use the same appropriation for that purpose unless, at the beginning of the fiscal year, the agency informs Congress of its intent to change for the next fiscal year.

5.6.2.2 General Purpose by Appropriation

This subsection provides an understanding of each appropriation and how it is to be used. It also provides general guidance on the purpose principle.

The Coast Guard has many different appropriations, some of which can easily overlap each other. It is important to have a clear understanding of the purpose of each appropriation and how Congress intends for the funds to be spent. Furthermore, in reports accompanying most Coast Guard appropriations, Congress details informal program structures to express its intent to the Coast Guard for the use of funds. These structures allow for less rigid mandates on the application of budgetary resources, and avoid specific legislative provisions. These categories, programs, projects, or activities (PPAs) are subject to reprogramming guidelines contained in DHS appropriations acts. The PPA structure, established within some appropriations, shall be followed as obligations are incurred to meet Congressional expectations on the use of funds for more specific purposes within an appropriation.

5.6.2.2.1 Appropriations and Related Allowances

1. **Operating Expenses (OE)** – The OE appropriation provides for the operation and maintenance of all authorized Coast Guard programs and facilities (not otherwise specifically provided for in other appropriations or funds). OE is typically an annual appropriation that is available for one year. OE appropriations are broken down by PPA subdivisions and by the allowance. Definitions by allowance are provided below. Appendix 2-4 and Appendix 2-5 provide additional detail on the uses of the OE appropriation.
 - a. PPA 1 – Military Pay and Benefits
 - 1) AFC-01 Military Pay – compensation, subsistence rations, and entitlements for active duty, cadets, and reserve members undergoing initial active duty training (IADT), and all required Joint Uniform Military Pay System (JUMPS) support costs.
 - 2) AFC-20 Permanent Change of Station (PCS) – travel and transportation expenses incident to PCS orders for military personnel and their dependents.

- 3) AFC-57 Health, Safety, and Work-Life – general expenses to support health care for military members and their dependents.
- b. PPA 2 – Civilian Pay and Benefits

AFC-08 Civilian Pay – compensation, benefits, and costs associated with civilian working capital funds, PCS, and reimbursable positions in the Coast Guard.
 - c. PPA 3 – Training and Recruiting
 - 1) AFC-56 Training – formal training performed as temporary assignment duty (TAD) for civilian and military personnel, including reserve members in the RK and RP reserve enlistment programs funded via RT-to-OE adjustment; and auxiliaries.
 - 2) AFC-34 Training and Recruiting Centers – operating and maintenance expenses for training and recruiting centers and facilities.
 - d. PPA 4 – Operating and Maintenance
 - 1) AFC-30 Operating and Maintenance – general operating and maintenance expenses, including ordnance. Travel, per diem, and tuition for formal training intended for field execution of training that is not approved nor funded through the class convening schedule for Coast Guard class “A” and “C” resident and exportable training courses.
 - 2) AFC-40 Other Activities – funds for operating projects or expenses approved by Commandant (CG-8).
 - e. PPA 5 – Central Accounts

AFC-36 Central Accounts – general Coast Guard accounts that are centrally managed at Headquarters. Accounts include Ammunition (AMMO), Buoy, Enterprise Communication/Network Services (formerly FTS), GSA (Rent and Security), Medals, Postal, Standard Workstation, Work-Life, and Working Capital Fund. Each account has a direct manager, but the overall management of AFC-36 is performed by Commandant (CG-83).
 - f. PPA 6 – Depot-Level Maintenance
 - 1) AFC-41 Aeronautical Engineering – depot-level maintenance expenses incurred in support of the Aviation Logistics Support Program.
 - 2) AFC-42 Command, Control, Communications, Computers, & IT – depot-level maintenance expenses incurred in support of the Electronic Systems Logistics Support Program.
 - 3) AFC-43 Civil Engineering – depot-level maintenance expenses incurred in support of the Shore Unit Logistics Support Program. The Civil Engineering Logistics Support Program is responsible for nonrecurring major maintenance repair and rebuilding of real property facilities within the Coast Guard to confirm attainment of maximum service life and intended purpose.

- 4) AFC-45 Naval Engineering – depot-level maintenance expenses incurred in support of the Naval Engineering Logistics Support Program. General expenses related to inventory, repair, alteration, modification, and engineering design services in support of naval engineering.
- g. No PPA
- 1) AFC-75 Reimbursable/Refund Program – This contra reimbursable account allows tracking of reimbursable obligations, and is administered by the Office of Resource Management (CG-83). (A contra account provides a more detailed presentation of an account balance. For example, “accumulated depreciation” is a contra account for fixed assets, and highlights the depreciation that reduces the original cost of purchasing the asset. The account and its related contra account are combined to show the net balance of the fixed asset.)
 - 2) AFC-77 Reimbursable Execution Accounts – This account funds O&M purchases made at the ATU and field level with reimbursable budget authority managed by Commandant (CG-83).
 - 3) AFC-80 Reimbursements – This general account is used for establishing and identifying reimbursable agreements. The sole purpose of AFC-80 is to accept funds in the Coast Guard accounting system for reimbursable work for other Government agencies and non-Government entities in accordance with specific legislative authority. AFC-80 is managed and controlled by Commandant (CG-83).
 - 4) AFC-88 Reimbursements for Special Purpose – the management and support (M&S) account for the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). It is used to support the Coast Guard’s capability to respond to external hazardous substance releases (not EC&R actions for internal Coast Guard pollution issues).
2. **Acquisition, Construction, and Improvement (AC&I)** – The AC&I appropriation provides for the acquisition, construction, renovation, and improvement of vessels, aircraft, shore facilities, aids to navigation (ATON) systems and facilities, command, control, communication, and computer (C4) systems, and related equipment. AC&I funds are typically available for obligation as follows:
- a. Acquisition, repair, renovation, and improvement of vessels: five fiscal years.
 - b. Acquisition, repair, renovation, and improvement of shore facilities and ATON: three fiscal years.
 - c. Acquisition, construction, renovation, and improvement of new aircraft and increases in aviation capability: three fiscal years.
 - d. Acquisition, construction, replacement, or improvement of capital equipment not included in the above categories: three to five fiscal years.

- e. Personnel and administrative expenses: typically, one fiscal year.
3. **Research, Development, Test, and Evaluation (RDT&E)** – The RDT&E appropriation provides funding for applied scientific research, development, testing, and evaluation. This includes the maintenance, rehabilitation, lease, and operation of related facilities and equipment. RDT&E funds were typically available until expended (no-year funds), however, the most recent Appropriation Act (PL113-6) stated that the 2013 RDT&E funds were to remain available until 30 September 2017, making them five year funds.
 4. **Environmental Compliance and Restoration (EC&R)** – The EC&R appropriation provides for environmental compliance and restoration of contamination from hazardous substances and pollutants at all current and former Coast Guard facilities. It provides for identification, investigation, and cleanup, and also physical changes to Coast Guard buildings and structures, to comply with Federal, state, and local environmental laws and regulations. EC&R funds are normally available until expended (no-year funds) however, the most recent Appropriation Act (PL113-6) stated that the 2013 EC&R funds were to remain available until 30 September 2017, making them five year funds.
 5. **Alteration of Bridges (AB)** – The AB appropriation provides for the Government’s share of altering or removing railroads and publicly owned bridges that obstruct navigable waterways in the United States. The AB program also receives funding from transfer authority for highway bridges and supplemental appropriations for specific bridge projects in accordance with public laws (e.g., Federal Aid Highway Bridge Program, American Recovery and Reinvestment Act of 2009). The administrative costs associated with AB are funded under the OE appropriation. AB funds are normally available until expended (no-year funds). The authorization of this appropriation is found in the Truman Hobbs Act.
 6. **Reserve Training (RT)** – The RT appropriation provides for the operation and administration of the Coast Guard Reserve Program. RT is an annual appropriation available for one year.
 7. **Retired Pay (RP)** – The RP appropriation provides for the pay of former military members of the Coast Guard, the Coast Guard Reserve, and members of the former Lighthouse Service. It also funds survivor annuity payments under the Retired Serviceman’s Family Protection Plan and the Survivor Benefit Plan, as well as medical benefits for retirees and their dependents. RP is an annual appropriation, not to exceed one year.
 8. **Boat Safety (BS)** – The BS appropriation provides funding for the development and implementation of a coordinated national recreational boating safety program. The Boat Safety appropriation is currently found in the 2006 “Safe, Accountable, Flexible,

Efficient Transportation Equity Act: A Legacy for Users” (SAFETEA-LU). Current provisions of the law provide for the transfer of Highway Trust Fund revenue derived from the motorboat fuel tax, and certain other taxes, to the Sport Fish Restoration and Boating Trust Fund. Congress authorizes appropriations from this fund for Coast Guard and state recreational boating safety assistance and other programs specified by law. BS account funds are available until expended (no-year funds).

5.6.2.3 Responsibilities for the Proper Use of Funds

5.6.2.3.1 Appropriation Managers

Appropriation managers:

1. Distribute funds to allowance managers for the purpose intended by Congress.
2. Provide guidance to allowance managers on the appropriate use of funds for their appropriation.
3. Monitor the status of allowances ensuring that:
 - a. Funds are obligated and expended according to their purpose; and
 - b. Obligations and expenditures do not exceed the appropriation or an apportionment.
4. Notification for reprogramming funds between PPAs is initiated and redistribution of funds between allowances is authorized.

5.6.2.3.2 Allowance Managers

Allowance managers:

1. Monitor and control obligations and expenditures of an allowance according to its availability regarding purpose, time, and amount.
2. Monitor rates of obligation within each allowance.
3. Make requests for redistribution between allowances or reprogramming between PPAs, and subsequently manage within reprogramming thresholds.

5.6.2.3.3 Target Managers

Target managers:

1. Distribute and manage subdivisions of target amounts, and monitor obligations and expenditures of targets according to availability regarding purpose, time, and amount.
2. Ensure obligations and expenditures do not exceed target distributions.
3. Coordinate target management with allowance managers.

5.6.2.3.4 Program Element Managers

Program element managers:

1. Distribute and manage subdivisions of program element amounts, and monitor obligations and expenditures of program elements according to availability regarding purpose, time, and amount.
2. Ensure obligations and expenditures do not exceed target distributions.
3. Coordinate target management with target managers.

5.6.2.3.5 Authorized Certifying Officers

Authorized Certifying Officers:

1. Certify the legality and accuracy of proposed payments.
2. Are liable for the amount of illegal or improper payments resulting from their certifications.
3. Deny the payment of an obligation or expenditure if it is prohibited by law, or if it is not a legal obligation under the appropriation or fund involved.

5.6.2.4 Procedure for Questions on the Availability of Funds as to Purpose

As questions arise on the appropriate use of funds, the following procedures shall be followed to allow clarification on the availability of funds and to confirm that there is no violation of the purpose statute, general provisions, or provisions in appropriation language.

1. Procurement officials shall resolve all questions prior to obligating funds on behalf of the Coast Guard. All questions and decisions shall be thoroughly documented.
2. For questions on the purpose of an appropriation, procurement officials shall seek counsel in the following order:
 - a. Supervisor;
 - b. Funds manager;
 - c. Chief of the applicable contracting office;
 - d. Servicing Legal Officer;
 - e. Target manager;
 - f. Allowance manager;
 - g. Appropriations manager;
 - h. Commandant (CG-83);
 - i. Commandant (CG-84); and
 - j. Commandant (CG-094).

3. If the Coast Guard is unable to determine the legality of the use of funds, it may seek an opinion from the DHS Office of General Counsel (OGC), or it may seek an outside advisory opinion from the Comptroller General.

5.6.3 Commitments – By Document Type and/or Object Class

A commitment is an administrative reservation of allotted funds in anticipation of an obligation. While not legally binding, commitments are made with the anticipation that funds will be obligated, thus reducing the amount of funds available for future spending.

A commitment is a financial management tool to be used as a part of a comprehensive and integrated commitment, obligation, accrual, and disbursement process, providing funds control and status of funds for management, reporting and oversight.

The commitment accounting policy described in this document is the first step in funds management and control of Coast Guard budgetary resources. Commitments reserve specific funds and link the budgetary resource to a document and an accounting line.

5.6.3.1 Purpose

This policy establishes the use of commitment accounting to provide funds control and funds management. The policy provides reasonable assurance that:

1. The Coast Guard establishes the use of commitment accounting to provide funds control and funds management.
2. Commitments are recorded in the proper amount, account, and period, and only valid transactions are recorded in the financial system.
3. Funds are reserved and available to meet operating requirements and to provide a fund-control structure to meet regulatory and legal requirements as prescribed by OMB Circular A-11 and the Antideficiency Act.
4. A management technique is made available and used to meet the requirements set out by this policy.
5. Responsibilities are specified within the funds control system for the use of commitment accounting standards.
6. A system for positive administrative control of funds is designed to restrict obligations and expenditures against the amount available in allotments or other subdivisions of funds.
7. The commitment process is described, and related operating procedures are defined.
8. Key internal controls are identified to maintain the reliability of the process.

5.6.3.2 Responsibilities

This subsection addresses responsibilities from a budget execution organizational level for the commitment process. Key roles involved in creating, authorizing, and certifying the availability

of funds for a commitment document are identified in the definitions and policies. These roles are not organization-specific. General roles and responsibilities of Coast Guard financial managers are specified in Section 5.3, Responsibilities.

5.6.3.2.1 Office of Resource Management (CG-83)

Commandant (CG-83) is responsible for:

1. Monitoring and improving the Coast Guard's compliance with this commitment policy so that it effectively supports funds control.
2. Monitoring the execution of the commitment policy.
3. Initiating and overseeing corrective actions to improve the effectiveness of the policy.
4. Providing sufficient training to financial managers regarding the execution and importance of commitment transactions.

5.6.3.2.2 Budget Execution Division (CG-831)

Commandant (CG-831) is responsible for:

1. Developing and implementing the commitment policy and system of internal controls to execute, monitor, and measure the performance of the commitment control policy.
2. Establishing, implementing, and testing internal controls related to obligation validations.
3. Establishing and maintaining the funds control process and the system of controls, in coordination with Commandant (CG-84).
4. Managing the reviewing and monitoring of open commitments on a monthly basis.
5. Managing quarterly and annual reviews to validate all open commitments and initiate de-commitment actions when necessary.
6. Monitoring and reporting on the performance metrics established.
7. Ensuring that all open commitments have been cancelled in the Core Accounting System (CAS) at year-end. (See the exception for multi-year and no-year funds in subsection 5.6.3.4.5 of this manual.)
8. Implementing improvements to the commitment policy, procedures, and process, as needed.

5.6.3.2.3 Allowance Managers, Target Managers, and Program Element Managers

With respect to the funds assigned to them, allowance managers, target managers, and program element managers (PEMs) are responsible for:

1. Identifying purchase request (PR) authorizers and certifying officials who are delegated the authority to initiate, authorize, and certify commitments.
2. Implementing, maintaining, and monitoring the execution of this commitment policy.

3. Reviewing and monitoring all open commitments on a monthly basis.
4. Conducting quarterly and annual reviews to validate open commitments and to initiate de-commitment actions when necessary.
5. Validating that all open commitments have been cancelled in CAS at year-end.
6. Recommending improvements to the commitment policy, procedures, and process, as needed.
7. Monitoring and reporting on the performance metrics established by Commandant (CG-83).
8. Re-establishing valid commitments for unexpired, multi-year, and no-year funds against the new fiscal year apportionment.

5.6.3.2.4 FINCEN

FINCEN is responsible for:

1. Recording commitments in the accounting system of record.
2. Supporting quarterly and annual reviews to validate open commitments by providing reports, performing research, and validating transaction history.
3. Cancelling all open commitments for appropriations in CAS for year-end closing.

5.6.3.2.5 Purchase Request Initiator (Requester)

Requesters are responsible for:

1. Entering PR data into the electronic PR module.
2. Developing required supporting documentation, such as suggested vendors, cost estimates, descriptions of required goods or services, and justifications of purpose and need.
3. Validating open commitments and de-commit items as required to support required reviews.

5.6.3.2.6 Purchase Request Authorizer (Supervisor)

Supervisors are responsible for:

1. Validating and authorizing PRs submitted by initiators.
2. Confirming that open commitments are valid and initiating de-commitment actions when necessary to support all required reviews.

5.6.3.2.7 Certifying Official (Funds Manager)

Funds managers are responsible for:

1. Maintaining administrative control of funds.

2. Reviewing the line of accounting (LOA) for accuracy, and correcting or adding financial data elements as necessary.
3. Certifying the availability of funds before the transaction is recorded in the financial data system.
4. Reviewing the automated funds check in the financial data system to validate the availability of funding to cover the associated commitment.
5. Reviewing the financial data system to ensure PR values are recorded against the correct LOA.
6. Supporting all required reviews and quarterly validations of open commitments.
7. Ensuring that neither the certifying official nor the PR authorizer is also assigned as the PR initiator.

5.6.3.3 Policy

1. The Coast Guard shall use commitment accounting based on document types specified by Commandant (CG-83) and delineated in their procedures.
2. The Coast Guard shall use a system of either manual or automated controls to detect and deter the commitment of funds in excess of the availability of funds.
3. Segregation of duties is a key control within the commitment process. Effective internal control procedures depend largely on eliminating opportunities to conceal errors or irregularities. Commitments shall be authorized by separate individuals within the organization who have received appropriate training. An individual shall only be authorized to perform a single function within the commitment process for each individual procurement request. Specifically:
 - a. The same individual cannot initiate and authorize a purchase request.
 - b. The same individual cannot initiate a purchase request and manage the funds cited on the purchase request.
 - c. The certification of funds availability must be performed by an independent individual that is not the initiator or the authorizer of a purchase request. If a unit is unable to segregate these duties, then certification of funds availability shall be performed by an independent party at a higher level of authority within the chain of command.
 - d. Situations resulting in an inability to apply adequate internal control shall be reported to the Office of Procurement Policy & Oversight, Commandant (CG-913), with a request for evaluation.
4. FINCEN, SFLC, and ALC shall maintain a list of all individuals responsible for authorizing and certifying purchase requests. This list shall be updated on an annual basis or upon change in status, and shall be maintained in a location where the document is readily available for review.

5. All commitments shall be initiated and supported with a purchase request for the prescribed document type. Only personnel who are designated as purchase request initiators shall be assigned permission to initiate a requisition.
6. A purchase request shall be initiated for prescribed document types, which shall be executed to meet the requirements of purpose, time, and amount.
7. The purchase request shall be reviewed, authorized, and signed, preferably electronically, by an authorizing official verifying the accuracy and validity of the data contained in the request.
8. Commitments shall not be in excess of the availability of funds within the related subdivisions of funds distributed to an organization for a particular purpose.
9. The availability of funds shall be determined before a commitment is incurred or a change made which increases the amount of the original commitment.
10. The authorized purchase request shall be transmitted, preferably electronically, to a certifying official delegated by the funding organization. The certifying official shall determine and certify the availability of funds and shall be the only individual authorized to execute the commitment. The certifying official shall confirm that the initiator and authorizing official are authorized to process the PR.
11. Upon certification, the commitment shall be promptly recorded in the accounting system of record against apportionments, related allotments, and other subdivisions of funds using the USSGL Account Transaction Listing provided in the current *Treasury Financial Manual*. The certified purchase request shall be maintained by the funds manager with additional supporting documentation available in the organization that authorized the transaction (if needed).
12. Commandant (CG-83) shall maintain performance metrics to measure and monitor the effectiveness of the commitment process throughout the Coast Guard and shall report results to Commandant (CG-8) on a periodic basis.
13. Commandant (CG-83) is responsible for training requirements that are sufficient in scope to provide the sustainability of the commitment accounting process. Personnel covered by this policy shall receive training prior to assuming their responsibilities, so that they can carry out the controls incorporated in these policies and procedures.
14. The most common types of Antideficiency Act (ADA) violations are exceeding an appropriation's budget authority; exceeding a formal administrative subdivision of funds; obligating funds in advance of availability; and providing funds to servicing agencies before or after the period of availability. Specifically, ADA violations often occur when obligations or expenditures are not timely or accurately recorded or adjusted. This results in the official accounting records reflecting an inflated (and incorrect) availability of funds. Close review of internal control plans and management policies shall be conducted to evaluate adequacy, compliance, and effectiveness. Due to an increased emphasis during future inspections and audits, all financial managers shall be identified in unit approved plans.

5.6.3.4 Procedures

5.6.3.4.1 Initiating a Purchase Request (Requester)

The requester shall:

1. Obtain or develop the information required to support the PR to include: price quotes; estimated total cost; description of goods or services; quantity or period of performance; terms of delivery receipt or acceptance; and any additional documentation required for contracting action.
2. Enter data into the PR. Detailed guidance on the entry of information into the electronic PR in Financial Procurement Desktop (FPD) can be found at the following location: <http://cfotools/cfotools/home/references.aspx>.
3. Properly route the PR by ensuring that both a delegated PR authorizer and a delegated certifying official are identified.
4. Ensure that the PR is saved with a standard document number in accordance with Chapter 5 of Coast Guard's Finance Center Standard Operating Procedures, which are located on the FINCEN Intranet at: <http://cgweb.fincen.uscg.mil/pubs.htm>.
5. Transmit the completed PR to the PR authorizer.

5.6.3.4.2 Authorizing a Purchase Request (Supervisor)

The supervisor shall:

1. Verify that the PR form has been accurately completed.
2. Ensure that the PR either inherently or discretely contains the following information:
 - a. Suggested or recommended vendors, as applicable (or a justification for a specific vendor);
 - b. When the goods or services are needed;
 - c. Quantities, if known, for goods, or the necessary period of performance for services, or both as applicable;
 - d. A brief description of the goods and services to be procured;
 - e. The actual or estimated cost to procure the goods and services;
 - f. Point of contact information for Coast Guard ordering and/or receiving the goods or services.
3. Ensure that the PR references a proper LOA for the associated purchase, paying particular attention to the following requirements:
 - a. Purpose – The requirements are objects of the referenced LOA.
 - b. Time – The requirements constitute a bona fide need during the period of availability of the referenced LOA.

- c. Amount – The referenced LOA maintains a positive balance sufficient to cover the requirements.
4. Reject the request if the information on the submitted PR is insufficient to meet the above requirements, and advise the PR initiator of the reasons for rejection.
5. Sign approved PRs either electronically or manually, depending on the format of the submitted document.
6. Transmit the approved PR to the certifying official for final approval.

5.6.3.4.3 Certifying Funds Availability (Funds Manager)

The funds manager shall:

1. Ensure that the PR references a complete and proper LOA that identifies the appropriation; fiscal year; program, project or activity (PPA); AFC; and restricted object class.
2. Similar to the supervisor procedure outlined in number 3 in the section above, ensure that the PR references a proper LOA for the associated purchase, paying particular attention to the following requirements:
 - a. Purpose – The requirements are objects of the referenced LOA.
 - b. Time – The requirements constitute a bona fide need during the period of availability of the referenced LOA.
 - c. Amount – The referenced LOA maintains a positive balance sufficient to cover the requirements.
3. Perform a funds check in the financial data system for the referenced LOA.
4. Certify electronic purchase requests in the financial data system. Sign approved hard copy purchase requests and enter them into the financial data system as certified.
5. Initiate the automatic update of the financial data system by approving the purchase request.
6. Maintain documentation in hard copy format to support the PR for the available life of the associated LOA.

5.6.3.4.4 Recording Commitments

1. Commitments shall be recorded only on the basis of appropriate documented evidence consisting of an authorized purchase request. The commitment document shall include the specific amount of the commitment, the manual or electronic signature of the certifying official, and the date the document was certified. Acceptable evidence of the existence of a commitment shall meet all of the following criteria:
 - a. Be in writing, preferably electronic;

- b. Include a certification by FINCEN (or other applicable accounting unit) that funds are available to cover the obligation, which is intended to follow; and
 - c. Authorize incurrence of an obligation without further approval by or recourse to the funds certifying official.
2. Upon certification of funds availability, the purchase request shall be released to the procurement/acquisition officer or other authorized person for the purpose of incurring an obligation against Coast Guard funds. A completed procurement request certifying that funds are available shall be required by procurement officials prior to obligating the Coast Guard in a contract for goods or services as identified by the specific document types in the procedures.

5.6.3.4.5 Monitoring Commitments

1. Commitments shall be monitored monthly by the target and program element managers and adjusted promptly upon occurrence of any transaction or event that increases or decreases such commitments. Commandant (CG-83) shall require a quarterly review of commitments as prescribed by DHS in conjunction with the review of unliquidated obligations to execute the following actions:
 - a. Determine if commitments over 120 days are still valid.
 - b. Follow up on valid commitments over 120 days.
 - c. De-commit in a timely manner any commitments deemed invalid.
2. All commitments on expired and expiring funds shall be de-committed in the accounting system of record at year-end. Multi-year and no-year funds subject to apportionment are not de-committed in the Coast Guard's underlying feeder systems, but the general ledger and required Governmentwide reporting shall correctly show zero open commitments at year-end.
3. All commitment transactions for funds shall be cancelled by FINCEN in the general ledger prior to year-end closing. There can be no commitments in appropriation accounts at year-end.

5.6.4 Recording, Monitoring, Validating, and Certifying Obligations

5.6.4.1 Overview

The formal award of a purchase order, requisition, or contract represents a legal obligation. Sometimes the award is "subject to availability of funds," in which case the obligation is deferred until the funds are available.

This subsection prescribes the general requirements applicable to the management of obligations (including the recording, monitoring, and validating of obligations), along with the periodic certification of obligation accounts.

Obligation management plays an important role in the budget execution process, even after an appropriation has expired. Upon the expiration of each appropriation with a fixed period of availability, a five-year period is allowed under statute for the reduction of appropriation balances to adjust and liquidate existing obligations. After the five-year period, appropriation accounts are closed and the balances are cancelled.

According to section 130.14 of OMB Circular A-11, legitimately incurred obligations that have not been disbursed (i.e., paid) at the time that a Treasury Appropriation Fund Symbol (TAFS) is cancelled cannot be disbursed from the cancelled obligated or unobligated balances of the cancelled TAFS. After an appropriation is cancelled, any obligations or adjustments to obligations that would have been properly chargeable to that TAFS may be disbursed from an unexpired TAFS that is available for obligation for the same purpose as the closed TAFS, provided that:

1. The obligation or adjustment is not already chargeable to another unexpired appropriation.
2. Payment of obligations against cancelled TAFSs from unexpired TAFSs is limited to one percent of the appropriation in the unexpired TAFS. No more than one percent of an unexpired TAFS may be used to pay any combination of cancelled obligations. This is a single, cumulative limit. It applies to one percent of the annual appropriation (not total budgetary resources) for annual TAFSs and to unexpired appropriations for multi-year TAFSs.
3. The authority to pay obligations against closed TAFSs from one percent of unexpired TAFSs cannot be used to exceed the original appropriation.

Thus the budget execution process, or life cycle, for an appropriation made in a given fiscal year can extend well into the future. Management and oversight of obligations is needed at each stage in the cycle to maintain effective and efficient budget execution.

5.6.4.1.1 Purpose

The purpose of this policy is to require obligations (and any modifications to obligations) entered into the financial systems to be appropriate, authorized, documented, and processed accurately and completely. This policy also provides guidelines to ensure that the Coast Guard monitors all obligations on a continual basis and validates them within established timelines.

This policy also outlines the financial manager's requirement to certify account balances in accordance with scheduled timelines. It provides guidelines for the determination of variances between the official financial system obligation amounts and the source documents to identify valid obligations that have not yet been recorded. This variance is referred to as the "pipeline amount." It is calculated to support the adjustment of undelivered order (UDO) accruals on the financial statement for Treasury Information Executive Repository (TIER) reporting.

This policy provides guidance for:

1. The recording of all obligations posted to the financial systems;
2. Continual monitoring of all obligations;

3. Quarterly validation of obligation balances for all appropriations, until closed;
4. Timely deobligation of obligation balances;
5. Periodic reviews of the validation of obligation balances, to be conducted every 30 days for any obligation no longer needed, until the obligation is deobligated; and
6. Periodic account certifications to determine pipeline adjustment for TIER, to include:
 - a. Certification of account balances;
 - b. Verification and validation of obligated fund balances;
 - c. Maintenance and monitoring of all obligation document files;
 - d. Reconciliation requirements for account balance certification; and
 - e. Account certification schedules and responsibilities determined by appropriate authority.

5.6.4.1.2 Scope

This policy applies to, but is not limited to, all units and financial managers that use any Coast Guard financial system as the primary means of managing obligations within the Coast Guard's financial structure.

5.6.4.1.3 Definitions

acquisition, construction, and improvement (AC&I) funding – Federal multi-year appropriations used to finance the acquisition of new capital assets, the construction of new facilities, and improvements to existing capital assets and facilities.

administrative target unit (ATU) – a district, area, Headquarters staff, or Headquarters unit that is authorized to receive funding authority from an allowance manager. ATU officers are district commanders, area commanders, assistant commandants of Headquarters directorates, and Headquarters unit commanding officers/directors/superintendents where there is a primary responsibility for managing a target received from an allowance manager.

allowance manager – a financial manager who is responsible for allowance funding which is distributed for a defined purpose.

Antideficiency Act (ADA) – legislation enacted by Congress to prevent the incurring of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations, apportionments or funds, or in advance of appropriations or apportionments.

apportionment – the distribution by OMB of amounts available from an appropriation to a Federal agency. Enacted appropriations are generally not available for use by an agency until OMB makes an apportionment. Apportionments may divide amounts available for obligation by specific time periods, projects, programs, activities, or a combination thereof.

appropriation – an authorization by act of Congress to incur obligations for specified purposes and to make disbursements from the Treasury.

automatic deobligation – the systematic liquidation of UDO balances based on established deobligation parameters. These parameters are designed to deobligate balances that, from a management and resource effort standpoint, do not warrant a detailed review. The process is performed by the Coast Guard Finance Center (FINCEN) on a monthly basis. Funds are deobligated based on document type, age, and dollar value of the remaining obligation. The deobligation criteria are based on the date that the last transaction was processed. Certain document types also have amount criteria.

Asset Logistics Management Information System (ALMIS) – the general ledger accounting system used at the Aviation Logistics Center (ALC) to maintain financial data.

closed/cancelled accounts – accounts with balances that have been cancelled under 31 USC 1552, 1555, or 1557. When balances are cancelled, the amounts are not available for obligation or expenditure for any purpose.

commitment – the administrative determination that funds are available to create an obligation. A commitment formally reserves funds in anticipation of a specific obligation. The amount to be recorded as a commitment is the estimated procurement cost set forth in the commitment document.

delivered order – the amount accrued (or paid) for:

1. Service performed by employees, contractors, vendors, and other Government agencies;
2. Goods and tangible property received; or
3. Programs for which current service performance is required (e.g., annuities, benefit payments).

deobligation – an agency's cancellation or downward adjustment of previously incurred obligations. Generally, events allowing deobligation of open UDO balances include:

1. The liquidation of residual amounts based on final billings;
2. The cancellation of a project order or contract;
3. A determination that the initial obligation is invalid;
4. The reduction of a previously recorded estimate; or
5. The correction of accounting errors or duplicate obligations.

expenditure – A payment made to liquidate an obligation.

expired accounts – appropriation or fund accounts in which the balances are no longer available for incurring new obligations because the time available for incurring such obligations has expired.

Form FMS 2108 – the Year-end Closing Statement. The Year-end Closing Statement, Form FMS 2108, ties the cash balance to the ending unobligated balance at the Treasury Appropriation Fund Symbol (TAFS) level. TAFS fund resources are increased by cash, other authorizations, reimbursements earned and refunds, and unfilled customer orders. Fund resources are decreased by unpaid obligations, which are made up of UDOs, accounts payable, and other liabilities to derive the unobligated balance.

Naval and Electronics Supply Support System (NESSS) – the general ledger system used by the Surface Forces Logistics Center (SFLC)/Yard to maintain financial data.

obligation – the legal requirement to pay orders placed, contracts awarded, services received, and similar transactions. Any act that legally binds the Government to make payment creates an obligation.

obligation documentation – a record or set of records that supports a specific obligation. Examples include contracts, purchase orders, military interdepartmental purchase requests (MIPRs), and credit card transaction documents.

obligation rates – a measure of spending performance determined by formulas based on fiscal-year-to-date obligations and total fiscal-year funding levels. Unobligated balances less than the applicable funds manager's predetermined amounts for certain funds may be considered excessive, unless the appropriation manager grants an exception.

operating expenses (OE) funding – annual fiscal-year funding that provides for operation and maintenance expenses of the Coast Guard, and other specific expenses not otherwise provided for by other appropriations.

outlay – the spending or disbursement of money.

pipeline – all legal obligations that have not been recorded in the financial system at the end of a quarter or fiscal year.

program element (PE) –

1. A financial code that signifies the lowest subdivision of funds for procurement.
2. The point to which an administrative target unit (q.v.) distributes funds.

program element status (PES) report – a report that shows all transactions for an accounting period, including previous and current financial status.

reserve training (RT) funding – annual fiscal-year funding that provides for operation and maintenance expenses for all Coast Guard Reserve training programs and facilities.

simplified acquisition procedures (SAP) – methods prescribed in part 13 of the *Federal Acquisition Regulation (FAR)* and the *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series) for the acquisition of supplies and services (including construction, research and development, and commercial items), the aggregate amount of which does not exceed the simplified acquisition threshold. Currently in the FAR, the simplified acquisition threshold is \$150,000 for open-market acquisitions.

Treasury Information Executive Repository (TIER) – a reporting process whereby all standard transactions for U.S. Standard General Ledger (USSGL) accounts are consolidated into a database and provided monthly to the U.S. Treasury Department.

undelivered order (UDO) – an amount corresponding to an order placed, a contract awarded, or a similar transaction for bona fide needs, where the goods or services have not been received.

5.6.4.2 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
2. Budget and Accounting Act of 1921, as amended. 31 USC 1101, 1104-1108, 3324.
3. Budget and Accounting Procedures Act of 1950, as amended. 31 USC 1112, 1531-1536, 3511-3512, 3524.
4. Chief Financial Officers Act of 1990. PL 101-576.
5. Federal Financial Management Improvement Act of 1996. PL 104-208.
6. Paperwork Reduction Act, as amended. 44 USC 3501-3520.
7. 18 USC 286 and 641. Crimes and Criminal Procedures.
8. 31 USC 1501. Documentary Evidence Requirement for Government Obligations, January 2007.
9. 31 USC 1552, 1555, and 1557. Appropriation Accounting, as amended.
10. 41 USC chapter 7. Public Contracts -- Office of Federal Procurement Policy.
11. General Services Administration, *Federal Acquisition Regulation (FAR)*, as amended.
12. Government Accountability Office, *Principles of Federal Appropriations Law*.
13. Government Accountability Office, *Standards for Internal Control in the Federal Government*, AIMD-00-21.3.1, November 1999.
14. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*.
15. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*.
16. Office of Management and Budget, Circular A-127, *Financial Management Systems*.
17. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.

18. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*.
19. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

5.6.4.3 Responsibilities

5.6.4.3.1 Assistant Commandant for Resources (CG-8)/CFO

Commandant (CG-8)/CFO:

1. Ensures that financial statements accurately reflect obligated balances in accordance with DHS and other reporting requirements.
2. Establishes and enforces the requirements, principles, standards, systems, procedures, and practices necessary to comply with statutory and regulatory finance and accounting laws and regulations.
3. Provides financial policy for the creation, approval, modification, monitoring, and validation of obligations and the certification of account balances.
4. Directs the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems, and ensures their proper relationship with other Coast Guard functional areas.
5. Develops and maintains effective internal controls pertaining to the creation, approval, monitoring, and validation of obligations, and the certification of account balances.
6. Develops and maintains effective internal controls to provide for the accurate entry of obligating documents and/or expenditure documents into the financial systems; and the scanning of source documents into the current imaging system, in accordance with the Paperwork Reduction Act.

5.6.4.3.2 Office of Resource Management (CG-83)

Commandant (CG-83):

1. Serves as the CFO's primary source for the establishment and implementation of management policies and procedures pertaining to the validation and review of obligations.
2. Maintains a proactive funds control system, ensuring that obligation policy and procurement policy are aligned.
3. Establishes, implements, and tests internal controls related to obligation validations and automatic deobligations.
4. Implements, reviews, and updates policies and procedures for validating and reviewing Coast Guard obligations.
5. Establishes and disseminates account balance certification requirements and schedules.

6. Establishes system requirements and provides developmental guidance to ensure compliance with all applicable laws and Federal regulations.
7. Reviews results of validation efforts and takes corrective action to address identified performance gaps.
8. Establishes and monitors performance metrics to determine the success of validation efforts.
9. Requires financial managers who certify obligation balances for financial reporting to develop unit report preparation schedules.
10. Identifies any conditions noted during the obligation certification process that indicate potential or apparent violation of the ADA and initiates immediate research and action.
11. Analyzes the validation of the Coast Guard's UDO balance for all obligations to ensure that policy is being followed. Prepares management reports and provides feedback to financial managers on performance and to communicate future expectations.
12. Conducts a post-certification review to audit the certification process through random sampling of hard-copy documents.
13. Provides sufficient training to financial managers to enable them to carry out their duties regarding the recording, monitoring, validation, and certification of obligations.

5.6.4.3.3 Appropriation Managers

Appropriation managers:

1. Provide oversight and management at the applicable appropriation level.
2. Monitor the status of appropriations and allowances ensuring that:
 - a. Funds are obligated and expended according to their purpose; and
 - b. Obligations and expenditures do not exceed the appropriation or an apportionment.
3. Consider prior adherence to this policy by allowance managers and ATUs when determining ATU budget authority.
4. Participate in reviews of financial reports prepared at or below the appropriation level.
5. Report problems to all financial managers. Report what actions have been taken or need to be taken to preclude identified problems from recurring.

5.6.4.3.4 Allowance Managers and Administrative Target Units (ATUs)

Allowance managers and ATUs:

1. Continually review and accurately record all obligations in the financial system.
2. Ensure that all personnel authorized to obligate funds adhere to this policy.
3. Ensure that the total obligation balance is validated in accordance with this policy.

4. Provide training and support necessary to ensure compliance with this policy.
5. Before forwarding a certified adjustment report to FINCEN for financial reporting, perform validation to ensure that:
 - a. Amounts on the report are mathematically correct;
 - b. Abnormal account balances (e.g., negative balances or unusual amounts) are researched and either resolved or thoroughly explained;
 - c. Reported amounts for the same data elements during the same report period are consistent across all similar financial reports; and
 - d. Unusual trends and comparisons with prior-year and/or prior-period amounts are identified and called to the attention of the appropriations manager for appropriate action or analysis.
6. Ensure that the program element manager (PEM) and the management review official (MRO) for each account are familiar with the responsibilities, the policy, and the most recent governing ALCGFINANCE message which identifies timelines and additional reporting requirements.
7. If designated as the final MRO in preparation for obligation certification:
 - a. Ensure that current procedures are followed for periodic verification of general ledger balances with related balances in subsidiary records, and for periodic verification of subsidiary records with related document files.
 - b. Ensure that all records supporting certification determinations are retained in a form that will facilitate audit and reconciliation in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
 - c. Identify any conditions in the obligation certification process that indicate either a potential or an apparent violation of the ADA and initiate immediate research and action.
 - d. Review all reports provided by FINCEN to assess the accuracy of financial information being reported. For financial reports prepared at or below the appropriation level:
 - 1) Identify errors, omissions, and significant variances from expected or planned amounts.
 - 2) Annotate all errors or omissions at the document detail level to facilitate corrective action in the official financial system of record.
 - 3) Compare budgeted and planned levels of activity with the data included in the reports.
 - 4) Ensure that proposed adjustments/corrections are made to the official accounting records immediately after the financial systems become available. The pipeline certification application is for reporting purposes and does not relieve the PEM of

the responsibility of making corrections in the official applicable financial systems to update and correct the subsidiary and general ledgers.

- 5) Perform program and management post analyses on the information contained in the certification reporting tool to ensure that all PES reports are reconciled and that all reported differences/omissions are corrected, with necessary adjustments posted to official financial systems in a timely manner.
- 6) Adhere to all internal controls and proper procedures at the highest level of accountability.

5.6.4.3.5 Program Element Managers (PEMs)

PEMs:

1. Ensure accurate entry of valid obligation and/or expenditure documents into the financial systems.
2. Verify that all obligations recorded in the financial system of record have been validated to hardcopy or electronic source documents with authorizing signatures, and that these documents are readily available for review.
3. Verify that all obligations that could not be substantiated or validated after thorough review have been deobligated.
4. When an obligation is recorded at an estimated amount, verify that the best estimate is based on thorough analysis of the transaction that actually occurred. Verify that the obligation is modified to reflect the actual amount as soon as it is known.
5. Validate all obligations within their respective PEs in accordance with this policy.
6. Perform post-validation requirements based on the validated obligation status, including correcting errors and deobligating obligations that are no longer required.
7. Continually monitor all obligations to ensure that the obligated balances recorded in the financial statements are accurate.
8. Perform reconciliation and validation of source data for all reportable obligations, ensuring that the amounts in the financial reports are consistent and reconcilable with the same data in the certification reporting tool.
9. Maintain proficiency with reporting procedures for account balance certification by reviewing current guidance and web-based material prior to reporting deadlines. As necessary, seek training from appropriate authority prior to the certification period.
10. Certify each account in accordance with published schedules and applicable guidance.

5.6.4.3.6 Finance Center (FINCEN)

FINCEN personnel:

1. Maintain finance and accounting requirements, systems, and functions for all appropriated, working capital, revolving, and trust fund activities, including security assistance funds.
2. Establish and enforce procedures and practices necessary to comply with statutory and regulatory financial management and accounting requirements.
3. Automate deobligation procedures within Coast Guard financial systems as appropriate, considering cost/benefits and adequate internal controls.
4. Provide to the Commandant (CG-831) Obligation Management Team as required:
 - a. Scheduled due dates for pipeline calculation reports by appropriation; and
 - b. Supporting fiscal status file (FSF) and allowance status recap reports for appropriations applicable to the certification period outlined in the most recent applicable ALCGFINANCE message.
5. Compare FSF values to summarized obligation balances for predetermined appropriations at the appropriation, allowance, and appropriation limitation code (LIM) and for applicable appropriations such as AC&I, at the PE levels during each pipeline certification process.
6. Communicate promptly to the Obligation Management Team any errors and/or omissions identified in reports provided by Commandant (CG-831) to support adjustment and/or detailed explanation of Coast Guard financial statement balances.
7. Once the comparison is completed and deemed satisfactory by the TAFS accountant, post adjustments to UDO balance accruals on the Year-end Closing Statement, Form FMS 2108.
8. Inform the Commandant (CG-831) pipeline reports project manager immediately of any cancellations, changes, or problems with requirements and established timeframes.
9. Execute statutory and regulatory financial reporting requirements and render financial statements.

5.6.4.3.7 Office of Procurement Policy & Oversight (CG-913)

Commandant (CG-913):

1. Develops, implements, and maintains Coast Guard acquisition policy directives and procedures including *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series) and *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).
2. Develops, implements, oversees, and evaluates Coast Guard acquisition, contracting and procurement policy, directives, and procedures consistent with the policies outlined in *Major Systems Acquisition Manual (MSAM)*, COMDTINST M5000.10 (series).

3. Issues procurement procedures that require KOs to deobligate outstanding UDO balances, as determined by assessments of the receipt of services or goods, billings, and cancellations of orders, either in whole or in part.
4. Ensures that Coast Guard procurement policy aligns with the obligation policy by serving as control and review point for external and internal acquisition directives and publications.
5. Oversees the conduct of studies, pilots, and other analyses to improve business practices, internal controls, and effectiveness in Coast Guard contracting to activities.

5.6.4.3.8 Chief of the Contracting Office (COCO)

The COCO ensures that KOs coordinate with and assist funds managers with the monitoring and validation of contract obligations.

5.6.4.3.9 Contracting Officers (KOs), Purchasing Agents, Cardholders, or Other Obligating Authorities

These individuals:

1. Obligate funds within their respective procurement authority.
2. Ensure that obligations conform to applicable statutory and regulatory requirements.
3. Ensure that adjustments to obligations conform to applicable statutory and regulatory requirements.
4. Ensure that obligations are recorded in the Coast Guard financial system.
5. Maintain source documents for all obligations and modifications.
6. Submit all source documentation to a central location, as applicable.
7. Ensure proper validation, execution, recording, and receipt of goods and services, and the proper liquidation of obligations.
8. Monitor and validate obligations as directed by the funds manager in accordance with this policy.
9. Perform necessary contract administration (i.e., issue modification) to facilitate the deobligation of funds, when appropriate.

5.6.4.3.10 Contracting Officer's Representatives (CORs)

CORs:

1. Support funds managers in the validation of obligations by monitoring and documenting contractor performance to ensure that goods and services are delivered, inspected, and accepted according to schedule.
2. Resolve errors in delivery and payment schedules between contractors and the Coast Guard. Formally initiate contract closeout, and forward contract closeout memos to KOs

to document the ending of the contractual relationship. Provide copies of invoices to the funds manager/PEM in a timely manner.

5.6.4.3.11 Management Review Officials (MROs)

MROs are assigned to act as checks of existing processes or as controls to mitigate the risks of inaccuracy. They are integral to the accuracy of obligation balances at the unit and command levels. The MRO is a responsibility generally assigned to the PE commanding officer or to the executive officer. This authority may be delegated in writing. MROs:

1. Conduct independent verification of compliance with established policy and procedures, including any applicable interim policy outlined in ALCGFINANCE messages.
2. Ensure PEM compliance with the responsibilities as set forth in this policy (see subsection 5.6.4.3.5).
3. Perform certification of obligations, including management review for all PEs.
4. Ensure that certification reports are signed by the PEM and the MRO and retained in the unit file for a minimum of three years. All documentation is subject to internal audit by Commandant (CG-83), and failure to provide copies will be considered a violation of this policy.

5.6.4.3.12 Reconcilers

Reconcilers are assigned to act as checks of existing processes or as controls to minimize the risks of inaccuracy. They are integral to the accuracy of obligation balances at the unit and command levels. Reconcilers:

1. Conduct accurate reconciliation of the PES report on a weekly basis, until the account is closed.
2. Monitor obligations within their respective PEs in accordance with this policy.
3. Advise the PEM of any inconsistencies or inaccuracies discovered during the reconciliation review process.
4. Assist the PEM to ensure the accuracy of validation and certification reporting.

5.6.4.3.13 Assistant Commandant for Engineering and Logistics (CG-4)

Commandant (CG-4):

1. Ensures that subordinate units (Aviation Logistics Center, Surface Forces Logistics Center, and Coast Guard Yard) establish and enforce the procedures and practices necessary to comply with statutory and regulatory finance and accounting requirements.
2. Ensures that subordinate units adhere to the provisions of this manual for:
 - a. Validating obligations;
 - b. Establishing effective internal controls;

- c. Ensuring the accurate entry of obligation amounts;
- d. Maintaining a proactive funds control system, ensuring that the obligation policy aligns with procurement policy;
- e. Reviewing the results of validation efforts and taking corrective action to address identified performance gaps; and
- f. Establishing and monitoring performance metrics to determine the success of validation efforts.

5.6.4.4 Policy

5.6.4.4.1 General Requirements for the Recording of Obligations

1. Only individuals who have proper written delegation of authority may incur obligations on behalf of the Coast Guard. Unauthorized individuals who incur obligations may be subject to personal liability.
2. The requirements for an obligation are stated in 31 USC 1501. For the Coast Guard, an obligation is typically a binding agreement that will result in an outlay (or multiple outlays), immediately or in the future. All Coast Guard personnel committing and obligating funds shall ensure that all approvals and authorizations align with their corresponding orders or contracts for goods or services. Funds must be available within the limits of appropriations, apportionments, allowances, and other subdivisions of budget authority. The availability of funds must be documented and signed. (Electronic documents must contain an approved electronic signature.) The documentation of an obligation shall consist of a complete record of the transaction, and shall be in accordance with all Coast Guard policies and procedures before the obligation may be recorded.
3. Obligations incurred are the amounts of orders placed, contracts awarded, services received, or similar transactions during an accounting period. These amounts include
 - a. Obligations not previously recorded for which payment has been requested; and
 - b. Adjustments between obligations previously recorded and the actual payments to liquidate those obligations.
4. All obligations shall be recorded promptly and accurately when incurred.
 - a. The appropriate authority shall create the obligating document.
 - b. After the appropriate authority has created the obligating document, a Contracting Officer or other official authorized to obligate the Coast Guard, shall approve the document and record the obligation within the financial system.
 - c. All of the documentation supporting the obligation shall be maintained by the ordering activity in either an approved electronic “true-copy” format within a central repository, or a hard-copy file format.

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- d. The contracting officers (KOs), buyers, credit card holders, or other obligating authorities shall review the Coast Guard financial system ledgers to ensure that the obligation entry has been completely and accurately recorded.
 - e. Obligations shall be recorded in the official accounting records at the time that a legal obligation is incurred, or as close to the time of occurrence as possible.
 - f. All obligations must be recorded within 10 calendar days following the day that it is incurred. This includes obligations incurred when invoices are overpaid, or when duplicate payments are made.
 - g. Notwithstanding paragraph f. above every effort shall be made to record an obligation in the month that it is incurred.
 - h. All obligations of \$100,000 or greater, must be recorded and included in the official accounting records in the same month the obligation is incurred, and incurring and recording of an obligation shall not cross fiscal years, notwithstanding any other provisions of this policy.
5. Obligations may be incurred for the bona fide needs of the fiscal year for which budget authority is available. Changes to contracts or orders for goods and services frequently require adjustments to obligations. An obligation requiring adjustment must be adjusted with the same fiscal year budget authority that was available for the original obligation, unless otherwise permitted by law, regulation, or precedent.
 6. An obligation shall be recorded in the financial system when supported by documentary evidence of:
 - a. A binding agreement between the Coast Guard and another person (including an agency) that is:
 - 1) In writing, in a manner and form and for a purpose authorized by law; and
 - 2) Executed before the end of the period of availability for obligation of the appropriation or fund used.
 - b. A loan agreement showing the amount and terms of repayment.
 - c. An order required by law to be placed with an agency.
 - d. An order issued under a law authorizing purchases without advertising:
 - 1) When necessary because of a public exigency;
 - 2) For perishable subsistence supplies; or
 - 3) Within specific monetary limits.
 - e. A grant or subsidy payable:
 - 1) From appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law;
 - 2) Under an agreement authorized by law; or

- 3) Under plans approved consistent with and authorized by law.
 - f. A liability resulting from pending litigation.
 - g. Employment or services of persons or expenses of travel under law.
 - h. Services provided by public utilities.
 - i. Other legal liability of the Government against an available appropriation or fund (31 USC 1501(a)).
7. Contracting Officers and other obligating authorities shall verify and concur that funds are available prior to creating, recording, or adjusting obligations in the financial system, including all aspects of the appropriation's time, purpose, and amount.
8. An obligation must satisfy a bona fide need during the period for which the appropriation is available.
9. All obligations shall be entered in the Coast Guard financial system with approved supporting documentation in accordance with the Paperwork Reduction Act. At a minimum, the obligating document shall have one level of approval prior to its entry into the financial system.
10. Obligation documents shall be signed and dated (electronically or manually) by the KO, purchasing agent, cardholder, or other obligating authority.
11. The exact amount of the Coast Guard's liability shall be recorded as the obligation, when the amount is known. However, when an obligation is incurred and the exact amount of the obligation is not known, the obligation shall be recorded with the obligating authority's best estimate and shall be demonstrated as such on the obligating document. When the actual amount of the liability becomes available, the obligation shall be modified by an authorized individual.
12. Obligation amounts from obligating documents shall be recorded in the financial system at the time that a legal obligation is incurred, or as close as feasible to the time it is incurred.
13. All obligations shall be entered into the Coast Guard financial system prior to any disbursement being made against the obligation.
14. Failure to record an obligation may result in non-payment or late payment. Late payments may result in interest penalties being charged to the unit responsible for the transaction that incurred the late payment.

5.6.4.4.2 General Requirements for the Monitoring of Obligations

1. Monitoring activities continue throughout the life of the obligation. From the point that a commitment becomes an obligation, until the obligation is liquidated or cancelled, monitoring is required to ensure effective and efficient budget execution.
2. All modifications, memoranda, and receiving paperwork shall reflect the correct amounts and descriptions to align with the approved and authorized obligation documentation.

The responsible Coast Guard KO listed on the procurement document shall be contacted to ensure that any change is authorized by modification for all increases in quantities, claims, changes in costs for level of effort, and other monetary effects on a contract.

3. Receipt of goods and services shall be monitored to ensure that the required delivery date (RDD) is being met. If the receipt of goods and services does not occur by the RDD, the supplier shall be contacted for delivery status if purchased using simplified acquisitions procedures. The KO responsible for the contract or order shall be contacted for follow-up in the case of goods or services not received by the required delivery date.
4. All reimbursable and direct citation procurement actions must follow appropriate procedures as outlined by the resource manager in charge of the funds and their distribution. Orders for goods and/or services shall be monitored until the order is completely received or cancelled. All invoices shall be reviewed and annotated to certify receipt and acceptance of the goods or services for which payment is to be made.
5. All obligations shall be continually monitored to ensure that obligated balances are accurately reflected in the Coast Guard financial statements. Continual monitoring reduces the need for extensive corrections at year-end closeout. A deobligation shall occur when a determination is made that the funds are no longer needed for the purpose for which they were obligated.
6. The PES reconciliation process shall be completed weekly for all program elements. A deviation from this reconciliation process shall require the program element manager or personnel with delegated authority to control funds to request a PES reconciliation waiver form from Commandant (CG-8C) via Commandant (CG-831). See subsection 3.9.10 for overall PEM responsibilities.

5.6.4.4.3 General Requirements for the Validation of Obligations

1. All obligations shall be validated quarterly to determine if the requirements still exist. Deobligation of unsubstantiated obligations and excess funds shall be completed in accordance with timelines set forth in this policy. The validation of all obligations charged to current appropriations and expired appropriations still available for payment must be reported.
2. Periodic review ensures that the accounting records reflect the current fund status of the appropriation. Funds management responsibilities include ensuring that only valid obligations remain open for the settlement of billings, and that undelivered orders (UDOs) determined to be invalid are cancelled when required.
3. Validation reporting does not relieve individuals of the responsibility to ensure that the financial system of record is corrected to reflect validation results to ensure accuracy in financial reporting. For example, if an unliquidated obligation reflected in the system of record is no longer required, appropriate action must be taken to deobligate that amount.
4. All obligations shall be validated and verified quarterly for all appropriations. Financial managers shall utilize the Open Obligation Validation Application (OOVA) for these validations. Where OOVA is not available for validation, local validation procedures

apply. Proper supporting documentation shall be maintained for each adjustment to the obligated total.

5. Funds shall be deobligated when it is determined that they are no longer needed for the purposes for which they were obligated. All obligations that meet at least one of the following criteria shall be deobligated within 30 days or at fiscal-year closeout, whichever comes first:
 - a. Residual balances remain after the vendor has completed delivery and received full payment.
 - b. Undelivered items are no longer needed, or the project order/contract has been cancelled.
 - c. Errors in accounting require correction prior to clearing an outstanding balance.
 - d. The initial obligation is determined to be invalid.
 - e. A reduction of a previously recorded obligation is warranted.
6. All information supporting an obligation shall be retained and readily available for review upon request.
7. Individuals shall strictly adhere to requirements for performing their assigned roles and responsibilities, and managers shall perform oversight functions for due diligence.

5.6.4.4.4 General Requirements for Periodic Certification of Valid Obligations

The certifications of obligations in Coast Guard accounts are conducted in order to maintain proactive funds control and to act as a tool to mitigate errors and possible misstatement of obligation balances. These certifications support (1) the monthly submission of the Report on Budget Execution and Budgetary Resources, Form SF 133; (2) the determination of quarterly obligation rate requirements; and (3) the annual submission of the Year-end Closing Statement, Form FMS 2108.

It is the Coast Guard's responsibility to review and provide certification that all obligations are authorized and have been executed in accordance with this policy and other policies, rules and regulations. The responsibility for assessing the accuracy of obligations and for taking corrective actions as needed to improve the timeliness and quality of reported financial information lies with every financial manager.

1. Account balance certification reporting schedules shall be approved and published via Coast Guard Message System (CGMS) each quarter. Certification schedules shall establish reporting due dates consistent with audit or external financial reporting schedules.
2. All account obligations shall be certified and pipeline adjustments shall be properly documented in accordance with prescribed schedules and in compliance with all established regulations, policies, and procedures.

3. Only technically capable individuals shall certify transactions for financial statement reporting. The management review function shall only be assigned to individuals having the necessary oversight competencies.
4. Pipeline adjustment is required to report the accrual of UDOs on the Year-end Closing Statement, Form FMS 2108. UDO pipeline adjustment shall be based upon a comparison of the financial manager's certified total spending account balance and the total spending balance in the official financial system. The variance, if any, between the two amounts shall determine the amount of the pipeline adjustment.
5. Post-certification review of certified account balances shall be conducted to ensure that:
 - a. Amounts on the report are mathematically correct;
 - b. Reported amounts calculated by summation of interdependently certified balances are correct;
 - c. Abnormal account balances (e.g., negative balances or excessive balances) are researched and resolved;
 - d. Reported amounts for the same data elements and the same report period are consistent across all similar financial reports; and
 - e. Unusual trends and comparisons with prior-year and/or prior-period amounts are identified and called to the attention of the unit/PE and appropriation manager for appropriate action or analysis.
6. The number of samples requested for submission shall be calculated using the population of certified PEs, certified ATUs, and the financial system certified accounts. This population will be tested at a 95 percent confidence level with a 7.5 percent confidence interval to receive an appropriate sample size. Accounts to be tested will be selected at random, and managers will receive notification via e-mail no more than 5 days after the certification period ends. Managers receiving notification of selection will have 14 days to submit a signed copy of the certification by fax, electronic imaging transfer protocol, or mail. A unit selected for testing but which is unable to provide a copy of the certification document shall submit a memorandum to Commandant (CG-831) detailing the reason.
7. For financial reports prepared at, or below, the appropriation level, cognizant financial managers shall:
 - a. Compare budgeted and planned levels of activity with reports to identify errors, omissions, and significant deviations from expected or planned amounts. When errors or omissions are identified, changes to the reports shall be annotated at the document detail level and noted as a difference for certification of obligations.
 - b. Ensure that proposed adjustments or corrections are made to the official accounting records as soon as financial systems become available following the close of the reporting period. Account balance certification and pipeline calculation reports do not relieve the PEM of the responsibility or the requirement for correcting the Coast Guard financial systems and local ledgers prior to the next reporting period.

- c. Perform program and management post analysis of information contained in the account balance certification.
- d. Ensure that reported differences, omissions, and applicable unreconciled PES reports are reconciled for posting to official financial systems prior to the account balance certification.

5.6.4.4.5 Other Requirements

1. All units and financial managers that use any Coast Guard financial system as the primary means of managing obligations shall ensure that internal controls are in place and that proper procedures are followed.
2. All documentation supporting the life cycle of obligations and accounts shall be maintained at the unit level. Obligation documents shall be retained in accordance with section II, chapter 7 of *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.
3. For post validation and certification sampling of hard-copy documents, the number of samples requested for submission shall be calculated using the population of certified and validated PEs.
4. Sampling plans shall be methodically sound and shall adhere to technical guidelines set forth in professional audit standards.
5. All sampling plans submitted for approval shall first be reviewed and approved (or in most cases, originally prepared) by a qualified statistician.
6. All sampling plans shall include:
 - a. Definition of the population from which the sample will be selected;
 - b. Sample size and element selection method;
 - c. Procedures to analyze the results of sampled records; and
 - d. Methods to document the results of sample review.
7. Sampling plans shall be reviewed and updated periodically to ensure that they reflect the most recent occurrence rate trends and to allow for population estimates within predetermined sampling probability and precision levels.
8. Commandant (CG-83) is responsible for training requirements that are sufficient in scope to provide the sustainability of the obligation accounting process. Personnel covered by this policy shall receive training prior to assuming their responsibilities, so that they can carry out the controls incorporated in these policies and procedures.

5.6.4.5 Internal Controls

5.6.4.5.1 Internal Management Controls

Effective internal controls minimize opportunities to conceal errors or irregularities. These controls emphasize separation of duties – the assignment of work so that no one individual controls all phases of a transaction. Separation of duties increases the likelihood that errors or fraud will be detected. Therefore:

1. The following key duties shall be assigned to separate individuals to minimize the risk of loss to the Government:
 - a. Authorizing, certifying, and recording transactions;
 - b. Issuing or receiving assets;
 - c. Making payments;
 - d. Preparing and signing checks;
 - e. Certification of funding; and
 - f. Reviewing or auditing.
2. Appropriate separation of duties is not always practical due to time constraints, manpower shortages, or the use of mechanized systems. These situations warrant close scrutiny. In unique situations involving contracting action, the inability to apply adequate internal controls shall be reported to the Office of Procurement Policy & Oversight, Commandant (CG-913), with a request for evaluation.
3. Close review of internal controls and management policies shall be conducted to evaluate adequacy, compliance, and effectiveness. All financial managers shall be identified in Unit Approved Plans.

5.6.5 Reporting Violations of Informal Subdivisions of Budget Authority

When obligations incurred exceed the annual allowances, targets, and/or program elements, and local actions to reduce obligations are insufficient, the financial manager of the administrative target unit is responsible for prompt reporting to the allowance and appropriation managers. The unit financial manager shall prepare the report within 10 working days after it has been established that this condition exists.

The report shall be based on the documents and accounting records on file at the ATU and shall include:

1. A description of the administrative operating allowances, targets, program elements or project target;
2. Related details and the amount involved;
3. An explanation of all pertinent facts concerning the excess and the principal reason or cause; and

4. A statement on the adequacy of the control system or recommendations for changing the control system.

Note: Temporarily exceeding administrative operating allowances, targets, program elements or project targets, while necessitating disciplinary action if the circumstances warrant, may not constitute a violation of the Antideficiency Act. See section 3.6 for information about the Act and the reporting of statutory violations.

5.6.6 Internal Controls for Budgetary Resource Management

The Coast Guard is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

Commandant (CG-83) provides assurance on the effectiveness of internal controls over BRM in support of the Commandant's Annual Assurance Statement.

5.6.6.1 Purpose

This subsection establishes the internal control framework for BRM, providing reasonable assurance that the transactions within this financial process:

1. Are properly recorded, processed, and summarized in conformity with generally accepted accounting principles (GAAP) to permit the preparation of the:
 - a. Statement of Budgetary Resources (SBR);
 - b. Year-end Closing Statement, Form FMS 2108;
 - c. Apportionment and Reapportionment Schedule, Form SF 132; and
 - d. Report on Budget Execution and Budgetary Resources, Form SF 133.
2. Are executed in accordance with:
 - a. Laws governing the use of budget authority, and other laws and regulations that could have a direct and material effect on the SBR; and
 - b. Any other laws, regulations, and Governmentwide policies identified in OMB guidance.

This subsection also prescribes policies and areas of responsibility over the processing of BRM transactions. The policies and responsibilities are designed to provide reasonable assurance regarding the reliability of financial reporting and budget execution that is compliant with laws and regulations. Reliability of financial reporting means that Commandant (CG-8) can reasonably make the following assertions on the Statement of Budgetary Resources:

1. Existence – All reported transactions actually occurred during the reporting period, and all assets and liabilities exist as of the reporting date. For example:
 - a. Recorded new budget authority was made available for obligation and was recorded in the proper accounts.

- b. Recorded unobligated balances from prior periods remain available for obligation.
 - c. Recorded obligations represent valid orders, contracts, or other events that will require future payment.
 - d. Obligated balances represent amounts for orders placed, contracts awarded, and similar obligating transactions for which goods and services have not been paid.
 - e. Appropriate goods and services were properly receipted.
2. Completeness – All transactions that shall be reported have been included, and no unauthorized transactions or balances are included. For example:
 - a. All new budget authority that was made available for obligation was recorded in the proper accounts for appropriation, apportionment, and allotment.
 - b. All commitments, obligations, and receiving reports are properly recorded.
 - c. All available and authorized spending authority is recorded.
 - d. All payments made are recorded in the proper accounts and for the correct year.
 3. Compliance – Recorded transactions are in compliance with applicable laws and regulations.

5.6.6.2 Responsibilities

5.6.6.2.1 Office of Resource Management (CG-83)

Commandant (CG-83), as the key process owner for BRM, is responsible for implementing, maintaining, executing, and monitoring internal controls for each of the BRM subprocesses: budget authority, funds distribution, funds control, and fund status. Commandant (CG-83):

1. Implements, maintains, and monitors the execution of this internal control policy and maintains current and accurate process documentation.
2. Reviews the results of the assessment of the subprocesses and provides an aggregate assurance on the effectiveness of internal controls in support of the Commandant's Annual Assurance Statement and the annual management representation letter.
3. Provides supporting documentation during the annual financial statement audit to support the assertions of completeness and existence of material line items on the Report on Budget Execution and Budgetary Resources, Form SF 133, and also on the Year-end Closing Statement, Form FMS 2108.
4. Coordinates, with Commandant (CG-85), the annual assessment of internal controls in accordance with Coast Guard policy (plan, document, test, evaluate, and report).
5. Monitors and reports to Commandant (CG-8) and the Senior Assessment Team on the effectiveness of internal controls and progress with remediation using the Mission Action Plan and report results.
6. Establishes and maintains an effective internal control process/system to include:

- a. Complete and compliant policies and procedures;
 - b. Accurate process documentation; and
 - c. The written assignment of subprocess owners.
7. Implements improvements to the internal control policy, procedures, and process, as needed.

5.6.6.2.2 Subprocess Owners

Subprocess owners:

1. Implement, maintain, and monitor the execution of this internal control policy.
2. Plan, conduct testing, evaluate, and report the results of the annual internal control assessment for their respective subprocess in order to determine the effectiveness of controls, support assertions of its financial reporting, and ensure compliance with laws and regulations.
3. Implement and report on remediation activities.
4. Regularly monitor control activities and take corrective action as necessary.
5. Report the results of monitoring activities, assessments, and completed corrective actions.
6. Identify personnel training needed to effectively operate the subprocess, and either prepare or obtain and deliver appropriate training to process personnel.

5.6.6.2.3 Coast Guard Personnel

Coast Guard personnel:

1. Execute policies and procedures that initiate, review, approve, and record transactions within BRM policies.
2. Maintain proficiency in knowledge and the skills to implement this policy.
3. Report broken or ineffective control activities.

5.6.6.2.4 Office of Internal Controls (CG-85)

Commandant (CG-85):

1. Schedules and coordinates the annual assessment process.
2. Provides detailed instruction and guidance to effectively conduct the annual assessment of internal controls.

5.6.6.2.5 Office of Financial Policy, Reporting, and Property (CG-84) and FINCEN

Commandant (CG-84) and FINCEN:

1. Coordinate with Commandant (CG-83) the development and execution of transaction-level controls.
2. Prepare and promulgate budget resource management reports.

5.6.6.2.6 Assistant Commandant for Command, Control, Communications, Computers and Information Technology (CG-6)

Commandant (CG-6)/Chief Information Officer (CIO):

1. Implements and maintains the application controls for BRM processes.
2. Maintains application integrity.
3. Implements and maintains general computer controls, including access controls, as necessary to comply with this policy.
4. Monitors and assesses the effectiveness of application or general computer controls over budgetary resources management processes, and reports these results to Commandant (CG-83).

5.6.6.3 Policy

1. Commandant (CG-83) shall establish a system of internal controls that provide reasonable assurance that the following objectives are achieved:
 - a. Field commanders and program managers have timely and accurate information regarding available funds to accomplish Coast Guard missions.
 - b. Budgetary resources, status of funds, and outlays are accurately and reliably reported.
 - c. Coast Guard budget execution fully complies with laws and regulations.
 - d. Coast Guard financial managers are organized, trained, and properly directed and supervised to accomplish these objectives for budget execution.
2. Commandant (CG-83) shall establish and maintain the following controls to meet the above objectives:
 - a. A strong control environment;
 - b. Periodic risk assessments;
 - c. Focused control activities;
 - d. Regular monitoring and clear communication; and
 - e. Frequent reporting of both budgetary resources information and information regarding the effectiveness of internal controls.
 - f. Maintain audit readiness materials related to annual CFO audit.
3. In establishing a strong control environment, Commandant (CG-83) shall establish and maintain an organizational structure while providing organizational support for effective internal control that:

- a. Clearly defines areas of authority and responsibility, delegates the authority and responsibility, and establishes a reporting hierarchy.
 - b. Demonstrates a commitment to excellence for hiring, training, evaluating, advancing, and disciplining personnel; and upholds the need for personnel to possess and maintain the proper knowledge and skills to perform their assigned duties.
 - c. Sets and maintains values and standards for ethical behavior that permeate the organization and aid the successful implementation of internal control systems.
4. Commandant (CG-83) shall also closely coordinate with FINCEN and Commandant (CG-84) to clearly define roles and responsibilities for transactions and processes that overlap organizational boundaries. In order to provide all members of the organization with timely information, Commandant (CG-83) shall provide written procedural updates and appropriate instruction when a process change is required.
 5. Early in each fiscal year, Commandant (CG-83) shall perform an annual risk assessment that:
 - a. Identifies material accounts and confirms the establishment of key controls. Commandant (CG-83) shall use materiality (as determined by Commandants (CG-85) and (CG-83) staff qualitative evaluations) to identify the budgetary accounts that have a material effect on the Statement of Budgetary Resources (SBR), and shall establish and maintain reasonable controls for these accounts. This assessment will confirm those processes, transactions, and controls which will be most important to financial reporting during the next year. Also, this assessment will support Commandant (CG-83) in designating important controls as key controls for annual budgetary resources internal control assessment.
 - b. Identifies high-risk compliance areas and establishes control objectives. Commandant (CG-83) shall develop a prioritized list of compliance risks based upon a review of annual appropriation acts and other laws, OMB circulars and other guidance, DHS policy, procedures and directives, the current operational and budget environment, and previous findings (e.g., auditor-identified, GAO audit, internal management review). This assessment shall define high, medium, and low risk areas. For each high and medium risk area, it shall provide control objectives, means and measurements for monitoring, and thresholds for reporting, along with a designated individual to monitor and report risks. Commandant (CG-83) shall use this assessment to support the administrative system of funds control and other Commandant (CG-83) monitoring processes.
 6. Commandant (CG-83) shall establish and maintain control activities for each subprocess and for appropriate transaction events in order to direct accurate, reliable, and compliant budget execution. Among these control activities, Commandant (CG-83) shall:
 - a. Maintain internal control policies and procedures for managing and controlling the use of appropriated funds and other forms of budget authority.
 - b. Establish and maintain an organizational structure that supports the proper segregation of duties (separate personnel with authority to authorize a budgetary

- transaction, process or record the transaction, and review and approve the transaction).
- c. Establish appropriate supervision of reviews and approvals for important transactions.
 - d. Update all process documentation, including flowcharts, and perform an evaluation of the effectiveness of the controls using the control evaluation matrix.
 - e. Maintain and publish a roster of individuals who are authorized to execute transactions in accordance with laws, regulations, and management policy (e.g., the Unit Approved Plan for FPD – see subsection 9.5.22.3.3).
 - f. Retain documentation supporting budgetary authority, obligations, and outlays, and control access to the documentation.
 - g. Establish IT application controls requiring that all transactions be properly authorized before processing, that they be processed accurately and completely, and that the data processed is valid and complete.
 - h. Maintain audit readiness Documentation Support Matrix and UNIT/COCO POC List for additions, deletions and modifications as needed. These documents are used during the audit for contacting and requesting support documentation and providing the guidance on what support documentation is valid to provide to the auditors.
7. Monitoring is an essential part of the budgetary resources internal control framework. In order to support the annual FMFIA assurance statement for budgetary resources to the Commandant, the assertions contained in the annual management representation letter, and the assertions regarding the SBR during the annual financial reporting audit, Commandant (CG-83) shall:
- a. Conduct an annual assessment of key controls.
 - b. In planning this assessment, Commandant (CG-83) shall:
 - 1) Follow Coast Guard policy and coordinate the details and timing of this evaluation with Commandant (CG-85);
 - 2) Monitor the progress of the assessment, and
 - 3) Report results of the assessment to Commandant (CG-8) and the Senior Assessment Team.
8. As a critical part of any control framework, Commandant (CG-83) shall promote the regular development, distribution, and use of reports and information regarding:
- a. Budget execution and BRM process performance;
 - b. The effectiveness of internal controls; and
 - c. Compliance with laws and regulations.

5.6.7 Reimbursable Programs

This subsection establishes the policy relating to intragovernmental and other reimbursable programs covering goods and services **provided by** the Coast Guard to other DHS components, other Federal agencies, and non-Federal entities. This subsection does not apply to instances where the Coast Guard **procures** goods or services from other Federal agencies. Such situations involve procurement actions, and will be processed through procurement channels because they involve obligation of funds, which can only be accomplished by a warranted contracting officer.

1. The Economy Act (31 USC 1535) provides that any agency, if funds are available and if it is determined to be in the interests of the Government, may place orders with another agency for materials, supplies, equipment, work, or services of any kind, and shall promptly pay the servicing agency upon written request. When the Coast Guard procures goods and services through another Federal agency the transaction shall be processed using the ordering procedures set forth in subpart 17.5 of the *Federal Acquisition Regulation (FAR)*, and chapter 3017 and enclosure 3 of *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
2. 14 USC 141(a) states, “The Coast Guard may, when so requested by proper authority, utilize its personnel and facilities ... to assist any Federal agency, State, Territory, possession, or political subdivision thereof, or the District of Columbia, to perform any activity for which such personnel and facilities are especially qualified. The Commandant may prescribe conditions, including reimbursement, under which personnel and facilities may be provided under this subsection.”
3. Generally, when the assistance rendered falls within the specific functional responsibilities of the Coast Guard, the services are performed without charge. Reimbursable cooperative agreements under 14 USC 141(a) shall be in writing, in a way and form, and for a purpose authorized by law. Amounts received from the assisted agency, government, or political subdivision shall be credited to the appropriation which bore the expense of the assistance.

Note: The authority only applies to cooperation with other governmental agencies, State or Federal, and not to private organizations. Reimbursable agreements for services to foreign governments are typically with the State Department under that Department’s unique statutory authority. They are executed by authorized representatives of the Department of State and coordinated with the Coast Guard International Affairs Staff.

5.6.7.1 Reimbursable Agreements – Policies

Program managers shall establish reimbursable programs on the basis of written agreements. Reimbursable agreements shall be prepared, approved, and accepted by both parties prior to providing goods or services in accordance with applicable standards. Such written agreements are also required for all reimbursable activities performed for other DHS operating agencies; however, reimbursable activities are not applicable to general working agreements or orders placed with the DHS Working Capital Fund.

Reimbursable agreements shall meet the following conditions:

1. The nature of the reimbursable work shall be for authorized purposes, and consistent with the purpose and policies of the Coast Guard; and
2. Program managers shall negotiate reimbursable agreements within the framework of the Coast Guard's appropriations structure.

5.6.7.1.1 Finance Services

Program managers will finance services rendered and goods furnished from reimbursable appropriations, allowances, program elements, or targets subject to reimbursement from both Federal and non-Federal activities, unless circumstances warrant financing through advance of funds. To the extent authorized by law, they will apply the same method of financing to non-Federal activities; however, program managers shall require advance payments when there is any doubt concerning the collectability of the reimbursable charges.

5.6.7.1.2 Reimbursable Work/Intrinsic Value

The nature of the reimbursable work must have intrinsic value to the Coast Guard at least equivalent to that which Coast Guard appropriations would otherwise be used. In this respect, it should be kept in mind that diversion for reimbursable work may deny the use of those personnel or resources for Coast Guard work.

5.6.7.1.3 Procedures

The Coast Guard receives reimbursable agreements in various forms, including Military Interdepartmental Purchase Requests (MIPRs), Interdepartmental Procurement Requests (IPRs), or when Memoranda of Agreement (MOAs), and Memoranda of Understanding (MOUs) are incorporated by reference in an interagency reimbursable agreement. Reimbursable agreements impacting all appropriations other than the OE appropriation must be approved by Commandant (CG-83).

Reimbursable agreements impacting the OE appropriation will be processed as follows:

1. Headquarters programs and field units shall process all reimbursables through Commandant (CG-831).
2. All reimbursables must be routed through the applicable Headquarters program Budget Resource Office for review and approval; then forwarded to Commandant (CG-831) for final approval.

5.6.7.1.4 Recovery of Costs

The Economy Act anticipates the recovery of actual costs incurred in furnishing goods or services under a reimbursable agreement. Generally, it is Coast Guard policy to recover actual costs under all reimbursable agreements, unless it is otherwise reasonable to waive certain costs (See Subsection 5.6.7.1.6, Waiver of Costs, below). The cost computation shall cover direct and indirect costs incurred in carrying out the activity. Agreements with non-Federal government organizations shall be written to include costs and charges for space, depreciation, and interest;

however, agreements with Federal Government organizations shall not include space, depreciation, and interest costs. Where personnel are provided on a reimbursable basis, the reimbursable agreement shall provide funding sufficient to cover costs for the personnel directly authorized for the program, as well as indirect personnel needed for pipeline billets (training, personnel in transit, etc.) to support the reimbursable program. When available, actual payroll shall be used to assign costs. The Standard Personnel Cost (SPC) published by Commandant (CG-83) will be used for determining indirect personnel costs.

5.6.7.1.5 Identification of Costs

Program managers approximate what the costs would be under a formal system. *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series) contains standard rates for major types of units and other miscellaneous equipment. These rates are to be used in computing estimated reimbursable charges when actual payroll data is not available. Managers using *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series) shall apply it to recover the administrative overhead costs attributable to the direct services provided. In cases where personnel are provided on a reimbursable basis, the sponsoring activity shall provide funding in an amount equal to the SPC.

Program managers shall identify costs wherever possible through the accounting system. Where the accounting system is not readily adaptable to identifying costs, program managers shall establish a simplified procedure to identify costs. They shall avoid excessive details and unnecessary refinements in the accounting records. For example, program managers may have to use a factor to recover indirect costs, such as a portion of the current overhead rate, which represents the relationship of support to operating programs.

5.6.7.1.6 Waiver of Costs

Program managers shall not waive the costs of providing goods and services, except as authorized by law. Only officials authorized to approve reimbursable agreements have the authority to waive costs. Waivers may be granted under the following conditions:

1. A cost study shows processing would not be economical.
2. The furnishing of the service without charge would be an appropriate courtesy to a foreign country or international organization; or a foreign country or international organization would reciprocate comparable costs.
3. Comparable costs are waived on a reciprocal basis.
4. The services provided are part of, or are clearly to the benefit of, a regular Coast Guard mission.

5.6.7.2 Preparation and Coordination of Agreements

All Coast Guard reimbursable agreements shall be guided by DHS and Coast Guard policies and procedures.

In addition, program managers and Contracting Officers preparing reimbursable agreements should follow the guidance provided in the *Treasury Financial Manual*, volume 1, part 2, chapter 4700, Appendix 10, “Intragovernmental Transaction (IGT) Guide.” For forms and content requirements, access this document online at <http://www.fms.treas.gov/tfm/vol1/index.html>.

Reimbursable agreements prepared by a party other than the Coast Guard may be made using other forms, as long as they contain essentially the same information required in the Department of Treasury guidance cited above.

Finally, signature authority will comply with the provisions of *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), subchapter 3017.501. Reimbursable Interagency Agreements create valid obligations under 31 USC 1501.

5.6.7.2.1 Draft and Clearance

Cognizant Headquarters offices and Contracting Officers are responsible for conducting negotiations and drafting proposed agreements.

5.6.7.3 Reimbursement to the OE Appropriation

The reimbursable programs which are carried out under the OE appropriation are generally those concerned with the operation or maintenance of facilities which are of benefit to another agency. Maintenance of Navy-owned equipment on Coast Guard units is one example.

5.6.7.3.1 Sponsoring Agencies

Prior to distribution of the draft FMOP, the sponsoring agency for each reimbursable account develops reimbursable programs through conferences, individual discussions, and correspondence, in order to fix decisions, agreements, and estimates of costs. Finally, the sponsoring agency forwards an IPR or the equivalent to the Coast Guard. The Coast Guard must return the IPR showing signed acceptance under the conditions and amount stated. Signature authority will comply with the provisions of *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), subchapter 3017.501.

The process of developing, inaugurating, and changing these programs requires extensive staff coordination to ensure that cognizant offices are kept aware of the negotiating process. Toward this end, responsibilities at Headquarters for negotiating and managing the several reimbursable programs are assigned as described in the following subsections.

5.6.7.3.1.1 Established Operating Programs

This subsection applies to established operating programs, carried out from year to year, which involve AFC managers in different offices. The program manager will assume responsibility for drafting correspondence external to the Coast Guard via Commandant (CG-8).

5.6.7.3.1.2 Operating/Support Program Managers

Operating/support program managers responsible for the reimbursable programs shall identify and develop base-level resources and provide guidance to the ATUs. The ATUs shall in turn submit detailed funding requests for the reimbursable field programs per *Field Planning for Shore Infrastructure – Field Planning Manual*, COMDTINST M11000.17 (series).

5.6.7.3.1.3 The Budget Office

Commandant (CG-83) shall solicit both quarterly and annual AFC distributions for each reimbursable account prior to distribution of the FMOP draft in the spring, and again prior to the approval of the final FMOP. Commandant (CG-83) will publish the specific amounts in the FMOP.

5.6.7.3.1.4 Program Managers of Established Operating Programs

Program managers of established operating programs that are carried out from year to year and that involve only one AFC manager, such as medical supplies and maintenance of Navy-owned electronic equipment, have the responsibility for drafting correspondence external to the Coast Guard relative to funds or other requirements.

5.6.7.3.1.5 Interdepartmental Procurement Requests

The office having primary responsibility for one-time programs requiring engineering evaluation (e.g., joint oceanographic surveys) will assume responsibility for drafting correspondence external to the Coast Guard relative to funds or other requirements.

Programs receiving IPR advanced billing reimbursable agreements from other agencies, which indicate the work requested of the Coast Guard, as a servicing agency, and funds available for such work, should transmit them to Commandant (CG-83). Commandant (CG-83) will verify the request against previous correspondence, coordinate with other offices concerned to adjust the financial plan, accept the work order for the Coast Guard, and furnish copies of correspondence with the signed IPR agreement to permit the rendering of proper bills to the requesting agency. It is the responsibility of the Headquarters program or Headquarters unit to return copies of the accepted agreements to the external parties and to initiate any CIFPs necessary to execute the agreement.

5.6.7.3.2 Cost Estimates

When cost estimates have been agreed on, they are consolidated by Commandant (CG-83), and the appropriation manager adds an estimate for anticipated yet unconfirmed reimbursements. The total estimated reimbursement to OE is entered in the OMB Stage budget as a separate item from the direct appropriation requested from Congress. Commandant (CG-83) revises this estimate at the Congressional budget stage and in preparation of the FMOP. Note that the estimated reimbursable program shown in the budget document does not have to be justified in that document, since it is not in itself a request for funds. The reimbursable funds are justified in the sponsoring agencies' budgets.

5.6.7.3.3 Budget Office Reimbursement

Commandant (CG-83) distributes most of the OE reimbursements to the regular OE AFCs, which will incur expenses in carrying out the reimbursable programs. Program managers must submit a Change in Financial Plan (CIFP) reflecting an AFC distribution when they establish a new reimbursable program. When AFC managers are advised of their allocations and are requested to recommend the quarterly apportionments of these funds, they are dealing with their total allocations including reimbursements, which will remain at the AFC-80 level. The apportionment request submitted to OMB by Commandant (CG-83) does not specifically itemize or identify the reimbursable portion of the quarterly apportionments. The appropriation manager must approve all reimbursable CIFPs. A copy of the signed, accepted reimbursable agreement or purchase request must be on file in Commandant (CG-83) and must accompany the CIFP. Program managers will provide a copy of the approved CIFP, with supporting justification, to Commandant (CG-83).

5.6.7.3.4 Reimbursement to AFC-80

Obligation authority to finance reimbursable work for other Government agencies and non-Government entities is requested and received from OMB during the apportionment process. Once approved by OMB, these funds are set up in AFC-80 in the amount of the anticipated annual reimbursement. Unlike other AFCs, AFC-80 does not consist of direct appropriated funds. Rather, it contains the value of anticipated or actual reimbursement for work authorized to be done for others on a reimbursable basis.

5.6.7.4 Reimbursements to Other Appropriations

The reimbursable programs under the AC&I appropriation usually involve the construction of facilities or other assets for the benefit of other agencies and the application of proceeds from the sale of personal property to acquire its replacement.

RDT&E reimbursements usually represent cooperative research programs involving Government or nonprofit civil agencies.

5.6.7.4.1 AC&I Reimbursements

Commandant (CG-83) develops estimates for reimbursable programs under the AC&I appropriation. These estimates are included in the OMB Stage of the budget as an item separate from the direct appropriation request. Commandant (CG-83) revises these estimates as required at subsequent budget stages. Like the OE reimbursement, the AC&I reimbursement is not justified in the Coast Guard budget, since it is not a request for appropriations. Estimates for RDT&E are handled in a similar fashion.

5.6.7.4.2 Research and Development Staff

The research and development staff, Commandant (CG-926) for RDT&E and Commandant (CG-83) for AC&I, maintain the reimbursable programs as separate projects. Accordingly, the office developing a reimbursable agreement under these appropriations prepares a financial plan

and quarterly obligation schedule for each reimbursable project. From these schedules, Commandant (CG-83) prepares the apportionment request for submission to OMB. Both directly appropriated funds and reimbursable funds are listed on the apportionment request as separate line items.

5.6.7.4.3 Establishing Accounts

Commandant (CG-83) establishes an account titled “Anticipated Reimbursements” for the total amount of reimbursement expected throughout the year for each appropriation. Commandant (CG-83) provides project account numbers for each reimbursable agreement. To establish separate project accounts from which obligations may be made, Commandant (CG-83) prepares a Change in Financial Plan, Form CG-3319, showing an amount to be decreased in the “Anticipated Reimbursements” account and increased under the reimbursable project account. Commandant (CG-83) must approve all reimbursable CIFPs. A copy of the signed, accepted reimbursable agreement or purchase request must accompany the CIFP.

5.6.7.5 Financing and Billing Arrangements

In order to assure that the agreement is in sufficient detail for the accounting office to perform the billing, the agreement shall:

1. Identify the accounting office serving the performing activity as the billing office;
2. Contain a “BILL TO” address in sufficient detail to allow the accounting office to send bills for collection;
3. Indicate the specific goods or services to be furnished;
4. Identify the charges, the method of computation, the billing period, and the estimated cost;
5. Establish beginning and ending dates;
6. Provide for an advance of funds;
7. Identify the documentation required by the user agency as a condition of payment;
8. Establish the activity responsible for the accomplishment of the project; and
9. In the event multiple items are to be furnished, provide for separate identification of each item.

5.6.7.5.1 In Doubt of Paying Ability

Whenever the servicing activity intends to fund a program on a reimbursable basis and doubts the paying ability of the requesting activity (non-Federal organization), the servicing activity will indicate on the agreement that an advance of funds is necessary for the entire cost of the project. An advance installment basis of payments may also be satisfactory, depending on the circumstances.

5.6.7.5.2 Agreements between DHS and Operating Elements

Agreements between DHS and operating elements are normally done on a reimbursable basis. Activities entering into agreements are encouraged to obtain assistance from their accounting and budget offices to establish a mutually acceptable and simple arrangement.

5.6.7.5.3 Servicing Activity

1. The servicing activity shall furnish its accounting office a listing of all organizations authorized to provide goods and services under the specific agreement. Servicing activities must list the applicable agreement number and the name and telephone number of the project officer of the servicing activity.
2. Lead and collateral organizations will prepare and furnish cost estimates to the appropriate accounting office. These estimates shall include but are not limited to lists of such items as number of work hours, kinds of contractual services, purchases of equipment, and identification of each element of overhead.
3. During the course of the agreement, the servicing activity shall review all documentation developed by it or furnished to it by collateral organizations prior to submission to the accounting office, to ensure that reference to the agreement number is included.
4. Within 10 workdays after completion of work, the servicing activity shall furnish notification in writing, stating that the terms of the agreement have been satisfied. If feasible, this notification shall be furnished concurrently with the submission of the final documentation.
5. The accounting office of the servicing activity shall develop and assign numbers to the agreements. Assignment of numbers shall be performed after the agreement is signed and prior to the distribution of the agreements. A consecutive numbering system is required.
6. The accounting office of the servicing activity will expedite final billings (including any adjustments necessary to conform to the terms of the agreement) and collections. It will be the responsibility of the servicing activity to notify its accounting office and furnish documentation immediately upon completion of work.

5.6.7.6 Distribution of Agreements

In addition to local distribution of agreements, the program manager will forward executed copies to Commandant (CG-83) and to FINCEN (OGQ).

5.6.7.7 Revisions and Amendments

Requesting agencies will prepare written amendments to agreements if there are any changes in the goods and services provided. The nature of the changes should be explained in detail. Program managers will prepare CIFPs to reflect any changes in the amount of the agreement.

The agreement shall specify a date of expiration, or indicate that it remains effective indefinitely. In either case, program managers in conjunction with Commandant (CG-83) will reexamine reimbursable agreements every five years and renegotiate, as required, any changes necessary to ensure their accuracy.

5.6.7.8 *FEMA Mission Assignments*

5.6.7.8.1 Overview

Following a Presidential declaration of disaster or emergency, the Coast Guard may operate under the Stafford Act and its implementing framework, the National Response Framework (NRF). The law provides for the Federal Emergency Management Agency (FEMA) to coordinate employment of Federal agencies and resources in support of the disaster relief efforts of State and local governments.

The NRF groups the types of Federal assistance most likely to be needed under 15 Emergency Support Functions (ESFs). Under the NRF, a primary Federal agency may require the assistance of a support Federal agency to accomplish the assigned Mission Assignment (MA). If a primary Federal agency determines that the services of a support Federal agency are needed to complete the MA, the primary Federal agency may subtask another Federal agency to perform the requirement necessary to complete the MA. For example, the Environmental Protection Agency (EPA) and the Coast Guard are both assigned as primary agencies for ESF-10, Oil and Hazardous Materials Response. While FEMA may assign an ESF-10 MA directly to the Coast Guard if both agencies are involved, the normal practice is for FEMA to assign the ESF-10 MA to EPA, which then divides the MA with the Coast Guard so that Coast Guard units can assist with disaster response involving hazardous materials in the marine environment.

It is possible for a Coast Guard unit to be simultaneously supporting several ESFs, as when an air station launches a helicopter to locate propane tanks adrift in a river (ESF-10) and launches a second helicopter to provide logistics and resource support (ESF-7) for disaster relief personnel, and then diverts the helicopter to perform inland search and rescue under ESF-9.

The Stafford Act provides that the Director of FEMA may issue MAs to any Federal agency, *with or without reimbursement*, to utilize its authorities and the resources granted to it under Federal law in support of disaster relief efforts. The MA is a directive or work order issued by FEMA directing an agency to complete a specified task and providing a specified amount of reimbursable funding for that purpose. MAs can be issued by FEMA's National Resource Coordination Center (NRCC), one of its Regional Resource Coordination Centers (RRCC), or a joint field office (JFO) established after a Presidential Disaster Declaration has been issued. The Coast Guard may receive tasking under several different ESFs for multiple MAs in each State affected by the natural disaster.

Note: Section 304 of the Stafford Act (42 USC 5147) requires reimbursement for supplies and services furnished to be deposited to the credit of the appropriation or appropriations currently available when it is received. Reimbursements may not be received until a follow on fiscal year. Lessons learned from Hurricanes Katrina and Rita emphasizes the importance of avoiding account deficiencies during disasters that occur near the end of a fiscal year. Reimbursements

may not be processed or received until the next fiscal year. A legislative change proposal has been submitted to address this issue.

In execution of an MA, the Coast Guard must:

1. Accept the MA for operational purposes (the Coast Guard will do the mission).
2. Accept the MA for financial purposes. This involves:
 - a. Monitoring expenditures to avoid deficiencies;
 - b. Monitoring costs under non-reimbursable MAs to support supplemental requests;
 - c. Establishing reimbursable accounts whenever possible;
 - d. Assigning funds to those units performing the mission(s);
 - e. Assigning cost documentation responsibilities to those units performing the mission(s);
 - f. Procuring goods and services to complete assigned MAs;
 - g. Actively monitoring actual expenses/burn rates against MA funding provided and advising FEMA (NRCC, RRCC, JFO) if additional funds will be required to complete the MA;
 - h. Making all payments to Government or private vendors for all costs; and
 - i. Gathering information, for justification purposes, if the costs of the MA will exceed existing enabling authority (scope) or remaining available fiscal year budget authority for normal operations.
3. Recover Coast Guard costs incurred under the MA from FEMA or the ESF Lead Agency under the regulations in 44 CFR 206.8 and rules and conditions established in the Financial Annex of the National Response Framework (NRF).

Because of the large number of agencies involved in disaster relief operations, requests for Coast Guard assistance may come from a wide variety of sources.

FEMA encourages all ESF agencies to develop Pre-Scripted Mission Assignments (PSMAs) to expedite the MA acceptance process. PSMAs provide a template “statement of work” language and estimated costs for work typically performed by a Federal agency. The PSMA identifies services that the Coast Guard may perform; however, a PSMA does not obligate the Coast Guard to complete the MA. The Office of Environmental Response Policy (CG-MER) develops the PSMAs based on input from the National Pollution Funds Center (NPFC), Headquarters National Preparedness Integration Team, logistics and service center commands, supporting units, and areas.

5.6.7.8.1.1 Purpose

This subsection specifies the policy for reimbursement to the Coast Guard for disaster relief services provided pursuant to tasking by FEMA under the Stafford Act. Two major processes are outlined:

1. Distribution of the reimbursable funds authorized as a result of the MA process; and
2. Submitting a reimbursement request.

The flow of each process is summarized below.

1. Reimbursable Budget Authority/Funds Distribution Process
 - a. Asset Operational Costs
FEMA → Field Unit → ATU/NPFC/Commandant (CG-831) → FINCEN.
 - b. Other Costs Incurred
Field Unit → ATU/NPFC → Commandant (CG-831) → FINCEN → FEMA.
2. Reimbursable Request Process
Field Unit → ATU/NPFC → FINCEN/Commandant (CG-831) → FEMA.

5.6.7.8.1.2 Scope

This subsection applies to all Coast Guard units of activities that receive and execute FEMA Mission Assignments.

5.6.7.8.1.3 Definitions

Emergency Support Function (ESF) – The NRF includes 15 ESFs, which are managed by FEMA at the national level by the National Response Coordination Center (NRCC) or at the regional level by the Regional Response Coordination Center (RRCC) or joint field office (JFO). The ESFs provide the structure for coordinating Federal interagency support for a Federal response to an incident. They are mechanisms for grouping functions most frequently used to provide Federal support to States and Federal-to-Federal support, both for declared disasters and emergencies under the Stafford Act and for non-Stafford Act incidents. During a response, FEMA relies on ESFs to coordinate functional capabilities and resources provided by Federal departments and agencies, along with certain private sector and nongovernmental organizations. ESFs are an effective way to bundle and funnel resources and capabilities to local, tribal, State, and other responders. These functions are generally coordinated by a single department or agency but may rely on several agencies that provide resources for each functional area. Organizing support by ESFs provides the greatest possible access to capabilities of the Federal Government regardless of which agency has those capabilities. ESFs comprise a wide range of operational-level mechanisms to provide assistance in functional areas such as transportation, communication, public works and engineering, firefighting, mass care, housing, human services, public health and medical services, search and rescue, response to oil and hazardous materials releases, law enforcement and public safety, agriculture and natural resources, and energy.

ESF coordinator – the entity having management oversight for a particular ESF. The ESF coordinator has ongoing responsibilities throughout the preparedness, response, and recovery phases of incident management. The role of the ESF coordinator is carried out through a

“unified command” approach as agreed upon between the designated primary agencies and, as appropriate, support agencies.

Federal coordinating officer (FCO) – a Federal official who is appointed by the President and designated by FEMA to manage Federal resource support activities related to Stafford Act disasters and emergencies. The FCO is responsible for coordinating the timely delivery of Federal disaster assistance resources and programs to the affected State and local governments, individual victims, and the private sector. The FCO issues MAs through the FEMA support team at the NRCC, RRCC, or JFO.

FEMA Finance Center (FFC) – The FFC at Mt. Weather Emergency Operations Center (MWEOC) houses the Disaster Disbursement Branch of the Financial Operations Division. The FFC is responsible for all disaster (Fund Code 6) payments. This includes travel, vendor payments, MA reimbursements, and debt collection.

FEMA project officer – a project officer at the JFO who coordinates with ESF and other Federal agency action officers to develop for each MA a Statement of Work, period of performance, and cost estimate. The FEMA project officer also establishes the reporting period during which the ESF and other Federal agency action officers submit progress reports; and, in conjunction with logistics, approves the purchase of property needed to accomplish the mission. This official will typically make the decision whether an MA is reimbursable.

Mission Assignment (MA) –

1. An order or directive issued by FEMA to a Federal agency directing completion of a specific task and citing funding, other managerial controls, and guidance. An MA is given in anticipation of, or in response to, a Presidential declaration of an emergency or major disaster.
2. An inter/intra-agency directive to secure the provision of goods and services pursuant to a Stafford Act declaration. It orders immediate, short-term emergency response assistance when an applicable State or local government is overwhelmed by the event and lacks the capability to perform, or contract for, the necessary work. **Note:** MAs may be with or without reimbursement.

Mission Assignment manager – the person responsible for processing MAs. The MA manager assists the Operations Section chief in evaluating and approving requests, providing technical assistance and support, and processing the MA in the Enterprise Coordination and Approval Processing System (eCAPS). The MA manager also establishes and maintains the MA files.

Mission Assignment Task Order Form – a form used to provide additional direction for completing an MA and to document the MA cost breakdown.

National Response Framework (NRF) – a guide that describes how the Nation conducts all-hazards response. It is built upon scalable, flexible, and adaptable coordinating structures to align key roles and responsibilities across the Nation, linking all levels of Government, nongovernmental organizations, and the private sector.

Stafford Act – the Robert T. Stafford Disaster Relief and Emergency Assistance Act, PL 100-707, which amended the Disaster Relief Act of 1974, PL 93-288. The Stafford Act establishes the programs and processes for the Federal Government to provide disaster and emergency assistance to States, local governments, tribal nations, individuals, and qualified private nonprofit organizations. The provisions of the act cover all hazards, including natural disasters and terrorist events. Relevant provisions of the act also include a process for Governors to request Federal disaster and emergency assistance from the President.

5.6.7.8.2 Authorities

1. Robert T. Stafford Disaster Relief and Emergency Assistance Act, 1974, PL 93-288, as amended. 42 USC 5121-5207.
2. 42 USC 5147. [Reimbursement of Federal agencies (Permissive) {Sec. 304}]
Federal agencies may be reimbursed for expenditures under this act from funds appropriated for the purposes of this act. Any funds received by Federal agencies as reimbursement for services or supplies furnished under the authority of this act shall be deposited to the credit of the appropriation or appropriations currently available for such services or supplies.
3. 42 USC 5170a. [General Federal Assistance (Permissive reimbursement) {Sec. 402}]
In any major disaster, the President may direct any Federal agency, with or without reimbursement, to utilize its authorities and the resources granted to it under Federal law (including personnel, equipment, supplies, facilities, and managerial, technical, and advisory services) in support of State and local assistance efforts.
4. Homeland Security Act of 2002. PL 107-296, 116 Stat. 2135.
5. Post-Katrina Emergency Management Reform Act of 2006, enacted as Title VI of the DHS Appropriations Act, 2007. PL 109-295, 120 Stat. 1355 (2006).
6. 44 CFR 206.8. [Reimbursement of other Federal agencies]
7. Department of Homeland Security, Management Directive 0760.1, *Purchase Card Program*.
8. Department of Homeland Security, *National Response Framework*, January 2008.
9. *Disaster Related Pollution Response Activities under the Federal Response Plan (FRP) and Cost Reimbursement from the Stafford Act*, COMDTINST 16451.1 (series).
10. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
11. *Marine Safety Manual, Volume VI, Ports and Waterways Activities*, COMDTINST 16000.11 (series).
12. U.S. Coast Guard, Office of Environmental Response Policy (CG-MER), Pre-Scripted Mission Assignment (PSMA) Templates.
13. *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST 4200.13 (series).
14. *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series).

5.6.7.8.3 Responsibilities

Following are the offices and their respective responsibilities for FEMA-related reimbursements to the Coast Guard.

5.6.7.8.3.1 Assistant Commandant for Resources (CG-8)

Commandant (CG-8) shall develop, promulgate, and implement Coast Guard financial management policy for documentation of MA expenses; submission of MA claims; acceptance, distribution, and accounting documentation for reimbursable funding, followed by subsequent reimbursement of appropriate accounts for disaster relief activities performed pursuant to FEMA tasking under the Stafford Act.

5.6.7.8.3.2 Financial Management Policy Division (CG-843)

Commandant (CG-843) shall review policy annually and incorporate, as appropriate, any newly enacted or revised laws and regulations from higher authority.

5.6.7.8.3.3 Budget Execution Division (CG-831)

Commandant (CG-831) shall:

1. Request apportionments of reimbursable authority from the Office of Management and Budget (OMB).
2. Provide guidance to servicing units in setting up lines of accounting for which to charge costs of performing a mission assignment.
3. Coordinate reimbursement processing with the ATUs and FINCEN.
4. Provide guidance for FEMA reimbursement funds, to ensure that reimbursements are credited to the appropriation(s) **currently available** for such services or supplies prior to the closeout of an MA.
5. Adhere to all requirements of the applicable legal authority for the action (e.g., the Economy Act or other specified act, OMB Circular A-76, and other applicable directives).
6. Approve any CIFPs and FTAs that distribute reimbursable budget authority.
7. Establish funds control: hard controls for all reimbursable program elements.
8. Serve as Headquarters liaison with the FEMA Finance Center and other Coast Guard elements regarding FEMA reimbursement policy issues.
9. Approve all MA reimbursement lines of accounting.
10. Record and track the financial status of all MAs issued to the Coast Guard to the receipt of final reimbursement from FEMA for quarterly reconciliation purposes with FEMA.
11. Conduct periodic audits and reviews of Coast Guard unit reimbursement packages to monitor compliance with Coast Guard financial management policy.

5.6.7.8.3.4 Financial Analysis Division (CG-832)

Commandant (CG-832) shall:

1. Provide the current standard rates for resources per *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series). The variable (incremental) rates that are utilized for Stafford Act reimbursements are provided via a Commandant (CG-83) memorandum that is a subset of this manual. Ratios of AFC-3X and AFC-4X costs will be delineated to aid ATUs and logistics/service center commands in determining where reimbursements will be applied.
2. Determine which current Coast Guard accounts are appropriately credited with FEMA reimbursements.

5.6.7.8.3.5 Finance Center (FINCEN)

FINCEN shall:

1. Establish lines of accounting as directed by Commandant (CG-831) or NPFC.
2. Initiate IPAC to cognizant ESF or FEMA, as appropriate, based upon a CG-submitted MA reimbursement billing package.
3. Certify in the billing to FEMA that the reimbursement request is in the correct accounting format.
4. Ensure that certifications made by the submitting organization (ATU or NPFC) are included in the billing to FEMA.
5. Review the Accounts Receivable aging report to ensure that all expenditures have been included in the FEMA reimbursement package.
6. Ensure that the final bill for a particular MA is explicitly marked "Final Billing".
7. Forward reimbursement billing packages to FEMA, as submitted, regardless of the amount (there is no minimum dollar threshold required to invoice FEMA).
8. Fax or e-mail a completed copy of the FEMA Reimbursement Request Transmittal Form and a copy of Voucher and Schedule of Withdrawal and Credits, Form SF 1081, to the submitting organization (ATU or NPFC) for tracking purposes, after process completion for all MA reimbursement packages received for billing.
9. There may be occasions when the Coast Guard does not receive a reimbursable MA but it receives reimbursement for assisting another agency with primary responsibility to carry out an MA.
 - a. Primary agencies for other ESFs may request reimbursements directly from FEMA for the total costs associated with an MA carried out under a particular ESF.
 - b. In some instances the primary agency may collect cost data directly from the Coast Guard and submit the necessary billing documentation directly to FEMA. FINCEN shall provide this information to the primary agency instead of FEMA. When the reimbursed funds are received, the primary agency notifies the Coast Guard to bill

them for their share of the mission. The normal process, however, is for the Coast Guard to bill the primary agency, supply the cost documentation with the bill, and be paid. The primary agency then includes the Coast Guard charges in its bill to FEMA for the full MA.

- c. In some instances the Coast Guard may bill FEMA directly for its share of an MA directed to another agency.
- d. The documentation outlined in this manual is still required for the Coast Guard regardless of the billing and reimbursement mechanisms of other ESFs.

5.6.7.8.3.6 Deputy for Operations Policy & Capabilities (CG-DCO-D)

Commandant (CG-DCO-D) develops, promulgates, and implements Coast Guard policy for the operational acceptance of FEMA MAs pursuant to the Stafford Act.

5.6.7.8.3.7 Office of Environmental Response Policy (CG-MER)

Commandant (CG-MER) shall:

1. Establish policy governing operational acceptance of FEMA MAs.
2. Oversee the development of Pre-Scripted Mission Assignments and coordinate review by FEMA.
3. Provide standing Coast Guard liaison officers to the FEMA National Resource Coordination Center (NRCC).

5.6.7.8.3.8 Operational Commanders

Operational commanders shall:

1. Notify the applicable funds manager (NPFC or ATU) and Commandant (CG-831) via the Coast Guard Message System (CGMS) or fax by the next business day that you are responding to FEMA MA tasking.
2. Provide information about funding limitations provided in the MA.
3. Obtain additional resources as appropriate to assist ATUs, including field units, in meeting reimbursement documentation requirements. Costs of these additional resources are reimbursable by FEMA if they are directly related to the disaster/crisis relief effort.
4. Track MAs from the beginning to the end of the operation that executed it.
5. Notify all involved parties of mission termination dates and when all operations have ceased.

5.6.7.8.3.9 Administrative Target Units

Administrative target units (ATUs) shall:

1. Upon receiving notification that the Coast Guard is responding to a FEMA MA:

- a. Use OE funds for initial actions as necessary.
 - b. Request a reimbursable MA line of accounting.
 - c. Request reimbursable budget authority from Commandant (CG-831) via a CIFP or FTA.
2. Coordinate with Commandant (CG-832) regarding any mandatory OE maintenance funding that is required to be distributed to AFC-3X or AFC-4X accounts.
 3. Coordinate obtaining reimbursement for FEMA responses:
 - a. For FEMA-related oil spill or hazardous material response reimbursement, follow the procedures outlined in *Marine Safety Manual, Volume VI, Ports and Waterways Activities*, COMDTINST M16000.11 (series).
 - b. For ESF-7 (Logistics and Resource Support) MAs, seek assistance from the cognizant regional representative, as required.
 - c. There is a regulatory process for FEMA reimbursement of Federal Agencies at 44 CFR 206.8.
 4. Monitor the use of Coast Guard resources in support of MA tasking to ensure that funding limitations are not exceeded.
 5. Establish contact with the FEMA MA Project Officer and work as appropriate to facilitate obtaining reimbursements.
 6. Obtain additional resources as appropriate in order to carry out reimbursable billing responsibilities.
 7. For subtasks, coordinate with the ESF primary agency to compare costs against estimates, actual obligations, deobligation requirements, and return of unused budget authority.
 8. Establish program elements for which to charge incremental response costs. In establishing program elements, the ATU shall confer with Commandant (CG-831) and FINCEN. ATUs may establish program elements and special FEMA cost centers in advance of crises/disasters. For oil spill or hazardous material responses, follow the procedures outlined in *Marine Safety Manual, Volume VI, Ports and Waterways Activities*, COMDTINST M16000.11 (series).
 9. Provide training to field command location and financial management personnel in the appropriate use of budget object codes and the processing of transactions in the financial management system.
 10. Ensure that reimbursement requests cite the specific MA under which the work was performed, along with the major disaster or emergency identification number.

Note 1: Requests for reimbursement of costs incurred under more than one MA may not be combined for billing purposes.

Note 2: For MAs with multiple amendments, ATUs may submit a single reimbursement request covering all amendments.

11. Prepare required documentation (e.g., CIFP or FTA) to effect the proper distribution of funds.
12. Consolidate all reimbursement requests from their respective units.

Note: Reimbursement requests from different MAs must remain separate; i.e., **each MA must be tracked separately.**
13. Verify and certify that the tasks performed and the expenditures claimed have been reviewed and are relevant to the mission assigned, and that costs are reasonable and supported by records maintained by the Coast Guard. Also, ensure that the appropriate standard rates have been applied to the operating hours for each resource.
14. When task orders are issued in conjunction with an MA, monitor the task orders to ensure that the cumulative costs do not exceed the MA cost estimates.
15. Ensure that appropriate cost documentation is obtained and submitted with each reimbursement request.
16. Resolve all billing, reimbursement, and chargeback discrepancies directly with FEMA.
17. Maintain supporting documentation that provides a clear audit trail if a review of documentation becomes necessary.
18. Prepare and submit reimbursement requests for each MA directly to FINCEN (except for oil spill/hazardous material responses under ESF-10, which are the responsibility of NPFC).
 - a. Follow the step-by-step guidance provided in the “FEMA: Mission Assignment Billing and Reimbursement Checklist” for the preparation and submission of billing packages. The checklist and MA billing instructions may be found at <http://www.fema.gov/doing-business-fema/mission-assignment-billing-and-reimbursement-checklist>. A listing of the basic requirements is outlined in Appendix 5-3. Appendix 5-4 lists the types of expenditures eligible for reimbursement.
 - b. Cost packages related to oil spills or hazardous materials shall be forwarded in accordance with *Marine Safety Manual, Volume VI, Ports and Waterways Activities*, COMDTINST M16000.11 (series).
 - c. Only actual, eligible costs (as defined in 44 CFR part 206) may be reimbursable.
19. Create a checklist for the preparation of reimbursement billing packages consistent with FEMA’s requirements for reimbursement billing supporting documentation.
20. For reporting purposes, record and track the financial status of all MAs issued in the area of responsibility to the receipt of final reimbursement from FEMA.
21. Prepare quarterly progress reports as required by Commandant (CG-831) for quarterly reconciliation with FEMA.
22. Upon request, forward copies of specific reimbursement packages to Commandant (CG-831) for review and monitoring of compliance with financial management policy.

23. Maintain all relevant documentation in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
24. Follow the FEMA Instructions for Federal agencies providing disaster assistance found at: <http://www.fema.gov/federal-agencies-providing-disaster-assistance>, with copies to Commandant (CG-83).
25. Establish standard operating procedures (SOPs) to implement the governing policies and responsibilities specified in this manual.

5.6.7.8.3.10 Field Units

Field units shall:

1. Ensure that all requests for services, supplies, materials, and equipment are supported by a Resource Request Message (ICS-213RR CG).
2. Ensure that all vendor invoices receive the appropriate reviews prior to payment.
3. Ensure that all obligations and related expenditures are recorded in the Coast Guard Core Accounting System (CAS).
4. Ensure that all supporting documentation is signed and maintained in accordance with appropriate regulations.
5. Forward monthly copies of all supporting documentation to the ATU for billing requirements.
6. Ensure that all accountable property is recorded in the property tracking system.
7. Maintain all relevant unit-level documentation in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

5.6.7.8.3.11 National Pollution Funds Center (NPFC)

NPFC shall:

1. Serve as manager for all ESF-10 funds provided to the Coast Guard for pollution responses by Coast Guard operational units.
2. Act as liaison with EPA for FEMA reimbursements related to oil spills or hazardous materials.
3. In addition to notifying the responsible unit, notify Commandant (CG-831) that an MA has been issued to the Coast Guard.
4. Determine when Stafford Act funding is to be used for oil spill or hazardous material responses.
5. Generate billings for cost recovery for oil spill or hazardous material responses.
6. Submit a copy of the required MA Progress Report to FEMA for all MAs in the area of responsibility that are active over 60 days.

5.6.7.8.3.12 SFLC/ICP

When the Surface Forces Logistics Center (SFLC) or an inventory control point (ICP) is involved with a Stafford Act assistance effort, the SFLC or ICP shall:

1. Establish program elements in their accounting system as directed by Commandant (CG-831).
2. Submit reimbursement request documentation to FINCEN. Commandant (CG-831) may also request copies in order to monitor compliance with financial management policy.
3. FINCEN shall bill FEMA via the Treasury IPAC system.

5.6.7.8.4 Policy for FEMA Reimbursement

5.6.7.8.4.1 General Policy

1. Coast Guard units shall use the appropriate base funding when operating under specific contingent, disaster, or emergent authority and no MA is in place. Once a MA is issued and budget authority is distributed, execution shall occur from an AFC-80 line of accounting.
2. The Coast Guard shall seek appropriate and timely reimbursement for all expenses incurred in support of an authorized Stafford Act disaster relief effort. The Coast Guard may only bill FEMA for the costs incurred for personnel, services, and materiel as the result of FEMA tasking.
3. An MA is required in all cases involving Coast Guard assistance to FEMA, or to the primary agency for ESF acting for FEMA. (An MA may not be reimbursed when the Coast Guard is performing duties under its own authorities for which it receives appropriations.)
4. Units are authorized to incur expenses based upon a verbal request for assistance from the authorized ESF/FEMA representative, provided that the request is followed up by a written MA not more than 24 hours later. Units shall obtain all information normally contained in the written MA when the verbal request is received, in order to avoid confusion at a later date. **Every effort must be made to ensure that a valid MA is obtained from FEMA prior to submitting a request for reimbursement.**
5. Special care shall be taken throughout the emergency response period to maintain abstracts of operations, logs, formal records, and file copies of all expenditures in order to show clear and reasonable, detailed documentation to support reimbursement requests for each distinct assignment.
6. Funds reimbursed from FEMA shall be credited to the Coast Guard appropriation for use in the fiscal year actually received, regardless of when the services were provided. Reimbursements received in a follow-on fiscal year for MA performance in a prior fiscal year shall not be credited to a prior-year account. The Stafford Act states (42 USC 5147):

Any funds received by Federal agencies as reimbursement for services or supplies furnished under the authority of this chapter shall be deposited to the credit of the appropriation or appropriations currently available for such services or supplies.

7. Commanding officers/officers-in-charge are authorized to exceed normal operating budgets for their assigned program elements in order to comply with a particular MA. They shall, as soon as practicable, follow up with an emergency request for supplemental funding to the district and/or logistics/service center command via message. The recipient of the emergency request shall follow up with Commandant (CG-831).
8. ATUs (e.g., districts, logistics/service center commands, and HQ units) are authorized to exceed normal operating targets in order to comply with requests for disaster relief services. ATUs shall notify Commandant (CG-831) by the most rapid means as soon as it becomes apparent that targets have been exceeded or are projected to be exceeded.
9. If Coast Guard contracting officers (KOs) are not available, the General Services Administration (GSA) has primary responsibility for providing procurement support to Coast Guard units responding under the Stafford Act. The decision regarding KO support is made by the local servicing Chief of Contracting Office (COCO). The Governmentwide commercial purchase card shall be used in accordance with the policy and procedures described in *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series) and Purchase Card Program, DHS Management Directive 0760.1.
10. All documentation used to support FEMA MAs shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
11. The Assistant Commandant for Response (CG-5R) has the overall oversight and management of the implementation of the NRF. However, the Assistant Commandant for Resources (CG-8) is responsible for developing and implementing financial management policy for subsequent reimbursement for disaster relief activities performed pursuant to FEMA taskings under the Stafford Act.

5.6.7.8.4.2 Property Accountability Policy

1. All items purchased with FEMA reimbursable funds (but not requiring capitalization) shall be considered loaned accountable property. Examples include cameras, generators, cell phones, and walkie-talkies.
2. All accountable and capitalized property acquired with MA funding must be recorded and tracked in the Coast Guard property tracking system from its acquisition and use during disaster response through either its transfer to FEMA or its disposition by the Coast Guard.
3. The recording of personal property acquired through an operating lease, and personal property on loan from another entity (borrowed), shall be entered into Oracle FAM at a two dollar value for custodial purposes. Leased and borrowed items shall be accounted for within the proper major/minor category and disclosed as appropriate.

4. All loaned property for which the Coast Guard claims reimbursement, including damaged or worn-out goods, shall be returned to FEMA. The Coast Guard can expect to be reimbursed if it provides documentation to verify that the property was necessary to accomplish the mission, along with proof that the property is now in FEMA's possession. When billing FEMA, the Coast Guard shall identify the property, verify its disposition, and provide a Coast Guard contact to expedite resolution and payment.
5. Property that is deemed returnable to FEMA shall be documented on Transfer Order Excess Personal Property, Form SF 122. The following information shall be included, and the Coast Guard Property System shall be updated accordingly:
 - a. Item description;
 - b. Serial number;
 - c. Quantity;
 - d. Document number purchased under;
 - e. Cost;
 - f. FEMA inspector's name (printed and signed), office location, address, phone number; and
 - g. Date of return.
6. If FEMA has no further need for an item, the property shall be inspected by a Coast Guard property manager to determine the feasibility of retaining it for Coast Guard use. If the item is to be transferred to the Coast Guard, a Transfer Order Excess Personal Property, Form SF 122, shall be prepared. Ownership transfers to the Coast Guard at that time, and the item shall henceforth be recategorized and tracked at full acquisition value (in the category of General Purpose Capital or General Purpose Non Capital, as appropriate).
7. In order to document lost or damaged property, a Report of Survey, Form CG-5269, shall be submitted along with the request for reimbursement to FEMA. The lost or damaged items (both existing Coast Guard assets and items purchased pursuant to the disaster response) shall be listed, showing the description of each item and the unit cost. If an item is lost or missing and is a reportable CG-owned asset, it shall be deleted from the unit's Personal Property Accountability records as soon as the Report of Survey, Form CG-5269, is complete. Damaged items shall be returned to the Coast Guard for disposal as soon as the Report of Survey, Form CG-5269, is complete.
8. If equipment is to be loaned to another Federal agency, a Requisition and Invoice/Shipping Document, Form DD 1149, shall be prepared, clearly and completely identifying the assets loaned and the termination date of the loan. The authority for lending equipment to another Federal agency is the Economy Act, 31 USC 1535-1536.
9. All FEMA-owned IT and communications equipment shall be returned to FEMA for shipment to the "FEMA" central storage area.

5.6.8 Refund Programs (Adjustments between Appropriations, 31 USC 1534)

5.6.8.1 Policy

1. General

Each appropriation shall be charged with all of the costs (including pay, allowances, and certain related support costs) necessary to carry out the purpose of the appropriation unless otherwise provided for in another appropriation. **“Cross subsidizing” of one appropriation by another is strictly prohibited.**

2. Fully Fund Coast Guard Facilities

Coast Guard appropriations may fully fund Coast Guard facilities necessary to support the purpose of the appropriation. For example, the RDT&E appropriation supports the R&D Center.

3. Appropriations Fund Coast Guard Facilities

Appropriations will fund Coast Guard facilities which carry out the purpose of two or more appropriations (such as Training Centers) according to their proportional use of the facility. Affected appropriation managers will negotiate the basis of the funding split. Parties to this agreement will review and renegotiate it every two years as necessary.

4. Provision for Charges

The AC&I, BS, EC&R, OE, RDT&E, and RT budgets shall request and justify funds for pay, allowances, and related personnel support costs of personnel assigned to authorized billets/positions charged to that appropriation. Where possible, these costs shall be charged directly to the cognizant appropriation.

5. Intra-Coast Guard Refund Account

When a direct charge is not possible, an adjustment or refund to the OE appropriation is executed through the Intra-Coast Guard Refund Account. Unless actual costs can be determined, program managers will base personnel estimates on standard personnel costs (SPC) or similar methods. Appropriation managers shall make onetime nonrecurring refunds to the OE appropriation equal to the applicable SPC for newly acquired billets/positions.

5.6.8.2 Procedures – Military Pay and Allowances

1. FINCEN will charge all military and civilian pay and allowances to the applicable appropriation.

2. Personnel support costs (PSC) - The non-OE appropriations shall fund personnel-related support costs on the basis of published SPC. SPC costs shall be reimbursed annually to AFC-01 (indirect costs), AFC-08 (indirect costs), AFC-20, AFC-30, AFC-56, and AFC-57 for each authorized position, except where the parent appropriation will make direct payments for support costs. In this case, when specific items within the SPCs do not apply for particular units or categories of personnel, the amount of the refund will be

adjusted to account for direct payments as mutually agreed upon by the impacted appropriation managers.

3. Documentation

- a. When the level of the refund program changes during the fiscal year due to changes in SPCs or changes in authorized billet levels, the appropriation manager executing a refund shall initiate a CIFP reflecting the proper adjustment and fund distribution. CIFPs that affect any refund allowance fund control (AFC) accounts must be routed through Commandant (CG-83) in addition to the affected appropriation and AFC managers.
- b. Commandant (CG-83) will review all CIFPs to ensure consistency between their funding and OE appropriations financial plans.
- c. Program managers should complete the process for pay and allowances adjustments as soon as costs are determined, but not later than the end of the second quarter.

5.6.9 Operating Expenses – Military and Civilian Pay/General

No funds are provided directly to ATUs for AFC-01, Military Pay and Allowances; AFC-08, Civilian Salaried Personnel; or multi-year appropriation pay accounts. Funding for military personnel is managed and processed through Commandant (CG-8), FINCEN, and the Pay and Personnel Center (PPC). Funding for civilian personnel is managed and processed through Commandant (CG-8), FINCEN, and the National Finance Center (NFC).

5.6.9.1 Upgrade of Positions

ATUs desiring to upgrade military or civilian positions are required to provide offsetting AFC-01 (military positions) or AFC-08 (civilian positions) costs. Approvals are subject to stakeholder review per the *Personnel Resources and Reprogramming Manual*, COMDTINST M5312.13 (series).

5.6.9.2 Overtime for Civilian Employees – Classified Employees-OE

Overtime for civilian employees is authorized and administered in accordance with the criteria set forth in *Management of Civilian Overtime*, COMDTINST 12550.4 (series). Commandant (CG-833) will review other personnel directives subject to an overall annual monetary limitation for those employees funded from AFC-08 as prescribed in *Management of Civilian Overtime*, COMDTINST 12550.4 (series). Overtime for personnel in reimbursable, revolving fund, or non-OE appropriation positions are subject to approval by designated resource managers within the appropriations overseeing those positions.

ATUs must comply with annual AFC-08 overtime ceilings. Failure to comply will subject an ATU to a withdrawal or reduction of funds.

5.6.9.2.1 AC&I-Funded Employees

Overtime for civilian employees whose salaries are charged to AC&I Administrative Expenses Funds are subject to the limitations in *Management of Civilian Overtime*, COMDTINST 12550.4 (series).

5.6.9.2.2 RT- and RDT&E-Funded Employees

Overtime for civilian employees whose salaries are charged to RT must be approved by the program manager, Commandant (CG-131).

Overtime for civilian employees whose salaries are charged to RDT&E must be approved by the program manager, Commandant (CG-926).

Overtime for civilian employees is authorized and administered in accordance with the criteria set forth in *Management of Civilian Overtime*, COMDTINST 12550.4 (series). Commandant (CG-833) will review other personnel directives subject to an overall annual monetary limitation for those employees funded from AFC-08, as prescribed in *Management of Civilian Overtime*, COMDTINST 12550.4 (series).

5.6.9.2.3 Yard Fund Employees

Overtime for civilian employees funded by the Yard Fund shall be approved by the Commanding Officer, Coast Guard Yard.

5.6.9.3 Non-Pay Cost of Living (COL) Funding

Non-pay COL funds are received in appropriations from Congress to cover price increases affecting non-pay items. These funds are provided to fund increased costs of current operations. Increases above these amounts must be absorbed from available funds. COL is computed by applying the Bureau of Labor Statistics index measuring the cost of Federal goods and services to the non-pay portion of the Coast Guard OE appropriation.

5.6.9.3.1 Cost of Living Funds

COL funds must be carefully matched with price increases over the long term. There have been fiscal years when no price increases were incurred for such items as fuel and TAD, followed by years when price increases for these items far exceeded the annual COL funding level. COL funds should be managed over the multi-year period to allow for these fluctuations. Further, AFC managers should note that the index is a “market basket” measurement such that higher inflationary increases in certain commodities are offset by below average increases in others.

COL funds are not intended for and should not be used to fund new or expanded programs of a recurring nature.

5.6.9.4 *Adjustments to Initial Funding – Purpose*

It is normal and appropriate that, during the course of a fiscal year or project life, circumstances change or more information becomes available, necessitating a change in the initial distribution of funds made by FMOP and subsequent sources of funds.

Procedures and approval authority for adjustments to initial funding have been developed in an attempt to balance the need for centralized oversight and decentralized management. Within the OE appropriation, there are two types of adjustments to initial funding:

1. The first type of adjusting document is a Change in Financial Plan (CIFP). A CIFP is used to shift funds between two or more AFCs. An example would be funds allocated for electronic support in AFC-42 that need to be shifted to AFC-30 in order to support an AFC-30-funded electronics support contract. Appendix 5-1 provides the signature authorities necessary to approve a CIFP. **N.B.** A CIFP that shifts funds between AFCs which are also Programs, Projects, and Activities (PPAs) is a “reprogramming”.
2. The second type of adjusting document is a Financial Transfer Authorization (FTA), which distributes funds from one ATU or account to another within an AFC. For instance, if supplemental AFC-30 funds were to be provided by a Headquarters office to a district for cleanup after a hurricane, the transfer would be accomplished with an FTA.

Both CIFPs and FTAs can be executed on a recurring basis, in which case they are annualized into the funding base of the ATUs/AFCs involved.

It is the responsibility of the originating office to have on file the proper approval/signatures of all offices affected allowing for electronic processing. By placing a person’s name on the automated funds transfer entry, the initiating office is indicating that the person has approved the funds transfer. Upon completion of processing, copies of the completed FTA will be electronically sent to all programs providing and receiving funds.

Note: The Coast Guard Yard will not accept cash advances for customer project orders via FTA. The Yard will only accept customer project orders that cite valid obligation documents on the Project Order, Form CGY-75. The Yard will continue its normal practice of collecting the cash advance from the customer against the customer’s established obligation via the Intragovernmental Payment and Collection (IPAC) system through FINCEN. This policy does not affect the Yard’s ability to receive FTAs for internal Yard projects, such as AFC-43-funded projects at the Yard. It only applies to projects for work performed by the Yard for other Coast Guard customers (e.g., repair availability projects or marine environmental protection (MEP) recapitalization projects).

5.6.9.5 *Financial Plan Adjustment Authority*

The approved FMOP forms the basis for the Coast Guard’s annual obligation plan. The FMOP reflects the Commandant’s resource allocation decisions from the budget formulation stage, endorsement of these decisions by DHS and OMB in the budget submission process, and approval by the President and Congress through enactment of appropriations. Changes to the FMOP must be consistent with these decisions. Significant changes in scope or cancellation of a

program, project, or activity require approval from the Commandant, and in some instances, concurrence by Congress. In addition, funds for certain programs or projects are “earmarked” by Congress and cannot be reprogrammed without specific advance approval. Transfer authorization procedures, designed to provide a framework for making changes to the FMOP, are intended to provide internal flexibility while responding to external constraints.

5.6.9.6 *Adjustments between a Target*

OE financial plan funds are allocated by AFC in the FMOP and are summarized by office in an annual Source of Funds. The appropriation manager must approve all adjustments between AFCs. In general, the AFC manager reviews adjustments between program elements within the same AFC.

Recurring and nonrecurring adjustments are to be submitted by program managers to Commandant (CG-83) on a Change in Financial Plan, Form CG-3319, via the relevant appropriation manager for annotation of serial number and approval. A copy of the approved form shall be forwarded by Commandant (CG-83) to Commandant (CG-82).

5.6.9.7 *ATU Funding Adjustments/New Initiatives or Requirements*

New initiatives or requirements should be funded by analyzing current spending plans, reprioritizing activities, and reallocating funds from within the ATU’s base whenever possible. Contingency funds should be used solely for unanticipated requirements.

5.6.9.7.1 *Additional AFC-30 Funding*

If additional AFC-30 funding is required to continue reasonable operations, the necessary amount can only be obtained by adjusting annual spending plans and/or using funds from other AFCs. These efforts should be coordinated with the responsible AFC or the appropriation manager. Only after all funds available to the administrative target unit have been critically examined should a request for additional funds be made to Headquarters. Appendix 5-2 shows a sample funding request.

5.6.9.7.2 *Coordination*

Appropriation managers will coordinate correspondence from areas, logistics and service center commands, districts, and Headquarters units involving the management or adequacy of funds. Offices to which correspondence is referred will coordinate the appropriate reply, which will be routed for signature to the appropriation manager or designee. Where a request for funds is granted, the reply should take the form of a FTA. It is expected that the reply will be released within 10 working days after receipt by the action office. Types of requests include the following:

1. Appeals to Initial Target – A full detailed analysis and response should be prepared for each appeal.

2. Letter Requests for Additional Funds – The appropriation manager will forward these letters to the action office for preparation of a letter response and/or FTA.
3. Message Requests for Additional Funds – All message requests for funds will be sent for action to the appropriation manager. The cognizant AFC and program manager will receive an information copy.

5.6.9.8 Adjustments between ATUs

During the fiscal year, changed conditions may require fund adjustments between different ATUs. Shifts between ATUs and recurring base changes between all AFCs (except intra-Coast Guard refund and reimbursables) shall be processed as described below.

5.6.9.8.1 Adjustments between ATUs if between AFCs

1. The requester on a CIFP, if between AFCs, shall originate adjustments between ATUs.
2. The CIFP must display the approval of all AFC managers involved and shall be submitted with full justifications (background documentation and references) to Commandant (CG-83). CIFPs that do not clearly provide full justification will be returned to the originator for resubmission.
3. The target manager releasing the funds under an FTA shall submit a memo to the AFC manager requesting the adjustment of funds.

5.6.9.8.2 Minimum Field Requests

Field ATUs will absorb fund requirements under \$500. Headquarters will normally not process requests for amounts below this amount unless the ATU fully justifies the need and an inability to absorb that amount.

5.6.9.9 Target Modification

Target modification preparation. Headquarters divisions desiring to adjust field targets shall complete a Financial Transfer Authorization, Form CGHQ-3200.1, and route it to the AFC managers.

5.6.9.9.1 Target Modification Restrictions

Frequent modification of field targets is discouraged. Maximum distribution of available funds after publication of the final FMOP should result in minimum follow-on adjustment.

5.6.9.9.2 Minimum Target Modification

The minimum target modification that will be processed is \$500. AFC managers may accumulate adjustments for lesser amounts and issue one consolidated FTA.

5.6.9.9.3 Alternatives to FTAs

Administrative alternatives to FTAs should be used in lieu of frequent target adjustments. For example, assignment of a travel order number chargeable to a Headquarters account is a less complex procedure than issuance of a FTA to accomplish the same objective.

5.6.9.10 Additional Funds Requirements

When a requirement for additional funds in an ATU arises because of emergencies or program changes, the following actions shall be taken in sequence.

5.6.9.10.1 Adjust Financial Plans

Review the elements or programs under the ATU in which a change in requirements arise and, if possible, rearrange priorities for accomplishment. This review and realignment should first be made within the AFC.

5.6.9.10.2 Variance Funds between AFCs

If funds are not available within the AFC, the ATU budget officer, based upon guidance from the Budget Review Board, shall review and recommend revisions to programs within other AFCs. The ATU must request authorization from the AFC and appropriation managers to variance between AFCs. All variances will be effected via a CIFP, approved as outlined earlier in this subsection.

5.6.9.10.3 Unfunded OE Requirements under \$10,000

ATU budgets have expanded in size to the point that unfunded OE requirements up to \$10,000 can and should be absorbed in the current year within available funds at the district. Therefore, funding requests submitted to Headquarters under \$10,000 in each OE AFC will not be processed. For Headquarters ATUs, requirements up to \$5,000 can and should be absorbed in the current year within available funds at the Headquarters unit.

5.6.9.10.4 Fund Requests to Headquarters

If a review indicates that no items can be deferred or reduced in scope, the ATU may request additional funds from the cognizant program manager. A program manager who is unable to fund the request from within the existing funding base will seek the funding from Commandant (CG-8)/CFO.

5.6.9.11 Permanently Switching Funds

Although the vast majority of adjustments between AFCs are nonrecurring, occasions may arise when it is desirable to permanently change the method of supporting a program by permanently switching funds between AFCs.

5.6.9.11.1 Recurring Base Changes

Such a recurring base change between AFCs will be treated as a nonrecurring change during the current fiscal year. A letter shall be sent to the appropriation manager outlining the reasons for the recommended adjustment. If approved, the appropriation manager will respond accordingly, by issuing a CIFP and annualizing the change in the following year's final FMOP.

5.6.9.12 *Transfer of Units between Districts*

When operating units are permanently transferred, ATUs should take the following action to permit adjustment of allotted funds:

1. Action by Losing ATU – Determine the amount of unobligated funds remaining in the current year and the annualized amount for operation and maintenance of the unit being transferred. Submit a letter to Commandant (CG-83), via the gaining ATU (with an information copy to the cognizant Headquarters program manager), stating the amount of funds available for release by AFC and quarter.
2. Action by Gaining ATU – Endorse the letter from the losing ATU, indicating the sufficiency of the proposed funds transfer, both current-year and annualized. Commandant (CG-83) will adjust the targeted funds of the losing and gaining ATUs based upon this letter, after consultation with appropriate Headquarters AFC and program managers.

5.6.9.13 *Reporting Excess Funds in OE*

Operating/support managers responsible for executing specific line items in the FMOP shall immediately inform the appropriation manager of any circumstances precluding total obligation of available funds for the project in the current fiscal year. The appropriation manager will inform Commandant (CG-8)/CFO that funds cannot be obligated within the appropriation.

5.6.9.14 *Carryover Criteria/Execution of the Financial Plan*

It is important that financial plans be executed to meet obligation criteria. Not meeting the quarterly obligation target reflects poorly on sound management.

Failure to meet the obligation criteria at the end of the third quarter places a large burden on the procurement system, increases the possibility that the funds will not be obligated before the end of the fiscal year, and may violate OMB obligation guidance which requires that fourth quarter obligations not exceed obligations for the third quarter (see OMB Circular A-11).

5.6.9.14.1 Obligation Criteria

Unobligated balances less than the following for non-pay funds are considered excessive, unless the appropriation manager has granted an exemption. The only exceptions to these obligation rates are for pay and depot-level maintenance accounts.

1. Twenty-five percent of the cumulative ATU's non-pay fiscal year funding level at the end of the first quarter;
2. Fifty percent of the cumulative ATU's non-pay fiscal year funding level at the end of the second quarter;
3. Seventy-five percent of the cumulative ATU's non-pay fiscal year funding level at the end of the third quarter.

5.6.9.14.2 Depot-Level Maintenance Accounts

Unobligated balances less than the following are considered excessive, unless an exemption has been granted by the appropriation manager:

1. Fifteen percent of the cumulative ATU's non-pay fiscal funding level at the end of the first quarter;
2. Forty percent of the cumulative ATU's non-pay fiscal year funding level at the end of the second quarter;
3. Sixty percent of the cumulative ATU's non-pay fiscal year funding level at the end of the third quarter.

Anticipated carryovers greater than these amounts shall be reported to the appropriation manager at least 30 days prior to the end of the quarter with a request that they be allocated. On the advice of the appropriation manager, Commandant (CG-8) may direct the withdrawal of actual carryover funds greater than these amounts, and reprogram the funds elsewhere. Should OMB choose to apportion Coast Guard funds in such a way that execution of the obligation rates contained herein is not practical, the appropriation manager may issue alternate obligation guidance through the applicable AFC managers.

5.6.9.14.3 Formal Administrative Commitments

Formal administrative commitments are not legal obligations and, if not converted to a formal obligation by the end of the quarter, represent a carryover of funds.

5.6.9.15 Report of Unobligated Balances

As soon as possible after the end of each quarter, Commandant (CG-83) will prepare a report of unobligated balances by ATU, including Headquarters offices. This report will be used by the appropriation manager as the management tool for supervising timely use of funds and deciding on disposition of excess carryover.

5.6.9.16 Operating Expenses Closeout

Review the status of AFC accounts and ensure that all **Program Element Status** (PES) reports are reconciled.

Table 5.1 AFC Codes and Corresponding Managers

AFC	Manager
AFC-20 and 57	Commandant (CG-1)
AFC-56	FORCECOM (FC)
AFC-01, 08, and 30	Commandant (CG-8)
AFC-41, 43, and 45	Commandant (CG-4)
AFC-42	Commandant (CG-6)

If errors are occurring within PES of over \$1,000 as of 30 August, they must be reconciled and forwarded to FINCEN NLT close of business (COB) on 15 September. Ensure that commitments in the pipeline are executable and that obligations are valid, and cancel obligations or commitments where necessary. Provide updates through 30 September of the current fiscal year for any material changes. If there are any questions, or if you are in need of assistance, contact Commandant (CG-832) and/or FINCEN.

Ensure that all procurements during the fourth quarter reflect the highest priority needs for your ATU. Return unused funds for other Coast Guard top priorities. Returning funds at the end of the current fiscal year will not affect future sources of funds.

All ATUs and Headquarters offices shall report anticipated end-of-year balances by the second Friday in September to Commandant (GG-832) and inform AFC managers as appropriate (refer to Table 5.1 above).

Funds transfers will be suspended as of COB on the second Friday in September.

Contact Headquarters programs if any transfers will need to occur after that date.

Transactions to include the following procurement types must be obligated by COB 30 September and included in the FPD submission sent by 1500 EDT 1 October:

1. Contracts;
2. MIPRs;
3. ISSAs;
4. Travel orders;
5. Fuel purchases; and
6. Any other purchase orders.

Funds managers must manage funds that have expired for obligation purposes. Program element managers will be required to reconcile the previous fiscal year's PES reports until the account is closed, and should ensure that all PES reports are reviewed until all UDOs and ATUs have been expended or cancelled. PES reports for FY99 and later are available via the FINCEN website at <http://cgweb.fincen.uscg.mil/pesweb/index.htm>.

Pipeline Management

Headquarters Offices, ATUs, and units must maintain appropriate documentation to support year-end certification reports filed with FINCEN. DHS will audit the Coast Guard's legal obligations that were executed on or before 30 September but were not recorded in CGOF when the books were closed on 30 September. Documentation must be kept locally for review by the audit team as part of an unqualified opinion as required by the CFO Act.

5.6.10 Use of OE Funds

Many questions arise concerning the propriety of using funds (both appropriated and nonappropriated) to accomplish the various missions of the Coast Guard. Procurement officials and those in supervisory and command positions must be aware that the consequence of using Coast Guard funds inappropriately could lead to a member or employee being held **personally responsible** for commitments and purchases made by them. For this reason, any question of whether a contemplated action is appropriate must be resolved prior to entering any agreement that commits (or appears to commit) the Coast Guard to payment.

1. Procurement officials and others shall seek the advice of the following personnel, in the order presented, to ensure that actions are legitimate and legal, prior to taking any action:
 - a. Unit contracting officer;
 - b. Unit supply officer/comptroller;
 - c. Cognizant Senior Field Contracting Officer (SFCO);
 - d. Chief of Contracting Office (COCO) at the logistics/service center command; and/or
 - e. Commandant (CG-843).
2. Procurement officials should ensure that written guidance is received from the servicing legal office for questionable procurements or expenditures, and include that guidance in the procurement files.
3. Additional guidance is available from the following sources:
 - a. Government Accountability Office. *Principles of Federal Appropriations Law*. This five-volume set is available from the Government Printing Office (GPO) or via the Internet at: <http://www.gao.gov>
 - b. Commandant (CG-843) web page, located on the Coast Guard Intranet. This page will be updated as issues arise.

The subsections that follow contain information on selected expense topics that have been the subject of previous Comptroller General decisions or policy discussions within the Coast Guard. This list is not all-inclusive, and additional guidance should be sought as stated above when questions or uncertainty arise.

5.6.10.1 Awards and Recognition

This subsection provides guidance in the use of appropriated funds for:

1. Formal recognition of Coast Guard personnel;
2. Informal recognition of Coast Guard personnel (including retirement recognition); and
3. Honorary (external) recognition of persons outside the Coast Guard.

5.6.10.1.1 Formal Recognition

The use of appropriated funds is authorized for the formal presentation of medals, plaques, certificates, etc., as long as the purchase and presentation are accomplished in compliance with the authorities listed below. The same is true of cash awards when expressly authorized.

Authority for providing formal recognition of Coast Guard personnel is found in:

1. 5 USC 4503, "Agency awards."
2. 10 USC 1124, "Cash awards for disclosures, suggestions, inventions, and scientific achievements."
3. 14 USC 491-502. [medals and awards]
4. *Auxiliary Manual*, COMDTINST M16790.1 (series). [auxiliary personnel award programs]
5. *Coast Guard Civilian Awards Manual*, COMDTINST M12451.1 (series). [civilian award programs]
6. *Medals and Awards Manual*, COMDTINST M1650.25 (series). [military and civilian award programs]
7. *Coast Guard Nonappropriated Fund (NAF) Personnel Manual*, COMDTINST M12271.1 (series). [NAF employee award programs]

5.6.10.1.2 Informal Recognition

Informal recognition programs are authorized so that senior leadership may recognize Coast Guard members for superior performance or special service that may not rise to the level of a formal award.

5.6.10.1.2.1 Authorities

Authority for providing informal recognition of Coast Guard employees is found in:

1. 5 USC 4503, "Agency awards."
2. 10 USC 1124, "Cash awards for disclosures, suggestions, inventions, and scientific achievements."
3. 14 USC 503, "Awards and insignia for excellence in service or conduct."

See also subsection 5.6.10.13 for policy concerning refreshments.

5.6.10.1.2.2 Policy

1. The use of appropriated funds is authorized for informal presentation of medals, plaques, certificates, etc., to individuals, groups, or teams in a manner less structured than formal recognition.
2. Unit informal recognition programs shall be defined in writing. The commanding officer/unit commander shall sign all instructions establishing recognition programs. These instructions shall specify:
 - a. Performance goals to be met;
 - b. Nominating procedures;
 - c. Awarding authority;
 - d. The frequency of award;
 - e. The item to be awarded; and
 - f. A unit informal recognition administrative record.
3. Units shall maintain an informal recognition administrative record that details:
 - a. The item awarded;
 - b. The date of the award;
 - c. The names of the recipients; and
 - d. A brief description of the reason for the award.

Note: In rare situations where it is not possible or practical to obtain the names of the recipients, a general entry capturing as many of the award details as possible shall be made in the administrative record.
4. All members authorized to present informal recognition awards can choose to create the administrative record either before or after the award presentation. For example, if the Master Chief Petty Officer of the Coast Guard (MCPOCG) presents awards to crewmembers nominated by a unit commanding officer (CO) during a unit visit, the unit CO or executive officer (XO) may send the names of the recipients and their achievements to the MCPOCG's staff subsequent to the visit in order to complete the administrative record.
5. Flag officers and SES members who are not serving as commanding officers or commanders, the MCPOCG, and the Master Chief Petty Officer of the Coast Guard

Reserve Forces (MCPOCGRF) are not required to have a unit informal recognition instruction; however, they are required to maintain the administrative record described in paragraphs 3 and 4 above.

6. All awards shall meet the following criteria:
 - a. Be nonmonetary in nature (except for authorized cash awards);
 - b. Be less than \$100 in value;
 - c. Be linked to excellence in performance or to a special contribution to the Coast Guard and have an obvious honor or award connotation; and
 - d. Contain the Coast Guard seal. Unit logos or seals may also be included.
7. With the exception of Plank Owner and Decommissioning Crew certificates (see below), informal recognition shall not be used to recognize individuals simply for belonging to a group (e.g., onboard a unit for a preselected amount of time, completing a tour at a unit, or mere participation in a “wellness event”) or for such achievements as crossing the equator or crossing the Arctic Circle.
8. Given the extraordinary level of work required to prepare a cutter for commissioning or decommissioning, an exception to the group prohibition may be made for Plank Owner and Decommissioning Crew certificates. Commanding officers may purchase Plank Owner and Decommissioning Crew certificates with appropriated funds, and award the certificates to crew members using informal recognition authority. Documentation must be maintained in unit procurement files for future audit purposes. In order to utilize this authority, **all** of the following conditions must be met:
 - a. An Operational Facility Change Order (OFCO) is issued by Coast Guard Headquarters establishing or disestablishing the cutter.
 - b. Members who are to be recognized must be assigned to the cutter on:
 - 1) The date of commissioning or the initial date of operation; or
 - 2) The date of decommissioning.
 - c. The commanding officer justifies that all recipients meet the requirements in 14 USC 503 and have demonstrated “excellence in accomplishments related to Coast Guard service.”
9. If **any** of the above conditions are not met, nonappropriated funds must be used for the award.
10. Documentation relating to the use of appropriated funds for awards and award ceremonies shall be maintained in unit procurement files for future audit purposes.

Note: See subsection 5.6.10.8 for additional policy regarding the use of command coins for informal recognition.

5.6.10.1.2.3 Examples

1. Authorized:
 - a. Soul of the Service Award;
 - b. Golden Wrench Award;
 - c. Making a Difference Medallion.
2. Not Authorized:
 - a. Tour completion items;
 - b. Awards that are so easily achievable that the majority of the unit or other organizational element will attain the award;
 - c. Items (e.g., T-shirts, water bottles) that signify mere participation in a wellness event.

5.6.10.1.2.4 Retirement Recognition

1. Additional authorization is provided to allow units to present retiring members (both civilian and military) assigned to their command with an award item of “minimal value” (currently \$350 or less) to recognize their contribution to the service and the country. See paragraph 4.a of subsection 5.6.10.1.3.1 for additional information on “minimal value.”
2. Retirement recognition items must be nonmonetary and should convey pride and honor to the recipient. Examples include, but are not limited to:
 - a. Plaques (wall, desk, or shadow box);
 - b. Pen sets;
 - c. Desk medallions;
 - d. Certificates.
3. Discretion should be used when selecting an item for retirement recognition. Gifts, such as golf clubs, deck chairs, and clothing items, are **not authorized** and shall not be purchased with appropriated funds. See subsection 1.C.4.b of *Military Separations*, COMDTINST M1000.4 (series), for the distinction between retirement recognition awards and tokens of appreciation.

5.6.10.1.3 Honorary (External) Recognition

The purpose of honorary recognition is to recognize past support to the Coast Guard mission. The USC citations listed under Formal Recognition above are also applicable to honorary recognition. In addition, 14 USC 93(a)(22) empowers the Commandant to

Provide for the honorary recognition of individuals and organizations that significantly contribute to Coast Guard programs, missions, or operations, including State and local governments and commercial and nonprofit organizations, and pay for, using any appropriations or funds available to the Coast Guard, plaques, medals, trophies,

badges, and similar items to acknowledge such contribution (including reasonable expenses of ceremony and presentation).

5.6.10.1.3.1 Policy

1. Eligible Recipients

Consistent with the recipients expressly named in 14 USC 93(a)(22), “individual,” for purposes of this statute, is interpreted as including foreign individuals and foreign government agencies, as well as family members of deceased former Coast Guard members, dignitaries, high public officials, State and local governments, commercial and nonprofit organizations, citizens, and others consistent with the intended recognition. This authorization does not include agencies or departments of the United States Government.

2. Delegation

Authority is hereby delegated to approve recognition ceremonies and presentations in accordance with this policy to Commandant (CG-09), all Headquarters assistant commandants and directors, area commanders, commanders of logistics/service center commands, the Superintendent of the Coast Guard Academy, and district commanders. Further delegations must be authorized in writing; however, additional limitations and controls are encouraged.

3. Frequency of Award Ceremonies and Presentations

A significant contribution shall only be recognized once. Programs created to recognize contributions on a periodic basis must be supported by written instruction approved by the district commander or above.

4. Monetary Limits

a. Presentation Items

The value of items presented in recognition of significant contribution to the Coast Guard must be consistent with applicable laws and regulations. In order to maintain parity between what the Coast Guard can accept and what it can present, the presentation item must be of minimal value. “Minimal value” is defined, for all purposes of this subsection, in 41 CFR 102-42, “Utilization, Donation, and Disposal of Foreign Gifts and Decorations.” This regulation currently defines minimal value as \$350 or less. This amount is adjusted every three years by the Administrator of General Services to reflect changes in the consumer price index. If the Administrator of General Services has adjusted the definition of minimal value, the new definition supersedes the amount contained in this subsection. More than one presentation item is authorized, provided the minimal value is not exceeded in the aggregate. The item(s) must be in good taste and suitable to the occasion. Where an award recognizes the significant contribution of an organization, the dollar limit will be applied to the organizational award. In no case will the dollar limit be applied to each individual member of the organization recognized.

b. Presentation Ceremonies

The costs associated with ceremonies and external presentations are authorized

- charges against any appropriated funds. This includes facility rentals, equipment, and light refreshments. Refreshments shall be limited to light snacks and beverages, and shall not provide the appearance of a meal. The total amount of funds expended for ceremony and presentation costs is limited to \$10,000 annually for each flag level command and Headquarters directorate listed above under item 2, "Delegation." In addition, if authority is further delegated as authorized, the total amount of funds expended annually by each unit below the district level is limited to one percent of their AFC-30 appropriation or \$10,000, whichever is less.
5. Accounting
 - a. The costs of honorary recognition will generally be charged to unit AFC-30 funds; however, other sources may be used as appropriate (e.g., DHS official reception and representation funds (ORRF) – see subsection 5.6.10.1.3.2 below).
 - b. In order to monitor the use of this authority, all procurement actions accomplished for this purpose shall use the following object codes:
 - 1) 2690 – Mementos and Awards – Supplies presented in recognition of significant contributions to the Coast Guard under the authority of 14 USC 93(a)(22).
 - 2) 2560 – Ceremonies and Presentations – Services provided in recognition of significant contributions to the Coast Guard under the authority of 14 USC 93(a)(22).
 6. Documentation

Unit files shall contain, at a minimum, the following information for future auditing:

 - a. Name of recipient;
 - b. Action or service provided to qualify for recognition; and
 - c. Complete cross-reference list of other procurement files associated with the same recognition (e.g., document number of memento procurement listed in presentation procurement folder).
 7. Waivers

Requests for waivers from this policy will only be granted for extraordinary circumstances. Requests must be submitted through the chain of command to Commandant (CG-843).
 8. Prohibited Items

The following items may not be purchased under external recognition authority:

 - a. Cash and other monetary items (e.g., gift certificates, stocks, savings bonds, meal tickets);
 - b. Items associated with a member's retirement;
 - c. Items for official ceremonies (e.g., change of command, ship christening, ground breaking);

- d. Items for work related to a contract, grant, cooperative agreement, or other arrangement funded by the Government. It may be possible to recognize parties to such arrangements, or their personnel, for other contributions by means of the waiver provision set forth above.
- e. **Alcoholic beverages are not authorized for purchase with OE funds in the context of this policy.**

Note: See subsection 5.6.10.8 for additional policy regarding the use of coins for external recognition.

5.6.10.1.3.2 Use of ORRF for Honorary (External) Recognition

The purpose of official reception and representation funds (ORRF) is to build future relations that will benefit the Coast Guard in the performance of its mission. Congress specifically appropriates these funds annually for the purpose of establishing and maintaining relationships of value to the Department and to the United States. These funds are extremely limited, and their use is governed by DHS Management Directive 0540, *Official Reception and Representation Funds*.

All uses of ORRF are determined by the Commandant. Requests for an allocation of ORRF should be made through the chain of command to:

Commandant (CG-00) Attn: Commandant's Protocol Officer

Note that ORRF are a specific earmark appropriation within the OE appropriation and are therefore distinct from other AFC-30 funds. Units are prohibited from spending unit OE funds for official reception and representation purposes.

5.6.10.2 Bottled Water

Bottled or potable water cannot be purchased using appropriated funds unless a local health official or the applicable safety and environmental health officer (SEHO) determines that the water is unfit due to noncompliance with recommended maximum contaminant levels (MCL) from the EPA Primary Drinking Water Regulations. All water testing must be completed at an accredited laboratory. Tainted, discolored, or odorous water (including EPA Secondary Drinking Water Regulations) is not a basis for authorizing the purchase of bottled water.

Useful guidance may be found in Comp Gen B-147622 12/7/61, i.e., bottled water may be purchased with appropriated funds only on the grounds of necessity which include:

1. No potable water is available within 200 feet of the place where people normally work.
2. The water is contaminated (described above).
3. There is an urgent need for water that could not otherwise be met.

Conditions may exist where drinking water is not unfit based on primary drinking water standards, but it may not be palatable due to maintenance or repairs to a water system. Under these conditions, temporary (not to exceed 60 days) authorization to purchase bottled water may

be requested, provided that the SEHO or Commandant (CG-113) provide written justification supporting the necessity to temporarily provide a suitable water source to maintain mission effectiveness.

Units shall actively pursue permanent solutions to ensure that adequate drinking water is available for employees. Units are required to revalidate all bottled water requests quarterly.

5.6.10.3 Breastfeeding

5.6.10.3.1 Authorities

Pregnancy in the Coast Guard, COMDTINST 1000.9 (series).

5.6.10.3.2 Policy

The Coast Guard recognizes the importance and benefits of breastfeeding and the fact that many women will return to work with the desire to continue nursing. Service members and civilian employees should obtain information from their health care provider relating to breastfeeding education, care, counseling, and support during the pregnancy, after delivery, and upon returning to work. If the woman opts to breastfeed after returning to duty or work, the member and the command should communicate to address any concerns or issues. Challenges in the workplace may include a lack of adequate facilities and limited time during the workday for expressing milk. These challenges can be reduced with a small investment of time and flexibility.

Unit Commanders, Commanding Officers, and Officers-in-Charge, to the extent practical and within resource limitations, shall:

1. Provide for an adequate lactation facility. This is a private, clean room for expressing breast milk during the workday. The facility shall be equipped with electrical outlets, include a table and chair, and be located as close as possible to a water source for washing hands and rinsing equipment. A bathroom may be used if a lounge area is available within the space. When space is limited, a multi-purpose room (e.g. duty room), stateroom, or berthing space may be used as long as there is an inside lock or other measures to ensure privacy.
2. Provide for adequate storage. Access to cool storage (ideally, refrigeration) for expressed breast milk is important. Breast milk should be contained and labeled to avoid accidental contamination by other items. If no refrigerator space is available, the servicewoman or employee must supply cold packs for storing milk.

Therefore, with respect to the use of appropriated funds, it is Coast Guard policy that using appropriated funds to provide reasonable accommodations for nursing mother employees is a reasonable and proper use of funds. This would depend upon existing space, size of unit, etc., but may include purchasing furniture and a small refrigerator, separate from kitchen facilities.

5.6.10.4 Business Cards and Information Cards

Printing business cards, either commercially or by utilizing the Government Printing Office (GPO), is not authorized except in those rare cases where a specific statutory authority exists (e.g., recruiters, and Academy admissions officials).

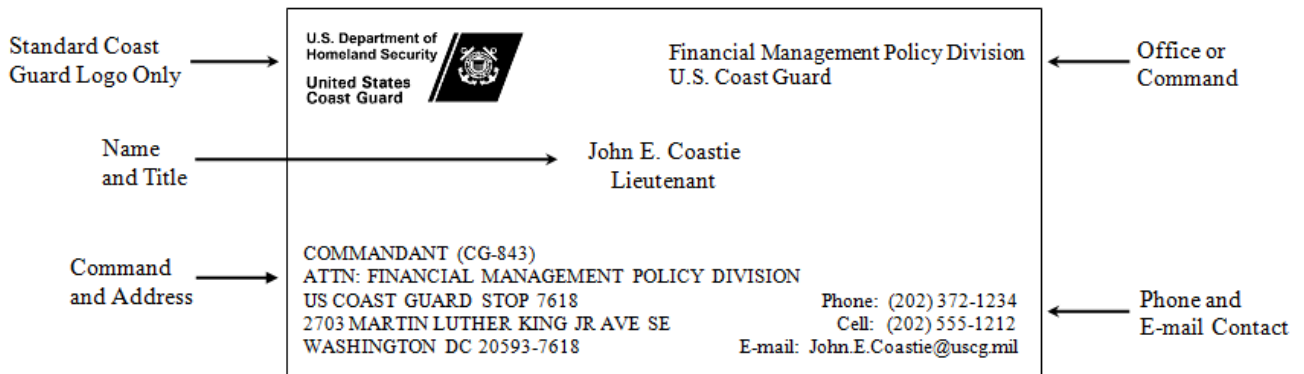
Business cards may be produced in-house when a commanding officer has determined that the cards are necessary to perform official duties and to facilitate mission-related business communications (as distinct from social or business courtesy).

Local production of cards will use Coast Guard standard computer hardware and software on perforated card stock that may be obtained with unit appropriated funds using standard unit procurement procedures and policies. Commandant (CG-6) has created a standard macro that shall be used to produce the cards. The macro, BusCard.dot, may be found in the USCGMacrosII folder on the Coast Guard standard workstation.

5.6.10.4.1 Locally Produced Cards

All locally produced cards shall comply with the following standards. Deviations are not authorized.

Figure 5.1 Typical Coast Guard Business Card



1. White or ivory card stock, 50–110 pound, nonglossy (NSN 7530-01-425-6754 or 7530-01-449-6946 or equiv.);
2. No matte finish;
3. Finish size of 3½ by 2 inches;
4. Print one side only; and
5. No additional artwork, symbols, or information.

5.6.10.4.2 Personally Procured Cards

Business cards purchased with personal funds may be of any design that conveys favorably upon the Coast Guard as a professional Government agency. The cost of cards purchased with personal funds may not be reimbursed with appropriated funds.

5.6.10.4.3 DHS Logo

Any business cards that contain the DHS logo shall comply with *Use of the Department of Homeland Security Seal*, DHS Management Directive 0030, and *Acquisition of Department of Homeland Security Employee Business Cards*, DHS Management Directive 0570.

5.6.10.5 Cable/Satellite Television Service

This subsection specifies policy for the use of appropriated funds to purchase cable or satellite television service. Policy regarding satellite radio service is presented in subsection 5.6.10.27 .

5.6.10.5.1 Definitions

basic service – the collection of channels offered for the minimum price.

premium service – those channels that are not included in the most basic service agreement. Premium service includes movie channels, channels of special interest (e.g., children’s programming, history- or technology-related programming, and sports programming), and sports packages that include all games within a season or other expanded sports coverage. Specific examples of premium service include:

1. Movie services such as Cinemax, HBO, and Showtime. In some cases these services may include more than one channel. For example, Showtime premium service may include Showtime, Showtime 2, Showtime Unlimited, the Movie Channel, Flix, and the Sundance Channel.
2. A “specialty pack” of channels not part of a basic service. Examples include Sports Packs consisting of several sports channels and/or regional sports channels.
3. A sports subscription that is not part of a basic service. Examples include NFL Sunday Ticket, MLB Extra Innings, and ESPN GamePlan.

5.6.10.5.2 Policy for Television Service

1. The use of appropriated funds to pay for subscriptions to cable or satellite television service is permissible only under the following circumstances:
 - a. The service must be viewable in general areas (e.g., rec decks, lounges, wardrooms) and not in individual offices.
 - b. The subscription must be limited to basic service and three premium services as defined above. (Basic plus extended basic counts as one “basic” service; and a

bundle or “specialty pack” consisting of several non-basic channels is considered to be one premium service.)

2. The following stations/services are **not authorized** to be purchased with OE funds:
 - a. Movie and special event viewing paid per event or on a daily basis; and/or
 - b. Adult entertainment stations where the content is sexually related.
3. Advance payment for cable and satellite services is **not authorized**, and units shall exercise care to ensure compliance with 31 USC 3324(a) (Comp Gen B 237789 12/10/99).

5.6.10.5.3 Examples

Permitted – an agreement with a cable provider for 265 basic channels plus HBO (7 channels), Starz (12 channels), and Sports Pack (35 channels).

Permitted – an agreement with a cable provider for 200 basic channels plus HBO, Starz, and Showtime.

Not permitted – an agreement with a cable provider for 200 basic channels plus HBO, Starz, Showtime, Cinemax, and Sports Pack.

5.6.10.6 *Change of Command Expenses*

See subsection 5.6.10.30 Traditional Ceremonies for guidance on the use of appropriated funds for change of command expenses. Additional guidance associated with the mailing of items may be found in *U.S. Coast Guard Postal Manual*, COMDTINST M5110.1 (series).

5.6.10.7 *Chaplain Support*

The Coast Guard is obligated to support the chaplains that are assigned to the service and the valuable work that they accomplish. *Religious Ministries within the Coast Guard*, COMDTINST M1730.4 (series) provides applicable guidance concerning support of the Coast Guard Chaplain Corps.

5.6.10.8 *Command Coins*

Over the course of U.S. military history, command or challenge coins have become a part of military tradition. The policy stated in the subsections that follow is intended to ensure that the awarding of command coins complies with Coast Guard statutory authority (e.g., 14 USC 503) and preserves the military tradition and significance of the coins.

5.6.10.8.1 *Coins for Internal Informal Recognition*

1. Flag officers, SES members, the MCPOCG, the MCPOCGRF, Gold Badge E9s, and unit commanding officers and officers-in-charge may create a unit or organizational coin for presentation as part of an informal recognition program.

- a. Care shall be taken to ensure that award of the coins is tied to superior performance.
 - b. Procurement and use of the coins shall follow the policy for informal recognition specified in subsection 5.6.10.1.2 , Informal Recognition.
2. Commandant (CG-7) may create a coin for the gold and silver Ancient Mariner, the gold and silver Ancient Albatross, and the Ancient Keeper as part of an informal recognition program. The gold and silver Ancient Mariner and Ancient Albatross awards and the Ancient Keeper program shall be detailed in writing by Commandant (CG-7) in accordance with subsection 5.6.10.1.2 , Informal Recognition. The required administrative record shall be filed and kept with the unit procurement records at the end of each fiscal year.

5.6.10.8.2 Coins for External Recognition

1. Only flag officers, SES members, the MCPOCG, the Chaplain of the Coast Guard, and their authorized delegates may use appropriated funds to provide coins to external individuals and groups for significant past support of Coast Guard programs and missions. In addition, the MCPOCGRF, Gold Badge E9s, unit commanding officers and officers-in-charge are authorized to present coins to external individuals and groups in accordance with this standard.
2. Procurement and use of the coins shall follow the policy for external recognition specified in subsection 5.6.10.1.3 . This includes maintaining an external recognition administrative record of all coin awards.
3. Coins shall not be presented merely as a courtesy, or for any other reason not specified in the policy.
4. The authority to procure and present coins for external recognition does not include expending funds for a ceremony and presentation unless a specific delegation is received from an authorized individual.

5.6.10.8.3 Coins for Gifts

1. Coins procured with appropriated funds shall not be used as gifts. Coins procured with appropriated funds shall be used only for the informal and external recognition purposes described above.
2. Personnel may use their own funds to procure coins from a mint or store for use as gifts. However, in order to maintain the distinction between Coast Guard awards and personal gifts, it is recommended that personal gift coins be plated or struck from metals different than official coins. Further, the presenter shall ensure that personnel attending the presentation are told that the coin is a personal gift to the recipient.

5.6.10.8.4 Coin Procurement

1. In accordance with subsection 5.6.10.1.2 , the use of OE funds is authorized for the procurement of coins for informal recognition.

2. In accordance with subsection 5.6.10.1.3 , the use of OE funds is authorized for the procurement of coins for external recognition.
3. In accordance with subsection 5.6.10.1.3.2 , the Commandant and commands that have been provided an allocation of ORRF may use these funds to procure coins that will be given to domestic and foreign dignitaries as gifts or mementos. Information regarding the recipient, the item presented, and the occasion shall be recorded and retained with the ORRF procurement files.
4. Morale funds shall not be used to procure coins for use in informal or external recognition. Guidance on the authorized uses of unit morale funds for recognition programs is contained in *Coast Guard Morale, Well-Being, and Recreation Manual*, COMDTINST M1710.13 (series).
5. Commandant's discretionary funds are available to procure coins. Any use of discretionary funds shall be documented in accordance with subsection 5.6.10.1.2 , with the exception that the records shall be retained with the discretionary fund records.
6. In all cases, prudent stewardship shall prevail in the procurement of coins. All coin presenters should make their purchase decision with the understanding that they may be required to justify the procurement to internal and external auditors and to the public.
7. Personnel may use their own funds to procure coins from a mint or store for use as gifts. See also subsection 5.6.10.8.3 , Coins for Gifts.

5.6.10.8.5 Coin Design

Personnel who have an existing supply of coins may continue to use those coins until the supply is exhausted. Thereafter, all coins procured with appropriated funds shall comply with the following specifications:

1. Obverse side

- a. Coins procured with appropriated funds for use in internal recognition programs:
 - 1) The Commandant, Vice Commandant, area commanders, MCPOCG and MCPOCGRF shall use a design that incorporates their position, rank, and/or title. In addition, the presenter's name may be subsequently engraved on a coin, on a case-by-case basis, for an individual presentation. Content around the border is at the presenter's discretion.
 - 2) All other units and offices shall use a design that incorporates their position, rank, and/or title, but not their name. Content around the border is at the presenter's discretion.
- b. Coins procured with appropriated funds for external recognition only, or with ORRF or Commandant discretionary funds, shall have an obverse design appropriate to the occasion, as determined by the presenter.

2. Reverse side

All coins procured with appropriated funds shall have a reverse design that incorporates the Coast Guard seal.

3. Composition

The primary purpose of command coins is to recognize significant achievements or past support to Coast Guard missions through the presentation of an item of trophy or aesthetic value – not to present an award with inherent monetary value. Consequently, coins may be struck from or plated with different metals to provide distinction, but they shall not be struck from or plated with precious metals.

5.6.10.9 Conference Planning

1. Planning for a conference must be done correctly in order to avoid improper use of appropriated funds. Conferences have come under increased scrutiny and OMB has issued 2 recent memorandums requiring agencies to thoroughly review policies and controls associated with conference-related activities and expenses and also requiring the permission of Deputy Secretaries or their equivalents to approve spending for all proposed new conferences to be sponsored or hosted by Coast Guard. Planners shall ensure that they are familiar with all aspects of the conference, such as attendees, subject matter, agenda, etc., as well as the rules and regulations surrounding conference planning. Commandant (CG-8) has created a webpage with the latest policy at <https://cglink.uscg.mil/3345e35e>. Related forms and procedures are located online at <https://cglink.uscg.mil/4c5fc2bd>.
2. Other important authorities to consider are:
 - a. 41 CFR 301-74, Conference Planning.
 - b. *Joint Federal Travel Regulations (JFTR)*, including but not limited to, U1050, U2550 part G, U2555, U3500.
 - c. OMB Memorandum 11-35- *Eliminating Excess Conference Spending and Promoting Efficiency in Government*, issued 21 September 2011.
 - d. OMB Memorandum 12-12- *Promoting Efficient Spending to Support Agency Operations*, issued 11 May 2012.
3. All conference planners shall ensure that the following policies and procedures are adhered to:
 - a. Attendees at a conference held within the attendee's permanent duty station (PDS) are ineligible for per diem for lodging and meals.
 - b. The cost of Government-contracted meals (if any) shall not exceed the applicable per diem rate. (JFTR U2550.D.3)
 - c. Document efforts to reduce costs by seeking less-costly facilities. (JFTR U2550 H.1)

- d. Lodging, in conjunction with a conference, may not be procured by Government contract within the confines of Washington D.C. Attendees may, however, rent rooms and receive reimbursement by filing a travel voucher.
(See 40 USC 34.) (JFTR U2550 H.1)

Note: See subsection 5.6.10.13.3 concerning internally organized meetings, conferences, and workshops.

5.6.10.10 *Emergency Evacuation Funds*

1. Information relating to the emergency evacuation of dependents is included in the following authorities:
 - a. *Joint Federal Travel Regulations* (JFTR), chapter 6.
 - b. *Coast Guard Supplement to the Joint Federal Travel Regulations (CGS-JFTR)*, COMDTINST M4600.17 (series), chapter 6.
 - c. The PPC website concerning evacuation assistance.
2. Information concerning emergency evacuation of civilian employees and their dependents is contained in:
 - a. 5 CFR 550.401-408.
 - b. FTR, chapter 301-30.
3. Evacuation Funding Procedures:
 - a. ATUs will provide TONO issuing guidance to the affected units, initially fund all travel expenses from local AFC-30 accounts, and ensure that evacuation orders mandate the use of Government quarters (if available).
 - b. ATUs must use local accounting strings with the following:
 - 1) Cost Center: 79872;
 - 2) Object Class: 2108.
4. Reimbursement Procedures:
 - a. Reimbursement will be made only after competent authority authorizes a full or limited evacuation (when advised by a local or national authority to do so). Examples of competent authority include area commanders, district commanders, commanders of logistics/service center commands, or designated representatives.
 - b. Reimbursement is subject to funds availability in the HQ storms account.
 - c. Dependents are eligible for evacuation allowances as per above authorities.

- d. Civilian employees and their dependents are eligible for reimbursement of their travel expenses due to authorized evacuations.
5. Timeline:
 - a. It is the responsibility of the ATUs to notify Commandant (CG-832) and Commandant (CG-12) via message or e-mail whenever evacuations are authorized.
 - b. ATUs will complete a single request per event within 30 days of the termination of the evacuation order.
 6. Points of Contact:
 - a. Commandant (CG-122) for questions concerning active military personnel;
 - b. Commandant (CG-121) for civilian personnel; and
 - c. Commandant (CG-131) for reserve military personnel.

5.6.10.11 *Federal Executive Board (FEB)*

Public Law 109-15 indirectly authorizes Federal agencies to use federally appropriated funds to support Federal Executive Boards, but it does not permit transfers. This support is accomplished by participating in the various programs provided by the local boards, such as recognition and training programs. This authority does not allow the Coast Guard to make grants or donations to a local FEB without receiving some tangible benefit or service in return.

5.6.10.12 *Flowers*

Appropriated funds may be used to purchase flowers under the following circumstances:

Traditional Ceremonies

Floral centerpieces may be purchased for traditional ceremonies. See subsection 5.6.10.30 for the list of approved ceremonies. The purchase of a wreath for National Veteran Commemorations is also authorized.

Receptions held in conjunction with traditional ceremonies are separate events, and XXF funds (which are only available to a small number of units) or personal funds must be used to fund most items for them. Flowers used as decoration at a reception held in conjunction with a traditional ceremony, or flowers given to participants or their family members, are not allowed.

Decorative Items

Federal Property Management Regulations (41 CFR 101-26.103-2) permits the purchase of pictures, objects of art, plants, flowers (both artificial and real), and other similar items as decorative items when furnishing Federal buildings. Such items may be purchased for general use areas and may not be purchased solely for personal convenience or to satisfy the personal desire of an employee.

5.6.10.13 *Food – Meals and Refreshments*

For the purposes of this subsection, the following definitions apply:

meals – one of the regular occasions during the day when food is taken, as breakfast, lunch, or dinner. This includes items commonly referred to as hors d'oeuvres (light or heavy).

refreshments – light fare for morning, afternoon, or evening breaks. Defined to include, but not be limited to, coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, and muffins.

5.6.10.13.1 Policy for Meals and Refreshments

1. Meals or refreshments may not be furnished to Government employees and military personnel without charge, except as noted.
2. If meals or refreshments are to be provided under the circumstances described below, written justification shall be submitted via the chain of command to the appropriate authority listed below for prior approval. The justification shall include all information necessary to determine compliance with this guidance.
 - a. Office chief at Headquarters;
 - b. Commander LANT-8/FORCECOM-8/PAC-8;
 - c. Base Comptroller;
 - d. Commanding Officer of Headquarters unit.

5.6.10.13.2 External Non-Coast Guard Meetings

Meals and refreshments may be funded at Government expense during meetings and conferences given for the purpose of enhancing employee proficiency or qualifying employees for other duties **only** under the following circumstances:

1. Charges for meals and refreshments may be paid when the cost is a mandatory inseparable element of the registration fee.
2. Where charges for meals and refreshments are separable, the following requirements must be met (Comp Gen B-160579 4/26/78):
 - a. Essential business relating to the official duties of the Coast Guard participant must be discussed during meal time; **and**
 - b. The presence of the Coast Guard participant during mealtime is absolutely necessary if the purpose and goal of the Coast Guard for authorizing the participant to attend the meeting is to be realized by the Coast Guard; **and**
 - c. The employee is not free to take the meals elsewhere without being absent from essential formal discussions; **and**
 - d. The meal must be incident to the meeting and not the other way around; that is, the conference must extend significantly beyond the meal itself.

5.6.10.13.3 Internal Coast Guard Business Meetings and Conferences

1. Meals and refreshments may not be funded at Government expense during:
 - a. Day-to-day business meetings organized to principally deal with Coast Guard issues;
 - b. Meetings relating to Coast Guard operations; or
 - c. Meetings dealing with internal agency functions.
2. Internal business meetings do not meet the criteria of training as described below (Comp Gen B-270199 8/06/1996).
3. Conferences are gatherings that are not routine in nature and that are intended to cover topical matters of general interest that might appeal to governmental and nongovernmental participants. Meals and refreshments at a conference may be funded for Federal employees in a travel status.
4. Federal attendees in a nontravel status may not be provided with Government-funded meals.
5. Refreshments may be provided to Federal conference attendees in a nontravel status if an authorizing official listed in subsection 5.6.10.13 makes an administrative determination that:
 - a. Attendance was authorized under 5 USC 4110;
 - b. The refreshments are incidental to the meeting;
 - c. Attendance of the employee during the periods the refreshments will be offered is necessary for full participation in the conference; **and**
 - d. The employee is not free to obtain refreshments elsewhere without being absent from essential formal discussions, lectures, or speeches concerning the purpose of the conference.

The decisions of the Comptroller General at B-198471, May 1, 1980, and 64 Comp Gen 406, 1985, provide useful guidance to make this determination.

6. Federal employees in a travel status must deduct meals funded by the Government from the M&IE allowance when filing their travel claim. Refreshments furnished at nominal or no cost to the Government need not be deducted (41 CFR 301-74.21). As a matter of policy, “nominal” cost is considered an amount less than or equal to the daily amount allowed for breakfast per attendee under applicable travel regulations, unless an authorizing official listed in subsection 5.6.10.13 or a contracting officer determines the amount to be unreasonably low based on local hotel or conference center rates. The authorizing official or contracting officer shall determine an allowable cost that is nominal and reasonable based on average local market rates.

5.6.10.13.4 Non-Federal Attendees at Meetings Organized by Coast Guard Units

Meals and/or refreshments may not be funded at Government expense for non-Federal attendees during meetings, conferences, or workshops sponsored by Coast Guard units (31 USC 1345). If

non-Federal employees will be present during Coast Guard conducted events, food and/or refreshments shall not be procured (Comp Gen B-247966 6/16/1993).

5.6.10.13.5 Training

For the purposes of this subsection, training is defined as an instruction given for the purpose of enhancing employee proficiency, or qualifying employees for other duties. Training sessions are primarily given to materially enhance the student's ability, or to modify the student's professional qualifications so as to enable him to assume different or enhanced duties.

5.6.10.13.5.1 Meals in Lieu of Per Diem

Meals may be provided during training sessions for attendees who are authorized per diem, if the following provision is followed: Meals provided to an attendee within the attendee's PDS must be paid by the attendee.

The procurement of meals to be served during a Coast Guard training session is authorized only under very limited circumstances (Comp Gen B-244473 1/13/92; also JTR C4552.H and JFTR U4215.D). In order for the purchase of meals to be authorized, documentation must exist that:

1. The meal is incidental to the training meeting; that is, the meeting is not completely conducted at the meal table;
2. The provision of food must be necessary to obtain the full benefit of the training;
3. The employees are not free to take meals elsewhere without missing vital information relative to the training;
4. The amount to be contracted for the meal shall not exceed the applicable proportional per diem rate; and
5. The event must be a training event dealing with contingency operations and not day-to-day operations of the service.

5.6.10.13.5.2 Refreshments

Refreshments will not be provided for during training sessions organized by the Coast Guard. This policy is adopted due to the potentially extraordinary total costs that could be incurred service-wide due to the numerous and varied types of formal and informal training regularly conducted in the Coast Guard.

5.6.10.13.6 Cultural Awareness Programs

Appropriated funds may be used to purchase **samples** of ethnic food **not readily available in the community**, to be served to Government employees for the purpose of promoting cultural awareness.

The term "sample" is defined to mean of minimal portions and separate from any meal. The intent of offering the samples is to provide attendees at such observances with an awareness of

the culture or ethnic history being celebrated, and is limited to circumstances in which the serving of food samples advances the agency's equal employment opportunity (EEO) objectives.

The term "not readily available in the community" is intended to exclude items that are mass-produced and mass-consumed in urban areas. Thus, if a unit were celebrating Italian heritage, ordering pizza would not be appropriate. If a unit were celebrating Hispanic heritage, purchasing fast food tacos or burritos would not be appropriate.

The Leadership, Excellence and Diversity (LEAD) Council should request items that will promote the program and provide workers with a broader understanding of the group that it is promoting (Comp Gen B-199387 3/23/82). In addition, the LEAD Council shall obtain guidance and approval from the Civil Rights/EEO Office in their area, district, logistics/service center command, or from Commandant (CG-00H), on appropriate historical or cultural food samples or other forms of entertainment to promote cultural awareness. The decision of the Comptroller General in B-301184, *U.S. Army Corps of Engineers, North Atlantic Division*, provides an extensive discussion of the guidance required for cultural awareness programs and the criteria for determining whether food offered at a cultural awareness event is a "meal" or a "sampling".

5.6.10.13.7 Emergency

Expenditures for food are authorized when the purchase of food is incidental to an extreme emergency requiring the protection of Government property or the protection of human life. Law enforcement officials and their immediate family members may be quartered in temporary quarters and fed when their lives are threatened. (Comp Gen B-177900 8/2/1973; 5 USC 5706a).

Sound planning and fiscal stewardship must be used when determining the amount of supplies to be acquired. Emergency supplies will also be limited by the type of emergency (e.g., weather-related, shelter-in-place).

For shelter-in-place emergencies, it is the employee's responsibility to have food and water available. Coast Guard members and employees should have personal safety kits containing their nonperishable food, water, and other items. These items are not authorized to be purchased with appropriated funds.

The use of appropriated funds for the purchase of emergency food supplies is authorized when the employees are required to remain at the unit and may not leave because of danger to their life (Comp Gen B-189003 7/5/1977).

For natural disaster preparedness (e.g., hurricanes or earthquakes) one key point to remember is that the food supplies are for the duty section only, not the entire crew. Most if not all of the crew should be evacuated from the unit. Only a minimal number of critical personnel should remain.

According to FEMA guidance, the suggested period to plan for residential emergencies is three days. However, when preparing for emergencies involving Coast Guard facilities, the anticipated risks should be assessed and actions appropriate for those risks should be taken. For water, one gallon per day per person is the recommended amount to be stored. During extremely hot weather, additional water per person may be needed based on the work being performed.

Food supplies should also be sufficient to last for a minimum of three days and must be nonperishable. The use of meals, ready-to-eat (MREs) for this purpose is recommended because they have a long shelf life and are easy to store.

All emergency supplies shall be stored and secured to prevent pilferage or loss. Emergency supplies shall be inventoried at least semiannually to ensure that adequate supplies are on hand and that expiration dates have not passed.

5.6.10.13.8 Uncompensated Volunteers

While there is no express statutory authority to offer meals to volunteers, units may justify furnishing meals to uncompensated volunteers working on projects for the maintenance and improvement of natural and historic resources on, or to benefit natural and historic research on, Coast Guard facilities, when their scheduled assignment extends over a meal period.

14 USC 93(a)19 authorizes the Commandant to enter into cooperative agreements to accept voluntary services for the maintenance and improvement of natural and historic resources on, or to benefit natural and historic research on, Coast Guard facilities. The same statute requires the parties to contribute funds or services on a matching basis to defray the costs of such programs, projects, or activities.

5.6.10.13.9 Vessel Availability

Appropriated funds may be used to procure meals during emergency yard periods when the ship's mess is temporarily unusable or unavailable as a result of the yard period. The general principles contained in the *Federal Acquisition Regulation* (FAR) concerning reasonableness of price and full and open competition provide the appropriate limitations on issuing contracts for meals.

5.6.10.14 Gifts

In general, there is no statutory authorization to use appropriated funds to purchase gifts, with the exception of Reception and Representation Funds. This prohibition results from the application of the necessary expense rule. The use of appropriated funds for the purchase of gifts to foster goodwill is not permitted unless expressly authorized by Congress. See subsection 5.6.10.1.3.2 , Use of ORRF for Honorary (External) Recognition (Comp Gen B-260260 12/28/95).

5.6.10.15 Insurance

The Federal Government is essentially a self-insurer. Therefore, in the absence of express statutory authority to the contrary, appropriated funds are not available for the purchase of insurance to cover loss or damage to Government property.

The following exceptions to this policy are allowed:

1. Rental vehicle insurance – Members and employees may be reimbursed for the cost of collision damage waiver insurance, if it is determined that purchase of such insurance is required by law or procedure in certain foreign countries. The *Joint Federal Travel*

Regulations (JFTR) and the *Federal Travel Regulation* (FTR) are the principal directives in this area and must be consulted.

2. Contractor-required insurance – The FAR and *Coast Guard Acquisition Procedures* (CGAP), COMDTINST M4200.19 (series) require contractors to carry minimum amounts of insurance under certain conditions against the loss of or damage to Government property when in the possession of contractors.
3. Professional liability insurance – *Coast Guard Professional Liability Insurance Reimbursement (PLIR) Policy*, COMDTINST 12800.1 (series), provides the policy concerning reimbursement of liability insurance for certain Government employees.
4. Liability insurance for child development center operations – Appropriated funds may be used to obtain liability insurance to protect its nonappropriated assets in the event that an adverse judgment or settlement is to be paid from NAFs.

5.6.10.16 Kitchen and Coffee Mess Equipment and Supplies

1. The use of appropriated funds to procure coffee makers, microwave ovens, and refrigerators for centralized kitchen areas is authorized if the primary benefit of such equipment is for the Government, and not simply for the personal convenience of the employees. This benefit may be substantiated for efficient performance of agency activity (Comp Gen B-302993 6/25/04) or Continual Operations (Comp Gen B-210433 4/15/83), and may be authorized if **both** of the following conditions are met:
 - a. The equipment can be reasonably related to the efficient performance of agency activities. This may be demonstrated by showing that:
 - 1) The equipment allows personnel to prepare and consume meals in close proximity to their work area, thus reducing the time away from their desks; and
 - 2) The equipment contributes to the health and well-being of the employees by providing a means for employees to prepare their food.
 - b. The equipment is only provided for centralized kitchen areas. The term “centralized kitchen area” is defined as a common area that is accessible to all employees in the immediate area, not limited by division or office, and is constructed to accommodate refrigerators, microwave ovens, and coffee makers, as well as food preparation. The term does not apply to private offices or messes, or areas commonly referred to as “break areas” where the equipment is located in an office or division, and normally used only by personnel of a particular office or division.
Exception: Spaces in operation 24 hours per day, such as command or communications centers, are exempt from this requirement.
2. When purchasing equipment using the above authorizations, the following limitations apply:
 - a. Authorized equipment is limited to microwave ovens, coffee makers, and refrigerators. Other items, such as stoves, dishwashers, espresso machines, hot plates,

- toasters, or toaster ovens, are not authorized for this purpose. This does not preclude purchases when other policy authority exists (e.g., housing units).
- b. The equipment must be limited in scope. As in all procurement decisions, expected usage must be considered when determining the equipment to be provided. Procurement officers must match the requirement with sound resource management when outfitting these areas.
 3. Ample documentation and justification must be retained in unit procurement files and be readily available for audit purposes. Justification must be signed by the executive officer/XPO or office chief (for HQ, area, logistics/service center command, or district offices) level or above, citing the authority used (subsection 5.6.10.16), and it must contain information supporting the purchase decision. Further delegation is not authorized.
 4. Units should procure only the minimum amount of equipment necessary to meet their needs. Purchases are not authorized simply as a means to provide coffee or refreshments during meetings or visits.
 5. Kitchen and picnic supplies, such as plates, cups, and flatware; and food items, such as coffee, condiments, and other subsistence-type items, are not authorized for purchase with appropriated funds, unless the items are in support of an approved CGDF.

5.6.10.17 *Lease of Real Property*

Periodic payments for real property (including space inside buildings and structures), either monthly or annually, pursuant to lease agreements (i.e., rent) are made with OE funds. Such periodic or rental payments are subject to Coast Guard policy and the availability of appropriations.

A lease is an agreement conveying the right to use property from one entity (lessor) to another (the lessee) for a specified period of time in return for payment or a series of payments. Leases are categorized for the lessee as either a capital or operating lease. The Office of Management and Budget establishes criteria for which leases are scored for budgetary purposes.

Note: The lessor is always a non-Federal entity. **Federal agencies cannot “lease” property to each other and cannot charge another agency “rent.”**

One-time, or nonrecurring, expenses associated with the build-out portion of leased facilities are subject to the availability of appropriations for minor construction in OE and for the acquisition, construction, renovation, and improvement of shore facilities. There are several funding alternatives for executing leasehold build-outs. Commands and planners shall seek the advice of their servicing CEU and legal offices prior to entering into leases or contracts which include build-outs. Outside of the alternatives available in the GSA Lease Program, the availability of the OE appropriation for leasehold build-outs is very limited.

See section 10.6 for additional information on leases.

5.6.10.18 *Luggage*

1. **In very limited and highly unusual instances**, the Coast Guard may use appropriated funds to pay for luggage to be used by its members and employees in the performance of their official duties. The luggage in question must remain the property of the Coast Guard, and must be assigned to the user and returned when not in use.
2. The following circumstances must be present and documented prior to any purchase of this equipment (Comp Gen B-200154 2/12/81):
 - a. The luggage must be necessary in order for the individual or unit to perform their mission.
 - b. The individual or unit must travel extensively in the performance of their duties in order to carry out its mission.
 - c. The individuals or team members cannot travel without luggage.
3. For the purpose of this subsection, the term “travel extensively” is defined by the number of travel days and the reoccurrence of travel trips. These two together must be considered prior to authorizing a purchase for luggage. At a minimum, the member must travel:
 - a. A minimum of 20 trips per year, and
 - b. In excess of 140 days per year.
4. Examples of units that may be authorized under this provision are:
 - a. Training Teams;
 - b. SAT Teams;
 - c. STAN Teams.
5. The use of this authority shall be certified by a member of the senior command staff and incorporated into the procurement file.

5.6.10.19 *Mascots*

While station and unit mascots are a great tradition within the Coast Guard, providing support for these animals does not qualify as a necessary expense that may be charged to OE funds. All support costs (e.g., food, veterinary fees) for unit mascots must be borne by individual members of the unit on a voluntary basis, and must not be charged to appropriated funds.

5.6.10.20 *Membership Fees*

Memberships in private and professional organizations may be purchased in the Coast Guard’s name if:

1. The membership primarily benefits the Coast Guard, **and**
2. The membership is necessary to carry out an authorized function.

Generally, the benefit to the Coast Guard results from access to publications or information, as in the case of professional or civic organizations (Comp Gen B-221569 6/2/1986 and B-240371 1/18/91).

All memberships are subject to the review and approval of Headquarters office chiefs, district chiefs of staff, area chiefs of staff, or commanding officers of Headquarters units, as applicable. The final approving authority shall determine if the membership is necessary in support of the Coast Guard mission.

See also subsection 5.6.10.25 Recreational Memberships.

5.6.10.21 Military Exchange Facilities as Sources of Supply

Coast Guard units are authorized to consider Coast Guard and DOD exchanges as a possible source of supply for purchases (14 USC 152). The requirements regarding distribution of micro-purchasing as outlined in FAR 13.202 must still be followed.

5.6.10.22 Organizational Clothing

14 USC 477 and 5 USC 7903 authorize the use of appropriated funds to purchase special clothing equipment for the promotion and maintenance of safety and occupational health. These statutes, along with prior GAO decisions, form the basis for Coast Guard policy on organizational clothing.

Organizational clothing is CG-owned clothing that is issued to Coast Guard members to perform their duties. Organizational clothing is only authorized to mitigate unusual situations or to alleviate health and safety concerns. Organizational clothing is not authorized to promote the appearance of the Coast Guard or Coast Guard programs without prior approval of the Personnel Service Center (Personnel Services Division – Military Uniforms) (PSC (PSD-mu)) and Commandant (CG-843).

Uniform Regulations, COMDTINST M1020.6 (series), paragraphs 4.D.1 through 4.D.10, provide authorization for specific pre-approved organizational clothing. In situations that require organizational clothing other than those listed, the unit must request authorization from Headquarters prior to purchasing any items.

Rescue and Survival Systems Manual, COMDTINST M10470.10 (series), provides authorization and policy for specific pre-approved lifesaving equipment and clothing used by personnel operating on or from boats. In situations that require clothing items other than those listed, the unit must request authorization from Headquarters prior to purchasing any items. Requests for lifesaving equipment/clothing must be routed through Commandant (CG-7).

Requests for organizational clothing may be made in writing or electronically. Requests must be routed through the chain of command to Commandant (CG-122). Commandant (CG-122) will provide a response to the unit, in consultation with Commandants (CG-0944) and (CG-843) when required.

In order for organizational clothing to be approved, three tests must be met:

1. The item must be “special” and not part of the ordinary and usual furnishings that employees may reasonably be expected to provide for themselves; **and**
2. The item must be for the benefit of the Government; i.e., it must be essential to the safe and successful accomplishment of the work, and not solely for the protection of the employee; **and**
3. The employee must be engaged in hazardous duty.

All requests for organizational clothing must provide information that addresses each of the above tests, along with any other relevant information to assist Commandant (CG-122) in making an informed decision that follows the above laws and that can withstand the scrutiny of a GAO audit.

5.6.10.23 *Personal Expenses and Furnishings*

Items that are personal expenses or personal furnishings **may not** be purchased with appropriated funds. Examples include, but are not limited to:

1. Business cards (except for designated recruiters);
2. Nonessential medical care;
3. Personal qualification expenses;
4. Seasonal greeting cards; and
5. Coffee cups (except for authorized CGDFs).

Personnel are encouraged to review 4.C.13 of *Principles of Federal Appropriations Law* (commonly referred to as the GAO “Red Book”) for additional guidance.

5.6.10.24 *Promotional Items*

Promotional items are items that further the growth of a specific program or the Coast Guard service as a whole. In general, these items **may not** be purchased with appropriated funds without **specific** statutory authority. Such authority has been provided in the following cases:

1. Coast Guard Recruiting commands have limited authority to procure promotional items that will be provided to the general public for recruiting purposes (14 USC 468).
2. The Commercial Fishing Vessel Safety program currently has specific, limited legislative authority to procure promotional items.

Requisitioners are advised to obtain written authorization from program managers or Commandant (CG-843) to ensure that the items are legislatively authorized.

5.6.10.25 *Recreational Memberships*

The purchase of recreational memberships is authorized to provide eligible personnel access to fitness-center-type equipment when it is not reasonably available at the installation. Eligibility is defined in *Coast Guard Morale, Well-Being, and Recreation Manual*, COMDTINST M1710.13

(series). Golf memberships shall not be purchased with OE funds, except as noted in subsection 5.6.10.20 Membership Fees.

Memberships in the name of the command are authorized for use by eligible patrons of the MWR program, considering the prioritized eligible patron listing as contained in *Coast Guard Morale, Well-Being, and Recreation Manual*, COMDTINST M1710.13 (series). Memberships shall be approved in the same manner and using the same criteria as memberships to professional or civic organizations previously discussed in subsection 5.6.10.20 .

Advance payment for gym memberships is not authorized. Units should exercise care to ensure compliance with 31 USC 3324(a). For further reference, see Comp Gen B-237789 12/10/99; Comp Gen B-288013 12/11/01; and the GAO “Red Book”, volume I, chapter 4, section 12a.

5.6.10.26 Retirement Ceremonies

See subsection 5.6.10.1.2.4 , Retirement Recognition, for guidance on the use of OE funds for this purpose.

See subsection 1.C.4.b of *Military Separations*, COMDTINST M1000.4 (series), for the distinction between retirement recognition awards and tokens of appreciation.

Expenses related to retirement receptions are personal expenses and are not payable with appropriated funds. There are exceptions to the use of Government resources for official retirement ceremonies. These include items traditionally provided for (e.g., Government facility, personnel, or equipment usage that does not involve additional charges), items customarily presented to a member/employee upon retirement (e.g., retirement certificate, flag, appreciation certificate for spouse or same sex domestic partner and dependents), or a recognition item as previously mentioned in this subsection.

5.6.10.27 Satellite Radio Service

The use of appropriated funds to procure satellite radio service is authorized if the following conditions are met:

1. The service must only be used in general areas (e.g., rec decks, lounges, wardrooms) and not in individual offices or group and individual berthing areas.
2. The subscription must be limited to only the basic service package. Premium packages (if available) are not authorized. Premium packages are defined as those stations or broadcasts that are not included in the most basic package offered.
3. In keeping with Coast Guard Core Values, satellite radio receivers must contain locking devices to ensure that adult entertainment stations that broadcast sexually explicit material are filtered from use via the provider filtering controls. It is the responsibility of the command cadre to ensure that inappropriate content is blocked.
4. Satellite receivers shall not be installed in any Government vehicles.
5. Advance payment for satellite radio service is not authorized, and units shall exercise care to ensure compliance with 31 USC 3324(a). Payment shall be made monthly.

Lifetime, annual, and multiple-year purchase service packages are NOT authorized for payment.

6. Satellite radio receivers and associated products are highly desirable, and as such, it is highly recommended that these items be reported as General Purpose Property in accordance with *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).

5.6.10.28 Savings Bonds

Although Commandant (CG-0944) has determined that the purchase of savings bonds falls within the legal parameters of 14 USC 503, recent guidance from DHS and the Department of Treasury's new requirement to only allow savings bond purchases through Treasury Direct has required Coast Guard to rewrite this policy. Effective immediately, our "Enlisted Person of the Quarter", "Sailor of the Quarter", and other award programs will no longer be allowed to be awarded savings bonds.

5.6.10.29 Seasonal Decorations

Seasonal decorations qualify as necessary expense to the extent that they relate to and improve the working environment. The decorations cannot be for personal use (they must be displayed in public areas, not individual offices), and they must be nonsectarian. Purchase of religious cards and religious articles with appropriated funds is prohibited, except as provided for by *Religious Ministries within the Coast Guard*, COMDTINST M1730.4 (series) (Comp Gen B-226011 11/17/87).

5.6.10.30 Traditional Ceremonies

Nonpersonal expenses that are customarily incurred incident to traditional ceremonies are payable from appropriated funds. The appropriation account to be charged depends upon the essential nature of the ceremony. For example, expenses incident to a unit change of command ceremony are chargeable to OE, while expenses incident to a groundbreaking or cornerstone ceremony are chargeable to the appropriation that funded the construction of the facility.

The charges allowed for change of command ceremonies must be linked directly to the ceremony itself and not any reception that follows.

All expenses related to a reception are considered personal expenses and are not payable with appropriated funds. This includes, but is not limited to, facility and equipment rentals, food expenses, return postage for RSVP cards, and travel expenses for personnel whose sole purpose is to coordinate or be involved in the reception.

Coast Guard traditional ceremonies are limited to:

1. Change of command;
2. Change of homeport;
3. Vessel christening;

4. Vessel commissioning/decommissioning;
5. Change of watch for the Secretary of the Department of Homeland Security;
6. Change of watch for the Vice Commandant of the Coast Guard;
7. Change of watch for the Master Chief Petty Officer of the Coast Guard (MCPOCG) and the Master Chief Petty Officer of the Coast Guard Reserve Forces (MCPOCGRF);
8. Recognition of the Coast Guard “Ancient Mariner” and “Ancient Albatross” awards and the Joshua James “Ancient Keeper” award;
9. Groundbreaking;
10. Laying a cornerstone for a public building;
11. Ribbon cutting ceremony (i.e., a public ceremony conducted to inaugurate the opening to the general public of a new building, refurbished edifice, floor, wing, road, bridge, etc.);
12. Graduation; and
13. Memorial services for active duty members immediately after the time of death (i.e., no anniversary memorial services are authorized as traditional ceremonies).

Only those ceremonies listed above are authorized support with appropriated funds as discussed.

5.6.11 Research, Development, Test, and Evaluation (RDT&E) – Financial Management Operations Plan (FMOP)

The RDT&E appropriation provides funding for applied scientific research and development. This includes funds for pay, allowances, and related personnel support costs, as well as the maintenance, rehabilitation, lease, and operation of related facilities and equipment. RDT&E funds were typically available until expended (no-year funds), however, the most recent Appropriation Act (PL113-6) stated that the 2013 RDT&E funds were to remain available until 30 September 2017, making them five year funds.

The RDT&E appropriation account may also be credited with receipt from State and local governments, other public authorities, private sources and foreign countries for the expenses incurred for research, development, testing and evaluation.

FMOP management of the RDT&E appropriation is based upon an annual financial plan, which specifies apportionment of funds on a quarterly basis for major RDT&E programs. Even for RDT&E funds that remain available until expended, there is a need for effective financial planning and control to match obligations with the apportionment plan.

Since the obligation of significant amounts of RDT&E funds is dependent upon the timing of research contract awards and associated upper-level management review and approval, close attention must be given to the anticipated award dates of these procurements when the financial plan is developed so that the end-of-year carryovers are minimized.

5.6.11.1 Function of the Research, Development, Test, and Evaluation (RDT&E) Program

The RDT&E Program is a Coast Guard resource for scientific knowledge and capabilities that provides adaptive research, development, testing, analysis, and technology solutions for the maritime environment to enhance current and future asset acquisition and mission execution.

5.6.11.2 Research, Development, Testing and Evaluation (RDT&E) Appropriation

The RDT&E Appropriation was established and authorized by Congress for research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's missions. It is important to be able to distinguish between RDT&E and other more general appropriations, because the RDT&E appropriation is a specific appropriation.

Federal appropriations law specifies that if a Federal agency has a specific appropriation (such as RDT&E) for a particular budget item, and also has a general appropriation (such as OE) which is broad enough to cover the same budget item, the specific appropriation must be used exclusively. Further, when two appropriations are available to fund a particular budget item (e.g., RDT&E and AC&I), neither of which specifies the item in question, the agency may elect which appropriation it wishes to use to fund that item. However, once it has made that election and has used the selected appropriation to fund that item, it cannot change its election or use the other appropriation to fund the same item in the future.

Understanding both the nature and limits of the RDT&E appropriation is essential to make prudent technology investment decisions.

5.6.11.3 Administration of RDT&E Funds

RDT&E funds are administered by Commandant (CG-926) at two locations: Headquarters and the R&D Center.

RDT&E funds are provided to the RDT&E program manager, who oversees all RDT&E funds. Administration and execution of the funds are performed at the R&D Center.

5.6.11.4 Authorized Uses of RDT&E Funds

RDT&E funds may be used for the following specifically defined purposes:

1. **RDT&E technology-base building** – This involves technology scans, forecasts, or assessments that produce a base of agency knowledge to support applied RDT&E efforts 5-15 years hence. This category facilitates the RDT&E Program's obligation to systematically develop and maintain knowledge that can bring the latest technological advances to the attention of sponsors. All such efforts must align with the Coast Guard's R&D strategy and goals.

2. **RDT&E applied research** – the systematic study and experimentation directed toward scientific or engineering phenomena/principles as they relate to Coast Guard needs. This provides fundamental knowledge for the solution of identified Coast Guard problems. It also augments the knowledge base for subsequent exploratory and advanced development of Coast Guard-related technologies and new and improved functional capabilities for performing Coast Guard missions. An example is research to determine the physiological effects leading to boat crew fatigue.
3. **RDT&E exploratory development** – the systematic use of the knowledge of scientific or engineering phenomena/principles in the initial stages of producing or adapting technology new to an intended Coast Guard application. This is performed to establish some confidence that the proposed technology can address the pertinent mission requirement. Its distinguishing characteristic is the goal of evaluating and demonstrating the feasibility and practicality of the technology in meeting the mission requirement. Specific activities include analytical modeling, simulation, or the minor-scale production of methods, procedures, or systems. The effort produces relatively low cost, rudimentary, or “proof of concept” systems, methods, or procedures to support decisions as to whether the technology shows sufficient promise to warrant the additional cost of advanced development. An example is the exploration of a new lamp technology for short-range aids that promises to produce the same amount of light at lower power requirements.
4. **RDT&E advanced development** – This begins once the proposed technology’s feasibility and practicality have been sufficiently established to warrant further development for experimental use within an actual or simulated operational environment. Specific activities include extensions or upgrades of the analytical modeling or simulation, or the fuller production of methods, procedures, or system hardware/software. The distinguishing characteristic of this category is the goal of further evaluating and demonstrating technology for test or experimentation, rather than producing technology designed and engineered for eventual service use. RDT&E advanced development is a follow-on activity to exploratory development. In advanced development, the level of effort is established so that at completion of this effort, uncertainty regarding the functional capability of the new technology has been eliminated. An example is the adaptation of solar power technology to the rigors of the marine environment typical to lighted ATON, especially buoys.
5. **RDT&E test and evaluation (T&E)** – This is performed to confirm the results of the research and/or development stages of a program, project, or activity (PPA), and to verify that the effects on the Coast Guard will be those desired. Rather than comprising a separate category of research and development, T&E is an inherent part of all of the categories defined above – it is a logical outflow of the work performed in each. Research T&E involves the systematically planned establishment of conditions from which data can be collected, assembled, and analyzed. Exploratory Development T&E involves the collection and analysis of data to determine feasibility and practicality. Advanced Development T&E involves the collection and analysis of data to establish suitability for Coast Guard uses.

6. **Personnel compensation, benefits, and related administrative costs for RDT&E billets and positions** – This provides the support structure required to execute the entire Coast Guard RDT&E Program. It provides the strategic planning, programming, management, and support personnel, material, resources, and leased facilities for the execution of the Coast Guard RDT&E Program, including:
- a. Military and civilian personnel compensation and benefits;
 - b. Travel and transportation of persons and transportation of materiel;
 - c. Rental/lease payments;
 - d. Communications, utilities, and miscellaneous charges;
 - e. Printing and reproduction;
 - f. Advisory, assistance, and other services;
 - g. Research and development contracts;
 - h. Subsistence and support of persons (military dependents);
 - i. Supplies and materials; and
 - j. Equipment.

5.6.11.5 RDT&E Funding Responsibilities

RDT&E Program authority for funding research areas is established as part of the budget formulation process. Once research areas are identified and placed in the DHS Stage RDT&E budget, they are deemed appropriate areas for use of RDT&E funding.

5.6.11.5.1 Completed RDT&E Products

Procedures for formal operational delivery of RDT&E products are contained in *Research, Development, Test and Evaluation (RDT&E) Appropriation; Procedures for Obtaining Services and Appropriation Definition*, COMDTINST 7044.1 (series). Pending formal product delivery, RDT&E retains funding responsibility for the program, project, or activity (PPA). Funding shortfalls must be covered by RDT&E funds and may not be supplemented from other appropriations.

5.6.11.5.2 Unfunded Programs, Projects, or Activities (PPA)

New, unfunded PPA proposed or identified after submission of the budget to DHS will be evaluated by the RDT&E Program as candidates for RDT&E funding.

Commandant (CG-926) may accept new PPA within the limits of the appropriation manager's reprogramming authority, or refer the matter to Commandant (CG-8) via the Assistant Commandant for Command, Control, Communications, Computers and Information Technology (CG-6).

5.6.11.6 Project Targets

Project targets are provided to the Coast Guard R&D Center and to other administrative target field units performing RDT&E support. Funds are transmitted for each effort assigned, or as needed to support ongoing field activity. Despite the no-year character of prior years RDT&E funds, field ATU management of RDT&E resources shall ensure timely obligation of funds consistent with RDT&E plans. ATUs should note delays, scheduling problems, and/or insufficient funding early, so that adjustments may be made and funds reallocated as necessary.

5.6.11.6.1 Research and Development Center

Funds earmarked for specific project efforts and administrative expenses are provided to the R&D Center by project targets, with modifications based on a yearly R&D Center allocation. While plans are approved by Commandant (CG-926) for funds budgeted toward R&D Center salaries, certain administrative expenses are retained by Commandant (CG-926) for direct payment via direct charge or refund to the OE appropriation.

The R&D Center shall report to Commandant (CG-926) on anticipated year-end unobligated balances, funds greater than needs, and additional funds needed for each project (including administrative expenses). Accompanying each report shall be a brief explanation of the variance and corrective action recommended.

5.6.11.6.2 Other Administrative Target Units

Non-RDT&E field units are provided with RDT&E funding for specific field testing and evaluation efforts. Performing field units shall be fully funded for costs incurred in providing such support.

There are several methods by which non-RDT&E field units can effectively obligate RDT&E funds. These include:

1. Direct transmittal of project targets to the respective ATUs;
2. Establishment of a miscellaneous obligation at Headquarters, against which expenditures in the field can be charged;
3. Refunds to non-RDT&E field units “after the fact” for actual costs incurred, using Coast Guard refund procedures. The unit’s account is credited, and the appropriate Headquarters RDT&E account is charged for the costs incurred.

The preferred procedure is the direct transmittal method.

By 15 June, all ATUs maintaining RDT&E project targets shall identify by message or letter report the anticipated year-end unobligated balance, funds greater than needs, and/or additional funds needed for each project. Accompanying each report shall be a brief explanation of the variance in order to allow proper evaluation for corrective action.

5.6.11.7 Funding Basis for RDT&E

For purposes of these guidelines, each budgetary line item in the RDT&E section of the Coast Guard Congressional Stage Budget estimates constitutes an RDT&E program, project, or activity (PPA).

The funding basis for an RDT&E PPA is defined as the sum of all funding appropriated for the life of that particular PPA. Exception: for PPAs that routinely receive annual funding, the funding basis is limited to the current-year funding level.

5.6.11.8 Refunds

Coast Guard appropriations (e.g., OE and AC&I) can fund common or shared requirements with the RDT&E appropriation. This includes mutually beneficial items like rental of equipment, procurement of materials, and desired contracted support. This does not include centrally paid personnel expenses by OE that benefit RDT&E and other appropriations. Payments made but not fully funded by RDT&E for common services require refund prior to the end of the fiscal year. Commandant (CG-8) shall approve all refunds between RDT&E and other appropriations.

5.6.12 Acquisition, Construction, and Improvement (AC&I) – Purpose

The AC&I capital investment program provides funding for the procurement, construction, rebuilding, or improvement of the Coast Guard's vessels; command, control, and communication (C3); ATON; related equipment; and shore plant. The term "shore plant" includes real property under the control of another Federal agency. This subsection outlines procedures and guidelines for the execution of the AC&I appropriation.

5.6.12.1 AC&I Appropriation

Congress typically authorizes and makes a lump sum appropriation for necessary expenses of acquisition, construction, renovation, and improvement of aids to navigation, shore facilities, vessels, and aircraft, including equipment related thereto. This is consistent with 14 USC 662. Congress further makes specific appropriations within the AC&I lump sum based upon specific purpose, amount, and period of availability. The historic specific AC&I appropriation structure has included:

1. Vessels;
2. Aviation capability;
3. Shore facilities and ATON;
4. Other equipment;
5. Personnel compensation and benefits; and
6. The Integrated Deepwater System program. (The Coast Guard's Integrated Deepwater System (IDS) was only used for FY2002-FY2011 appropriations. IDS assets are now included as part of Coast Guard's current \$27 billion recapitalization investment

portfolio, which includes more than 20 major acquisition programs and projects managed by Commandant (CG-9).)

Specific AC&I appropriations made in recent appropriation acts have included amounts provided to:

1. Acquire, repair, renovate, or improve vessels, small boats, and related equipment;
2. Other equipment;
3. Shore facilities and aids to navigation facilities;
4. Personnel compensation and benefits and related costs; and
5. The Integrated Deepwater System program.

Although Congress has historically made independent specific appropriations for vessels and for aviation capability, in recent years it has instead made further specific appropriations under the Integrated Deepwater System appropriation for aircraft and for surface ships.

Congress may choose to return to the historic structure in any fiscal year.

Every attempt is made to comply with Congressional intent within the limits of existing fiscal, acquisition, and other laws. Once funds are appropriated through an appropriations act, Commandant (CG-83) coordinates with OMB to distribute the AC&I funds to individual project accounts. Supplemental appropriations often have different formats and execution guidelines than annual appropriations and must be carefully reviewed before obligating the funds.

5.6.12.2 AC&I Category Definitions

AC&I category definitions (e.g., Vessels, Aircraft, Shore, and Other Equipment) are used to make correct AC&I – OE funding determinations. OE, to include AFC-30 and AFC-4X funding streams, fundamentally differs from AC&I funding. OE funds are expressly designated to support current assets or to make relatively minor adjustments to them (unless otherwise authorized by law). AFC-30 covers unit-level operations and maintenance. AFC-4X specifically provides nonrecurring maintenance, repair, alterations, and renewal to assets in order to achieve their full economic life. The AC&I program primarily supports the acquisition of assets, or major construction and improvements that increase the capacity/capability of an asset.

5.6.12.3 General AC&I Terms

The following terms provide general guidance when determining whether to use funds from the AC&I or the OE appropriation. The Shore AC&I program provides more specific guidance, due to project complexities which require a detailed breakdown by work category. Where more specific definitions exist, AC&I/OE funding determinations must reflect these more rigorous standards.

5.6.12.3.1 Maintenance

Maintenance is the act of keeping fixed assets in useable condition. It includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities such as programmed depot-level maintenance (PDM) needed to preserve the asset so that it continues to provide acceptable service and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended. See SFFAS No. 6, *Accounting for Property, Plant and Equipment*.

5.6.12.3.2 Improvement

An improvement is an increase in capacity, capability, or useful and service life of an existing vessel, aircraft, ATON, or real property facility or other capital resource.

5.6.12.4 AC&I Work Categories

There are four defined categories for the AC&I appropriation. These categories are outlined in the four subsections that follow.

5.6.12.4.1 Vessels

As a general rule, OE funds (including AFC-45) are for operations and maintenance, while AC&I funds appropriated for vessels and small boats are available for acquisition, repair, construction, and improvement of these vessels and small boats. Congress has made amounts available for repairs to vessels or small boats in both the OE and AC&I appropriations. Accordingly, the Coast Guard must carefully distinguish between repairs that are related to operations and maintenance and repairs that are related to renovation and improvement.

The following policy and definitions are presented to assist the financial manager's determination of the proper appropriated funds to use with respect to vessels and small boats.

Maintenance: Per Federal Accounting Standards Advisory Board (FASAB) Standard No. 6, maintenance is defined as the act of keeping assets in useable condition. It includes (unit and depot) preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable service and achieves its useful and service life. This definition is adopted to distinguish between normal repairs that are clearly maintenance and those major repairs that improve or extend the useful and service life of a vessel. This is a reasonable way to construe the statute. Maintenance excludes activities aimed at expanding the capability or capacity of an asset or otherwise upgrading it to service needs different from, or significantly greater than, those originally intended. All unit-level maintenance on vessels or small boats will be performed with OE funds, using AFC-30. Depot-level maintenance on small boats will be performed with OE funds, using AFC-30. Depot-level maintenance for cutters will be performed with OE funds, using AFC-45. Restoring the operational soundness of a vessel or small boat and returning it to service after damage due to collisions, allisions, groundings, or similar events will be performed using AFC-45.

Major repair and renovation: Normal repairs are defined as those repairs required to restore the operational soundness of a vessel and return it to service. Normal repairs will be performed with OE funds. Major repairs that are intended to renovate a vessel or boat, or class of vessels or boats, and that result in an extension of useful and service life or result in significantly greater capacity or capability of the asset(s) will be funded from the AC&I appropriation. Major vessel modernization programs, ship conversions, major reactivations, major remanufacture programs, and major service-life extension programs are examples of renovation projects that include repair and will be funded from the AC&I appropriation.

Major repair and improvements: Improvements are defined as any activity that specifically increases the capacity or capabilities of an asset, or that extends its useful and service life. Improvements may include major repairs and renovations and will be funded from the AC&I appropriation.

Technology refreshment: Technology refreshment is the intentional incremental insertion of newer technology to improve reliability, maintainability, and/or reduce maintenance costs. Technology refreshment can involve minor performance enhancement of the asset but is typically done with the intention of improving the maintainability of the asset. All technology refreshment actions onboard boats will be executed with OE funds, using AFC-30. All technology refreshment actions onboard cutters will be executed with OE funds, using AFC-45. Any configuration change actions required as a result of system obsolescence will be executed with OE funds, using AFC-45. However, any configuration change actions required to either overcome obsolescence or refresh technology that are part of an overarching major repair, renovation, or improvement project as defined above will be executed with AC&I funds.

Replacement of subsystems and components on a vessel or small boat:

1. Replacements in kind of subsystems or components are funded from the OE appropriation as long as the action falls under the maintenance and/or technology refreshment categories described above.
2. Replacement of subsystems and components with newer, current technology is executed with OE funds as long as the intent of the project is for maintainability or technology refreshment and not specifically to improve the capability or capacity or to extend the useful and service life of the parent asset (vessel or small boat).
3. Replacement of subsystems or components due to complete obsolescence or because the manufacturer discontinues production/support is an OE expense as long as the new components do not specifically improve the capability or capacity or extend the useful and service life of the parent asset (vessel or small boat).

Safety modifications: Safety modifications are modifications to the vessel or small boat that allow the vessel or small boat to execute its designed mission in a safe and efficient fashion. Safety modifications are to be executed with OE funds unless they improve the capability and capacity or extend the useful and service life of the parent asset (vessel or small boat). Safety modifications that are executed with OE funds do not affect or modify the structure of the asset or have significant impact on the configuration of other components of the asset.

Funding determinations: All decisions regarding OE and AC&I funding determinations shall be documented and filed with the procurement/project file. The administrative record shall clearly document project scope, project intent, and engineering rationale for the funding determination. All proposed and funded naval projects shall include the administrative record with the funding determination analysis as part of the current, programmatic review process of all naval engineering projects. Review of individual projects in the naval engineering program shall include the known scope of all other projects being planned or conducted. In some cases, multiple, related projects could constitute a major repair, renovation, or improvement as defined above. This analysis and certification must be included in the administrative record.

In the event that an urgent operational requirement project, which should be properly funded with AC&I, is deemed by Commandant (CG-00) to be higher in priority than projects in the current FY AC&I budget, the Commandants (CG-4), (CG-7), (CG-8), and (CG-9) staffs shall explore all lawful means to fund this operational requirement. These strategies may include, but are not limited to: deferring other budgeted AC&I vessel or small boat projects, requesting authority to reprogram funds within the AC&I appropriation, or requesting authority to transfer funds from another Coast Guard appropriation.

The Coast Guard's most recent Appropriation Act (PL113-6) stated that purchase, lease, repairs and service life replacements of small boats for contingent and emergent requirements, which result in an extension of useful life or significantly greater capability or capacity of the asset(s), will be funded as follows:

1. Per unit cost of more than \$700,000 will use the AC&I appropriation.
2. Per unit cost of less than \$700,000 will use the OE appropriation, AFC-30 but not to exceed \$31,000,000.
3. The funding thresholds indicated above are specifically authorized in the FY 2013 Coast Guard appropriation guidance. All future funding uses relating to the \$700,000 unit cost threshold and \$31,000,000 dollar cap must be compared to the existing appropriation language at the time of obligation to ensure compliance with the current directives of Congress.

5.6.12.4.2 Aircraft

This subsection provides policy on the Coast Guard statutory authority for AFC-41 funding specifically related to the use of operating expenses (OE) and acquisition, construction, and improvement (AC&I) funds.

The following policy and definitions are presented to assist the financial manager's determination of the proper appropriated funds to use with respect to Coast Guard aircraft.

Maintenance: Per Federal Accounting Standards Advisory Board (FASAB) Standard No. 6, maintenance is defined as the act of keeping assets in useable condition. It includes (unit and depot) preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable service and achieves its expected life. Maintenance excludes activities aimed at expanding the capability or capacity of an asset or otherwise upgrading it to service needs different from, or significantly

greater than, those originally intended. All unit-level maintenance on aircraft will be performed with OE funds, using AFC-30. All depot-level maintenance on aircraft will be performed with OE funds, using AFC-41.

Improvements: Improvements are defined as any activity that specifically increases the capacity or capabilities of an asset, or that extends its useful and service life. Improvements will be funded from the AC&I appropriation.

Technology refreshment: Technology refreshment is the intentional incremental insertion of newer technology to improve reliability, maintainability, and/or reduce maintenance costs. Technology refreshment can involve minor performance enhancement of the asset but is typically done with the intention of improving the maintainability of the asset. All technology refreshment actions are executed with OE funds unless they are part of a larger, overarching service life extension or improvement project (funded by AC&I).

Replacement of subsystems and components on an aircraft:

1. Replacements in kind of subsystems or components are funded from the OE appropriation as long as the action falls under the maintenance and/or technology refreshment categories described above.
2. Replacement of subsystems and components with newer, current technology is executed with OE funds as long as the intent of the project is for maintainability or technology refreshment and not specifically to improve the capability or capacity or to extend the service life of the parent asset (aircraft).
3. Replacement of subsystems or components due to complete obsolescence or because the manufacturer discontinues production/support is an OE expense as long as the new components do not specifically improve the capability or capacity or extend the service life of the parent asset (aircraft).

Safety modifications: Safety modifications are modifications to the aircraft that allow the aircraft to execute its designed mission in a safe and efficient fashion. Safety modifications are to be executed with OE funds unless they improve the capability and capacity or extend the useful and service life of the parent asset (aircraft). Safety modifications that are executed with OE funds do not affect or modify the structure of the airframe or have significant impact on the configuration of other components of the airframe.

Major service life extension or upgrade: Major service life extension or upgrade projects that extend the life of the asset beyond its designated service life through large-scale redesign or other alterations are to be funded with AC&I. These projects would specifically improve the capability and capacity or extend the useful and service life of the aircraft.

Funding determinations: There are two types of OE funds used to support the aviation fleet. AFC-30 supports the unit operations, maintenance and fuel needs and AFC-41 supports depot-level maintenance. Depot-level maintenance overhauls represent major maintenance conducted on Coast Guard aircraft and is performed mainly by Aircraft Repair Supply Center (ARSC) civilian employees.

All decisions regarding OE and AC&I funding determinations shall be documented and filed with the procurement/project file. The administrative record shall clearly document project scope, project intent, and engineering rationale for the funding determination. All proposed and funded aviation projects shall include the administrative record with the funding determination analysis as part of the current, programmatic review process of all aviation engineering projects. Review of individual projects in the aviation engineering program shall include the known scope of all other projects being planned or conducted. In some cases, multiple, related projects could constitute an upgrade or service life extension as defined above. This analysis and certification must be included in the administrative record.

In the event that an urgent operational requirement project, which should be properly funded with AC&I, is deemed by Commandant (CG-00) to be higher in priority than projects in the current FY AC&I budget, the Commandants (CG-4), (CG-7), (CG-8), and (CG-9) staffs shall explore all lawful means to fund this operational requirement. These strategies may include, but are not limited to: deferring other budgeted AC&I aircraft projects, requesting authority to reprogram funds within the AC&I appropriation, or requesting authority to transfer funds from another Coast Guard appropriation.

5.6.12.4.3 Other Equipment Related to Vessels, Aircraft, Shore Facilities, ATON, and Electronic Systems

Title 14 USC 662(2) enables Congress to provide a prior authorization of appropriations “For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore or offshore establishments, vessels, or aircraft, *including equipment related to the aids, establishments, vessels, or aircraft.*”

This subsection provides policy on the Coast Guard statutory authority for funding specifically related to the use of acquisition, construction, and improvement (AC&I) funds, or operating expenses (OE) for other equipment, including, but not limited to, electronic equipment related to aids to navigation, shore establishments, vessels, or aircraft. The specific AC&I appropriation for Other Equipment has, in recent years, primarily supported Command, Control, Communications, Computers and Information Technology (C4IT) and acquisition management. However, C4IT equipment is not the only object of this appropriation.

The law requires the President’s Budget to present proposed appropriations information on personnel and other objects of expenditure (31 USC 1104(b)). OMB Circular A-11 provides executive guidance for the preparation, submission, and execution of the Budget. The circular also provides guidance for requesting multi-year appropriations for buildings, equipment, and other types of fixed capital assets. It states, in part, “*Consider whether it is appropriate to request appropriations with multi-year availability, particularly for buildings, **equipment**, and other types of fixed capital assets, including major Automatic Data Processing (ADP) and telecommunications systems, with long acquisition cycles. Where multi-year appropriations requests are appropriate, you should match the period of availability to the expected length of the acquisition cycle*” (OMB A-11, Sec. 31.8).

“Equipment” includes various objects, including ADP and telecommunications systems with long acquisition cycles. OMB Circular A-11, Sec. 83.2 provides Object Classes for Acquisition

of Assets. These object classes present obligations in the proposed budget according to their initial purpose. OMB A-11 also provides major object class codes for recording obligations for the acquisition of “equipment”. Equipment is described under major object class Code 31.

It is Coast Guard policy that all equipment or items of personal property, which must be capitalized as required by subsection 10.3.7.3 of this manual, will be objects of the specific AC&I appropriation for Other Equipment, provided the item also has a warranty in excess of one year and an anticipated useful and service life in excess of one year.

The Coast Guard’s Operating Expense (OE) Appropriation may be used to procure equipment and personal property that are not required to be capitalized. This will provide the agility and flexibility to acquire various assets without the requirement to go on budget. In other words, for items such as furniture, desktop computers, tools, and other items that are not required to be capitalized per subsection 10.3.7.3 of this manual, and are directly related to the daily operation and maintenance of the Coast Guard, purchase with OE is allowed. This is a matter of financial policy.

In addition, it is Coast Guard policy to acquire equipment necessary for performing work ordered from the Coast Guard Yard, and other similar, designated Coast Guard Industrial Activities, from the revolving fund account established by 14 USC 648.

The following policy and definitions are presented to assist the financial manager’s determination of the proper appropriated funds to use with respect to Coast Guard equipment.

Equipment: This is an object class which includes “*personal property of a durable nature, that is, property that normally may be expected to have a period of service of a year or more after being put into use without material impairment of its physical condition or functional capacity*” (OMB A-11, Sec. 31). Specific examples of equipment include transportation equipment, furniture and fixtures, tools and implements, machinery including construction machinery, industrial equipment, and instruments and apparatus. Equipment also includes information technology (IT) hardware or software, custom and commercial off-the-shelf software, regardless of cost, such as central processing units (CPUs), modems, signaling equipment, telephone and telegraph equipment, and large-scale system integration services. Generally, “equipment” includes capitalized personal property within the meaning of subsection 10.3.2 of this manual.

Maintenance: Per Federal Accounting Standards Advisory Board (FASAB) Standard No. 6, maintenance is defined as the act of keeping assets in useable condition. It includes (unit and depot) preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable service and achieves its expected life. Maintenance excludes activities aimed at expanding the capability or capacity of an asset or otherwise upgrading it to service needs different from, or significantly greater than, those originally intended. All unit-level maintenance on equipment will be performed with OE funds, using AFC-30. All depot-level maintenance on equipment will be performed with OE funds, AFC-42.

Improvement: An improvement is defined as any activity directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use. Activities that result in increases to the capacity or capabilities of an

asset, or that extend its useful and service life are Capital Improvements and will be funded from the AC&I appropriation.

Technology refreshment: Technology refreshment is the necessary incremental insertion of newer technology to improve reliability, maintainability, and/or reduce maintenance costs. Technology refreshment may involve minor performance enhancement of the asset, but is typically done with the intention of improving the maintainability of the asset. Technology refreshments typically occur when original items or replacement parts are no longer available for maintenance, and it is necessary to acquire similar available replacement items with the original item's salient characteristics. All technology refreshment actions are executed with OE funds unless they are part of a larger, overarching service life extension or improvement project (funded by AC&I).

Replacement of subsystems and components of general and electronic equipment:

1. Replacements in kind of subsystems or components are funded from the OE appropriation as long as the action falls under the maintenance and/or technology refreshment categories described above.
2. Replacement of subsystems and components with newer, current technology is executed with OE funds as long as the intent of the project is for maintainability or technology refreshment and not specifically to improve the capability or capacity or to extend the service life of the parent asset (including electronic equipment).
3. Replacement of subsystems or components due to complete obsolescence or because the manufacturer discontinues production/support is an OE expense as long as the new components do not specifically improve the capability or capacity or extend the useful and service life of the parent asset (including electronic equipment).

Safety modifications: Safety modifications are modifications to equipment that allow the equipment to execute its designed mission in a safe and efficient fashion. Safety modifications are to be executed with OE funds unless they improve the capability and capacity or extend the service life of the parent asset. Safety modifications that are executed with OE funds do not affect or modify the structure of the equipment or have significant impact on the configuration of other components of the equipment.

Major service life extension or upgrade: Major service life extension or upgrade projects that extend the life of the asset beyond its designated service life through large-scale redesign or other alterations are to be funded with AC&I. These projects would specifically improve the capability and capacity or extend the service life of the equipment.

Funding determinations: All decisions regarding OE and AC&I funding determinations shall be documented and filed with the procurement/project file. The administrative record shall clearly document project scope, project intent, and engineering rationale for the funding determination. All proposed and funded general or electronic equipment projects shall include the administrative record with the funding determination analysis as part of the current, programmatic review process of all general or electronic equipment engineering projects. Review of individual projects in the equipment engineering program shall include the known scope of all other projects being planned or conducted. In some cases, multiple, related projects

could constitute an upgrade or service life extension as defined above. This analysis and certification must be included in the administrative record.

When an urgent operational requirement project, which should be properly funded with AC&I, is deemed by Commandant (CG-00) to be higher in priority than projects in the current FY AC&I budget, the Commandants (CG-4), (CG-7), (CG-8), and (CG-9) staffs shall explore all lawful means to fund this operational requirement. These strategies may include, but are not limited to: deferring other budgeted AC&I equipment projects, requesting authority to reprogram funds within the AC&I appropriation, or requesting authority to transfer funds from another Coast Guard appropriation.

5.6.12.4.4 Shore Facilities/Aids to Navigation (ATON)

The work category definitions presented here were logically developed to isolate root causes for civil engineering work activities. Recent and current Coast Guard Appropriations Acts include a provision authorizing the use of Operating Expenses for “minor shore construction projects not exceeding \$1,000,000 in total cost at any location.” It is important to clearly separate the difference between AC&I and OE funding determinations. Isolation of the root cause fundamentally coordinates sound funds management and performance-based management. Table 5.2 provides additional information to be used in conjunction with these work category definitions.

5.6.12.4.4.1 Shore Facilities Work Categories

1. **Maintenance, repair, and in-kind replacements (M)** – activities needed to keep a building or infrastructure operational, specifically focusing on physical continuity. These activities are required to achieve the full economic life of real property assets, components, assemblies, and systems. Also included are in-kind replacements of components and systems at the end of their economic life, such as a chiller for a chiller, or a roof for a roof. An in-kind replacement is necessary due to failure, obsolescence, or normal wear and tear. In-kind replacements are items that have failed or must otherwise be replaced, and may include technology refreshments when an identical replacement is not feasible. Technology refreshments may result in minor enhancements that improve reliability, maintainability, and/or reduce maintenance costs. However, in-kind replacement is not intended as an improvement to capability or capacity. If the in-kind replacement is for a component of a system or subsystem within a Real Property Unique Identification Number (RPUID), costs are categorized as maintenance. When a project includes complete in-kind replacement of an RPUID, costs are categorized as an improvement.

Energy retrofits motivated by economic considerations also fall into this category. Additionally, “M” work includes survey, inspection, and assessment work used to identify, scope, and schedule “M” activities. “M” activities do not alter the quality or quantity of functional capabilities provided by the building or infrastructure and can be performed on any Group Element defined by UNIFORMAT II (ASTM E-1557), with the exception of F20 – Selective Building Demolition and G1020 – Site Demolition and

Relocations. Maintenance dredging, by nature, will always be OE funded, unless it is part of an AC&I project.

2. **Alterations (A)** – work required to adjust interior arrangements or other physical characteristics of an existing facility/structure so that it may be more effectively adapted to meet operational requirements. This includes changes to layout, work related to moves, and work motivated by aesthetic needs beyond the physical activities defined as “M.” The objective in differentiating “M” versus “A” activities is to adequately protect true maintenance as a base, as opposed to other important work required to use and optimize facilities for continued, efficient use.

Alterations will not change the asset's real property facility category code (e.g., alterations to move showers in a barracks closer to water supplies do not alter the use of the facility).

3. **Improvements (I)** – activities that enhance the mission (and functional) capabilities of a building or infrastructure, including any Group Element defined by UNIFORMAT II (ASTM E-1557) for new construction, acquisitions, additions, expansions, or use adaptations, with the exception of F20 – Selective Building Demolition and G1020 – Site Demolition and Relocations. The only other possible exception is structural work on marine construction. If marine work improves the structural capacity beyond original design, then it is an improvement; otherwise, it is classified as “M,” “A,” or “C” depending on the root cause for the work. If alterations to the asset change the asset’s facility use code, then costs should be considered as an improvement. Additionally, by definition, “I” work includes any work of the following UNIFORMAT II (ASTM E-1557) groupings: A – Substructure, and B10 – Super Structure.
4. **Code compliance (C)** – activities solely required to bring a facility back into code, including life safety, fire, seismic, health and safety, occupational health and safety, environmental, and energy regulations. “C” activities can be performed on any Group Element defined by UNIFORMAT II (ASTM E-1557), with the exception of F20 – Selective Building Demolition and G1020 – Site Demolition and Relocations.
5. **Demolition (D)** – demolition activities, partial demolition activities in preparation for other categories of work, and work related to divestiture activities and explicitly defined under Uniformat II (ASTM E-1557) Group Element
 - a. F20 – Selective Building Demolition or Individual Element;
 - b. G1020 – Site Demolition and Relocations.

5.6.12.4.4.2 Documentation Requirements

1. All decisions regarding shore project OE funding determinations shall be documented and filed in support of any follow-up review and/or audit. All project development submittal documentation for separate and severable projects within the same OPFAC must contain a statement which validates the work obligated during the past twelve months is separate and severable.

2. The SILC will provide oversight for projects deemed to be separate and severable, not otherwise packaged together as part of an approved acquisition strategy, where the cumulative (I) component costs for such projects exceed 1 million dollars. The SILC will forward documentation for these projects to Commandant (CG-43) for HQ approval.
3. Project development submittals for each project with total estimated costs above \$500,000 must be submitted to the SILC for approval and to Commandant (CG-43) if total costs are estimated to exceed \$750,000. Family housing unit costs above \$50,000 must be submitted through the SILC to Commandant (CG-43) for approval.
4. The authority granted by Department of Homeland Security Appropriations Act is not meant to be a substitute or a replacement for the normal AC and I planning process. Prior to project approval, the reason(s), need(s), or condition(s) for the use of OE minor construction authority shall be justified and documented in the project file.

In addition to Table 5.2, the decision tree shown in Figure 5.2 can be used to support funding decisions for proposed shore facility/ATON projects. Please note that this tool does not replace a careful review of current-year appropriation language or consultations with Commandants (CG-83) and (CG-0944).

Table 5.2 UNIFORMAT II (ASTM E-1557-97) and CG Work Category Matrix

Level 1 Major Group Elements	Level 2 Group Elements	Level 3 Individual Elements	M	A	I	C	D
A. Substructure	A10 Foundations	A1010 Standard Foundations			X		
		A1020 Special Foundations			X		
		A1030 Slab on Grade			X		
	A20 Basement Construction	A2010 Basement Excavation			X		
		A2020 Basement Walls			X		
B. Shell	B10 Super Structure	B1010 Floor Construction			X		
		B1020 Roof Construction			X		
	B20 Exterior Enclosure	B2010 Exterior Walls	X	X	X	X	
		B2020 Exterior Windows	X	X	X	X	
		B2030 Exterior Doors	X	X	X	X	
	B30 Roofing	B3010 Roof Coverings	X	X	X	X	
		B3020 Roof Openings	X	X	X	X	
C. Interiors	C10 Interior Construction	C1010 Partitions	X	X	X	X	
		C1020 Interior Doors	X	X	X	X	
		C1030 Fittings	X	X	X	X	
	C20 Stairs	C2010 Stair Construction	X	X	X	X	
		C2020 Stair Finishes	X	X	X	X	
	C30 Interior Finishes	C3010 Wall Finishes	X	X	X	X	
		C3020 Floor Finishes	X	X	X	X	
		C3030 Ceiling Finishes	X	X	X	X	
D. Services	D10 Conveying	D1010 Elevators and Lifts	X	X	X	X	

Level 1 Major Group Elements	Level 2 Group Elements	Level 3 Individual Elements	M	A	I	C	D	
D. Services (continued)		D1020 Escalators & Moving Walks	X	X	X	X		
		D1090 Other Conveying Systems	X	X	X	X		
	D20 Plumbing	D20 Plumbing	X	X	X	X		
		D2010 Plumbing Fixtures	X	X	X	X		
		D2020 Domestic Water Supply	X	X	X	X		
		D2030 Sanitary Waste	X	X	X	X		
		D2040 Rain Water Drainage	X	X	X	X		
		D2090 Other Plumbing Systems	X	X	X	X		
		D30 HVAC	D3010 Energy Supply	X	X	X	X	
	D3020 Heat Generating Systems		X	X	X	X		
	D3030 Cooling Generating Systems		X	X	X	X		
	D3040 Distribution Systems		X	X	X	X		
	D3050 Terminal and Package Units		X	X	X	X		
	D3060 Controls & Instrumentation		X	X	X	X		
	D3070 Systems Testing and Balancing		X	X	X	X		
	D3090 Other HVAC Systems & Equipment		X	X	X	X		
	D40 Fire Protection	D4010 Sprinklers	X	X	X	X		
		D4020 Standpipes	X	X	X	X		
		D4030 Fire Protection Specialties	X	X	X	X		
		D4090 Other Fire Protection Specialties	X	X	X	X		
	D50 Electrical	D5010 Electrical Service & Distribution	X	X	X	X		
		D5020 Lighting and Branch Wiring	X	X	X	X		
		D5030 Communications and Security	X	X	X	X		
		D5090 Other Electrical Systems	X	X	X	X		
	E. Equipment & Furnishings	E10 Equipment	E1010 Commercial Equipment	X	X	X	X	
			E1020 Institutional Equipment	X	X	X	X	
			E1030 Vehicular Equipment	X	X	X	X	
			E1090 Other Equipment	X	X	X	X	
E20 Furnishings		E2010 Fixed Furnishings	X	X	X	X		
		E 2020 Movable Furnishings	X	X	X	X		
F. Special Construction & Demolition	F10 Special Construction	F1010 Special Structures	X	X	X	X		
		F1020 Integrated Construction	X	X	X	X		
		F1030 Special Construction Systems	X	X	X	X		
		F1040 Special Facilities	X	X	X	X		
		F1050 Special Controls & Instrumentation	X	X	X	X		
	F20 Selective	F2010 Building Elements Demolition					X	

Level 1 Major Group Elements	Level 2 Group Elements	Level 3 Individual Elements	M	A	I	C	D	
	Building Demolition	F2020 Hazardous Components Abatement					X	
G. Building Site work	G10 Site Preparation	G1010 Site Clearing	X	X	X	X		
		G1020 Site Demolition & Relocations					X	
		G1030 Site Earthwork	X	X	X	X		
		G1040 Hazardous Waste Remediation	X	X	X	X		
	G20 Site Improvements	G2010 Roadways	X	X	X	X		
		G2020 Parking Lots	X	X	X	X		
		G2030 Pedestrian Paving	X	X	X	X		
		G2040 Site Development	X	X	X	X		
		G2050 Landscaping	X	X	X	X		
	G30 Site Mechanical Utilities	G3010 Water Supply	X	X	X	X		
		G3020 Sanitary Sewer	X	X	X	X		
		G3030 Storm Sewer	X	X	X	X		
		G3040 Heating Distribution	X	X	X	X		
		G3050 Cooling Distribution	X	X	X	X		
		G3060 Fuel Distribution	X	X	X	X		
	G. Building Site work (continued)	G40 Site Electrical Utilities	G3090 Other Site Electrical Utilities	X	X	X	X	
			G4010 Electrical Distribution	X	X	X	X	
G4020 Site Lighting			X	X	X	X		
G4030 Site Communications & Security			X	X	X	X		
G90 Other Site Construction	G4090 Other Site Electrical Utilities	G4090 Other Site Electrical Utilities	X	X	X	X		
		G9010 Service and Pedestrian Tunnels	X	X	X	X		
		G9090 Other Site Systems and Equipment	X	X	X	X		

Figure 5.2 Funding Source Decision Tree for Shore Facility/ATON Category

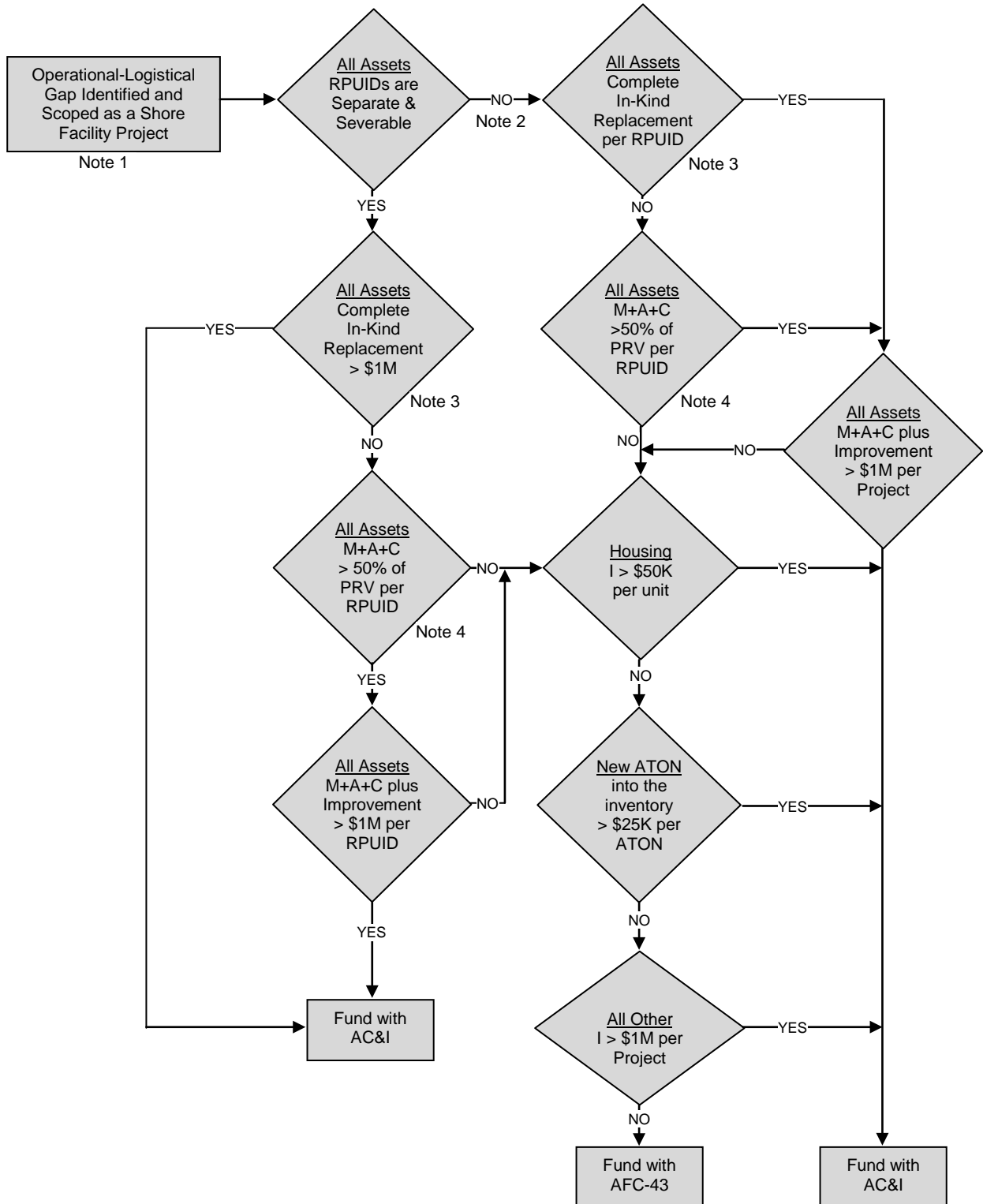


Figure 5.2 Notes:

1. A shore facility project is defined as the total scope of all related work across all impacted Real Property Unique Identification Numbers (RPUIDs) to accomplish a specific outcome (project intent).
2. For projects with RPUIDs that are NOT separate and severable, it is possible that each RPUID will follow a different decision path. Therefore, the contribution from each RPUID shall be counted towards the \$1M maximum.
3. A complete in-kind replacement of an RPUID shall be categorized as an improvement and contribute towards the minor construction cost.
4. For guidance on methodology and procedures relative to revised plant replacement value (PRV), refer to Commandant (CG-43).

5.6.12.4.5 Concurrent AC&I and OE Projects

In order to maintain a clear distinction between funding sources and avoid the mixing of appropriations, concurrent AC&I- and OE-funded construction, renovation, and improvement projects should normally not be undertaken in the same structure, vessel, or contiguous area. When it is believed that the execution of concurrent projects may be beneficial to the Coast Guard, project managers shall obtain approval from Commandant (CG-8), or its designee, prior to execution. As a general rule, OE improvement or renovation projects in shore facilities should not be started within the 12-month period following the completion of an AC&I project.

5.6.12.4.6 AC&I Payroll Expenses

AC&I has a specific annual appropriation to fund “personnel compensation and benefits and related costs.” For this reason, the annual AC&I personnel compensation appropriation, rather than multi-year project funds, must be used to fund all AC&I-related personnel costs, including other temporary personnel augmentations related to project execution.

Commandant (CG-8) may approve the use of project funds from a supplemental appropriation to pay for personnel costs relating to a specific unplanned project mandated by Congress. This approval will only cover personnel costs from the time the supplemental is enacted until the personnel costs can be factored into the next budget formulation cycle.

5.6.12.5 AC&I Financial Plans – FMOP

Management of AC&I funds, normally appropriated on an annual to multi-year basis, is based on a financial plan developed in accordance with the FMOP. In line with OMB apportionment, administrative expense funds that include personnel costs are available for one year and managed on a quarterly basis, while project funds are managed by project.

5.6.12.5.1 Funds Management

Management procedures shall be developed and maintained by Commandant (CG-8), OMB, and Commandant (CG-83) to effectively monitor, control, and evaluate the progress of the AC&I financial plan. To ensure that the AC&I program is executed as closely as possible to the plan, contract planning should be based on realistic pre-award lead times.

5.6.12.6 ATU Guidance

Funds transferred to ATUs under this appropriation are for specific projects. Funds are transferred separately for each project during the fiscal year, based upon the unit's capabilities for implementing the specific projects. All management procedures for handling AC&I funds must accomplish the following:

1. Ensure that definite plans are made for the prompt execution of projects. Project officers should devote particular attention to project completion at the earliest possible date.
2. Isolate and eliminate any "bottlenecks" that may hinder project accomplishment. Examples of such bottlenecks are administrative indecision, or the lack of an environmental impact statement.
3. Determine promptly if available funds are sufficient to meet project needs so that early adjustments may be effected. Project officers must promptly release excess funds, as they may be required for other projects.
4. Provide for early determination of the ability to obligate the project target funds for each specific target. Project officers should bring any significant delays in meeting project milestones to the attention of Commandant (CG-4), with recommendations for target adjustments. Most AC&I funds are obligated on the basis of an executed formal contract. To ensure timely obligation, project officers are urged to commence the bid initiation process prior to the period in which funds become available. Project officers should minimize large carryovers of AC&I funds into the next fiscal year.

Guidance on financial execution of the AC&I-funded Shore Construction and Waterways programs is provided to the field annually by letter from the Office of Civil Engineering, Commandant (CG-43).

5.6.12.7 Management Reporting System for Projects

A management reporting system initiated at Headquarters has been designed to improve executive direction and financial management of the AC&I program, and to keep staff components abreast of the progress achieved in executing the program. Major projects are subdivided into project elements, such as site acquisition, construction, electronics, and outfitting. Point accounts are assigned to enable project managers to maintain accountability of each project element.

A separate account should be established for each point account in the target. Identify targets established for each project element by point account under the basic target number.

ATUs are authorized to redistribute funds between project elements within each AC&I project target without prior approval from Headquarters subject to limits of purchase, time, and amount. Re-distribution of funds **between** distinct project accounts is not authorized.

5.6.12.8 CIFP Request – Procedures

A Change in Financial Plan (CIFP) between project targets shall be requested and approved in FPD.

The CIFP shall be completed in sufficient detail to document the reason for the change, what it is intended to accomplish, the impact on target project, and any other amplifying information. All references noted shall be attached, including summary documentation of telephone calls.

Financial plans are supporting documentation during the apportionment process as approved by OMB. Changes beyond this approval authority shall be forwarded to Commandants (CG-8) and (CG-83). A copy of all approved CIFPs will be forwarded to Commandant (CG-83).

5.6.12.9 Modification of Project Targets/Requests for Funding Adjustments

Commandant (CG-83) will receive and coordinate all such correspondence from logistics/service center commands and Headquarters units. Message requests for funds shall indicate Commandant (CG-4) action for projects controlled by Commandant (CG-4). Commandants (CG-7) and (CG-92) shall be listed as the action office for projects under their respective control. Such correspondence shall be routed to the appropriate target project officer for preparation of a reply. The outgoing reply will normally be available for release within 10 working days after receipt by the action office.

All project target adjustments must be documented on a Financial Transfer Authorization, Form CGHQ-3200.1.

5.6.12.10 Financial Closure of Completed AC&I Projects

When the project administrator determines that an AC&I project is ready for closure, he will advise Commandants (CG-8) and (CG-83) and FINCEN. The unobligated balance of the completed AC&I project targets will no longer be available to finance any additional obligations. FINCEN will review the status of all unpaid obligations outstanding under each physically completed AC&I project target for the purpose of the following:

1. Establishment of accrued liabilities for material and services delivered but not billed;
2. Follow-up action to obtain delivered orders and billings to expedite financial closure of the project; and
3. Cancellation of those obligations which will not require future payment.

5.6.13 Reserve Training Appropriation (RT) – General Responsibilities

RT funds (AFC-90) are targeted to ATUs, generally to the Reserve Force Readiness staff, to cover the costs of:

1. Active duty for training - annual training (ADT-AT);
2. Active duty for training other than the annual training requirement (ADT-OTD);
3. Active duty operational support of the reserve component (ADOS-RC);
4. Berthing for reserve personnel on inactive duty for training (IDT); and
5. Reserve travel for readiness management periods (RMPs).

Administrative costs for RT-funded military and civilian billets are covered by a personnel support costs – reserve (PSCR) distribution via AFC-30. ATU and PSCR funds are apportioned at the Headquarters level and specified in annual targets. Upon receipt of the annual targets, the quarterly operating guide is established by program element in the system of accounts. Drill pay, allowances, costs of initial uniform issues, and benefit programs are administered at the Headquarters level. RT funds necessary to cover certain other program costs charged to AFC-01, AFC-20, AFC-30, and AFC-56 are reimbursed to the OE appropriation through the Coast Guard Refund Program under the authority of 31 USC 1534 to make adjustments between appropriations. The Reserve Training program will refund the OE appropriation to the full SPC costs associated with encumbered reserve-funded active force billets.

5.6.13.1 RT Appropriation Financial Plans – Schedule for Submission

Normally, Commandant (CG-131) will distribute budget guidance by 30 May. Reserve Force Readiness staff will submit AFC-90 budget requests as directed by the Commandant (CG-131) budget guidance letter. A copy of each submission, along with the associated work sheets, is to be sent to Headquarters, Commandant (CG-131), by the date promulgated by Commandant (CG-131).

5.6.13.1.1 General Guidance

1. Annual guidance will be provided to determine the parameters to be used in completing budget requests.
2. Funding requests will be zero-based and fully justified on the work sheets provided for specific line items.
3. Administrative items will be funded by PSCR. Requests for RT funding by commands other than logistics/service center commands should be forwarded to the local servicing logistics/service center command for inclusion in the budget.

5.6.13.1.2 Preparation of Estimates – Requests from Logistics/Service Center Commands

Each logistics/service center command will prepare a budget estimate and submit it to Commandant (CG-131) by 15 July, or as stated in the budget guidance letter.

When these budgets are received at Headquarters, they will be reviewed for each budget line item by 1 October.

5.6.13.1.3 Appeals

Staff members at logistics/service center commands may appeal funding decisions made during the annual budget process by correspondence with Commandant (CG-131) regarding particular line items. Appeals should normally be submitted within one month and should address items which may have been overlooked, or provide additional information not available to the program manager at the time the budget item was submitted.

5.6.13.2 Objectives

Management of the Reserve Program by commanders shall be based upon the following guidelines:

1. Maximize days of training;
2. Attain and maintain the authorized Selected Reserve strength;
3. Provide training which contributes directly to mobilization readiness and, if possible, benefits active force missions; and
4. Other guidance promulgated by FORCECOM (FC-1) and OPCOM (OC-1).

5.6.13.3 RT vs. Other Appropriations – Responsibilities

Certain RT funds are refunded into the OE AFCs to support the Reserve Training Program. This is mechanically handled as described in subsection 5.6.8.2 Procedures – Military Pay and Allowances.

While a refund between OE and RT funds is necessary and desirable, there is a requirement to clearly define the funding responsibility of each appropriation. The authorized RT expenses outlined in subsection 5.6.13 include pay and support costs for all active duty and civilian personnel assigned to RT-funded full-time support positions. Commandant (CG-13) will conduct an annual review of the full-time support (FTS) positions funded by the RT appropriation to ensure that such positions (either directly or by representation) provide support to Reserve programs, personnel, training, etc. Based on this review, Commandant (CG-13) will add or delete RT-funded FTS billets from the PAL. The Resource Director, Commandant (CG-8) will pursue RT appropriation funding on budget to cover entitlement growth for FTS billets enacted under National Defense Authorization Act (NDAA), DOD, or other legislation, in order to preserve RT funds for their congressionally mandated purpose.

5.6.13.3.1 Funding of Multi-Mission Facilities

RT funding of a multi-mission facility should be based upon the incremental cost for the use of the facility for RT personnel. This allows for Reserve funds to be legally used without inappropriate augmentation of appropriations designed for multi-mission facilities. For the

training center, the split between the OE and RT appropriations will be based on the percentage of long-term training capacity necessary for RT. This includes Class “A” schools, ADT (Class “C” schools) training, and an appropriate share of support. Changes to training levels required by the RP will also require changes to the RT/OE funding relationship.

5.6.13.4 Active Duty Training Program

Active duty programs for IADT, annual training requirements (ADT-AT), and other training duty (ADT-OTD) will require accurate cost estimation. Financial management staff must closely monitor obligations and liquidation of orders, keeping adequate documentation to support the status of these funds. IADT will be supported by AFC-01. ADT-AT and ADT-OTD will be supported by field-controlled AFC-90 funds.

5.6.13.5 Active Duty Operational Support

Active duty operational support of the reserve component (ADOS-RC) will be supported by both Headquarters and field-controlled AFC-90 funds.

Active duty operational support of the active component (ADOS-AC) will be supported by unit AFC-30 funds to the extent allowed by law.

5.6.13.6 Inactive Duty Training

Inactive duty training (IDT) pay will be administered through AFC-90 as controlled by Commandant (CG-131). PPC will effect IDT pay disbursements, rations, travel, and clothing maintenance allowance (CMA). Other IDT costs (e.g., rations-in-kind (RIK) and IDT berthing) and training aids or materials will be supported through field-managed AFC-90. Initial uniform issues for reserve recruits not attending IADT will be funded through AFC-90 as controlled by Commandant (CG-131).

5.6.13.7 Voluntary and Involuntary Recalls

District commanders may be granted authority to request voluntary services from reservists for domestic emergencies in accordance with 10 USC 12301(d). DHS may recall reservists for involuntary service in accordance with 14 USC 712.

5.6.13.8 Adjustments in Reserve Funding Levels

AFC-90 (with related program element targets) is established through the annual budget process and related financial management systems. RT program element adjustments may be accomplished as authorized by law and by Coast Guard policies and procedures. The transfer of funds between fiscal quarters must be approved and coordinated by Commandant (CG-131).

The transfer of funds between appropriations is very limited as a matter of law. Through an agreed-upon methodology, the Reserve Program at Commandant (CG-131) refunds the AFC-01

appropriation for full-time support (FTS) billets. This is authorized by statute as adjustments between appropriations in 31 USC 1534.

5.6.13.8.1 Operating Target

The AFC-90 operating target (at the Headquarters level) must never be deficient. If deficient, remedial action must be promptly taken.

5.6.13.9 RT-Funded Civilian Positions

Upgrades of civilian positions funded by RT-funded positions require prior approval by Commandant (CG-131), and may be allowed only after the additional funds source has been determined for the FY in which the upgrade occurs.

5.6.13.9.1 Overtime for Civilian Employees

Overtime for civilian employees is authorized and administered in accordance with the criteria set forth in *Management of Civilian Overtime*, COMDTINST 12550.4 (series). Commandant (CG-131) will administer ceilings for overtime pay.

5.6.13.10 Reports on Reserve Training Funds

Commandant (CG-131) will generate formatted reports on a regular basis to monitor quarterly account carryover requirements and funds available for redistribution.

Further reports may be requested on a case-by-case basis as required to audit quarterly reports.

5.6.13.11 Unfunded RT Requirements under \$1,000

Unfunded RT requirements up to \$1,000 should be absorbed in the current year within available funds. Therefore, as a matter of policy, funding requests under \$1,000 will not normally be processed. However, unfunded requirements may be aggregated and submitted to Commandant (CG-83) via Commandant (CG-131).

5.6.13.12 Financial Reviews of Reserve Training Funds

On a biennial basis, or when deemed necessary by Commandant (CG-131), a routine financial review of the reserve training funds managed will be conducted. The objective of this review is to ensure that internal funds control is maintained. Financial transactions of a reserve ATU should be examined to the extent necessary to determine the following:

1. Does the ATU have effective control of its funds (targets, expenditures, and liabilities)?
2. Is the ATU properly accounting for its funds (targets, expenditures, and liabilities)?
3. Do the ATU's financial records/reports contain accurate, reliable, and useful data presented in the prescribed format?

4. Is the ATU fully complying with rules and regulations?
5. Is the ATU properly and fully funded for the current fiscal year according to the current year's program standards?
6. Is technical assistance needed?

5.6.14 Environmental Compliance and Restoration (EC&R)

The Coast Guard Authorization Act of 1989 (PL 101-225) created the Coast Guard Environmental Compliance and Restoration Program and Appropriation (14 USC 691 and 692, respectively). The purpose of the EC&R appropriation is to carry out a program of environmental compliance and restoration at all current and former Coast Guard facilities. The program involves the identification, investigation, and cleanup of contamination from hazardous substances and pollutants on Coast Guard buildings and structures, for the purpose of complying with environmental laws to prevent contamination or to preclude an environmental liability.

14 USC 690-693 states that the Secretary shall carry out a program of EC&R at current and former Coast Guard facilities, and those EC&R Program goals include:

- a. Identifying, investigating, and cleaning up contamination from hazardous substances and pollutants.
- b. Correcting other environmental damage that poses an imminent and substantial danger to the public health or welfare or to the environment.
- c. Demolishing and removing unsafe buildings and structures, including buildings and structures at former Coast Guard facilities.
- d. Preventing contamination from hazardous substances and pollutants at current Coast Guard facilities.

The goals above provide the framework within which the Coast Guard's EC&R program functions. In addition, 14 USC 690-693 also provides definitions to guide the Coast Guard in application of its EC&R activities. For example, the definition of "facilities" specifically excludes "vessels"; therefore, Coast Guard expenses related to vessel environmental compliance should not be charged to the EC&R appropriation but rather are properly charged to OE. This is wholly consistent with the legislative history of the EC&R program which focused on shore facilities. However, although Congress recognized a "vessel" exclusion, 14 USC 690-693 specifically states that the Coast Guard must respond to releases of hazardous substances and pollutants on vessels. These distinctions are not adequately explained in current Coast Guard guidance, and this policy is the first step to provide clear and concise guidance for the field.

5.6.14.1 Definitions

environment – means (A) the navigable waters, the waters of the contiguous zone, and the ocean waters of which the natural resources are under the exclusive management authority of the United States under the Magnuson-Stevens Fishery Conservation and Management Act [16 USC 1801 et seq.], and (B) any other surface water, ground water, drinking water supply,

land surface or subsurface strata, or ambient air within the United States or under the jurisdiction of the United States.

environmental cleanup, closure, and/or disposal costs – for financial statement reporting purposes and EC&R management, the term “environmental cleanup costs” includes costs associated with environmental restoration of environmental sites, corrective actions, and environmental costs associated with the future closure of operations, including closure and disposal of property, plant, and equipment (PP&E). These costs include the costs of researching and determining the existence of hazardous waste; removing, containing, and/or disposing of hazardous waste from personal or real property; and/or personal or real property that consist of hazardous waste at the time of shutdown or disposal. Cleanup costs may include, but are not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and post-closure costs related to Coast Guard operations that result in hazardous waste. This is consistent with the definition of environmental cleanup costs per Statement of Federal Financial Accounting Standards (SFFAS) No. 6.

facility – means (A) any building, structure, installation, equipment, pipe or pipeline (including any pipe into a sewer or publicly owned treatment works), well, pit, pond, lagoon, impoundment, ditch, landfill, storage container, motor vehicle, rolling stock, or aircraft, or (B) any site or area where a hazardous substance has been deposited, stored, disposed of, or placed, or otherwise come to be located; but does not include any consumer product in consumer use or any vessel [CERCLA Section 101 (9)].

hazardous substance – 1.) means (A) any substance designated pursuant to section 311(b)(2)(A) of the Federal Water Pollution Control Act, (B) any element, compound, mixture, solution, or substance designated pursuant to section 102 of this Act, (C) any hazardous waste having the characteristics identified under or listed pursuant to section 3001 of the Solid Waste Disposal Act (but not including any waste the regulation of which under the Solid Waste Disposal Act has been suspended by Act of Congress), (D) any toxic pollutant listed under section 307(a) of the Federal Water Pollution Control Act, (E) any hazardous air pollutant listed under section 112 of the Clean Air Act, and (F) any imminently hazardous chemical substance or mixture with respect to which the Administrator has taken action pursuant to section 7 of the Toxic Substances Control Act. The term does not include petroleum, including crude oil or any fraction thereof which is not otherwise specifically listed or designated as a hazardous substance under subparagraphs (A) through (F) of this paragraph, and the term does not include natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas) [CERCLA Section 101 (14)].

hazardous substance – 2.) also means oil of any kind or in any form, including, but not limited to, petroleum, fuel oil, sludge, oil refuse, and oil mixed with wastes other than dredged spoil from the definitions of the Clean Water Act codified at 33 USC § 1321.

hazardous waste – per SFFAS No. 6, the definition of hazardous waste used in conjunction with environmental cleanup costs defined above is: a solid, liquid, or gaseous waste, or combination of these wastes, which because of its quantity, concentration, or physical, chemical, or infectious

characteristics, may cause or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness or pose a substantial present or potential threat to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed. As noted in Technical Bulletin 2006-1, the term “hazardous waste” as defined in SFFAS No. 6 was developed by consulting environmental laws such as the Resource Conservation Recovery Act (RCRA); however, the general use of the term in Federal accounting standards should not be construed as limiting the application of the standards solely to those materials meeting the definition of “hazardous waste” under RCRA.

pollutant or contaminant – 1.) shall include, but not be limited to, any element, substance, compound, or mixture, including disease-causing agents, which after release into the environment and upon exposure, ingestion, inhalation, or assimilation into any organism, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavioral abnormalities, cancer, genetic mutation, physiological malfunctions (including malfunctions in reproduction) or physical deformations, in such organisms or their offspring; except that the term "pollutant or contaminant" shall not include petroleum, including crude oil or any fraction thereof which is not otherwise specifically listed or designated as a hazardous substance under subparagraphs (A) through (F) of paragraph (14) and shall not include natural gas, liquefied natural gas, or synthetic gas of pipeline quality (or mixtures of natural gas and such synthetic gas) [CERCLA Section 101 (33)].

pollutant – 2.) also means dredged spoil, solid waste, incinerator residue, sewage, garbage, sewage sludge, munitions, chemical wastes, biological materials, radioactive materials, heat, wrecked or discarded equipment, rock, sand, cellar dirt and industrial, municipal, and agricultural waste discharged into water. This term does not mean (A) “sewage from vessels or a discharge incidental to the normal operation of a vessel of the Armed Forces” within the meaning of 33 USC § 1322; or (B) water, gas, or other material which is injected into a well to facilitate production of oil or gas, or water derived in association with oil or gas production and disposed of in a well, if the well used either to facilitate production or for disposal purposes is approved by authority of the State in which the well is located, and if such State determines that such injection or disposal will not result in the degradation of ground or surface water resources, from the definitions of the Clean Water Act codified at 33 USC § 1321.

preventing contamination – the Coast Guard Environmental Compliance and Restoration appropriation is used for those programs, projects and activities necessary to prevent contamination from hazardous substance, hazardous waste and other pollutants or contaminants that could create environmental liabilities at current Coast Guard facilities.

release – means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any hazardous substance or pollutant or contaminant), but excludes (A) any release which results in exposure to persons solely within a workplace, with respect to a claim which such persons may assert against the employer of such persons, (B) emissions from the engine exhaust of a motor

vehicle, rolling stock, aircraft, vessel, or pipeline pumping station engine, (C) release of source, byproduct, or special nuclear material from a nuclear incident, as those terms are defined in the Atomic Energy Act of 1954 [42 USC 2011 et seq.], if such release is subject to requirements with respect to financial protection established by the Nuclear Regulatory Commission under section 170 of such Act [42 USC 2210], or, for the purposes of section 9604 of this title or any other response action, any release of source byproduct, or special nuclear material from any processing site designated under section 7912(a)(1) or 7942(a) of this title, and (D) the normal application of fertilizer.

5.6.14.2 *Policy*

The EC&R appropriation has always been—and will continue to be—the proper source of funding for the following Coast Guard remedial actions: responding to contamination, correcting environmental damage, and demolishing and removing structures due to contamination i.e. “restoration” work on current or former Coast Guard properties and structures (facilities) contaminated by Coast Guard releases of hazardous substances and pollutants.

Specifically, the EC&R Appropriation shall be used for:

1. Programs, projects, and activities, required to cleanup contamination from hazardous substances and pollutants, correct environmental damage and otherwise reduce or eliminate real property environmental liabilities including:
 - a. Site investigations and other similar studies for the purpose of confirming and characterizing contamination and developing potential remedial action strategies;
 - b. Development of Engineering Evaluations and Cost Analysis (EE/CA);
 - c. Site cleanup and removal actions;
 - d. Reporting and record generation;
 - e. Long term monitoring (LTM); and
 - f. All other efforts and initiatives required to satisfy CERCLA, including efforts to satisfy any applicable or relevant and appropriate requirements (ARARs), relating to the Resource Conservation and Recovery Act (RCRA), other Federal statutes, or any State or local requirements which are legally applicable to the proposed restoration.
2. Responding to releases of hazardous substances and pollutants at Coast Guard facilities or on Coast Guard vessels.
3. Demolition and removal of unsafe buildings and structures, including buildings and structures at current and former Coast Guard facilities where there is an existing or impending release of a hazardous substance or contaminant and the **sole purpose** of the demolition and removal actions is to meet or maintain environmental compliance and prevent pollution.

4. Projects and activities required to prevent contamination (this refers to achieving compliance as opposed to maintaining compliance) from hazardous substances and pollutants including:
 - a. Costs for legally required asbestos remediation and lead-based paint abatement “released or in danger of being released” into the environment, for the sole purpose of complying with the environmental law.
 - b. Development of initial operating permits or substantive modifications to existing permits to include application fees, field investigative work, sampling and analysis and drafting of the permit applications including all supporting documentation (recurring annual permit maintenance fees and renewal activities would be unit operational expenses).
 - c. Development of new pollution prevention plans and substantive modifications and/or reissuance/recertification of existing plans (e.g. SPCC, SWP3).
 - d. Hard engineering fixes (physical changes) that encompass a three-part test:
 - i. The expense must be for a physical change to an asset, including the cost of any study or design necessary to effect the change; and
 - ii. The physical change must be driven by a Federal, State, or local environmental law, regulation, or executive order; and
 - iii. Compliance with the environmental law, regulation, or executive order must be the main reason for undertaking the project at the time of executing the work.
5. Salaries, benefits, and related costs for EC&R billets.
6. Support and management costs required solely for the purpose of executing specific EC&R funded programs and projects (e.g., training, travel, special studies, and statutory/regulatory required reporting).
7. TEST: What is the primary purpose of the program, project, or activity?

The foundation underlying Coast Guard EC&R policy is the distinction between expenses to bring Coast Guard facilities into compliance vice day-to-day expenses to maintain Coast Guard facility compliance with environmental laws, regulations and executive orders. It is important to note that there are many recurring “compliance” activities that the Coast Guard performs on a daily basis that do not rise to the level of the EC&R program goals. For example, managing and disposing of “as-generated” hazardous waste (that is, hazardous waste derived from Coast Guard’s on-going industrial processes) and universal and other regulated waste- including garbage, maintaining, creating, and submitting environmental data and reports, permit compliance activities, such as sampling, testing and analysis of discharges of air and water, monitoring and inspection of unit operational activities, recycling and similar waste reduction and pollution prevention activities, and similar regular and recurring unit activities and initiatives required to sustain regulatory compliance on a continual basis. All of these examples would be included in a strict definition of environmental compliance but do not reconcile to the legislative history of the EC&R appropriation, Coast Guard’s

longstanding reporting and practice, and common sense. However, there are environmental compliance activities that should be appropriately charged to the EC&R appropriation and not to the OE appropriation. For example, costs for legally required asbestos remediation and lead-based paint abatement “released or in danger of being released” into the environment, for the sole purpose of complying with the environmental law.

8. For practical application of the policy above, the following test question must be applied:

What is the primary purpose of the program, project, or activity?

If it is a program, project or activity “solely” to achieve compliance with Federal, State, and local environmental requirements it must be charged to the EC&R appropriation. However, if the compliance with environmental requirements is incidental to the primary purpose of normal maintenance and repair of real and personal property, and/or replacement of equipment, the EC&R appropriation shall not be charged. For example, if abatement (e.g., asbestos removal) is performed as part of, or in conjunction with, a maintenance, repair, or construction project, the appropriation funding for the project shall be used. If equipment is being replaced because it has reached the end of its service life, even though the replacement equipment may result in a reduction of the amount of regulated waste generated or otherwise assist with meeting environmental regulatory requirements, the equipment replacement shall be funded from AC&I or OE, depending on the requirements and costs. However, if the equipment is being replaced solely to meet environmental regulatory requirements, it shall be funded from EC&R.

9. All Coast Guard offices and employees charged with managing OE and EC&R funding shall adhere to this interim policy immediately. All of us are responsible for proper stewardship of the public’s money. If you are uncertain if your environmental related activities are properly charged to the OE or EC&R appropriations, do not hesitate to request assistance through your chain, to environmental program managers, or to your servicing legal centers.

5.6.14.3 Releases and Environmental Emergencies

1. Initial response and containment may be funded with OE funds on an interim basis during a fiscal year.
2. The affected unit shall coordinate with SILC, DCMS-8, and Commandants (CG-47) and (CG-831) to affect a refund from EC&R to OE before the end of the fiscal year.
3. Post-response remediation costs shall be funded as a regular EC&R remediation project only if the site is a current or former Coast Guard site.

5.6.14.4 Contamination at AC&I Project Sites

1. All costs associated with determining whether a site is contaminated (e.g., borings, sampling, and analysis) shall be funded from AC&I Survey and Design (S&D) funds as part of the normal AC&I project planning process. Upon receipt of the AC&I project

funds, any environmental remediation requirements shall then be funded as part of the project costs.

2. If contamination is confirmed, then assessment and any immediate contaminant removal shall be funded by EC&R, provided that the site is a current or former Coast Guard site.
3. Notwithstanding project schedules, compliance with all environmental laws and regulations is required.

5.6.14.5 Other Guidance

1. See Commandant (CG-47) if there is a question as to whether EC&R is appropriate.
2. Actual construction of prototypes for major acquisitions shall be funded using the same appropriation from which the project originated. In most cases, this would be the AC&I appropriation.
3. Congressionally directed projects may require special consideration as to funding source, and will be handled on a case-by-case basis.
4. Refer to *Civil Engineering Manual*, COMDTINST M11000.11 (series) for additional EC&R guidance.

5.6.15 Oil Spill Liability Trust Fund (OSLTF)

1. The National Pollution Funds Center (NPFC) has responsibility for control of obligations and overall OSLTF management. Coast Guard units designated as Federal On-Scene Coordinators (FOSCs) may make charges against the OSLTF when a Federal response meets the requirements of the Clean Water Act (33 USC 1321).
2. Where the polluter is a Coast Guard vessel or facility, the OSLTF is not available. Those cleanup expenses are chargeable to AFC-30 or to the EC&R appropriation.

5.6.16 Alteration of Bridges (AB) – Reprogramming Guidelines

The specific amounts of AB funds earmarked for each bridge alteration project are set forth in the Congressional Stage budget justification, and later in the report language accompanying the annual appropriations act. The project funding basis is defined as the sum of all funding earmarked by Congress for that particular project. The following guidelines apply:

Any reprogramming that involves a new (unbudgeted) project, or involves a project termination (other than completion) shall be considered for congressional reprogramming. Prior to executing a congressional reprogramming, the Transportation Appropriations Subcommittee chairmen in the House and Senate must be informed of the proposed action in a letter signed by the Secretary of Homeland Security, and the chairmen must be allowed at least 30 days in which to respond. The AB appropriation manager shall submit the required correspondence via the chain of command.

5.6.17 Retired Pay (RP)

The RP appropriation follows the same reprogramming guidelines as those specified for the OE appropriation.

5.6.18 Industrial Bases – Responsibilities

1. Management of industrial activities involves the cooperation of four separate elements:
 - a. Logistics and service center commands;
 - b. Supply and purchasing divisions;
 - c. Operational units; and
 - d. The industrial support activity.
2. Due to the importance of the industrial objective (i.e., providing depot-level maintenance, repair, and operational services to assist operational needs), the applicable logistics/service center commander shall require the maximum coordination among these organizations.
3. The industrial manager, in cooperation with the logistics center engineering staff and the chief of the applicable finance division, shall follow the Coast Guard's procedures for:
 - a. Developing the industrial budget;
 - b. Establishing/modifying the industrial "overhead" rate; and
 - c. Conducting the review, audit, and analysis of the industrial accounting reports.

5.6.18.1 *Industrial Budget Operating Plan*

An industrial budget operating plan shall be prepared for each industrial facility. The industrial budget shall reflect the coordinated efforts of the logistics center engineering staff; the chief of the applicable finance division; and the industrial manager.

The industrial budget operating plan provides a yardstick against which the actual billable costs can be compared. The budget operating plan functions as the basis for allocating resource dollars and baseline routine project planning. Reviewers must keep in mind that cost fluctuations due to emergent and casualty response will impact the operating plan. Reviewers must consider the practical applications of Coast Guard mission responses in determining the effectiveness of the planned budget.

Revision of the industrial budget operating plan may be required during the course of the fiscal year, particularly when analysis reveals the need to adjust the overhead rate being charged. Reviewers often fall into the trap of judging effectiveness purely by the overhead rate. If an industrial manager is judged by the overhead rate, the result may be an overhead rate reduced by cutting short-term expenditures necessary for long-term effectiveness, such as equipment and training. Before raising overhead rates, every effort shall be made to reduce overhead costs.

Revised budget operating plans shall be forwarded to Commandant (CG-44) with footnoted explanations of changes.

5.6.19 Standard Personnel Costs (SPC) – Discussion

SPC provides estimates of the costs associated with the addition or deletion of civilian positions and military billets through the budgetary process. In essence, they preserve support-funding bases that might otherwise be eroded through the incremental addition of new billets. These estimates shall be used when preparing budget documents for the relevant budget year, and for other internal purposes such as RPs and planning proposals, refunds, and ADOS-AC reimbursable. Where the SPC does not apply, such as when travel requirements increase due to program needs, nonstandard estimates may be developed and submitted with supporting justification to the Office of Resource Management, Commandant (CG-83), for use in budget planning. Commandant (CG-83) will annually issue updated SPC tables by 1 February.

5.6.19.1 SPC Categories

There are three categories of SPC:

1. Personnel salary costs – Military salaries (AFC-01) reflect estimates for basic pay, BAQ, VHA, subsistence (BAS or SEPRATS), Social Security/Medicare, reenlistment bonuses, severance pay, separation allowance, uniform clothing allowance, death gratuities, etc. Civilian salaries (AFC-08) include salaries, overtime, awards, retirement, group life insurance, health benefits, unemployment compensation, and Social Security/Medicare.
2. Headquarters-managed personnel support costs – These costs include transportation and shipment of household goods (AFC-20); personal property damage claims, Enterprise Communication/Network Services (formerly FTS) bills, recruiting expenses, Coast Guard standard workstation, hardware, software and maintenance (AFC-36), start-up costs (furniture and fixtures), and contract dining facilities (AFC-30); training (AFC-56); and medical care (AFC-57).
3. Field-managed personnel support costs – These costs include normal local telephone services, recreation, housekeeping, routine administrative travel (does not include funding for program travel requirements), transportation, and routine office equipment.

5.6.19.2 Personnel Salary Costs

Military and civilian salary estimates are calculated each year by Commandant (CG-83). Program managers shall use these rates for planning and cost estimating purposes in the year indicated and in the two succeeding years for RP budget preparation and supplemental request processes.

Each year, Headquarters program managers calculate standard personnel support cost rates for PCS, full-time support (FTS), claims, medical, recruiting and training, etc. Generally, they are based on CG-wide average costs per person from the preceding year. These costs are gathered from accounting data. Rates are for the year(s) indicated in the SPC table.

5.6.19.3 Distribution

The FMOP distributes SPC funds into the recurring and nonrecurring funding bases of Headquarters AFC managers. Each FMOP budget line item, which involves a net change in billets, will include an adjustment of funds for SPC. These funds are distributed on a per billet basis.

5.6.19.3.1 Personnel Salary Costs

The FMOP distributes salary funds directly to Headquarters AFC managers (AFC-01 for military personnel and AFC-08 for civilians). These two accounts are centrally managed and no further distribution is made.

5.6.19.3.2 Headquarters-Managed Personnel Support Costs

The FMOP distributes Headquarters-managed support costs directly to managers for AFC-20, AFC-30, AFC-56, and AFC-57. DCMS centrally manages AFC-20; so no further distribution is made. A majority of the funds provided to AFC-56 and 57 are retained at Headquarters for those centrally administered programs (e.g., “A” schools, “C” schools, and PG schools; CHAMPUS; and DOD-provided medical care). Program managers for these AFCs also distribute a small portion of these funds to the field for locally managed programs supported by these AFCs. The Headquarters AFC-30 manager, Commandant (CG-83), receives funds in the FMOP to support the claims and typical member expenses outlined above. Commandant (CG-83) distributes these funds to the appropriate program managers in the Headquarters AFC-30 Source of Funds.

5.6.19.3.3 Field-Managed Personnel Support Costs

The FMOP initially distributes field-managed support funds to the AFC-30 manager. Commandant (CG-83) distributes these funds recurring to individual ATUs based on the net change in OE, AC&I, RDT&E, RT, and EC&R billets reflected on an ATU’s Personnel Allowance List (PAL) and Reserve Personnel Allowance List (RPAL). Commandant (CG-83) compares the PAL and RPAL from approximately 31 July of the previous fiscal year to the PAL and RPAL from approximately 31 July of the current fiscal year in order to calculate the SPC adjustment for the next fiscal year. Commandant (CG-83) also distributes a mid-year OE SPC adjustment via FTA. This adjustment takes into account changes in an ATU’s billet structure that have occurred since the beginning of the fiscal year. This adjustment is nonrecurring.

5.6.19.3.4 Billets/Positions Deleted

In general, when billets/positions are deleted, SPC funding is reduced in the affected year. However, AFC-20 recurring funds are reduced for the fiscal year following the actual event, because the full SPC funding level is necessary in the pertinent fiscal year to transfer personnel vacating the deleted billets.

5.6.19.3.5 Nonrecurring Costs Due to Deletion of Billets/Positions

In AFC-20 there may be nonrecurring costs associated with the reprogramming or deletion of billets/positions. In extraordinary circumstances involving a large number of personnel transfers, such as a major reorganization, decommissioning, or relocation of a unit, Commandant (CG-09) will ensure that nonrecurring AFC-20 funding is provided. In those cases, nonrecurring SPC for the particular year is multiplied by the number of billets affected. Funds will be provided through the normal RP process, or through the reprogramming of operating funds by a CIFP.

5.6.19.3.6 SPC Data

Commandant (CG-83) calculates AFC-30 SPC rates using cost data from the previous fiscal year. While SPC data used for out-year RP projections are estimates assuming certain cost of living increases, SPC adjustments provided in the Source of Funds are based on the latest actual costs. Consequently, Source of Funds SPC adjustments may differ slightly from RP estimates.

5.6.19.4 Estimates

Personnel estimates for refund programs shall be based on standard personnel salary and support cost factors. All reimbursable agreements should specify remuneration to the Coast Guard for personnel services at the current rates for salaries, standard personnel support costs, and any other relevant costs.

5.6.20 Reprogramming

A reprogramming is the shifting of budget authority from one program, project or activity (PPA) to another within the same appropriation. It also includes any significant change in the scope of a PPA as described in a Congressional Stage budget justification or Congressional Report language. Reprogrammings receive significant scrutiny both internally and externally.

New congressional reprogramming guidelines for the Coast Guard were set forth by the Emergency Wartime Supplemental Appropriations Act 2003 (PL 108-11, section 1601), enacted on 16 April 2003. The guidelines have carried over into DHS Appropriation Acts. The old reprogramming guidelines, as they applied to the Coast Guard prior to 16 April 2003, were not law; rather, they were informal arrangements among the Coast Guard, the Department of Transportation (DOT), and congressional oversight committees.

The new law establishes a blanket rule for reprogramming thresholds, including all funds remaining unobligated as of the date that the law took effect:

Generally, any movement of funds among PPAs (within the same appropriation) that does not augment or reduce existing programs, projects, or activities in excess of \$5,000,000 or 10 percent, whichever is less, is permissible without Congressional notification.

Note: These internal reprogrammings still need to be approved by Commandant (CG-83) or his designated representative.

If the amount of reprogramming exceeds these limits, the Coast Guard must notify the House and Senate Appropriations Committees 15 days in advance of a reprogramming. These reprogramming guidelines have been continued in subsequent DHS Appropriation Acts. For example, the DHS Appropriations Act of 2010, section 503, is cited and explained below.

5.6.20.1 *General Provisions*

1. Sec. 503 (a) states: None of the funds provided by this Act, or provided by previous appropriations Acts to the agencies in or transferred to the Department of Homeland Security that remain available for obligation or expenditure in fiscal year 2010, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act shall be available for obligation or expenditure through a reprogramming of funds which:
 - a. Creates a new program, project, or activity;
 - b. Eliminates a program, project; or activity;
 - c. Increases funds for any program, project, or activity for which funds have been denied or restricted by Congress;
 - d. Proposes to use funds directed for a specific activity by either the House or Senate Committees on Appropriations for a different purpose; or
 - e. Contracts out any function or activity for which funding levels were requested for federal full time equivalents;

unless the Committees on Appropriations of both Houses of Congress are notified 15 days in advance of such reprogramming of funds.

2. Sec. 503 (b) states: None of the funds provided by this Act, or provided by previous appropriations Acts to the agencies in or transferred to the Department of Homeland Security that remain available for obligation or expenditure in fiscal year 2010, or provided from any accounts in the Treasury of the United States derived by the collection of fees available to the agencies funded by this Act, shall be available for obligation or expenditure for programs, projects, or activities through a reprogramming of funds in excess of \$5 million or 10 percent, whichever is less, that:
 - a. Augments existing programs, projects, or activities;
 - b. Reduces by 10 percent funding for any existing program, project, or activity, or numbers of personnel by 10 percent as approved by Congress; or
 - c. Results from any general savings from a reduction in personnel which would result in a change in existing programs, projects, or activities, as approved by Congress;

unless the Committees on Appropriations of both Houses of Congress are notified 15 days in advance of such reprogramming of funds.

Absent additional Headquarters guidance, the above statutory guidelines for FY 2010 are to be followed for future fiscal years.

Note 1: The RT and RP appropriations have historically followed OE guidelines and have never been given any previous reprogramming guidelines, since they only have two PPAs – Projects and Personnel.

Note 2: The baseline is based on the annual appropriated amount (i.e., it does not include cumulative multi-year or no-year money).

Note 3: The new language stipulates that only congressional notification, not approval, is required 15 days prior to the reprogramming of funds. Although not required, comity with the

Note 4: Congressional Committees suggests that it is good policy to await Congressional consent to reprogramming actions above discretionary thresholds.

5.6.20.2 *Sample Reprogramming Problems*

Problem 1: A program wants to reprogram \$900,000 from a FY2009 coastal patrol boat acquisition project to a FY2010 motor lifeboat acquisition project. Neither project has previously reprogrammed funds from the FY identified. Below are the appropriated amounts:

1. FY2009 vessel category
Coastal Patrol Boat: \$30 million
2. FY2010 vessel category
Motor Lifeboat: \$15 million

Solution: The reprogramming **cannot** be approved because the projects were funded in different fiscal years. Funds can only be reprogrammed between projects in the same category and the same fiscal year.

Problem 2: A program wants to reprogram \$900,000 from a FY2010 HU-25 refurbishment project to a FY2010 motor lifeboat acquisition project. Neither project has previously reprogrammed funds from the FY identified. Below are the appropriated amounts:

1. FY2010 aircraft category
HU-25 Refurbishment: \$12 million
2. FY2010 vessel category
Motor Lifeboat: \$15 million

Solution: The reprogramming **cannot** be approved because the projects were funded in different categories, or specific appropriations (i.e., aircraft and vessels). Funds can only be reprogrammed between projects in the same category and the same fiscal year. Any shift of funds between categories requires a change in legislation.

Problem 3: A program wants to reprogram \$150,000 from a FY2010 HF high site acquisition project to another FY2010 project in the same specific appropriation for Other Equipment. Neither project has previously reprogrammed funds from the FY identified. Below is the appropriated amount:

FY2010 other equipment category
HF High Site: \$2.5 million

Solution: The reprogramming **cannot** be approved without congressional notification. The Coast Guard can only reprogram up to \$125,000 from the HF high site project (the lesser of \$5 million or 10 percent of \$2.5 million).

Effect: Under this scenario, the new guidelines are more restrictive.

Problem 4: Deepwater wishes to reprogram \$7 million from the Maritime Patrol Aircraft (MPA) project into the C130J Fleet introduction project (both are projects under the IDS appropriation). Neither project has previously reprogrammed funds from these categories in the FY identified. Below are the amounts provided for the MPA and the C130J in the Conference Report:

FY2010 Deepwater Appropriation
Maritime Patrol Aircraft: \$138.5 million

FY 2010 Deepwater Appropriation
C130J Fleet Introduction Project: \$1.3 million

Solution: The reprogramming **cannot** be approved without congressional notification. The C130J project cannot be increased by more than 10 percent of \$1.3 million without notifying Congress.

5.6.21 Supply Fund

The Supply Fund is a revolving fund which maintains itself by selling supplies to Coast Guard appropriation accounts. The Supply Fund was authorized and established by law to provide financing for the continuing cycle of inventory operations, involving clothing, food, fuel, and general stores items. Generally, the Supply Fund inventory includes low-cost, high-turnover consumable items and other designated repetitive-use items. See section 2.7 for additional information on the Supply Fund.

5.6.21.1 *Capital Authorization (CA)*

Funding of the operations of the various unit activities under the Supply Fund stores account is accomplished by means of a CA that is granted directly to the unit commander maintaining the stores account. Continued financing of the stores account is accomplished by the sale of material held in inventory. This produces revenue with which to restock inventory, either by replacement in kind or with other required and authorized material. CAs constitute dollar limitations on the total value of inventory that may be maintained under the applicable stores account.

5.6.21.2 Funds Management

Commandant (CG-83) shall determine CAs and shall develop procedures for evaluating the use of these authorizations by the area commanders and Headquarters units in terms of the objectives for which the Supply Fund was established. Changes in CAs will be processed using an FTA.

5.6.21.3 Surcharge Rates

Commandant (CG-83) is charged with conducting an annual review of appropriate surcharge rates to be charged on Supply Fund commodities.

5.6.22 Special Deposits, Funds, and Receipts

The servicing accounting office (FINCEN in most cases) shall be responsible for the development of procedures to supplement Headquarters instructions concerning the receipt and handling of miscellaneous monies. These monies constitute the funds received from various Coast Guard operations, including fines, penalties, forfeitures, seizure of property, user fees, and sales. Such procedures shall also cover the monies payable to the Supply Fund as a result of the credit sales of fuel and the cash sale of clothing and commissary supplies.

5.6.23 Accepting Gifts Offered by Non-Federal Sources

The rules regarding Coast Guard personnel accepting personal gift offers from non-Federal sources are covered by 5 CFR Part 2635, Subpart B. The rules regarding the Coast Guard accepting agency gift offers from non-Federal sources are covered by *Acceptance and Accounting for Special Projects and Other Gifts to the Coast Guard from Non-Federal Sources*, COMDTINST 5760.14 (series). Contact your servicing legal office regarding all personal gift and agency gift questions.

5.6.24 Managing Changes in the Amounts of Budgetary Resources in an Appropriation

5.6.24.1 *Changes in Budget Authority – Appropriations, Rescissions, Deferrals, Appropriation Transfers, and Reimbursements*

5.6.24.1.1 Supplemental Appropriations

Supplemental appropriations are appropriations enacted subsequent to a regular annual appropriations act, when the need for funds is too urgent to be postponed until the next regular annual appropriations act (as defined in OMB Circular A-11, section 20). After the President's Budget has been transmitted to Congress, the President proposes changes in the budget by transmitting appropriation requests to revise the original budget request for the current year (supplemental) or budget year (amendment), including proposed appropriation language for legislative initiatives (e.g., items included in the budget as legislative proposals).

Supplemental appropriation requests may be for additional amounts or proposed changes in appropriation language that do not affect amounts previously requested, such as technical corrections or changes in a limitation on the use of funds that are identified in appropriation language in the annual appropriation act. These requests may be either supplementals or amendments, depending upon when they are transmitted (see section 110.2 of Circular A-11). Every effort should be made to postpone actions that require supplemental appropriations.

OMB policy is to only consider requests for supplementals and amendments when:

1. Existing law requires payments within the fiscal year (e.g., pensions and entitlements).
2. An unforeseen emergency situation occurs (e.g., a natural disaster requiring expenditures for the preservation of life or property). In these cases, the Coast Guard shall propose a deficiency apportionment that allows the use of funds currently available at a rate that anticipates the need for a supplemental appropriation. (See OMB Circular A-11, section 120.41).
3. New legislation enacted after the submission of the annual budget requires additional funds within the fiscal year.
4. Increased workload is uncontrollable, except by statutory change.
5. Liability accrues under the law, and it is in the Government's interest to liquidate the liability as soon as possible (e.g., claims on which interest is payable). It generally takes a minimum of three weeks for OMB and the White House to consider agency proposals for supplemental appropriations or amendments that are not transmitted in the annual budget. Allow for this timing when making requests.

Supplemental appropriations are transmitted after completion of action on an annual appropriations bill by the Appropriations Committees of both Houses. They may be transmitted prior to, with, or subsequent to transmittal of the succeeding annual budget document. Supplemental requests that are known at the time the budget is prepared are normally transmitted to the Congress with the budget, rather than later as separate transmittals. However, each case will be decided separately. OMB representatives will inform DHS which supplemental appropriation requests will be transmitted with the budget so the necessary information can be submitted. These supplementals may be:

1. Requesting additional amounts not previously anticipated; or
2. Requesting changes in appropriations language that do not affect amounts previously appropriated.

5.6.24.1.2 Emergency Operations and Deficiency Apportionment Requests

Agencies are generally prohibited from obligating funds in a manner that would result in a deficiency of budgetary resources and require a supplemental appropriation to continue operations later in the fiscal year. Coast Guard managers shall maintain operating plans that reflect a rate of obligation consistent with the latest apportionment of existing resources. Operations at a higher rate of obligation that anticipate the need for a supplemental appropriation

are not authorized unless a deficiency apportionment has been approved by OMB and Congress has been notified of the deficiency apportionment. See OMB Circular A-11, section 120.41.

In instances of natural disasters, man-made disasters, armed conflict, and other operational exigencies of national security or national sovereignty, the Coast Guard may need to assume operational postures which will require an immediate response and a higher rate of obligation that will exhaust current obligational authority.

DHS shall be immediately notified that the Coast Guard is responding to the emergency. The Coast Guard shall advise DHS of its response and, as soon as practicable, advise DHS of the estimated amounts required to meet the emergency and the approximate time that the appropriation will be exhausted and additional appropriations will be required. The Coast Guard shall immediately exhaust all alternatives to fund the emergency response. In some circumstances, the Coast Guard may be able to receive one or more transfers from existing appropriations to cover the emergency response (e.g., from the transfer authorities granted to DHS, FEMA, or the President). If transfer authority is available and approved, a deficiency apportionment may not be needed for the Coast Guard appropriation, but a normal reapportionment for the Coast Guard appropriation requiring the fund transfers needs to be expedited through the Department and OMB. The Coast Guard shall arrange for the transfer of funds to coincide with the receipt of the reapportionment.

If no transfers of authority from other appropriations are available, the deficiency apportionment shall be developed and submitted as promptly as possible to notify OMB and DHS of the need for an emergency supplemental appropriation to sustain a national maritime or other emergency operations response. The deficiency apportionment shall calculate the amount of additional funding required to respond to the operational emergency during the appropriations period, and the estimated date when all available funds will be exhausted. The apportionment shall be immediately forwarded to DHS and OMB. While awaiting the receipt of the deficiency apportionment, Commandant (CG-83) shall provide frequent updates on the status of available funds and the emergency response operations. The approval of a deficiency apportionment does not authorize the obligation and expenditure of funds in excess of amounts currently appropriated and apportioned.

5.6.24.1.3 Rescissions and Deferrals

The Impoundment Control Act of 1974 requires the President to notify Congress whenever an official of the Executive Branch impounds funds. An impoundment is any executive action or inaction that temporarily or permanently withholds, delays, or precludes the obligation or expenditure of budgetary resources. There are two types of impoundments – rescissions and deferrals – with differing requirements as described below. The President transmits proposed rescissions and deferrals in a special message to Congress. Proposed rescissions and deferrals are usually reflected in the Apportionment and Reapportionment Schedule, Form SF 132, and Report on Budget Execution and Budgetary Resources, Form SF 133, for the account involved.

Rescissions

Rescissions are reductions in budgetary resources (either new budget authority or unobligated balances) proposed by the President and enacted by Congress under the Impoundment Control Act. Rescissions are usually permanent, although they may be temporary under some circumstances. The term is sometimes used more broadly to refer to any law enacted by Congress to reduce budgetary resources.

When the President submits a rescission proposal to Congress, the budgetary resources that are proposed for rescission must be withheld from obligation for 45 days of continuous session of Congress (excluding an adjournment of more than three days on which either House is not in session). These amounts are placed in “reserve” in a Category C apportionment. During this time the following actions shall be taken, as appropriate:

1. A determination is made regarding the level of detail in the funds control system in which obligational authority shall be reduced. If the likelihood of congressional enactment of proposed rescissions is small, the funds proposed for rescission should be reduced within the allowances, but not removed from targets or program elements. This action obviates the need to modify numerous fund allocations made available in targets and program elements. Program officials managing funds at these lower levels of funds control should be advised of potential reductions to the current amounts allocated to their targets and program elements and asked to reduce their rates of obligation as a contingency. They should also be asked to identify reductions they would take if the rescission is enacted.
2. Reductions to specific allowances are taken when a reapportionment reserves amounts proposed for rescission. The creation of a new allowance in a negative amount should not be established as an expediency to reflect the net amount of available authority. Allowance managers affected by the reductions should increase the monitoring of targets and program elements to maintain appropriate rates of obligation at the reduced amounts available within the related allowance.
3. Congressional action on the proposed rescission is carefully monitored to determine the likelihood of enactment within the 45-day review period provided under the Impoundment Control Act. Appropriate actions should be taken to withhold money at target and program element levels if a rescission appears imminent, including prompt notification of affected managers prior to the establishment of reduced funding levels in the funds control system itself.
4. Budget execution staff prepares to return any funds removed temporarily from the allowances within the funds control system immediately after the funds are required to be released under the Impoundment Control Act.
5. Any reapportionment requests that might be needed to restore obligational authority that was identified as temporarily unavailable in the latest apportionment schedule (a Category C apportionment) are immediately initiated.

The Coast Guard must make the funds fully available for obligation upon the expiration of the 45-day period if Congress has not enacted the rescission.

Deferrals

A deferral is any action or inaction that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budgetary resources with the intent of using the funds before they expire. Deferrals cannot be used to withhold funds until they expire. In such cases, a rescission must be proposed. Deferrals are only permitted to provide for contingencies, to achieve savings made possible through changes in requirements or greater efficiency of operations, or as specifically provided in law. Contrary to rescission proposals, deferrals remain in effect unless Congress enacts legislation to disapprove them.

Programmatic delays are not impoundments and are not required to be reported as deferrals. As long as an agency is making a good faith effort to implement a program, it is not required to report delays in which operational factors unavoidably impede the obligation of budget authority. For example, unavoidable delays in the contracting process would not be cause for a deferral.

Deferred amounts are normally reported on the deferral lines of the Apportionment and Reapportionment Schedule, Form SF 132, and Report on Budget Execution and Budgetary Resources, Form SF 133. As such, they are not available for obligation. Commandant (CG-831) should review any active deferrals to ensure that they are not inadvertently deferred beyond the point that they can be prudently obligated before the budgetary resource expires.

5.6.24.1.4 Appropriations Transfers

Appropriations transfers – movements of funds from one appropriation to another – can only be made if authorized in law and when the Department of the Treasury has approved a Nonexpenditure Transfer Authorization, Form SF 1151, submitted by the agency. The Nonexpenditure Transfer Authorization, Form SF 1151, must include a citation to the authorizing law that supports the transfer. Laws may provide transfer authority for a specific purpose or from one designated appropriation to another. They may also provide broader transfer authority. For example, the DHS appropriations act for each fiscal year provides general appropriation transfer authority to the Secretary of Homeland Security.

Funds that have been transferred into an account are subject to the same requirements as direct appropriations. Together with the other budgetary resources of the account, transferred amounts must be apportioned and are subject to the requirements regarding allotment, allowances, targets, and program elements. Nonexpenditure transfers reflect specific legal authority in an agency's appropriation language, and both are reflected in the Treasury Department's Governmentwide Accounting System as amounts available for obligation to the recipient organization.

Nonexpenditure transfer represents amounts to be moved from one appropriation account to another, and on occasion, from one Federal agency to another. These amounts are normally transferred via Nonexpenditure Transfer Authorization, Form SF 1151, and accomplished by the receipt of that document from the Department of the Treasury.

OMB policy in Circular A-11, section 120.3, provides that a consolidated apportionment shall be made by the transferring appropriation. The OMB policy further provides that receiving agencies will not prepare an apportionment request for allocation accounts unless required by OMB. The Coast Guard shall prepare apportionment requests for all budget authority received via Nonexpenditure Transfer Authorization, Form SF 1151, and submit them to DHS. The Coast

Guard shall request the allotment of those transferred funds by DHS and shall distribute appropriate allowances, targets and program element amounts in the same manner as prescribed above for regular appropriations.

5.6.24.1.5 Reimbursements

As a matter of general law, any collections that an agency receives must be deposited into the General Fund of the Treasury. However, specific laws authorize agencies to perform work and to receive reimbursements that are credited to the servicing account and are available to be used as budgetary resources. The Economy Act (31 USC 1535) provides general authority for agencies to perform certain kinds of reimbursable work.

Likewise, 14 USC 141 (the Coast Guard Cooperative Agreement Statute) provides that the Commandant may prescribe conditions, including reimbursement, under which personnel and facilities may be provided to assist any Federal agency, State, Territory, possession, political subdivision thereof, or the District of Columbia as may be helpful in the performance of its duties. This is permissive authority.

Commandant (CG-831), which executes appropriations and funds that are financed in whole or in part by reimbursable resources, must maintain constant and careful oversight to ensure that these reimbursements are earned as planned and that the costs of providing the goods and services are in line with the cost estimates established in the reimbursable agreements. This requirement applies equally to General Fund appropriations and to the Coast Guard revolving funds, including the Supply and Yard Funds.

OMB permits agencies to include anticipated reimbursements in the apportionment request for an account. However, apportioned anticipated reimbursements are not available for obligation until they have been realized. Commandant (CG-831), for reimbursable programs, shall limit the issuance of allowances in appropriations or funds with reimbursable resources to those amounts realized through the establishment of bona fide reimbursable agreements, as provided in subsection 7.11.1. Appropriate action must be taken, including funding reductions of the allowances related to reimbursable income, and/or related reappportionment, if actual earnings are projected at year-end to be less than the amounts anticipated in the latest Apportionment and Reappportionment Schedule, Form SF 132.

The management and reporting of anticipated and realized reimbursements is covered on the Apportionment and Reappportionment Schedule, Form SF 132, and on the Report on Budget Execution and Budgetary Resources, Form SF 133, found throughout OMB Circular A-11 beginning at section 20.13.

5.6.24.2 *Changes in Other Budgetary Resources – Unobligated Balances and Prior-Year Recoveries*

The Coast Guard is required to estimate the amounts of unobligated balances carried over from the prior fiscal year, and anticipated recoveries from cancellation or downward adjustments to prior-year obligations prior to the start of each fiscal year. This obligational authority is requested from OMB in an apportionment of those resources before final accounting results are

established and the FMOP is formulated, compiled, and issued. In most years, the unobligated balances and recoveries available within the program elements will remain in and be fully liquidated in those program elements. Commandant (CG-831) and FINCEN shall establish the controls necessary to prevent the obligation of these amounts until the receipt of an apportionment from OMB and their allotment by DHS. However, program element managers shall be advised, when appropriate, that certain events may dictate the need to transfer those resources to other funds control entities after the start of the fiscal year. Examples include:

1. When the project or activity funded by the program element has been completed, and no further work is anticipated;
2. When decisions on the budget request in the current year require a redetermination of how unobligated balances shall be applied;
3. When Congress has passed or the President has proposed a rescission of unobligated balances, and the amounts to be rescinded have to be applied to the various program elements; and
4. When DHS is considering the transfer of obligational authority to other DHS agency appropriations, and the Coast Guard has identified carry-over funding that can meet DHS's needs.

5.6.25 Managing Changes in the Application of Budgetary Resources Within an Appropriation

The budget process is dynamic and requires flexibility and rapid responses to changing circumstances. Budget estimates are prepared eighteen months prior to the start of each fiscal year. Although the budget reviewers in the executive and legislative branches are given additional information in the course of enactment of appropriations, circumstances may change as the budget execution phase of the fiscal cycle is carried out. For example, missions may change as a result of unforeseeable events and require a redirection of resources, or unanticipated economic conditions may change the pricing of many objects of expenditure and require a redirection of resources within object classifications. These and other changes require a disciplined approach in redirecting existing resources to the programs and objects in most need, and managing these changes within a specific legislative framework.

This subsection covers changes in the amounts allocated to various levels within the funds control hierarchy. The definitions for the types of changes in the application of budgetary resources must be clearly understood and used precisely to facilitate clear communication and execution of the movement of funds authorized in this policy. Failure to observe fund transfer guidelines can result in the overobligation of funds in an appropriation having multiple Category B apportionments. This could result in a violation of the Antideficiency Act or lead to a misapplication of resources in a manner inconsistent with reprogramming criteria established by Congress. Furthermore, the management of these changes is an important element in the FMOP process. The various changes to the FMOP that may occur through the transfer of funds discussed below shall be identified in the course of the year as recurring changes that will be incorporated into the following year's base for those appropriations with multiple allowances, or

nonrecurring changes applicable only to the current fiscal year. Regardless of whether the movement of funds is meant to be a permanent change within the appropriation or is of a temporary one-time nature, the transfer should be reviewed carefully to establish that the transaction is consistent with the various funds control limitations in the FMOP.

Commandant (CG-831) shall delegate the authority to move funds within the established funds control hierarchy of an appropriation within the following guidelines:

Allowance to Allowance Transfers (See Note 1 below.)

The authority to move funds from one allowance manager to another within an appropriation is delegated to Commandant (CG-831). This authority may not be re-delegated. These changes shall be accomplished only by the recording of a Change in Financial Plan (CIFP) in the system of record by Commandant (CG-831). The movement of funds between certain allowances may require approval of a reprogramming request, consistent with the provisions of subsection 5.6.25.1. For example, AFC-08 and AFC-36 are distinct programs, projects, and activities that are subject to reprogramming rules.

Target to Target Transfers (See Note 1 below.)

The authority to move funds from one target manager to another, within an allowance, shall be authorized by Commandant (CG-831). This authority to transfer funds among targets may be delegated to the allowance manager. It may not be re-delegated to an individual outside the allowance manager's organization unless specified in a Commandant (CG-831) delegation of authority to a specific individual. These transfers shall be accomplished only by the recording of a Fund Transfer Authorization (FTA) by Commandant (CG-831) or the allowance manager, consistent with the delegation of authority established by Commandant (CG-831).

Program Element to Program Element Transfers (See Note 1 below.)

The authority to move funds from one program element manager to another, within a target, shall be delegated by the allowance manager. This authority to transfer funds among program elements may be delegated to the target manager. It may not be re-delegated to an individual outside the target manager's organization unless so specified in the target manager's delegation of authority to a specific individual. These transfers shall be accomplished only by recording of an FTA by the allowance manager, consistent with the delegation of authority established by the allowance manager.

Note 1: OMB A-11 defines a transfer as the movement of budgetary resources from one budget account to another, i.e. from one appropriation to another. The transfers described above are not withdrawals and credits between appropriation accounts within the meaning of 31 USC 1532.

5.6.25.1 Reprogrammings

Reprogramming is the shifting of funds within an appropriation account from one purpose (program, project, or activity) to another. Unlike transfers between appropriations, reprogramming actions normally may be taken without specific legal authority. However, they may be subject to requirements imposed by the House and Senate Appropriations Committees in

the DHS appropriations act for each fiscal year (see subsection 5.6.25.1.1 below). Also, reprogrammings involving drug control funds and National Intelligence Program (NIP) funds are subject to certain reporting requirements (see subsection 5.6.25.1.5 below).

5.6.25.1.1 Congressional Reprogramming Criteria

The Appropriations Committees' reprogramming requirements are enacted in the DHS appropriations act for each fiscal year (e.g., section 503 of the Department of Homeland Security Appropriations Act, 2010).

The Appropriation Committee reports provide important details of congressional intent and the purpose of various funds. These reports refer to the funding of programs, projects, and/or activities that may not be so designated in the actual appropriation act. Section 503 of the typical appropriation act, dealing with reprogramming, has restrictions on creating, eliminating, or increasing programs, projects, or activities above certain amounts or percentages without notifying the respective Appropriation Committees of the House and Senate. Therefore, Commandant (CG-831) staff will review these underlying reports to better support reprogramming efforts and to meet the requirements of section 503 and congressional intent.

The Appropriations Committees have stated that the reprogramming language in section 503 of the FY 2010 DHS appropriations act is designed to require congressional notification of any significant policy changes and/or workload shifts, regardless of whether the technical requirements of reprogramming notification are met. For example, reprogrammings between object classes do not, per se, constitute reportable actions; however, large object-class shifts may be indications of fundamental changes in the method of operating, which may be of interest to DHS, the Administration, and the Appropriations Committees. **Further, the reprogramming criteria apply to the annual aggregate effect of moving funds from one purpose to another, rather than an individual action, or a series of actions, that do not meet the criteria.**

The Coast Guard shall maintain the highest possible standard of accountability in its compliance with congressional reprogramming guidelines. The Coast Guard shall provide the Appropriations Committees with a complete accounting of reprogrammings taken prior to crossing the threshold and requesting congressional approval. For example, consider an appropriation that has a \$5 million reprogramming threshold and that has undergone a series of reprogramming actions earlier in the fiscal year which moved a total of \$4 million in funds among programs, projects, or activities. If a further reprogramming of \$2 million is deemed necessary, congressional notification and approval is required, since the new action will cross the \$5 million reprogramming threshold for the appropriation. In such cases, the Coast Guard shall notify Congress and shall provide information on program impact for the earlier reprogramming actions as well as for the action being taken that crosses the threshold.

The congressional reprogramming thresholds apply cumulatively to multi-year and no-year appropriations. The Coast Guard shall maintain records throughout the period of availability for each Treasury Appropriation Fund Symbol. The reprogramming of carry-over amounts that exceed the congressional notification threshold shall be tracked and reported in the same manner as reprogrammings of current-year budget authority. With respect to no-year funds, a running

tally shall be maintained to verify that amounts appropriated to each entity to which Congress directs funds (e.g., PPA) are obligated for the purposes that Congress intended.

5.6.25.1.2 Reprogramming Decisions

Coast Guard financial managers shall determine whether there is a need for a reprogramming notification as soon as is practicable. A reprogramming request shall be submitted if the affected operating plan deviates from the enacted program levels during the course of the year.

Notification to DHS is required no less than 45 days before the reprogramming action needs to occur, but no later than 31 May. These deadlines will allow reprogramming requests to be reviewed by DHS and OMB with enough time for the transmittal to meet the statutory deadline of 30 June. Congress has directed that any reprogramming request delivered later than 30 June must be due to “extraordinary circumstances which imminently threaten the safety of human life or the protection of property.” Experience has shown that the Appropriations Committees prefer to receive, and are more receptive to, reprogramming requests made early in the fiscal year.

The Coast Guard is responsible for promptly notifying the DHS Office of the Chief Financial Officer (OCFO) when reprogramming needs arise. A reprogramming request arises from a need to reallocate resources or an unforeseen need to respond to operational requirements. Before submitting reprogrammings, the Coast Guard shall:

1. Clearly identify a process for communicating final reprogramming decisions to affected program managers;
2. Separately identify congressional directives and obligations made against direct budget authority; and
3. Develop appropriate funds control entities to monitor reprogramming actions below the reprogramming thresholds in order to determine whether cumulatively there is a need for a reprogramming notification.

5.6.25.1.3 Justification for Reprogramming Report

The Coast Guard shall submit reprogramming requests as soon as decisions or circumstances cause any of the congressional reprogramming criteria to be triggered. The Coast Guard shall prepare and submit to the OCFO a report containing the justification for the reprogramming action and a revised operating plan that reflects the proposed reprogramming action by account, program, and object class. To facilitate DHS review and comment, the Coast Guard shall provide draft reprogramming notifications to DHS’s budget division prior to submission of the final reprogramming request.

The explanation of the proposed reprogramming action shall contain the following information:

1. The nature and rationale for the reprogramming action, including the circumstances or requirements that necessitated the change to the program.
2. The original purpose for which the resources being reprogrammed were appropriated or authorized, and the impact of reducing funding for this activity. If you believe there is no impact, explain why.

3. Justification of the need to increase funding for an activity, or to create a new activity, including why this proposed spending was not reflected in the budget request.
4. The effect, if any, on approved DHS, administration, and/or congressional program objectives and policies.
5. The effect of the proposed action on any pending or future appropriation or authorization requests.

The OCFO shall informally transmit final decisions from reprogramming requests to appropriate Coast Guard budget officials and provide a formal written notification to the Commandant. When a reprogramming request is approved, the reprogramming must be incorporated in a reapportionment request, as necessary. If any of the reprogramming actions are incorporated in the initial operating plan proposal (e.g., when a reprogramming action becomes necessary prior to or soon after the enactment of an appropriation), the affected allowance manager will transmit the reprogramming report along with the initial operating plan.

5.6.25.1.4 Report of Proposed Reprogramming Action

DHS will provide guidance on the format to be followed for a reprogramming request. The guidance shall prescribe the identity of the PPA items transferring and receiving the proposed budget authority, a rationale describing the programmatic effect in the gaining and losing entity, and the necessity to take the reprogramming action. The report shall also discuss whether the reprogramming is intended to be a recurring action, modifying the budgetary base and the budgetary impact of the reprogramming in the following fiscal year.

5.6.25.1.5 Reprogramming of National Drug Control Policy (NDCP) Funding

In accordance with the Office of National Drug Control Policy (ONDCP) circular, *Budget Execution*, released on May 1, 2007:

A National Drug Control Program agency, in accordance with 21 USC 1703(c)(4)(A), shall not ... submit to Congress a reprogramming or transfer request with respect to any amount of appropriated funds in an amount exceeding \$1,000,000 that is included in the National Drug Control Program budget unless the request has been approved by the Director [of National Drug Control Policy].

For a change in a financial plan to accomplish a single purpose, agencies or bureaus shall not structure multiple reprogramming or transfer transactions of less than \$1 million in order to limit ONDCP's opportunity to review such proposals. Drug control funding is cumulative in determining reprogramming thresholds of all PPAs that include drug control funding.

5.6.25.1.6 Reprogramming of National Intelligence Program (NIP) Funding

All reprogramming requests of funding designated for the National Intelligence Program (NIP), formerly the National Foreign Intelligence Program (NFIP), require notification to the Office of the Director of National Intelligence (ODNI), and must adhere to classification markings and procedures as determined by the DHS Office of Security.

5.6.25.2 Upward/Downward Adjustments to Prior-Year Obligations

Obligations must be recorded when supported by documentary evidence of certain transactions described by statute. See 31 USC 1501 and section 5.6.25.2.4 . Funds appropriated by Congress are made available for new obligations for either a fixed period of time (e.g., one-year or multi-year) or until expended (no-year). Once the fixed period of availability for one-year and multi-year appropriations expires, the obligated funds remain available for disbursement for five years, and the unobligated funds remain available to cover any required adjustments to the obligated balances for the same five-year period. When the five-year period expires, the funds are cancelled, and the remaining unobligated balance returned to the Treasury General Fund.

OMB now requires agencies to report downward adjustments (e.g., deobligations and vendor refunds) separately from upward adjustments (e.g., increases to pre-existing obligations or expenditures in excess of the obligation) by Treasury Appropriation Fund Symbol (TAFS) to verify that Federal entities are not using expired funds for new spending. Federal agencies must report adjustments to prior-year obligations separately from adjustments to current-year obligations, since adjustments to prior-year obligations are required to be re-apportioned by OMB before they are available for use.

Upward or downward adjustments to prior-year obligations occur when a change in requirements or circumstances changes or modifies an order for goods or services, agreement, or other obligating document. The following are examples of activities that trigger adjustments to obligations:

1. The amount of a purchase order or contract is modified after the initial award and obligation of funds (e.g., increasing the order quantity under a blanket purchase order).
2. A final bill or invoice is received from a vendor for an order, and the total amount billed for the order is different from the amount obligated (e.g., cost increases due to inflation or actual shipping charges exceeded estimated shipping charges resulting in an upward adjustment).
3. An administrative closeout of a contract occurs, and the remaining unliquidated obligation is deobligated and cancelled.

When the amount charged for a delivered order is less than the original obligation amount from a prior year, a downward adjustment (deobligation) to the obligated balance is recognized. Conversely, charges for more than the original obligation amount from a prior year are recognized as an upward adjustment to the obligated balance. Adjustments to current-year obligations are netted against total obligations incurred in the current fiscal year.

5.6.25.2.1 Purpose

This subsection prescribes Coast Guard policy for recognizing and reporting upward and downward adjustments to prior-year obligations. OMB has issued specific requirements for reporting prior-year obligations and adjustments, and the Coast Guard shall accurately record and report these prior-year adjustments to properly reflect budget authority available to it.

5.6.25.2.2 Scope

This subsection prescribes policies and procedures for recognizing and reporting adjustments to prior-year obligations in the Coast Guard by:

1. Identifying the requirements and limitations for prior-year adjustments to obligations;
2. Describing the process for reviewing and adjusting obligations;
3. Identifying internal controls that are key to the integrity of the process; and
4. Assigning specific responsibility to Coast Guard personnel for the review, approval, recording, and monitoring of adjustments to prior-year obligations.

The policy guidance in this subsection applies to all Coast Guard offices and units, with specific responsibilities assigned as follows:

5.6.25.2.3 Responsibilities

1. Office of Resource Management, Commandant (CG-83):
 - a. Develops and implements the policy and system of internal controls to initiate, approve, execute, and monitor adjustments to prior-year obligations.
 - b. Implements, maintains, and monitors the execution of this policy for adjustments to prior-year obligations.
 - c. Establishes and maintains the funds control process/system of controls for the Coast Guard, in coordination with Commandant (CG-84).
2. Budget Execution Division, Commandant (CG-831):
 - a. Reviews and monitors the adjustments to prior-year obligations on a monthly basis.
 - b. Monitors downward adjustments to prior-year obligations and prepares requests for apportionment of recoveries of prior-year obligations from OMB.
 - c. Monitors and reports on the performance metrics established for tracking adjustments to prior-year obligations.
 - d. Implements improvements to the process for adjustments to obligations, as needed.
3. Allowance managers:
 - a. Implement, maintain, and monitor the execution of this policy for adjustments to prior-year obligations.
 - b. Review and monitor the adjustments to prior-year obligations on a monthly basis.
 - c. Recommend improvements to the prior-year obligation adjustment process, as needed.

- d. Monitor and report on the prior-year obligation adjustment performance metrics established by Commandant (CG-83).
4. Target managers:
 - a. Implement, maintain, and monitor the execution of this policy for prior-year adjustments to obligations.
 - b. Validate and authorize prior-year adjustments to obligations submitted by the initiator. Authorization and verification include purpose, time, amount, and line of accounting.
 - c. Review and monitor prior-year adjustments to obligations on a monthly basis.
 - d. Execute quarterly and annual reviews to validate prior-year obligation adjustments for their organization.
 - e. Monitor and report on the prior-year obligation adjustments performance metrics established by Commandant (CG-83).
 5. Program element managers:
 - a. Implement, maintain, and monitor the execution of this policy for prior-year adjustments to obligations.
 - b. Initiate requests for prior-year adjustments to obligations for changes to orders or receipt of final invoices.
 - c. Routinely review and monitor prior-year adjustments to obligations.
 - d. With the target manager, execute quarterly and annual reviews to validate adjustments to prior-year obligations.
 - e. Maintain required documentation to support adjustments to prior-year obligations recorded in the accounting system of record.
 - f. Monitor and report on the performance metrics for prior-year obligation adjustments established by Commandant (CG-83).
 6. FINCEN provides support for the quarterly and annual reviews to validate adjustments to prior-year obligations.

5.6.25.2.4 Policy

The formal award of a purchase order, requisition, or contract represents a legal obligation and a bona fide need of the fiscal year of the obligation. When the ordering document is issued, the estimated amount of the order shall be recorded as an obligation in the official accounting system of record. Upward and downward adjustments to prior-year obligations result in either an increase or decrease to budgetary resources and are based on the facts evidenced in the official Coast Guard obligating documents used for orders placed, contracts awarded, services received,

and similar transactions. For all appropriations (annual, no-year, and multi-year), upward and downward adjustments affecting current-year unexpired funds are netted against total obligations incurred in the current fiscal year.

Financial managers shall review and validate adjustments to prior-year obligated balances at the individual obligating document level. The review shall verify whether the goods or services ordered were received and accepted by the Coast Guard and therefore result in a legitimate prior-year obligation adjustment. Corrections or reclassifications of lines of accounting or other data elements do not represent a change in obligated balance for that obligating document. Financial managers shall record an entry in the official accounting system of record to recognize the legitimate upward/downward adjustment to the obligating document.

Upward Adjustments to Prior-Year Obligations

Upward adjustments to prior-year obligations shall be reported as an increase to line 8 (Obligations Incurred) of the Report on Budget Execution and Budgetary Resources, Form SF 133, for the affected TAFS. Upward adjustments are limited in two ways:

1. Upward adjustments to prior-year obligations are limited by the amount available for adjustments on line 10C (Unobligated Balance Not Available, Other) of the related TAFS.
2. No new obligations shall be incurred in an expired TAFS. Only upward adjustments to those obligations (e.g., obligations previously incurred but reported in a different amount or erroneously not reported) that were incurred in the year in which funds were originally made available for obligation are valid.

Cancelled TAFS of Prior-Year Obligations Cannot be Upwardly Adjusted

Funds in cancelled TAFS are not available for new obligations, adjustments to prior obligations, or payment of legitimately incurred obligations that have not been disbursed. After a TAFS is cancelled (closed), any obligations or adjustments to obligations that would have been properly chargeable to that account, both as to purpose and in amount, before closing and that are not otherwise chargeable to any current appropriation account of the agency may be charged to any current appropriation account of the agency available for the same purpose. The total amount of charges to a current account may not exceed an amount equal to 1 percent of the total appropriations for that account. See the provisions detailed in subsection 5.7.1 .

Downward Adjustments to Obligations

Downward adjustments to obligations occur when the amount due upon delivery of goods or services received is less than the original obligation amount. Downward adjustments to obligations are considered a recovery of budgetary resources; however, there are various limits to the availability of recovered obligations, as discussed below.

Downward Adjustments to Prior-Year Obligations

Downward adjustments to prior-year obligations result in a decrease to obligations incurred and an increase to unobligated balances that are not available for new obligations. They are

considered a recovery of budgetary resources, but they are not available to the Coast Guard for use until they are reapportioned on an Apportionment and Reapportionment Schedule, Form SF 132, by OMB. The Coast Guard shall take action to realize and reapportion the budget authority available from prior-year recoveries.

If the recovery is from an unpaid obligation, the recovered portion shall be reported on line 2A (Recoveries of Prior Year Unpaid Obligations, Actual) of the Report on Budget Execution and Budgetary Resources, Form SF 133. Amounts reported on line 2A shall be apportioned by OMB before they are available to the Coast Guard. Prior-year recoveries retain the same limitations on availability as the appropriation account from which they came. Recoveries in unexpired accounts are available for new obligations. Recoveries in expired accounts are only available for adjustments to and liquidation of existing obligations.

Downward adjustments for previously paid prior-year obligations require a refund from the vendor before they are available to the Coast Guard. Vendor refunds, when they are received, shall be reported as an increase to line 3D1a (Spending Authority from Offsetting Collections, Earned, Collected) of the Report on Budget Execution and Budgetary Resources, Form SF 133, and they shall be apportioned by OMB on an Apportionment and Reapportionment Schedule, Form SF 132, before they become available for use by the Coast Guard.

Anticipated Recoveries of Prior-Year Obligations

Commandant (CG-831) shall record estimated amounts of anticipated recoveries, from either a Federal or non-Federal source, as an anticipated budgetary resource on the Apportionment and Reapportionment Schedule, Form SF 132. However, OMB Circular A-11 and the TFM prohibit any obligation of these amounts unless there are actual resources realized.

To support proper internal controls and to prevent Antideficiency Act violations, it is essential that Commandant (CG-831) verify that the total amount of funds released in the funds control system does not exceed the total of actual recoveries realized to date.

Notification to Commandant (CG-83) of Prior-Year Recoveries

Commandant (CG-831) shall monitor adjustments to prior-year obligations, and submit reapportionment requests to DHS and OMB as required.

5.6.25.3 *Adjustments between Appropriations*

The Coast Guard uses adjustments between appropriations to procure central services through the OE appropriation (or other servicing appropriation) and to assign costs and expenditures to a benefiting appropriation. This enables Coast Guard programs funded by appropriations other than the OE appropriation to receive certain core services (e.g., active-duty military payroll and benefits, IT workstations, and GSA rent) which are executed within the OE appropriation. These accounting adjustments are supported by a documented, approved methodology that is consistently applied and monitored.

5.6.25.3.1 Purpose

This subsection establishes policy and procedures for the use of adjustments between appropriations to provide central services from the OE appropriation (or another servicing appropriation) to Coast Guard programs financed through other appropriations.

This policy provides reasonable assurance that:

1. The operations are compliant with the requirements identified in 31 USC 1534 and OMB Circular A-11, section 130.8.
2. The methodology for calculating the estimated cost and for accumulating and assigning cost is compliant with FASAB standards.
3. The cost methodology is approved, monitored, documented, and consistently applied.
4. The approved adjustments between appropriations are applied to the receiving organization's appropriation and are concluded at year-end.
5. The central services are provided in a manner that prevents one appropriation from augmenting another.

5.6.25.3.2 Scope

These policies do not apply to orders placed within the Supply Fund and the Yard Fund.

5.6.25.3.3 Responsibilities

1. Office of Resource Management, Commandant (CG-83):
 - a. Reviews the design and execution of the central services procurement program to ensure that it meets financial management standards.
 - b. Reviews and approves all requests to use central services.
 - c. Periodically reviews, at a minimum of every three years, all activities utilizing central services, and assesses whether the activity is required.
 - d. Assigns officials to monitor, execute, and report the business operations supporting central services.
2. Budget Execution Division, Commandant (CG-831):
 - a. Implements, maintains, and monitors the execution of this policy for adjustment between appropriations.
 - b. Coordinates with Commandant (CG-832) to establish standard costs used to calculate the estimated price of services.
 - c. Reviews, approves, and submits the approved adjustments between appropriations to FINCEN for processing.

- d. Maintains the central services official files (including written approvals to use the program), subsequent central services agreements, and supporting documentation.
 - e. Reviews and approves all central services agreements.
 - f. Implements improvements to the policy, procedures, and process for adjustment between appropriations, as needed.
3. Servicing Program Appropriation:
- a. At the beginning of each fiscal year, creates the central services agreements and calculates the estimated costs of the services provided under each agreement.
 - b. Periodically monitors and reports on performance metrics.
 - c. Assigns all costs to the requesting organization/appropriation at year-end, so that the costs of the services are fully credited back to the servicing program appropriation, and the benefiting appropriation is fully charged for the costs of services received.
4. Financial Analysis Division, Commandant (CG-832):
- a. Establishes and maintains standard costs and user fees for the Coast Guard.
 - b. Provides Commandant (CG-831) with standard rates used to estimate the costs of various categories of central services.
 - c. Reviews and updates the rates on an annual basis.
 - d. Reviews and approves cost methodologies as compliant with the principles of SFFAS No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*, for servicing program costs for which standard rates are not available.
5. FINCEN records cost adjustments between appropriations in the accounting system of record, so that benefiting appropriations are fully charged and servicing appropriations are fully credited for the costs of the services.

5.6.25.3.4 Policy

This policy covers the following aspects of the central services procurement program:

1. Program review and approval;
2. The central services agreement (CSA);
3. Executing a CSA – recording adjustments between appropriations;
4. Year-end closeout; and
5. Monitoring and reporting.

Program Review and Approval

1. All organizations and appropriations using central services shall be reviewed and approved every three years to verify need. The program approval document shall include the following:
 - a. The program name, the organization name, and the appropriation requesting the service;
 - b. A description of the services centrally procured by the servicing organization/appropriation;
 - c. Identification of the need to use the adjustment between appropriations, explaining why the service cannot be reasonable procured directly by the receiving appropriation;
 - d. Approval signatures from the requesting and servicing organizations and Commandant (CG-831); and
 - e. The time period for the service to be provided (not to exceed three years).
2. Program approval documentation shall be maintained in a central location and shall be readily available for review.

The Central Services Agreement (CSA)

1. Following the approval of the central services procurement program, Commandant (CG-831) shall coordinate the development of CSAs prior to the beginning of each fiscal year.
2. Each CSA shall be developed by the servicing program appropriation, with input from the benefiting program appropriation and Commandants (CG-831) and (CG-832).
3. During CSA preparation, Commandant (CG-831) shall verify the availability of funds in both the requesting/benefiting appropriation and the servicing appropriation and shall verify that the type of procurement activity identified in the agreement is allowed in both appropriations.
4. The CSA shall include the following information:
 - a. The program approval document.
 - b. The cost estimate for requested services, which shall include documentation to support how the estimate was calculated. This estimate's methodology shall be in compliance with SFFAS No. 4 or the standard cost and user fees established, maintained, and updated annually by Commandant (CG-832), in compliance with OMB Circular A-25.
 - 1) When available, standard rates shall be used.
 - 2) When standard rates are not available, the servicing program/appropriation shall develop the cost estimate methodology.

- c. The cost assignment methodology used to collect and identify costs incurred, including the accounting line item used to collect costs.
 - d. Appropriation and accounting line information for both the requesting and servicing program/appropriation.
 - e. Signatures of the authorizing individuals from the requesting and servicing programs and appropriation managers.
5. Commandant (CG-832) shall review the program/appropriation cost estimate methodology and confirm that it is compliant with SFFAS No. 4 principles. As necessary, Commandant (CG-832) shall make or direct changes to the methodology and cost estimates to produce compliant cost estimates.
 6. After receiving concurrence from the benefiting program appropriation, Commandant (CG-831) shall review and approve the CSA. The agreement file and supporting documentation shall be maintained by Commandant (CG-831) and shall be readily available for review.

Executing a CSA – Recording Adjustments between Appropriations

Failure to fully assign costs results in the augmentation of appropriations, as the unauthorized expenditures by the servicing appropriation create a potential violation of the Antideficiency Act. This potential violation is related to the underreporting of assigned services, since the servicing appropriation, without reimbursement, has incurred obligations and expenditures that are outside the lawful purpose of the appropriation. For these reasons, it is important to carefully plan, execute, and document all appropriation adjustments.

1. Following the approval of the CSA, a financial manager within the benefiting program shall record the obligation in the benefiting program appropriation for the period of agreement, with the servicing program appropriation accumulating the cost and assigning the cost to the benefiting appropriation.
2. During execution of the CSA, costs shall be accumulated in the servicing program appropriation and shall be specifically identified to the services being performed by accounting line. Costs shall be assigned monthly by the servicing program appropriation, reviewed and approved by the benefiting program appropriation, and recorded in the accounting system of record by FINCEN.
3. The basis for measuring the services provided and the associated cost accumulation and assignment process shall be clearly documented and executed by the servicing program appropriation and monitored by Commandant (CG-831).

Year-end Closeout

1. All costs are assigned at year-end with the amount obligated adjusted (if necessary) to reflect the actual cost assigned.
2. All adjustments between appropriations shall be completed by closeout of each fiscal year.

Monitoring and Reporting

1. Commandant (CG-831) shall monitor the adjustment-between-appropriation process to verify that the planning, cost estimation, cost assignment, and execution of the adjustment between appropriations is fully compliant with laws and regulations.
2. Commandant (CG-831) shall document the monitoring of this process by maintaining reviews and approvals of actual adjustments which have been compared to planned adjustments for the period. Commandant (CG-831) monitoring shall also include an annual and documented assessment of the servicing program's cost assignment process, to verify that the methodology is being properly documented and followed.
3. At the conclusion of each fiscal year, Commandant (CG-831) shall compare the actual costs of provided services to the estimated costs and shall report these findings to Commandant (CG-83) and to all involved programs/appropriations.
4. As needed, Commandant (CG-83) shall implement improvements to the cost estimating, cost accumulation, and assignment process to confirm availability of funds. Monthly reporting and metrics shall be provided to monitor the adjustments-between-appropriations process.

5.6.25.4 Organizational Changes

When major organizational changes necessitate the restructuring of the Coast Guard budget and the reassignment of funds control responsibilities, Commandants (CG-831) and (CG-832) shall coordinate the establishment of a new budget formulation and budget execution structure. The new budget being formulated shall provide a crosswalk in the transition year between the old and the new structure to maintain comparability for the reviewers of the budget. The execution of the budget under the new organizational structure (e.g., the restructuring of targets under the new organization) shall require the transfer of obligational authority and related obligations to the individual charged with managing resources in the new organization.

5.6.25.5 Changes in Means of Financing

Management decisions may necessitate changes in the way a particular program, project, or activity is being funded. For example:

1. Certain expenses borne by one appropriation may be determined to be more appropriately borne by another.
2. Expenses once funded from a direct appropriation may be determined to be more appropriately funded by one of the revolving funds.
3. Changes in legislative authority may require the movement of expenses from one appropriation or TAFS to another.

When circumstances require a change in the means of financing, the budget formulation and budget execution functions shall be coordinated to reflect the new financial structure in budget formulation presentations and the restructuring of the funds control structure to execute the new

budget. These changes in the means of financing shall require the transfer of funds control responsibilities for the management of balances of obligational authority and the related obligations to another individual.

5.6.26 Monitoring the Status of Funds in Operating Plans and Financial Reporting

The monitoring of operating plans throughout the funds control hierarchy is the single most effective means of meeting the funds control objectives. Effective monitoring of operating plans allows financial managers to proactively manage, control, and maximize the use of budgetary resources by:

1. Identifying potential variances in the rate of obligations established in the various operating plans, and taking corrective action.
2. Correcting the course of action in those entities projected to exceed authorized obligation levels and avoid potential Antideficiency Act violations by limiting certain obligations and deferring some obligations into the next fiscal year.
3. Recovering resources in those entities that are not expected to fully obligate funds at the planned levels contained in the budget.
4. Reallocating resources that may be underutilized by entities within the funds control hierarchy by transferring funds to higher priorities.
5. Fully utilizing resources throughout the organization to validate the credibility of the obligation estimates compiled in the budget formulation process.
6. Identifying the causes of shortfalls and surpluses within the organization and providing feedback to the budget formulation staff compiling the next Coast Guard budget.

The operating plans required for those entities prescribed in subsection 5.6.1.2 shall be established on an individual rather than a formulaic basis. It is reasonable to expect that most operating plans will reflect an uneven distribution of obligations by quarter, depending upon the following considerations for the entity whose plan is being formulated:

1. Variations by quarter are historically prevalent due to the seasonality of the programs covered.
2. The OMB apportionment and/or the DHS allotment for the appropriation establishes an uneven pattern of obligations that must be followed for compliance with the Antideficiency Act.
3. Planned staffing patterns (accessions and separations) will result in uneven distributions of full-time equivalency employment by quarter and will result in an uneven distribution of corresponding obligations in the operating plan. Differences in end-of-year and start-of-year force levels shall serve as a guideline in the distribution of obligations of personal compensation by quarter.

4. Substantial increases or decreases in funding from previous years' budgets may result in an uneven distribution of obligations by quarter, as programs and projects need to adjust their operations to accommodate the new funding level.
5. Procurement plans for major acquisitions are built into the operating plan and represent deviations from a straight-line rate of obligation due to the varied timing of obligations for major procurement items.
6. The enactment of the regular appropriation is late and skews obligations into the latter part of the year.

These and other factors shall be evaluated to establish a quarter-by-quarter distribution of planned obligations. These planning assumptions shall be identified and submitted to explain the rationale underlying the operating plan and to serve as a guide in monitoring actual obligations in the course of the fiscal year.

Financial managers at all levels shall continually monitor the operating plans of the entity below them in the funds control hierarchy: Commandant (CG-831) reviews the operating plans compiled by the allowance managers, allowance managers review the target operating plans, and target managers review the program element operating plans.

Financial monitoring shall be continual, in order to identify deviations in the planned rate of obligations versus actual obligations as soon as they materialize. Commandant (CG-831) shall prescribe the submission of budget execution reports covering the financial results at the end of the first, second, and third quarters. These reports shall provide:

1. An analysis of the significant deviations between planned and actual obligations within each major entity covered by operating plans within the appropriation;
2. A forecast of the likely final level of obligations anticipated through the remainder of the year; and
3. Recommendations for the transfer of funds within the operating plan.

Some cases (e.g., a delay in obligating funds for a major procurement action) should be reported immediately through the funds control hierarchy to Commandant (CG-831) and not await the call for quarterly financial status reports.

At the earliest possible date after the end of each quarter, Commandant (CG-83) shall prepare a status of funds report identifying:

1. The rates of obligation to date for PPA;
2. Projections of the anticipated final obligations for those entities;
3. The causes of the likely under-obligation or over-obligation of funds, therein;
4. The recommended courses of action on the disposition of excess funds; and
5. The corrections needed to limit obligations in those areas projected to exceed the operating plan.

5.6.27 Monitoring and Reporting Treasury Appropriation Fund Symbols (TAFSs)

Monitoring TAFSs for the BRM key process is an important financial management activity for several reasons:

1. The BRM process impacts both the Fund Balance with Treasury (FBWT) financial process and the general ledger management (GLM) financial management key process, since BRM supports the accuracy and reliability of the FBWT process and provides a means of assuring the reliability and compliance of the Coast Guard's USSGL in the GLM process.
2. Monitoring TAFSs supports the accuracy and reliability of financial reports drawn from the BRM process, such as the Report on Budget Execution and Budgetary Resources, Form SF 133; the Year-end Closing Statement, Form FMS 2108; and the Statement of Budgetary Resources; which are all subject to audit.
3. The DHS *Component Requirements Guide for Financial Reporting* requires several specific monitoring activities that are to be conducted at the beginning of the year, monthly, and quarterly.

Successful monitoring involves the following steps:

1. Identify potential process risks that could prevent the Coast Guard from meeting its TAFS monitoring objectives.
2. Define the types of information needed to detect the presence or emergence of these risks. This increases the efficiency of the monitoring process by focusing attention on a limited information subset that is closely aligned with the monitoring objectives.
3. Require that this information be included in monitoring reports confirming that either the risk has not occurred (or that it is at a level which does not keep the Coast Guard from meeting its objectives) or that the risk has reached a level that requires corrective action.
4. Take corrective action whenever monitoring detects a potential process risk or process error. Research the root causes, discover the underlying problems, determine solutions, implement changes, and monitor the corrective action through resolution.

5.6.27.1 Purpose

This subsection establishes monitoring and reporting requirements for BRM at the TAFS level for all Coast Guard funds as a means to improve and maintain the accuracy and reliability of budgetary information. This policy guides FINCEN and Commandant (CG-83) in reporting and monitoring the Coast Guard's TAFSs for the following objectives:

1. Verifying that the TAFSs executed by the Coast Guard are the same ones which Congress has approved and Treasury has provided to the Coast Guard, and that beginning-year balances for each of the TAFSs is equal to the ending balances for TAFSs that have not been cancelled at year-end.

2. Confirming that all approved budgetary resources recognized by the budget office are equal to those budgetary resources recorded in the Coast Guard's general ledger and at Treasury.
3. Reviewing appropriate GLM analytics, abnormal balances within the USSGL 4000 series accounts, and adjusting entries for the 4000 series accounts to detect process control weaknesses.
4. Conducting analytical procedures over the Report on Budget Execution and Budgetary Resources, Form SF 133, and the monthly Statement of Budgetary Resources to detect anomalous BRM activity in month-to-month and month-to-same-month-last-year analysis.
5. Confirming the successful validation of obligations (undelivered or delivered orders) against criteria for both recognition and valuation.

This policy is not intended to provide monitoring for funds control (which is discussed in Chapter 3) or monitoring of annual operating plans (which is discussed in subsections 5.6.26 , 5.5.8 , and 5.5.9).

5.6.27.2 Scope

This policy applies to, but is not limited to, all Coast Guard offices and units that monitor/report TAFSS. Specific responsibilities are assigned in the following subsections.

5.6.27.3 Responsibilities

The following offices have designated responsibilities for reporting and monitoring BRM activities at the TAFS level.

5.6.27.3.1 Assistant Commandant for Resources (CG-8)/CFO

Commandant (CG-8)/CFO:

1. Establishes policy on reporting and monitoring Coast Guard funds at the TAFS level.
2. Verifies that corrective actions are initiated and completed whenever process or reporting errors are noted.

5.6.27.3.2 Office of Resource Management, Commandant (CG-83)

Commandant (CG-83):

1. Receives and reviews standard Federal accounting reports to identify information which could indicate anomalous financial activity or errant financial reporting.
2. Receives and reviews Coast Guard accounting reports to identify information which could indicate that policies and procedures are not being fully or accurately executed.

3. Researches and prepares nonstandard reports and analyses to support TAFS monitoring.
4. Reviews and researches potential anomalous, errant, or noncompliant financial activity in order to verify the accuracy of the report, obtain an explanation for the activity, and identify any root causes of noncompliant activities.
5. Confirms and verifies the integrity of budgetary financial reports by assessing the data quality of budgetary transactions (e.g., budgetary authority, obligations, and outlays), evaluating results, and taking prompt and effective corrective action.
6. Establishes corrective actions and assigns them to specific action officers, with deadlines for completion, whenever procedures have not been completed in a timely and comprehensive manner, or when they have not been performed as prescribed.
7. Reviews and approves supporting documentation provided by FINCEN to explain and resolve:
 - a. Reporting and GL account anomalies;
 - b. Unsupported accounting adjustments;
 - c. Abnormal USSGL account balances;
 - d. Inequities in the budgetary account equations; and
 - e. Inequities between the budgetary and proprietary Coast Guard GL account balances (e.g., tie points).

5.6.27.3.3 FINCEN

FINCEN personnel:

1. Perform reconciliations, analyses, and report preparation, and provide Commandant (CG-83) with the necessary reports.
2. Submit the following in a timely manner:
 - a. Report on Budget Execution and Budgetary Resources, Form SF 133;
 - b. DHS Monthly Execution Report;
 - c. Statement of Budgetary Resources; and
 - d. Year-end Closing Statement, Form FMS 2108.
3. Confirm and verify the integrity of budgetary financial reports by confirming that the reports meet the form and content standards prescribed by OMB, Treasury, and DHS.
4. Take necessary steps to complete corrective actions to ensure that procedures are completed timely and accurately.
5. Prepare and provide supporting documentation to Commandant (CG-83) to explain and/or resolve:
 - a. Reporting and GL account anomalies;

- b. Unsupported accounting adjustments;
- c. Abnormal USSGL account balances;
- d. Inequities in the budgetary account equations; and
- e. Inequities between the budgetary and proprietary Coast Guard GL account balances (e.g., tie points).

5.6.27.4 Policy

5.6.27.4.1 Office of Resource Management (CG-83)

1. Commandant (CG-83) shall monitor Coast Guard funds at the TAFS level to support the CFO in obtaining the following agency-level objectives:
 - a. Timely and accurate information to support decision making;
 - b. Accurate and reliable financial reports (e.g., Report on Budget Execution and Budgetary Resources, Form SF 133; Year-end Closing Statement, Form FMS 2108; Statement of Budgetary Resources; Open Document listings for obligations and payables; Statement of Transactions, Form FMS 224);
 - c. Compliance with laws and regulations (e.g., CFO Act, OMB Circulars A-11 and A-127, FFMI); and
 - d. Improved internal controls that, when effectively implemented and monitored, assist management in providing reasonable assurance regarding effective operation of internal controls for financial processes.
2. Since the Report on Budget Execution and Budgetary Resources, Form SF 133, defines the framework for BRM and its supporting components, the Coast Guard uses this report as the cornerstone for BRM management and for monitoring the BRM process. Commandant (CG-83) shall monitor the following key Report on Budget Execution and Budgetary Resources, Form SF 133, sections and supporting line items on a monthly basis:
 - a. Budget authority transactions (including the supporting USSGL account balances at the four-character Coast Guard general ledger account level) for the following Report on Budget Execution and Budgetary Resources, Form SF 133, line items:
 - 1) Unobligated balance, start of year;
 - 2) Recoveries of prior-year unpaid obligations;
 - 3) Appropriations;
 - 4) Spending authority from offsetting collections;
 - 5) Non-expenditure transfers;
 - 6) Temporarily not available pursuant to Public Law; and

- 7) Permanently not available.
 - b. Status of funds transactions (including the supporting USSGL account balances at the four-character Coast Guard general ledger account level) for the following Report on Budget Execution and Budgetary Resources, Form SF 133, line items:
 - 1) Obligations incurred;
 - 2) Obligations incurred and related Report on Budget Execution and Budgetary Resources, Form SF 133, subcomponents; and
 - 3) Unobligated balance not available.
 - c. Net Outlays.
3. In addition to the Report on Budget Execution and Budgetary Resources, Form SF 133, Commandant (CG-83) shall monitor several other processes supporting sound BRM to include:
 - a. USSGL closing and adjusting entries for 4000 series USSGL accounts at the four-character Coast Guard general ledger account level;
 - b. Coast Guard-generated financial reports (e.g., the Statement of Budgetary Resources; the Apportionment Reapportionment Schedule, Form SF 132; and the Year-end Closing Statement, Form FMS 2108);
 - c. Comparison of budgetary USSGL account balances to USSGL proprietary account balances through the tie-point relationships established by the Department of the Treasury's Financial Management Service;
 - d. Journal vouchers and on-top adjustments with associated supporting documentation used to prepare financial statements, TIER data analysis, and responses to support the month-end reporting;
 - e. Explanations for abnormal account balances and analytical reviews from FINCEN, prior to submission to DHS; and
 - f. Budget authority transactions reported in the Governmentwide Accounting (GWA) system including:
 - 1) Treasury warrants (including rescissions);
 - 2) Nonexpenditure Transfer Authorization, Form SF 1151.

5.6.27.4.2 FINCEN

FINCEN personnel shall:

1. Prepare required external and internal reports, submit them through reviews and approvals per Commandant (CG-84) guidance, and transmit the approved reports in time to meet deadlines.

2. Prepare reports using prescribed form and content, conduct required analytics, prepare required adjustments and comments, and research and resolve anomalous information.
3. Document and report to Commandants (CG-83) and (CG-84) those transaction, process, and system issues which need to be resolved outside of FINCEN in order to improve the reliability and accuracy of the reports.

5.7 Actions Taken at the End of the Fiscal Year

5.7.1 Managing Expired and Cancelled Accounts

All appropriated funds provided by Congress are restricted to a specified purpose, dollar amount, and period of availability. Budget authority provided in annual appropriation acts (including supplemental appropriation acts, continuing resolutions, and omnibus appropriations acts) is available for new obligations during only one fiscal year, unless the appropriation language expressly provides otherwise. Once the period of availability for new obligations expires, Federal agencies have five years to make any adjustments to existing obligations and to disburse funds to liquidate existing obligations before the funds are cancelled and returned to the U.S. Treasury.

Expired and cancelled funds relate only to annual and multi-year appropriations. If the appropriation language makes the budget authority “available until expended” (no-year appropriations), the funds are available indefinitely, and the TAFS will remain open until all funds are disbursed or when the purpose of the appropriation has been achieved. An account available for an indefinite period (no-year account) is cancelled if:

1. The head of the agency concerned or the President determines that the purposes for which the appropriation was made have been carried out; and
2. No disbursement has been made against the appropriation for two consecutive fiscal years.

5.7.1.1 *Purpose*

This subsection prescribes policies and procedures for properly recording and reporting expired and cancelled appropriations to comply with the provisions of 31 USC chapter 15, “Appropriation Accounting”, and corresponding regulations relating to expired and cancelled accounts (e.g., 31 USC 1552, “Procedure for appropriation accounts available for definite periods”).

This subsection has four major objectives:

1. Identifying the requirements and limitations for expired and cancelled appropriations;
2. Describing the process for recording and monitoring expired and cancelled accounts;
3. Identifying key internal controls over the management of expired and cancelled funds; and

4. Assigning specific responsibility to Coast Guard personnel for the proper management and reporting of expired and cancelled funds.

Adherence to the provisions of this subsection will allow the Coast Guard to provide reasonable assurance that expired and cancelled funds are properly recorded in the accounting system of record and reported in accordance with applicable statutes and regulations.

5.7.1.2 Scope

The guidance in this subsection applies to all Coast Guard offices and units, with specific responsibilities assigned in the following subsection.

5.7.1.3 Responsibilities

5.7.1.3.1 Office of Congressional Affairs (CG-0921)

Commandant (CG-0921) submits requests to extend the period of availability for obligations and/or disbursements for congressional approval.

5.7.1.3.2 Office of Resource Management (CG-83)

Commandant (CG-83):

1. Reviews recommendations from Commandant (CG-831) for closing no-year appropriations. Forwards Commandant (CG-831) recommendations, along with Commandant (CG-83) concurrence or non-concurrence, to Commandant (CG-8) for decision.
2. Reviews and approves requests for payments from cancelled accounts and determines if funds are available, subject to the limitations identified in subsection 5.7.1.6 of this manual. If funds are not available, coordinates/resolves funding shortage with Commandant (CG-8).

5.7.1.3.3 Budget Execution Division (CG-831)

Commandant (CG-831):

1. Monitors obligations in expired accounts and establishes goals/targets for allowance managers, target managers, and program element managers to close the obligations prior to the close of the related TAFSS.
2. Provides quarterly status reports to Commandant (CG-83) on progress in closing obligations in expired TAFSS.
3. Reviews outstanding receivables, payables, and purchase orders in cancelling accounts and assigns to specific Coast Guard financial managers, in writing, the responsibility for closing all outstanding items before the cancelling account is closed.

5.7.1.3.4 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84) develops and issues policies and procedures for managing and reporting of expired and closed appropriation accounts.

5.7.1.3.5 Appropriation Managers

Appropriation managers:

1. Monitor expired fund balances and take action to preclude Antideficiency Act violations for the appropriation.
2. Resolve issues involving increases to obligations that cannot be resolved at lower levels of the organization.
3. Actively monitor expired TAFSs so that:
 - a. No new obligations are charged to expired accounts;
 - b. Available balances are accurately reported in the official accounting system;
 - c. Obligations are reviewed to verify if they are still valid; and
 - d. Obligations are liquidated or deobligated on a timely basis.
4. Review circumstances and verify available balances to fund replacements contracts.
5. Assist assigned Coast Guard financial managers in closing out all outstanding receivables, payables, and obligations in expired TAFSs.
6. Identify, on an annual basis, no-year appropriations that have expended all funds and/or achieved the established purpose of the appropriations. Provide recommendations to Commandant (CG-83) on whether or not to close appropriations.

5.7.1.3.6 Allowance Managers

Allowance managers:

1. Monitor expired fund balances and take appropriate action to preclude overobligation.
2. Validate existing obligations on a quarterly basis and deobligate invalid obligations.
3. Research and close obligations in expired accounts in accordance with goals/targets set by Commandant (CG-831).
4. Refer all issues involving payments or increases to obligations for those accounts scheduled to be closed in their fifth expired year to Commandant (CG-83).
5. Approve actions that involve valid increases to obligations for project targets, if the expired account is not closed and there is a sufficient unobligated balance to cover the increase. The unobligated balance is the balance recorded in the accounting system of record.
6. Assist assigned Coast Guard financial managers in closing out all outstanding receivables, payables, and obligations in expired TAFSs.

5.7.1.3.7 Target Managers

Target managers:

1. Monitor expired fund balances and take appropriate action to preclude overobligation of funds.
2. Validate existing obligations on a quarterly basis and deobligate invalid obligations.
3. Research and close obligations in expired accounts in accordance with goals/targets set by Commandant (CG-831).
4. Refer all issues involving payments or increases to obligations for closed accounts to Commandant (CG-83).
5. Approve actions that involve increases to obligations, provided that the account is not closed and there is a sufficient unobligated balance to cover the increase. The unobligated balance is the balance recorded in the accounting system of record.
6. Refer all increases to obligations that exceed the unobligated balance to the appropriate allowance manager for disposition.
7. Assist assigned Coast Guard managers in closing out all outstanding receivables, payables, and obligations in expired accounts.

5.7.1.3.8 Program Element Managers

Program Element managers:

1. Take appropriate action to identify unrecorded obligations and changes to obligation amounts that result in an increase in obligations to expired program elements.
2. Refer all issues involving payments or increases to obligations involving closed appropriations to the servicing target manager.
3. Validate existing obligations on a quarterly basis and deobligate invalid obligations.
4. Research and close obligations in expired accounts in accordance with goals/targets set by Commandant (CG-831).
5. Assist assigned Coast Guard financial managers in closing out all outstanding receivables, payables, and obligations in expired accounts.

5.7.1.3.9 FINCEN

FINCEN personnel:

1. Provide reports of open documents to program element managers, target managers, and Commandant (CG-831), to enable them to carry out their expired funds management responsibilities.
2. Maintain proper general ledger controls for expired and cancelled accounts so that:

- a. The appropriation code used in the accounting system of record reflects the same period of availability and other limitations as the official TAFS.
 - b. The appropriation code used in the accounting system of record reflects the status of funds as unexpired, expired, or cancelled.
 - c. Controls are in place to restrict commitments, obligations, expenditures, and outlays from exceeding available funds.
 - d. New obligations cannot be recorded against expired funds.
 - e. No obligations, expenditures, or outlays can be recorded against cancelled funds.
 - f. General ledger balances are maintained for closed accounts to track cancelled unexpended appropriation balances and unpaid accounts payable balances.
3. Maintains in the general ledger the funds obligated balance for Treasury accounts with extended authority beyond the five-year expired period.
 4. Reconciles general ledger and subsidiary ledger systems.
 5. Establishes procedures and IT controls to accurately and timely record and report activity and balances in expired and closed TAFSs in accordance with central agency requirements applicable to Federal agencies.

5.7.1.3.10 Office of Procurement Policy & Oversight (CG-913)

Commandant (CG-913):

1. Assists Coast Guard financial managers in reviewing and closing out contracts in expired accounts.
2. Maintains supporting documentation for approving and issuing replacement contracts.

5.7.1.4 Policy

This subsection provides some general requirements and establishes the policy related to expired and cancelled appropriation TAFSs.

5.7.1.4.1 Period of Availability

Budget authority is available for new obligations for a fixed period of time, after which no new obligations may be incurred. Appropriations are available for one year unless otherwise specified in the appropriation language. Reimbursable authority from orders with other Federal agencies is limited to the same period of availability as the funds obligated by the ordering agency.

For five years after the time an appropriation expires for incurring new obligations, both the obligated and unobligated balances remain available for recording, adjusting, and liquidating obligations. The caveat for this availability is that the adjustments shall be properly chargeable to the appropriation and are not new obligations. On 30 September of the fifth fiscal year after

the period of availability for obligation ends, the account is closed and any remaining balance (whether obligated or unobligated) in the account is cancelled. Once cancelled, it is no longer available for obligation or expenditure for any purpose. Coast Guard managers and officers shall be familiar with these general requirements so that expired and cancelled funds are properly recorded in the official accounting system of record and reported in accordance with applicable statutes and regulations.

5.7.1.4.2 Official Accounting Records

31 USC 1554(a) stipulates that any audit requirement, limitation on obligations, or reporting requirement applicable upon inception of an appropriation shall continue to apply to that appropriation following expiration of the period of availability for that appropriation. Thus, if an appropriation act contains a limitation on the obligation of funds for a program, project, activity, or other purpose, that limitation shall continue to apply during the five-year expired period following the period of availability for obligation of that appropriation. Additionally, the limitation shall continue after the appropriation has been cancelled.

Upon enactment of an appropriation, the Department of the Treasury establishes a unique TAFS to track the availability and use of funds. FINCEN shall establish a corresponding appropriation code in the accounting system of record for each TAFS established by the Department of the Treasury. Proper general ledger controls shall be maintained for each appropriation code so that:

1. The assigned appropriation code reflects the same period of availability and other limitations as the official TAFS.
2. The status of funds for unexpired, expired, and cancelled is tracked and maintained by appropriation code.
3. System controls are in place to restrict obligations, expenditures, and outlays from exceeding available funds.
4. New obligations cannot be recorded against expired funds.
5. No obligations, expenditures, or outlays can be recorded against cancelled funds.
6. General ledger balances are maintained for closed accounts to track cancelled unobligated balances, unpaid obligated balances, unpaid accounts payable balances, and uncollected accounts receivable balances.
7. The controls continue until all remaining obligations are paid and accounts receivable collected.

5.7.1.5 Expired Accounts

5.7.1.5.1 Availability of Expired Funds

No new obligations may be incurred using expired funds.

For five years after the time an appropriation expires for incurring new obligations, both the obligated and unobligated balances are available for recording, adjusting, and liquidating

obligations properly chargeable to the expired account. Expired funds are also available to cover unrecorded obligations that shall be properly charged to the expired account and which were incurred before the funds expired. Upward adjustments to obligations decrease the amount of expired budget authority, while downward adjustments result in the recovery of budget authority. See subsection 5.6.25.2 for further guidance on accounting for and reporting adjustments to prior-year obligations.

5.7.1.5.2 Extending the Period of Availability for Disbursements

Unless there is an exception in law, expired authority may be used to make adjustments to obligations or disbursements only during the five-year period following the last unexpired year. Some programs have a legitimate need to make disbursements over a longer period than five years. For example, construction projects may dictate that funds shall not be disbursed until various project stages are satisfactorily completed, and this may take ten years or longer. Extended authority to liquidate obligations may be granted through specific legislation which allows the obligated balance for an annual year or multi-year account to remain on the books and available for disbursement purposes for a specified period of years. For those funds with extended authority, after the original fifth expired period of availability, only the obligated balances shall remain on the books for these accounts and any amounts deobligated shall be cancelled at the end of the fiscal year in which they are deobligated.

Coast Guard activities having a legitimate business or mission need to disburse appropriated funds beyond the normal five-year expired period shall submit a request to Commandant (CG-831) for an extended period for disbursing funds. Commandant (CG-831) shall review the request and shall communicate concurrence or denial to the requesting manager or officer. If Commandant (CG-831) concurs, the manager shall include a request for extending the period of availability for the specific business or mission need in the budget justification documents submitted annually to Commandant (CG-82).

5.7.1.5.3 Replacement Contracts

Where it becomes necessary to terminate a contract because of the contractor's default or for the convenience of the Government, the funds obligated under the original contract are available beyond the original period of the obligation's availability for the purpose of engaging another contractor to complete the unfinished work. (See *Principles of Federal Appropriations Law* (GAO "Red Book"), third edition, volume I, chapter 5, section 6.) For funds to remain available beyond expiration for a replacement contract, the following conditions shall be met:

1. A bona fide need for the work, supplies, or services shall have existed when the original contract was executed, and it shall continue to exist up to the award of the replacement contract. If a terminated contract is found to have been improperly made to fulfill a need of a fiscal year other than the year against which the obligation was recorded, it would also be improper to charge that same appropriation for obligations incident to a replacement contract. In addition, if contracts made in a subsequent fiscal year do not satisfy a continuing need for the goods and/or services provided under the original contract from a prior fiscal year, then the subsequent fiscal-year contracts are not

replacements, and those contracts are not chargeable to the prior fiscal-year appropriation.

2. The replacement contract shall not exceed the scope of the original contract. If it does, it is a new obligation and shall be charged to the current-year appropriation (funds currently available for obligation at the time the replacement contract is entered into).
3. The replacement contract shall be awarded within a reasonable time after termination of the original contract. Excessive delay raises the presumption that the original contract was not intended to meet a then-existing bona fide need. The same result may follow if there is unwarranted delay in terminating the original contract.
4. If the original contract was terminated for convenience, the original contract shall have been made in “good faith” before prior-year appropriations can be used to fund a replacement contract.

5.7.1.5.4 Offsetting Collections Credited To Expired Accounts

Spending authority from offsetting collections is accounted for in the Treasury account that filled the order and that was credited with the offsetting collections. The availability of the spending authority is the same as the Treasury account to which the offsetting collection is credited. Offsetting collections that are credited to expired accounts do not provide new budget authority; they are only available to make expenditures needed to cover upward adjustments to obligations properly incurred in prior years. These payments are only permitted up to the time that the authority is cancelled.

5.7.1.5.5 Accounting for Expiring Accounts

In addition to the normal pre-closing entries at year-end, there are specific pre-closing entries that shall be processed for those appropriation accounts where the period available for incurring new obligations is about to expire:

1. Commitments are an administrative reservation of funds in anticipation of an obligation. All commitments in expiring accounts shall be reduced to zero. Because expired accounts are not available for new obligations, no commitments can be recorded in expired accounts.
2. If the Coast Guard is performing a reimbursable service for a Federal customer, record the removal of unfilled customer orders without an advance to the extent the reimbursable authority from unfilled orders exceeds amounts obligated against the orders. This adjusting entry shall be posted against each individual order or reimbursable agreement.
3. Similarly, for reimbursable services for a Federal customer where an advance is received, record the removal of unfilled customer orders with an advance to the extent the reimbursable authority from unfilled orders exceeds amounts obligated against the orders. The Coast Guard shall also return any corresponding advance in excess of amounts obligated. This adjusting entry shall be posted against each individual order or reimbursable agreement.

4. Conversely, if the Coast Guard is the ordering agency, then record a reduction of obligations in excess of the corresponding obligation recorded by the performing Federal agency.

5.7.1.5.6 Managing Expired Accounts

The proper management of expired funds requires that financial managers actively monitor expired accounts so that:

1. No new obligations – only valid approved adjustments to existing obligations – are charged to expired accounts;
2. Available balances are accurately reported in the general ledger system;
3. Obligations are reviewed to verify if they are still valid; and
4. Obligations are liquidated or deobligated on a timely basis.

5.7.1.5.7 Validating Existing Obligations

Coast Guard managers shall actively review uncompleted contracts, uncollected accounts receivable, and unpaid obligations maintained in expired accounts to determine the validity of such items. Commandant (CG-831) has issued instructions requiring all Coast Guard programs and administrative target units (ATUs) to determine the validity of their obligations every quarter, and to deobligate invalid obligations.

5.7.1.5.8 Closing Expired Obligations

At the beginning of each fiscal year FINCEN shall generate and distribute to Commandant (CG-831) a report which lists all obligations in expired TAFSS. Obligations shall be reported by TAFS and individual document identification number, and shall be grouped/totaled by allowance manager, target manager, and program element manager. Commandant (CG-831) shall review the report and set goals/targets for closing the obligations listed in the report before the corresponding TAFS is cancelled. Goals shall be established by Commandant (CG-831) at quarterly and annual intervals, and Commandant (CG-831) shall hold target managers and program element managers responsible for meeting these goals.

Status reports of the progress achieved in meeting the established targets shall be prepared by Commandant (CG-831) and provided to Commandant (CG-83) every quarter. The status reports shall show, for each Coast Guard financial manager, the actual number and dollar amount of remaining obligations compared to the targeted number and dollar amount of remaining obligations for the quarter being reported. This requirement differs from the quarterly obligation validation process in that:

1. It targets obligations in expired funds only.
2. The objective is to close out obligations, not to validate them.
3. It sets specific goals for Coast Guard financial managers to liquidate/deobligate obligations and holds them accountable to do so.

5.7.1.5.9 Closing Outstanding Receivables, Payables, and Orders in Cancelling Accounts

To prepare for the closing of expired accounts and the cancellation of expired balances, at the beginning of the fifth year of an expired TAFS, FINCEN shall provide a report to Commandant (CG-83) detailing accounting activity for this TAFS. This report shall show all uncompleted contracts, uncollected accounts receivable, obligations, and unpaid accounts payable, by document identification number, for each expired TAFS that is to close at the end of the fiscal year. Commandant (CG-83) shall review this report and assign to specific Coast Guard financial managers the responsibility to review all open items listed in the report and determine the status of each open item.

Specific responsibilities shall include aggressive action to collect outstanding receivables, close out outstanding orders, and pay outstanding bills. Orders that have been filled shall be closed, and any residual balances shall be deobligated by the financial managers. Additionally, orders that are no longer needed shall be cancelled, and the funds deobligated. For obligations that represent valid undelivered orders, each Coast Guard financial manager shall confirm that the services and materials that remain undelivered are delivered prior to the cancellation of funds. Where such deliveries cannot be made, the Coast Guard financial manager shall cancel the undeliverable order and deobligate the funds. Refer to “Extending the Period of Availability for Disbursements” in subsection 5.7.1.5.2 on the need to made disbursements over a period longer than the five-year expired period. If there remains a bona fide business or mission need for the cancelled order, a new order shall be issued, and obligation shall be charged to an unexpired account having funds available for the same purpose as the cancelled account.

Coast Guard financial managers assigned to close out open receivables, obligations, and payables shall coordinate their efforts with the following Coast Guard programs/offices:

1. Commandant (CG-83), which shall monitor the progress in closing out open items;
2. Allowance managers, target managers, and program element managers whose funds were obligated/used;
3. Coast Guard programs/activities which requested the outstanding order or which stand to benefit from the order;
4. Commandant (CG-9), procurement for all contract items;
5. Accounts Payable and Accounts Receivable branches of FINCEN;
6. Coast Guard General Counsel; and
7. Commandant (CG-83), which shall report the status of outstanding items on a monthly basis to Commandant (CG-8).

5.7.1.5.10 Reporting Expired Accounts

Obligated and unobligated balances shall be reported by FINCEN on the Report on Budget Execution and Budgetary Resources, Form SF 133, for each expired TAFS that has not been cancelled. FINCEN is responsible for establishing procedures and IT controls to accurately and timely record and report activity and balances in expired TAFSs, in accordance with central agency requirements applicable to Federal agencies.

5.7.1.6 *Cancelled Accounts*

5.7.1.6.1 Availability of Cancelled Funds

No obligations, expenditures, or outlays may be charged against cancelled funds.

After the last expired year, the appropriation account is closed, and any remaining balances are cancelled. The authority to disburse is cancelled and is no longer available for any purpose. Refer to “Extending the Period of Availability for Disbursements” in subsection 5.7.1.5.2 on the need to make disbursements over a period longer than the five-year expired period.

5.7.1.6.2 Closing of Appropriation Accounts Available For Indefinite Periods

In accordance with 31 USC 1555, an appropriation account available for obligation for an indefinite period shall be closed and any remaining balance, whether obligated or unobligated, in that account shall be cancelled and thereafter shall not be available for obligation or expenditure for any purpose, only if the following two conditions exist:

1. The President of the United States or the Commandant of the Coast Guard determines that the purposes for which the appropriation was made have been carried out.
2. No disbursement has been made against the appropriation for two consecutive fiscal years.

Commandant (CG-831) shall identify, on an annual basis, no-year appropriations that may be at risk of rescission under the preceding criteria; review the circumstances for each fund identified; and provide recommendations to the Commandant of the Coast Guard for execution of the appropriation or whether the no-year appropriation should be closed.

5.7.1.6.3 Accounting for Cancelling Accounts

Cancelling accounts are TAFSs which will be closed at year-end by Treasury and the corresponding budget authority cancelled. Fixed accounts (annual and multi-year) are considered cancelling accounts in the fifth year following the expiration of the availability of funds for obligation. No-year accounts are considered cancelling accounts once the decision is made to close the account.

In addition to the normal pre-closing entries at year-end (i.e., eliminating all balances in anticipated resources GL accounts), there are specific pre-closing entries that shall be processed for cancelling accounts.

1. Any outstanding accounts receivable shall be reduced to zero. Cancelled appropriations have no more budget authority and cannot retain any receipts or collections for use. Any subsequent collections credited to a closed account are considered miscellaneous receipts and shall be returned to Treasury.
2. Any outstanding unpaid obligations or accounts payables shall be reduced to zero. Since the authority to obligate and/or expend is gone, no payables shall remain in the cancelling account. The Coast Guard shall also record an entry to reinstate the closed accounts

payable balance as an offset to the remaining cancelled authority in the closed account. This is necessary to identify the unexpended balance in the closed account. This unexpended balance shall be reduced by the amount of any future bills properly chargeable against a closed account that are approved for payment from unexpired funds.

3. Any fund balance remaining in the cancelling account shall be returned to Treasury.
4. Finally, the remaining expired authority shall be cancelled. This is the last entry posted to all expired accounts – it changes the account from an expired account to a closed account.

5.7.1.6.4 Payments from Unexpired Funds for Closed Accounts

31 USC 1553 requires that after the closing of an account, obligations and adjustments to obligations that would have been properly chargeable to that account, both as to purpose and in amount, before closing and that are not otherwise chargeable to any current appropriation account of the agency shall be charged to any current appropriation account of the agency available for the same purpose. This situation typically arises when a valid bill, requiring expenditure, is submitted by a vendor after the obligated funds have been cancelled. This scenario also occurs when unrecorded obligations are identified that otherwise would be charged against a cancelled TAFS. The total of all such payments from a current appropriation shall not exceed the lesser of the following amounts:

1. The unexpended balance of the cancelled appropriation (the unexpended balance is the sum of the unobligated balance plus the unpaid obligations of an appropriation at the time of cancellation, adjusted for obligations and payments which are incurred or made subsequent to cancellation, and which would otherwise have been properly charged to the appropriation except for the cancellation of the appropriation);
2. The unexpired unobligated balance of the currently available appropriation; or
3. One percent (1%) of the total original amount appropriated to the current appropriation being charged.
 - a. For annual accounts, the one percent limitation is of the annual appropriation for the applicable account – not total budgetary resources (e.g., reimbursable authority).
 - b. For multi-year accounts, the one percent limitation applies to the total amount of the appropriation.

When a valid invoice is presented for payment against a closed account, a request for approval shall be submitted to Commandant (CG-831) to pay the bill from an unexpired appropriation. Commandant (CG-831) shall review the circumstances surrounding the payment request and verify that funds are available to cover the bill. If Commandant (CG-831) determines that funds are available, approval may be made for payment, and FINCEN will be instructed from which available appropriation to disburse the funds.

If more than one appropriation is available to pay the bill, Commandant (CG-831) shall decide which fund to charge. The activity that originally funded the order is not required to be charged; 31 USC 1553 only requires that cancelled obligations be paid from a current appropriation that is

available for the same purpose. The Coast Guard is free to charge any available appropriation to satisfy this statute, even if the Coast Guard activity that requested or funded the original order receives no benefit from the current appropriation being charged.

Other than the legal requirement to charge an appropriation available for the same purpose, there are no specific rules governing which Coast Guard appropriation to charge. If more than one appropriation is available for the same purpose, Commandant (CG-831) shall make the decision, based on the following factors (in order of priority):

1. The impact on mission success and ongoing operations for the Coast Guard activities that would lose current funding;
2. The restrictions and limitations on the available appropriations identified; and
3. The Coast Guard activity which placed the order, funded the order, or benefited from the order.

Commandant (CG-831) shall carefully consider which appropriation to charge. If the decision comes down to which Coast Guard activity to charge, and if the cancelled obligation relates to old projects, program elements, or other Coast Guard activities that have been transferred to a current Coast Guard activity, then the cancelled obligation shall be charged against the current appropriations of the successor Coast Guard activity, assuming that current appropriations of the successor activity are available for the same purpose as the cancelled activity.

If Commandant (CG-831) determines that funds are not available, Commandant (CG-831) shall forward the request to Commandant (CG-83) with a notice of a potential Antideficiency Act violation, upon which Commandant (CG-83) shall initiate an investigation and report.

5.7.1.6.5 Offsetting Collections Credited To Closed Accounts

Any offsetting collections credited to a closed account shall be transferred to miscellaneous receipts in the Treasury. Most collections credited to closed accounts result from either the collection of accounts receivable balances that were outstanding at the time the account was cancelled, or the return of advances made by the Coast Guard for undelivered orders that were subsequently cancelled with the appropriation. FINCEN shall notify Commandant (CG-831) when offsetting collections are credited to a closed account.

5.7.2 Year-end Reporting and Closeout

Budgetary accounts follow the budget execution cycle through appropriations, apportionments, allotments, commitments, obligations, expenditures, and outlays. The budget execution process is reflected on the Report on Budget Execution and Budgetary Resources, Form SF 133, as defined by OMB Circular A-11.

The closeout of budgetary activity at year-end is accomplished through the use of USSGL budget accounts (4000 series). Guidance is issued by OMB and the Financial Management Service of the Department of the Treasury. Compliance with this guidance is required for Government financial statements and for budgetary reporting to the President and Congress.

5.7.2.1 Purpose

This subsection specifies policy for the budgetary closeout process and year-end processing activities, including:

1. Elimination of budgetary account balances cancelled at year-end in accordance with *Treasury Financial Manual*;
2. Reporting of budgetary fund balances in accordance with OMB Circular A-11; and
3. Assignment of responsibilities for issuing policy, developing year-end procedures, and certifying obligation balances.

5.7.2.2 Scope

This subsection provides policy for the closeout and reporting of budgetary accounts for Coast Guard appropriations by:

1. Assigning responsibilities of Coast Guard management for budgetary accounts activities at year-end;
2. Assigning responsibility for the yearly certification of obligations; and
3. Providing information on the required reporting to OMB and Treasury for budgetary account balances.

5.7.2.3 Responsibilities

5.7.2.3.1 Assistant Commandant for Resources (CG-8)/Deputy CFO (CG-8/8D)

Commandant (CG-8)/Deputy CFO (CG-8/8D):

1. Monitors year-end closing activities and reporting for compliance with applicable laws and regulations.
2. Maintains oversight of all budgetary resources.
3. Provides direction and support to Commandants (CG-83) and (CG-84) for year-end closing of budgetary accounts and financial reporting of Coast Guard-controlled appropriations.

5.7.2.3.2 Office of Resource Management (CG-83)

Commandant (CG-83):

1. Coordinates the annual certification of obligations.
2. Establishes, implements, and manages budget execution policies for year-end closing.
3. Prepares and distributes Coast Guard-specific year-end closing guidance.

4. Uses Commandant (CG-84) approved on-top adjustments to general ledger data to prepare the audited financial statements and FACTS I and FACTS II submissions.

5.7.2.3.3 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84):

1. Implements, maintains, and monitors the execution of the year-end closeout policy.
2. Provides system support in accordance with Coast Guard policies and year-end closing instructions.
3. Monitors and reports on the established performance metrics for year-end closing.
4. Implements improvements to the closeout policy, procedures, and process, as needed.

5.7.2.3.4 FINCEN

FINCEN personnel:

1. Confirm the accurate entry of obligating documents and expenditure documents into the accounting system of record.
2. Verify that adequate documentation is available (electronic or paper) to support balances of obligations in the general ledger and to justify all year-end adjustments to these balances.
3. Establish and maintain budgetary and financial systems to close the fiscal year with accurate budgetary information and reporting.
4. Provide accounting support for Coast Guard units and staff that assist with year-end closeout.
5. Establish policies and procedures to carry out year-end closeout functions. The policies and procedures related to these functions and promulgated by FINCEN apply to the entire Coast Guard.
6. Enter approved transactions into the accounting system of record upon receiving the approved documentation.
7. Provide reports to managers to enable them to fully carry out the year-end closeout process and to carry out their management responsibilities.

5.7.2.3.5 Office of Budget Execution (CG-831)

Commandant (CG-831):

1. Assigns all costs accumulated to the requesting organization's appropriation prior to year-end.
2. Provides annual certification of obligated balances to FINCEN to support the Coast Guard's compliance with the requirements in the Year-end Closing Statement, Form FMS 2108.

5.7.2.4 Policy

5.7.2.4.1 Budgetary Closeout Year-End Processing

1. FINCEN shall close all budgetary general ledger accounts at the end of the fiscal year, as required by *Treasury Financial Manual* year-end closing procedures and OMB Circular A-11. These actions shall take place in accordance with the year-end closing schedule provided by Treasury, OMB, DHS, and Commandant (CG-83).
2. All actions shall be completed in time to enter accurate data into the Federal Agencies' Centralized Trial-Balance System (FACTS II) to produce the Report on Budget Execution and Budgetary Resources, Form SF 133, and the Year-end Closing Statement, Form FMS 2108.
3. Before year-end, Commandant (CG-831) shall review all reimbursable funding for expiring funds to verify that reimbursable authority is correctly reported in the Report on Budget Execution and Budgetary Resources, Form SF 133. This includes both Coast Guard funds sent to other agencies and funds received by the Coast Guard.

For Unexpired Accounts

1. Managers shall provide FINCEN with year-end delivered orders accruals for recording in the accounting system of record for inclusion in the budgetary status reports. Estimated accruals shall include at a minimum:
 - a. Payroll accruals for unpaid amounts at year-end;
 - b. Travel completed that has not been vouchered; and
 - c. Goods and services received but not recorded in the accounting system due to timing differences.
2. Commandant (CG-831) for the trust/revolving funds shall evaluate the actual expenses and resources against the project manager's and allowance manager's projections and shall take corrective action to bring them into alignment, when necessary.

For Expiring Accounts

1. FINCEN shall close outstanding commitments in expiring accounts by the end of the period that an appropriation is available for obligation. There can be no commitments in expired accounts.
2. Commandant (CG-83) shall review completed customer orders to return unobligated reimbursable authority to the ordering entity.

For Cancelling Appropriations

1. In accordance with OMB Circular A-11 and *Treasury Financial Manual*, volume I, part 2, chapter 4200, all outstanding accounts receivable, accounts payable, and all related obligations shall be closed when appropriations are cancelled.

2. The unexpended balance shall be recorded as cancelled authority and maintained indefinitely to allow for any future expenditure properly chargeable against the cancelled TAFS. Payment for cancelled account liabilities may be approved from current unexpired funds. Any cash collections attributable to cancelled TAFSs shall be deposited in the Treasury as miscellaneous receipts.

5.7.2.4.2 Budgetary Closeout Year-End Reporting

1. FINCEN shall produce the required reports for DHS, OMB, and Treasury at year-end. The Coast Guard shall report year-end accounting data electronically through FACTS II using budgetary and certain proprietary U.S. Standard General Ledger (USSGL) accounts, in accordance with the current *Treasury Financial Manual*. Differences may exist due to prior-year adjustments affecting opening balances on the current-year financial statements. The Department of the Treasury has issued instructions on this exception, and other exceptions may be permitted in future OMB Circular A-11 policies. Required reports include:
 - a. **annual certification** – The Year-end Closing Statement, Form FMS 2108, requires an annual certification of obligations. The quarterly obligation review and year-end pipeline certification are critical activities that support the annual certification of obligations. FINCEN electronically transmits the Year-end Closing Statement, Form FMS 2108, certification to the Department of the Treasury via FACTS II only after having received documentary evidence of certification by Commandant (CG-8).
 - b. **Federal Agencies' Centralized Trial-Balance System II (FACTS II)** – FACTS II collects budget execution data from all Federal agencies. This electronic submission fulfills the requirements of the Year-end Closing Statement, Form FMS 2108, and the Report on Budget Execution and Budgetary Resources, Form SF 133. In addition, a significant amount of the data is used to populate the prior-year data in the Program and Financing (P&F) Schedule of the President's Budget.

FACTS II collects pre-closing adjusted trial balance data by USSGL accounts and USSGL attributes for each fund symbol. Almost all USSGL accounts reported in FACTS II are budgetary in nature (i.e., 4000 series USSGL accounts). The budgetary accounts record budgetary resources (e.g., budget authority, contract authority, and authority from offsetting collections) and the status of resources in the context of obligational authority (e.g., obligations incurred, unobligated balances, and balances not available for obligation).
 - c. **Year-end Closing Statement, Form FMS 2108** – The annual report on appropriation and funds balances is required pursuant to I TFM, part 2, chapter 4200. The report is used to prepare the Department of the Treasury pre-closing trial balance of the central appropriation and fund accounts and to prepare agency analyses of appropriation and fund balances.

- d. **Report on Budget Execution and Budgetary Resources, Form SF 133** – OMB Circular A-11 requires the quarterly preparation and submission of the Report on Budget Execution and Budgetary Resources, Form SF 133. This is accomplished via FACTS II.
- The Report on Budget Execution and Budgetary Resources, Form SF 133, is designed to show, on a consistent basis and in practicable detail, the status of budgetary resources and related financial data. This report, along with other information, is intended for use by DHS and OMB in reviewing each TAFS' resources and status of resources, in managing the rate of incurring obligations and outlays, and as a basis for initiating requests for reapportionments and transfers.
2. FINCEN shall reconcile budgetary accounts on the Statement of Budgetary Resources to verify that they match the budgetary information reported on the Report on Budget Execution and Budgetary Resources, Form SF 133. Other monitoring and reconciliation policies are provided in subsection 5.6.27 above.
 3. FINCEN shall perform a tie-point reconciliation between proprietary general ledger accounts and budgetary general ledger accounts. Based on USSGL posting logic, Treasury requires that certain general ledger accounts or combinations of general ledger accounts be equal at year-end – these relationships represent tie points.

Appendix 5-1 Summary of Change in Financial Plan Signature Authority

1. This appendix summarizes the delegation of signature authority for approval of all Changes in Financial Plan (CIFPs) and reimbursable agreements for the Operating Expenses (OE) and General Funds (GF) appropriations, including:

- a. Acquisition, Construction, and Improvement (AC&I);
- b. Alteration of Bridges (AB);
- c. Boat Safety (BS);
- d. Environmental Compliance and Restoration (EC&R);
- e. Oil Spill Recovery, Coast Guard (OSR);
- f. Research, Development, Test and Evaluation (RDT&E);
- g. Retired Pay (RP);
- h. Reserve Training (RT).

Note: The approval levels in this summary do not take the place of appropriate level of policy approval for these financial transactions. Policy approval must be obtained first.

2. OE reimbursable agreements:

- a. The reimbursable program budget analyst, Commandant (CG-831), may sign all OE reimbursable agreements when the Coast Guard provides all the services detailed in the FMOP (Distributed Reimbursables), upon approval of final FMOP, which is signed by Commandant (CG-09).
- b. The reimbursable program budget analyst may also sign all OE reimbursable agreements listed in the FMOP (Undistributed Reimbursables), upon approval of the final FMOP and associated CIFPs.
- c. New OE reimbursable agreements not listed in sections 6 and 7, and associated CIFPs must follow the CIFP approval chain outlined in paragraph 3.
- d. Commandant (CG-831), the OE appropriation manager, and the assistant manager have the authority to sign sections 6 and 7, Reimbursable Agreements (OE), for the reimbursable program budget analyst, when necessary.

3. GF reimbursable agreements:

- a. The General Funds team budget analyst, Commandant (CG-831), may sign all reimbursable agreements for the GF appropriations, less AC&I.
- b. The General Funds team senior budget analyst, Commandant (CG-831), may sign all reimbursable agreements for the GF appropriations.

- c. New reimbursable agreements and associated CIFPs must follow the CIFP approval chain outlined in paragraph 4.
4. Change in Financial Plan (CIFP):
The dollar threshold signature authority will be as follows:
 - a. \$1 to \$500K:
Budget Analyst, Commandant (CG-831) (OE) (excludes reprogrammings); and
Budget Analyst, Commandant (CG-831) (GF, less AC&I)
 - b. Up to \$1M:
Asst. OE Appropriation Manager, Commandant (CG-831) (OE);
OE Appropriation Manager, Commandant (CG-831) (OE);
Senior Budget Analyst, Commandant (CG-831) (GF); and
General Funds Appropriation Manager, Commandant (CG-831) (GF)
 - c. Up to \$5M:
Commandant (CG-831)
 - d. \$5M and over:
Commandants (CG-83D), (CG-83), (CG-8D), and (CG-8)

Appendix 5-2 Fund Request Formats

1. Message Format

FM: (ATU)

TO: COMMANDANT//CG- (operating/support manager), CG- (AFC/target manager),
CG-(appn manager)//

INFO (CHAIN OF COMMAND)

BT

UNCLAS //N07130//

SUBJ: REQUEST FOR (appn) FUNDS (AFC/project)

A. (Ref, if any)

1. (AFC/project) funds of \$(amount) are requested (qtr) FY-(YR)
2. Justification, details, etc.

BT

2. Letter Format

Use comparable format. Address to manager/support manager.

Copies to AFC target manager and appropriation (appn) manager.

All requests must clearly state actual amount requested, AFC/project, quarter, and FY with justification and details.

Appendix 5-3 Contents of a Typical FEMA Reimbursement Request

1. Basic Requirements:
 - a. Description of scope of work;
 - b. Reimbursable “Yes” or “No”, relevant funding limit;
 - c. The Emergency Support Function Number, if applicable, or the FEMA program which the MA is supporting;
 - d. FEMA-assigned disaster number;
 - e. FEMA Agency Location Code;
 - f. Mission Assignment number (with a copy of the MA letter and any subsequent requests for assistance);
 - g. Brief description of missions conducted;
 - h. Unit providing support;
 - i. Accounting classifications used;
 - j. Point of contact and commercial phone number. This person will serve as the long-term financial point of contact (POC) for any follow-up action by FINCEN, Headquarters, or FEMA; and
 - k. An administrative signature certifying that expenditures claimed have been reviewed and are relevant to the mission assigned, and that costs are reasonable and supported by records maintained by the Coast Guard.
2. On a separate sheet in the package, also provide the following:
 - a. Amount previously submitted for billing to date;
 - b. Current billing amount, period of billing (i.e., from date...to date), and a statement of whether this is an interim or final billing;
 - c. Cumulative amount billed to date;
 - d. An explanation of charges broken down into the following categories by object class:
 - 1) Personnel services. Summary supporting data will be reported for:
 - a) Permanent Federal agency personnel to include:
 - i. Total number of personnel;
 - ii. Total overtime hours; and
 - iii. Total overtime wages.
 - b) Temporary and local-hire personnel to include:
 - i. Total number of personnel;

-
- ii. Total hours;
 - iii. Total regular wages; and
 - iv. Total overtime wages.
 - c) Temporary duty travel to include:
 - i. Total transportation;
 - ii. Total per diem; and
 - iii. Total other TAD expenses (e.g., hotel expenses, car rentals, meals, and taxes). **Note:** Receipts for expenses of this type must be included in the reimbursement package.
 - d) Civilian and military personnel expenses will be listed separately.
- 2) Transportation expense of materiel. Identify expenses for the transportation of things and for their care en route.
- 3) Cost of materials, equipment, and supplies:
- a) Total amounts for expendable and nonexpendable materials, equipment, and supplies will be reported separately.
 - b) Specify if the costs incurred are from regular stocks or outside vendors.
 - i. If from regular stock, provide detailed listing as well as the cost per item. The billing should also address whether items are expendable, nonexpendable, serviceable, or returned to inventory (reparable item).
 - ii. If from outside vendors, an inventory list shall be submitted for all items individually costing over \$1,000, along with a detailed description of the items. The description shall include:
 - (a) Serial number;
 - (b) Model number;
 - (c) Cost per item; and
 - (d) Disposition of purchased item. Disposition will be identified as inventory, repairable, or salvage.
 - c) Specify if nonexpendable goods are in possession of FEMA or the reporting unit.
 - d) For reimbursement requests associated with standard fuel and maintenance costs, report the number of hours of operation for each type of resource, the appropriate object/subject class for fuel and maintenance, and the costs associated with the fuel and maintenance portion of facility costs as defined in *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series).

- 4) Costs of contracts for services, listed by title with an itemized breakdown of costs and brief explanation/description of each contract, including the contract number or purchase order number.
 - 5) Leased equipment. Provide the following information:
 - a) Item description, cost per item, and number leased;
 - b) Vendor's name, address, phone number, and account number;
 - c) Contract number or purchase order number;
 - d) Date returned to the vendor.

Note: Leased items billed to FEMA shall have a receiving report attached showing receipt by the Coast Guard. If, at the end of the MA, the Coast Guard either fails to return an item to the vendor or decides to continue leasing it for its own use, FEMA shall be billed only for the charges incurred during the MA period. (FEMA will reject all charges that extend beyond the MA period.)
 - 6) Agency-provided services. Identify the service provided and the cost.
 - 7) Other costs which are considered eligible or otherwise agreed to by FEMA or the Federal coordinating officer. **Note:** Receipts must be included in the reimbursement package.
 - 8) Receipts for nonexpendable materials, equipment, and/or supplies turned over to a FEMA project administrator.
3. Submit a completed *Mission Assignment Reimbursement Request Transmittal Form*, which is located on the FEMA website at <http://www.fema.gov/pdf/government/transmittal.pdf>.

Appendix 5-4 Expenditures Eligible for FEMA Reimbursement

Only incremental costs directly related to the disaster relief effort or other incident will be billed to and reimbursed by FEMA. The following types of expenditures are eligible for reimbursement:

1. Overtime, travel, and per diem of permanent Coast Guard civilian personnel.
2. Wage/salary (regular time and/or overtime), travel, and per diem of temporary Coast Guard civilian and reserve military personnel assigned, activated, or recalled, as appropriate, solely to perform services directed and required to provide assistance in response to emergency operations.
3. Travel and per diem of Coast Guard military personnel assigned solely to perform services in support of the emergency operations.
4. Cost of work, services, and materials procured under contract to support emergency response operations. The purchase order becomes part of the billing package. This is an example of how to determine incremental costs.
5. Cost of materials, equipment, and supplies (including transportation, repair, and maintenance) from regular Federal stocks used solely to support emergency operations. In the case of reimbursement for operating costs of Coast Guard facilities (i.e., cutters, boats, and aircraft), claims shall be limited to the incremental/variable portion of standard facility costs as outlined in totality in *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series), and specifically in the included Commandant (CG-83) memo defining Coast Guard variable rates.
6. All costs incurred which are paid from trust, revolving, or other funds, and whose reimbursement is required by law.
7. Other costs submitted with written justification or otherwise agreed to in writing by the FEMA regional director or designated representative.
8. Regular mission costs may be incurred as the result of any event of national significance before the declaration of (or during) an emergency or a disaster, and before the direction of MAs by FEMA. In these cases, regular mission costs are not incremental costs that may be charged to FEMA as directly related to the disaster relief effort or other incident.

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Chapter 6. Continuing Operations without Appropriations

6.1 Situation

This plan has been developed to provide policy guidance and instructions for actions to be taken by the Coast Guard when the failure of Congress to enact either regular appropriations, a continuing resolution, or needed supplements results in a funding hiatus. The Antideficiency Act, 31 USC 1341(a)(1), requires that, in the absence of appropriations, no obligations may be incurred, including salary expenses, unless authorized by law. In very limited circumstances 41 USC 6301 allows the Coast Guard to enter into obligations, but not disburse funds, for clothing, subsistence, forage, fuel, quarters, transportation, or medical and hospital supplies, which, however, shall not exceed the necessities of the current year. The following plan complies with the guidance provided by the Attorney General and OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, section 124.

6.2 Policy

In the absence of appropriations, the Coast Guard will comply with the following provisions of OMB Circular A-11:

1. Federal officers may not incur any obligations that cannot lawfully be funded from prior appropriations unless such obligations are otherwise authorized by law.
2. Federal officers may incur obligations as necessary for orderly termination of an agency's functions, but funds may not be disbursed.

Personnel and facility utilization shall be as outlined in subsections 6.4.3 and 6.4.4 respectively.

The duration of the funding hiatus under any circumstance is not expected to be greater than seven calendar days. Any modification of plans for a longer duration will be the subject of additional Headquarters direction.

6.3 Schedule of Activities

The orderly termination of activities is set forth in subsection 6.4.5 below. Active duty military personnel will continue on duty (see subsection 6.4.3.1). Those released from nonexempt activities may be redirected into exempt activities.

In general, for civilian employees engaged in nonexempt activity, the Coast Guard will:

1. Initially direct all civilian employees to report to work to secure files, property, etc., until further guidance is provided.
2. Immediately furlough most employees not engaged in exempted mission activity, with the remainder being furloughed as they complete assigned termination duties. Civilian employees funded by multi-year appropriations with funds available, as shown in subsection 6.4.1 , will continue normal activities.

6.4 Actions

This plan will be implemented for planning purposes by ALCOAST in advance of an expected lapse in appropriations along with any detailed guidance relative to the specific situation. The order to execute will be issued separately.

6.4.1 Activity by Appropriation

Each Coast Guard appropriation may be affected differently depending on the type and duration of the funding hiatus. The specific action required for each appropriation identified below assumes that the funding hiatus directly affects that appropriation.

Note: Even though its funding may not be affected, there are circumstances when an appropriation not employing personnel must cease activities because funding for the OE appropriation has lapsed, and the personnel administering the program of the other appropriations have been furloughed.

Table 6.1 Single-Year Appropriations Employing Personnel

Appropriation	Action
Operating Expenses (OE)	Continue operations in authorized missions in accordance with subsection 6.4.2 ; authorize activities for orderly termination.
Reserve Training	Continue training for national security missions, support of exempted Coast Guard missions, conduct activities involving joint exercises with DOD and orderly termination of remaining functions.
Acquisition, Construction, and Improvement (AC&I)	Continue projects in support of authorized missions in subsection 6.4.2 with funds apportioned until such funds are exhausted and then terminate all activity.

Table 6.2 Multi-Year Appropriations Employing Personnel

Appropriation	Action
Research, Development, Test and Evaluation (RDT&E)	Continue projects and personnel with funds apportioned until such funds are exhausted and then terminate all activity.
Oil Spill Liability Trust Fund (OSLTF)	Continue projects and personnel with funds apportioned until such funds are exhausted and then terminate all activity. Note automatic apportionment each new FY.
Environmental Compliance and Restoration (EC&R)	Continue projects and personnel with funds apportioned until such funds are exhausted and then terminate all activity. Note automatic apportionment each new FY.

Appropriation	Action
Yard Fund	Continue projects and personnel with funds apportioned until such funds are exhausted and then terminate all activity. Note automatic apportionment each new FY.

Table 6.3 Single-Year Appropriations Not Employing Personnel

Appropriation	Action
Retired Pay (RP)	Continue projects and personnel with funds apportioned until such funds are exhausted and then terminate all activity.

6.4.2 Activity by Mission

In very limited circumstances, in accordance with 41 USC 6301 or as otherwise authorized by law, the following guidelines apply:

Table 6.4 Funding Hiatus – Activity by Mission

Mission	Action
Search & Rescue (SAR)	Maintain readiness status. Respond to usual SAR incidents. Minimize indirect, preventative actions.
Aids to Navigation (SRA/RA)	Continue normal operation of radio aids. Maintain readiness status and respond to normal outages for short-range aids. Minimize indirect preventative actions.
Port & Environmental Safety	Continue direct activities relating to port safety and security including special interest vessels, and monitoring of dangerous and hazardous material transfers. Cease routine patrols and facility inspections.
Commercial Vessel Safety (CVS)	Continue direct activities for important safety functions, including inspections required for certification of vessels, dry dock inspections, foreign vessel and Outer Continental Shelf (OCS) inspections, and investigations of casualties and accidents. Cease new construction inspections (unless in the final phase when the vessel will be immediately placed in service), reinstallations, seaman documentation and licensing, and vessel documentation and admeasurements.

Mission	Action
Enforcement of Laws and Treaties (ELT)	<p>A. Drug Interdiction – continue at current level.</p> <p>B. Fisheries Enforcement: <u>Foreign Vessels</u> – maintain minimum activities consistent with detection and enforcement of Fisheries Management and Conservation Act violations. <u>Domestic Vessels</u> – respond to suspected or observed violations only.</p>
Marine Science Activity (MSA)	Terminate all activities except international ice patrol and National Data Buoy Center support.
Marine Environmental Response (MER)	Respond to discharge or potential discharge of hazardous substances and oil spills. Cease routine harbor patrols and facility inspections.
Ice Operations (PIO/DIO)	Continue current activities in support of DOD and National Science Foundation missions. Restrict domestic ice operations to movement of critical energy supplies, SAR, and prevention of flooding.
Military Readiness	Continue all current activities including recruiting and entry level training.
Recreational Boating Safety (RBS)	Terminate all activities except monitoring of safety defect notifications.
Waterways Management (WWM)	Continue VTS operations at current levels.
Bridge Administration	Terminate all activity.
Administration & Support	Continue with military personnel and essential civilian personnel only those activities that directly support exempt missions, including direct medical care, mission essential training, maintenance, communications, finance and supply, and security of Government property and facilities. Overseas indigenous employees may be continued as required by the State Department procedures or Status of Forces Agreements.
Support of Other Agencies	Activities in support of DOD and OGA whose missions are continuing will be supported by associate Coast Guard forces. Units under Navy (or other DOD) OPCON will continue operations as directed by the operational commander.
Reserve Training	Continue training for national security missions, support of exempted regular Coast Guard missions, and scheduled exercises with DOD forces. Orderly termination of remaining functions.

1. **Direct activities** include:
 - a. Maintenance of readiness status;
 - b. Response to incidents;
 - c. SAR cases; and
 - d. Threats.

Minimum patrols may be conducted in missions where performance depends on surveillance and Coast Guard presence in areas of concern.

2. **Indirect activities** include general efforts, such as:
 - a. Routine patrols;
 - b. Inspections;
 - c. Studies; and
 - d. Conferences.

All civilian employees should be considered for potential furlough, whether or not they are employed in exempt missions, on the basis of the criteria in subsection 6.4.3.2 below. Civilians retained to support exempt mission activities must be directly involved in the exempt mission (i.e., the exempt mission could not be accomplished or safety continued without that employee).

6.4.3 Activity by Category of Personnel

This subsection describes the specific action required for each category of personnel: military, civilian, and auxiliarists.

6.4.3.1 Military Personnel

All active duty military personnel may be ordered to continue on duty, and obligations may be made for certain necessities in accordance with 41 USC 6301 or as otherwise authorized by law. However, personnel not required for exempt missions or shutdown activities should not be employed when their work will incur additional obligations for nonexempt activities. No new obligations (e.g., travel, supplies) are valid unless in support of authorized (exempt) activities. Military personnel will be paid if Congress enacts special legislation to make appropriations available to continue military pay.

Personnel in a travel status should complete scheduled travel unless otherwise directed by competent authority.

Duties of military personnel released from nonexempt activities may be redirected into exempt mission activities.

Personnel in billets that are objects of no-year or multi-year appropriations may be paid as long as funds are available.

Inactive duty reserve personnel shall continue training for national security missions, support of exempted regular Coast Guard missions, scheduled exercises with DOD forces, and orderly termination of remaining functions.

6.4.3.2 Civilian Personnel

Personnel employed in billets funded by multi-year appropriations and other funding sources may continue on duty and will receive regular pay as long as funds are available (AC&I, RDT&E, and Yard Fund). Personnel employed by single-year appropriations that are exhausted may only continue work if engaged in exempt activities or in orderly shutdown operations. All others not so engaged will be furloughed and directed to maintain contact with their command in order to facilitate timely return to duty when so directed by competent authority. Civilian employees so furloughed may not voluntarily perform services for the Government.

Commandant (CG-121) will provide sample furlough letters to meet the specific circumstances of the funding hiatus. Cognizant personnel offices will advise employee unions of impending shutdown and furlough plans.

Civilian personnel are to be classified into the six categories described in the subsections which follow.

6.4.3.2.1 Civilian Category A

Civilian personnel not engaged in exempt mission activities that are to be furloughed immediately but not later than noon of the first working day. Total civilian employees classified Category A should not be less than 50 percent of the total of Categories A, B, C, and D.

6.4.3.2.2 Civilian Category B

Civilian personnel not engaged in exempt mission activities that are retained for orderly termination activities and must be furloughed as soon as possible, but not later than close of business of the first working day. Total civilian employees classified Category B should not be less than 35 percent of the total of Categories A, B, C, and D. The combined total in Categories A and B should not be less than 85 percent.

6.4.3.2.3 Civilian Category C

The minimum number of civilian employees essential for security of Government personnel, property and fiscal assets, and critical public works functions. Total civilian employees classified Category C should not be more than five percent of the total of Categories A, B, C, and D.

6.4.3.2.4 Civilian Category D

Civilian personnel directly engaged in exempt mission activities or direct medical care (i.e., the exempt mission could not be accomplished or safely continued without that employee) that will continue to work and not be furloughed. Total civilian employees classified Category D should

not be more than 10 percent of the total of Categories A, B, C, and D. Civilian personnel engaged in exempt missions will only be paid subject to the availability of appropriations.

6.4.3.2.5 Civilian Category E

Civilian personnel paid by other than annual appropriations who are not affected by a lapse in appropriations, and OE industrial employees whose salary and activities are covered by previously-funded formal work orders under AFC-38 – Industrial Support Activity Revolving Fund.

Note: The overall percentage goals for Categories A, B, C, and D should be reflected in district, Headquarters unit, and Headquarters office contingency plans, but may be adjusted when a large percentage of the civilian workforce is engaged in exempt activities such as firefighting, security, direct medical care, and other essential services, and it is not practical to cover these duties with military personnel released from nonexempt activities or Category E employees.

6.4.3.2.6 Civilian Category F

NAF employees may continue if no obligation or expenditure of Coast Guard appropriated funds is involved, or as otherwise authorized.

6.4.3.3 Coast Guard Auxiliary

Subject to the availability of funds for exempted Coast Guard missions, amounts may be available for the necessary expenses of the Auxiliary. Program managers and operational commanders should consult with Commandant (CG-83) before creating obligations for Auxiliary expenses prior to or during a lapse of appropriations. Normal internal Auxiliary functions funded by private sources are not affected.

6.4.4 Activity by Facility

Table 6.5 Funding Hiatus – Activity by Facility

Category	Action
Coast-Guard-owned property	All Coast Guard operating units shall be maintained in a readiness condition consistent with their mission status during the period. Facilities not exempt by mission or appropriation shall retain sufficient security and maintenance personnel to properly safeguard Government property.
Leased and other agency property	If not covered by exemptions, contact lessors (landlords) or parent agency to arrange adequate security.

6.4.5 Shutdown Plan

6.4.5.1 *Prior to Shutdown*

1. Area/district commanders and HQ office chiefs identify activities and personnel who will continue under the current funding status. They develop a list of civilian personnel by Category A to E and ensure that all civilian employees are notified of a possible shutdown and informed of their category under the plan.
2. Commanding officers forward to area/district commanders their recommendations for continuing or terminating activities under their jurisdiction, including civilian personnel to be furloughed. Activities Europe (ACTEUR) and COs of Headquarters units forward recommendations to appropriate Headquarters office chiefs.
3. All commands/districts/offices develop plans for activities not to be continued, in order to:
 - a. Consolidate and store files.
 - b. Safeguard and dispose of classified material.
 - c. Protect Government property.
 - d. Notify the public and other agencies of termination plans.
 - e. Document the status of projects to facilitate resumption when regular operations are resumed.
 - f. Process appropriate personnel files, payroll, and other administrative documentation.
4. Once the order to implement shutdown plan is received:
 - a. Local contingency plans should be modified in accordance with the instructions governing the immediate situation.
 - b. Labor unions that have been granted exclusive recognition must be advised of the requirement to furlough.
 - c. Any specific requirements of labor contracts must be followed in implementing the furlough.
 - d. In areas where civilian personnel are not co-located with their servicing civilian personnel office, furlough letters should be prepared in advance and placed with the unit commanding officer for release upon notification to execute.

6.4.5.2 *During Shutdown*

1. Day 1:
 - a. All employees are directed to report to work each day until they are furloughed.
 - b. Units and personnel away from their regular duty stations are contacted and are instructed to return or to maintain contact pending resolution of their status.
 - c. Civilian personnel offices coordinate issue of furlough notices to employees who will not be continued on duty. Category A personnel shall be furloughed immediately, but not later than noon of Day 1. Category B personnel will be furloughed as soon as their termination activities are complete, but not later than close of business on Day 1.
 - d. Area and district commanders, commanders of logistics and service center commands, ACTEUR, commanding officers of Headquarters units, and Headquarters office chiefs and staff divisions issue instructions for continuation or termination of activities.
2. Day 2:
 - a. ATUs develop funding plans for projects and activities to be continued. Obligation and disbursement procedures for multi-year funds, and obligation-only procedures for activities without appropriations shall be in accordance with separate fiscal guidance promulgated by Commandant (CG-83).
 - b. All echelons ensure that termination of nonexempt activity is complete.
3. Day 3 and continuing:
 - a. Commanding officers of military personnel designate personnel to maintain normal duty schedules and perform exempt missions.
 - b. ATUs establish continuing review programs to assess funding status for all appropriations.
4. Weekends (See the note below.):

Continue all operations at normal weekend levels including all operational activity to provide for the national security or to protect life and property.

Note: If the weekend occurs before Day 3, adjust all schedules accordingly.

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Chapter 7. Accounting Policies and Standards

7.1 Required Use of the U.S. Standard General Ledger

This section specifies overarching financial policy with the intention of ensuring that the Coast Guard's use of the U.S. Standard General Ledger (USSGL) is in compliance with all applicable laws and regulations.

This section applies to all units involved in general ledger (GL) accounting for any and all Coast Guard appropriations and funds.

Note: Financial applications that do not contain a GL must nevertheless be operated in a manner that conforms to USSGL requirements. For example, a payroll system, which processes transactions in accordance with USSGL transaction rules, sends summarized data to the core financial system for appropriate posting, and provides for sufficient traceability from the GL balances to the source documentation is considered to be in compliance with USSGL requirements at the transaction level, even though the payroll system is not itself a complete GL.

7.1.1 Overview

The Coast Guard is required by law to implement the USSGL at the transaction level throughout its financial management systems. Specifically, section 803 of the Federal Financial Management Improvement Act of 1996 (FFMIA) states:

Each agency shall implement and maintain financial management systems that comply substantially with Federal financial management system requirements, applicable Federal accounting standards and the United States Government Standard General Ledger at the transaction level.

This includes both financial systems and mixed or feeder system applications.

The USSGL is the basic structure used to support the consistent recording of financial events. It provides a uniform chart of accounts, account descriptions, transaction codes, transaction posting, mandatory attributes, report crosswalks, and associated technical guidance to be used in standardizing Federal agency accounting and reporting. It incorporates both proprietary and budgetary self-balancing accounts (total debits equal total credits). In addition, the USSGL facilitates the preparation of the standard external reports required by central agencies such as OMB and Treasury.

The most recent information on the USSGL may be found at <http://www.fms.treas.gov/ussgl>.

According to OMB Circular A-127, agencies may supplement the application of the USSGL to meet specific information requirements in accordance with the guidance contained in the USSGL supplement to *Treasury Financial Manual*. This supplement allows agencies to expand the USSGL numbering system (including attributes) to as many digits as necessary to accommodate agency-specific requirements; however, these subsidiary accounts must summarize or "roll-up" to the 4-digit USSGL accounts, plus any related attributes. Since the 4-digit USSGL accounts are classified to include all types of accounting transactions, all Coast Guard transactions can be

accommodated by the USSGL. This flexibility permits the creation of CG-specific accounts for unique mission and business processes, including immediate oil-spill response and search-and-rescue missions.

Finally, the FFMIA requires that any audit finding of substantial USSGL noncompliance be addressed in a remediation plan. Coast Guard implementation of this requirement is detailed in paragraph 9 of the policy that follows.

7.1.2 Authorities

1. Federal Financial Management Improvement Act of 1996 (FFMIA). Section 803(a), PL 104-208, Division A, section 101(f), Title VIII.
2. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.
3. Department of the Treasury, Financial Management Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* [series], part 1 and part 2, "Fiscal 2011 and 2012 Reporting."

7.1.3 Responsibilities

The following Coast Guard units shall implement the USSGL throughout the Coast Guard's financial management systems:

1. Aviation Logistics Center (ALC);
2. Yard/Surface Forces Logistics Center (Yard/SFLC);
3. Finance Center (FINCEN);
4. National Pollution Funds Center (NPFC); and
5. Pay and Personnel Center (PPC).

In addition, the Financial Reporting and Analysis Division, Commandant (CG-842), shall perform procedures to test internal controls over the Coast Guard's use of the USSGL.

7.1.4 Policy

1. All Coast Guard financial management systems shall utilize the USSGL to record financial events in compliance with Federal law.
2. The Coast Guard shall utilize the USSGL Supplement (released annually) by adhering to the guidance presented in its five major sections:
 - a. Chart of Accounts;
 - b. Account Descriptions;
 - c. Accounting Transactions and Transaction Codes;
 - d. USSGL Attributes; and

- e. Report Crosswalks.
3. The Coast Guard's Chief Financial Officer (CFO), in collaboration with the responsible units listed above, shall establish a CG-wide standard general ledger chart of accounts. This master chart of accounts shall substantially comply with the USSGL's chart of accounts, including account descriptions, and shall incorporate budgetary, proprietary, and memorandum accounts that link to all typical Coast Guard business events.
 4. The Coast Guard shall process and record transactions consistent with the definitions and processing rules defined in the USSGL; i.e., there shall be uniform treatment of similar transactions by Coast Guard units at all levels.
 5. The Coast Guard shall utilize the USSGL accounting transactions and codes to identify the appropriate transaction posting for every Coast Guard business event. Treasury's Financial Management Service (FMS) maintains a USSGL website that includes typical accounting scenarios, accounting transaction categories, accounting transaction codes, and guidance on accounting for unique issues. The website address is:
<http://www.fms.treas.gov/ussgl>.
 6. In accordance with the stated purpose of the USSGL, resulting detailed transaction postings, linked to specific business and accounting events, shall facilitate internal and external reporting, and shall be readily available for research, ad hoc requests, and annual audit needs.
 7. The Coast Guard shall review and update its USSGL accounts whenever the FMS updates the USSGL. (USSGL updates are published by Treasury, which requires agencies to make any necessary changes to remain substantially compliant.)
 8. In addition, the Coast Guard shall review its master chart of accounts, account descriptions, typical transactions, transaction codes, attributes, and report crosswalks, at least annually, to ensure Coast Guard compliance with applicable laws and regulations.
 9. In accordance with the FFMIA, if the annual CFO audit reveals substantial USSGL noncompliance, the Coast Guard shall devise a remediation plan designed to bring its financial management systems into substantial compliance no later than three years after the audit finding date. If it is determined that the systems cannot be made substantially compliant within three years, the Commandant shall:
 - a. Specify the most feasible date for bringing the systems into compliance with the USSGL; and
 - b. Designate a Coast Guard official who will be responsible for bringing the systems into compliance by the most feasible date.

7.1.5 Procedures

1. The Coast Guard shall maintain a USSGL account numbering system in its master chart of accounts based on Treasury's requirements, which shall include the standard attributes required by the Treasury/FMS for the Federal Agencies' Centralized Trial-Balance

System (FACTS I and II). Currently, Treasury's basic four-digit structure of the USSGL consists of:

1000	Assets
2000	Liabilities
3000	Net Position
4000	Budgetary
5000	Revenue and other Financing Sources
6000	Expenses
7000	Gains/Losses/Miscellaneous Items
8000	Memorandum

In FY 2014, Treasury will implement a new USSGL account number code structure that will have six digits.

The standard USSGL account attributes required for the reporting of proprietary account information (FACTS I) and budgetary account information (FACTS II) are defined in USSGL TFM Supplement No. S2 section IV of the USSGL, which can be found on the Treasury/FMS website: <http://www.fms.treas.gov/ussgl>.

2. The Commandant (CG-842) general ledger desk officer shall be responsible for the use and maintenance (including updates and changes) of the master chart of accounts and transaction codes. Any changes to the master chart of accounts (e.g., updates required by FMS) shall be documented, and adequate internal controls shall be incorporated to ensure that:
 - a. All changes are appropriately reviewed, authorized, and approved;
 - b. Proper segregation of duties is practiced; and
 - c. All resulting changes are properly tested.
3. All current Coast Guard charts of accounts shall be filed with the Commandant (CG-842) general ledger desk officer.
4. At least annually, the Commandant (CG-842) general ledger desk officer shall access the Coast Guard's GL systems and document a comparison of the GL systems' charts of accounts with the filed charts of accounts.
5. Any discrepancies found between the master chart of accounts and the financial systems' charts of accounts shall be researched, and all necessary corrective actions shall be taken and documented to allow for the Coast Guard's assertion of compliance with the USSGL.

7.2 Obligations – By Document Type and/or Object Class

An obligation is a legally binding agreement that will result in outlays (payments), immediately or in the future. Obligations incurred are the amounts of orders placed, contracts awarded,

services received, or similar transactions during an accounting period. These amounts include payments for obligations not previously recorded, adjustments between obligations previously recorded, and actual payments to liquidate those obligations.

Obligation management plays an important role in the budget execution process even after an appropriation has expired. Payments to liquidate obligations can be made for five years after the appropriation expires. After the five-year period, appropriation accounts are cancelled and closed. Obligations or adjustments to obligations that would have been properly chargeable to a cancelled appropriation may be paid from an unexpired appropriation that is available for obligation for the same purpose as the cancelled account. However, no more than one percent of current year appropriations are authorized to cover valid unrecorded obligations made against closed appropriation accounts (OMB Circular A-11). Consequently, the budget execution process, or life cycle, for an appropriation made in a given fiscal year can extend well into the future. Management and oversight of obligations are needed at each stage in the cycle to maintain effective and efficient budget execution.

Accordingly, this section addresses the following:

1. Recording financial transactions that result in the Coast Guard's use of budgetary resources.
2. Describing the obligation process and defining related operating procedures:
 - a. Recording obligations into the accounting system of record; and
 - b. Monitoring and validating obligations.
3. Identifying key internal controls to maintain the reliability of the budgetary resource management process.
4. Identifying document types that require obligation of funds (see Appendix 7-1).

Note: Accrual policy for budget execution is presented in section 7.14.

7.2.1 Purpose

This section establishes the requirements for proper recording, processing, and monitoring of obligations (and any modifications to obligations) entered into the accounting system of record. This policy provides guidelines for the Coast Guard to monitor all obligations on a continual basis and to validate them within established timelines. This policy also provides guidance to the effect that:

1. The Coast Guard establishes obligations to provide funds control and funds management.
2. Obligations are recorded in the proper amount, account, and period; and only valid transactions are recorded in the accounting system of record.
3. Funds are obligated and available to meet Coast Guard operating requirements within a funds control structure that meets the regulatory and legal requirements prescribed by the Antideficiency Act and OMB Circular A-11.

7.2.2 Responsibilities

7.2.2.1 *Assistant Commandant for Resources (CG-8)/CFO*

Commandant (CG-8)/CFO:

1. Accurately reports obligated balances in the financial statements in accordance with DHS and other reporting requirements.
2. Establishes and enforces the requirements, policies, systems, and procedures necessary to comply with statutory and regulatory finance and accounting requirements.
3. Provides financial policy for the creation, approval, modification, monitoring, and validation of obligations, and the certification of account balances.
4. Directs the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems to ensure their proper relationship with other Coast Guard functional areas.
5. Maintains effective internal controls pertaining to the creation, approval, monitoring, and validation of obligations and the certification of account balances.
6. Maintains effective internal controls to provide for the accurate entry of obligating documents and expenditure documents into financial systems and the scanning of source documents into the current imaging system in accordance with the Paperwork Reduction Act.

7.2.2.2 *Office of Resource Management (CG-83)*

Commandant (CG-83):

1. Implements, maintains, and monitors the execution of this obligation policy.
2. Establishes and maintains the funds control process and the system of controls in coordination with Commandant (CG-84).
3. Manages monthly, quarterly, and annual reviews to validate all obligations and initiates deobligation actions when necessary.
4. Implements improvements to the obligation policy, procedures, and process as needed.
5. Establishes and disseminates account balance certification requirements and schedules.
6. Establishes system requirements and provides developmental guidance to comply with all applicable laws and Federal regulations.

7.2.2.3 Budget Execution Division (CG-831)

Commandant (CG-831):

1. Establishes, implements, and tests internal controls related to obligation validations.
2. Implements, reviews, and updates policies and procedures for validating and reviewing Coast Guard obligations.
3. Establishes, monitors, and reports on obligation performance metrics.
4. Requires financial managers who certify obligation balances for financial reporting to develop unit report preparation schedules to align with the certification reporting schedules that are approved and published via standard message by the end of January of every calendar year. These schedules establish reporting due dates consistent with any audit or external financial reporting schedules.
5. Identifies all conditions noted during the obligation certification process that indicate potential or apparent violations of the Antideficiency Act, and initiates immediate research and action as required.
6. Analyzes the validation of the Coast Guard's undelivered order (UDO) balance for all obligations in order to monitor adherence to the policy. Formulates management reports, and provides feedback to financial managers on performance in order to evaluate quality, as well as quantity, and to communicate future expectations.
7. Conducts a post-certification review to audit the certification process through random sampling of hard-copy certification documents.

7.2.2.4 Appropriation Managers

Appropriation managers:

1. Provide obligation oversight and management at the appropriation level.
2. Review financial reports prepared at or below the appropriation level to identify problems that should be reported to higher levels of management.
3. Consider adherence to this policy by allowance managers and target managers when determining the amounts of budget authority needed by the entity.

7.2.2.5 Allowance Managers, Target Managers, and Program Element Managers

These officials:

1. Implement and monitor the execution of this obligation policy.
2. Conduct monthly, quarterly, and annual reviews to validate obligations, initiating deobligation actions when necessary.
3. Recommend improvements to the obligation procedures and process, as needed.

4. Monitor and report on the performance metrics established by Commandant (CG-83).
5. Verify that all obligations recorded in the financial system of record have been validated to the hardcopy or electronic source documents with authorizing signatures, and that these documents are readily available for review.
6. Validate obligation adjustments before providing them to FINCEN for recording in the accounting system of record.
7. Provide training and guidance to the staff responsible for obligating funds to provide awareness of their responsibilities.
8. Identify all conditions in the obligation certification process that indicate either a potential or an apparent violation of the Antideficiency Act, and initiate immediate research and action in accordance with 31 USC 1349(a), 1518.
9. Review all reports provided by FINCEN to assess the accuracy of the financial information being reported.
10. Adhere to all internal controls and proper procedures at the highest level of accountability.
11. Monitor all obligations to verify that the obligated balances recorded in the financial statements are accurate.

7.2.2.6 *FINCEN*

FINCEN personnel:

1. Maintain finance and accounting requirements, systems, and functions for all appropriated, working capital, revolving, and trust fund activities, including security assistance funds.
2. Ensure that obligations are properly recorded into the appropriate USSGL accounts in the accounting system of record.
3. Provide support for the monthly, quarterly, and annual reviews to validate obligations by providing reports, performing research, and validating transaction history.
4. Establish and enforce the requirements, policies, systems, and procedures necessary to comply with statutory and regulatory financial management and accounting requirements.
5. During each pipeline certification process, compare fiscal status file (FSF) values to summarized obligation balances for predetermined appropriations. These comparisons are made at the appropriation, allowance, and appropriation limitation code (LIM) levels. For appropriations such as AC&I, comparisons are also made at the program element level.
6. Communicate promptly to Commandant (CG-831) any errors or omissions identified in reports that support adjustment and/or detailed explanation of Coast Guard financial statement balances.

7. Once comparison is completed and deemed satisfactory by the TAFS accountant, post adjustments to UDO balance accruals on the Year-end Closing Statement, Form FMS 2108.
8. Inform the pipeline reports project manager, Commandant (CG-831), immediately of any cancellations, changes, or problems with requirements and established timeframes.
9. Execute statutory and regulatory financial reporting requirements, and render financial statements.

7.2.2.7 Office of Procurement Policy & Oversight (CG-913)

Commandant (CG-913):

1. Develops, implements, and maintains Coast Guard acquisition policy directives and procedures including *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series) and *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).
2. Develops, implements, oversees, and evaluates Coast Guard acquisition, contracting, and procurement policy, directives, and procedures consistent with the policies outlined in *Major Systems Acquisition Manual (MSAM)*, COMDTINST M5000.10 (series).
3. Issues procurement procedures that require contracting officers (KOs) to deobligate outstanding UDO balances as determined by assessment of receipt of services or goods, billings, or cancellations of orders, either in whole or in part.
4. Assists with aligning the Coast Guard procurement policy with the obligation policy by serving as a control and review point for external and internal acquisition directives and publications.
5. Oversees the conduct of studies, pilots, and other analyses to improve business practices, internal controls, and effectiveness in Coast Guard contracting activities.

7.2.2.8 Chief of the Contracting Office (COCO)

The COCO verifies that the KOs are coordinating with and assisting the funds managers with the monitoring and validation of contract obligations.

7.2.2.9 Contracting Officers (KOs), Purchasing Agents, Cardholders, and Other Obligor Authorities

These officials:

1. Obligate funds within their respective procurement authority.
2. Confirm that obligations conform to applicable regulatory requirements.
3. Confirm and certify that obligations are accurately recorded in the Coast Guard accounting system of record.

4. Validate, execute, and record the receipt of goods and services, and deobligate excess funds.
5. Perform necessary contract administration (i.e., issue modification) to facilitate the deobligation of excess funds.
6. Maintain source documents for all obligations and related modifications.

7.2.2.10 Contracting Officer's Representatives (CORs)

These officials:

1. Support funds managers in validating obligations by monitoring and documenting contractor performance to determine that goods and services are delivered, inspected, accepted, and recorded properly and in a timely manner.
2. Support funds managers in quarterly obligation reviews to confirm that balances are at appropriate levels (e.g., deobligate excessive fund balances).

7.2.2.11 Management Review Officials (MROs)

Management review officials are assigned for the purpose of ensuring checks and balances to mitigate the risk of inaccuracy. They are pertinent to the accuracy of obligation balances at the unit and higher levels. The MRO is a responsibility assigned to the program element commanding officer (CO) or executive officer (XO). However, this authority may be delegated in writing to executive petty officers; office chiefs/comptrollers at Headquarters directorates; budget officers/comptrollers at areas, districts, logistics/service center commands; or Sector Logistics Department heads. MROs:

1. Conduct independent verification of compliance with established policy, procedures, and any applicable interim policy outlined in FINCEN messages.
2. Monitor program element managers' compliance with this policy.
3. Perform certification of obligations, including management review for all program elements.
4. Retain certified reports signed by the program element managers and the MRO.

7.2.2.12 Reconcilers

Reconcilers are assigned for the purpose of ensuring checks and balances to mitigate the risk of inaccuracy. They are pertinent to the accuracy of obligation balances at the unit and higher levels. Reconcilers:

1. Conduct weekly reconciliations of the PES report until the account is closed.
2. Monitor obligations within their respective program elements in accordance with this policy.
3. Advise program element managers of any inconsistencies or inaccuracies discovered.

4. Assist program element managers with verifying the accuracy of validation and certification reporting.

7.2.3 Policy

This obligation policy is divided into three major subsections:

1. “General Requirements for Recording Obligations” provides guidance on the definition of an obligation, the standards for valid obligations, the documentation necessary to support an obligation, and the requirements for approving and recording obligations.
2. “Obligation Document Requirements” provides more specific policy that guides the recognition of valid obligations on a document/transaction basis, guidance for when this obligation shall be recognized, and specific policy for the valuation of the obligation.
3. “Monitoring and Certification” provides direction for monitoring obligations during budget execution, management controls to support the quarterly certification of obligations, and executive metrics for monitoring obligations at the agency and TAFS level.

These policies work together to support the Coast Guard’s budget execution so that obligations are properly recognized, recorded, summarized, and reported.

7.2.3.1 General Requirements for Recording Obligations

1. All Coast Guard personnel committing and obligating funds shall align all approvals and authorizations with their corresponding orders or contracts for goods or services.
2. Funds must be available within the limits established in the funds control system, as evidenced by one or more signed documents. (Approved electronic signature is permissible.)
3. The Coast Guard shall only record obligations when sufficient documentation (identified in paragraph 8 below) is available. The documentation shall comprise a complete record of the transaction, and shall be in accordance with all Coast Guard policies and procedures before the obligation may be recorded.
4. All obligations shall be signed, dated, and approved by Coast Guard officials who have been delegated the authority to obligate Coast Guard funds. Only individuals who have proper written delegations of authority may incur obligations on behalf of the Coast Guard. Unauthorized individuals who incur obligations may be subject to personal liability.
5. All obligations shall be entered into the Coast Guard accounting system of record by the appropriate delegated Coast Guard obligation official. The obligation shall be supported by approved supporting documentation in accordance with the Paperwork Reduction Act. At a minimum, the obligating document shall have one level of approval prior to its entry into the Coast Guard accounting system of record.

6. The program element manager shall determine the availability of funds, and shall certify fund availability before an obligation is incurred and before a change is made to a contract, purchase order, or other document that increases the amount of the original obligation. In certain cases, the determination of funds availability for each transaction prior to the release of obligating documents may not be practical (e.g., the issuance of numerous minor purchase requests by authorized persons located far away from a financial management office). In these instances, special procedures (e.g., Government purchase cards) may be established to meet the particular local requirement, provided that such procedures include adequate safeguards to confirm the availability of funds to cover the transactions. A copy of any special procedures developed shall be forwarded to Commandant (CG-8) for approval.
7. Obligations or expenditures in advance of appropriations, apportionments, and allotments are not authorized. Unless specifically authorized by law, Coast Guard obligating authorities shall not incur obligations or expenditures before:
 - a. The appropriation act is enacted;
 - b. The amounts are apportioned to the Coast Guard by OMB; and
 - c. The amounts are allotted to the Coast Guard by DHS.
8. An obligation shall be recorded in the accounting system of record when supported by documentary evidence of:
 - a. A binding agreement, in writing, between the parties (including Government agencies), in a manner and form and for a purpose authorized by law and executed before the expiration of the period of availability for obligation of the appropriation concerned. This agreement must be for specific goods to be delivered, real property to be purchased or leased, or work or services to be performed.
 - b. A valid loan agreement, showing the amount of the loan to be made and the terms of repayment.
 - c. An order required by law to be placed with a Government agency.
 - d. An order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency for perishable subsistence supplies within specific monetary limitations.
 - e. A grant or subsidy payable:
 - 1) From appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law;
 - 2) Under an agreement authorized by law; or
 - 3) Under approved plans, consistent with and authorized by law.
 - f. A liability that may result from pending litigation brought under authority of law.
 - g. Employment or services of persons, or expenses of travel, in accordance with law.
 - h. Services performed by public utilities.

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- i. Any other legal liability of the United States against an appropriation legally available for that purpose.
9. Coast Guard financial managers shall review obligating documents to determine that a valid recordable obligation exists. The documents must contain detailed information allowing the financial manager to make the determination that a valid obligation exists. While specific details may vary, the following information shall be included:
 - a. Obligation document number and type of obligating document;
 - b. Date of the last required signature on the obligating document;
 - c. Contractor's or vendor's name and address;
 - d. Amount of the obligation;
 - e. Quantity and description of the supplies or services being procured;
 - f. Complete accounting classification; and
 - g. A statement that all required signatures have been obtained.
 10. Coast Guard obligating authorities shall record obligations in accordance with the provisions of these requirements. In recording obligations, the following principles related to the bona fide needs rule apply (see the GAO "Red Book," *Principles of Federal Appropriations Law*, volume I, chapter 5, section B):
 - a. An obligation must satisfy a bona fide need during the period for which the appropriation is available.
 - b. Contracts entered into or orders placed for goods or services shall be executed only with the intent that the contractor or other performing activity commence work and perform the contract without unnecessary delay.
 - c. The balance of an appropriation limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly executed within that period of availability.
 - d. Goods or services required pursuant to contracts entered into or orders placed obligating a one-year appropriation must serve a need existing in that fiscal year, unless an exception is specifically authorized by law. The Coast Guard's one-year appropriation authorizes a period of performance that may occur during the next fiscal year for contracts for training, investigations, costs associated with personnel relocation, and other services.
 - e. A multi-year appropriation for goods or services required pursuant to contracts entered into or orders placed is available for a definite period in excess of one fiscal year. Except for the extended period of availability, multi-year appropriations are subject to the same principles applicable to annual appropriations.

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- f. A no-year appropriation for goods or services required pursuant to contracts entered into or orders placed is available without fiscal-year limitations. All statutory time limits as to when the funds may be obligated and expended are removed, and the funds remain available for these original purposes until expended.
11. The provisions of the obligation document and the nature of the transaction involved shall be carefully considered in determining when an obligation has been incurred and in what amount.
12. Obligations shall not be made simply for the purpose of extending the life of the appropriation (i.e., “parking funds”). Commandant (CG-8) and contracting personnel, in cooperation with FINCEN, shall review the status of funds to avoid excessive fund balances.
13. In order to record an obligation, the financial manager must be in possession of a valid written obligating document. However, in limited circumstances (when the obligating organization is underway), written evidence that a valid obligating document exists is acceptable until a copy of the document is received. In such cases, immediate action shall be taken to obtain the required copy of the actual document.
- a. The certifying officer shall be in possession of the actual obligating document prior to payment.
- b. The appropriate financial manager shall be in possession of the obligating document prior to the submission of the year-end certification of obligations (submitted as of 30 September).
- c. The following serves as written evidence that the obligating document exists:
- 1) A letter, facsimile, e-mail, or other written communication from the individual having physical possession of the valid obligating document; or
- 2) A record of a telephone conversation with the individual having physical possession of the valid obligating document, said record being signed by the individual receiving the communication.
14. All obligations shall be recorded in the accounting system of record at the time a legal obligation is incurred, or as close as feasible to the time it is incurred. The recording of valid obligations shall not be delayed under any circumstances, including delays to await the movement of funds to the entity that incurred the obligation.
15. The exact amount of the Coast Guard’s liability should be recorded as the obligation, when the amount is known. However, when an obligation is incurred and the exact amount of the obligation is not known, the obligation shall be recorded with the obligating authority’s best estimate and shall be noted as such on the obligating document. When the actual amount of the liability becomes available, the obligation shall be modified by an authorized individual.

16. A procurement directive, obligation authority, administrative commitment document, citation-of-funds, or other document which serves only to administratively reserve funds for specific use does not constitute documentary evidence of an obligation. For information on commitment policy, see subsection 5.6.3.
17. If an obligation was previously recorded as a commitment, reduce or cancel the commitment and record the obligation in the accounting system of record.
18. An amount is not recordable as an obligation when supported only by a verbal order or agreement. A verbal order or agreement must be documented in writing and must conform to the applicable provisions of this section before the obligation may be recorded. If goods are received and accepted, the receiving report may be used as the documentary evidence for recording the obligation, up to the amount of such delivery.
19. When supplies are ordered utilizing automated procedures, the recording of the obligation may be based on a signed summary printout of the documents, provided other applicable requirements of this section are met. The printout shall be in auditable form, verified for correctness, and approved by an authorized individual.
20. When, after proper authorization, an obligation is executed by a performing entity for another entity responsible for accounting for the obligation, the performing entity shall provide the necessary documentation to the financial management office of the accounting entity in a timely manner so that the transaction can be promptly recorded.
21. All obligations shall be entered into the Coast Guard financial system prior to any disbursement made against the obligation. Allowed exceptions to this rule relate to the simultaneous recording of obligations and expenditures (compound transactions). Examples of compound transactions include purchases using a Government purchase card, and local travel.
22. An obligation that is established and liquidated simultaneously by a disbursement shall be recorded in the same manner as an obligation that is recorded prior to recording the disbursement.
23. A contingent liability is generally not recordable as an obligation under the provisions of this section.
24. An antecedent liability is generally not recordable as an obligation. These liabilities are normally contained in contracts providing for obligation of funds contingent upon the occurrence of an event.
25. A signed, reproduced, or certified true or confirmed copy of the document obligating the Coast Guard shall be retained in the accounting files to support the obligation. Where purchase orders or other documents are prepared on a reproducible master, the reproduced signature is acceptable. Each signed or reproduced copy of the signed contract or modification, intended to have the same force and effect as the signed original, shall be marked "Duplicate Original."
26. Obligations shall be recorded in the accounting system of record to support the actual status of funds and costs incurred in the financial statements of each reporting period.

7.2.3.2 *Obligation Document Requirements*

This subsection discusses events that require the recording of an obligation. It is divided into twelve topics:

1. Contracts;
2. Purchase Orders;
3. Travel Orders;
4. Training;
5. Payroll;
6. Government Purchase Cards (Bank Cards);
7. Rents, Communications, and Utilities;
8. Grants;
9. Miscellaneous Obligor Documents;
10. Transportation of Government Property and Supplies;
11. Postage; and
12. Reduction of Existing Obligations.

Each topic covers the elements that are necessary for recognizing and recording an obligation, the timing for recording the obligation, and the obligated amount to be recorded. The topics also include policy on events that require adjustments to obligated amounts (e.g., partial versus full funding).

Recording amounts in a consistent manner assists managers as they monitor accounts and make funding decisions. Policy prescribing the amount to record allows for consistent calculation of the amount, increasing the likelihood of two individuals calculating the same amount, given the same assumptions.

Following is a list of the various types of obligations:

1. Contracts that are not incrementally funded;
2. Contracts with/through the Small Business Administration;
3. Cost reimbursable contracts;
4. Firm-fixed-price or cost-reimbursable level-of-effort term;
5. Fixed-price contracts with economic price adjustments;
6. General contract requirements;
7. Government purchase cards;
8. Grants;
9. Incrementally funded contracts;

10. Indefinite delivery contracts;
11. Intragovernmental transactions;
12. Letter contracts;
13. Miscellaneous obligating documents;
14. Payroll;
15. Postage;
16. Purchase orders;
17. Rents, communications, and utilities;
18. Replacement contracts;
19. Time and material contracts;
20. Training;
21. Transfer of authority to obligate at the TAFS level;
22. Transportation of Government property and supplies; and
23. Travel orders.

7.2.3.2.1 Contracts

7.2.3.2.1.1 General Requirements

1. Services and supplies that are purchased by contract are recorded as obligations at the time there is a binding agreement, which is usually when the contract is signed. As a general rule, the amount of the obligation is the maximum liability to the Federal Government. The maximum liability to the Government is normally limited by the terms of the contract (e.g., cancellation clauses, limitation of funds clauses).
2. The amount evidenced by a contractual document is not recordable as an obligation until the document is:
 - a. Signed by the contractor or other performing agency when required (which may include electronic signature);
 - b. Signed by an authorized representative of the Coast Guard;
 - c. Approved administratively when required; and
 - d. Mailed or otherwise delivered to the contractor or other performing agency.
3. Certain contractual documents provide that performance will begin only upon the occurrence of a future event. If the event is uncertain (e.g., enactment of the appropriation for a subsequent fiscal year), the obligation cannot be recorded until the actual occurrence of the event that causes the agreement to be binding. If the future event is certain (e.g., issuance of a notice to begin work on an already existing contract), the

obligation shall be recorded at the time that the contract is executed, not when the notice to proceed is issued.

4. The value of a contractual document that contains specific provisions for termination prior to performance, without cost or liability to the Government, is not recordable as an obligation until after the Government's right to terminate can no longer be exercised. The obligation is incurred at the time the Government can no longer cancel the contract without incurring a liability.
5. The dollar amount of an obligation to be recorded for a contractual document payable in foreign currency shall be computed on the basis of the lowest available legal exchange rate on the date the contract is executed, unless the terms of the contract provide for the use of a different exchange rate. If there is a reasonable basis for expecting a change in the legal rate of exchange or if a change in the rate subsequently takes place, the obligation shall be based on the rate anticipated being in effect when payments are to be made under the contract. The obligation shall be reviewed quarterly and adjusted in accordance with current rate information.
6. A contractual document with provision for a cash discount to be taken for payment within a specified time shall initially be recorded as an obligation in the gross amount, rather than at the net amount after deducting the anticipated discount.
7. The date of mailing or other delivery of the contract determines the date that the obligation is incurred. For recording purposes, except at the end of the fiscal year, delivery may be assumed to have occurred on the date of the last required signature.

7.2.3.2.1.2 Contract Type and Characteristics

Contract type and other contract characteristics affect the timing and amount to be obligated. The following paragraphs describe how the process differs depending on contract type and characteristics.

1. An obligation shall be recorded for a firm-fixed-price or cost-reimbursable level-of-effort term contract when the contract is executed for the total amount stated.
2. Under fixed-price contracts with economic price adjustments, prospective or retroactive price redeterminations, or incentive provisions, an obligation shall be recorded when the contract is executed for the amount of the fixed price stated in the contract (or the target price when the contract includes an incentive clause), even if the contract contains a ceiling price in a larger amount. The amount recorded shall be increased or decreased by amounts provided in contract amendments.
3. Cost-reimbursement contracts include cost-no-fee, cost-sharing, cost-plus-incentive-fee, cost-plus-award-fee, and cost-plus-fixed-fee contracts. An obligation shall be recorded when the contract is executed for the amount of the total estimated cost or payment, but not in excess of the stated maximum liability (e.g., limitations on the Government's liability in a cost limitation or incremental funding clause), including fixed fee in the case of a cost-plus-fixed-fee contract, target fee in the case of a cost-plus-incentive-fee contract, and base fee plus an amount for award fee not in excess of the stated maximum

fee in the case of a cost-plus-award-fee contract. The amount recorded shall be increased or decreased by amounts provided by either contract amendments or a unilateral revision of an award fee estimate made by the contracting office. Any fee awarded in excess of the target fee in a cost-plus-incentive-fee contract shall be recorded as an obligation at the time the determination to award the larger fee is mailed or otherwise delivered to the contractor. The amount of the obligation established for a cost-plus-award-fee contract shall be adjusted at the time the actual award is determined and the contractor notified. In any of these cases, if the contract is incrementally funded, the amount obligated shall always be the funded increments.

4. Indefinite-delivery contracts include definite-quantity contracts, indefinite-quantity contracts, and requirements contracts. Where the quantity required under a contract is indefinite, the ultimate amount of the obligation is determined by subsequent orders; however, the amount of any required minimum order specified in the contract shall be recorded as an obligation upon execution of the contract. An order in excess of the required minimum, which does not have to be accepted by the contractor under the terms of the agreement and which is placed within the time period specified, shall be recorded as an obligation when issued in the amount of the price stated in the order. An order in excess of the required minimum, which has to be accepted by the contractor under the terms of the agreement, shall be recorded as an obligation upon acceptance of the order in the amount of the agreed price. In the case of services, written evidence may be a consolidated periodic (at least monthly) listing of work orders issued to the contractor, showing the estimated dollar amount of each.
5. A contract for an end item may contain a clause which requires the selection, at a later date, of specific initial support requirements to maintain the end item during the initial phase. Contract items that require selection at a later date (“definitization” or “provisioning”) include spare parts, special tools, test and ground-handling equipment, and training aids. The obligation for such provisioned items shall be recorded when evidenced by one of the following documents:
 - a. An exhibit setting forth the identity, quantity, and price of the items incorporated in the contract; or
 - b. A signed provisioning order incorporating by reference the approved list (e.g., production list, design-change list, written order of items) that sets forth the identity and quantity of the provisioned items ordered from the contractor, pending incorporation in the contract. The provisioning order must state what constitutes final approval of the work to be performed or the goods to be delivered. The amount obligated shall be the total estimated cost of the listed items.
6. When contracts specify variations in quantities, regardless of the variation permitted, an obligation shall be recorded when the contract is executed for the price of the quantity specified for delivery. The amount so recorded may be increased or decreased to reflect the quantity actually delivered and accepted.
7. After bids are publicly opened, a notice of award is issued, followed by the formal award. A notice of award may be a letter, telegram, etc., which documents acceptance of the

offer by the Coast Guard. If the offer (including any other document incorporated by reference) sets forth the terms that otherwise would be required in a formal contract, the offer may be accepted by a notice of award. If the acceptance is clear and unqualified, a binding agreement results. An obligation, in the amount in the offer, arises upon issuance of the notice of award. The offer and notice of award constitute the documentary evidence supporting the obligation.

8. A time-and-materials contract provides for acquiring supplies or services on the basis of direct labor hours at fixed rates (i.e., wages, overhead, general and administrative expenses) and materials at cost. A labor-hour contract is a variation of the time-and-materials contract, except that the contractor does not supply materials. An obligation is recorded when the contract is executed for the amount of the total estimated cost or payment.
9. The use of a letter contract requires advance Headquarters authorization. If authorized, the letter contract is signed by the contracting officer and mailed to the contractor for acceptance. The obligation is incurred for a letter contract when the contractor accepts the Coast Guard's offer by signing the contract and then mailing or otherwise delivering that acceptance to the Coast Guard. The obligation shall be recorded in the maximum amount for which the Government will be liable.
10. For purposes of this subsection, an agreement between the Coast Guard and the Small Business Administration (SBA), made pursuant to section 8(a) of the Small Business Act (15 USC 631 et. seq.) and in accordance with FAR 19.800, shall be treated as a firm contract and shall be recorded as an obligation in accordance with the criteria set forth above, as applicable.

7.2.3.2.1.3 Intragovernmental Transactions

An order for specific goods or services placed with another Government agency shall be recorded as an obligation in accordance with the following:

1. Except for those orders prescribed in paragraphs 3 through 5 below, a firm and complete order for goods or services placed on a reimbursable basis by the Coast Guard with another Government agency shall be obligated in the amount of the order when:
 - a. Accepted in writing by the performing agency; or
 - b. Written acceptance cannot be obtained, but evidence is available that the order was placed by an authorized person and that the goods or services were, or are to be, delivered.
2. A major authority for interagency agreements is the Economy Act, 31 USC 1535-1536. An Economy Act agreement is recorded as an obligation as any other contract. Under 31 USC 1535, however, the period of availability of funds transferred pursuant to an Economy Act agreement may not exceed the period of availability of the source appropriation. For orders chargeable to those appropriations expiring in the current year and placed under the authority of the Economy Act, a deobligation is required at the end of the fiscal year to the extent that the performing agency has not incurred a valid

obligation. If the order is not governed by the act, then the order constitutes an obligation equal to the work completed or contracts awarded by the performing agency.

3. Certain orders are required by law to be placed with the following Government agencies and activities:
 - a. The Federal Prison Industries, Inc. (18 USC 4124);
 - b. The Committee for Purchase from the Blind and Other Severely Handicapped (41 USC 46-48c);
 - c. The Government Printing Office (44 USC 501, 502, 504, and 1121); and
 - d. The General Services Administration (34 Comp Gen 05).

The amounts of these orders shall be recorded as obligations when the orders are issued. Those obligations recorded against an expiring appropriation need not be deobligated at the end of the fiscal year even though the performing agency may not have incurred supporting obligations under the order. All such orders shall clearly authorize the performing agency to proceed with a particular task.

4. The recording of an amount as an obligation, where the order (other than one required by law to be placed with one of the agencies or activities listed in paragraph 3 above) is placed with another Government agency for items procured and normally carried in stock by such agency, depends on the capacity in which the supplying activity functions with respect to the particular transaction (see 32 Comp Gen 436).
 - a. If the order involves common-use standard stock items that the supplying activity has on hand or on order for prompt delivery at published prices, the obligation is incurred at the time the order is placed by the requisitioning activity.
 - b. If the order involves stock items other than those referred to in 4a above, the obligation is incurred by the requisitioning activity at the time of issuance of a formal notification from the supplying activity that such items are on hand or on order and will be released for prompt delivery.
 - c. If the order requires execution of a specific contract by the supplying activity, the obligation is incurred by the requisitioning activity at the time the contract is entered into by the supplying activity.
5. An order placed for an entity (ultimate beneficiary) by another Government agency chargeable to the Coast Guard shall be recorded as an obligation by the Coast Guard at the time the specific contract is entered into by the supplying activity which let the contract (see 31 USC 1535).

7.2.3.2.1.4 Adjustment of Orders, Agreements, and other Contractual Documents

1. An incrementally funded contract provides for performance within an estimated total cost and fee, and initial funding that is less than the total contract cost (cost and fee). This type of contract also provides that the liability of the Government is limited to the amount of funding incrementally placed on the contract. Thus the Limitation of Funds clause

required by FAR 32.705 2(c) for cost-reimbursable contracts limits the amount to be recorded as an obligation under an incrementally funded contract. Each increment of funding added to the contract raises the liability of the Government and creates an obligation in the amount of the increase, up to, but not exceeding, the amount that would be recordable as an obligation if the clause were not in the contract. Adjustments of obligations under incrementally funded contracts are subject to the following requirements and limitations:

- a. An obligation may be recorded for the contract up to the amount of the total estimated cost and fee.
 - b. Incremental funding may be added to the contract and recorded as an obligation in any amount up to the amount of the total estimated cost and fee. Any change order issued under an incrementally funded contract, which adds funding to the contract, shall be recorded as an obligation upon issuance.
 - c. Unless the contract states otherwise, the amount of the funding increment is not related to any individual item in the contract.
 - d. At any time when incremental funding on the contract equals the total estimated cost and fee, the contract is no longer considered to be an incrementally funded contract.
 - e. During period(s) of continuing resolution or delayed release of full funds availability, an obligation shall be recorded when the contract is executed for the total amount stated.
2. An obligation recorded under a contract that is not incrementally funded shall be adjusted by the amount provided in a bilateral amendment or modification.
 3. A written unilateral order or contract change (issued pursuant to a clause, such as the Changes-Fixed Price clause in FAR 52.243-1), which is binding on the contractor, is a modification of the contract when issued. Any change in the total estimated cost of the contract will be indicated on a copy of the order for use in recording the increase or decrease in the amount of the previously recorded obligation. The amount of the order is subject to further adjustment for excess costs incurred as a result of termination.
 4. The maximum amount for which the Government will be liable under a letter contract may be increased by unilateral action of the Government. An obligation will be recorded when the contractor is notified that the stated amount of the Government's maximum liability has been increased.
 5. The amount of recorded obligations shall be increased or decreased based on amendments or supplemental agreements issued for the correction of a mistake or the formalization of an informal agreement authorized by determinations made pursuant to 50 USC 1431-1435.
 6. An obligation resulting from a contingency clause or a clause involving excess costs incurred as a result of termination shall be recorded on the basis of the contractual document. If an amendment to the contract is not required, the obligation shall be

recorded when the event fixing the amount of the liability under such contingency provision occurs and is supported by appropriate documentary evidence.

7. An adjustment due to a contract amendment or modification, even if made in a subsequent fiscal year, will be charged against the appropriation initially obligated when the contract was awarded, provided that the amendment or modification:
 - a. Was specifically authorized in the original contract;
 - b. Does not increase the quantity of items ordered;
 - c. Does not cover additional items of services, supplies, or costs not provided in the original contractual agreement; or
 - d. Does not otherwise change the scope of the contract and result in a new procurement.

An adjustment of this nature may be based on a price redetermination, a change in specification, or an engineering or other change necessitating price adjustment. If a transaction is funded under a one-year appropriation, the adjustment shall be made against the appropriation initially obligated. If funded under a no-year appropriation, the adjustment shall be charged or credited to currently available funds. If the transaction is funded under a multi-year appropriation, however, the adjustment shall be charged or credited to the balance of the appropriation only for obligations properly incurred during the period of availability or to complete a contract properly made within that period of availability.

8. If a contract, purchase order, or other obligating document is increased in a subsequent fiscal year by an order, supplement, or amendment that increases the quantity of items ordered or covers additional items of services, supplies, or costs not provided in the original contractual agreement, such increase shall be charged to currently available funds. An obligation for a contingency item shall be evidenced by a signed copy of the order setting forth the specific service to be performed or item to be provided. In the event that the order does not contain pricing information, the accounting copy shall be priced and shall serve as documentary evidence for the recording of the obligation.
9. The amount of an obligation on a fixed-price contract with an economic price adjustment, price redetermination, or incentive provision may be decreased unilaterally by the Coast Guard upon a written determination by the contracting officer that the anticipated liability under the contract can be reduced. A deobligation may also be processed based on a written joint agreement between the contracting officer and the contractor. When a contract or agreement is terminated in whole or in part by the Government via a Notice of Termination to the contractor or other party, the amount obligated under the contract shall be adjusted to reflect an amount sufficient to cover the settlement costs under the termination. Obligations shall not be decreased below the estimate of the contracting officer, based on the best evidence available, of the amount due as a result of the termination. As termination proceeds, the contracting officer shall periodically re-determine the Government's probable liability, based on appropriate documentation, and shall adjust the amount accordingly.

10. When a contract initially provides that certain items will be procured by the contractor and it later becomes necessary or advantageous for the Coast Guard to supply the items, a contract modification shall be executed to reduce the contract amount. The amount of the obligation shall be reduced accordingly. Loan of equipment by the Coast Guard to a contractor may require similar action.
11. A liability arising from an indemnification clause shall be recorded as an obligation only when the Government's liability is clearly established. If a liability is admitted for a portion of the claim, an obligation is incurred only for that portion.
12. A contract dispute arising from a claim filed by a contractor must first be submitted to the contracting officer for consideration under the Contract Disputes Act of 1978 (41 USC 601-613). If the contracting officer denies the claim, a liability arising from an appeal filed by the contractor shall be recorded as an obligation only when the Government's liability is clearly established. The obligation will include simple interest on the amount of the claim finally determined to be owed by the Government and payable to the contractor. Such interest shall be at the rate established by the Secretary of the Treasury pursuant to PL 92-41 from the date the contractor furnishes to the contracting officer the written appeal pursuant to the disputes clause of the contract to the date either a final judgment by a court of competent jurisdiction, or the mailing to the contractor of a supplemental agreement for execution either confirming negotiations between the parties or carrying out a decision of a board of contract appeals.
13. Although interest is included in the obligation when the Government's liability has been established, interest shall be applied only from the date that payment was due, if such date is later than the filing of the appeal. Furthermore, interest shall not be applied for any period of time during which the contracting officer determines that the contractor has unduly delayed pursuing available remedies before a board of contract appeals or a court of competent jurisdiction.

7.2.3.2.1.5 Replacement Contracts

A replacement contract results from contract defaults that result in reprourement contract actions. A reprourement action that will result in a replacement contract may be funded from the same fiscal-year funds as the related obligation if:

1. A bona fide need for the work, supplies, or services must have existed when the original contract was executed.
2. The Coast Guard has a continuing bona fide need for the goods or services.
3. The original contract was made in good faith.
4. The original contract was terminated for default or for the convenience of the Government. If for the convenience of the Government, the termination was the result of:
 - a. A court order;

- b. A determination by a contracting officer that the contract award was improper, when there is explicit evidence that the award was erroneous and when the determination is documented with appropriate findings of fact and of law; or
 - c. A determination by other competent authority (e.g., the General Accounting Office or a board of contract appeals) that the contract award was improper.
5. The replacement contract is substantially of the same size and scope as the original contract and executed without undue delay after the original contract is either terminated or awarded to a different contractor.

7.2.3.2.2 Purchase Orders

1. A purchase order constitutes an obligation when issued if the purchase order accepts a binding written offer made by a vendor to sell specific goods or to furnish specific services at a specific price.
2. A purchase order issued in accordance with FAR part 13 constitutes an obligation. An example is an order of \$100,000 or less for supplies or services not placed against an established contract or with Government sources of supply.
3. A purchase order requiring acceptance by the vendor shall be recorded as an obligation when evidence of written acceptance is received. Delivery of the purchased item shall constitute acceptance (in lieu of written acceptance) to the extent that the delivery is accomplished during the period of availability of the appropriation or funding cited on the purchase order. If delivery is accepted subsequent to the period of availability, a new or current funding citation must be provided on an amended purchase order. An inadvertent payment from expired funds shall be adjusted by transferring the charges to the correct fiscal year on a correction voucher.

7.2.3.2.3 Travel Orders

When authorized in accordance with Coast Guard travel regulations (see *Coast Guard Supplement to the Joint Federal Travel Regulations (CGS-JFTR)*, COMDTINST M4600.17 (series)), an obligation shall be recorded for temporary duty (TDY) travel (to include reserve orders) or permanent change of station (PCS) travel in the full amount of the estimated costs. As a general rule, however, estimated obligations tentatively recorded for transactions within the year shall be placed on an actual expense basis at the end of the fiscal year, excluding limited exempted transactions. Obligations for TDY and PCS travel, transportation, and other allowances are subject to the following conditions:

1. Travel orders for temporary duty travel shall normally be executed and approved no earlier than a month prior to expected travel commencement. However, in those instances where ticket purchases are made to take advantage of special group discounts, reduced rates, etc., the orders may be executed sooner. Estimated obligations shall be recorded when the travel orders are approved. At fiscal year end, the rules below shall be followed to ensure that only obligations applicable to the current fiscal year are recorded.

2. Estimated obligations for PCS allowances for travel, transportation, temporary quarters, residences transactions, relocation services, relocation income tax allowance, movement of household goods, and miscellaneous expenses shall be recorded against the appropriation available within a month of issuance of PCS orders. The same basis should be utilized to record reimbursable PCS costs to the DOD for military personnel detailed to the Coast Guard.
3. An obligation shall not be recorded for amounts advanced to an employee to cover the costs of travel since these amounts have already been obligated.
4. The recorded estimated obligations for TDY and PCS travel shall be promptly adjusted to actual obligations when travel vouchers, airline and automobile rental bills, bills of lading, relocation services contract billings, or any other substantiating documentation are paid. Obligations shall also be adjusted after the calculation and payment of each relocation income-tax allowance transaction.
5. Prior to the certification of obligations, the following fiscal-year adjustments shall be made when the itinerary for authorized TDY travel covers two fiscal years:
 - a. Estimated Costs
 - 1) The current fiscal funds shall be obligated for the portion of the estimated cost that is anticipated to be performed in the current fiscal year.
 - 2) The subsequent fiscal funds shall be obligated for the portion of the estimated cost that is anticipated to be performed in the subsequent fiscal year.
 - 3) An exception pertains to transportation costs (e.g., airlines, automobile rentals). The cost of transportation shall be obligated against the fiscal year funds in which the travel commences.
 - b. Mileage Costs
 - 1) The current fiscal funds shall be obligated for mileage costs when the travel begins at a time to enable the traveler to complete a continuous journey before the close of the current fiscal year.
 - 2) The succeeding fiscal funds shall be obligated for mileage costs when the travel begins near the end of the current fiscal year and the major portion of the travel is performed in the succeeding fiscal year.
 - c. Per diem and other authorized expenses (e.g., taxi hire, official telegrams, other public transportation, and baggage charges paid by the traveler) shall be obligated against the appropriation current at the time that the costs are anticipated to be incurred.

7.2.3.2.4 Training

The obligation for training frequently stems from a contract for services, and, to that extent, is recordable as described above under the contract subsection.

Training tends to be nonseverable (i.e., when a training obligation is incurred in one fiscal year, the entire cost is chargeable to that year, regardless of the fact that performance may extend into the following year). For additional information on the rules for training obligations, see the GAO “Red Book,” *Principles of Federal Appropriations Law*, volume I, chapter 5, section B.5.

7.2.3.2.5 Payroll

1. An obligation for pay, benefits, and related costs shall be evidenced by payroll documentation or other documented estimate. The obligation shall be based on personnel records and shall be recorded in the month that the services are performed.
2. In the event that a payroll period covers portions of two calendar months, the proportionate amount accruing within each month shall be recorded as an obligation applicable to that month.
3. Benefits requiring that Federal contributions shall be accrued include:
 - a. Group life insurance;
 - b. Health benefits;
 - c. FICA taxes; and
 - d. Civil Service and Federal employees retirement systems.
4. Accrued annual leave shall be recorded as an obligation in the month that the employee terminates employment.
5. An obligation for severance pay due former employees is recorded each month.
6. Obligations that require reimbursement to other agencies for civilian employees or military employees shall be accrued each month, based on the reimbursable agreement terms.

7.2.3.2.6 Government Purchase Cards (Bank Cards)

Government purchase cards are funded by purchase requests that are recorded as commitments in the accounting system of record. The amount of approved purchases shall be simultaneously obligated and paid. For the end of a reporting period, at least quarterly, the amount of the received but unpaid purchases shall be obligated. Payment for these purchases is generally made in 48 hours. To accurately report quarterly activity, an obligation is made to reflect costs of purchases received where payment has not been made. The obligation amount will reflect 48 hours of purchases/banking activity. See section 7.14 for a more detailed discussion on estimating and recording accruals.

7.2.3.2.7 Rents, Communications, and Utilities

1. Estimates for obligations shall be in accordance with subsection 5.6.4 of this manual.
2. The amount recorded as an obligation for rents and leases shall be based on the agreement or lease, or on a written administrative determination of the amount due.
3. Under a rental agreement that may be terminated by the Government at any time without notice and without incurring any obligation to pay termination costs, the obligation shall be recorded each month in the amount of the rent for that month.
4. Under a rental agreement providing for termination without cost upon giving a specified number of days notice of termination, an obligation shall be recorded upon execution of the agreement in the amount of rent payable for the number of days notice called for in the agreement. In addition, an obligation shall be recorded each month in the amount of the rent payable for that month. When the number of days remaining under the lease term equals the number of days that advance notice is required for termination, no additional monthly obligation shall be recorded.
5. Under a rental agreement providing for a specified termination payment, an obligation amount shall be recorded upon execution of the agreement. In addition, an obligation shall be recorded each month in the amount of the rent payable. When the remaining rent payable under the terms of the agreement equals the amount of the obligation recorded for the payment specified in the event of termination, no additional monthly obligation shall be recorded.
6. Obligations for a capitalized lease shall be recorded at the time of the lease's execution in the amount of the net present value of the Government's total estimated legal obligations over the life of the contract. Obligations for operating leases shall be recorded at the time of the lease's execution in the total amount of lease payments specified in the agreement, or, if the agreement includes a cancellation clause, an amount sufficient to cover the lease payments for the first year plus an amount sufficient to cover the costs associated with cancellation of the contract. Under the latter circumstances, for each subsequent year, obligations shall be recorded in amounts sufficient to cover the annual lease payment plus any additional cancellation costs.
7. An obligation for recurring charges for utility services and communications (including Enterprise Communication/Network Services (formerly FTS)) shall be recorded each month or as required, based on a written administrative determination of the estimated cost of the service that will be furnished during the month. The estimated cost must be documented and comply with section 7.14 on estimating budgetary accruals. The obligation shall be adjusted upon receipt of an invoice, paid voucher, or other documentary evidence indicating the need for changing the amount recorded.

7.2.3.2.8 Grants

The amount of a grant, subsidy, or contribution shall be recorded as an obligation when supported by documentary evidence as follows:

1. A grant requiring the grantee to perform a service or deliver an item shall be recorded when consummated by mutual agreement. Usually, a grant is signed by a grants officer and mailed to the grantee for acceptance. The obligation is incurred when the grantee accepts or approves the Coast Guard's offer by signing the grant document and mailing or otherwise delivering the acceptance to the Coast Guard. The grant award is normally the documentary evidence that the grant has been awarded. Letters of credit are issued after the grant awards are made and, generally, are not obligating documents.
2. For grants and fixed charges with formulas set in law that automatically fix the amount of the charges, the amount determined by the formula shall be recorded or, if there is an appropriation, the amount appropriated shall be recorded, whichever is smaller. The obligation is reported at the time the grantee is awarded the grant, and is liquidated when the payment is made to the grantee. To the extent that a grant awarded in a previous year is no longer valid, a recovery of prior-year obligations is recorded.
3. A grant, subsidy, or contribution not preceded by a contract or agreement shall be recorded as an obligation at the time payment is made.

7.2.3.2.9 Miscellaneous Obligating Documents

1. Miscellaneous obligating documents are used when a financial event has occurred that results in an obligation, and there is no contractual or other document in place to record the obligation.
2. Miscellaneous obligating documents are normally recorded at the end of a reporting period and reversed in the beginning of the following reporting period.
3. Miscellaneous obligating documents shall meet the same criteria stated in subsection 7.2.3 used for the financial management of all valid obligations.
4. Miscellaneous obligating documents may be used for longer than 30 days when there is no contract (e.g., for utilities or telephones) and there is a requirement to obligate funds for this purpose.
5. Funds will not be obligated:
 - a. Without supporting documentation;
 - b. For the purpose of reserving funds beyond the period of availability; or
 - c. To prevent funds from being used by another organization.
6. Obligations are incurred for services when they are rendered. For example, obligations for GSA rental payments are incurred in the year in which the premises are occupied, whether or not a bill has been rendered.
7. Obligations are incurred for supplies when the order is placed.

8. A cash award given by the Coast Guard shall be recorded as an obligation in the accounting period in which an authorized official approves the award. A copy of the approval document or the document informing the recipient of the award shall be used to support the obligation.
9. The estimated amount of a legal liability shall be recorded as an obligation if the pending litigation, for a definite liability of payment, is for the purpose of determining the amount of the Government's liability. See section 7.18 for additional information on legal liabilities.
10. The estimated cost of land acquisition under condemnation proceedings shall be recorded as an obligation at the time that the Attorney General is requested to institute proceedings. The obligation shall be supported by a written administrative determination of the estimated amount of liability that will result from the litigation. In the case of a condemnation suit where a declaration of taking is filed after the issuance of an administrative determination of liability, the estimated obligation originally recorded shall be adjusted to the amount set forth in the declaration of taking. Any deficiency judgment entered subsequent to the declaration of taking shall be recorded as an obligation of the appropriation current at the time the initial obligation was recorded, since this is merely a final adjudication of the rights of the parties and does not create a new obligation (34 Comp Gen 67 and 35 Comp Gen 185).
11. The following types of liabilities shall be recorded as obligations when supported by appropriate documentary evidence:
 - a. For tort claims, an obligation shall be recorded for the amount involved on the date that the tort claim voucher is signed by an authorized Coast Guard designee or, in the case of a suit settled out of court, by the Attorney General on the date of such settlement (27 Comp Gen 237). The obligation shall be recorded in the amount finally approved and certified for payment.
 - b. An obligation for other claims shall be recorded upon a determination of liability by appropriate legal authority.
 - c. An obligation shall be recorded for any other liability based on a disbursement document that was not preceded by a recorded obligation.

7.2.3.2.10 Transportation of Government Property and Supplies

1. An obligation incurred for the transportation of Government property and supplies shall be evidenced by a bill of lading issued to a commercial carrier, a contract for commercial transportation or truck rental, or an intragovernmental order for specific transportation.
2. The obligation shall be promptly recorded in the amount of the estimated cost of the transportation to be furnished, based on established rates as transactions occur, and adjusted upon receipt of evidence of payment of the final bill.
3. The issuance of a bill of lading by the transportation officer constitutes the obligating act.

4. The cost of the transportation is an obligation of the fiscal year in which the transportation officer issues a bill of lading to a transportation service provider (TSP). The transportation of property and supplies is an obligation of the same fiscal year in which the property and supplies are purchased, if the transportation is included in the purchase price, that is, when the purchase is being made Free on Board (F.O.B.) destination. As a general rule, if transportation charges are or will be paid separately by the Government, the transportation is an obligation of the fiscal year in which the transportation begins or a bill of lading is issued. This rule also applies if transportation charges are prepaid by the vendor and billed as a separate item on the invoice, unless the contractual document clearly indicates that the purchase is being made on a delivered basis.

7.2.3.2.11 Postage

1. An obligation for postage shall be recorded each month based on an estimate of the billing to be received and adjusted based on the actual billing received.
2. If advance payment for penalty mail is required, the obligation shall be based on the advance billing.
3. Purchases of stamps shall be obligated at the time payment is made.

7.2.3.2.12 Reduction of Existing Obligations

Obligations become unsupported when the conditions that substantiated the obligation have changed, but the recorded obligated amounts have not been changed. Deobligation of funds (the reduction of existing obligations recorded in the accounting system of record) is needed in order to preserve the accuracy of obligation information in the accounting system.

For budget execution, the unobligated amounts are defined by the total amounts of funds available for obligation less obligated funds. Thus, unsupported obligations in the system of record unnecessarily reserve funds for outlay and misinform program managers of the available funds to support program requirements. Additionally, since the amount of obligated funds is essential information for budgetary accounting, unsupported obligations cause unreliable and inaccurate financial reporting.

1. Financial managers and contracting officers shall deobligate funds when an existing obligation to the Government to outlay (pay) funds is no longer matched by the recorded obligation in the system of record. As operational conditions change, orders are amended, services and goods are provided, and final deliveries are made, remaining obligations of estimated payments shall be reduced to reflect the Government's actual obligation.
2. In promulgated bulletins, the Department of the Treasury requires agencies to annually review and reconcile their unliquidated obligations. DHS implements this requirement with additional guidance in its *Component Requirements Guide for Financial Reporting*. To meet these external requirements, financial managers shall:

- a. Reconcile their obligations with the criteria of valid obligations set forth in 31 USC 1501;
 - b. Deobligate funds that no longer meet this criteria; and
 - c. Retain work papers and records on verifications to facilitate future audits.
3. Financial managers shall deobligate funds:
 - a. When the obligation of the Government to outlay funds has been reduced or cancelled;
 - b. When actual costs do not match estimated costs; or
 - c. When goods and services have been fully delivered and invoices paid, and a residual obligation remains in the system of record.
 4. Contracting officers shall deobligate funds on existing contracts in accordance with the *Federal Acquisition Regulation* and when financial managers have documented that one of the conditions in paragraph 3 above exists regarding the obligation. Financial managers and contracting staff shall maintain documentation to support actions to deobligate funds as evidence of the accounting transaction.
 5. Financial managers shall deobligate funds during regular reviews and validations. During these validations, the three criteria, purpose, time, and amount (see subsection 5.6.2), that establish a legitimate obligation must be reviewed and confirmed. In the course of these reviews, obligations will be increased, decreased, or eliminated, as appropriate. Financial managers shall maintain documentation to support the deobligation alongside the documentation that supported the original obligation transaction.
 6. Procedures for reviewing, validating, and deobligating funds shall be coordinated by Commandant (CG-831) as part of the annual budget execution process. These reviews implement the Treasury requirement to validate all unliquidated obligations annually and the DHS requirement to validate and adjust certain classes of obligations quarterly. During these reviews, financial managers shall validate obligations within current-year and expired-year appropriations, trust funds, and revolving funds, and shall deobligate funds as appropriate.

7.2.3.3 Monitoring and Certification

1. Obligations shall be continually monitored to verify that obligated balances are accurately reflected in the accounting system of record and reported on the Coast Guard financial statements. Continual monitoring reduces the need for extensive corrections at year-end closeout.
2. Monitoring continues throughout the life of the obligation. From the point that a commitment becomes an obligation until the obligation (undelivered order) is liquidated or cancelled, routine monitoring is required for effective and efficient budget execution. Unliquidated obligation balances shall be reviewed at least quarterly, and balances no

longer valid or needed shall be deobligated so that the funds can be made available for reuse.

3. All modifications, memoranda, and receiving paperwork shall reflect the correct amounts and descriptions to align with the approved and authorized obligation documentation. For all increases in quantities, claims, changes in costs for level of effort, and other monetary effects on a contract, the responsible Coast Guard contracting officer (KO) listed on the procurement document shall be contacted to verify that the change is authorized by modification.
4. Receipt of goods and services shall be monitored to verify that the required delivery date (RDD) is being met. For purchases using simplified acquisition procedures, if the receipt of goods and services does not occur by the RDD, the supplier shall be contacted for delivery status. In the case of material not received under major contracts by the required delivery date, the KO responsible for the buy shall be contacted for follow-up.
5. All reimbursable and direct citation procurement actions shall follow appropriate procedures, as outlined by the resource manager in charge of the funds and their distribution. Orders for goods and/or services shall be monitored until the order is completely received or cancelled. All invoices shall be reviewed and annotated to certify the receipt and acceptance of goods and services for which payment is to be made.
6. Obligation certifications of accounts shall be conducted to maintain positive funds control and to act as a tool to mitigate errors and possible misstatement of obligation balances. These certifications support the submission of the monthly Report on Budget Execution and Budgetary Resources, Form SF 133; the determination of quarterly obligation rate requirements, and the year-end pipeline adjustment for the Year-end Closing Statement, Form FMS 2108. Systematic approaches are utilized to certify spending and to account for differences and/or errors prior to quarterly financial reporting. It is the responsibility of Coast Guard obligating authorities to review and provide certification for all obligations for which they are authorized and have executed in accordance with this policy and other authorities. Every financial manager is responsible for assessing the accuracy of obligations and for taking corrective actions as needed to improve the timeliness and quality of reported financial information.
7. After funds have expired, Commandant (CG-8) and contracting personnel, in cooperation with FINCEN, shall review the status of prior-year obligations and shall promptly deobligate invalid or unneeded undelivered orders outstanding. A periodic review of these balances is required to assure that sufficient unobligated balances are available to cover upward obligation adjustments (e.g., claims, overruns, target-to-ceiling) and to avoid the risk of incurring Antideficiency Act violations.
8. The Coast Guard shall not automatically deobligate funds. Funds are deobligated after a review process has determined that either the funds have expired or there is no longer a need for them.

7.2.3.3.1 End of Year Certification

Subsection 5.7.2.4.2 prescribes a CG-wide certification at year-end in recognition of the importance of fund balance in financial statement reporting. This certification is made at senior management levels. This subsection provides for certifications at lower levels in the organization.

1. Account balance certification reporting schedules shall be approved and published via standard message by the end of January of every calendar year. Certification schedules shall establish reporting due dates consistent with audit or external financial reporting schedules.
2. All account obligations shall be certified, and pipeline adjustments shall be properly documented, in accordance with prescribed schedules and in compliance with all established regulations, policies, and procedures.
3. Only technically capable individuals are to certify transactions for financial statement reporting. The management review function shall only be assigned to individuals with necessary oversight competencies.
4. Pipeline adjustment is required to report accrual of UDOs on the Year-end Closing Statement, Form FMS 2108. The UDO pipeline adjustment shall be based upon a comparison of the financial manager's certified total spending account balance and the total spending balance in the accounting system of record. The variance, if any, between the two amounts shall determine the amount of the pipeline adjustment.
5. Post-certification reviews of certified account balances shall be conducted to ensure that:
 - a. Amounts on the report are mathematically correct;
 - b. Reported amounts calculated by summation of interdependently certified balances are correct;
 - c. Abnormal account balances, such as negative balances or excessive balances, are researched and resolved;
 - d. Reported amounts for the same data elements and the same report period are consistent across all similar financial reports; and
 - e. Unusual trends and comparisons with prior-year and/or prior-period amounts are identified and called to the attention of the unit/program element manager and the appropriation manager for appropriate action or analysis.
6. For financial reports prepared at or below the appropriation level, cognizant financial managers shall:
 - a. Compare budgeted and planned levels of activity with the reports in order to identify errors, omissions, and significant deviations from expected or planned amounts. When errors or omissions are identified, changes to the reports shall be annotated at the document detail level and noted as a difference for certification of obligations.
 - b. Verify that proposed adjustments or corrections are made to the official accounting records immediately after financial systems become available following the close of

the reporting period. Account balance certification and pipeline calculation reports do not relieve the program element manager of the responsibility or the requirement for correcting the Coast Guard financial systems, local ledgers, and accounting system of record's general ledgers prior to the next reporting period.

- c. Perform program and management post-analysis of information contained in the account balance certification.
- d. Verify that reported differences or omissions and applicable unreconciled PES reports are reconciled for posting to official financial systems prior to account balance certification.

7.2.3.3.2 Quarterly Reviews

1. All Coast Guard obligations shall be validated and verified quarterly, in accordance with the DHS *Component Requirements Guide for Financial Reporting*. Proper supporting documentation shall be maintained for each adjustment to the obligated total.
2. Obligated funds shall be deobligated when a determination is made that the funds are no longer needed for the purposes for which they were obligated. All obligations that meet at least one of the following criteria shall be deobligated within 30 days or at fiscal-year closeout, whichever comes first:
 - a. Residual balances remain after the vendor has completed delivery and received full payment;
 - b. Undelivered items are no longer needed and/or a project order/contract has been cancelled;
 - c. Errors in accounting require correction prior to clearing an outstanding balance;
 - d. An initial obligation is determined to be invalid; or
 - e. A reduction of previously recorded obligations is warranted.
3. Until the obligations in paragraph 2 above are deobligated, they are required to be validated until the balance is zero, regardless of the status of the appropriation.
4. All information supporting obligations shall be retained and readily available for review upon request.
5. Individuals shall strictly adhere to the requirements for performing their assigned roles and responsibilities, and managers shall perform oversight due-diligence functions.
6. Reporting the results of the obligation validation does not relieve individuals of the responsibility of making corrections to the accounting system of record based on validation results to accurately report financial activity. For example, the Coast Guard's obligating authorities shall take action to deobligate balances if the obligated balance reflected in the accounting system of record is no longer required.

7.2.3.3.3 Performance Metrics

1. Commandant (CG-831) shall perform monitoring of obligations at the TAFS and subprocess level. This monitoring shall review:
 - a. Externally required financial reports;
 - b. Coast Guard reports on the effectiveness and timeliness of the obligation validation process; and
 - c. Specific performance measures prescribed by DHS regarding the monitoring of classes of obligations.
2. In the performance of this monitoring function, at a minimum, the following reports shall be provided to appropriations managers for review:
 - a. Forms SF 133 are completed accurately and on time;
 - b. Miscellaneous obligation document transactions have been reversed within 30 days, or supporting documentation has been provided;
 - c. Estimates have been validated in accordance with section 7.14 of this manual;
 - d. Quarterly reviews are performed accurately and on time; and
 - e. Results are reported to Commandant (CG-8).
3. Upon completion of these reviews, summary reports shall be prepared and forwarded to Commandants (CG-83) and (CG-8).

7.2.3.3.4 Documentation Retention Requirements

1. All documentation supporting the life cycle of obligations and accounts shall be maintained at the unit level.
2. Obligation documents shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), section II, chapter 7, and shall be accessible to support management reviews and audits.
3. The reports shall be retained in the unit file for a minimum of three years. All documentation is subject to internal audit by Commandant (CG-831), and failure to provide copies will be considered a violation of this policy.

7.2.3.3.5 Management Assessment for the Obligation Validation Process

1. For post-validation and certification sampling of hard-copied documents, the number of samples requested for submission shall be calculated based on a statistically valid sample.
2. Sampling plans must be methodically sound and shall adhere to technical guidelines set forth in professional audit standards.
3. All sampling plans submitted for approval shall first be reviewed and approved (or in most cases, originally prepared) by qualified staff.

4. All sampling plans shall include:
 - a. The definition of the population from which the sample will be selected;
 - b. The sample size and element selection method;
 - c. Procedures to analyze the results of sampled records; and
 - d. Methods to document the results of the sample review.
5. Sampling plans shall be reviewed and updated periodically to reflect the most recent occurrence rate trends and to allow for population estimates within predetermined sampling probability and precision levels.

7.3 Fund Balance with Treasury (FBWT)

7.3.1 Overview

In accordance with 31 USC 3513, each executive agency must provide reports and information about its financial condition and operations to the Secretary of the Treasury, as the Secretary may require. Treasury requires that agencies reconcile their FBWT accounts on a regular and recurring basis to assure the integrity and accuracy of their internal and Governmentwide financial report data.

Accordingly, this section specifies policy for the following topics, each of which is addressed in a separate subsection:

7.3.3 Reconciliation of Fund Balance with Treasury (FBWT)

7.3.4 Edit Check Reconciliation

7.3.5 Analysis and Reconciliation of GL Account Relationships and Abnormal Balances

7.3.6 Analysis and Reconciliation of GL Control Accounts to Subsidiary and/or Supporting Records

Note: The term “Treasury Account Symbol” (TAS) is used throughout this section with the understanding that it includes the “Treasury Appropriation Fund Symbol” (TAFS). Refer to the Glossary for additional information.

This section applies to all Coast Guard components that report monthly collections and disbursements to the Department of the Treasury’s Financial Management Service (FMS) on the Statement of Transactions, Form FMS 224, classified according to Appropriation, Fund and Receipt Account, and Related Control Totals.

This section has four major objectives:

1. For reconciliation of Fund Balance with Treasury:
 - a. To ensure that the Coast Guard FBWT account balances and activities reconcile to the Governmentwide Accounting (GWA) System accounts statements, hereinafter

- referred to as “GWA reports,” and to the Treasury’s Statement of Transactions, Form FMS 224, on a monthly basis; and
- b. To ensure that the Coast Guard maintains sufficient documentation to adequately support any resulting reconciling items and that corrections are properly documented and authorized.
2. For edit check reconciliation:
 - a. To ensure that edit check reconciliations are appropriate, complete, and accurate, in accordance with Treasury guidance and DHS OFM requirements;
 - b. To ensure that edit check reconciliations are completed, reviewed, and properly documented on a monthly basis; and
 - c. To ensure that the Coast Guard maintains sufficient documentation to support any resulting variance and that corrections are properly documented and authorized.
 3. For analysis and reconciliation of GL account relationships and abnormal balances:
 - a. To ensure that reconciliations of Coast Guard general ledger (GL) account relationships are completed accurately and in a timely manner;
 - b. To ensure that appropriate GL account relationships are maintained and that adjustments to correct the reconciling items required to maintain those relationships are complete, accurate, timely, and authorized; and
 - c. To ensure that all abnormal account balances are identified and either corrected or adequately explained and documented on a timely basis.
 4. For analysis and reconciliation of GL control accounts to subsidiary and/or supporting records:
 - a. To ensure that the Coast Guard’s general ledger (GL) control accounts are supported by their corresponding subsidiary and/or supporting records or suspense accounts activity, in accordance with Coast Guard and DHS requirements;
 - b. To ensure that the Coast Guard maintains adequate documentation to support the analysis and reconciliation processes performed and the investigation of resulting reconciling items; and
 - c. To establish a time frame for the approval and correction of identified reconciling items.

7.3.2 Authorities

1. Federal Financial Management Improvement Act of 1996.
2. Government Accountability Office, *Standards for Internal Control in the Federal Government*, AIMD-00-21.3.1, November 1999.
3. Office of Management and Budget, Circular A-123, *Management’s Responsibility for Internal Control*, December 2004.

4. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.
5. Office of Management and Budget, Circular A-130, *Management of Federal Information Resources*, November 2000.
6. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, June 2009.
7. Department of the Treasury, Financial Management Service, *Governmentwide Accounting System Account Statement User Manual*, Release 2.1, April 2004.
8. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, Bulletin No. 2007-06, “Intra-governmental Payment and Collection (IPAC) System – Treasury Account Symbol (TAS)/Business Event Type Code (BETC) Reporting.”
9. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 3900, “Reconciliation to Financial Management Service (FMS) Accounting Results”, August 2008.
10. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 5100, “Reconciling Fund Balance with Treasury Accounts”, October 1999.
11. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, Supplement to I TFM 2-5100, “Fund Balance with Treasury Reconciliation Procedures”, October 2002.
12. Department of Homeland Security, Office of Financial Management, *Component Requirements Guide for Financial Reporting* (series).

7.3.3 Reconciliation of Fund Balance with Treasury (FBWT)

7.3.3.1 Responsibilities

Following are the offices and their respective responsibilities for the reconciliation of FBWT.

7.3.3.1.1 Academy, Aviation Logistics Center, PPC (military payroll), Yard/SFLC

Personnel at these entities:

1. Reconcile daily FBWT activity and prepare correcting entries, if applicable.
2. Submit a Statement of Transactions, Form FMS 224, to Treasury.
3. Certify in writing that the FBWT balances are complete and accurate.
4. Forward the certification letter and the reconciliation package to FINCEN.
5. Maintain supporting documentation.

7.3.3.1.2 FINCEN

FINCEN personnel:

1. Reconcile detailed cash differences to Treasury's Statement of Differences (SOD).
2. Reconcile FBWT activity and prepare correcting entries, if applicable.
3. Submit a Statement of Transactions, Form FMS 224, to Treasury.
4. Certify to Commandant (CG-842) the completion and timeliness of reconciliations from the Academy, Aviation Logistics Center, PPC (military payroll), Yard/SFLC, and FINCEN.

7.3.3.2 Policy for Reconciliation of FBWT**7.3.3.2.1 Monthly Reconciliation of FBWT to Statement of Transactions, Form FMS 224**

1. The FBWT GL accounts shall be reconciled with a Statement of Transactions, Form FMS 224, on a monthly basis.
2. Adequate segregation of duties shall be maintained throughout the reconciliation process (i.e., the performance and approval of any reconciliation activity shall be delegated to separate personnel).
3. Any resulting reconciling items shall be adequately researched, identified, explained, supported, and/or corrected.
4. Corrections to the FBWT account shall be supported by appropriate documentation, and shall be approved, signed, and dated in accordance with Subsection 7.3.3.3, Procedures.
5. Coast Guard components shall review and approve, as evidenced by their signature, the transmission to Treasury of the draft Statement of Transactions, Form FMS 224.
6. The approved Statement of Transactions, Form FMS 224, shall be submitted via electronic connection to Treasury by the third business day after the close of each month.
7. Coast Guard components shall certify the FBWT reconciliation, via a consolidated certification letter, as to its completeness, accuracy, and appropriateness of the related supporting documentation, and as to whether the appropriate queries and reports were run to verify the correctness of the FBWT accounts.
8. Coast Guard components shall submit the FBWT reconciliation package, if applicable, along with the signed consolidated letter, to FINCEN, in accordance with the schedule included in Appendix 7-2, Reconciliation of Fund Balance with Treasury.
9. Each FINCEN FBWT reconciliation shall be internally certified by the branch chief and the division chief as to its completeness, accuracy, and appropriateness of the related supporting documentation, and as to whether the appropriate queries and reports were run to verify the correctness of the FBWT accounts.

10. FINCEN shall certify to Commandant (CG-842), via a signed consolidated certification letter, the completeness, accuracy, and timeliness of all reconciliations and analyses prescribed by DHS for the Academy, Aviation Logistics Center, PPC, Yard/SFLC, and FINCEN.
11. All data transfers and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.
12. Access to systems shall be limited to authorized personnel, relevant to their reconciliation responsibilities, in accordance with Coast Guard system access control policies.
13. All information supporting the FBWT reconciliation shall be kept in a central location. This information shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

7.3.3.2.2 Monthly Reconciliation of FBWT to GWA Reports

1. The policy and procedures established in I TFM 2-5100, "Reconciling Fund Balance with Treasury Accounts," shall be followed in the monthly reconciliation of FBWT to the GWA reports.
2. The guidance in the TFM supplement, "Fund Balance with Treasury Reconciliation Procedures, A Supplement to I TFM 2-5100," shall be followed in the monthly reconciliation of FBWT to the GWA reports.
3. Adequate segregation of duties shall be maintained throughout the reconciliation process (i.e., the performance and approval of any reconciliation activity shall be delegated to separate personnel).
4. Reconciliations shall be performed in a timely manner. Effective and efficient reconciliation processes shall be implemented to ensure the reliability of the receipt and disbursement data recorded and reported by the agency.
5. Reconciliations shall be documented and made available to agency management, and all adjustments shall be researched and traceable to supporting documents.
6. All transactions that affect FBWT shall be posted to the USSGL 1010 account in the general ledger and reported on the Statement of Transactions, Form FMS 224. On a monthly basis, the USSGL 1010 account balances for each TAS shall be reconciled with the following GWA reports:
 - a. Expenditure Transactions Report (replaces Form FMS 6653);
 - b. Expenditure Activity Report (replaces Form FMS 6654);
 - c. Available Receipt Account Report (replaces Form FMS 6655);
 - d. Unavailable Receipt Account Report (replaces Form FMS 6655); and
 - e. Unappropriated Receipt Account Report (replaces Form FMS 6655).

7. Corrections to the FBWT account shall be supported by appropriate documentation, and shall be approved, signed, and dated in accordance with Subsection 7.3.3.3, Procedures.
8. Each FINCEN FBWT reconciliation shall be internally certified by the preparer, the branch chief, and the division chief as to its completeness, accuracy, and appropriateness of the related supporting documentation, and as to whether the appropriate queries and reports were run to verify the correctness of the FBWT accounts.
9. FINCEN shall certify to Commandant (CG-842), via a signed consolidated certification letter, the completeness, accuracy, and timeliness of all reconciliations and analyses prescribed by DHS for the Academy, Aviation Logistics Center, PPC (military payroll), Yard/SFLC, and FINCEN.
10. All data transfers and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.
11. An authorized Coast Guard official shall review and sign the monthly reconciliation documents. The Coast Guard shall make these documents available to auditors of agency financial statements and FMS upon request.
12. All information supporting the FBWT reconciliation shall be kept in a central location. This information shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

7.3.3.3 Procedures

The following offices and personnel are responsible for the tasks specified below in support of the policy for reconciliation of FBWT. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

7.3.3.3.1 Academy

1. Operations accountant:
 - a. Reconciles the daily FBWT activity recorded in the USSGL 1010 account to a Statement of Transactions, Form FMS 224, by TAS and Agency Location Code (ALC).
 - b. Researches and documents all discrepancies.
 - c. Prepares correcting entries, if applicable, and submits them to the budget officer for approval.
 - d. Prepares and submits a Statement of Transactions, Form FMS 224, to Treasury after approval by the budget officer.
 - e. Reconciles the confirmed Statement of Transactions, Form FMS 224, to the submitted Statement of Transactions, Form FMS 224, and signs and dates the reconciliation.

- f. Maintains supporting documentation.
2. Budget officer:
Reviews and approves all correcting entries, reconciliation packages, and draft Statements of Transactions, Forms FMS 224.
3. Finance branch chief:
 - a. Signs and dates a letter certifying that the FBWT balances are complete and accurate.
 - b. Forwards the reconciliation package, the submitted Statement of Transactions, Form FMS 224, and the certifying letter to FINCEN.

7.3.3.3.2 Aviation Logistics Center

1. Fiscal Operations Branch (FOB) accountant:
 - a. Reconciles the daily FBWT activity recorded in the USSGL 1010 account to a Statement of Transactions, Form FMS 224, by TAS and ALC.
 - b. Researches and documents all discrepancies.
 - c. Prepares correcting entries, if applicable, and submits them to the FOB chief for approval.
 - d. Prepares and submits a Statement of Transactions, Form FMS 224, to Treasury after approval by the FOB chief.
 - e. Reconciles the confirmed Statement of Transactions, Form FMS 224, to the submitted Statement of Transactions, Form FMS 224, and signs and dates the reconciliation.
 - f. Maintains supporting documentation.
2. FOB chief:
 - a. Reviews and approves all correcting entries and reconciliations.
 - b. Signs and dates a letter certifying that the FBWT balances are complete and accurate.
 - c. Forwards the reconciliation package and the submitted Statement of Transactions, Form FMS 224, to FINCEN.

7.3.3.3.3 FINCEN

1. Reports & Reconciliation Unit (OGQ) accountant:
 - a. Reconciles the detailed cash differences to Treasury's Statement of Differences (SOD).
 - b. Researches and resolves all discrepancies.
 - c. Reconciles the FBWT activity recorded in the USSGL 1010 account to a Statement of Transactions, Form FMS 224, by TAS and ALC.

- d. Submits the approved Statement of Transactions, Form FMS 224, to Treasury and documents its receipt by Treasury.
 - e. Reconciles the confirmed Statement of Transactions, Form FMS 224, to the submitted Statement of Transactions, Form FMS 224, and signs and dates the reconciliation package.
2. OGQ chief:
 - a. Reviews and approves all correcting entries.
 - b. Reviews and approves the reconciliation package and the draft Statement of Transactions, Form FMS 224, and signs and dates the reconciliation package.
 3. General Accounting Section (OGA) chief:

Reviews and approves the reconciliation package and the draft Statement of Transactions, Form FMS 224, and signs and dates the reconciliation package.
 4. General Accounting Branch (OG) chief:

Reviews and approves the reconciliation package, and signs and dates the internal web-based certification form.
 5. Accounting Operations Division (OC) chief:

Reviews and approves the reconciliation package, and signs and dates the internal web-based certification form.
 6. Financial Reports and Analysis Branch (FF) accountant:
 - a. Reconciles the monthly FBWT activity recorded in the USSGL 1010 account to the GWA reports by TAS.
 - b. Reports all differences to the appropriate ALC for research and correction.
 - c. Signs and dates the reconciliation package.
 - d. Signs and dates the internal web-based certification form.
 7. FF chief:
 - a. Reviews and approves the reconciliation package.
 - b. Signs and dates the reconciliation package, and forwards it to the Financial Information and Control Division (FC) chief for certification.
 - c. Signs and dates the internal web-based certification form.
 8. Financial Information and Control Division (FC) chief:
 - a. Signs and dates the reconciliation package.
 - b. Signs and dates the internal web-based certification form.
 - c. Certifies to Commandant (CG-842) the completion and timeliness of reconciliations from the Academy, Aviation Logistics Center, PPC, Yard/SFLC, and FINCEN.

7.3.3.3.4 Pay and Personnel Center (PPC) – Military Payroll

This subsection applies to the reconciliation of FBWT for military payroll transactions.

1. Systems accountant:
 - a. Reconciles the daily FBWT activity recorded in the USSGL 1010 account to a Statement of Transactions, Form FMS 224, by TAS and ALC.
 - b. Researches and documents all discrepancies.
 - c. Prepares correcting entries, if applicable, and submits them to the branch chief for approval.
 - d. Prepares and submits a Statement of Transactions, Form FMS 224, to Treasury after approval by the branch chief and the division chief.
 - e. Reconciles the confirmed Statement of Transactions, Form FMS 224, to the submitted Statement of Transactions, Form FMS 224, and signs and dates the reconciliation.
 - f. Maintains supporting documentation.
2. Branch chief:
 - a. Reviews and approves all correcting entries and reconciliations, and forwards them to the division chief for approval.
 - b. Signs and dates the Statement of Transactions, Form FMS 224, cover sheet, certifying that the FBWT balances are complete and accurate.
 - c. Notifies the division chief that the Statement of Transactions, Form FMS 224, is ready for review.
3. Division chief:
 - a. Reviews and approves all correcting entries and reconciliations.
 - b. Signs and dates the Statement of Transactions, Form FMS 224, cover sheet, certifying that the FBWT balances are complete and accurate.

7.3.3.3.5 Yard/Surface Forces Logistics Center (SFLC)

1. General Accounting Division accounting staff:
 - a. Reconciles the daily FBWT activity recorded in the USSGL 1010 account to a Statement of Transactions, Form FMS 224, by TAS and ALC.
 - b. Researches and documents all discrepancies.
2. Reports, Reconciliations, and Budget (RR&B) Division accountant:
 - a. Prepares correcting entries, if applicable, and submits them to the RR&B Division chief for approval.

- b. Prepares and submits a Statement of Transactions, Form FMS 224, to Treasury after approval by the RR&B Division chief.
 - c. Reconciles the confirmed Statement of Transactions, Form FMS 224, to the submitted Statement of Transactions, Form FMS 224, and signs and dates the reconciliation.
 - d. Maintains supporting documentation.
3. RR&B Division chief:
Reviews and approves all correcting entries, reconciliation packages, and draft Statements of Transactions, Forms FMS 224.
4. Financial Operations Department chief:
- a. Signs and dates a letter certifying that the FBWT balances are complete and accurate.
 - b. Forwards the reconciliation package, the submitted Statement of Transactions, Form FMS 224, and the certifying letter to FINCEN.

7.3.4 Edit Check Reconciliation

7.3.4.1 Responsibilities

Following are the offices and their respective responsibilities for edit check reconciliation.

7.3.4.1.1 Aviation Logistics Center; Yard/SFLC

Personnel at these locations:

1. Prepare the edit check reconciliation package, including all reconciliation activities and analyses.
2. Certify in writing that all applicable edit check reconciliations and analyses are complete and accurate.
3. Forward the certification letter and the reconciliation package to FINCEN.
4. Maintain supporting documentation.

7.3.4.1.2 FINCEN

FINCEN personnel:

1. Verify that all TAS edit checks are accurate, and prepare adjustments, if applicable.
2. Prepare the edit check reconciliation package, including all reconciliation activities and analyses.
3. Certify to Commandant (CG-842) the completion and timeliness of all edit check reconciliations and analyses from the Aviation Logistics Center, PPC (military payroll), Yard/SFLC, and FINCEN.

7.3.4.2 Policy for Edit Check Reconciliation

1. All reconciliations shall be performed in a timely manner. Effective and efficient reconciliation processes shall be implemented to ensure the integrity and accuracy of Coast Guard financial report data.
2. The edit check reconciliations shall be performed on a monthly basis in accordance with Treasury guidance and the requirements specified in *Component Requirements Guide for Financial Reporting*. (See Appendix 7-3, Edit Check Reconciliation, for a list of reconciliations to be done by each Coast Guard component.)

Note: Some components, such as Yard/SFLC, receive guidance from FINCEN in lieu of direct reference to *Component Requirements Guide*.
3. All edit check reconciliation packages shall be reviewed and approved by a level of management at least one level higher than that of the preparer of the reconciliation.
4. Coast Guard components shall certify the edit check reconciliations, via a consolidated certification letter, as to completeness, accuracy, and appropriateness of the related supporting documentation, and as to whether the appropriate queries and reports were run to verify the correctness of the general ledger accounts.
5. Coast Guard components shall submit all reconciliation packages, if applicable, along with a signed consolidated letter, to FINCEN, in accordance with the schedule included in Appendix 7-3, Edit Check Reconciliation.
6. FINCEN edit check reconciliations shall be internally certified by the preparer, the preparer's branch chief, and the preparer's division chief as to completeness, accuracy, and appropriateness of the related supporting documentation, and as to whether the appropriate queries and reports were run to verify the correctness of the edit checks.
7. FINCEN shall certify to Commandant (CG-842), via a signed consolidated certification letter, the completeness, accuracy, and timeliness of all reconciliations and analyses prescribed by DHS for the Academy, Aviation Logistics Center, PPC (military payroll), Yard/SFLC, and FINCEN.
8. All extraction data and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.
9. Adequate segregation of duties shall be maintained throughout the performance of the edit check reconciliation (i.e., the performance and approval of any reconciliation activity shall be delegated to separate personnel).
10. The researchable items forms shall be returned to the requesting office within 30 days after being received, and shall include an explanation of the proposed corrections and/or actions performed to resolve the reconciling items.
11. Each explanation and/or correction included in the researchable items form shall be reviewed and approved by a level of management one level higher than the employee who provided them in the form, as evidenced by the approver's signature and date on the form.

12. Explanations and/or corrections of reconciling items shall be analyzed by the requesting office, if applicable, to ensure that they are appropriate and adequately supported, in accordance with *Component Requirements Guide for Financial Reporting*.
13. Reconciliations shall be documented and made available to agency management, and all adjustments shall be researched and traceable to supporting documents.
14. Corrections to the respective accounts shall be supported by appropriate documentation, and shall be approved, signed, and dated, in accordance with Subsection 7.3.4.3, Procedures.
15. Only authorized officials shall prepare, review, and approve the edit check reconciliations and the resulting adjustments.
16. Access to systems shall be limited to authorized personnel, relevant to their reconciliation responsibilities, in accordance with Coast Guard system access control policies.
17. All information supporting the general ledger control account reconciliations shall be kept in a central location. This information shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

7.3.4.3 Procedures

The following offices and personnel are responsible for the tasks specified below in support of the policy for edit check reconciliation. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

7.3.4.3.1 Aviation Logistics Center

1. Fiscal Operations Branch (FOB) accountant:
 - a. Generates the Cognos report, and verifies that all TAS edit checks are accurate (see Appendix 7-3, Edit Check Reconciliation).
 - b. Researches and documents all reconciling items, and, when necessary, submits researchable items forms to appropriate personnel to facilitate further analysis.
 - c. Prepares adjusting entries to resolve any edit check variances, if applicable, and submits them to the FOB chief for approval.
 - d. Analyzes all adjustments to determine whether the corrections are appropriate, supported, and in accordance with *Component Requirements Guide for Financial Reporting*.
 - e. Prepares, signs, and dates the edit check reconciliation package, which includes all reconciliation activities and analyses, and submits the package to the FOB chief for approval.
 - f. Maintains appropriate logs and supporting documentation for all edit check reconciliation activities.

2. FOB chief:
 - a. Reviews and approves all edit check adjustments.
 - b. Reviews the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Signs and dates a consolidated certification letter, certifying that all applicable reconciliations and analyses listed in Appendix 7-3, Edit Check Reconciliation, are complete, accurate, and supported by appropriate documentation.
 - d. Transmits the signed consolidated certification letter to FINCEN along with the consolidated reconciliation package, if applicable.

7.3.4.3.2 FINCEN

1. Financial Reports and Analysis Branch (FF) accountant:
 - a. Prepares the pre-2108 spreadsheet, and verifies that all TAS edit checks are accurate.
 - b. Researches and documents all reconciling items, and, when necessary, submits researchable items forms to appropriate personnel to facilitate further analysis.
 - c. Prepares adjustments to resolve any edit check variances, if applicable, and submits them to the FF chief for approval.
 - d. Reruns the pre-2108 spreadsheet to ensure that the adjustments were properly posted.
 - e. Prepares the edit check reconciliation package, which includes all reconciliation activities and analyses, and submits the package to the FF chief for approval.
 - f. Signs and dates the internal web-based certification form.
 - g. Maintains appropriate logs and supporting documentation for all edit check adjustments on a quarterly basis.
2. FF chief:
 - a. Reviews and approves all edit check adjustments.
 - b. Reviews the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Signs and dates the internal web-based certification form.
3. Financial Information and Control Division (FC) chief:

Certifies to Commandant (CG-842), via a signed consolidated certification letter, the completion and timeliness of all reconciliations and analyses for the Aviation Logistics Center, PPC (military payroll), Yard/SFLC, and FINCEN, in accordance with *Component Requirements Guide for Financial Reporting*.

7.3.4.3.3 Yard/Surface Forces Logistics Center (SFLC)

1. Reports, Reconciliations, and Budget (RR&B) Division chief:

- a. Generates the Cognos report, and verifies that all TAS edit checks are accurate (see Appendix 7-3, Edit Check Reconciliation).
 - b. Researches and documents all reconciling items, and, when necessary, submits researchable items forms to appropriate personnel to facilitate further analysis.
 - c. Prepares adjusting entries to resolve any edit check variances, if applicable, and submits them to the Financial Operations Department chief for approval.
 - d. Analyzes all adjustments to determine whether the corrections are appropriate and supported.
 - e. Prepares, signs, and dates the edit check reconciliation package, which includes all reconciliation activities and analyses, and submits the package to the Financial Operations Department chief for approval.
 - f. Maintains appropriate logs and supporting documentation for all edit check reconciliation activities.
2. Financial Operations Department chief:
- a. Reviews and approves all edit check adjustments.
 - b. Reviews the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Signs and dates a consolidated certification letter, certifying that all applicable reconciliations and analyses listed in Appendix 7-3, Edit Check Reconciliation, are complete, accurate, and supported by appropriate documentation.
 - d. Transmits the signed consolidated certification letter to FINCEN along with the consolidated reconciliation package, if applicable.

7.3.5 Analysis and Reconciliation of GL Account Relationships and Abnormal Balances

7.3.5.1 Responsibilities

Following are the offices and their respective responsibilities for the analysis and reconciliation of GL account relationships and abnormal balances.

7.3.5.1.1 Aviation Logistics Center; PPC (military payroll); Yard/SFLC

Personnel at these entities:

1. Identify, research, and correct any abnormal balances in the specified GL account relationships.
2. Prepare the account relationships and abnormal balances reconciliation package, including all reconciliation activities and analyses.

3. Certify in writing that all applicable abnormal balance reconciliations and analyses are complete and accurate.
4. Forward the certification letter and the reconciliation package to FINCEN.
5. Maintain supporting documentation.

7.3.5.1.2 FINCEN

FINCEN personnel:

1. Verify that all TAS account relationships and abnormal balance analyses are accurate, and prepare adjustments, if applicable.
2. Prepare the account relationships and abnormal balances reconciliation package, including all reconciliation activities and analyses.
3. Certify to Commandant (CG-842) the completion and timeliness of all reconciliations and analyses from the Aviation Logistics Center, PPC, Yard/SFLC, and FINCEN.

7.3.5.2 *Policy for Analysis and Reconciliation*

1. All reconciliations shall be performed in a timely manner. Effective and efficient reconciliation processes shall be implemented to ensure the integrity and accuracy of Coast Guard financial report data.
2. All GL account relationships specified in Appendix 7-4, Reconciliation of GL Account Relationships and Abnormal Balances, shall be reconciled on a monthly basis in accordance with the schedule presented there.
3. All abnormal balances shall be analyzed, supported with appropriate documentation, and appropriately corrected, if necessary, on a monthly basis in accordance with *Component Requirements Guide for Financial Reporting*.

Note: Some components, such as Yard/SFLC, receive guidance from FINCEN in lieu of direct reference to *Component Requirements Guide*.

4. All reconciliation packages shall be reviewed and approved by a level of management at least one level higher than that of the preparer of the reconciliation.
5. Coast Guard components shall certify the GL account relationship and abnormal balance reconciliation and analysis, via a consolidated certification letter, as to completeness, accuracy, and appropriateness of the related supporting documentation, and as to whether the appropriate queries and reports were run to verify the correctness of the GL accounts.
6. Coast Guard components shall submit all reconciliation packages, if applicable, along with a signed consolidated letter, to FINCEN, in accordance with the schedule included in Appendix 7-4, Reconciliation of GL Account Relationships and Abnormal Balances.
7. Each FINCEN GL account relationship reconciliation and abnormal balance analysis shall be internally certified by the preparer, the branch chief, and the division chief as to completeness, accuracy, and appropriateness of the related supporting documentation,

and as to whether the appropriate queries and reports were run to verify the correctness of the accounts.

8. FINCEN shall certify to Commandant (CG-842), via a signed consolidated certification letter, the completeness, accuracy, and timeliness of all reconciliations and analyses prescribed by DHS for the Academy, Aviation Logistics Center, PPC (military payroll), Yard/SFLC, and FINCEN.
9. All extraction data and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.
10. Adequate segregation of duties shall be maintained throughout all reconciliation processes (i.e., the performance and approval of any reconciliation activity shall be delegated to separate personnel).
11. The researchable items forms shall be returned to the requesting office within five days after being received, and shall include an explanation of the proposed corrections and/or actions performed to resolve the reconciling items.
12. Each explanation and/or correction included in the researchable items form shall be reviewed and approved by a level of management at least one level higher than the employee that provided them in the form, as evidenced by the approver's signature and date on the form.
13. Reconciliations shall be documented and made available to agency management, and all adjustments shall be researched and traceable to supporting documents.
14. Corrections to the respective accounts shall be supported by appropriate documentation, and shall be approved, signed, and dated in accordance with Subsection 7.3.5.3, Procedures.
15. Only authorized officials shall prepare, review, and approve the analysis of abnormal balances and reconciliations of GL account relationships and the resulting adjustments.
16. Access to systems shall be limited to authorized personnel, relevant to their reconciliation responsibilities, in accordance with Coast Guard system access control policies.
17. All information supporting the Abnormal Balances and General Ledger to General Ledger accounts reconciliations shall be kept in a central location. This information shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

7.3.5.3 Procedures

The following offices and personnel are responsible for the tasks specified below in support of the policy for analysis and reconciliation of GL account relationships and abnormal balances. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

7.3.5.3.1 Aviation Logistics Center

1. Fiscal Operations Branch (FOB) accountant:
 - a. Generates the Cognos report, and identifies any abnormal balances or variances in the specified GL account relationships.
 - b. Researches and documents all reconciling items, and, when necessary, submits researchable items forms to appropriate personnel to facilitate further analysis.
 - c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the FOB chief for approval.
 - d. Analyzes all responses to researchable items requests to determine whether the explanations and/or corrections are appropriate, supported, and in accordance with *Component Requirements Guide for Financial Reporting*.
 - e. Prepares, signs, and dates the reconciliation package, which documents all reconciliation and analysis activities, and submits the package to the FOB chief for approval.
 - f. Maintains appropriate logs and supporting documentation for all reconciliation and analysis activities.
2. FOB chief:
 - a. Reviews and approves all correcting entries.
 - b. Reviews the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Consolidates the reconciliation packages for all applicable reconciliations listed in Appendix 7-4, Reconciliation of GL Account Relationships and Abnormal Balances.
 - d. Signs and dates a consolidated certification letter, certifying that all applicable reconciliations and analyses listed in Appendix 7-4, Reconciliation of GL Account Relationships and Abnormal Balances, are complete, accurate, and supported by appropriate documentation.
 - e. Transmits the signed consolidated certification letter to FINCEN along with the consolidated reconciliation package, if applicable.

7.3.5.3.2 FINCEN

1. Financial Reports and Analysis Branch (FF) accountant:
 - a. Prepares the pre-2108 spreadsheet, and verifies that all TAS account relationships and abnormal balance analyses are accurate.
 - b. Researches and documents all reconciling items, and, when necessary, submits researchable items forms to appropriate personnel to facilitate further analysis.
 - c. Prepares adjustments to resolve any variances in account relationships and abnormal balances, and submits them to the FF chief for approval.

- d. Reruns the pre-2108 spreadsheet to ensure that the adjustments were properly posted.
 - e. Prepares the account relationships and abnormal balances reconciliation package, and submits the package to the FF chief for review.
 - f. Signs and dates the internal web-based certification form.
 - g. Maintains appropriate logs and supporting documentation for all account relationships and abnormal balance reconciliation activities on a quarterly basis.
2. FF chief:
 - a. Reviews and approves all adjustments to account relationships and abnormal balances.
 - b. Reviews the account relationships and abnormal balances reconciliation package, and signs and dates the package as evidence of approval.
 3. Reports & Reconciliation Unit (OGQ) accounting staff:
 - a. Verifies that the reports used to execute the reconciliations are complete and accurate.
 - b. Prepares the reconciliation spreadsheet at summary by appropriation. Maintains reports containing all individual transactions and/or reconciling items that make up the total variance identified.
 - c. Researches and documents all reconciling items, and, when necessary, submits researchable items forms to appropriate personnel to facilitate further analysis.
 - d. Prepares, signs, and dates the reconciliation package, which includes all reconciliation activities and analyses, and submits the package to the OGQ chief for approval.
 - e. Signs and dates the internal web-based certification form.
 - f. Maintains appropriate logs and supporting documentation for all reconciliation activities.
 4. OGQ chief:

Reviews the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 5. Financial Information and Control Division (FC) chief:

Certifies to Commandant (CG-842), via a signed consolidated certification letter, the completion and timeliness of all reconciliations and analyses for the Aviation Logistics Center, PPC, Yard/SFLC, and FINCEN, in accordance with *Component Requirements Guide for Financial Reporting*.

7.3.5.3.3 Pay and Personnel Center (PPC) – Military Payroll

This subsection applies to the analysis and reconciliation of GL account relationships and abnormal balances for military payroll transactions.

1. Systems accountant:
 - a. Receives the abnormal balance notice and attached log from FINCEN.
 - b. Researches and documents all reconciling items, and, when necessary, submits researchable items forms to appropriate personnel to facilitate further analysis.
 - c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the branch chief for approval.
 - d. Analyzes all responses to researchable items requests to determine whether the explanations and/or corrections are appropriate, supported, and in accordance with *Component Requirements Guide for Financial Reporting*.
 - e. Prepares, signs, and dates the reconciliation package, which documents all reconciliation and analysis activities, and submits the package to the branch chief for approval.
 - f. Maintains appropriate logs and supporting documentation for all reconciliation and analysis activities.
2. Branch chief:
 - a. Reviews and approves all correcting entries.
 - b. Reviews the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Provides results of reviews to the division chief for review.
3. Division chief:
 - a. Reviews and approves the abnormal balance analyses and reconciliations submitted by the branch chief.
 - b. Returns the completed abnormal balance log to FINCEN.

7.3.5.3.4 Yard/Surface Forces Logistics Center (SFLC)

1. Reports, Reconciliations, and Budget (RR&B) Division chief:
 - a. Generates the Cognos report, and verifies the reconciliation data, identifying any abnormal balances or variances in the specified GL account relationships.
 - b. Researches and documents all reconciling items, and, when necessary, submits researchable items forms to appropriate personnel to facilitate further analysis.
 - c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the Financial Operations Department chief for approval.
 - d. Analyzes all responses to researchable items requests to determine whether the explanations and/or corrections are appropriate and supported.

- e. Prepares, signs, and dates the reconciliation package, which documents all reconciliation and analysis activities, and submits the package to the Financial Operations Department chief for approval.
 - f. Maintains appropriate logs and supporting documentation for all reconciliation and analysis activities.
2. Financial Operations Department chief:
- a. Reviews and approves all correcting entries.
 - b. Reviews the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Consolidates the reconciliation packages for all applicable reconciliations listed in Appendix 7-4, Reconciliation of GL Account Relationships and Abnormal Balances.
 - d. Signs and dates a consolidated certification letter, certifying that all applicable reconciliations and analyses listed in Appendix 7-4, Reconciliation of GL Account Relationships and Abnormal Balances, are complete, accurate, and supported by appropriate documentation.
 - e. Transmits the signed consolidated certification letter to FINCEN along with the consolidated reconciliation package, if applicable.

7.3.6 Analysis and Reconciliation of GL Control Accounts to Subsidiary and/or Supporting Records

7.3.6.1 Responsibilities

Following are the offices and their respective responsibilities for the analysis and reconciliation of GL control accounts to subsidiary and/or supporting records.

7.3.6.1.1 Aviation Logistics Center; PPC (military payroll); Yard/SFLC

Personnel at these entities:

1. Identify, research, and correct any variance between the control accounts and the subsidiary and/or supporting records.
2. Prepare the reconciliation package, including all reconciliation activities and analyses.
3. Certify in writing that all applicable analyses and reconciliations are complete and accurate.
4. Forward the certification letter and the reconciliation package to FINCEN.
5. Maintain supporting documentation.

7.3.6.1.2 FINCEN

FINCEN personnel:

1. Verify the reconciliation data for the subsidiary and/or supporting records and their respective GL control accounts, and prepare adjustments, if applicable.
2. Prepare the reconciliation package, including all reconciliation activities and analyses.
3. Certify to Commandant (CG-842) the completion and timeliness of all reconciliations and analyses from the Aviation Logistics Center, PPC, Yard/SFLC, and FINCEN.

7.3.6.2 Policy for Analysis and Reconciliation

1. All analyses and reconciliations shall be performed in a timely manner. Effective and efficient analysis and reconciliation processes shall be implemented to ensure the integrity and accuracy of Coast Guard financial report data.
2. All GL control accounts specified in Appendix 7-5, Reconciliation of GL Control Accounts to Subsidiary Records, shall be analyzed or reconciled to their respective subsidiary and/or supporting records or suspense account activity on a monthly basis in accordance with the schedule included there.
3. All analysis and/or reconciliation packages shall be reviewed and approved by a level of management at least one level higher than that of the preparer of the reconciliation.
4. Coast Guard components shall certify the GL control accounts to subsidiary and/or supporting records analysis and reconciliations, via a consolidated certification letter, as to completeness, accuracy, and appropriateness of the related supporting documentation, and as to whether the appropriate queries and reports were run to verify the correctness of the accounts.
5. Coast Guard components shall submit all analysis and/or reconciliation packages, if applicable, along with a signed consolidated letter, to FINCEN, in accordance with the schedule included in Appendix 7-5, Reconciliation of GL Control Accounts to Subsidiary Records.
6. Each FINCEN GL control accounts to subsidiary and/or supporting records reconciliation shall be internally certified by the preparer, the branch chief, and the division chief as to completeness, accuracy, and appropriateness of the related supporting documentation, and as to whether the appropriate queries and reports were run to verify the correctness of the accounts.
7. FINCEN shall certify to Commandant (CG-842), via a signed consolidated certification letter, the completeness, accuracy, and timeliness of all reconciliations and analyses prescribed by DHS for the Academy, Aviation Logistics Center, PPC (military payroll), Yard/SFLC, and FINCEN.
8. All extraction data, transfers, and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.

9. Adequate segregation of duties shall be maintained throughout all analysis and/or reconciliation processes (i.e., the performance and approval of any analysis and/or reconciliation activity shall be delegated to separate personnel).
10. Analyses and reconciliations shall be documented and made available to agency management, and all adjustments shall be researched and traceable to supporting documents.
11. Corrections to the respective accounts shall be supported by appropriate documentation, and shall be approved, signed, and dated in accordance with Subsection 7.3.6.3, Procedures.
12. Only authorized officials shall prepare, review, and approve analyses and/or reconciliations of the GL control accounts and the resulting adjustments.
13. Access to systems utilized in the analysis or reconciliation processes shall be limited to authorized personnel, relevant to their reconciliation responsibilities, in accordance with Coast Guard system access control policies.
14. All information supporting the analyses and reconciliations of the GL control accounts shall be kept in a central location. This information shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

7.3.6.3 Procedures

The following offices and personnel are responsible for the tasks specified below in support of the policy for analysis and reconciliation of GL control accounts to subsidiary and/or supporting records. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

7.3.6.3.1 Aviation Logistics Center

1. Fiscal Operations Branch (FOB) accountant:
 - a. Generates the Cognos report, and verifies the reconciliation data for the control accounts and the subsidiary and/or supporting records, identifying any variance between both sources.
 - b. Researches and documents all reconciling items, and, when necessary, obtains additional data from appropriate sources to facilitate further analysis.
 - c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the FOB chief for approval.
 - d. Prepares, signs, and dates the analysis and/or reconciliation package, which documents all analysis and/or reconciliation activities, and submits the package to the FOB chief for approval.
 - e. Maintains appropriate supporting documentation for all analysis and/or reconciliation activities.

2. FOB chief:
 - a. Reviews and approves all correcting entries.
 - b. Reviews the analysis and/or reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Consolidates the analysis and/or reconciliation packages for all applicable analyses and reconciliations listed in Appendix 7-5, Reconciliation of GL Control Accounts to Subsidiary Records.
 - d. Signs and dates a consolidated certification letter, certifying that all applicable analyses and reconciliations listed in Appendix 7-5, Reconciliation of GL Control Accounts to Subsidiary Records, are complete, accurate, and supported by appropriate documentation.
 - e. Transmits the signed consolidated certification letter to FINCEN along with the consolidated analysis and/or reconciliation package, if applicable.

7.3.6.3.2 FINCEN

1. Unit/branch accountant in offices reconciling GL control accounts to subsidiary and/or supporting records and/or suspense accounts:
 - a. Extracts and verifies the reconciliation data for the subsidiary and/or supporting records, suspense account activity, and their respective GL control accounts, identifying any variance between sources.
 - b. Researches and documents all reconciling items, and, when necessary, obtains additional data from appropriate sources to facilitate further analysis.
 - c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the unit/branch chief for approval.
 - d. Prepares, signs, and dates the analysis and/or reconciliation package, which documents all analysis and/or reconciliation activities, and submits the package to the unit/branch chief for approval.
 - e. Signs and dates the internal web-based certification form.
 - f. Maintains appropriate supporting documentation for all analysis and/or reconciliation activities.
2. Unit/branch chief:
 - a. Reviews and approves all correcting entries.
 - b. Reviews the subsidiary and/or supporting records and suspense reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.

3. Financial Information and Control Division (FC) chief:

Certifies to Commandant (CG-842), via a signed consolidated certification letter, the completion and timeliness of all reconciliations and analyses for the Aviation Logistics Center, PPC, Yard/SFLC, and FINCEN, in accordance with *Component Requirements Guide for Financial Reporting*.

7.3.6.3.3 Pay and Personnel Center (PPC) – Military Payroll

This subsection applies to the analysis and reconciliation of GL control accounts to subsidiary and/or supporting records for military payroll transactions.

1. Systems accountant:

- a. Reviews the Trial Balance, and verifies the reconciliation data for the control accounts and the subsidiary and/or supporting records, identifying any variance between both sources.
- b. Researches and documents all reconciling items, and, when necessary, obtains additional data from appropriate sources to facilitate further analysis.
- c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the branch chief for approval.
- d. Prepares, signs, and dates the analysis and/or reconciliation package, which documents all analysis and/or reconciliation activities, and submits the package to the branch chief for approval.
- e. Maintains appropriate supporting documentation for all analysis and/or reconciliation activities.

2. Branch chief:

- a. Reviews and approves all correcting entries.
- b. Reviews the analysis and/or reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.

3. Division chief:

Reviews and approves the subsidiary ledger account analyses and reconciliations submitted by the branch chief.

7.3.6.3.4 Yard/Surface Forces Logistics Center (SFLC)

1. Reports, Reconciliations, and Budget (RR&B) Division accountant:

- a. Generates the Cognos report, and verifies the reconciliation data for the control accounts and the subsidiary and/or supporting records, identifying any variance between both sources.
- b. Researches and documents all reconciling items, and, when necessary, obtains additional data from appropriate sources to facilitate further analysis.

- c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the RR&B Division chief for approval.
 - d. Prepares, signs, and dates the analysis and/or reconciliation package, which documents all analysis and/or reconciliation activities, and submits the package to the RR&B Division chief for approval.
 - e. Maintains appropriate supporting documentation for all analysis and/or reconciliation activities.
2. RR&B Division chief:
 - a. Reviews and approves all correcting entries.
 - b. Reviews the analysis and/or reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Consolidates the analysis and/or reconciliation packages for all applicable analyses and reconciliations listed in Appendix 7-5, Reconciliation of GL Control Accounts to Subsidiary Records.
 3. Financial Operations Department chief:
 - a. Signs and dates a consolidated certification letter, certifying that all applicable analyses and reconciliations listed in Appendix 7-5, Reconciliation of GL Control Accounts to Subsidiary Records, are complete, accurate, and supported by appropriate documentation.
 - b. Transmits the signed consolidated certification letter to FINCEN along with the consolidated analysis and/or reconciliation package, if applicable.

7.4 Reliance on Financial Data from Other Government Agencies

When the Coast Guard relies on another Government agency to process and report financial data, the Coast Guard activity is required to obtain an attestation report, such as an audited financial statement report, that states whether processes can be relied upon. The financial data, taken as a whole, must be complete and accurately presented. The attestation report must provide sufficient evidence that key internal controls are designed and operating effectively in accordance with generally accepted accounting principles (GAAP).

7.4.1 Overview

This section establishes policy to be used by the Coast Guard to obtain reasonable assurance over key controls that are performed by a third-party service provider. The Coast Guard outsources several of its key business processes to third parties, and obtains attestation reports from the service provider. To obtain reasonable assurance these controls can be relied upon, the Coast Guard must obtain sufficient evidence that key internal controls are designed and operating effectively and that reports provided are in accordance with both generally accepted attestation

standards established by the American Institute of Certified Public Accountants (AICPA) and GAAP.

Although the Coast Guard typically obtains reasonable assurance internally by documenting and testing those controls directly, it also obtains reasonable assurance on a service organization's internal controls by assessing its service providers' Statement on Standards for Attestation Engagements (SSAE), also known as an Attestation Standard No. 16, *Reporting on Controls at a Service Organization*, or SSAE 16 (Type II) attestation report. If this report is found to be inadequate, the Coast Guard is required to perform additional control testing.

7.4.2 Purpose

The purpose of this section is to guide the Coast Guard in identifying and reviewing service provider reports and, when necessary, performing alternative procedures during the testing and evaluation phases of the annual assurance statement cycle.

7.4.3 Scope

This policy applies to all Coast Guard entities that rely upon service organizations to process a significant amount of their transactions, as well as headquarters directorates that rely upon these processes and the related key controls to prepare the Coast Guard's financial statement. Adherence to this policy will support the related financial statement line item assertions.

7.4.4 Definitions

To understand how reasonable assurance is developed, one needs to become familiar with the following definitions.

user organization – The entity that has engaged a service organization and whose financial statements are being audited. The user organization in this policy is the Department of Homeland Security (DHS), including the Coast Guard.

user auditor – The auditor who reports on the financial statements of the user organization. The user auditor in this policy is the DHS Office of Inspector General and their contracted independent public accountants.

service organization – The entity (or segment of an entity) that provides services to a user organization that are part of the user organization's information system. Some of the service organizations covered by this policy include: the United States Treasury's Bureau of the Public Debt (Investments process), National Finance Center (HR Civilian Payroll Processing), TRICARE (Actuarial Medical Liability), and Department of Labor (HR Civilian Payroll unemployment claims processing).

service auditor – The auditor who reports on controls of a service organization that may be relevant to a user organization's internal control as it relates to an audit of financial statements.

The service auditors in this policy are the various accounting professionals, typically CPA firms, hired by the service organizations mentioned above.

report on controls placed in operation – A service auditor's report on a service organization's description of its controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements, on whether such controls were suitably designed to achieve specified control objectives, and on whether they had been placed in operation as of a specific date.

report on controls placed in operation and tests of operating effectiveness – A service auditor's report on a service organization's description of its controls that may be relevant to a user organization's internal control as it relates to an audit of financial statements, on whether such controls were suitably designed to achieve specified control objectives, date, and on whether the controls that were tested were operating with sufficient effectiveness to provide reasonable, but not absolute, assurance that the related control objectives were achieved during the period specified.

7.4.5 Authorities

1. Federal Managers' Financial Integrity Act (FMFIA). 31 USC 3512(c1), January 2001.
2. Office of Management and Budget (OMB), Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
3. American Institute of Certified Public Accountants (AICPA), SSAE No. 16, *Reporting on Controls at a Service Organization*, AU Section 324, "Service Organizations".
4. American Institute of Certified Public Accountants (AICPA), SSAE No. 16, *Reporting on Controls at a Service Organization*, AT Section 801, "Reporting on Controls at a Service Organization".
5. *Coast Guard Internal Control Program*, COMDINST 5700.10 (series).
https://cgportal2.uscg.mil/sites/externaldata/Directives/CI_5700_10A.pdf

7.4.6 Responsibilities

The following entities have responsibilities for obtaining reasonable assurance that service organization's internal controls can be relied upon to support financial statement line item assertions.

7.4.6.1 *User Organization (Coast Guard)*

1. Coast Guard financial and program managers (PMs) have primary responsibilities for processing Coast Guard transactions. In addition, they have a primary role in planning, documenting, testing, and evaluating internal controls of these transactions.

2. Commandant (CG-842) desk officers have oversight responsibility for maintaining a list of all Coast Guard service providers and for coordinating the PM review of service providers report. They serve as subject matter experts to the PM(s) on business process activities and information. During the planning phase of the annual assurance statement cycle, Commandant (CG-842) identifies processes significantly outsourced and determines the level of assurance needed. During the documenting and testing phases, Commandant (CG-842) ensures that the PM's SSAE 16 assessments are performed timely.
3. Commandant (CG-85), Office of Internal Controls, has served as a subject matter expert in the authorities noted above. During the evaluation phase, Commandant (CG-85) evaluates the PM's assessments and reports the results to Commandant (CG-8C).

7.4.6.2 Service Organizations

1. Service organizations have responsibility for processing Coast Guard transactions. In addition, they share responsibility for documenting and testing their and their subservice organization's internal controls of these transactions. For instance, they engage a third-party service auditor to perform an SSAE 16 attestation and provide a Type II report.
2. Subservice organizations are used by another service organization to perform some of the services provided to user entities. These services are likely to be relevant to those user entities' internal control over financial reporting. The subservice organization has responsibilities for processing Coast Guard transactions. In addition, they provide management assurance statements of their internal controls to the service organization.

7.4.6.3 Service Auditor

A professional, typically a CPA firm, engaged to provide an independent and objective opinion on the control activities of servicing organization. Their attestation of control objectives and control activities is performed in accordance with AT 801.

7.4.6.4 User Auditor

A user auditor examines and reports on the financial statements of a user entity. The DHS OIG and its contracted independent public accountants perform these role and responsibilities. For example, they would follow AU 324 (not AT 801) guidance when relying upon Coast Guard's control testing and evaluation as part of their audit and reporting of DHS's financial statements in DHS's *Annual Financial Report*.

7.4.7 Policy

1. PMs shall:

- a. Assess the service auditor's report and determine whether the scope is sufficient; the audit period is within 6 months of fiscal year end, the opinion is unqualified, and if there are any exceptions noted;
 - b. Determine and perform additional control testing (Test of Design/Test of Effectiveness) needed to provide reasonable assurance controls can be relied upon to support financial statement line item assertions; and
 - c. Complete/forward SSAE 16 checklist and action plan (assessment) to Commandant (CG-85) for evaluation.
2. Commandant (CG-842) shall:
- a. Determine if a service organization is being used;
 - b. Determine if the outsourced activities, processes, and functions are significant to the Coast Guard's financial reporting; and
 - c. Determine if an annual assurance statement (cross-servicing organization) or an SSAE 16 (commercial company) exists and is sufficient in scope. If an annual assurance statement or SSAE 16 does not exist, determine alternative procedures needed. Typically, Commandant (CG-842) works with the applicable PMs to perform these procedures and assess applicable reports.
3. Commandant (CG-85) shall:
- a. Evaluate the PM's assessment to determine whether it provides reasonable assurance that controls can be relied upon to support financial statement line item assertions;
 - b. Document the evaluation of the assessment; and
 - c. Draft and forward evaluation results to Commandant (CG-8C) for review.

For example, in the case of the OSLTF, NPFC shall obtain the SSAE 16 report from the Bureau of the Public Debt (BPD), which manages investments for the fund.

NPFC working with Commandant (CG-842) shall review the SSAE 16 report to identify internal controls relevant to the Coast Guard in applicability and scope, and determine whether they can be relied upon to support management's financial reporting assertions for the OSLTF investments. NPFC will investigate further any discrepancies noted in the SSAE 16 report. NPFC will complete and forward an SSAE 16 checklist and action plan (assessment) to Commandant (CG-85) for evaluation with the SSAE report attached, giving the results of its analysis. This documentation shall be provided to Commandant (CG-85) within 15 calendar days after review of the BPD report.

Commandant (CG-85) shall review the package from NPFC and Commandant (CG-842), along with the SSAE report from BPD. Within 10 working days of receipt of the package, Commandant (CG-85) shall evaluate the package, document the evaluation, and forward the evaluation and results to Commandant (CG-8C) for review.

7.5 Financial Policy for Real and Personal Property

This section establishes policy for the accounting treatment of Coast Guard real and personal property (general property, plant, and equipment). Real property includes land, buildings, and structures acquired (improvements/additions) by means other than construction projects. (For the proper accounting treatment of real property acquired through construction projects, see chapter 10 of this manual.) Personal property in this section is any property except real property with an estimated life of more than two years and is not intended for sale in the ordinary course of operations or held in anticipation of physical consumption.

This policy applies to all real and personal property owned, leased, or otherwise held by the United States under the Coast Guard's administrative control, except for weapons and electronic systems used by the Coast Guard but under Navy control. This section also excludes internal use software, which is addressed in section 7.9.

7.5.1 Authorities

1. Chief Financial Officers Act of 1990 ("CFO Act"), as amended.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 8, *Supplementary Stewardship Reporting*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 35, *Estimating the Historical Cost of General Property, Plant, and Equipment*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
5. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 44, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
6. Federal Accounting Standards Advisory Board, Technical Release 14, *Implementation Guidance on the Accounting for the Disposal of General Property, Plant, & Equipment*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
7. Department of the Treasury, *Treasury Financial Manual*, volume I, part 2, chapter 3300, "Statement of Transactions (FMS 224) Reporting by Agencies for Which the Treasury Disburses".
<http://www.fms.treas.gov/tfm/vol1/v1p2c330.pdf>

8. Department of the Treasury, *Treasury Financial Manual*, volume I, part 2, chapter 5100, “Reconciling Fund Balance with Treasury Accounts”.
<http://fms.treas.gov/tfm/vol1/v1p2c510.html>
9. Department of the Treasury, *Treasury Financial Manual*, “Fund Balance with Treasury Reconciliation Procedures, A Supplement to I TFM 2-5100”.
<http://fms.treas.gov/tfm/vol1/supplements/supp-v1p2c510.html>
10. *Civil Engineering Manual*, COMDTINST M11000.11 (series).
https://cgportal2.uscg.mil/sites/externaldata/Directives/CIM_11000_11A.pdf
11. *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
https://cgportal2.uscg.mil/sites/externaldata/Directives/CIM_4200_19J.pdf
12. *Electronics Manual*, COMDTINST M10550.25 (series).
https://cgportal2.uscg.mil/sites/externaldata/Directives/CIM_10550_25B.pdf
13. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
https://cgportal2.uscg.mil/sites/externaldata/Directives/CIM_5212_12A.pdf
14. *Motor Vehicle Manual*, COMDTINST M11240.9 (series).
http://www.uscg.mil/directives/cim/11000-11999/CIM_11240_9C.pdf
15. *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4500_5D.pdf
16. *U.S. Coast Guard Real Property Management Manual*, COMDTINST M11011.11 (series).
http://www.uscg.mil/directives/cim/11000-11999/CIM_11011.11.pdf
17. *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).
http://www.uscg.mil/directives/docs/CIM_4200_13H.pdf

7.5.2 **Responsibilities**

The subsections that follow list the offices and their respective responsibilities for financial policy concerning Coast Guard real and personal property.

7.5.2.1 *Assistant Commandant for Resources (CG-8)*

Commandant (CG-8) develops, promulgates, and implements Coast Guard financial management policy for use by Headquarters program/facility managers, area and district commanders, and field units.

7.5.2.2 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84):

1. Oversees the management of Coast Guard real and personal property and the financial accounting and reporting of real and personal property assets.
2. Provides oversight for the development of financial policies and procedures for Coast Guard property in coordination with FINCEN and Commandant (CG-4).
3. Coordinates the development and auditing of financial statements required by the Chief Financial Officers Act of 1990, and coordinates all audit remediation issues.

7.5.2.3 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842):

1. Provides oversight, analysis, and financial management standards for all categories of Coast Guard assets.
2. Oversees the capitalization of personal and real property to ensure accounts are accurate and assets are accurately valued and subsequently reported.
3. Coordinates with FINCEN to ensure completeness, accuracy, and timeliness of real and personal property data for the submission of quarterly and annual financial reports.

7.5.2.4 Financial Management Policy Division (CG-843)

Commandant (CG-843) develops and promulgates financial policies and procedures for the accounting treatment of Coast Guard real and personal property.

7.5.2.5 Personal Property Accountability Division (CG-844)

Commandant (CG-844):

1. Establishes and maintains policies and procedures for personal property transactions including acquisition, management, utilization, reutilization, excess, accounting, and disposal.
2. Maintains the Coast Guard official system of record including development and implementation of policies, procedures, and systems necessary to provide effective property management support for the Coast Guard.

7.5.2.6 Audit Remediation Division (CG-845)

Commandant (CG-845):

1. Coordinates CFO audit remediation planning and implementation including personal and real property.

2. Monitors the weaknesses identified and track remediation efforts associated with audits conducted by various parties that pertain to real and personal property accounting/financial systems in the Coast Guard including the annual financial statement audit.
3. Tracks corrective actions and conduct follow-up analysis as necessary.
4. Guides the Coast Guard toward meeting Federal Financial Management Standards and Policies such as Federal Accounting Standards Advisory Board (FASAB), Treasury and OMB requirements.
5. Manages and oversee the DHS corrective action process, ensuring close coordination between all CFO audit remediation stakeholders.
6. Monitors CFO audit corrective actions to ensure corrective action taken is consistent with DHS and CG-wide internal control standards. Coordinates efforts closely with the Internal Control Division (CG-851).

7.5.2.7 Office of Internal Controls (CG-85)

Commandant (CG-85):

1. Provides guidance and procedures to maintain, review, and improve the internal control program in order to achieve the following objectives:
 - a. Reliability of internal controls over financial reporting to include real and personal property transactions; and
 - b. Compliance with applicable property laws and regulations.
2. Conducts an annual evaluation of the internal control program to ensure:
 - a. Proper implementation of Coast Guard policy and procedures described in *Coast Guard Internal Control Program*, COMMDTINST 5700.10 (series);
 - b. Compliance with the Federal Financial Management Improvement Act (FFMIA);
 - c. Compliance with the interpretation of OMB Circular A-123; and
 - d. Conformity with DHS guidelines in the Financial Accountability Act, PL 108-330.

7.5.2.8 Office of Financial Systems Business Requirements (CG-86)

Commandant (CG-86):

1. Monitors the development of integrated financial management, asset management, and accounting systems throughout the Coast Guard.
2. Provides financial management systems oversight for FINCEN and inventory control points (ICP).

7.5.2.9 Finance Center (FINCEN)

FINCEN personnel:

1. Maintain general ledger balances and supporting documentation for valuation of real and personal property.
2. Determine which real and personal property construction and improvement projects meet the criteria for capitalization. Enter and monitor these capital projects in the Oracle Projects system.
3. Ensure that completed AC&I projects are removed from the Construction in Progress (CIP) account and transferred to the appropriate capital asset accounts. For real property, this transaction is based upon information supplied by the Headquarters unit program manager responsible for the project. For personal property, the acquisition project manager (APM) is responsible.
4. Ensure that all acquired or completed land and capitalizable buildings, structures, and improvements are entered into the capital accounts and designated fixed asset system.
5. Ensure that transferred-in real and personal property meeting the capitalization requirements is entered into the capital accounts and the designated fixed asset system.
6. Make appropriate accounting entries upon notification from cognizant higher authority to remove disposed real and personal property assets from the capital accounts and designated fixed asset system.
7. Initiate annual reconciliation of real and personal property subsidiary records to the accounting system. This includes preparing a list of reconciling items for transmittal to the end user to assist in reconciling personal property subsidiary records to the accounting system.
8. Ensure that all capitalized real and personal property assets are entered into the designated fixed asset system.
9. Prepare year-end depreciation and other applicable journal entries, adjusting journal entries to record the carrying value of real and personal property at the end of the fiscal year.
10. Utilize capitalized asset balances for property in non-Oracle systems (e.g., Asset Logistics Management Information System (ALMIS)/Aviation Maintenance Management Information System (AMMIS), Supply Center Computer Replacement (SCCR), Fleet Logistics System (FLS), Configuration Management Plus (CMPlus)) to meet financial statement reporting requirements under the CFO Act.
11. Retain procurement, acquisition, transfer, and disposal documentation for real and personal property capitalized assets for audit purposes.
12. Develop standard financial procedures for the accounting of real and personal property.

7.5.2.10 Headquarters Offices

Commandants (CG-7), (CG-831), (CG-928), and DCMS-83 are responsible for:

1. Designating an Acquisition Project Manager (APM) for each four-digit AC&I project listed on the AC&I Executive Management Report.
2. Ensuring timely, complete, and accurate recording of vessels, aircraft, electronic systems, and other major systems transferred from other Government agencies (OGAs).

7.5.2.11 Office of Enterprise Infrastructure Management (CG-64)

Commandant (CG-64):

1. Develops, promulgates, and implements policy and procedures for the management of electronic systems and equipment.
2. Provides oversight and analysis of policy and procedures for physical inventories of electronics.
3. Conducts annual certification of assets listed in the property system as of 30 September and forwards to FINCEN.

7.5.2.12 Office of Civil Engineering (CG-43)

Commandant (CG-43):

1. Provides oversight and policy for the Coast Guard real property program.
2. Ensures that all established policies and procedures governing the tracking and accounting for real property construction, acquisitions, and disposals are followed by all Coast Guard civil engineering organizations.
3. Works closely with Commandant (CG-84) and FINCEN to ensure that all acquisitions, disposals, and descriptive changes to real property assets are entered into the Coast Guard fixed asset and financial systems.

7.5.2.13 Area and District Commanders and HQ Program Managers

Note: This subsection applies to Personal Property only.

These officials:

1. Develop, promulgate, and implement policy and procedures as necessary for the management of personal property.
2. Ensure that unit and subordinate units maintain financial and physical accountability of personal property, including timely and accurate recording of personal property transactions into the appropriate system, e.g., Financial Procurement Desktop (FPD) CMPlus, Fixed Asset Module (FAM).

3. Ensure timely and accurate recording of transferred-in personal property assets from OGAs.
4. Ensure that all appropriate ownership, valuation, and disposal documentation for personal property is forwarded to FINCEN in a timely manner.

7.5.2.14 Commanders of CEUs, FD&CCs, and HQ Units (Real Property Only)

Note: This subsection applies to Real Property only.

Commanding officers of Civil Engineering Units (CEUs), commanding officers of facility design and construction centers (FD&CCs), and commanding officers of Headquarters units:

1. Inform FINCEN of all real property construction and improvement projects meeting criteria for capitalization.
2. Ensure that all real property acquisitions, disposals, status (active or excess), and descriptive changes are promptly entered into the designated fixed asset system and that required supporting documentation is provided to FINCEN in a timely manner.
3. Ensure that all real property AC&I projects are timely and accurately entered in FPD so that capital projects can be identified and costs tracked by FINCEN.
4. Ensure that FINCEN is notified in a timely manner when capital projects are completed, and that all required documentation is provided.
5. Prepare and sign any required written certifications of real property inventory accuracy in a timely manner.

7.5.2.15 Units (Personal Property Only)

Note: This subsection applies to Personal Property only.

Unit personnel:

1. Are responsible for routine, recurring functions that support the tracking and accounting for all personal property under unit control (e.g., general-purpose property (GPP), software, electronics, boats, vehicles).
2. Enter purchases for property into FPD and reconcile Program Element Status (PES) reports in accordance with applicable guidance.
3. Ensure that the contracting and/or purchasing official provides a copy of all accountable personal property procurement documents to the unit property officer.
4. Ensure that accounting string (data) accuracy for personal property assets is verified by a contracting officer and/or purchasing official (e.g., object class code for capitalized or non-capitalized asset).
5. Ensure that transactions for purchases, transfers-in, and disposals are recorded into the appropriate asset system.

6. Enter GPP, capitalized government furnished property (GFP), capitalized electronic test equipment, and capitalized stand-alone electronic equipment into the appropriate asset system.
7. Provide copies of acquisition, transfer, and disposal documents for capitalized personal property to FINCEN's Property Branch (FR) for retention and audit purposes.
8. Retain copies of acquisition, transfer, and disposal documentation in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series); *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series); and *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
9. Conduct the annual physical inventory of capitalized personal property during the fourth quarter of the fiscal year and provide certification to FINCEN (FR).
10. Conduct the annual physical inventory of noncapitalized, accountable personal property in accordance with *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).
11. Ensure that the original certification letter is signed by the CO/Officer in Charge (OIC) and forwarded to FINCEN (FR) on or about 10 August. This certifies that the physical inventory count of capitalized property was conducted during the fourth quarter, the on-hand quantity was reconciled against personal property records, and discrepancies were reported to FINCEN.
12. Retain copies of the certification letter, property listing, physical inventory count sheets, adjustment documents, etc. in unit files for three years after the end of the fiscal year in which the inventory occurs. Records are maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.5.2.16 Acquisition Project Manager

The acquisition project manager:

1. Establishes data elements (e.g., project manager name, name of project, key members, and six-digit program element data) for FINCEN to enter into Oracle Projects.
2. Acts as a point of contact for FINCEN regarding the financial status of AC&I projects and all assets under construction and delivered.
3. Records timely completion of periodic PMDS sheets, which are forwarded to FINCEN to document assets procured with AC&I project funds.
4. Submits final closeout PMDS sheets to FINCEN upon completion of projects.
5. Reconciles accounting system records with AC&I project records on a monthly basis.

7.5.2.17 District Boat Manager

The district boat manager:

1. Accounts for boats under the respective area of responsibility (AOR), and enters the physical accountability information about the boats into FAM.
2. Ensures that all boat transactions are supported by documentation and that all acquisition, transfer, and disposal documents are promptly forwarded to FINCEN.
3. Conducts the annual physical inventory for all boats, and retains a copy in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series) and *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).

7.5.2.18 Regional Motor Fleet Manager

The regional motor fleet manager:

1. Accounts for vehicles and trailers under the respective AOR, and enters the physical accountability information about the vehicles and trailers into FAM.
2. Ensures that all transactions for vehicles and trailers are supported by documentation and that all acquisition, transfer, and disposal documents are promptly forwarded to FINCEN.
3. Conducts the annual physical inventory for all vehicles and trailers, and retains a copy in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series) and *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).

7.5.3 Recognition and Valuation of Real and Personal Property

Coast Guard real and personal property shall be recorded at historical cost when title passes to the Coast Guard or when the assets are delivered as follows:

1. When acquiring real and personal property assets from other than Government sources, purchase costs and costs necessary to bring the asset to an operable condition are recorded at cost and capitalized or expensed if they do not equal or exceed Coast Guard capitalization thresholds. All land (except for stewardship land) is capitalized regardless of value, and all other real and all personal property that meets Coast Guard's capitalization thresholds is capitalized. Financial policies for real and personal property capitalization and depreciation are provided in chapter 10 of this manual.
2. Real and personal property assets acquired from another Government agency are to be recorded at the Net Book Value (NBV) of the transferring agency or at the fair market value at the time transferred. This value shall be increased by transfer costs such as freight and shipping charges. The cost of transferred assets shall be depreciated based on the remaining service life used by the transferring agency. If the remaining service life is not known, an estimated service life shall be established and supporting documentation maintained.
3. Real and personal property assets acquired through exchange shall be recorded at the fair market value of the asset surrendered or the fair market value of the asset acquired if

more easily determined. If neither can be determined, the cost recorded shall be the NBV of the asset surrendered and the difference recorded as a gain or loss after cash consideration if applicable.

4. Prior to determining the accounting treatment for leased assets, the lease must be classified as either an operating or capital lease. The capital lease may be recorded at the present value of the minimum lease payments or fair value and amortized over its estimated useful life or lease term depending on the asset category and lease agreement. The accounting treatment for acquiring real and property assets through operating leases is to expense the rental payments over the lease term. Additional information on the accounting treatment for leases can be found in chapter 10 of this manual.

7.5.3.1 *Alternate Valuation and Alternate Date-in-Service Documentation*

In the event that historical cost information is not available for valuation or date-in-service determination for Coast Guard owned or leased personal and real property assets, a hierarchy list can be found in *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), subsection titled “Alternate Valuation and Alternate Date-In-Service Documentation”. This list ranges from least costly and least amount of resources (i.e. like item) to most costly and most amount of resources (i.e. third-party appraisal) to complete.

7.5.3.2 *Gifts*

1. Real and personal property gifts to the Coast Guard must be accepted through the gift acceptance procedures found in *Acceptance and Accounting for Special Projects and Other Gifts to the Coast Guard from Non-Federal Sources*, COMDTINST M5760.14 (series). Any gifts not approved for retention shall be reported to Commandant (CG-842) as excess.
2. Gifts of personal property other than cash, checks, negotiable instruments or securities and real property must be recorded in applicable property records in accordance with the *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series), or the *U.S. Coast Guard Real Property Management Manual*, COMDTINST M11011.11 (series). Property obtained through the gift process, whether in-kind or through Coast Guard procurement from a cash gift, must be recorded as Coast Guard property in applicable property records. The Coast Guard treats gifted property the same as appropriated property in its accounting records to better meet its fiduciary and stewardship management duties.
3. Gifts shall be valued at fair market value through appraisal, but if the owner acknowledges in writing that no appraisal is needed, approximate fair market value shall be established through historical documents.

7.5.3.3 *Condemnation*

Real and personal property acquired by condemnation shall be valued in accordance with the appraisal filed by the Government with the requisite court.

7.5.3.4 *Non-AC&I Projects*

1. Acquisitions and improvements to capital assets procured with non-AC&I funds that meet capitalization thresholds shall be recorded directly into the designated fixed asset system by the procuring unit.
2. Non-AC&I capital asset additions shall be placed in a “hold” status pending receipt by FINCEN of all cost documentation to support capitalization and entry into the designated fixed asset system.
3. The Civil Engineering Unit (CEU) shall enter correcting data into the designated fixed asset system upon a request from FINCEN after the review of cost documentation.
4. For proper tracking of non-AC&I asset procurements, CEU must enter the Coast Guard Oracle Financials (CGOF) document number in the designated fixed asset system.

7.5.4 Real Property Documentation

The required documentation for recording acquisitions, transfers, disposals, and descriptive changes of real property is specified in the subsections that follow.

7.5.4.1 *Roles and Responsibilities for Real Property Documentation*

This subsection specifies the roles and responsibilities to ensure proper documentation and recording of transactions in the Oracle Fixed Asset system for acquisitions, transfers, descriptive changes, and disposals, to meet CFO Act requirements.

1. Commandant (CG-43) shall ensure that CEUs prepare and provide documentation within their area of responsibility to support all additions, descriptive changes, transfers, and disposals.
2. CEUs shall prepare and forward complete, accurate documentation to FINCEN (FR) so that updates to the real property records in the Oracle Fixed Asset system can be completed.
3. FINCEN (FR) shall ensure that updates to the real property records in the Oracle Fixed Asset system are completed.

7.5.4.2 *Acquisitions of Real Property – Required Documentation*

This subsection applies to land, buildings, and structures acquired by means other than construction projects. The required documentation for each category of acquisition is specified below.

1. Non-Federal entity:
 - a. Copy of the recorded deed;
 - b. Plat map;
 - c. Copy of the Final Opinion of Title (FOOT), when completed;

- d. Copy of the signed and dated acquisition contract; and
 - e. Document with the following required data elements:
 - 1) Descriptive property name(s);
 - 2) Property type(s) (land, building, or structure);
 - 3) Installation number;
 - 4) Operating Facility Address Code (OPFAC);
 - 5) Site;
 - 6) Real Property Facility Number(s) (RPFN); and
 - 7) Acquisition cost broken out by RPFN.
2. Transfer from the Department of Defense:
- a. Copy of the signed and dated Transfer and Acceptance of Military Real Property, Form DD 1354, containing the transferring agency's acquisition cost and the month/year acquired or constructed. If cost data is not available by the transferring agency, DOD must provide either the NBV at the time of transfer or the market value at the time of original Government acquisition.
 - b. Memorandum with all required descriptive information for entry into Oracle Fixed Assets, as described in item 1.e of this subsection.
3. Acquisition from a Federal entity other than the Department of Defense:
- a. Memorandum from the Civil Engineering Unit; and
 - b. Copy of Request for Transfer of Excess Real and Related Personal Property, Form GSA 1334, for all property gained, following the guidance in item 1.e of this subsection.
4. Inventory gain of property found during a site visit:
- a. Complete FPD document number (e.g., doc type 23, 24, 28);
 - b. If the FPD document number is unavailable, a Transfer and Acceptance of Military Real Property, Form DD 1354, shall be completed and forwarded to FINCEN with the following information:
 - 1) Installation number;
 - 2) OPFAC;
 - 3) Site number;
 - 4) RPFN;
 - 5) Category code;

- 6) Size;
 - 7) Plant replacement value as established by DOD and Commandant (CG-43) guidance; and
 - 8) Estimated month/year that the property was placed in service.
- c. Photograph of the found asset; and
 - d. Commandant (CG-43) will calculate the estimated historical cost by deflating the plant replacement value to the estimated acquisition cost based on the Consumer Price Index.
5. Acquisition through an exchange:
- a. Copy of the executed exchange agreement;
 - b. Copies of the executed quitclaim deed of the disposed Coast Guard property and the general warranty deed for the acquired property;
 - c. Memorandum including OPFAC, Installation, Site, and RPFNs of both acquired and disposed property; and
 - d. For each acquired RPFN, all data elements identified in item 1.e of this subsection.
6. Gifts:
- a. Copy of the deed with the number of acres;
 - b. Copy of the official appraisal or property tax record with the current market value; and
 - c. All required data elements for entry into Oracle Fixed Assets, as defined in item 1.e of this subsection.
7. Condemnation:
- a. Copy of the Declaration of Taking;
 - b. Copy of the procurement request;
 - c. Copy of the final appraisal;
 - d. Copy of the court order;
 - e. Copy of the FOOT, when completed; and
 - f. All required data elements for entry into Oracle Fixed Assets, as defined in item 1.e of this subsection.

7.5.4.3 Disposals of Real Property – Required Documentation

This subsection applies to the disposal of land, buildings, and structures. The required documentation for each category of disposal is specified below.

1. Disposal through demolition when documentation is unavailable:

A signed memorandum from the commanding officer of the civil engineering facility verifying that the asset is no longer in existence and that research to locate documentation was conducted.
2. Disposal through demolition as part of a construction contract:
 - a. Shore Asset Management (SAM) project number;
 - b. The asset must be fully identified on a PMDS sheet for capital construction projects (i.e., equal to or greater than \$200K per Real Property Facility Number (RPFN)). Blank PMDS sheets are available on the FINCEN Intranet. The following information must be supplied:
 - 1) Descriptive property names, listed by RPFN;
 - 2) Installation number;
 - 3) OPFAC;
 - 4) Site;
 - 5) RPFNs, listed separately; and
 - 6) SAM location ID;
 - c. Copy of the signed and dated acquisition contract, modifications, and Statement of Work (SOW) under which the demolition was contracted;
 - d. Demolition cost broken out of the acquisition contract by RPFN;
 - e. Complete FPD document number (e.g., doc type 23, 24, 28); and
 - f. Date of disposal by month/day/year for each RPFN listed separately.
3. Disposal through GSA:
 - a. Copy of Report of Excess Real Property, Form SF 118, including:
 - 1) Name of unit;
 - 2) Installation, OPFAC, and site number; and
 - 3) Buildings, Structures, Utilities, and Miscellaneous Facilities, Form SF 118A, with listing and descriptions of land and improvements listed separately by RPFN.
 - b. Letter from GSA when disposal is complete; and

- c. Executed quitclaim deed if GSA conveyed the property to a non-Federal entity.
4. Disposal through transfer to another DHS agency:
 - a. Memorandum with the name of the unit, OPFAC, installation number, site number, and RPFNs; and
 - b. Copy of the DHS transfer letter and attachments.
 5. Disposal through transfer to DOD (Title 10 transfer):

Transfer and Acceptance of Military Real Property, Form DD 1354. The Cost field shall contain the NBV from Oracle Fixed Assets obtained from FINCEN.
 6. Disposal through special legislative conveyance:
 - a. Copy of the public law authorizing conveyance;
 - b. Memorandum listing each RPFN; and
 - c. Copy of the signed quitclaim deed.
 7. Disposal through abandonment:
 - a. A signed and dated Report of Survey, Form CG-5269, to be conducted and completed by the unit and forwarded to the Civil Engineering Unit for each disposed RPFN, with required descriptive information for removal in Oracle Fixed Assets, as described below:
 - 1) Descriptive property names, listed by Real Property Facility Number (RPFN);
 - 2) Installation number;
 - 3) OPFAC;
 - 4) Site;
 - 5) RPFNs, listed separately;
 - 6) Location ID; and
 - 7) Date of disposal by month/day/year for each RPFN listed separately; and
 - b. A signed memorandum from the commanding officer of the Civil Engineering Unit, endorsing the Report of Survey, Form CG-5269.

7.5.4.4 Descriptive Changes to Real Property – Required Documentation

Descriptive changes to land, buildings, and structures that impact data in Oracle Fixed Assets must be documented by the Civil Engineering Units (CEU) and sent to FINCEN. The required documentation for each category of descriptive change is specified below.

1. Change in OPFAC with no changes in sites or installation numbers:

The CEU shall use the Requisition and Invoice/Shipping Document, Form DD 1149, listing the property affected by the Operating Facility Change Order (OFCO). If more than one RPFN is affected, the CEU can request from FINCEN a listing of RPFNs on a Requisition and Invoice/Shipping Document, Form DD 1149, for verification, validation, and acceptance.

2. Change in site or installation number with no change in OPFAC:

Requires a memorandum containing the list of RPFNs for the former site, an installation number, and the new site and installation number.

7.5.5 Personal Property Documentation

1. Personal property assets received from other Government agencies shall be transferred-in at the existing book value of the transferring agency, or at the estimated fair market value if the book value is not provided. This value shall be increased by transfer costs such as freight and shipping charges. The cost of transferred assets shall be depreciated based on the remaining service life used by the transferring agency. If the remaining service life is not known, an estimated service life shall be established and supporting documentation maintained.
2. Transfer documents for personal property assets shall be forwarded to FINCEN to document delivery, acceptance, and transferred-in cost.
3. Coast Guard units or Headquarters offices responsible for the movement of Coast Guard personal property assets shall copy FINCEN on all OFCO and ferry movement messages resulting in a permanent change in aircraft or vessel location.
4. FINCEN shall update the designated fixed asset system to reflect the transfer.

7.5.6 Asset Disposal Policy

1. Real and Personal Property categorized as general property, plant, and equipment (PP&E) shall be removed from general PP&E accounts, along with associated accumulated depreciation/amortization upon disposal of the asset.
2. If, prior to disposal, retirement, or permanent removal from service, any capitalized general PP&E no longer provides service in operations, the value of such property along with accumulated depreciation shall be removed from the general ledger accounts. General PP&E may no longer provide service if it suffered damage, became obsolete in advance of expectations, or was identified as excess.
3. Management must provide documentation as evidence of an asset's permanent removal from service; otherwise there will be no change in the reported value of the asset and depreciation/amortization continues. Asset disposals shall be recorded in an appropriate asset account at its expected net realizable value. Upon completion of the disposal of the

asset, it shall be written off and any difference in the book value of the general PP&E and its expected Net Realizable Value (NRV) shall be recognized as a gain or a loss in the period of adjustment. However, no additional depreciation/amortization will be taken once such assets are removed from general PP&E in anticipation of disposal, retirement, or removal from service. The NRV, if any, must transfer to an Asset-Pending Disposal account until the asset is disposed.

4. Valuation:
 - a. Valuation of assets that are to be transferred to another Federal Government agency shall be valued at NRV, which is generally NBV.
 - b. Valuation of assets that are to be disposed to an entity outside the Federal Government agency shall be valued at NRV, which is generally zero.
 - c. Valuation of assets whose final disposition is unknown shall be valued at NRV, which is generally NBV.

7.5.6.1 Impaired Assets

1. Real and personal property assets are considered impaired when there is a significant and permanent decline in the service utility of the asset. A decline is considered permanent when management has no expectation that the lost service utility will be replaced or restored. Recognition of the impairment loss should be limited to the asset's net book value at the time of impairment. Impairment loss is measured as the difference between the book value and either:
 - a. The cost to acquire an asset that would perform similar remaining functions, or
 - b. The portion of book value attributable to the remaining functional elements of the asset.
2. The loss shall be recognized upon impairment, and the book value of the asset reduced accordingly.
3. If neither (1a) nor (1b) can be determined, the book value shall continue to be depreciated/amortized over the remaining useful life of the asset.
4. If the impaired asset is to be removed from use, the loss due to impairment is measured as the difference between the book value and the NRV, presumably zero. The NRV, if any, shall transfer to an Equipment Pending Disposal account until the asset is disposed.

Note: Effective September 2014, Federal agencies will report the effects of general property, plant, equipment impairments in their financial statements when they occur.

7.5.7 Assets in Storage or Out of Service – “In Special Service”

Coast Guard assets are, from time to time, placed in storage or out of service. This category of service implies that the status of the asset is temporary and will return to future service; i.e., there

are no future or proposed plans to retire, dispose, or decommission the asset. Assets in this category shall remain in the general ledger accounts, and shall continue to be depreciated.

Note: Although Coast Guard assets in these categories are infrequent, inclusion of these categories in this policy is to provide guidance as necessary.

7.5.8 Oracle Asset Systems

The Oracle Fixed Asset Module (FAM) is the official system of record for real and personal property existence and valuation for all property including that obtained with nonappropriated funds or through the gift acceptance process. The Oracle Projects is the official system for capturing the cost of AC&I construction projects. FINCEN maintains the project accounting records and all project setups.

Reports available from Oracle Projects include all detailed transactions recorded since 1 October 1998. A conversion line item is included in the detail records to represent any CIP balance brought forward as of 30 September 1998.

Oracle Projects does not include detailed costs incurred on the project by inventory control point (ICP) activities or the Coast Guard Yard. These transactions appear in the Oracle Fixed Asset system as a summary figure for ICP transactions.

7.5.9 Inventory – Capital Assets

1. Real Property

The existence of real property assets and CIP projects shall be certified periodically, as determined by Commandant (CG-84).

2. Personal Property

- a. Property officers, district asset managers, and facility managers shall prepare a year-end certification of capitalized personal property inventory under their control based on the assets in the Oracle Fixed Asset Module (FAM).
- b. Property officers, district asset managers, and facility managers with capitalized personal property assets under their control shall conduct a complete physical inventory of all capitalized property in the fourth quarter of the fiscal year and shall provide certification to Commandant (CG-84).

These year-end capital asset certifications shall be submitted to FINCEN with any errors on or about 10 August and corrections made in FAM by 20 September of each year. All discrepancies shall be supported by documentation.

7.6 Financial Policy for Operating Materials and Supplies

This section applies to all operating materials and supplies (OM&S) owned by the Coast Guard and under the control of field units.

Operating materials and supplies (OM&S) are free-issue items that typically will be used and/or consumed during normal operations. OM&S includes consumable and repairable spare parts. There are four categories of OM&S:

1. **Held for Use** – OM&S non-allowance quantities that are computed using demand that occurred in a minimum of two years and held within timeframes established, with predictable usage. Repairable spares in this category are Ready-for-Issue (RFI).
2. **Held for Future Use** – OM&S allowance quantities are maintenance-significant parts that are necessary to maintain equipment in operating condition. Usage of allowance stock is not predictable. Project stock held for a specific period of time for a specific usage.
3. **Excess, Obsolete, or Unserviceable (EOU)** – OM&S that exceeds normal allowance quantities or is no longer usable because of technology, law, or operational changes, or which cannot be economically repaired.
4. **Held for Remanufacture/Repair** – Items in the process of (or awaiting) inspection, disassembly, evaluation, cleaning, rebuilding, refurbishing, and/or restoration to serviceable or technologically updated/upgraded condition. Items held for remanufacture may consist of direct material (including repairable spare parts and subassemblies, also referred to as “carcasses” and work-in-process. Repairable spares in this category are Not-Ready-for-Issue parts (NRFI) pending repair.

7.6.1 Authorities

1. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
2. Federal Accounting Standards Advisory Board, *Interpretation 7, Items Held for Remanufacture*, March 16, 2007.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
3. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
https://cgportal2.uscg.mil/sites/externaldata/Directives/CIM_4400_19B.pdf

7.6.2 Responsibilities

7.6.2.1 *Office of Financial Systems Business Requirements (CG-86)*

Commandant (CG-86) designates and certifies systems for financial tracking of OM&S.

7.6.2.2 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842):

1. Provides financial and audit oversight for reporting of OM&S transactions.
2. Analyzes financial statements and reports, and logistics data for OM&S transactions.

7.6.2.3 Office of Logistics (CG-44)

Commandant (CG-44):

1. Ensures that logistics policy is established and maintained.
2. Monitors and conducts field visits to ensure that physical inventories are conducted in accordance with Coast Guard policy and procedures.
3. Prepares and submits period-end financial reports.

7.6.2.4 Finance Center (FINCEN)

FINCEN personnel:

1. Maintain general ledger balances for field OM&S. (Field OM&S is any OM&S not held by the ICPs.)
2. Prepare period-end adjustment entries to record OM&S at field units.
3. Ensure annual reconciliation of the Fleet Logistics System (FLS) OM&S records with the general ledger.

7.6.2.5 Unit Commanding Officer (CO)/Officer-in-Charge (OIC)

The unit CO/OIC:

1. Ensures that OM&S, including repairable spares, are secure and under good physical control.
2. Ensures that transactions are processed within time standards.
3. Maintains audit-ready records and files.
4. Performs physical inventories and completes reporting.
5. Executes FLS extracts timely and correctly.
6. Submits annual reports of OM&S to FINCEN's Financial Reports and Analysis Branch (FF)/Commandant (CG-842).

7.6.2.6 Director of Operational Logistics (DOL)/Inventory Control Points (ICPs)/Area and District Commanders

The DOL, ICPs, and area and district commanders jointly ensure that units are in compliance with policy. They also ensure the maintenance of complete, accurate, audit-ready records.

7.6.3 Policy

7.6.3.1 Recognition

OM&S purchased and maintained by Inventory Control Points (ICPs) shall be accounted for using the consumption method. In applying the consumption method, OM&S shall be recognized and reported as assets when produced or purchased. "Purchased" is defined as when the title passes to the purchasing entity.

7.6.3.2 Valuation

1. **OM&S Held for Use** – Shall be valued at historical cost using a moving-average cost flow assumption. Donated OM&S shall be valued at its fair market value at the time of donation.
2. **OM&S Held for Future Use** – Shall be valued at historical cost using a moving-average cost flow assumption.
3. **OM&S EOU** – Shall be valued at expected net realizable value (NRV). The difference between the carrying amount of the inventory before identification as excess, obsolete, or unserviceable (EOU) and its expected NRV shall be recognized as a loss (or gain).
4. **OM&S Held for Remanufacture/Repair** – Shall be accounted for using the allowance method. Under the allowance method, inventory held for repair shall be valued at the same value as a serviceable item using, an allowance for repairs contra-asset account. An average repair cost (ARC) methodology shall be used to calculate the total estimated value of the OM&S repair allowance account.

7.6.3.3 Disclosure

Disclosures of OM&S shall include the following:

1. General composition of OM&S;
2. Basis for determining OM&S;
3. Changes from the prior year's accounting methods, if any;
4. Balances for each of the categories of operating materials and supplies described above;
5. Restrictions on the use of materials;
6. Decision criteria for identifying the category to which OM&S are assigned; and
7. Changes in the criteria for identifying the category to which OM&S are assigned.

7.7 Financial Accounting and Reporting of INV and OM&S for Coast Guard ICPs

The Coast Guard manages and maintains financial accountability for a variety of stock items classified as inventory (INV) and operating materials and supplies (OM&S). These stock items are managed and controlled by two inventory control points (ICPs): the Aviation Logistics Center (ALC) in Elizabeth City, North Carolina, and the Surface Forces Logistics Center (SFLC) in Baltimore, Maryland. These ICPs store and manage stock items in central warehouses and at authorized remote locations throughout the United States.

The values of INV and OM&S held at the central warehouses and at the authorized remote locations are reflected on the ALC and SFLC stock ledgers, general ledgers, and financial reports. The ICPs are responsible for the proper safeguarding, management, accounting, and reporting of stock items at both the ICP and authorized remote locations. ICPs shall ensure that their accounting records provide accurate and timely financial information for all of the Coast Guard's financial statements, and that the records support the financial assertions associated with the Inventory and Related Material line items.

The ICPs use various funding sources to acquire and manage the stock items they support. The funding sources are: supply funds; operating expenses (OE) funds; reimbursable funds; and acquisition, construction, and improvement (AC&I) funds.

7.7.1 Purpose

This policy requires ICPs to manage transactions and recorded values relating to the acquisition, receipt, sustainment, improvement, usage, and disposition of INV and OM&S owned or controlled by the Coast Guard. This policy ensures that stock items and the associated transactions are recorded timely and accurately in the appropriate general ledger accounts and are properly reflected in the Coast Guard's financial statements, notes, and disclosures, in accordance with generally accepted accounting principles (GAAP).

7.7.2 Scope

This policy applies to all Coast Guard components that provide logistics policy and/or management oversight to the Coast Guard ICPs, as well as those that manage (e.g. acquire, receive, sustain, improve, use, and dispose of) ICP-controlled stock items. ICP stock items for this policy are defined as INV (Supply Fund and Industrial Fund) and OM&S that are managed (but not necessarily kept) at ICPs. Real property, personal property, fuel, uniforms, buoys, and retail commissary items are not covered by this policy.

7.7.3 Procedures Modifications and Changes

Periodically, it may become necessary for ICP supporting procedures to be updated to reflect changes in life cycle events. In such situations where necessary updates are deemed appropriate, it shall be the responsibility of the ICP to ensure that modifications to procedures are in alignment with this policy.

7.7.4 Definitions

This subsection defines terms that are critical to understanding and implementing the policy for financial accounting and reporting of INV and OM&S at the ICPs.

audit-ready – an assertion as to the validity and reliability of information contained in the financial statements, providing reasonable assurance that the statements are free of material error and that a system of internal controls exists and operates as intended.

average repair cost – methodology for calculating the estimated repair cost allowance account for repairable spares.

evidential matter (supporting documentation) – documents that are both valid and relevant, regardless of form, used to support transactions, reviews, accounting entries, and financial statement adjustments. Evidential matter obtained from independent third-party sources outside the Coast Guard provides a greater assurance of reliability for purposes of an independent audit than evidential matter secured solely within the Coast Guard.

fair market value – an estimate of what a willing buyer would pay for an asset to a willing seller, both in a free market, where both parties have reasonable knowledge of the relevant facts.

inventory (INV) – As stated in SFFAS No. 3, INV consists of items that are held for sale (or held in reserve for future sale); held for repair; or classified as excess, obsolete, or unserviceable (EOU). For the purposes of this ICP policy, INV includes consumable reimbursable stock items. INV (inventory consumed is an expense/revenue) will be recorded at the moving average value (or by some other method that reflects historical cost) and will be reflected in the 152x series general ledger accounts. INV items will be included in the Inventory and Related Property line item on the financial statements and disclosed in related footnotes.

life cycle (of a stock item) – a term that addresses the three major life phases:

1. Acquisition (acquiring the asset);
2. Sustainment (operating, maintaining, and improving the asset); and
3. Disposal (retirement, demolition, or final disposition of the asset).

management assertions – representations by Coast Guard management that are embodied in financial statements. Management assertions can be either explicit or implicit, and are classified into the following categories:

1. Existence or occurrence – addresses whether assets or liabilities exist at a given date and whether recorded transactions have occurred during a given period.
2. Completeness – addresses whether transactions and accounts that should be represented on Coast Guard financial statements are so included.
3. Rights and obligations – addresses whether assets are the rights of the Coast Guard at a given date.

4. Valuation or allocation – addresses whether assets have been included on Coast Guard financial statements in appropriate amounts.
5. Presentation and disclosure – addresses whether particular components of Coast Guard financial statements are properly classified, described, and disclosed.

moving-average price – An inventory costing method used for perpetual inventory systems in which the average cost is recomputed after each purchase, donation, or adjustment that affects the balance of the asset being valued.

Navy-type/Navy-owned (NTNO) – Navy-owned and -maintained equipment that is installed on Coast Guard vessels and aircraft. Examples include communication, ordnance, avionics, navigation, and radar systems. By agreement, the Navy provides maintenance and support funds for all NTNO equipment in use by the Coast Guard. The Coast Guard manages these items and excludes them from Coast Guard financial statement reporting.

Net Realizable Value (NRV) – an estimate of the amount that can be recovered from selling or otherwise disposing of an item, less the estimated costs of completion, holding, and disposal. ICPs need to record the cost of the ending inventory at the lower of cost or NRV to ensure that the value of the inventory on the financial statements is not overstated.

operating materials and supplies (OM&S) – As stated in SFFAS No. 3, OM&S consists of tangible personal property that is consumed in normal operations and that is held for use; held in reserve for future use; held for remanufacture/repair; or that is classified as excess, obsolete, or unserviceable (EOU). For the purposes of this ICP policy, OM&S includes consumable, free-issue stock items and repairable spares. OM&S will be recorded at the moving average value that reflects historical cost, and will be reflected in the 151x series of general ledger accounts. OM&S is included in the Inventory and Related Property section of the financial statements and the accompanying explanatory footnotes.

parent asset – a classification resulting from the parent/child hierarchical relationship established to allow cross reference of one asset to another, where one asset is a subcomponent of another asset. The parent asset is an existing asset or major system that has an integral relationship with one or more child assets (subcomponents) which, when taken together, become a single asset.

periodic review – a review that is scheduled to occur at regular intervals in order to ensure that controls are in place and operating effectively; transactions are adequately supported; and local procedures support management assertions.

receipted items – items that are accepted at the warehouse or designated location, deemed accurate in quantity and condition, and ready to be processed and stowed. Receipted items will be recorded in the GL accounts as issuable assets in either a temporary or final storage location.

received items – items that are delivered to a warehouse or designated location to await inspection and acceptance.

stock items – a term used to identify INV and OM&S.

third-party documentation – documentation associated with a transaction that is provided by a person or entity outside the Coast Guard. Any financial documentation, such as an invoice, between an external vendor and the Coast Guard is considered third-party documentation. Third-party documentation may also be called “arms-length transaction” documentation.

timely and accurately – a term used to describe effective and efficient procedural steps resulting in transaction processing that occurs at the appropriate time or when scheduled, and that results in values or assessments that are free from errors and conform to established standards.

7.7.5 Authorities

1. Chief Financial Officers Act of 1990. PL 101-576, September 1990.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. Federal Managers’ Financial Integrity Act (FMFIA) of 1982. P.L. 97-255.
http://www.whitehouse.gov/omb/financial_fmfi1982
3. Department of Homeland Security Financial Accountability Act [2004].
<http://www.gpo.gov/fdsys/pkg/STATUTE-118/pdf/STATUTE-118-Pg1275.pdf>
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
5. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards & Concepts*, July 1995.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant & Equipment (PP&E)*, November 1995.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
7. Federal Accounting Standards Advisory Board, *Interpretation 7, Items Held for Remanufacture*, March 16, 2007.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
8. Office of Management and Budget, Circular A-123, *Management’s Responsibility for Internal Control*, December 2004.
http://www.whitehouse.gov/omb/circulars_a123_rev
9. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.
http://www.whitehouse.gov/omb/circulars_a127

10. American Institute of Certified Public Accountants (AICPA), SAS No. 31, *Statement of Auditing Standards, Evidential Matter*, August 1980.
<http://umiss.lib.olemiss.edu:82/articles/1038053.6549/1.PDF>
11. *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series).
https://cgportal2.uscg.mil/sites/externaldata/directives/CIM_4121_4.pdf
12. *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).
https://cgportal2.uscg.mil/sites/externaldata/Directives/CIM_4500_5D.pdf

7.7.6 Responsibilities

Following are the offices and their respective responsibilities for financial accounting and reporting of INV and OM&S at the ICPs.

7.7.6.1 Assistant Commandant for Engineering and Logistics (CG-4)

Commandant (CG-4) maintains overall responsibility for the development, promulgation, and enforcement of the ICP logistics policy and procedures to ensure that they align with financial accounting and reporting policy.

7.7.6.2 Office of Aeronautical Engineering (CG-41)

Commandant (CG-41):

1. Maintains overall responsibility for the implementation and management of key controls in the ALC ICP procedures, which support all financial statement and internal control assertions related to ALC ICP stock items.
2. Reports to the Assistant Commandant for Resources (CG-8), as requested, on the status of the ALC ICP financial statement and internal control assertions.

7.7.6.3 Office of Naval Engineering (CG-45)

Commandant (CG-45):

1. Maintains overall responsibility for the implementation and management of key controls in the SFLC ICP procedures, which support all financial statement and internal control assertions related to SFLC ICP stock items.
2. Reports to the Assistant Commandant for Resources (CG-8), as requested, on the status of the SFLC ICP financial statement and internal control assertions.

7.7.6.4 Office of Logistics (CG-44)

Commandant (CG-44):

1. Designs and implements logistics policy for the ICPs that aligns with financial accounting and reporting policy.
2. Reviews and approves the implementation of ICP processes and procedures as they apply to this policy so that key controls and financial statement and internal control assertions can be supported.
3. Ensures that physical inventories conducted at the ICPs are in accordance with this policy.
4. Ensures that all ICP reporting (e.g., inventories, financial) is executed in accordance with this policy.

7.7.6.5 Mission Support Resources Directorate (DCMS-8)

DCMS-8:

1. Ensures that logistics procedures are designed and contain key controls so that financial statement and internal control assertions can be supported.
2. Designs, executes, and reports on control-based testing for all logistics procedures.

7.7.6.6 Inventory Control Points (ALC and SFLC)

The ICPs (ALC and SFLC):

1. Maintain physical and financial accountability of INV and OM&S assets under their control.
2. Ensure that established logistics procedures are maintained and in accordance with published policy.
3. Calculate average repair cost for each repairable spare part used to support the total estimated repair cost.
4. Ensure that procedures and sub-processes related to ICP stock items are operating as designed and intended, and that all transactions are fully supported and audit-ready.
5. Retain accurate audit-ready documentation for all transactions that are ultimately posted in the Coast Guard's general ledger and reported in the financial statements.
6. All documentation must be retained in accordance with *Information and Life Cycle Management Manual*, COMDINST M5212.12 (series).
7. Maintain accurate audit-ready documentation for all life cycle transactions that are posted in subsidiary ledgers as transaction-level support for local general ledgers.
8. Conduct physical inventories in accordance with current logistics policies contained in *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series).

9. Prepare and submit period-end financial reports and footnotes in accordance with published schedules.

7.7.6.7 Capital Acquisition Program Management Offices

The Capital Acquisition Program Management Offices, Commandants (CG-1), (CG-4), (CG-6), (CG-7), and (CG-9), ensure that all purchases of ICP stock items using Coast Guard Headquarters contracts are executed in accordance with this policy.

7.7.6.8 Assistant Commandant for Resources (CG-8)

Commandant (CG-8) maintains overall responsibility for the development, promulgation, and enforcement of the ICP financial accounting and reporting policy used by all organizational components.

7.7.6.9 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84):

1. Provides oversight for the development, and promulgation, of ICP financial accounting and reporting policy used by all organizational components.
2. Provides oversight for the preparation and performs a review of the financial statements required by this policy and by CFO reporting requirements.

7.7.6.10 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842):

1. Stipulates GAAP-compliant financial accounting and reporting policy requirements for all ICP stocked items.
2. Interprets financial accounting and reporting policy for the logistics components, and reviews logistics component's standard operating procedures to ensure compliance with financial accounting and reporting policy.
3. Provides guidance as necessary relating to the development of logistics procedures and the design of internal controls.

7.7.6.11 Financial Management Policy Division (CG-843)

Commandant (CG-843):

1. Develops GAAP-compliant financial accounting and reporting policies for INV and OM&S assets.
2. Updates all Coast Guard ICP accounting policies to coordinate with new OMB bulletins, Treasury Department bulletins, DHS directives, and FASAB rules and regulations.

7.7.6.12 Office of Procurement Policy & Oversight (CG-913)

Commandant (CG-913) develops and implements policy for Coast Guard acquisition of stock items (e.g., spare parts) for the ICPs, and ensures that this policy aligns with financial accounting and reporting policy.

7.7.6.13 Finance Center (FINCEN)

FINCEN personnel:

1. Maintain and update the Core Accounting System (CAS) with summarized reported general ledger values from the ICPs.
2. Prepare Coast Guard financial statements and footnotes containing ICP stock item values.

7.7.6.14 Yard and ALC Financial Officer

The Yard and ALC senior Financial Officers (comptrollers) ensure that all SFLC and ALC reporting is timely, accurate, and in accordance with this policy.

7.7.7 Policy

Policy for financial accounting and reporting of INV and OM&S at the ICPs is specified in the subsections that follow. Commandant (CG-44) shall ensure that logistics policies and procedures are in alignment with the policy requirements set forth in this document.

7.7.7.1 Classification of Newly Acquired Stock Items at ICPs

As new stock items are introduced into ICP systems, timely and accurate classification is essential to ensure that life cycle transactions recorded during the acquisition, receipt, sustainment, improvement, and disposal phases are maintained in the proper series of general ledger accounts.

1. Stock items managed by the ICPs shall be classified when they are entered into the ICPs' logistics and financial accounting systems. Items shall be recorded using the same general ledger series of account numbers reflected in the Coast Guard and DHS financial statements.
2. ICPs shall classify each stock item in one of the categories shown in Table 7.1 below.
3. ICPs shall ensure that all newly introduced stock items meet these classification guidelines and are properly classified in the ICPs' financial accounting systems when introduced prior to acquisition.
4. ICPs shall ensure that classification/reclassification procedures are maintained and that said procedures contain key internal controls with proper management reviews and approvals.

5. ICPs shall ensure that periodic reviews of ICP classifications are conducted and internally documented so that internal controls and assertions can be supported for classification/re-classification.
6. ICPs shall ensure that audit-ready documentation is retained to support all classification/re-classification decisions for the life cycle of the stock item, plus three years.

Table 7.1 Classification of ICP Stock Items

Classification Category	Description – Classification	General Ledger Account Series	Financial Statement Line Item
Inventory	Consumable, reimbursable stock items that are held for sale (or held in reserve for future sale); held for repair; or classified as excess, obsolete, or unserviceable.	Life cycle financial transactions shall be recorded in the 152x series of general ledger accounts.	Inventory and Related Property
Operating Materials and Supplies	Consumable, free-issue stock items that are consumed during normal operations and that are held for use; held in reserve for future use; held for remanufacture/repair; or classified as excess, obsolete, or unserviceable.	Life cycle financial transactions shall be recorded in the 151x series of general ledger accounts.	Inventory and Related Property

7.7.7.2 Acquisition of Stock Items at ICPs (ICP Acquisitions)

Stock items are acquired by the ICPs using various methods such as formal contracts (major acquisitions), simplified acquisition procedures (small purchases), Military Interdepartmental Purchase Requests (MIPRs), Federal Supply System (FSS), Military Standard Requisition and Issuing Procedures (MILSTRIP), credit card purchases, and transfers-in from various sources.

1. ICPs shall ensure that any acquisition method used identifies the stock item being purchased on the acquisition document and ties it to the ICP stock system line item of accounting so that line item accounting and proper valuation data can be processed and stored.
2. ICPs shall ensure that stock items acquired by cannibalization, reutilization, or donation, or by acquisition from another Government source (non-acquisition), are fully documented and valued at fair market value at the time of receipt.

3. ICPs shall ensure that all documentation that supports the acquisition of stock items is audit-compliant third-party documentation, supporting the receipt date and valuation of the items.
4. ICPs shall ensure that audit-ready documentation is retained to support all acquisitions of stock items for the life cycle of the stock item plus three years.

7.7.7.3 Acquisition of Stock Items at ICPs (Non-ICP Acquisitions)

Stock items are occasionally acquired for the ICPs by Headquarters or other entities, using formal contracts (major acquisitions) or other methods. These stock items are required to be purchased and delivered to the ICPs for life cycle support of parent assets (e.g., HC-130J aircraft).

1. Commandant (CG-9), HQ acquisition project managers (APMs), and other acquisition entities shall ensure that all HQ contracts cite a separate contract line item number (CLIN) for stock items at the unique National Item Identification Number (NIIN) level. Stock items include both consumable and repairable spare parts.
2. Commandant (CG-9), HQ APMs, and other acquisition entities shall ensure that all HQ contracts require the vendor to provide a shipment listing and associated invoice for stock items that will be shipped to ICPs or other intermediate destinations. At a minimum, the invoice must support each item shipped, and the listing must contain the following information for each item:
 - a. Contract number;
 - b. CLIN;
 - c. Name of stock item;
 - d. Manufacturer part number;
 - e. NIIN;
 - f. Class of asset that the stock item supports (e.g., FRC);
 - g. Quantity;
 - h. Unit price;
 - i. Extended price; and
 - j. Estimated shipping date.
3. Commandant (CG-9), HQ APMs, and other acquisition entities shall ensure that the vendor listing ties to the CLIN total reflected on the contract document. Copies of the information required in paragraph 2 above, including vendor shipment listings, associated invoices, and reconciliations, shall be provided to the ICP that is in possession of the physical assets.
4. Commandant (CG-9), HQ APMs, and other acquisition entities shall ensure that the vendor shipment listings, reconciliations, and copies of the signed contract are provided

to Commandant (CG-842), FINCEN (FR), and the ICP commanding officer thirty days prior to the first item being shipped. Vendor invoices shall be provided to the ICP within 30 days after shipment. The names of the contract specialist and contracting officer shall be noted in the transmittal. The acquisition project office shall be the responsible liaison between the contractor and the ICP to discuss any details or needs related to the shipment.

5. ICPs shall work with Commandant (CG-9), HQ APMs, and other acquisition entities to resolve discrepancies of unsupported stock items. An unsupported stock item is any item without full documentation to support quantity, unique item identification, valuation, and date of delivery.
6. Commandant (CG-9), APMs, other acquisition entities, and ICPs shall proceed with alternative valuation methods within 15 business days for stock items that cannot be supported. An unsupported item is one that was received by the ICP without the completed documentation identified in paragraph 2 above (e.g., contract, invoice), or a transfer-in without proper support. Additional costs to support unsupported stock items are the responsibility of the HQ APM, and can result in additional costs to the acquisition project. Valuation of stock items does not become the responsibility of the ICP until stock item acceptance, and the ICP shall not receipt for stock items without acceptable valuation documentation as required in Subsection 7.7.7.8, Valuation of Stock Items at ICPs.
7. Stock items lacking complete documentation shall be accepted as frustrated stock items (see description in subsection 7.7.7.5 below).
8. Commandant (CG-9), HQ APMs, and ICPs shall ensure that all unsupported stock items (i.e., stock items without the documentation required in paragraph 2 above) are resolved within 30 business days of their arrival at the ICP.
9. Commandant (CG-9), HQ APMs, and ICPs shall ensure that stock item receipt transactions are entered into logistics systems in a method that tie the receipt to the HQ contract number and the capital project number (CIP project number). The APM shall be responsible for providing the project number to the ICP.
10. Commandant (CG-9), HQ APMs, and ICPs shall ensure that audit-ready documentation (meeting the requirements of paragraph 2 above) is retained at the ICPs to support all acquisitions of stock items for the life cycle of the stock item plus three years.

7.7.7.4 Receiving of Stock Items at ICPs

Initial physical control begins when title passes to an entity or when the items are delivered. The items received and their initial physical condition, whether purchased, donated, or transferred, are recorded in the inventory system records, both stock and financial. This section applies to all stock items received at the ICPs, such as turn-ins, transfers, new items, carcasses, etc.

1. ICPs shall inspect the items for quantity, quality, condition, and any special specifications as indicated on the purchase order.

2. ICPs shall develop and manage a receiving program that includes quality inspections of all materials received on the docks to validate the count, condition, packaging, and marking, and to identify any obvious damage.
3. ICPs shall identify and segregate the stock items received as receipted or frustrated.
4. ICPs shall ensure that audit-ready documentation is retained at their location to support all stock items received for three fiscal years after the receiving date is recorded.

7.7.7.5 Frustrated Receipt of Stock Items at ICPs

Stock items occasionally arrive at the ICPs with no advance notice and with little or no documentation that would identify the items to a pending order or “due in”, or in a non-conforming condition. These “frustrated receipt” stock items cannot be received or receipted. They are temporarily stowed in a warehouse location while ICP personnel engage in causative research to identify the pending order or “due in” information. While in a frustrated receipt status, the items are not recorded on the ICP stock record, and their valuation is not recorded in a general ledger account. Consequently, frustrated receipt stock items are not reflected in Coast Guard financial statements.

1. ICPs shall ensure that frustrated receipt stock items are separately stored and identified in warehouse locations.
2. ICPs shall ensure that documentation is retained for frustrated receipts so that the original received date and all associated resolution actions are documented and audit-ready.
3. ICPs and the acquisition office shall ensure that frustrated receipt stock items are resolved within 30 calendar days of the original receipt date.
4. ICPs and all other acquiring entities shall ensure that audit-ready documentation (as described in paragraph 2 of subsection 7.7.7.3 above) is retained at their location to support all frustrated receipts of stock items for three fiscal years after resolution.

7.7.7.6 Receipt of Stock Items at ICPs

After a thorough inspection of each received and accepted item, the ICP stock records are updated, and the financial transactions are recorded in the ICP general ledgers. This event is also the title-passing point. Evidential matter is gathered to support the receiving-receipting process, and all ICP systems are updated. Stock items that cannot be receipted are either frustrated or rejected.

1. ICPs shall ensure that received-receipted stock items are recorded in the ICP stock and financial systems in a timely and accurate manner.
2. ICPs shall ensure that all evidential matter is gathered and retained to support stock items that have been receipted. This ensures that all dates, ICP stock item system transaction values, stock valuation amounts, and associated general ledger transactions can be fully supported and are in an audit-ready status.

3. ICPs shall ensure that all stock item receipt transactions are entered into the ICP stock item systems, and that the transactions identify the receipt document number and the capital acquisition project (e.g., CIP project) number, if appropriate.
4. ICPs shall perform ARC calculations annually for each repairable spare at the National Item Identification Number (NIIN) level. All repair costs used to calculate the ARC must be supported by the appropriate documentation required for valuation.
5. ICPs shall ensure that stock item receipts are not recorded without audit-compliant evidential matter supporting the receipt date and valuation of the stock item.
6. ICPs shall ensure that all available third-party evidential matter supports the receipt process.
7. ICPs shall ensure that audit-compliant evidential matter documentation is retained at their location to support all acquisitions and valuations of stock items for the life cycle of the stock items plus three years.

7.7.7.7 Stowing of Stock Items at ICPs

Once the receiving-receipting process for ICP stock items is complete, the items are stowed in a pre-assigned ICP warehouse location. As these items become warehouse stock, the warehouse records are updated, noting the warehouse shelf location that is reflected in the ICP stock system.

1. ICPs shall ensure that received-receipted stock items are stowed in their assigned locations in a timely and accurate manner.
2. ICPs shall ensure that all receipted stock items are stowed prior to a physical inventory.
3. ICPs shall ensure that audit-ready documentation, including receipt dates, is retained to support warehouse stock items for a period of three years following the item stow date.

7.7.7.8 Valuation of Stock Items at ICPs

Financial transactions are recorded in the ICP general ledgers and the ICP sub-systems are updated as stock items are receipted and accepted (passing of title).

1. ICPs shall ensure that, upon passing of title, both the stock and financial records reflect proper transactions, are in balance, and are periodically reconciled.
2. ICPs shall ensure that all stock items are valued using the moving-average cost flow assumption.
3. ICPs shall ensure that excess, obsolete, or unserviceable INV and OM&S items are valued at their estimated NRV.
4. ICPs shall ensure that evidential matter supporting the valuation of stock items is signed, is dated, and contains all essential information (e.g., NIIN, noun name, quantity, unit price). Refer to Table 7.2 below.

5. ICPs shall ensure that audit-compliant third-party evidential matter is available at their location to support all valuations of stock items, ICP stock system transaction values, and associated general ledger transactions for the life cycle of the stock item plus three years.
6. ICPs shall ensure that documentation for each acquisition method conforms to the following table:

Table 7.2 Required Valuation Documentation by Acquisition Type

Acquisition Type	Documentation Required for Valuation
Commercial	<ol style="list-style-type: none"> 1. Signed contract itemizing the stock item 2. Receipt document 3. Invoice 4. Proof of payment
MIPR	<ol style="list-style-type: none"> 1. Signed MIPR itemizing the stock item 2. Receipt document 3. Invoice 4. Proof of payment/IPAC
MILSTRIP	<ol style="list-style-type: none"> 1. Issue Release/Receipt Document, Form DD 1348-1A, or current FEDLOG screen print 2. Receipt document (Issue Release/Receipt Document, Form DD 1348-1A, signed/dated) 3. Proof of payment/IPAC
Credit Card	<ol style="list-style-type: none"> 1. Credit card statement itemizing the stock item 2. Receipt document 3. Proof of payment
Project Order	<ol style="list-style-type: none"> 1. Signed project order itemizing the stock item 2. Receipt document 3. Proof of payment/IPAC
Transfer-in without ICP Reimbursement	<ol style="list-style-type: none"> 1. Transfer document itemizing the stock item and showing fair market value (e.g., Requisition and Invoice/Shipping Document, Form DD-1149) 2. Receipt document

7.7.7.9 Alternative Valuation of Stock Items at ICPs

Occasionally, ICP stock items are received with inadequate documentation to support valuation. In those cases where ICP research reveals that the documentation is inadequate or non-existent, alternative valuation methodologies are employed after exhausting all practical methods to obtain the necessary historical cost documentation.

1. ICPs shall ensure that audit-compliant third-party documentation is maintained for any alternative valuation method used. The ICPs shall ensure that the documentation supports the stock item valuation, the ICP stock system transaction value(s), and the

associated general ledger transaction(s) for the life cycle of the stock item plus three years.

2. ICPs shall employ one of the following alternative valuation methods for any stock item received when historical cost documentation is unavailable. The hierarchy listed below is ordered based on least costly, least amount of resources expended:
 - a. **Like-item support.** A more recent purchase of the same item may be used to support a prior unsupported purchase.
 - b. **Published price lists.** Published price lists from original equipment manufacturers (OEMs) or FEDLOG screen prints identifying the price from another Government agency identified as the source of supply for the same item.
 - c. **OEM price certification.** Original equipment manufacturer's price certification of the same item. The certification may be via letter or e-mail.
 - d. **Budgetary Estimates.** If the actual price certification can't be found, budgetary estimates shall be used.
 - e. **Independent appraisal.** A report from an independent appraisal organization containing the appraisal cost (valuation) of the stock item and describing the methodologies used during a desktop or on-site appraisal using standard industry-compliant methods.
3. ICPs shall discount the cost of alternate valuations to the original receipt date by utilizing the consumer price index (CPI) values derived from the U. S. Department of Labor (DOL) Bureau of Labor Standards. A copy of the indexing results shall be kept as evidential matter supporting the valuation of the stock item.
4. ICPs shall ensure that all appraisal documents and copies of any CPI discounting documentation are maintained as support for the life cycle of the stock item plus three years. All documentation is to be maintained in an audit-ready status.

7.7.7.10 Physical Inventories of Stock Items at ICPs

The adequate design, planning, and execution of physical inventories are critical elements in determining if ICP processes are conforming to management internal controls. Effective physical inventory programs are also valuable methods for ensuring that ICP stock item values are accurately reflected in Coast Guard financial statements. Ideally, at least one of the required physical inventories should be conducted as close to fiscal year-end as possible (but completed before) to help ensure that the year-end financial statements are accurate and to minimize the amount of roll-forward work required.

1. Commandant (CG-44) shall ensure that the ICP physical inventory program policy guidance in *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series), is designed to support the rights, existence, and completeness of financial statement assertions, incorporating both record-to-floor and floor-to-record testing. For example, NTNO items are not the rights/obligations of the Coast Guard.

2. Commandant (CG-44) shall ensure that ICP physical inventories are designed to ensure that there is a chance of selection for all ICP-managed stock items. Stock items noted as exceptions to random inventories shall be identified and noted as to why the exception is granted, and shall contain a note as to how and when subsequent physical inventory testing will occur.
3. ICPs shall ensure that all physical inventories are planned and conducted in accordance with the schedules and guidance in *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series). For example, prior to the start of a physical inventory, the ICPs shall:
 - a. Ensure that all “issue” transactions processed in ICP stock systems are completed (picked) and that all ICP systems are updated to reflect this action. All “issue” movement of stock inventory items should be held to an absolute minimum.
 - b. Ensure that all “receipt” transactions processed in ICP stock systems are properly shelved and stowed and that all ICP systems are updated to reflect this action. All “receipt” movement of stock inventory items should be held to an absolute minimum.
4. ICPs shall ensure that inventory stock ledger balances have been reconciled to the general ledger balances prior to the commencement of each physical inventory, and that the results of the reconciliation have been analyzed to identify and correct the root cause. Evidential matter shall be maintained in an audit-ready status for a period of three fiscal years.
5. ICPs shall ensure that all physical inventories are fully documented in order to support the scheduling and execution of the inventory, the adjustment of records, the recording of transactions, and the reporting of the inventory. All documentation shall be maintained in an audit-ready status for a period of three fiscal years after the completion of the inventory.

7.7.7.11 Periodic Reconciliation of the Stock Ledger (Stock Record) to the General Ledger for Stock Items at ICPs

Inventory transactions are recorded both to the inventory stock subsidiary ledgers and to the general ledger. Certain key processes, such as the statistical-based physical inventories, rely heavily on the accuracy of both the stock ledger and the general ledger. For these reasons, it is imperative that the two ledger systems remain in balance.

1. ICPs shall execute reconciliations of their subsidiary stock ledger and general ledger on a quarterly basis. The results of these reconciliations shall be analyzed to identify and correct root causes.
2. ICPs shall ensure that stock ledgers and general ledgers are in balance for periodic financial reporting and prior to conducting physical inventories.
3. ICPs shall ensure that auditable documentation is retained to support reconciliations for a period of three fiscal years after the completion of the reconciliation.

7.7.7.12 Periodic Reviews of Classification, and Excess, Obsolete, or Unserviceable Stock Items at ICPs

During the time that stock items are maintained in the sustainment phase, periodic reviews must be made to ensure that inventory items are properly classified and valued, and to guarantee the integrity of the financial statements. Reviews shall be conducted in accordance with the following criteria to ensure that stock items are appropriately classified as either INV or OM&S, and also to determine if excess, obsolete, or unserviceable (EOU) stock items exist. These classifications can affect both the valuation of inventories and the financial statements.

1. ICPs shall ensure that an approved random sampling program has been established to test the classification of all stock items (INV or OM&S) on a quarterly basis. This program must be designed and implemented to ensure that proper classifications exist for all stock items, and it must be fully documented and audit-ready.
2. ICPs shall ensure that all stock items coded as EOU are valued at their estimated NRV and properly reported on financial reports and statements.
3. ICPs shall ensure that auditable documentation is retained to support periodic reviews of reclassifications for the life cycle of the stock item plus three years.
4. ICPs shall ensure that auditable documentation is retained to support periodic reviews of EOU items for a period of three fiscal years after completion of the review.

7.7.7.13 Changes in Classification of Stock Items at ICPs

Stock items occasionally require reclassification due to changing factors related to the item itself. When such events occur, a review of the stock item will be completed, and the item will be reclassified. Changes in classification can affect both the valuation of the ICP holdings and the financial statements.

1. ICPs shall ensure that reclassifications are executed and documented in accordance with Subsection 7.7.7.1, Classification of Newly Acquired Stock Items at ICPs, and that all financial records are updated to reflect the reclassification.
2. FINCEN shall ensure that the valuation impact from reclassifications is assessed each period to determine if a top-level financial statement adjustment shall occur (e.g., write-up or write-down).
3. ICPs shall ensure that audit-ready documentation is retained to support all reclassification decisions for the life cycle of the stock item plus three years.

7.7.7.14 Loans, Redistributions, and Mandatory Turn-in of Stock Items at ICPs

Stock items are routinely redistributed between authorized ICP stock points. Stock items are also regularly loaned or issued to authorized Coast Guard units. For example, consumable items may be redistributed from the ICP warehouse to an authorized stock point. All transactions of these types are recorded in both the ICP stock records and the general ledgers.

1. ICPs shall ensure that all transactions are recorded timely and accurately in the ICP stock records.
2. ICPs shall review all open transactions annually to ensure that they are valid and still correctly stated on ICP stock records. An open transaction is a loan, redistribution, or mandatory turn-in issue with no receipt posted.
3. ICPs shall ensure that auditable documentation is retained to support reviews of loans, redistributions, and mandatory turn-in transactions for a period of three fiscal years after the recording of the transaction.

7.7.7.15 Issue and Sale of Stock Items at ICPs

Stock items are commonly issued at ICPs; however, if classified as inventory, stock items can be sold to Coast Guard and other Government agencies. It is imperative that all issues/sales of stock items be recorded in a timely and accurate manner. ICPs must also maintain the evidential documentation that supports the authorized issuance or disposition of stock items. On-hand quantities of stock items in ICP stock systems are systematically decreased at the point of issue or sale, with corresponding decreases in inventory value and associated revenue recognition that must be recorded in the ICP financial system in accordance with Treasury financial management requirements.

1. ICPs shall maintain accurate customer files to ensure that all issues/sales of stock items are:
 - a. Authorized;
 - b. Identified as interagency, intragovernmental, or non-Government sales; and
 - c. Reflect the actual trading partners receiving the stock items.
2. ICPs shall periodically review issues and sales to verify that transactions have been properly authorized. Documentation to support reviews shall be kept in an audit-ready status for a period of three fiscal years.
3. ICPs shall ensure that documentation to support issues and sales is retained in an audit-ready status for a period of three fiscal years after the recording of the transaction.

7.7.7.16 Pick-Pack-Ship of Stock Items at ICPs

Stock items issued or sold must be picked from warehouse shelf locations, packed in an acceptable manner, and shipped to authorized recipients in a manner that meets required deadlines. Because ICP stock systems decrease the on-hand quantities, it is very important to pick-pack-ship the items in a timely and accurate manner.

1. ICPs shall ensure that all stock items are promptly and accurately picked from warehouse locations (including authorized remote sites) so that the on-shelf quantities and the stock and financial records are in balance during physical inventories and other scheduled testing by internal or external entities.

2. ICPs shall ensure that all pick-pack-ship transactions are processed timely and accurately.
3. ICPs shall periodically review pick-pack-ship transactions to ensure that open transactions are promptly researched and closed.
4. ICPs shall ensure that documentation to support pick-pack-ship transactions is retained in an audit-ready status for a period of three fiscal years after the pick-pack-ship transaction date of the item.

7.7.7.17 Reutilization of Stock Items at ICPs

Stock items (spare parts) are occasionally removed from assets (e.g., cutters), and are refurbished and restocked at ICPs, Coast Guard units, or other authorized recipients within DHS or DOD. Parts that are removed from parent assets must be clearly identified and accurately valued so that the asset valuation and spare parts valuations can be executed and supported in a compliant manner in order to sustain key financial statement assertions.

1. ICPs shall ensure that the parent asset is identified (e.g., by OPFAC, name, tail number, hull number) on all pertinent documentation whenever stock items are removed for reutilization or reclamation.
2. ICPs shall ensure that stock items are fully identified, including quantity and supported unit price, for valuation purposes.
3. ICPs shall ensure that historical documentation is gathered to support each stock item removed for reutilization from Coast Guard assets. If historical documentation is not available, ICPs shall use alternative valuation methods specified in subsection 7.7.7.9.
4. ICPs shall ensure that reutilized/reclaimed stock items from other Government sources are fully documented and valued at fair market value at the time of receipt. If documentation is not provided to support fair market value, ICPs shall use alternative valuation methods as specified in subsection 7.7.7.9.
5. ICPs shall ensure that full and complete documentation is compiled to support the devaluation of the asset (e.g., cutter, aircraft) from which the stock item is removed, in addition to the corresponding valuation information for the stock items (spare parts) that will be managed in Coast Guard applications (e.g., NESSS, ALMIS, CMPlus).
6. ICPs shall ensure that all valuations for reutilized items are supported by third-party documentation, when available.
7. ICPs shall ensure that all documents are reviewed and approved (signed and dated) by the ICP Comptroller or Comptroller Designate.
8. ICPs shall ensure to fully document the devaluation of the asset from which stock items have been removed within 10 days of ICP Comptroller approval.
9. If a cost adjustment is necessary, the cost adjustment to the identified asset shall be executed within 30 calendar days of receipt/approval of the supporting documentation.

10. ICP Comptroller or Comptroller Designate shall review and approve (sign and date) the cost adjustment prior to execution.
11. ICPs shall ensure that a copy of the documentation is retained in the appropriate location to support the induction (receipt) of any stock items into ICP stock.
12. ICPs shall ensure that full documentation is provided to external entities (e.g., Coast Guard units, DHS, and DOD) for any parts provided.
13. FINCEN (FR) and ICPs shall ensure that audit-ready documentation is retained at the ICPs to support all receipts of stock items from reutilization/reclamation for the life cycle of the stock item plus three years.

7.7.7.18 Disposals, Transfers, and Retirement of Stock Items at ICPs

Stock items considered excess, obsolete, or unserviceable (EOU) are routinely issued to an authorized disposal activity, transferred, or issued to an authorized recipient (e.g., foreign military sale).

1. ICPs shall maintain accurate files to ensure that all disposal, transfer, and retirement transactions are for authorized recipients, and are processed in a timely and accurate manner.
2. ICPs shall periodically review disposal, transfer, and retirement transactions in order to verify that they were properly authorized.
3. ICPs shall adjust their stock and accounting records to ensure that stock items are appropriately recognized upon retirement and/or cannibalization.
4. ICPs shall ensure that documentation to support disposal, transfer, and retirement transactions is retained in an audit-ready status for a period of three fiscal years after the transaction date.

7.7.7.19 Financial Reporting for ICPs

Accurate and timely reporting of ICP balances to Congress, OMB, Treasury, DHS, and other agencies is of utmost importance. It is extremely important that ICPs report to FINCEN in a timely manner to ensure that all financial information and transactions are properly reported in the Coast Guard consolidated financial statements.

1. ICPs/Yard shall ensure that stock ledger balances are reconciled to the general ledger, and that all account balances are in the correct relationships for financial reporting.
2. ICPs/Yard shall ensure that financial reports are transmitted to FINCEN (FF), with a copy being sent to Commandant (CG-842).
3. FINCEN (FF) shall prescribe monthly and quarterly reporting due dates to ICPs/Yard, with a copy being sent to Commandant (CG-842).
4. ICPs/Yard shall ensure that the following financial reports, along with any required reconciliation listings/reports, are provided to FINCEN each month:

- a. Allotment Ledger; and
 - b. General Ledger Trial Balance.
5. ICPs/Yard shall ensure that financial reports, along with any required reconciliation listings/reports, are provided to FINCEN each fiscal quarter. These reports include:
- a. Certification Letter;
 - b. Allotment Ledger;
 - c. General Ledger Trial Balance;
 - d. Prompt Payment Report;
 - e. Treasury Report on Receivables Report;
 - f. Cost Report;
 - g. Trading Partner Report;
 - h. Cost of Goods Sold Disclosure Report;
 - i. Navy-type/Navy-owned (NTNO) Report;
 - j. Footnote disclosure information for Inventory; and
 - k. Footnote disclosure information for Related Property.
6. ICPs/Yard shall ensure that financial reports, along with any required reconciliation listings/reports, are provided to FINCEN by 30 June and 30 September as directed by Commandant (CG-842).

7.8 Financial Policy for Deferred Maintenance and Repairs

Deferred maintenance and repairs (DM&R) is defined in the Statement of Federal Financial Accounting Standards (SFFAS) No. 40 as maintenance and repair activity that was not performed when it should have been or was scheduled to be, and is thus postponed or delayed until a future period. DM&R includes preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the PP&E asset so that it continues to provide acceptable service and achieves its expected life. DM&R excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

The Coast Guard has chosen to report the value of maintenance necessary to restore all four major asset categories to “excellent” condition. The four major asset categories are:

1. Aviation Depot-Level (AFC-41);
2. Electronics Depot-Level (AFC-42);
3. Shore Facility Depot-Level (AFC-43); and
4. Naval Depot-Level (AFC-45).

Furthermore, the Coast Guard includes only maintenance items in these categories that are deferred due to funding constraints (i.e., financially slipped deferred maintenance). This provides the best test to ensure that the Coast Guard is reporting a realistic measure of actual deferred maintenance at the end of the fiscal year.

The presentation in the annual financial statements of the dollar value of deferred maintenance, as required in the supplemental information, enables management and oversight authorities to measure the Coast Guard's stewardship of its assets. It also allows for comparison of the dollar amount of deferred maintenance for any given year against the funding levels for that particular year.

Note: Effective September 2014, Federal agencies must implement new requirements for DM&R required supplementary information (RSI).

7.8.1 Authorities

1. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*. http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
2. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 14, *Amendments to Deferred Maintenance Reporting*. http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 8, *Supplementary Stewardship Reporting*. http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 40, *Definitional Changes Related to Deferred Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant, and Equipment*. http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf

7.8.2 Responsibilities

7.8.2.1 *Office of Budget Execution (CG-DCMS-83)*

CG-DCMS-83 personnel:

1. Gather deferred maintenance information as of the last day of the fiscal year, ensuring that methodology is followed, and resolve discrepancies.
2. Forward deferred maintenance information to Commandant (CG-84) to meet reporting deadline requirements.

7.8.2.2 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84):

Provides oversight for developing methodology and conducting analysis for Coast Guard deferred maintenance reporting.

7.8.2.3 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842):

1. Coordinates with DCMS-83 for the proper gathering of deferred maintenance data.
2. Ensures programmatic concurrence from the Office of Programs, Commandant (CG-82), and reports required supplementary information on deferred maintenance to FINCEN for inclusion in the annual consolidated financial statements.

7.8.3 Aviation (AFC-41) Depot-Level Deferred Maintenance

The total amount of aviation (AFC-41) depot-level deferred maintenance is **the sum of**:

1. Financially slipped overhauls;
2. Financially slipped emergency repairs;
3. Financially slipped inventory reorders;
4. Financially slipped inventory repairs;
5. Financially slipped depot-level projects; and
6. Financially slipped mandated repairs.

7.8.3.1 Definitions

The component parts of aviation (AFC-41) depot-level deferred maintenance are estimated using the following definitions:

1. **AFC-41 financially slipped overhauls** – the value of routine aircraft programmed depot-level maintenance (PDM) overhauls, scheduled in accordance with the Aviation Computerized Maintenance System (ACMS), which have not been funded as of the last day of the fiscal year. This value shall be equal to the portion of each aircraft PDM overhaul planned to be performed this fiscal year but not performed, based upon an average daily cost of the total aircraft PDM overhaul. The value of routine aircraft PDM overhauls shall be based upon labor and material cost worksheets, current comparable contract prices, or supported by other professional costing methods.
2. **AFC-41 financially slipped emergency repairs** – the value of emergency aircraft depot-level work that is needed but not funded as of the last day of the fiscal year. An emergency aircraft depot-level overhaul is an un-programmed maintenance event that is established through an aircraft mishap or a depot-level maintenance request for technical

assistance from a field-level unit. The value of these repairs shall be estimated using labor and material cost worksheets, current comparable contract prices, or supported by other professional costing methods.

3. **AFC-41 financially slipped inventory reorders** – the value of programmed inventory reorders that are needed but have not been issued as of the last day of the fiscal year. Inventory reorders are needed when an inventory item falls below the programmed reorder point. The value of these orders shall be estimated using the current cost of reordering the economic order quantity of the item.
4. **AFC-41 financially slipped inventory repairs** – the value of repairs that are needed to restore a sufficient number of broken or worn repairable inventory items to bring repairable inventory to the programmed stock level, but have not been funded for repair as of the last day of the fiscal year. The value of these repairs shall be determined using current comparable costs.
5. **AFC-41 financially slipped depot-level projects** – the value of depot-level maintenance projects that are required to maintain serviceability in accordance with Coast Guard regulations, but were not funded as of the last day of the fiscal year. This explicitly excludes projects that are material enhancements that extend the capacity, capability, or useful life of the aircraft. The value of these repairs shall be estimated using labor and material cost worksheets, current comparable contract prices, or supported by other professional costing methods.
6. **AFC-41 financially slipped mandated repairs** – the value of aircraft maintenance that was required by an aircraft mishap board, Federal legislation, or Federal executive agency, but has not been funded as of the last day of the fiscal year. The value of this aircraft maintenance shall be based upon labor and material cost worksheets, current comparable contract prices, or supported by other professional costing methods.

7.8.4 Electronics (AFC-42) Depot-Level Deferred Maintenance

The total amount of electronics (AFC-42) depot-level deferred maintenance is **the sum of:**

1. Financially slipped replacement and replenishment projects;
2. Financially slipped inventory reorders;
3. Financially slipped inventory repairs; and
4. Financially slipped overhauls.

7.8.4.1 Definitions

The component parts of electronics (AFC-42) depot-level deferred maintenance are estimated using the following definitions:

1. **AFC-42 financially slipped replacement and replenishment projects** – the acquisition value of the replacement and replenishment program projects that have been approved but not funded. This excludes material enhancements that extend the capacity, capability,

or useful life. The estimated deferred maintenance shall be the value of the Government estimate for the work.

2. **AFC-42 financially slipped inventory reorders** – the value of programmed inventory reorders that are needed but have not been issued as of the last day of the fiscal year. Inventory reorders are needed when an inventory item falls below the programmed reorder point. The value of these repairs shall be estimated by using the current cost of reordering the economic order quantity of the item.
3. **AFC-42 financially slipped inventory repairs** – the value of repairs that are needed to restore a sufficient number of broken or worn repairable inventory items to bring repairable inventory to the programmed stock level, but have not been funded for repair as of the last day of the fiscal year. The value of these repairs shall be estimated by using the best available current comparable costs.
4. **AFC-42 financially slipped overhauls** – the value of all programmed systems overhauls, such as Quality Support Reviews, Electronic Support Reviews, ship dockside and shipyard availabilities and glooms (electronic systems performance reviews), per the AFC-42 Core Support Functions Plan (updated annually), that were not funded as of the last day of the fiscal year. The estimated deferred maintenance shall be the value of the Government estimate for the work.

7.8.5 Shore Facility (AFC-43) Depot-Level Deferred Maintenance

The total amount of shore facility (AFC-43) depot-level deferred maintenance is estimated using the following definitions:

1. **Value of Deficiencies.** The value of depot-level shore facility maintenance deficiencies, which are documented as projects in the Shore Asset Management (SAM) system, but are not funded as of the last day of the fiscal year include:
 - a. Corrective maintenance that corrects a deficiency to an asset that remains in service but may have a potential to impact fulfilling daily operational missions.
 - b. Emergency maintenance that corrects a loss of capabilities, having an immediate impact on fulfilling daily operational missions.
 - c. Event maintenance that is a category of preventive maintenance where the frequency is based on asset/equipment performance (e.g., engine hours or pressure readings). This only qualifies as deferred maintenance when the project has not been completed based on a scheduled date.
 - d. Preventive maintenance that is based on a schedule where the frequency is based on time/calendar. This only qualifies as deferred maintenance when the project has not been completed based on a scheduled date.
2. **Criteria for Deficiencies.** Each deficiency must represent a functional failure; failure to meet the manufacturer's performance specifications; or be a near functional failure as supported by a condition assessment conducted by a professional civil engineer or the unit engineer. The cost figure for each project greater than \$200,000 must be supported

by either a Means-Cost Construction worksheet, a Whitestone cost estimate, a current comparable contract cost, or other cost estimate conforming to professional standards. No demolition, code compliance, or alteration and improvement components will be considered as deferred maintenance.

7.8.6 Naval (AFC-45) Depot-Level Deferred Maintenance

The total amount of naval (AFC-45) depot-level deferred maintenance is **the sum of:**

1. Financially slipped availabilities;
2. Financially slipped emergency repairs;
3. Financially slipped inventory reorders;
4. Financially slipped inventory repairs; and
5. Financially slipped depot-level projects.

7.8.6.1 Definitions

The component parts of naval (AFC-45) depot-level deferred maintenance are estimated as follows.

1. **Financially slipped availabilities** – the value of routine programmed shipyard or dockside availabilities (as defined in *Naval Engineering Manual*, COMDTINST M9000.6 (series), and SFLC five-year plans) that are not funded as of the last day of the fiscal year. The value of these financially slipped availabilities shall be estimated as follows:
 - a. When the full contract specifications have been written, estimated deferred maintenance shall be the value of the Government estimate for the work.
 - b. When the full contract specifications have not been written, estimated deferred maintenance shall be:
 - 1) The average recent cost of base contract work for similar vessels; and
 - 2) The average cost of contract work for items above and beyond the base contract items. Ideally, this average will be derived from at least two similar contracts in the current year; but, if necessary, current-year and previous-year contracts may be used to develop a more representative average.
2. **Financially slipped emergency repairs** – the value of emergency shipyard or dockside work that is needed but not funded as of the last day of the fiscal year. An emergency shipyard or dockside availability is a maintenance event that was not programmed, but arose from an event reported in a category three or category four equipment casualty report. The value of these repairs shall be estimated using labor and material cost worksheets, current comparable contract prices, or supported by other professional costing methods.

3. **Financially slipped inventory reorders** – the value of programmed inventory reorders that are needed but have not been issued as of the last day of the fiscal year. Inventory reorders are needed when an inventory item falls below the programmed reorder point. The value of these orders shall be estimated using the current cost of reordering the economic order quantity of the item.
4. **Financially slipped inventory repairs** – the value of repairs that are needed to restore a sufficient number of broken or worn repairable inventory items to bring repairable inventory to the programmed stock level, but have not been funded for repair as of the last day of the fiscal year. The value of these repairs shall be estimated by using the best available current comparable costs.
5. **Financially slipped depot-level projects** – the value of depot-level maintenance projects that are required to maintain serviceability in accordance with *Naval Engineering Manual*, COMDTINST M9000.6 (series), but were not funded as of the last day of the fiscal year. This explicitly excludes projects that are material enhancements that extend the capacity, capability, or useful life and service life of the vessel. The value of these repairs shall be estimated using labor and material cost worksheets, current comparable contract prices, or supported by other professional costing methods.

7.9 Accounting for Coast Guard Internal Use Software

This section establishes the accounting policy for internal use software. It does not include software procured with nonappropriated funds (NAFs). Accounting policies for NAF-procured software is the responsibility of Commandant (CG-1).

7.9.1 Overview

This section implements the requirements of the Statement of Federal Financial Accounting Standards (SFFAS) No. 10, *Accounting for Internal Use Software*, which requires Federal agencies to capitalize material cost of software. The standard is applicable to all material internal use software, whether it is procured from a vendor (commercial off-the-shelf), developed by the Federal entity with or without contractor assistance (internally developed), or developed in its entirety by a contractor (contractor-developed). Costs incurred prior to 1 October 2000 (effective date of SFFAS No. 10) will not be capitalized.

The Coast Guard will establish its own capitalization threshold, in accordance with DHS Policy, as well as guidance on applying the threshold, for bulk purchases of software programs and for modules or components of a total software system.

7.9.2 Definitions

capital software project – a software project that meets the requirements for capitalization, regardless of funding source, as follows:

1. An internal use software project that meets or exceeds a cost of \$750,000; or

2. An increase in the capacity and/or capability of existing software, where said enhancement costs \$750,000 or more.

capitalizable enhancements – changes to software that meet the threshold for a capital software project and that add significant additional capability or functionality.

commercial off-the-shelf (COTS) software – software that is purchased from a vendor and is ready for use with little or no change.

contractor-developed software – software that the Coast Guard employed a contractor to design, program, install, and implement, including both new software and existing or purchased software that has been substantially modified without substantive Coast Guard involvement beyond contract monitoring.

impairment – a condition describing software that is no longer expected to provide substantive service due to significant reduction in capability, function, or usefulness.

integrated software – software that is integrated into and necessary to operate PP&E, rather than merely performing as a stand-alone application. Integrated software is considered part of PP&E.

internal use software – software that is purchased commercially off-the-shelf, internally developed, or contractor-developed, solely to meet the Coast Guard's internal or operational needs.

internally developed software – software actively developed by Coast Guard employees, including both new software and existing or purchased software that has been substantially modified, with or without the assistance of contractors. This does not include software proposed with NAF. Accounting policies for NAF-proposed software is the responsibility of Commandant (CG-1).

Project Management Data Sheet (PMDS) – a project establishment and asset capitalization document used for personal (and real) property projects when assets meet the requirements for capitalization. The document includes the project name, number, brief description, program elements, asset types, delivery schedule, acceptance criteria, valuation method, and cost identification methodology.

software program manager – the person responsible for the management and administration of a capital software project that has been deployed.

software project manager – the person responsible for the implementation of a capital software project.

useful life – The operating life of a property asset in terms of its utility or ability to serve Coast Guard operations; the period over which an asset will be depreciated or amortized.

7.9.3 Authorities

1. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 10, *Accounting for Internal Use Software*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
2. Federal Accounting Standards Advisory Board, Technical Release 5, *Implementation Guidance on Statement of Federal Financial Accounting Standards 10: Accounting for Internal Use Software*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
3. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), section 3.1, "Property, Plant and Equipment."
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.1%20Property,%20Plant%20and%20Equipment.pdf>

7.9.4 Responsibilities

The subsections that follow list the offices and their respective responsibilities for internal use software accounting.

7.9.4.1 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84):

1. Provides oversight for developing and promulgating policy regarding accounting for costs associated with Coast Guard internal use software.
2. Provides subsequent oversight to field units in order to ensure adherence to the software capitalization policy.

7.9.4.2 Finance Center (FINCEN)

FINCEN personnel:

1. Maintain general ledger balances and supporting documentation for amortization of internal use software.
2. Prepare year-end and other applicable adjusting journal entries to trace the value of internal use software.
3. Take the lead in ensuring annual reconciliation of subsidiary records to the accounting system. This includes preparing a list of reconciling items for transmittal to the HQ program manager to assist in reconciling subsidiary records to the accounting system.
4. Ensure that completed capital software projects are removed from the Work in Progress account and transferred to the appropriate capital asset account. This transaction is based upon information supplied by the software project manager.

5. Ensure that internal use software assets meeting capitalization requirements are accurately recorded in the correct property, plant, and equipment (PP&E) accounts.
6. Upon receipt of signed disposal documents, make an appropriate accounting entry to reduce the value of impaired capitalized software.
7. Establish procedures (including data collection requirements) applicable CG-wide to carry out the requirements of this policy.

7.9.4.3 Office of Enterprise Applications Management (CG-63)

Commandant (CG-63) requires that all internal use software projects approved by Commandant (CG-63) and having a software budget of \$750,000 or greater are reported to FINCEN annually by the software project manager.

7.9.4.4 Commanders of Logistics and Service Center Commands and HQ Units; HQ Program Managers

These personnel:

1. Assign a software project manager for all internal use software projects, and a software program manager for all completed software projects.
2. Ensure that software project managers and program managers comply with these requirements.

7.9.4.5 Software Project Manager

The following requirements for software project managers shall be met in accordance with the procedures established by FINCEN:

1. Maintain financial accountability for software projects.
2. Complete a software Project Management Data Sheet (PMDS) and submit it to FINCEN.
3. Submit revised software PMDSs to FINCEN, reflecting actual costs for all completed projects.
4. Ensure that the proper accounting line is entered on all procurement documents and into the unit's appropriate financial system. This must include correct program elements for projects (if applicable), cost center of benefiting unit, and correct object class code for capitalization, where appropriate.
5. Require the establishment of a unique identifier for each internal use capital software project in the financial information system. FINCEN will provide guidance.
6. Require the timely, complete, and accurate reporting of all completed projects, thereby enabling FINCEN to properly capitalize the software project.
7. For internally developed software, submit cost data on Coast Guard resources consumed, particularly programmers and system analysts, using Standard Personnel Cost (SPC).

8. Record in FPD timely, complete, and accurate transactions for all capitalizable internal use software projects, in accordance with established policy.
9. Maintain accurate project accounts. Notify FINCEN when an asset has been accepted for multiple asset delivery projects and when a project is completed.

7.9.4.6 *Software Program Manager*

Software program managers:

1. Establish baseline inventories of internal use software, and maintain inventory records on an ongoing basis in their areas of responsibility.
2. Reconcile, on an annual basis, changes in the internal use software inventory in the designated fixed asset subsidiary system.
3. Require timely notification to FINCEN regarding internal use software impairment or disposal.

7.9.5 Specific Capitalization Guidance

1. Capitalize internal use software having a useful life of five years or more and costing \$750,000 or more to acquire, develop, set up, implement, and/or enhance.
2. For software meeting the above conditions, the following costs related to purchase, development, or modification shall be initially capitalized in Oracle Projects.
 - a. Capitalized cost shall include the full cost (direct and indirect) incurred by the Coast Guard during the software development stage. Such cost shall be limited to costs incurred after:
 - 1) The completion of conceptual formulation, design, and testing of possible software project alternatives (the preliminary design stage); and
 - 2) Management authorizes and commits to a computer software product or project, and believes that it is more likely than not that the project will be completed and that the software will be used to perform the intended function with an estimated service life of five or more years.
 - b. The personnel and related cost of Coast Guard resources expended during the software development or customization stage shall be capitalized. To facilitate this process, the personnel hours for programmers and system analysts shall be charged at the prevailing Standard Personnel Costs (SPC) rate and reported in March and September to FINCEN.

7.9.5.1 *Distinguishing Capital and Operating Expenditures*

The following table gives the appropriate accounting treatment for the costs incurred at each phase of a software project:

Table 7.3 Accounting Treatment for Software Project Phases

Project Phase	Typical Tasks	Treatment
Preliminary Design	Project evaluation Concept testing Evaluation of alternatives Project approval	Expense all.
Development/ Implementation	Coding Documentation Acceptance testing Installation	Capitalize all.
Operational	Training Data conversion Maintenance Enhancement Impairment Retirement	Expense. Expense. Expense. See subsection 7.9.5.5. See subsection 7.9.5.6. Remove asset.

7.9.5.2 *Contractor-Developed Software*

1. Capitalized costs shall include the amount paid to a contractor to design, program, install, and implement the software.
2. Material internal costs incurred by the Coast Guard to implement the contractor-developed software and otherwise make it ready for use shall also be capitalized.

7.9.5.3 *Cost Incurred*

1. Capitalized costs shall include the amount paid to the vendor for the software.
2. Material internal costs incurred by the Coast Guard (including contractor cost to adjust and implement the software and otherwise make it ready for use) shall also be capitalized.
3. For software licenses, FASAB believes that it would be appropriate for the federal entity to apply lease accounting concepts, (see SFFAS No. 5, *Accounting for Liabilities of the*

Federal Government, “Capital Leases, pars. 43-46, and SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, par. 20), and the entity’s existing policy for capitalization thresholds and for bulk purchases.

7.9.5.4 Amortization

1. Total capitalized cost for a software project shall be amortized over a five-year period. If it is determined that software is to be replaced, the useful life initially established must be reduced to the remaining period of use. The unamortized cost of the old software is expensed when the new software has completed testing.
2. If the project contains independent/stand-alone modules or components, amortization shall begin when that module or component has been successfully tested and implemented.
3. If the use of a module is dependent upon the completion of another module(s), the amortization of that module shall begin when both that module and the other module(s) have successfully completed testing/implementation.

7.9.5.5 Enhancements

Enhancements normally require new software specifications and may also require a change of all or part of the existing software specifications.

1. The acquisition cost of enhancements to existing internal use software (and modules thereof) shall be capitalized when it is more likely than not that they will result in significant additional capabilities.
2. The cost of minor enhancements (not meeting the capitalization threshold) resulting from ongoing systems maintenance shall be expensed in the period incurred. For example, upgrading to a new operating system (e.g., Windows Vista) purchased in bulk. Also, the purchase of enhanced versions of software for a nominal charge shall be expensed in the period purchased.
3. Costs incurred solely to repair a design flaw or to perform upgrades that may extend the useful life of the software without adding capabilities/functionality shall be expensed.

7.9.5.6 Impairment and Retirement

The impairment and retirement of software require the following process:

1. Recognize impairment when retiring or removing a portion of the software from use.
2. Recognize the loss due to impairment in the period the impairment was determined. Measure the loss due to impairment as the difference between the Net Book Value (NBV) and either:
 - a. The cost to acquire software that would perform similar remaining functions; or
 - b. The portion of NBV attributable to the remaining functional elements of the software.

If neither (a) nor (b) can be determined, continue to amortize the original value over the remaining useful life of the software.

3. When retiring a software project prior to its completion, the project manager must notify Commandant (CG-84) through its appropriate program office to coordinate project closeout and adjustments to the general ledger. Generally, the project manager is responsible for project closeout and removing the software asset cost from the general ledger.

7.9.5.7 Integrated Software

1. Integrated software necessary to operate PP&E rather than execute an application is considered part of PP&E and capitalized and depreciated accordingly. (An example is software for the Vessel Traffic System.)
2. The aggregate cost of the hardware and software shall be used to determine whether to capitalize or expense the costs.

7.9.5.8 Bulk Purchases

A bulk purchase of software is the purchase at one time, and often at a reduced price, of a quantity of a particular application (e.g., multiple copies of Windows Vista or Office 2007).

1. Bulk purchases of internal use software and modules/components of a total software system that each individually meets the capitalization threshold shall be capitalized and systematically amortized over the estimated useful life of the software, or 36 months, whichever is less. The 36-month period shall be based on the release date of the product rather than the purchase or acquisition date.
2. If the per-item cost of a bulk purchase does not meet the capitalization threshold, it shall be expensed in the period acquired.
3. Bulk purchases held in the Supply Fund shall be treated as inventory, until sold (e.g., Oracle Fixed Assets, Entrust Digital Signature).

7.9.5.9 Cutoff for Capitalization

1. Excluding capitalizable enhancements, cost incurred after final software acceptance testing and successful implementation shall be expensed.
2. For projects involving multiple site installation, the costs capitalized for each site shall accrue only until testing/implementation is completed.

7.10 Financial Policy for Revenue and Accounts Receivable

7.10.1 Overview

This section establishes policies for use by the Coast Guard to recognize, record, report, and manage revenue and receivables in accordance with generally accepted accounting principles (GAAP) and Federal Accounting Standards Advisory Board (FASAB) standards.

The FASAB Statement of Federal Financial Accounting Standards (SFFAS) No. 7 states that revenue is an inflow of resources that the Government demands, earns, or receives by donation. Revenue comes from two sources: exchange transactions and non-exchange transactions. Exchange revenue arises when a Government entity provides goods and services to the public or to another Government entity for a price. Another term for “exchange revenue” is “earned revenue.” Non-exchange revenue arises primarily from the exercise of the Government’s power to demand payments from the public (e.g., taxes, duties, fines, and penalties). Non-exchange revenue also includes donations. The term “revenue” does not encompass all of the financing sources of Government reporting entities. For example, revenue does not include most of the appropriations that Government entities receive.

FASAB accounting standards recognize exchange revenue at the time that a Government entity provides goods or services to the public or to another Government entity. The revenue is measured at the price likely to be received.

SFFAS No. 1 states that accounts receivable arise from claims to cash or other assets, and requires that receivables be recognized when a Federal entity establishes a claim to cash or other assets against other entities. Such claims can be based on legal provisions (e.g., a legislative requirement), a payment due date, or goods or services provided.

7.10.1.1 *Purpose*

The purpose of this section is to establish compliant policies in support of the revenue and accounts receivable life cycle.

7.10.1.2 *Scope*

The policies in this section apply to all Coast Guard offices that record, maintain, and report values relating to revenue and receivables. Adherence to these policies will facilitate the completeness and accuracy of the revenue and receivables transactions that are recorded and maintained within the Coast Guard’s three general ledger (GL) and subsidiary ledger systems:

1. Core Accounting System (CAS);
2. Asset Logistics Management Information System (ALMIS); and
3. Naval and Electronics Supply Support System (NESSS).

7.10.2 Definitions

accounts receivable – amounts due from others for goods furnished, services rendered, or charges levied (e.g., reimbursements earned, refund receivables, civil fines and penalties).

accounts receivable manager – a Headquarters office chief, Headquarters unit commanding officer, or other official responsible for management of major accounts receivable program in accordance with applicable regulations.

entity receivables – amounts due representing the value of commodities, work, or services furnished to another appropriation, individual, or firm, which by law may be credited to the appropriation that financed such items or activities. Examples of these types of transactions include:

1. Oil spill cleanup costs billed by the National Pollution Funds Center (NPFC) for the Oil Spill Liability Trust Fund (OSLTF); and
2. Spare parts purchased from the Supply Fund.

non-entity receivables – amounts that the entity collects on behalf of the United States Government or other entities, and the entity is not authorized to spend (e.g., fines for boating safety violations).

refund receivables – Refunds represent the pay back of overpayments or amounts paid in error. Examples of these types of transactions are:

1. Duplicate payments;
2. Transportation ticket refunds; and
3. Erroneous payments.

Refund receivables from non-Federal entities are not available for obligation until the refund is collected.

unbilled receivables – expenditures that have been incurred, representing a valid liability, but that have not been billed (e.g., NPFC expenditures accruing on a case where an initial invoice has been sent).

7.10.3 Authorities

The financial accounting treatment of accounts receivable is contained in the following directives:

1. Chief Financial Officers Act of 1990 (“CFO Act”), as amended. PL 101-576.
<https://cfo.gov/wp-content/uploads/2012/09/CFO-act-of-1990.pdf>
2. Debt Collection Improvement Act (DCIA) of 1996. PL 104-134, chapter 10, sec. 31001.
<http://www.fms.treas.gov/debt/regulations.html>

3. Economy Act of 1932. 31 USC 1535, “Agency Agreements.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleII-chap15-subchapIII-sec1535.pdf>
4. Federal Managers Financial Integrity Act of 1982 (FMFIA). PL 97-255.
http://www.whitehouse.gov/omb/financial_fmfi1982
5. Government Management Reform Act of 1994. PL 103-356.
<http://govinfo.library.unt.edu/npr/library/misc/s2170.html>
6. Government Performance and Results Act of 1993. PL 103-62.
<http://govinfo.library.unt.edu/npr/library/misc/s20.html>
7. 31 CFR 285, “Debt Collection Authorities under the Debt Collection Improvement Act of 1996.”
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title31-vol2/pdf/CFR-2012-title31-vol2-part285.pdf>
8. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
9. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 7, *Accounting for Revenue and other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
10. Office of Management and Budget, Circular A-11, *Preparation, Submission and Execution of the Budget*, August 2012.
http://www.whitehouse.gov/omb/circulars_default
11. Office of Management and Budget, Circular A-25, *User Charges*, July 1993.
http://www.whitehouse.gov/omb/circulars_default
12. Office of Management and Budget, Circular A-76, *Performance of Commercial Activities*, May 2003 and revision of Oct 2006.
http://www.whitehouse.gov/omb/circulars_default
13. Office of Management and Budget, Circular A-123, *Management’s Responsibility for Internal Control*, December 2004.
http://www.whitehouse.gov/omb/circulars_default
14. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.
http://www.whitehouse.gov/omb/circulars_default
15. Office of Management and Budget, Circular A-129, *Policies for Federal Credit Programs and Non-Tax Receivables*, January 2013.
http://www.whitehouse.gov/omb/circulars_default

16. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, June 2009.
http://www.whitehouse.gov/omb/circulars_default
17. Department of the Treasury, Financial Management Services, *Managing Federal Receivables*, May 2005.
http://www.fms.treas.gov/debt/Guidance_MFR.html
18. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, parts 2, 4, and 6.
<http://www.fms.treas.gov/tfm/vol1/index.html>
19. Department of Homeland Security, Chief Financial Officer, *Component Requirements Guide for Financial Reporting* (series).
<http://cfo-policy.dhs.gov/default.aspx>
20. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual (FMPM)*, chapter 3, section 3.13, “Non-Tax Debt Collection, Referral and Write-Off.”
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.13%20Non-Tax%20Debt%20Collection,%20Referral%20and%20Write-Off.pdf>
21. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual (FMPM)*, chapter 3, section 3.14, “Waiver of Claims Against Employees for Erroneous Payments.”
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.14%20Waiver%20of%20Claims%20Against%20Employees%20for%20Erroneous%20Payments.pdf>
22. *Coast Guard Claims and Litigation Manual*, COMDTINST M5890.9 (series).
http://www.uscg.mil/directives/cim/5000-5999/CIM_5890_9.pdf
23. *Finance Center Standard Operating Procedures*, Chapter 9, “Procedures for Receivables, Collections and Lockbox.”
<http://www.fincen.uscg.mil/sop.htm>
24. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
http://www.uscg.mil/directives/cim/5000-5999/CIM_5212_12A.pdf

7.10.4 Responsibilities

Following are the offices and their respective responsibilities relating to revenue and receivables policies, and also to the supplemental financial information recorded in Coast Guard GLs and subsidiary ledger systems.

7.10.4.1 *Assistant Commandant for Resources (CG-8)*

Commandant (CG-8):

1. Directs financial management activities delineated under the CFO Act, which include accounting, budgeting, procurement, logistics, financial systems, policy, planning, and audit oversight.
2. Prepares and submits information for the annual Performance Accountability Report (PAR), which includes the annual financial statements to the Department of Homeland Security (DHS) Office of the Chief Financial Officer (OCFO).
3. Provides financial analyses; a description of the effectiveness of management controls; program performance results related to the Coast Guard's missions, goals, and objectives; and an assessment of data validity and reliability in support of performance measures.

7.10.4.2 *Office of Financial Policy, Reporting, and Property (CG-84)*

Commandant (CG-84):

1. Directs the Financial Reporting and Analysis Division (CG-842) and the Financial Management Policy Division (CG-843) in the development of financial policies and internal controls.
2. Ensures that operations adhere to current financial management policies.
3. In coordination with the Office of General Law Commandant (CG-0944), ensures that financial policies conform to current laws, regulations, and accounting standards.

7.10.4.3 *Office of Financial Systems Business Requirements (CG-86)*

Commandant (CG-86) ensures that financial systems comply with applicable external requirements, including effective internal controls.

7.10.4.4 *Office of Resource Management (CG-83)*

Commandant (CG-83) monitors receivables established under reimbursable agreements, concurrent with budget execution and other duties.

7.10.4.5 Office of Claims and Litigation (CG-0945)

Commandant (CG-0945) manages an extensive claims program under several Federal statutes. These involve the adjudication of claims made against the Agency and the collection of monies owed the Government due to penalties assessed for violations of Federal law, damage to Coast Guard property, and cleanup and recovery costs.

7.10.4.6 Office of Information Management (CG-61)

Commandant (CG-61) develops financial record retention policies and procedures to provide consistent operational practices among Coast Guard units and ensure compliance with National Archives and Records Administration (NARA) regulations.

7.10.4.7 Academy, ALC, FINCEN, NPFC, PPC, and SFLC/Yard

The Coast Guard Academy, Aviation Logistics Center (ALC), Finance Center (FINCEN), National Pollution Funds Center (NPFC), Pay and Personnel Center (PPC), and Surface Forces Logistic Center (SFLC/Yard), as applicable:

1. Maintain accounting records and documentary support at the transaction level for revenue and accounts receivable transactions.
2. Maintain and update the CAS, ALMIS, or NESSS GL and subsidiary ledger systems accounts associated with revenue and accounts receivable.
3. Generate and analyze reports provided by the CAS, ALMIS, and NESSS GL and subsidiary ledger systems to identify variances.
4. Prepare and maintain appropriate supporting documentation for all reconciliation and analysis activities.
5. Research and document all explanations for differences and corrections of accounts receivable balances in accordance with U.S. Standard General Ledger (USSGL), DHS, and Commandant (CG-8) requirements.
6. Certify to Commandant (CG-8) the balances relating to revenue and accounts receivable, as well as the completion and timeliness of reconciliations and analyses, in accordance with authoritative guidance such as the DHS *Component Requirements Guide for Financial Reporting*.

7.10.4.8 Legal Services Command-West (LSC-West)

LSC-West manages accounts receivable transactions, and coordinates with FINCEN whenever an enforcement activity requiring Hearing Office involvement or a Notice of Violation (NOV) is processed through the Maritime Information for Safety and Law Enforcement (MISLE) database.

7.10.4.9 National Pollution Funds Center (NPFC)

In addition to the responsibilities noted in subsection 7.10.4.7 above, NPFC also ensures that accounts receivable transactions associated with pollution-related funds are reported to FINCEN for inclusion in the GL. Examples include transactions associated with the Oil Spill Liability Trust Fund (OSLTF); the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA); and Emergency Support Function ESF-10 under the National Response Framework.

7.10.4.10 FINCEN

FINCEN personnel:

1. Maintain general ledger balances for accounts receivable in CAS.
2. Require reconciliation of subsidiary records to controlling general ledger accounts.
3. Consolidate receivables CG-wide.
4. Operate and maintain the Oracle accounts receivable system.
5. Maintain receivables/collections for assigned programs.
6. Report account receivables for the Coast Guard to regulatory activities.
7. Establish SOPs to carry out the above functions.

7.10.4.11 Accounts Receivable Manager

The accounts receivable manager:

1. Exercises effective stewardship over accounts receivable.
2. Ensures that personnel who perform accounts receivable functions have adequate training.
3. Complies with the receivable policies in this manual and other applicable guidance.
4. Establishes and implements SOPs in support of prevailing accounts receivable policies.
5. Implements and maintains effective internal controls.
6. Performs accounting, billing, and collection functions where applicable.

Table 7.4 Major Accounts Receivable Manager Assignments

Related Activity Manager	Accounts Receivable
Case Managers/Claims Managers	NPFC
Aviation Logistics Center (ALC)	ALC
Surface Forces Logistics Center (SFLC)	Yard
Yard	Yard

Related Activity Manager	Accounts Receivable
Military Pay “out-of-service debt” and miscellaneous offset debt, such as travel or excess household goods shipments	PPC/FINCEN
Medical Claims	Commandant (CG-101)
Dining Facilities	Commandant (CG-111)
Uniform Clothing	Commandant (CG-122)
FEMA Reimbursements	Commandant (CG-83)
Civil Fines/Penalties/ EPA Consent Decrees	FINCEN
All Other Claims Not Assigned	FINCEN

7.10.5 Revenue Policy

The Coast Guard recognizes revenue as actual or anticipated inflows of budgetary resources made available through appropriations and from exchange and non-exchange transactions that result from operations approved by Congress.

This section defines policies used to support the completeness and accuracy of the following revenue classifications:

1. Entity Non-Exchange Revenue (see subsection 7.10.5.3);
2. Entity Exchange Revenue (see subsection 7.10.5.4); and
3. Non-Entity Custodial Revenue (see subsection 7.10.5.5).

7.10.5.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authorities apply specifically to revenue:

1. 31 USC 9701, “Fees and Charges for Government Services and Things of Value.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleVI-chap97-sec9701.pdf>
2. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 20, *Elimination of Certain Disclosures Related to Tax Revenue Transactions by the Internal Revenue Service, Customs, and Others, Amending SFFAS 7, Accounting for Revenue and Other Financing Sources.*
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf

7.10.5.2 Responsibilities

7.10.5.2.1 Assistant Commandant for Resources (CG-8)

Commandant (CG-8):

1. Provides policy and direction for financial management personnel, programs, systems, activities, operations, and the reporting process.
2. Ensures effective implementation of Coast Guard financial management policy, procedures, and internal controls.

7.10.5.2.2 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84) develops and implements financial policies over the maintenance of GL and subsidiary ledger accounts associated with entity non-exchange revenue, entity exchange revenue, and non-entity custodial revenue as required by the DHS Office of Financial Management (OFM) and other applicable Federal guidance.

7.10.5.2.3 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842) provides guidance and oversight to ensure the accurate and timely reporting of entity non-exchange revenue, entity exchange revenue, and non-entity custodial revenue.

7.10.5.2.4 Office of Information Management (CG-61)

Commandant (CG-61) oversees financial records retention policy in order to provide consistent operational practices among Coast Guard units and ensure compliance with Government regulations.

7.10.5.2.5 Academy, ALC, FINCEN, NPFC, PPC, and SFLC/Yard

The Coast Guard Academy, Aviation Logistics Center (ALC), Finance Center (FINCEN), National Pollution Funds Center (NPFC), Pay and Personnel Center (PPC), and Surface Forces Logistic Center (SFLC/Yard), as applicable:

1. Maintain and update the CAS, ALMIS, or NESSS GL and subsidiary ledger systems associated with entity non-exchange revenue, entity exchange revenue, and non-entity custodial revenue.
2. Ensure that the Coast Guard's GL and subsidiary ledgers at the detail level are reconciled to supporting source documentation for entity non-exchange revenue, entity exchange revenue, and non-entity custodial revenue.
3. Support and prepare adjusting journal entries to reflect changes in the values for entity non-exchange revenue, entity exchange revenue, and non-entity custodial revenue.

4. Reverse accrued revenue in a timely manner, and research any abnormal balance discovered during the reconciliation of GL and subsidiary ledger accounts at the summary and detail levels.

7.10.5.3 Entity Non-Exchange Revenue

The Coast Guard receives or recognizes entity non-exchange revenue from fines, penalties, miscellaneous user fees, and donations from the public. Such revenue should be measured by the collecting entities but should be recognized by the entities legally entitled to the revenue. Revenue arising from donations should be recognized as inflows of resources for those assets that meet recognition criteria and should be measured at the estimated fair value of contribution.

7.10.5.3.1 Policy

1. The Coast Guard shall report entity non-exchange revenue based on GL account balances maintained in the ALMIS, NESSS, and CAS GL systems.
2. The Coast Guard shall record these revenues in the CAS, NESSS, and ALMIS GL systems, and include them in the Statement of Budgetary Resources and the Statement of Net Cost during the preparation of the financial statements.
3. The Coast Guard shall recognize entity non-exchange revenue whenever one of the following events occur:
 - a. The receipt of goods or services from other Government entities without reimbursement of all related costs;
 - b. An intergovernmental transfer of cash or capitalized assets without available reimbursement between both parties;
 - c. Gains transactions with individuals or another Government entity;
 - d. Appropriations available for apportionment that have not been fully apportioned;
or
 - e. The return of equipment procured by a lease or service contract for a refund during the agreed-upon cancellation period.
4. The Coast Guard shall differentiate entity non-exchange revenue between financial sources (e.g., cash and securities) and non-financial sources (e.g., land and buildings).
5. The Coast Guard defines donations as contributions to the Government, i.e., voluntary gifts of resources to a Government entity by a non-Federal entity. The Government does not give anything of value to the donor, and the donor receives only personal satisfaction. The donation of cash, other financial resources, or non-financial resources is therefore non-exchange revenue.
6. A monthly reconciliation and validation shall be performed at the detail and transaction levels from GL system reports. Any abnormal balances identified shall be researched and reported in a timely manner.

7. The Coast Guard shall obtain supporting documentation, such as receiving reports (e.g., Material Inspection Acceptance and Receiving Report, DHS Form 700-21), appropriation laws, transfer documents, and contracts to determine the validity and the value of entity non-exchange revenue before the transactions are entered into the CAS, ALMIS, and NESSS GLs.
8. The Coast Guard shall reconcile ALMIS, NESSS, and CAS GLs at the detail and summary levels on a monthly basis.
9. All documentation used to support entity non-exchange revenue values, reconciliations, and adjustments shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.5.4 Entity Exchange Revenue

Entity exchange revenue reflects inflows of resources to a Government entity that the entity has earned by providing goods or services to the public or to another Government entity for a price. Another term for “exchange revenue” is “earned revenue”—the income resulting from completing customer orders.

7.10.5.4.1 Policy

Exchange revenues are inflows that the Coast Guard receives for providing goods and services to the public or to another Government entity for an agreed-upon price. Exchange revenue transactions require the Coast Guard to expend resources and provide measurable value in return.

1. The Coast Guard shall recognize entity exchange revenue for each exchange of goods or services with outside entities in CAS, ALMIS, and NESSS GLs by Treasury Fund Symbol. The values of entity exchange revenue are then reported in the Statement of Net Cost (SNC) and the Statement of Budgetary Resources (SBR).
2. All values recorded in the CAS, ALMIS, and NESSS GLs shall be supported by proper documentation, such as reimbursable agreements or contracts.
3. A monthly reconciliation and validation shall be performed at the detail and transaction levels from GL system reports. Any abnormal balances identified shall be researched and reported in a timely manner.
4. All reconciliation packages shall be reviewed and submitted with the appropriate approval signatures and dates. The packages shall be properly stored for research and audit purposes.
5. All documentation used to support values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.5.5 Non-Entity Custodial Revenue

Non-entity custodial revenue consists of amounts that the Coast Guard collects on behalf of the U.S. Government or other entities. This revenue includes collections arising from the sovereign and regulatory powers unique to the Federal Government, such as fines, penalties, and miscellaneous user fees. Congress prohibits the Coast Guard from using non-entity custodial revenue to pay for current or future liabilities or expenses. Instead, it must be remitted to the U.S. Treasury's General Fund, which is used for general Government operations.

7.10.5.5.1 Policy

The Coast Guard is not authorized to use non-entity custodial revenue to incur or offset current or future expenditures, unless Congress specifically authorizes such use by law.

1. The values for non-entity custodial revenue and related non-entity custodial receivables and liabilities shall be recorded and maintained in the CAS GL by Treasury Fund Symbol based on cash receipt reports and remittance documentation. These balances are reported on the Statement of Custodial Activity (SCA).
2. A monthly reconciliation and validation shall be performed using appropriate source documentation and definitions to support the values of non-entity custodial revenue and related non-entity custodial receivables and liabilities. The Coast Guard shall prepare non-entity account reconciliations separately from entity account reconciliations.
3. The sum of non-entity custodial receivables reported in USSGL 1310 (Accounts Receivable), 1340 (Interest Receivable), 1360 (Penalties and Fines Receivable), and 1370 (Administrative Fees Receivable) less the corresponding Allowances for Loss (USSGL 1319, 1347, and 1367) equals the Custodial Liability (USSGL 2980) balance reported on the Balance Sheet.
4. Reconciliation packages shall be reviewed for accuracy and completeness. The packages shall contain a report reflecting the values of non-entity custodial revenue and related receivables and liabilities, any abnormal balances identified, and actions taken to resolve all discrepancies, along with a letter signed and dated certifying the results of the reconciliation.
5. All documentation used to support values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.6 Accounts Receivable Policy

Receivables arise from indebtedness to the Coast Guard for goods and services provided by the Coast Guard to other Government agencies (OGAs), other entities, and individuals. Receivables are also generated from fees, leases, fines, penalties, interest, and miscellaneous receivables relating to overdue travel advances, dishonored checks, and Coast Guard overpayments. The Coast Guard is authorized by law to collect certain monies from the U.S. public and from foreign persons and organizations (including nonappropriated fund instrumentalities (NAFIs)

and foreign military sales) for goods and services provided and for various fines, penalties, and user fees.

7.10.6.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authorities apply specifically to revenue:

1. 6 CFR 11, "Claims."
<http://www.gpo.gov/fdsys/pkg/CFR-2013-title6-vol1/pdf/CFR-2013-title6-vol1-part11.pdf>
2. 31 CFR 900-904, "Federal Claims Collection Standards."
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title31-vol3/pdf/CFR-2012-title31-vol3-subtitleB-chapIX.pdf>

7.10.6.2 Recognizing, Recording, Monitoring, and Reconciling Accounts Receivable

1. Accounts receivable shall be recognized when the Coast Guard establishes a claim to cash or other assets against other entities, based either on legal provisions (such as a legislative requirement), a payment due date, or goods or services provided. In accordance with SFFAS No. 1, at the time a claim is made to cash or other assets and the exact amount of the receivable is unknown, Coast Guard shall make a reasonable estimate of the amount of the receivable to be recognized and recorded.
2. The Coast Guard shall bill and record accounts receivable in the GLs and subsidiary ledger systems when materials are provided, services are rendered, or amounts are owed but not paid at the time of the transaction.
3. FINCEN or other applicable unit shall maintain subsidiary ledgers detailing accounts receivable information, and shall report accounts receivable information for use in Coast Guard financial statements, footnote disclosures, and other external reporting.
4. All applicable Coast Guard units shall collect contracts, interagency agreements, billings, signed copies of indebtedness notices, and other appropriate documentation to support accounts receivable transactions in the accounting systems.
5. All applicable Coast Guard units shall monitor the status of the receivables, including beginning debt balances, collections, adjustments, current ending balances, and notices of discontinuance of collection efforts. This information shall be available for monthly reconciliations and reporting.
6. FINCEN and other applicable units shall record all collections of prior accounts receivable at summary and detail transaction levels.
7. The Coast Guard shall recognize receivables as delinquent if they have not been paid after 30 days from the date of the invoice, unless another due date is established by law, contract provision, or notice of indebtedness.

8. The Coast Guard shall accrue interest when the amount due is not received by the due date. See subsection 7.10.6.8 for detailed policies relating to interest, penalties, and administrative fees applicable to delinquent debt. Interest receivable shall be recorded for the amount earned but not received in the accounting period.
9. The Coast Guard, upon receipt of payment, shall generally apply the amount received first to outstanding penalty charges, second to administrative charges, third to accrued interest, and finally to the principal balance (when applicable). See subsection 7.10.6.8 for detailed policies relating to interest, penalties, and administrative fees applicable to delinquent debt, as well as exceptions to this policy statement. For example, if debt is legally compromised, partial payment may be applied to the principal first and interest, penalty, and administrative fees may be written off as an expense.
10. The Coast Guard shall establish an allowance for loss on accounts receivable, recognizing that some public collections will not be collected in full. See Allowance for Doubtful Accounts (AFDA), subsection 7.10.6.11.
11. The Coast Guard shall close out a debt when it is determined that further debt collections are prohibited (e.g., a debtor is released from liability in bankruptcy) or it is decided not to take any further action to collect the debt because it is not cost-effective to do so. See Allowance for Doubtful Accounts (AFDA), subsection 7.10.6.11.
12. The Coast Guard shall transfer all public receivables over 180 days delinquent to the Department of Treasury Financial Management Service (FMS) for debt collection action, unless otherwise provided by law.
13. The Coast Guard shall write off public delinquent debt that has not been collected within two years of delinquency, unless documented and justified to the Office of Management and Budget (OMB) in consultation with Treasury. See Write-offs, subsection 7.10.6.12.
14. The Coast Guard shall recognize foreign military sales and nonappropriated fund instrumentalities (NAFIs) as transactions with the public, and shall include them in the Treasury Reports on Receivable. However, any related delinquent accounts shall not be referred to Treasury's Debt Management Office (DMO) for collection assistance. The Coast Guard shall pursue collection of these receivables using all collection tools allowed by law.
15. FINCEN and other applicable units shall perform monthly reconciliations and validation at the summary and detail transaction levels between accounts receivable subsidiary records and the Coast Guard GL accounts receivable balances. The appropriate collection and receivable personnel shall research and report all identified abnormal balances to accounts receivable managers.
16. All applicable Coast Guard units shall maintain supporting documentation for the amounts listed in accounts receivable subsidiary records in order to identify the aging of the receivables. In addition, they shall maintain reports that detail the groups of receivables by age (i.e., 0-30 days, 31-60 days, 61-90 days, 91-180 days, and over 180 days).

17. All applicable Coast Guard units shall work to collect any delinquent accounts receivable, in accordance with due process under the law. As stated in number 7 above, a debt is considered to be delinquent if it remains unpaid 30 days after the invoice date, unless another due date has been established by law, contract provision, or notice of indebtedness.
18. All applicable Coast Guard units shall maintain a separation of records between public and intragovernmental accounts receivable.
19. All applicable Coast Guard units shall collect data to prepare a consolidated Treasury Report on Receivables (TROR) and to address any variances.
20. All reconciliation packages shall be reviewed and submitted with the appropriate dated approval signatures. These packages shall be retained for research and audit purposes.
21. All documentation used to support values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.6.3 Intragovernmental Receivables

Receivables due from DHS components or other Government agencies (OGAs) are “intragovernmental receivables” and are reported separately from receivables due from public entities or individuals. Intragovernmental receivables also include those receivables related to reimbursable agreements with OGAs by which the Coast Guard expends assets or incurs liabilities in accordance with its mission. The Coast Guard is considered the seller of goods and/or services that are provided to OGAs, which are considered to be buyers. Both buyers and sellers are referred to as “trading partners.”

The Coast Guard recognizes intragovernmental receivables when it establishes a claim to cash or other assets against OGAs based upon legal provisions or goods/services provided. However, unlike public receivables, intragovernmental receivables are treated as 100 percent collectible, and, therefore, the Coast Guard does not use an allowance for doubtful accounts for receivables between Federal entities.

7.10.6.3.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authorities apply specifically to intragovernmental receivables:

1. Department of the Treasury, *Treasury Financial Manual*, volume I, part 2, chapter 4700, appendix 10, “Intragovernmental Transaction (IGT) Guide”.
<http://www.fms.treas.gov/tfm/vol1/index.html>
2. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), chapter 3, section 3.7, “Intragovernmental.”
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.7%20Intragovernmental.pdf>

7.10.6.3.2 Policy

1. The Coast Guard, like all U.S. Government departments and agencies, must follow the “Intragovernmental Transaction (IGT) Guide” promulgated by the Department of the Treasury. These rules, along with the overarching Coast Guard policy that follows, assume that trading partners have valid intragovernmental agreements or orders and that they use the Treasury’s Intragovernmental Payment and Collection (IPAC) system. However, these business rules apply regardless of the system used.
2. The Coast Guard must comply with OMB Circular A-136 for the reporting of intragovernmental transactions.
3. The Coast Guard shall identify records of all intragovernmental transactions in its general ledgers (GLs), reconcile them with trading partners, and report them to Treasury. The GL balances resulting from these transactions shall be presented both in the Coast Guard’s financial statements and to Treasury in compliance with the applicable laws, Treasury guidance, and OMB management controls.
4. Intragovernmental receivables shall be reported separately from receivables due from public entities or individuals.
5. The Coast Guard shall recognize intragovernmental receivables when it establishes a claim to cash or other assets against OGAs based upon legal provisions or goods/services provided.
6. The Coast Guard, as the selling or performing entity, shall ensure that the obligations and incurred expenditures for completed performance are promptly recorded, charged, and collected from the buying or ordering entity.
7. The Coast Guard shall establish a process with all major trading partners to settle and report intragovernmental performance, including reconciling receivables, payables, any advances, revenue, expenses, related accruals, and agreement closeout.
8. The Coast Guard shall reconcile intragovernmental receivables with receiving agencies on an ongoing basis, at least quarterly, in coordination with DHS and in accordance with Treasury guidance.
9. Data elements shall be included in all intragovernmental agreements and billing documents. These elements include, at a minimum, specific accounting line data, effective dates, trading partner codes, Treasury Account Fund Symbols (TAFSs), agreement numbers, and any document reference numbers to allow for efficient processing, billing, and collection of intragovernmental receivables. Documents shall also include points of contact with Federal trading partners to facilitate identifying and reconciling intragovernmental transactions.
10. The Coast Guard shall process all intragovernmental receivables through the U.S. Treasury Department’s IPAC system whenever possible.
11. For any disputed exchange transactions, the Coast Guard, as seller, shall provide documentation supporting the bill within 30 days after the dispute is discovered.

12. In the event that a dispute resolution cannot be reached at the accounting center with the trading partner, the following escalation actions shall be taken:
 - a. Within 30 days, a dispute resolution package shall be compiled in accordance with the TFM “Intragovernmental Transaction (IGT) Guide”. These rules may be found on Treasury’s Financial Management Service (FMS) website at: <http://www.fms.treas.gov/factsi/vol1/tfm-2-4700.pdf>.
 - b. The dispute resolution package shall be forwarded to Commandant (CG-831) (Reimbursable Program Manager), with copies to the reimbursable program manager(s) involved in the service being provided to the other agency.
 - c. If resolution is not reached at the program manager level within 30 days, the dispute resolution package shall be forwarded to Commandant (CG-8), with a copy to the trading partner’s Chief Financial Officer (CFO).
 - d. If resolution is not reached at the Coast Guard CFO level within 30 days, the dispute resolution package shall be forwarded to the Department of Homeland Security (DHS) Chief Financial Officer for assistance.
 - e. If resolution is not reached at the DHS CFO level within 30 days, the dispute resolution package shall be forwarded to the assistant Commissioner, FMS-Governmentwide Accounting (FMS-GWA), for resolution.
13. A monthly reconciliation and validation shall be performed at the detail and transaction levels from GL system reports. Any abnormal balances identified shall be researched and reported in a timely manner.
14. All reconciliation packages shall be reviewed and submitted with the appropriate approval signatures and dates. The packages shall be properly stored.
15. All documentation used to support intragovernmental receivable values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.6.4 Revolving Funds

Revolving funds are authorized by law to finance a continuing cycle of business-type operations. The receipts are credited directly to the revolving fund as offsetting collections and are available for expenditure without further action by Congress. Therefore, revolving funds do not rely upon annual appropriations from Congress.

The revenue earned by revolving funds is used to procure additional goods and services, which are, in turn, purchased by buyers. Therefore, funding does not come directly from an appropriation, but indirectly through the buyers. There are two major revolving funds at the Coast Guard:

1. Supply Fund (SF) – provides financing for a continuous cycle of procurement and sale of clothing, food, fuel, and general stores items.

2. Yard Fund (which includes the Industrial Fund) – provides services such as construction, repair, and alteration of vessels and small boats, and fabrication of buoys and other special items for the Coast Guard and other Government agencies. These buyers reimburse the Yard for these services from their respective appropriations. The charges to the buyer by the Yard are based upon recovery of the total industrial cost of performing the work.

The Supply Fund sets prices based on the cost of goods plus surcharge amounts to compensate for loss and/or obsolescence.

The Yard Fund sets prices for goods or services that include all direct (e.g., raw materials and labor) and indirect (e.g., employee benefits and overhead) costs and that are planned to result in a “break even” financial basis.

This section specifically addresses policies and procedures related to revenue and receivables of revolving funds.

7.10.6.4.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authorities apply specifically to revolving funds:

1. 14 USC 648, “Accounting for industrial work.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title14/pdf/USCODE-2011-title14-partI-chap17-sec648.pdf>
2. 14 USC 650, Coast Guard Supply Fund.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title14/pdf/USCODE-2011-title14-partI-chap17-sec650.pdf>
3. 31 USC 9701, “Fees and charges for Government services and things of value.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleVI-chap97-sec9701.pdf>
4. Department of the Treasury, *Treasury Financial Manual*, volume I, part 2, chapter 1500, subsection 1520.45, “Revolving Fund Accounts.”
<http://www.fms.treas.gov/tfm/vol1/index.html>
5. *Supply Policy and Procedures Manual*, COMDTINST 4400.19 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4400_19B.pdf

7.10.6.4.2 Responsibilities

In addition to the overall responsibilities listed in subsection 7.10.4, the following specific responsibilities apply to revolving funds:

7.10.6.4.2.1 Office of Logistics (CG-44)

Commandant (CG-44):

1. Establishes procedures related to logistics management.
2. Facilitates the procurement of goods or services using the Military Standard Requisitioning and Issue Procedure (MILSTRIP) process.
3. Maintains logistics interface with other Government agencies (OGAs).

7.10.6.4.2.2 Budget Execution Division (CG-831)

Commandant (CG-831):

1. Performs the program manager function for the Supply Fund.
2. Establishes procedures for Supply Fund units.
3. Facilitates apportionment of Supply Funds with OMB and FINCEN.
4. Facilitates reporting of Supply Fund transactions.

7.10.6.4.3 Policy

The Coast Guard establishes revolving fund accounts authorized by specific provisions of law to support business-type operations related to the procurement and sale of goods and services with other Coast Guard units, OGAs, and the public.

1. Revolving funds managers shall prepare annual budgets to establish the appropriate rates to charge buyers.
2. Revolving funds managers shall prepare monthly inventory and accounting reports.
3. Reconciliations shall be submitted to the appropriate program element managers each month, whether or not there is activity in the revolving fund for that month.
4. Coast Guard units shall not incur costs from the Supply Fund or the Yard Fund until they receive a reimbursable agreement (RA), Military Interdepartmental Procurement Request (MIPR), or purchase request detailing the goods to be purchased and/or the services to be rendered, in accordance with Federal, DHS, and Coast Guard policies, rules, and regulations, from the entity requesting the Supply Fund or Yard Fund goods or services. (This does not apply to cash or credit sales of such things as uniforms and food to individual Coast Guard employees.)
5. The Supply or Yard Fund shall provide the requested goods or services upon receipt of an RA, MIPR, or purchase request signed by authorized personnel from the requesting entity and the Coast Guard.

6. To replenish depleted supply stocks, a MILSTRIP message shall be prepared to initiate the reorder process with either the Federal Supply System (FSS) or DOD's EMALL. Additional paperwork supporting requisitions shall be prepared for depot-level reconditioned items, items without national stock numbers (NSNs), or items not available through FSS or EMALL.
7. AMMIS, NESSS, Configuration Management plus (CMPlus), or the Fleet Logistics System (FLS) shall be used to prepare and document the MILSTRIP order message with FSS or EMALL.
8. All goods received shall be inspected, and the final acceptance shall be documented on receiving reports.
9. The MILSTRIP messages, receiving reports, and invoices shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
10. Units with Supply Fund accounts are responsible for the establishment, review, revision, and publication of standard sales prices for Supply Fund items stocked within their particular segment of the Coast Guard Supply System.
11. Supply Fund managers shall review standard sales prices a minimum of once per year.
12. All Supply Fund units with a surcharge shall review all operating expenses annually to ensure that the surcharge is sufficient to cover operation costs.
13. All Supply Fund units shall submit analyses of surcharge rates and recommendations for changes to Commandant (CG-842) no later than 30 June of each year.
14. Uncollected OGA and commercial accounts receivable shall be reported to FINCEN and Treasury, as required to support a robust collection strategy.
15. Supply units with surcharge accounts shall use those accounts prior to requesting any appropriated funds.
16. To ensure proper segregation of duties, separate individuals shall be designated in the supply management, procurement, funds disbursement, funds receivable, and revenue processes.

7.10.6.5 User Fees

The Coast Guard collects various user fees from the public for services or things of value provided by the Coast Guard; the most common of which include fees for vessel inspections and documentation, as well as merchant mariner licensing and documentation.

Amounts collected shall be deposited in the general fund of the U.S. Treasury as proprietary receipts. As required by Federal Accounting Standards Accounting Board (FASAB), the Coast Guard does not report these collections as revenue on the financial statements; however, user fees do impact Coast Guard financial accounting systems through the accounts receivable process.

This section establishes the policies for user fee collections received by Coast Guard Collection Centers, including Regional Examination Centers, the National Vessel Documentation Center, and Overseas Vessel Inspection Units.

7.10.6.5.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authorities apply specifically to user fees:

1. 14 USC 664, "User fees."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title14/pdf/USCODE-2011-title14-partI-chap17-sec664.pdf>
2. 31 USC 3302, "Custodians of money."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33-subchapI-sec3302.pdf>
3. 31 USC 9701, "Fees and charges for Government services and things of value."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleVI-chap97-sec9701.pdf>
4. 46 USC 2110, "Fees."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title46/pdf/USCODE-2011-title46-subtitleII-partA-chap21-sec2110.pdf>
5. 46 USC 3302, "Exemptions."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title46/pdf/USCODE-2011-title46-subtitleII-partB-chap33-sec3302.pdf>
6. 46 USC 3317, "Fees."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title46/pdf/USCODE-2011-title46-subtitleII-partB-chap33-sec3317.pdf>
7. *Title 46 User Fee Collection Policies and Procedures*, COMDTINST M7042.1 (series).
http://www.uscg.mil/directives/cim/7000-7999/CIM_7042_1.pdf

7.10.6.5.2 Responsibilities

In addition to the overall responsibilities listed in subsection 7.10.4, the following specific responsibilities apply to user fees:

7.10.6.5.2.1 Assistant Commandant for Resources (CG-8)

1. Discusses the results of the biennial review of user fees and any resultant proposals in the Chief Financial Officers Annual Report required by the Chief Financial Officers Act of 1990, as outlined in OMB Circular A-25.
2. Notifies Congress where legislative changes are required to modify user fees or charges.
3. Provides accurate and complete financial information related to user fees and charges.

4. Enforces policies and procedures regarding biennial reviews, including final reviews of unit prices, and conducts random audits.
5. Maintains records of all information used in the establishment of user fees or charges presented to OMB.

7.10.6.5.2.2 Office of General Law (CG-0944)

The Office of General Law advises Commandant (CG-8) and Coast Guard component officials on matters regarding the user fee and charge process.

7.10.6.5.2.3 Director of Operations Resource Management (CG-DCO-8)

1. Oversees the development and management of Coast Guard user fees. Provides guidance to FINCEN, Officers in Charge of Marine Inspection, and vessel owners, including any waivers and exemptions of vessel inspection user fees.
2. Reviews the user charges for agency programs biennially to include: (1) assurance that existing charges are adjusted to reflect unanticipated changes in costs or market values; and (2) a review of all other agency programs to determine whether fees should be assessed for Government services or the user of Government goods or services.
3. Reviews and reports the results of the biennial review of user fees and any resultant proposals to Commandant (CG-8) for inclusion in the Chief Financial Officers Annual Report.
4. Maintains adequate records of the information used to establish user fees or charges, and provides them upon request to OMB for the evaluation of the schedules; and provides data on user fees and charges in accordance with the requirements in OMB Circular A-11.
5. Institutes user fee charges through the promulgation of regulations or submits revisions to legislation as appropriate.

7.10.6.5.2.4 Finance Center (FINCEN)

1. Manages the user fee collection process.
2. Serves as the primary contact for responding to questions from the field related to the user fee collection process.
3. Maintains instructions, audit checklists, cash register operations, and credit card processing equipment.
4. Procures cash register supplies, updates maintenance agreements, and directs programming changes to the Coast Guard's financial systems.
5. Ensures that all authorized user fees or charges are properly applied and collected, and that the requirements of OMB Circular A-123 and the appropriate audit standards are applied to collection.

7.10.6.5.3 Policy

The Coast Guard is required by public law and Federal regulations to charge and collect user fees for various services provided to specific customers for special benefits beyond those received by the general public. The Coast Guard's imposition of user fees is subject to periodic review to determine if legislative changes are needed.

1. The Coast Guard shall impose a user fee against each identifiable recipient for special benefits derived from Coast Guard activities beyond those received by the general public.
2. The Coast Guard user fees shall recover the full cost of providing Government goods and services, using set rates when the Government is acting in its capacity as sovereign.
3. User fees charged by the Coast Guard shall be fair and based on the costs to the Government, the value of the service or thing to the recipient, public policy or interest served, and other relevant facts.
4. The Coast Guard may recover from the person liable for the fee or charge the costs of collecting delinquent payments of the fee or charge and enforcement costs associated with delinquent payments of the fees and charges. The term "costs of collecting a fee or charge" includes the reasonable administrative, accounting, personnel, contract, equipment, supply, training, and travel expenses of calculating, assessing, collecting, enforcing, reviewing, adjusting, and reporting on a fee or charge.
5. The Coast Guard shall account for the agency's costs of collecting a fee or charge as a reimbursable expense, subject to the availability of appropriations, and those costs shall be credited to the account from which expended.
6. The Coast Guard shall collect user fees in advance of, or simultaneously with, the rendering of services unless appropriations and authority are provided in advance to allow reimbursable services.
7. Whenever possible, user fee charges shall be set as rates rather than fixed dollar amounts in order to adjust for changes in costs to the Government or changes in market prices of the good or service provided.
8. The Coast Guard shall institute user fees through the promulgation of regulations and in accordance with OMB Circular A-25 (Revised).
9. Inspection user fees shall be exempted or waived by the Coast Guard as outlined in 46 CFR 2.10-5, 46 CFR 2.10-10, 46 USC 2110, 46 USC 3302(i), OMB Circular A-25, or where otherwise delineated in law.
10. No charge should be made for a service when the identification of the specific beneficiary is obscure and the service can be considered primarily as broadly benefiting the general public.
11. Unless a statute provides otherwise, user fee collections will be credited to the general fund of the Treasury as miscellaneous receipts, as required by 31 USC 3302.

12. A monthly reconciliation and validation shall be performed at the detail and transaction levels from GL system reports. Any abnormal balances identified shall be researched and reported, in a timely manner.
13. All reconciliation packages shall be reviewed and submitted with the appropriate approval signatures and dates and properly stored.
14. All documentation used to support values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.6.6 Fines and Penalties

Civil fine and penalty action (including the Notice of Violation program) is one tool to achieve compliance with laws and regulations the Coast Guard is empowered to enforce, including marine environment protection, port safety and security, waterways management, navigation rules, bridge administration, commercial vessel safety, and recreational boating safety. Fines and penalties associated with the Oil Spill Liability Trust Fund will be addressed in subsection 7.10.6.7.3.1.

In some instances, both immediate corrective actions of responsible parties followed by the initiation of civil penalty cases should be sought. The monetary penalty assessed should be meaningful, timely, and consistent with the facts of the case and governing statute, and supportive of field enforcement efforts. It is imperative that penalties exceed the economic benefits of noncompliance. For this to occur, enforcement activities must be processed in a timely manner.

Civil fines and penalties collected shall be deposited in the general fund of the U.S. Treasury as proprietary receipts except as otherwise provided by law. As required by Federal Accounting Standards Accounting Board (FASAB), the Coast Guard does not report these collections as revenue on the financial statements; however, user fees do impact Coast Guard financial accounting systems through the accounts receivable process.

The financial link between the Coast Guard's Marine Information for Safety and Law Enforcement (MISLE) and CAS ensures proper tracking and accounting of enforcement actions. To ensure the effectiveness of the civil fines and penalties program and ensure due process and proper financial management, the Coast Guard must properly manage civil fines and penalty activities.

7.10.6.6.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, authorities to collect civil fines and penalties are covered under various titles of the United States Code and Code of Federal Regulations. These specific authorities are outlined in the various enforcement instructions and guides, including:

1. *Civil Penalty Procedures and Administration*, COMDTINST 16200.3 (series).
2. *Notice of Violation User's Guide*, COMDTINST M5582.1 (series).

3. *Civil Penalty Hearing Officer Procedures*, COMDTINST M16200.5 (series).
4. United States Coast Guard Civil Penalty Case Guide.
http://www.uscg.mil/legal/cgho/CGHO_doc/CPCGUIDE.pdf

Additional guidance can be found in the Finance Center Standard Operating Procedures.

7.10.6.6.2 Responsibilities

In addition to the overall responsibilities listed in subsection 7.10.4, the following specific responsibilities apply to user fees:

7.10.6.6.2.1 Office of Investigations and Casualty Analysis (CG-545)

1. Provides centralized oversight, management, and control of MISLE enforcement activities, from generation to referral to hearing officers, to ensure timely processing of casework.
2. Reconciles enforcement activity collections and accounts receivable information between MISLE and the Coast Guard financial system.

7.10.6.6.2.2 Office of General Law (CG-0944)

Commandant (CG-0944) provides centralized oversight, management, and control of the Coast Guard civil fines and penalty process, from referral to hearing officers through collection, to ensure timely processing of casework.

7.10.6.6.2.3 Finance Center (FINCEN)

1. Manages the civil fines and penalties collection process.
2. Serves as the primary contact for responding to questions from the field related to the civil fines and penalties collection process.
3. Maintains instructions and audit checklists.
4. Ensures that all authorized civil fines and penalties charges are properly applied, collected, and that the requirement of OMB Circular A-123 and the appropriate audit standards are applied to collection.
5. Supports Commandant (CG-INV) reconciliation of enforcement activity collections and accounts receivable information between MISLE and the Coast Guard financial system.

7.10.6.6.2.4 Area and District Commanders

Ensure that subordinate unit commanders process civil fine and penalty cases in a timely manner.

7.10.6.6.2.5 Commanding Officers

Ensure enforcement activities and their associated paperwork are properly tracked, completed, processed, and forwarded for further due process action in a timely manner.

7.10.6.6.2.6 Hearing Officers (LSC-West)

Ensure enforcement activities are properly completed and processed in a timely manner.

7.10.6.6.3 Policy

1. Financial data shall be shared and consistent between MISLE and the Coast Guard's financial system to ensure proper tracking and accounting of enforcement actions.
2. Units or any Coast Guard individual shall not accept payment for NOVs; nor shall partial payments be allowed. NOV payment guidance is provided in *Notice of Violation User's Guide*, COMDTINST M5582.1 (series).
3. Payment received for civil fines and penalties will be credited, and the activity will be closed once the full amount is credited.
4. Standard collections policy applies if the party fails to pay the civil fine or penalty, or if the case is referred to the Department of Justice for criminal proceedings.

7.10.6.7 Oil Pollution Act

The Clean Water Act of 1972 established the Coast Guard's responsibility for pollution response, and Section 311(k) of that Act established a trust fund for oil and hazardous substance pollution cleanup. To the extent cost recovery and penalty revenue were not sufficient, the 311(k) Fund was dependent on Congressional Appropriations to maintain its viability. The Oil Pollution Act of 1990 authorized the Oil Spill Liability Trust Fund (OSLTF). The OSLTF received the assets and assumed the liabilities of a combination of predecessor funds: the 311(k) Fund, Offshore Oil Pollution Fund, Deepwater Port Fund, and Trans-Alaska Pipeline Liability Fund. More important, it was funded through tax revenue on the oil industry. Congress established in OPA several sources of revenue for the OSLTF:

1. A barrel tax on domestic or imported crude oil and imported refined oil products;
2. Interest earned on the balance of the Fund;
3. Fines and penalties for violations of OPA and various Clean Water Act provisions; and
4. Cost recoveries from parties responsible for oil spills where the OSLTF is spent, whether for response costs or payment of claims as authorized by OPA.

The latter two revenue streams originate in different parts of the Coast Guard, but both flow through Coast Guard financial systems and are recorded on the Coast Guard General Ledger. These assets are recorded and processed in accordance with standard Accounts Receivable policy; however, receipts are applied to the Treasury Account Symbol (TAFS) 70X8185.4 in lieu of appropriation codes.

Note: The Oil Pollution Act of 1990 (OPA 90) establishes general liability limits for removal costs and damages resulting from vessel and facility oil spills. Limits do not apply in exceptional circumstances, which may be determined through NPFC adjudication of a responsible party (RP) claim for costs and damages in excess of a limit, or by settlement or litigation with the RP. The amount to be recorded should cover removal costs and damage payments incurred up to the general limit of liability for the particular spill. Any removal costs or damage payments in excess of the general limit are not considered due from the RP (although billed by NPFC, it is not booked as a receivable) until there is a settlement in which the RP agrees to pay in excess of the limit, or a final judgment by a court that orders the RP to pay in excess of the limit.

Any receivable for removal costs or damage payments in excess of the limit of liability should not be recorded in the accounting records, but rather disclosed as a contingent gain in the footnotes to the financial statements. If settlement or court action subsequently provides for RP payment in excess of the limit of liability, the additional amount should be recognized as both revenue and as a receivable at that time. All concerns about collectability of the receivables should be reflected by means of appropriate entries to the Allowance for Loss on Accounts Receivable general ledger account.

7.10.6.7.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authorities apply specifically to cost recoveries:

1. 33 USC 2701 et seq., “Oil Pollution Liability and Compensation.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title33/pdf/USCODE-2011-title33-chap40-subchapI.pdf>
2. 26 USC 9509, “Oil Spill Liability Trust Fund.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/pdf/USCODE-2011-title26-subtitleI-chap98-subchapA.pdf>

7.10.6.7.2 Responsibilities

In addition to the overall responsibilities listed in subsection 7.10.4, the following specific responsibilities apply to OSLTF receivables:

7.10.6.7.2.1 National Pollution Funds Center (NPFC)

1. Certifies oil-carrying vessels have the financial ability to pay in the case of an oil spill.
2. Provides funding for National Contingency Plan response by agencies including, but not limited to, the Coast Guard and the Environmental Protection Agency.
3. Takes action to recover costs from responsible parties.
4. Reconciles financial expenditures associated with OSLTF accounts receivable to Coast Guard core financial system records.

7.10.6.7.2 Finance Center (FINCEN)

Processes financial transactions related to the OSLTF fines, penalties, and cost recoveries.

7.10.6.7.3 Policy

7.10.6.7.3.1 OSLTF Fines and Penalties

1. Civil and criminal fines and penalties for violations of OPA and various Clean Water Act provisions are initiated by Coast Guard field units, and shall be submitted through the MISLE system.
2. OSLTF fines and penalties shall be recognized and recorded as an account receivable due to the OSLTF, and managed by FINCEN in accordance with FASAB and other guidance and applicable laws.

7.10.6.7.3.2 OSLTF Cost Recovery

1. When the responsible party does not respond to an oil spill or pay claims to injured parties, the OSLTF is available to fund the Federal On-Scene Coordinator (FOSC) response actions and to adjudicate and pay claims.
2. The Director of NPFC is authorized to make OSLTF funding available as provided by OPA, and to pursue cost recovery actions.
3. The Director of NPFC shall attempt to identify the responsible party/parties in accordance with NPFC procedures. If the responsible parties can be identified, they are jointly and severally liable for the ensuing OSLTF and Federal response costs.
4. The Director of NPFC can compromise resulting debt or alternately refer the debt to the Department of Justice or Department of the Treasury for further collection efforts in accordance with applicable law and delegations of authority.
5. OSLTF accounts receivable are classified as public exchange based receivables.

7.10.6.8 Invoicing and Billing Policy

A bill is a statement of demand for money due from individuals, commercial vendors, and other Government agencies (OGAs), including other Coast Guard accounting offices and other appropriations. The Coast Guard bills customers for a number of goods and services (e.g., vessel inspections, oil spill cleanup/damage claims, aircraft and boat repairs and parts, repair charges for damage to buoys, Federal Emergency Management Agency (FEMA) reimbursements, civil fines, penalties).

The Aviation Logistics Center (ALC), Coast Guard Academy (Academy), Finance Center (FINCEN), Legal Services Command West (LSC-West), National Pollution Funds Center (NPFC), Pay and Personnel Center (PPC), and Surface Forces Logistics Center/Yard (SFLC/Yard) all manage parts of the Coast Guard's billing transactions in accordance with DHS

policy guidance and applicable Federal laws and regulations, enabling the Coast Guard to carry out statutory mandates such as the Oil Pollution Act and to better protect the Federal Government's assets and minimize losses.

7.10.6.8.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authorities apply specifically to invoicing and billing:

1. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). 42 USC 9601 et seq.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title42/pdf/USCODE-2011-title42-chap103.pdf>
2. Oil Pollution Act. 33 USC 40. PL 101 380.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title33/pdf/USCODE-2011-title33-chap40-subchapI.pdf>
3. 31 USC 3301 et seq., "Depositing, Keeping, and Paying Money."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33.pdf>
4. 31 USC 3717, "Interest and Penalty on Claims."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap37-subchapII-sec3717.pdf>
5. 31 CFR Subtitle B Chapter I, "Monetary Offices, Department of the Treasury."
<http://www.gpo.gov/fdsys/pkg/CFR-2011-title31-vol1/pdf/CFR-2011-title31-vol1-subtitleB-chapI.pdf>
6. Department of the Treasury, *Treasury Financial Manual*, volume I, part 6, chapter 8000, "Cash Management."
<http://fms.treas.gov/tfm/vol1/v1p6c800.txt>
7. *Title 46 User Fee Collection Policies and Procedures*, COMDTINST M7042.1 (series).
http://www.uscg.mil/directives/cim/7000-7999/CIM_7042_1.pdf

7.10.6.8.2 Policy

1. The Coast Guard shall be responsible for the preparation of invoices to individuals, other Government agencies (OGAs), and organizations outside the U.S. Government. In performing this requirement, the Coast Guard shall adhere to the following: The Coast Guard shall generate an invoice or equivalent billing document for actual and estimated amounts, and it shall be mailed/transmitted within five business days after the day that the goods have been delivered, the services have been rendered, or the payment is otherwise due. Collection centers may prepare and mail an invoice later than five business days, if it is cost-effective to do so.
2. The Coast Guard shall include a payment due date on the invoice, and this date shall not be more than 30 days from the date of the invoice, unless otherwise provided by law.

3. If the value of the goods or services cannot be specifically determined, the Coast Guard shall prepare a partial invoice equal to at least 75 percent of the estimated value, and shall mail the partial invoice within five business days after the day that the goods have been delivered, the services have been rendered, or the payment is otherwise due. The Coast Guard shall identify this invoice as a partial invoice, and shall note that a final invoice will be mailed/transmitted within 30 days after the submission of the partial invoice.
4. The bill/invoice shall include other information, such as:
 - a. Payment terms, lockbox addresses, and instructions that payment shall be made to the Coast Guard, not to a Coast Guard official.
 - b. In accordance with TFM instructions, a notification of additional charges that shall be assessed on payments received after 30 days from the due date, including:

The payment due date is 30 days from the date of this bill. Pursuant to 31 USC 3717, additional charges will be assessed on payments received after the due date, including:

 - 1) Interest at the prevailing rate established by the Treasury Department, from the date the debt is owed;
 - 2) Administrative charges; and
 - 3) Penalties shall not exceed the prevailing percentage rate per year established by the Treasury Department on any portion of the debt delinquent for more than 90 days, accrued from the date the debt became delinquent.
 - c. The minimum annual rate of interest to be charged, which is calculated by Treasury as an average of the current value of funds to Treasury and is published each year in the Federal Register and also in the TFM bulletin.
 - d. A statement that interest shall only be assessed on principal (not on interest, administrative charges, and penalties), except in those cases where a debtor has defaulted on a previous repayment agreement, or a judgment has been obtained including such interest.
5. A higher rate of interest shall be assessed if it is determined that a higher rate is necessary to protect the interest of the U.S. Government. The assessed rate will remain fixed for the duration of the indebtedness, unless a different rate is prescribed in an agreed-to repayment schedule, or a rate change is otherwise provided by law.
6. Waivers of interest, administrative charges, or penalties shall be in accordance with all DHS and Coast Guard policy. Said waivers require the approval of a supervisor and the Receivable Division chief, and shall include supporting documentation justifying the reason for the waiver.
7. The Coast Guard shall generate a separate monthly bill for each debtor.
8. The Coast Guard shall generate an identifiable and traceable numbering system for all bills presented for collection to allow for efficient research and reporting of uncollected and collected bills.

9. The Coast Guard shall keep records at the transaction level for all bills issued. These records shall include the bill date, the bill number, the name of the debtor, the amount of the bill, and a description sufficient to allow for efficient retrieval for audit/research and reporting purposes.
10. A monthly reconciliation and validation shall be performed at the detail and transaction levels from GL system reports. Any abnormal balances identified shall be researched and reported in a timely manner.
11. All reconciliation packages shall be reviewed and submitted with the appropriate approval signatures and dates. The packages shall be properly stored.
12. All documentation used to support values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.6.9 Unbilled Receivables

This category primarily applies to NPFC, but it also includes FINCEN unbilled receivables under the Merchant Vessel Inspection (MVI) program and the reimbursable program.

1. The revenue standard, SFFAS No. 7, requires that revenue be recorded when it is earned versus collected. Therefore, unbilled accounts receivable shall be accrued in the accounting period when claims to cash arise.
2. The accounts receivable manager shall prepare documentation to support recording an unbilled receivable. All unbilled receivables shall be tracked, aged (but reflected as “Not Delinquent”), and reported to FINCEN in accordance with their guidance.

7.10.6.10 Collection Process

In order to assure maximum collection effectiveness, the accounts receivable manager shall pursue vigorous follow-up action. This action will include:

1. Adhering to *Coast Guard Claims and Litigation Manual*, COMDTINST M5890.9 (series).
2. Collecting all non-Federal debts in a timely manner.
3. Aging of billed receivables to facilitate concentration of collection efforts.
4. Referring all non-Federal debts more than 180 days delinquent to Treasury’s Financial Management Service (FMS) for offset and cross-servicing, according to the 1996 Debt Collection Improvement Act and related FMS guidance. Transmit all information to the Treasury for debts referred, following the latest regulations in *Treasury Financial Manual* and supplements. Copies of referrals shall be sent to FINCEN.
5. Referring all Federal debts more than 180 days old to FINCEN. FINCEN shall serve as the Coast Guard central point of contact for resolving amounts owed the Coast Guard

from other Federal agencies. **Exception:** Cases involving amounts owed the OSLTF will be resolved by NPFC.

6. Reviewing delinquent debts continually to identify those items that should be written off and closed out.
7. Reconciling subsidiary receivable records at least quarterly with the related general ledger.
8. Processing remittances in accordance with applicable regulations. Timely entry shall be made to accounts receivable.
9. For collections involving administrative wage garnishment (AWG), adherence to the procedure contained in 31 CFR 285 and the DHS *Component Requirements Guide for Financial Reporting*.

7.10.6.11 Allowance for Doubtful Accounts

The Allowance for Doubtful Accounts (AFDA) is an estimation used to recognize that some accounts receivable transactions will not be collected. It is implemented when the Bad Debts Expense is recorded in the GL before knowing the specific accounts receivable deemed uncollectible. The AFDA is calculated using the following methods:

1. Individual account analysis;
2. Group analysis;
3. Statistical estimation by modeling; and
4. Aging schedule.

This section presents overarching financial policy and establishes the Coast Guard's methodology for calculating the AFDA for Public Receivables in compliance with all applicable regulations. This allows Commandant (CG-8) to assert that the Coast Guard's AFDA is properly recorded and presented in the financial statements.

7.10.6.11.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authority applies specifically to the AFDA:

31 CFR 903, "Standards for Suspending or Terminating Collection Activity."
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title31-vol3/pdf/CFR-2012-title31-vol3-part903.pdf>

7.10.6.11.2 Responsibilities

In addition to the overall responsibilities listed in subsection 7.10.4, the following specific responsibilities apply to the AFDA:

7.10.6.11.2.1 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842):

1. Monitors the debt collection process and ensures that:
 - a. Debt collection processes are implemented and enforced at FINCEN and other accounts receivable offices;
 - b. Delinquent balances are transferred to Treasury, or are in collection; and
 - c. Appropriate receivables are being written off.
2. Reviews the methodology and calculation of the current estimate of the AFDA, and ensures that the correct adjustments are made to reconcile the AFDA to the current estimate.
3. Assesses Coast Guard business processes and sub-processes, identifies deficiencies/gaps, recommends corrective actions, and evaluates progress made toward resolving issues.
4. Monitors and evaluates the effectiveness of controls in place to ensure the propriety of the process for identifying and recognizing receivables.

7.10.6.11.2.2 Finance Center (FINCEN)

FINCEN personnel:

1. Coordinate with Coast Guard components to accurately record the estimated allowance amount in conjunction with accounts receivable through CAS.
2. Ensure that adjusting entries are entered into accounts receivable and the AFDA in CAS.

7.10.6.11.2.3 Accounts Receivable Managers

Accounts receivable managers at the Aviation Logistics Center (ALC), Finance Center (FINCEN), Legal Services Command-West (LSC-West), National Pollution Funds Center (NPFC), Pay and Personnel Center (PPC), and Surface Forces Logistics Center/Yard (SFLC/Yard), as applicable:

1. Reconcile subsidiary receivable records on a quarterly basis with the related GL and subsidiary ledger accounts.
2. Establish the allowance account for loss on accounts receivable that have been determined uncollectible.
3. Retain documentation supporting the quarterly reviews for future audit and financial review purposes, as prescribed by law.
4. Review and evaluate the accounts receivable accounts on a quarterly basis.
5. Coordinate with FINCEN to facilitate the internal controls associated with AFDA tasks.
6. Review with FINCEN the accounts receivable quarterly material changes (defined in unit SOPs) that impact AFDA balances.

7. Ensure that all material changes are taken into consideration to account for adjustments in the AFDA estimate.

Note: ALC and SFLC/Yard follow the Coast Guard's overarching accounts receivable policies and procedures, but because their respective public accounts receivable are immaterial to the Coast Guard's total public accounts receivable (generally less than 0.1 percent), they do not actively participate in the AFDA annual calculation and quarterly reviews. The materiality of these accounts must be reconsidered at least annually to ensure that ALC and SFLC are not required to record an AFDA balance in order to properly report their respective net receivable balances.

7.10.6.11.3 Policy

AFDA balances are recorded and maintained in the CAS, NESSS, and ALMIS general ledger (GL) systems. These GLs and subsidiary ledger modules are used to prepare monthly AFDA reports. Coast Guard policy is to conduct annual and quarterly reviews of public receivables. In accordance with SFFAS No. 1, *Accounting for Selected Assets and Liabilities*, the Coast Guard shall:

1. Recognize losses on receivables when it is more likely than not that the receivables will not be collected in full.
2. Recognize an allowance for estimated uncollectible amounts to reduce the gross amount of receivables to its net realizable value. The allowance for uncollectible amounts shall be re-estimated on each annual financial reporting date, and whenever information indicates that the latest estimate is no longer current.
3. Measure losses due to uncollectible amounts through a systematic methodology. The systematic methodology shall be based on an analysis of both individual accounts and a group of accounts as a whole:
 - a. Individual account analysis – Accounts that represent significant amounts shall be individually analyzed to determine the loss allowance. Loss estimation for individual accounts shall be based on:
 - 1) The debtor's ability to pay;
 - 2) The debtor's payment record and willingness to pay; and
 - 3) The probable recovery of amounts from secondary sources, including liens, garnishments, cross collections, and other applicable collection tools.
 - b. Group analysis – To determine the loss allowance on a group basis, receivables shall be separated into groups of homogeneous accounts with similar risk characteristics. The groups shall reflect the operating environment. For example, accounts receivable can be grouped by:
 - 1) Debtor category (e.g., business firms, state and local governments, individuals);

- 2) Reason that gave rise to the receivables (e.g., tax delinquencies, erroneous benefit payments, trade accounts based on goods and services sold, transfers of defaulted loans to accounts receivable); or
- 3) Geographic region (e.g., foreign countries, domestic regions).

Within a group, receivables are further stratified by risk characteristics. Examples of risk factors include economic stability, payment history, alternative repayment sources, and aging of the receivables.

4. Disclose the major categories of receivables by amount and type, the methodology used to estimate the allowance for uncollectible amounts, and the total allowance.
5. A monthly reconciliation and validation shall be performed at the detail and transaction levels from GL system reports. Any abnormal balances identified shall be researched and reported in a timely manner.
6. All reconciliation packages shall be reviewed and submitted with the appropriate approval signatures and dates. The packages shall be properly stored.
7. All documentation used to support values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.6.12 Write-offs

The Coast Guard has the affirmative responsibility to attempt to collect delinquent debts owed the Federal Government. At some point in the collection process, however, it may become evident that a debt is “uncollectible.” In such cases, it may be appropriate to terminate collection action and/or write off the debt.

Write-off of a debt is an accounting action that results in removing the non-Federal (public) receivable from the accounting records and subsequently reporting on the Coast Guard’s financial and management reports that the receivable has no value. Write-offs are classified and reported in two separate and distinct categories: currently not collectible (CNC) and closed-out. If it is determined that cost-effective collection efforts will continue at a later date, the debt will be classified as CNC. If it is determined that any additional or future collection attempts would be unsuccessful, the debt will be classified as closed-out.

This policy assumes that all appropriate collection tools (e.g., demand letters, offsets, garnishment, cross-servicing, referrals to Treasury) have been properly attempted in accordance with laws, regulations, and applicable guidance prior to initiating write-off.

7.10.6.12.1 Authorities

In addition to the general authorities listed in subsection 7.10.3, the following authorities apply specifically to write-offs:

1. 26 CFR 1.6050P-1, “Information reporting for discharges of indebtedness by certain entities.”

<http://www.gpo.gov/fdsys/pkg/CFR-2011-title26-vol13/pdf/CFR-2011-title26-vol13-chapI.pdf>

2. Office of Management and Budget, Memorandum M-04-10, "Debt Collection Improvement Act Requirements."
<http://www.whitehouse.gov/sites/default/files/omb/assets/omb/memoranda/fy04/m04-10.pdf>
3. Internal Revenue Service, "Instructions for Forms 1099-A and 1099-C."
<http://www.irs.gov/instructions/i1099ac/index.html>

7.10.6.12.2 Responsibilities

In addition to the overall responsibilities listed in subsection 7.10.4, the following specific responsibilities apply to write-offs:

7.10.6.12.2.1 Assistant Commandant for Resources (CG-8)

Commandant (CG-8) certifies that all receivables are properly recorded and recognized in accordance with Federal guidance, and performs the following to facilitate the certification process:

1. Establishes and updates policies, procedures, and internal controls required to record and recognize receivables.
2. Monitors internal control effectiveness and compliance with policies and procedures.
3. Reviews financial information and ensures compliance with applicable Federal laws, regulations, accounting standards, and policies.
4. Reviews issues of non-compliance addressed in financial audit reports to ensure that necessary corrections are implemented.
5. Certifies the completeness and accuracy of receivable balances reported on financial statements, and reports on the operating effectiveness of internal controls to OMB, Treasury, and DHS as required.
6. Submits required OMB, Treasury, and DHS reports.

7.10.6.12.2.2 ALC, FINCEN, LSC-West, NPFC, PPC, and SFLC/Yard

These units are responsible for performing the following processes pertinent to the write-off of receivables:

1. Execute all policies, procedures, and internal controls related to the write-off of receivables, ensuring that financial reports and reconciliations comply with Federal guidelines.
2. Collect appropriate source documentation used to support the values for debt to be written off, and classify the write-off as either currently not collectible or closed-out.
3. Record and verify the completeness of transaction information.

4. Generate monthly receivables reports at the detail and summary transaction levels and by classification type.
5. Prepare a monthly reconciliation of receivables reported at the detail level in the CAS NESSS, and ALMIS GLs.
6. Report write-offs of receivables on applicable accounting and management reports, e.g., financial statements, the Treasury Report on Receivables (TROR), and the Debt Collection Improvement Act (DCIA) Annual Report.

7.10.6.12.3 Policy

The Coast Guard shall adhere to both Federal and DHS policies, regulations, and guidelines for the write-off of accounts receivable.

1. The Coast Guard defines delinquent receivables as receivables that have not been paid by the date specified in the initial written demand for payment or applicable agreement or instrument, unless other satisfactory payment arrangements have been made. For example, if the initial invoice sent to the debtor requires payment in 30 days, then that receivable is deemed delinquent if it remains unpaid on the 31st day.
2. The Coast Guard follows the policy specified in OMB Circular A-129, section V, "Delinquent Debt Collection":
 - a. Generally, write-off is mandatory for delinquent debt older than two years unless documented and justified to OMB in consultation with Treasury; however,
 - b. In those cases where material collections can be documented to occur after two years, debt cannot be written off until the estimated collections become immaterial.
3. Write-offs must follow the U.S. Code, along with Treasury, DHS, and Coast Guard policy relating to delegation of authority, responsibilities, and dollar limits. Specifically:
 - a. DHS policy states that, for public debts over \$10,000, concurrence of the General Counsel's Office is required to terminate collection before closeout; and
 - b. OMB Circular A-129 states that for debts due from the public in the amount of \$100,000 or more, referral to the Department of Justice for concurrence to terminate collection action, before closeout, is required.

Therefore, Coast Guard units that have been delegated authority for debt collection actions from the Coast Guard CFO may write off debts up to and including \$10,000, in accordance with all applicable guidance. For units without delegated authority, requests for write-offs must be made via the Commandant (CG-842) accounts receivable desk officer to Commandant (CG-8) and DHS, as appropriate.

In addition, DHS policy specifically states that "No debt of more than \$10,000 shall be suspended or terminated without the concurrence of the Office of General Counsel." Therefore, for these types of actions, units must request such concurrence via the Commandant (CG-842) accounts receivable desk officer to Commandant (CG-8) and the Office of General Counsel.

4. Once a determination has been made that a receivable should be written off, it must be classified as one of two types:
 - a. Currently not collectible (CNC) – which allows for continuing cost-effective collection methods to be utilized; or
 - b. Closed-out – which requires the legal procedure of “termination of collection activity” in accordance with 31 CFR 903.3. Closeout of debts prohibits future collection activity, and requires the Coast Guard to report to the Internal Revenue Service the forgiveness of the debt as a taxable event to the debtor for all debts closed out for \$600 or more. This report is made via IRS Form 1099-C, “Cancellation of Debt.” (This form may also be used for debts less than \$600 at the discretion of the Coast Guard.)
5. CNC debts are still reported on the Treasury Report of Receivables (TROR) and are still eligible for Treasury’s cross-servicing and offset programs. Public debt will only be written off and classified as CNC if all applicable debt collection actions have been pursued and it is cost-effective to continue collection efforts.
6. If receivables written off do not meet the criteria for CNC, they will be terminated and closed out. The final action will be the issuance of an IRS Form 1099-C for all debts of \$600 or more, in the hope that the U.S. Government will at least recoup some of the receivable through tax collections on the forgiveness of the related debt.
7. Once a debt has been terminated and closed out, the Coast Guard cannot take any further administrative or legal action to collect the debt. However, the debt may be reactivated in the event of the debtor’s voluntary subsequent repayment.
8. Write-offs must be auditable and thus supported by documentary evidence showing that the debt is greater than two years delinquent or, for debt that has not reached that milestone, a written statement that collection is not likely, based upon documentary history of the debtor and all collection efforts. Any related general or subsidiary ledger postings to the related account receivable and the AFDA must be made under the same internal controls as for other Coast Guard accounting entries, such as separation of duties, reviews, and approvals.
9. It is the Coast Guard’s policy to review public receivables written off and classified as CNC at least annually for a determination that the respective CNC debt should be:
 - a. Continued as a CNC subject to collection actions; or
 - b. Closed out.

7.10.6.12.4 Write-Off Procedures

In addition to observing the above policy, applicable units shall employ the following procedures to account for and manage write-offs.

7.10.6.12.4.1 Review Debt for Write-Off

Applicable units shall review each delinquent debt to determine whether it has value for accounting purposes. The write-off status of the debt is determined by the following factors:

1. Delinquent debt age category;
2. Customer type; and
3. Receivable type.

7.10.6.12.4.2 Accounting for Write-Offs

1. All write-offs shall be made through the allowance account and not be written off directly to expense. If the allowance account has been depleted as a result of write-off activity, it shall be re-estimated and re-established.
2. Applicable units shall record entries using the USSGL Account Transaction Listing to write off debt to applicable accounts in the GL, including reversing applicable interest, penalties, and administrative charges. If a debt is compromised, the amount no longer due shall be reported as written off unless there is significant doubt concerning the Government's ability to prove its case in court. The latter should appear as an adjustment on the TROR, not as a write-off.
3. Although written-off debt is removed from an entity's receivables, applicable units shall continue cost-effective collection efforts if it is determined that continued collection efforts are likely to yield higher returns (e.g., collection efforts are likely to yield higher return for the Government than the 1099-C process). Applicable units shall not tie the write-off of debt to termination or suspension of the receivable.
4. Collection activities include procedures performed by applicable units, as well as activities performed by external entities once debt has been referred to Treasury's Financial Management Service (FMS) for cross-servicing, Treasury Offset Program, or to DOJ for litigation. Commandant (CG-8) shall ensure that any future collection actions are not prohibited (e.g., a debtor is released from liability in a bankruptcy). Commandant (CG-8) may use discretion in determining threshold amounts below which it is not considered cost-effective to continue collection efforts.

7.10.6.12.4.3 Classification

1. Applicable units shall classify and report written-off debt into two separate and distinct categories based on analysis of the cost-effectiveness of collection efforts after write-off:
 - a. Currently not collectible (CNC); or
 - b. Closed-out.
2. Applicable units shall classify debt for which collection efforts shall be continued as CNC. Debt can only be classified as CNC at the time the debt is written off. Public debt shall be classified as CNC only if the following criteria are met:

- a. The vendor debt is \$600 or more, or the individual out-of-service debt is \$225 or more;
 - b. Appropriate debt collection actions have been pursued; and
 - c. It is cost-effective to continue collection efforts.
3. Applicable units shall classify debt as closed-out if it is determined that:
 - a. No further active or passive debt collection action will be taken (e.g., it is no longer cost-effective to pursue collection),
 - b. Or collection action is legally barred, such as in bankruptcy.
 4. Applicable units shall close out debt after the termination of collection actions.

7.10.6.12.4.4 *Currently Not Collectible (CNC)*

1. Applicable units shall review and maintain data on the success of collection efforts for debts in CNC status. This allows applicable units to determine whether CNC debts should be reclassified and closed out. When the Treasury is able to collect on a CNC or closed-out receivable and remits funds to the Coast Guard, the write-off shall be reversed and the applicable unit shall re-establish the receivable and record the collection against the receivable.

Debts in CNC status are eligible for Treasury's cross-servicing and offset programs.

2. Applicable units shall maintain CNC debt for administrative offset and other collection tools until one of the following occurs:
 - a. The debt is paid;
 - b. The debt is closed out;
 - c. All collection activities are legally precluded; or
 - d. The debt is sold.
3. Applicable units shall determine whether approval from DHS, DOJ, or FMS is required prior to termination of debt collection actions.
 - a. The request for termination of collection action is communicated to DHS, DOJ, or FMS, as applicable. DHS, DOJ, or FMS either approves or denies the request for termination of collection action.
 - b. Except for agencies having independent authority, DOJ concurrence is required when an agency suspends or terminates collection action on debts over \$100,000 (principal only).
 - c. DOJ has delegated to FMS the authority to approve termination of collection action on a debt with a principal amount of \$500,000 or less when the debt is being serviced by FMS in its cross-servicing program.

7.10.6.12.4.5 Close Out

1. Any debts that have been sold or scheduled to be sold shall not be closed out.
2. After determining that an account receivable is uncollectible, applicable units prepare a journal voucher (JV) and remove the receivable from the accounting records. The JV shall include a full explanation of the removal.
3. For debt classified as closed out, the applicable unit shall:
 - a. File Form 1099-C with the IRS;
 - b. Notify the debtor in accordance with IRS code;
 - c. Report closed-out debts on the TROR; and
 - d. Stop all collection activity, including the sale of debts.
4. Applicable units shall not take any collection action after closeout, and shall report closed-out debt to the IRS on Form 1099-C, "Cancellation of Debt."
5. Applicable units shall report cancellation of individual debts greater than \$600 cancelled in a calendar year. The Form 1099-C reports the uncollectible debt as income to the debtor, which may be taxable at the debtor's current tax rate. Reporting the discharge of indebtedness to the IRS results in a potential benefit to the Federal Government because any payments made to the IRS augment Government receipts.

7.10.6.12.4.6 Reporting

1. Applicable units shall retain documentation on all closed-out uncollected public vendor and contractor debt for tracking, consolidation, and reporting.
2. Commandant (CG-8) shall present the write-off of receivables to appropriate internal and external stakeholders via the Coast Guard financial statements, IRS Form 1099-C, TROR, and Debt Collection Improvement Act (DCIA) Annual Report.
3. Applicable units shall maintain supporting documents (e.g., contracts, invoices, account reconciliations, and other accounting system reports) used to verify the inclusion of write-offs.
4. All documentation used to support values, reconciliations, and adjustments shall be maintained for a period specified in *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.6.13 Accounts Receivable Reporting Requirements

Accounts receivable represent amounts due to the Coast Guard from other Federal agencies and the public. Intragovernmental accounts receivable arise from the provision of goods and services to other Federal agencies and are expected to be fully collected. Accounts receivable due from the public typically result from user fees, fines and penalties, and the provision of goods and services. Public accounts receivable are presented net of an allowance for doubtful accounts, which is based on the analyses of debtors' ability to pay, specific identification of probable

losses, aging analysis of past due receivables, and historical collection experience. Interest due on past due receivables is another type of accounts receivable, and is recorded and reported as required by applicable laws and regulations.

The Coast Guard shall report all accounts receivable in accordance with DHS and other applicable regulations and guidance. The amounts of accounts receivable shall be accurate and valid upon entry into the Coast Guard's financial accounting systems for presentation in financial statements and accompanying notes.

7.10.6.13.1 Responsibilities

In addition to the overall responsibilities listed in subsection 7.10.4, the following specific responsibilities apply to accounts receivable reporting requirements:

7.10.6.13.1.1 Assistant Commandant for Resources (CG-8)

To facilitate the accounts receivable certification process, Commandant (CG-8):

1. Administers financial management activities delineated under the CFO Act of 1990, which include accounting, budgeting, procurement, logistics, financial systems, policy, planning, and audit oversight.
2. Establishes policies, procedures, and internal controls required to record and recognize receivables.
3. Monitors internal control effectiveness and compliance with policies and procedures at FINCEN and applicable directorates and offices.
4. Reviews Coast Guard prepared accounts receivable financial information and ensures compliance with applicable Federal accounting standards, policies, laws, and regulations.
5. Reviews and responds to audit findings and recommendations addressed in financial audit reports to ensure that all necessary corrections are completed.
6. Certifies the completeness and accuracy of receivable balances reported on financial statements, and reports the operating effectiveness of internal controls to OMB, Treasury, and DHS.
7. Submits required OMB, Treasury, and DHS accounts receivable reports.

7.10.6.13.1.2 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84) directs the Financial Reporting and Analysis (CG-842) and Financial Management Policy (CG-843) divisions to facilitate the following:

1. Develop financial policy and procedures for accounts receivable in coordination with applicable accounting units.
2. Provide oversight and direction to FINCEN for the preparation of accounts receivable components of the financial statements.

7.10.6.13.1.3 Office of Financial Systems Business Requirements (CG-86)

Commandant (CG-86) performs the following:

1. Designate, design, and certify all financial systems relating to accounts receivable, including hardware and software for financial asset management.
2. Ensure that all designed financial systems dealing with accounts receivable provide adequate internal controls.

7.10.6.13.1.4 Office of Resource Management (CG-83)

Commandant (CG-83) performs all program management functions relating to receivables established under reimbursable and refund programs.

7.10.6.13.1.5 Office of Information Management (CG-61)

Commandant (CG-61) ensures compliance with governmental regulations relating to accounts receivable financial records retention.

7.10.6.13.1.6 Finance Center (FINCEN)

FINCEN personnel perform the following processes used to record, recognize, and document the receivables that it manages:

1. Execute all pertinent policies, procedures, and internal controls related to receivables.
2. Collect appropriate source documentation used to support the values for accounts receivable.
3. Review source documentation to identify the debtor and make a determination whether the receivable is an entity or non-entity asset.
4. Establish and maintain receivable files that include information about the debtor, type of debt, amount, and terms.
5. Identify the correct Treasury Fund Symbol and accounting line information required to record and report values for receivables in the GL.
6. Record the receipt of advance payments and collections from reimbursable agreements.
7. Record and verify the completeness of transaction information.
8. Approve transactions posted to accounting systems, reports, and reconciliations.
9. Produce monthly receivable reports at the detail and summary transaction levels and by classification type.
10. Prepare monthly reconciliations of receivables by type.
11. Verify that financial reports and reconciliations comply with applicable Federal regulations and guidance.
12. Prepare the Treasury Report on Receivables (TROR) on a quarterly basis.

13. Obtain agreements from the Office of Contract Operations needed to support the amount owed for sales of goods or services.
14. Obtain documentation from other Coast Guard offices to ensure timely receivable recording and recognition.
15. Certify to Commandant (CG-8) the completion of reconciliations and analyses in accordance with authoritative guidance.

7.10.6.13.1.7 Office of Contract Operations (CG-912)

Commandant (CG-912) processes all Coast Guard agreements related to the sale of goods or services, and also:

1. Negotiates agreement terms with customers to include quantity, price, and payment plan.
2. Documents all agreements with other Federal agencies.
3. Documents all agreements regarding purchase orders, contracts, and reimbursable agreements.
4. Forwards copies of all established agreements to applicable units (ALC, FINCEN, NPFC, SFLC/Yard).

7.10.6.13.1.8 ALC, LSC-West, NPFC, PPC, and SFLC/Yard (as applicable)

These units:

1. Maintain all accounts receivable accounting records to support GL summary reporting and other internal and external reports.
2. Generate and analyze reports from ALMIS, NESSS, and related receivable subsidiary or feeder accounting systems to identify and correct variances.
3. Prepare and maintain appropriate supporting documentation for all reconciliation and analysis activities.
4. Perform research and document explanations for differences and corrections, in accordance with USSGL, Coast Guard, and DHS requirements.

7.10.6.13.2 Policy

1. Commandant (CG-8) shall follow all applicable Federal and DHS regulations and guidelines in the reporting of accounts receivables.
2. Receivables shall be recognized when the Coast Guard establishes a claim to cash or other assets against other entities, either based on legal provisions (such as a legislative requirement), a payment due date, or goods or services provided.
3. Commandant (CG-8) has overall responsibility for all accounts receivable, related GL accounts, and external reporting.

4. FINCEN is responsible for preparing CG-wide reports of accounts receivable for both internal management and external regulatory requirements.
5. Accounting units that maintain the general and subsidiary ledger accounts shall report separately:
 - a. Intragovernmental (Federal) and non-Federal entity accounts receivable; and
 - b. Billed and unbilled receivables.
6. General and subsidiary ledger information from accounting units (ALC, LSC-West, NPFC, PPC, and SFLC/Yard) shall be provided to FINCEN in accordance with the FINCEN SOP for CG-wide reporting.
7. The Coast Guard's financial statements and accompanying notes shall meet the reporting requirements of OMB Circular A-136 and FASAB guidance, such as report and disclosure of:
 - a. The net realizable value of accounts receivable; and
 - b. The method(s) of calculating the allowance for doubtful accounts and the dollar amount of the allowance.
8. FINCEN shall report receivables due from other Federal agencies separately from receivables due from the public:
 - a. Intragovernmental (Federal) receivables – Coast Guard claims against other Federal Government entities, such as Customs and Border Protection and the Department of Defense.
 - b. Non-Federal (due from the public) receivables – Claims against non-Federal entities such as State or local governments, businesses, individuals, including nonappropriated fund instrumentalities (NAFI).
9. A monthly reconciliation and validation shall be performed at the detail and transaction levels from GL system reports. Any abnormal balances identified shall be researched and reported in a timely manner.
10. All reconciliation packages shall be reviewed and submitted with the appropriate approval signatures and dates. The packages shall be properly stored.
11. All documentation used to support values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.10.6.13.2.1 Accounts Receivable Reports

FINCEN prepares and submits CG-wide accounts receivables reports after all accounts receivables have been properly entered into the accounting systems, combining data from other accounting units' GL and subsidiary ledgers when necessary. Any open receivables must be reconciled from the original source documents to the GL and subsidiary ledger systems.

FINCEN and other accounting units generate monthly accounting reports and perform reconciliations through GL and subsidiary ledger systems. The reports produced include:

1. Accounting system reports; and
2. Treasury Report on Receivables (TROR).

7.10.6.13.2.2 Accounting System Reports/General Reports

FINCEN and other accounting units use the reports generated in the accounting system to perform monthly reconciliation between the receivable subsidiary ledgers and the GL. The ending total balances as reported on the subsidiary and the GL are compared to ensure that the values agree. The reports produced include:

1. Accounts Receivable Report Adjustments;
2. Accounts Receivable Report totaled by Fund Code and Treasury Symbol Adjustments;
3. Receivables Report totaled by Treasury Symbol and Accounting Point Adjustments;
4. Accounts Receivable Report by Code Adjustments;
5. Schedule for All Non-Federal Receivables Adjustments; and
6. All Non-Federal Fund Receivables by Reporting Category Adjustments.

Reconciliations will include an authorized signature and date certifying that the reconciliation was performed and that totals reported on the subsidiary ledgers agree with the GL amounts.

Units shall identify any discrepancies found during the reconciliation, and shall research the differences between the subsidiary ledger and the GL. All root causes, such as manual journal entries or erroneous postings, shall be documented and corrected. The accounting unit shall then record an adjustment in the accounting system to correct the discrepancy.

Accounting units shall generate monthly Trial Balance (TB) reports using the GLs. These reports shall include the total values for all receivables. Additionally, accounting units shall prepare monthly reports that identify the number of transactions and dollar amounts by receivable type (e.g., Federal and non-Federal) and by usage (e.g., entity and non entity).

Accounting units shall use the monthly reports to perform the reconciliation between the subsidiary ledger (detail level) and the GL (summary level). The total values reported for receivables between these two reports must agree. Accounting units shall immediately correct any abnormal balances found on these reports, and shall record the cause and action taken to prevent recurrence.

7.10.6.13.2.3 Treasury Report on Receivables (TROR)

In accordance with *Treasury Financial Manual*, volume 1, part 2, chapter 4100, supplement, the TROR serves as a management report used to inform Federal decision-makers of the gross book value of receivables owed to Federal agencies, as well as the status of the Government's debt portfolio. Accounting units use this supplement to prepare and reconcile the gross book value for receivables reported within the TROR to the dollar values reflected in the GLs. FINCEN

consolidates these unit TRORs, and submits a CG-wide TROR to Treasury's FMS. The consolidated TROR balances must reconcile to the Coast Guard's financial statement balances.

On the consolidated TROR, FINCEN individually reports each debt owed by debtors who have multiple debts.

FINCEN shall report each delinquent debt once, even if it tracks delinquent payments on that debt separately (e.g., If the debtor has missed two payments, report them together as one debt.).

If any installment is delinquent more than 180 days, FINCEN shall report the debt on the TROR as delinquent more than 180 days.

If any part of a debt has been delinquent more than 180 days, and the debt has been accelerated to be fully due based upon terms of the agreement regarding delinquency, the entire debt will be reported as delinquent.

FINCEN shall send reports to DHS for review and then to the Treasury's Financial Management Service (FMS) on a quarterly basis. The TROR is submitted to DHS and FMS by the end of the 30th day of the month following the close of each of the first three fiscal quarters. Commandant (CG-8) forwards the fourth quarter TROR submission to Treasury by 15 November.

When a discrepancy exists between the TROR and the GL balances, FINCEN researches the discrepancy and makes the appropriate adjustments. These adjustments to correct errors are referred to as "on-top" adjustments. FINCEN shall record an adjusting journal entry to correct the value for the receivables reflected in the GL. All adjustments must be researched and traceable to supporting documents. Only authorized officials shall approve adjustments.

FINCEN uses the TROR to report non-delinquent and delinquent receivables due from the public. The following definitions apply:

1. Non-delinquent – unpaid debt prior to the billed receivable's due date; and
2. Delinquent – unpaid debt 30 days or more past the due date.

FINCEN shall use all legal collection techniques, such as collection agencies, or transfer to Treasury for collection attempts for delinquent debts.

7.10.6.13.2.4 Debt Collection Improvement Act (DCIA) Annual Report

FINCEN shall prepare the DCIA Annual Report to document the compromise, write-off, forgiveness, or discharge of delinquent receivables. The DCIA report is forwarded to DHS and OMB by 31 December of the current calendar year.

7.11 Reimbursable Agreements

7.11.1 Overview

The Coast Guard uses reimbursable agreements (RAs) for intragovernmental and other reimbursable programs covering goods and services provided by the Coast Guard (e.g., the use of Coast Guard facilities, personnel, expertise, or equipment) to other DHS components, other

Federal agencies, and non-Federal entities. RAs are also used to provide funds from the Oil Spill Liability Trust Fund (OSLTF) to other entities performing oil spill removal and cleanup activities under the National Contingency Plan. The nature of the reimbursable work must have real value to the Coast Guard at least equivalent to work for which Coast Guard appropriations would otherwise be used. In this section, Commandant (CG-8) prescribes conditions, including reimbursement, under which personnel and facilities may be provided.

Reimbursements are amounts earned and collected for goods sold or services furnished as a result of an RA. Intragovernmental goods sold or services furnished must be authorized and documented in an RA between the Coast Guard and the ordering entity. The cost of the goods or services is documented and supported by the Coast Guard, and the entity receiving the goods or services must subsequently reimburse the Coast Guard. Uncollected amounts earned from reimbursable sales are recorded as accounts receivable.

Prior to requesting or performing work for any entity other than a Coast Guard operating unit, a formal relationship between the parties must be properly established. For those situations where a formal relationship must be documented between the parties, an agreement must be developed and approved under the appropriate legal and programmatic authorities, along with the necessary reviews, coordination, and clearances. Coordination and reviews ensure that a properly formatted RA reflects the appropriate authority for the specific agreement, is consistent with Coast Guard policies, and does not violate any appropriation laws.

The management and control of reimbursable program resources is an integral part of every Coast Guard appropriation. Carrying out reimbursable work implicitly authorizes the Coast Guard to temporarily use its direct appropriations to do the ordering agency's work.

The apportionment and allotment controls discussed in subsection 5.5.5 of this manual reflect a combination of direct and reimbursable funding authority. There is only limited exposure to the Antideficiency Act for exceeding reimbursable authority. For example, there is increased exposure for ADA violations when OMB apportions the reimbursable resources as a separate Category B apportionment. In this situation, overobligation or overexpenditure of reimbursable resources may result in an Antideficiency Act violation. In the absence of a separate Category B apportionment of reimbursable resources, overobligation and overexpenditure of reimbursable authority would only cause a possible Antideficiency Act violation if the total obligations or expenditures from both direct appropriations and reimbursable resources were exceeded.

Coast Guard staff managing reimbursable resources are essentially "borrowing" both obligational authority and cash from the appropriation performing the work. Thus, the Coast Guard runs a risk of overobligating its direct appropriations unless reimbursable work agreements and billings for work completed are done on a timely and consistent basis. To avoid exposure to the Antideficiency Act, reimbursable program managers shall promptly establish and conclude reimbursable agreements as provided below. These agreements represent valid, enforceable contracts between the Coast Guard and the ordering agency. Without the timely establishment and recording of these agreements, the Coast Guard is otherwise funding this work from direct appropriations. Similarly, ordering agencies should be billed promptly for work performed, and appropriate controls should be established to collect funds promptly from

ordering agencies; otherwise the Coast Guard is making expenditures against direct appropriations for reimbursable work.

7.11.1.1 Purpose

This subsection prescribes the reimbursable agreement policies to be followed by Coast Guard components in obtaining approval, performing work, and billing for organizations outside of the Coast Guard under the terms of an approved and signed reimbursable agreement. Separate policies and procedures for FEMA Mission Assignments are found in subsection 5.6.7.8.

7.11.1.2 Scope

This subsection applies to all Coast Guard Headquarters staffs, areas, districts, logistics and service center commands, and Headquarters units that are involved in reimbursement financial resource management and administration. Additionally, this policy applies to reimbursable programs covering goods and services provided by the Coast Guard to other DHS components, other Federal agencies, and non-Federal agencies.

This subsection does not apply to instances where the Coast Guard procures goods or services from other Federal agencies. Also, the policies in this subsection do not apply to transactions between Coast Guard entities that are covered by central services agreements in subsection 5.6.25.3 nor do they apply to transactions between the various Coast Guard appropriations and the Supply Fund and Yard Fund.

7.11.2 Authorities

1. Economy Act of 1932. 31 USC 1535, “Agency Agreements.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleII-chap15-subchapIII-sec1535.pdf>
2. Intergovernmental Cooperation Act. 31 USC 6505.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleV-chap65-sec6505.pdf>
3. 31 USC 1536, “Crediting payments from purchases between executive agencies.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleII-chap15-subchapIII-sec1536.pdf>
4. Federal Acquisition Regulation (FAR), 48 CFR 16.505, “Ordering.”
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title48-vol1/pdf/CFR-2012-title48-vol1-sec16-505.pdf>
5. Federal Acquisition Regulation (FAR), 48 CFR 17.500, “Interagency Acquisitions.”
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title48-vol1/pdf/CFR-2012-title48-vol1-sec17-500.pdf>
6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Concepts and*

Standards for the Federal Government.

http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf

7. Office of Management and Budget, *Improving the Management and Use of Interagency Acquisitions*, 6 June 2008.
http://www.whitehouse.gov/sites/default/files/omb/assets/procurement/iac_revised.pdf
8. Department of the Treasury, *Treasury Financial Manual*, volume I, part 2, chapter 4700, appendix 10, “Intragovernmental Transaction (IGT) Guide”.
<http://www.fms.treas.gov/tfm/vol1/index.html>
9. *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
http://www.uscg.mil/directives/ci/7000-7999/CI_7310_1N.pdf
10. *United States Coast Guard Reimbursable Management Process Guide*, version 1.0.
<https://cgportal2.uscg.mil/units/cg84/Documents/Interim%20Policies/USCG%20Reimbursable%20Management%20Process%20Guide-Version%201.0-March%202012%20Promulgated.pdf>

7.11.3 **Responsibilities**

7.11.3.1 *Office of Resource Management (CG-83)*

Commandant (CG-83):

1. Provides oversight and approval of reimbursable agreements, ensuring the Coast Guard has available reimbursable budgetary authority to fulfill the commitments of each.
2. Delegates authority to sign funded and unfunded reimbursable agreements to the following Coast Guard officials:
 - a. Assistant/Deputy Commandant for Resources (CG-8/8D);
 - b. Assistant Commandants of Headquarters Programs;
 - c. Commanding Officers of Headquarters Units; and
 - d. Chief, Office of Resource Management (CG-83), or delegated officials.
3. Reviews and approves Federal Emergency Management Agency (FEMA) mission assignments. Refer to subsection 5.6.7.8.3 of this manual for additional responsibilities for FEMA mission assignments.
4. Delegates the authority for signing reimbursable agreements as shown in Table 7.5 below.

Note: The limits of reimbursable authority identified in Table 7.5 are based on current information as of 13 March 2013. Generally, delegation of signature authority and limits are reviewed and updated on an annual basis; therefore, the Office of Budget Execution (CG-831) Reimbursable Program Manager should be contacted to confirm delegations of authority to sign reimbursable agreements. Also, any personnel who have been delegated

authority to sign reimbursable agreements should always refer to their delegation letters to ensure reimbursable limits are met.

Table 7.5 Delegations of Authority to Sign Reimbursable Agreements

Office	Limit of Reimbursable Authority
Director, Office of Resource Management (CG-83)	No limit
Director, Office of Budget Execution (CG-831)	\$5 million
Reimbursable program manager (CG-831) (for all appropriations)	\$1 million
Reimbursable regional manager (CG-831)	\$500,000
Appropriation manager (CG-831) (for each respective appropriation)	\$1 million
Allowance manager (designated by the appropriation manager)	\$100,000
ATU manager (designated by the allowance manager)	\$100,000
Program element manager (designated by the ATU manager)	Limit based on the Unit Approval Plan level
Exceptions: OSLTF allowance manager (designated by the OSLTF appropriation manager)	\$10 million
National Pollution Funds Center	\$10 million

7.11.3.2 Budget Execution Division (CG-831)

Commandant (CG-831) designates a reimbursable program manager who oversees the overall program and appropriations managers who oversee the reimbursable program within their respective appropriations.

7.11.3.2.1 Reimbursable Program Manager

The reimbursable program manager:

1. Establishes and maintains reimbursable program policies and procedures in consultation with Commandant (CG-843).

2. Provides technical assistance to all appropriation managers and resource managers outside of the Commandant (CG-831) organization on the execution of the reimbursable program.
3. Serves as liaison to FINCEN on accounting issues related to the reimbursable program.
4. Establishes the FMOP for the reimbursable program, as detailed in subsection 5.5.12 of this manual.
5. Assists Commandant (CG-831) appropriation managers in approving reimbursable agreements and issuing reimbursable authority to Coast Guard components.

7.11.3.2.2 Appropriations Managers

Appropriations managers:

1. Prepare apportionment requests for anticipated and realized reimbursable authority, as detailed in subsection 5.4.2 of this manual.
2. Limit the issuance of obligation authority to amounts reflected in properly executed and signed reimbursable agreements.
3. Approve all Change in Financial Plan (CIFP) requests for the distribution of reimbursable budget authority among allowances and, when necessary, the funds transfer authorization (FTA) within allowances.
4. Monitor the execution of reimbursable programs, and promptly notify managers of issues related to the establishment, funding, billing, and collections of reimbursable agreements.
5. Coordinate issue resolution with FINCEN.
6. Validate and approve all requests for reimbursable personnel billets for consistency with projected personal services requirements in the reimbursable program.
7. Approve all reimbursable program elements and coordinate with Administrative Target Units (ATUs) to establish program elements, except in the case of emergent Coast Guard operations under the Federal Water Pollution Control Act (FWPCA); the Oil Pollution Act (OPA); the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA); or in support of DHS, DOD, or National Command Authority (NCA) mandated operations. This authority may be delegated in writing to an organization previously designated.
8. Review and confirm with Coast Guard military pay (AFC-01) and civilian pay (AFC-08) managers for the return of reimbursable funds from the personnel funding allowances.
9. Monitor the status and valuation of unrecorded obligations (i.e., the pipeline certification).
10. Establish accrual estimates for the reimbursable program.
11. Approves all reimbursable funds in CIFPs, and FTAs within three business days of receipt, except in the case of emergent Coast Guard operations under FWPCA, OPA, or CERCLA, or in support of DHS, DOD, or NCA mandated operations, which are

approved as needed. This authority may be delegated in writing to an organization previously designated.

12. Establish, maintain, and review internal controls over reimbursable program activities within their appropriation.
13. Provide guidance to designated allowance managers within each Headquarters or field unit to oversee the execution of reimbursement programs within those organizational elements.

7.11.3.3 *Financial Analysis Division (CG-832)*

Commandant (CG-832):

1. Analyzes historical cost information to calculate standard rates for personnel, equipment, and related costs used to provide goods and services under reimbursable agreements. This information is kept current in *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
2. Reviews and approves all requests for nonstandard rate reimbursements.

7.11.3.4 *Judge Advocate General (JAG) & Chief Counsel (CG-094)*

JAG and Commandant (CG-094) review all interagency agreements (IAAs) for legal sufficiency, regardless of the amounts in the agreements, to ensure compliance with the legal authorities being cited by both the ordering and selling agency.

7.11.3.5 *AFC Managers*

AFC managers (including ALC and Yard/SFLC):

1. Coordinate the execution of the reimbursable program within their organization.
2. Delegate authority to ATU managers to receive reimbursable authority and commit, obligate, and expend those funds in carrying out reimbursable agreements. These delegations shall be made in consultation with the Office of Budget Execution (CG-831).
3. Assist ATU managers in resolving disputes with ordering agencies that arise in the execution of the reimbursable program.

7.11.3.6 *ATU Managers*

ATU managers:

1. Designate program element managers to carry out the responsibilities for executing reimbursable agreements.
2. Delegate the appropriate authorities to program element managers.
3. Delegate the appropriate approval and signature authorities in writing. This delegated authority must also be captured on the unit's Unit Approved Plan (UAP). In addition, a

copy of the formal documents must be maintained on file at the ATU Resource Office with the Unit's RMO and copies must be forwarded to Commandant (CG-831).

4. Submit requests for reimbursable program elements through Commandant (CG-831).
5. Ensure that reimbursable agreements, memoranda of understanding, memoranda of agreement, or letters of offer (foreign entities) meet established Coast Guard and DHS policy and forward them to legal counsel for sufficiency review.
6. Provide technical assistance, reimbursable forms, and guidance to the program element managers.
7. Comply with all requirements of applicable legislation (e.g., the Economy Act) and applicable directives (e.g., OMB Circular A-11).
8. Review all reimbursable agreements (including Non-Economy Act) to confirm that required Determination and Findings (D&F) certifying a bona fide need for the Coast Guard to provide goods and services are fully documented.
9. Obtain an RA number for all RAs, and distribute budget authority to subordinate unit reimbursable operational accounts.
10. Review reimbursable documents to confirm that they are signed by the customer entity and are forwarded to Commandant (CG-831) to support distribution of reimbursable budget authority.
11. Reconcile the status and valuation of unrecorded obligations (e.g., pipeline certification).
12. Resolve any performance and related compliance disputes with the ordering agency.
13. Perform required closeout functions upon notification from the program element managers that the reimbursable agreement has been completed satisfactorily.
14. Review and forward requests for reimbursable personnel billet establishment, in writing, to Commandant (CG-831) with supporting documentation.
15. Monitor and validate all personnel billets quarterly, and notify Commandant (CG-831) of any change in status.
16. Sign memoranda of agreement and memoranda of understanding.
17. Establish and maintain internal controls to prevent the obligation and expenditure of funds in excess of the amounts chargeable to the ordering agency to avoid Antideficiency Act violations.

7.11.3.7 Program Element Managers (PEMs)

All reimbursable funds are executed out of program elements (PE). PEMs are personnel to whom the AFC manager or ATU manager has delegated authority to control funds provided. PEMs are directly accountable for funds trusted to their control.

Specifically, PEMs:

1. Monitor approved funding to the program elements.

2. Develop and maintain a spend plan for funding received.
3. Ensure proper use of accounting classification codes.
4. Maintain and reconcile an up-to-date ledger, using the designated Coast Guard financial management system for all transactions associated with the program element.
5. Ensure that reconciliation of financial management system ledgers is performed in accordance with current Coast Guard guidance.
6. Identify and analyze PES errors, seek solutions, and forward for action.
7. Reconcile and transmit all receiving reports for goods and services.
8. Compare planned versus actual expenditures, and evaluate all variances each fiscal year.
9. Use historical obligation data and any new requirements to develop and submit budget requests to the ATU manager or AFC manager's Budget Officer or the Comptroller.
10. Ensure that obligations are tracked to specific accounting classification codes (e.g., end items) so that accurate capitalizations can occur.
11. Reconcile and maintain PES reports, after the budgetary obligation authority has expired and until the account is closed for all assigned reimbursable PE/LOA associated with AFC-75, AFC-77, AFC-80, and AFC-88.
12. Review all outstanding commitments of funds monthly for accuracy, validity, and to identify potential errors or discrepancies.
13. Adhere to the Coast Guard UDO policy and procedures including:
 - a. Maintain source document files for all obligations and procurements that are still valid.
 - b. Review and validate all open obligations for all entrusted program elements of expired and unexpired appropriations.
 - c. For all open obligations that are either no longer valid or are in error, take corrective action to de-obligate open obligations or contact FINCEN to research the error. Before proceeding with a decision to de-obligate funds, the program element manager shall coordinate such action with the contracting officer.

7.11.3.8 *FINCEN*

FINCEN personnel:

1. Establish lines of accounting (LOA), as directed by Commandant (CG-831) or NPFC, to be consistent with the policies prescribed in OMB Circular A-11.
2. Establish and provide reimbursable agreement numbers (RANs) to target and program element managers upon request.
3. Coordinate with the Department of the Treasury to establish the appropriate Treasury Appropriation Fund Symbols (TAFSs).

4. Maintain an effective billing process, billing promptly for all work completed under reimbursable agreements.
5. Review the documentation in support of billings to confirm that it is complete and that it complies with OMB and Treasury's policies and procedures.
6. Maintain the accounts receivable process, including the aging of receivables, to ensure that collections are promptly made for reimbursable work performed.
7. Notify Commandant (CG-831) of outstanding amounts due the Coast Guard.
8. Monitor the status of each TAFS, and notify Commandant (CG-831) of potential overobligation or overexpenditure of reimbursable resources within each appropriation, whether current or expired.

7.11.4 General Policy for Reimbursable Programs

1. Commandant (CG-8) shall comply with applicable Federal and DHS policies, regulations, and guidelines in the financial management of RAs. FINCEN reports all Coast Guard accounts receivable related to RAs in compliance with internal management and external regulatory requirements.
2. All Coast Guard RAs shall be guided by applicable procedures, policy, regulations, and laws as cited above.
3. Before entering into an RA, the Coast Guard (as the seller) shall confirm that the work requested by the ordering agency (as the buyer) is within the scope of the Coast Guard's mission, that the Coast Guard has the authority and capacity to perform the work, and that the Coast Guard can provide the goods or services, or make an authorized contract with another source to provide the goods or services, before the ordering agency's funds expire.
4. Additionally, before each RA is approved, Commandant (CG-8) shall ensure that all of the following requirements are satisfied:
 - a. The estimated full costs of performing the work are analyzed for each proposed agreement;
 - b. FINCEN shall obtain alternative funding for the waived incremental cost if the amount of the price adjustment (or proposed cost waiver on a cost-based agreement) requires any incremental costs that will be incurred because of the agreement; and
 - c. The pricing applied to the RA shall not result in reimbursable revenue that is in excess of the full cost of providing the work unless the excess revenue is promptly deposited into Treasury's miscellaneous receipts account.
5. Commandant (CG-8) shall ensure that RAs with foreign governments or international organizations are processed through a duly appointed representative of the Department of State and coordinated with the Coast Guard's International Affairs staff (CG-DCO-I).

6. When a reimbursable agreement calls for the issuance of multiple individual orders, each order will be treated as a separate agreement for the purposes of costing, pricing, billing, and collection.
7. Commandant (CG-83) shall approve all ATU Program requests, and forward them to FINCEN to create and assign a line of accounting and a project number or RA number for each RA (or stand-alone orders under multiple-order agreements) in accordance with current policies and procedures for program and project identification, ensuring that the RAs can be individually identified.
8. FINCEN shall record costs in accordance with the full cost requirements. The estimated and actual waived costs, as well as the estimated and actual buyer reimbursements, must be documented for each agreement.
9. All reimbursable program managers shall closely monitor reimbursable agreements to ensure that the projected costs of completing the work are within the amounts provided under each agreement. Whenever costs are likely to be incurred in excess of the amounts established in the original agreement, requests for additional funding from the ordering agency shall be made promptly. Reimbursable program managers shall not provide services or incur costs beyond the available funding amount. Although a good faith effort to accurately estimate costs is expected, the Coast Guard should not provide absolute assurance to the customer that the proposed effort under the reimbursable agreement will be accomplished for the estimated amount. Should the effort cost more than the estimate, the Coast Guard shall advise the customer as soon as possible. The reimbursable customer shall pay all costs incurred, and shall have the option of cancelling the remaining effort or providing additional funding to continue the proposed effort based on the revised estimate.
10. Coast Guard appropriations shall not be used to finance work in connection with a reimbursable project in the absence of a signed agreement or distribution of reimbursable budget authority. No work shall begin, nor shall costs be incurred, for a reimbursable agreement until the agreement is signed. Coast Guard appropriations shall not be used to finance the continuation of reimbursable work because the customer has insufficient funding. In these situations, work should immediately cease until the customer executes a new reimbursable agreement with an appropriate fund citation for continuation of the work.
11. Commandant (CG-8) shall implement and enforce internal controls to prevent the amount chargeable to the buyer from exceeding the reimbursement amount specified in the RA.
12. Commandant (CG-8) shall closely monitor reimbursable project costs so that, if needed, additional funding can be requested from the buyer before costs in excess of the agreed-upon amount are incurred.
13. In emergencies, Coast Guard appropriations may be used to temporarily fund a reimbursable activity, but every effort shall be made to execute a reimbursable agreement as soon as possible. Emergencies include operational events to prevent the loss of life and property and to support the defense of national sovereignty.

14. Controls must be put in place to ensure that amounts collected from reimbursable buyers are credited to the Coast Guard appropriation and program year that was used to pay for the work. The Coast Guard's use of any Federal customer's funding is subject to the same time period of availability for obligation and expenditure as the customer's appropriation. Annual funds are available only for the specific fiscal year cited by the customer, and expire for obligation purposes on 30 September of that fiscal year. Multi-year funds that expire in the current fiscal year are also unavailable to the Coast Guard. In these cases, the Coast Guard is required under the policies of OMB Circular A-11 to return those portions of advances that have not been obligated. If no advance has been provided, the ordering agency should be notified of the amounts that it should deobligate for work that has not been performed (unfilled customer orders). These amounts must be re-established in new reimbursable agreements and reapportioned to complete the work in the succeeding fiscal year.
15. In the case of work performed for an ordering agency under multi-year appropriations that are not expiring in the current year, or under no-year appropriations, the Coast Guard shall retain any related advances made by the ordering agency. Whether or not advances have been received, the Coast Guard shall treat the balances of obligation authority from all reimbursable agreements funded from appropriations available beyond the current year as "reimbursements realized" in the initial apportionment in the succeeding fiscal year. In these cases, new reimbursable agreements are not required unless the original order needs to be modified to increase the scope of the order. In many cases, the order may need to be modified, even if the scope of work remains unchanged, to reflect increased cost factors (e.g., increases in pay scales for military and civilian personnel, and changes in fuel costs). All obligation authority related to the reimbursable program for all appropriations and funds whose availability extends beyond the current fiscal year must be re-established in apportionments and lower-level funds controls covering the new fiscal year.
16. If work under the agreement is terminated prior to completion, or if the effort is completed at a cost less than the agreed-upon estimated cost, the Coast Guard shall account for any unobligated funds, as well as any undisbursed funds, within a reasonable period (as specified in the agreement) after completion of all work. Any advances received in excess of billing shall be promptly returned to the customer. If no advances have been received, the final billing shall notify the customer of the amounts that can be deobligated by the customer. In the case of funds that were obligated but not disbursed, the Coast Guard has incurred binding obligations on behalf of the customer, and shall retain those funds pending liquidation of the obligations either by incurring expenditures or deobligating those amounts only when no further expenditures are expected to materialize.
17. Any unobligated balances of reimbursable authority that remain after completing work under a specific agreement shall be promptly removed from the funds control system. These balances may not be applied to perform work under other reimbursable agreements even if that work is for the same ordering agency under the same appropriation fund

symbol. In these cases, a new reimbursable agreement must be established, and new CIFP and/or FTA transactions must be processed in the funds control system.

18. Collections of reimbursements from another Federal agency are to be credited to the fiscal year appropriation that earned them, regardless of when the collection is received. If the appropriation that earned the reimbursement remains available for obligation at the time of collection, there is no distinction between a credit to the year earned or to the year collected. If, however, the appropriation that earned the reimbursement has expired for obligation purposes at the time of collection, then the collection can be credited only to the expired account. Collections received after the closing of an appropriation must be deposited into a miscellaneous receipt account.

7.11.5 Policy for Reimbursable Agreement Requirements

The development and execution of a reimbursable agreement that fully addresses applicable legal, regulatory, and administrative requirements is a fundamental step in providing goods and services to a Federal or non-Federal entity.

1. Before developing a reimbursable agreement, a trading partner agreement shall be created.
2. A reimbursable agreement is a contract, and shall be approached with the same level of attention as any contract for goods and services. A well-developed reimbursable agreement, adequately established within the Coast Guard accounting system, helps avoid disputes with customers and potential Antideficiency Act violations.
3. No commitments or obligations shall be established or costs incurred under an RA until the agreement has been approved and signed by authorized representatives of both the Coast Guard and the buyer, and the following conditions have been met:
 - a. Formal reimbursable funding authority has been properly issued to the performing Coast Guard unit.
 - b. If the buyer is a non-Federal entity, a cash advance has been received by FINCEN, except where otherwise authorized by law and approved by Commandant (CG-8).
 - c. If the buyer is a Federal agency, an advance of funds citation has been provided along with the requisite cited authority. Advances may be requested from Federal buyers via IPAC for agreements greater than \$1 million. The request for advance billing may be up to 50 percent of the agreement value.
4. Advances received from non-Federal reimbursable buyers shall be deposited promptly. Advances from Federal reimbursable buyers shall be requested via IPAC for deposit to the Coast Guard appropriation being used to execute the work.
5. RAs shall contain the following information, which ensures that FINCEN is able to perform the billing related to the RA:
 - a. A citation of legal authority both for performing reimbursable work and for crediting reimbursements to Coast Guard appropriations.

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- b. A complete description of the work or services to be performed and a statement justifying the project being supported.
 - c. The initiation and completion dates.
 - d. The estimated cost of the work or services, with a provision that the buyer reimburse the Coast Guard for costs incurred that exceed estimates.
 - e. The total cost of the agreement; the price to be borne by the buyer; and the cost, if any, to be borne by the Coast Guard.
 - f. The funding citation for the Coast Guard portion of the work.
 - g. Identification of the Coast Guard billing organization as FINCEN.
 - h. Identification of the buyer payment office, the phone number, a "BILL TO" address (in sufficient detail to enable the accounting office to send a bill for collection), RA number, and any other identifying number (e.g., order number, date of MOU).
 - i. For Federal agency buyers:
 - 1) The agency's fund citation (including the appropriation symbol and expiration date);
 - 2) Its Treasury Agency Location Code (ALC);
 - 3) Its Business Partner Number (BPN), Dun & Bradstreet Universal Numbering System (DUNS) number, or the Department of Defense Activity Address Code (DODDAAC);
 - 4) The Business Event Type Code (BETC);
 - 5) The Treasury Account Symbol (TAS); and
 - 6) Four-digit trading partner code.
 - j. If the buyer is a Federal agency that has approved billing and collection via Treasury's IPAC system, the signed agreement must contain the buyer financial information that FINCEN needs to process the IPAC transactions.
 - k. For non-Federal buyers, the agreement must contain either the requirement for advance payment for periodic billing or an approved waiver of the advance payment requirement.
 - l. For Federal buyers, the ordering agency must have authority in order to advance payment to the Coast Guard.
 - m. Where multi-order agreements are used, individual orders shall identify the goods and services ordered, the prices, the delivery terms, the initiation date, and the completion date, as appropriate.
 - n. All billing and payment terms to include frequency and method of billing.
 - o. The Coast Guard ATU program responsible for the accomplishment of the project.

- p. In the event multiple items are to be furnished, the agreement shall provide for separate identification of each item.
6. The execution of RAs is subject to all normal program, financial, and procurement management policies and procedures specified by Commandant (CG-8). Additionally, the following requirements apply:
 - a. Financial records and reports must be maintained at both the buyer order level and the agreement level to facilitate performance and financial management.
 - b. Performance, billings, and closeouts will be executed as specified in the RA.
7. Commandant (CG-8) shall comply with the intragovernmental transaction data and reconciliation requirements contained in *Treasury Financial Manual*, volume I, part 2, chapter 4700, appendix 10, “Intragovernmental Transaction (IGT) Guide”.

7.11.6 Policy for Memoranda of Agreement and Understanding

These documents provide understanding with another Federal agency that the Coast Guard will cooperate with that agency to support a mutual mission or objective.

7.11.6.1 Definitions

Memorandum of Agreement (MOA) – a document that describes in detail the specific responsibilities of and actions to be taken by each of the parties so that their goals may be accomplished. An MOA may also indicate the goals of the parties to help explain their actions and responsibilities.

Memorandum of Understanding (MOU) – a document that describes very broad concepts of mutual understanding, goals, and plans shared by the parties.

7.11.6.2 Policy

1. MOAs and MOUs shall only be undertaken when the Coast Guard clearly has the authority to carry out the purpose stated therein.
2. All MOAs and MOUs shall be approved by Judge Advocate General & Chief Counsel, Commandant (CG-094), who shall review each document for consistency with the purposes established in Coast Guard authorization statutes.

7.11.7 Estimated Price Reports

1. Proposed reimbursable agreements submitted for approval shall be accompanied by an annual Estimated Price Report (EPR), showing the estimated cost-by-cost element and object class.
2. RAs that will be executed by more than one Headquarters office or Coast Guard unit shall include supporting schedules that identify the costs to be incurred by each Coast Guard component.

7.11.8 Billing and Collections

1. Unless specified otherwise in the reimbursable agreement, FINCEN shall bill reimbursable customers monthly. The monthly calculation and processing of a bill is required whether or not an advance has been received.
2. Unless specifically called for in the reimbursable agreement, a regular interim reimbursable billing may be deferred when the amount of a periodic billing would not be cost-effective to process and the performing activity expects that additional costs will be recorded. Coast Guard collection procedures shall provide for periodic comparisons of costs incurred and amounts collected in order to determine cost-effective dollar thresholds at which to process interim reimbursable billings. On an interim basis, if unbilled costs total less than \$250, customer billing shall not be required.
3. Interim billings may also be suspended when there are likely delays in stages of performing the work and only minimal charges against the agreement are anticipated. Reimbursable program managers shall coordinate their project performance plans with FINCEN when there are expected gaps in performance under sizable reimbursable agreements, and shall guide billing operations accordingly.
4. FINCEN shall expedite final billings, including any adjustments necessary to conform to the terms of the reimbursable agreement. It is the responsibility of the reimbursable program manager to notify the FINCEN billing office immediately upon completion of work and provide the documentation to support the final billing. As in the case of interim billings, a determination shall be made on the cost-effectiveness of processing a final billing for small amounts. If unbilled costs are less than \$250, customer billing shall not be required. This determination shall be documented in the final closeout package, and accounts receivable records shall be adjusted accordingly.
5. In cases where funds have been collected in advance from the customer, the funds shall be recorded as advances received from others and liquidated as costs are incurred. Any unused advances not required to cover outstanding payables shall be returned to the customer at closeout of the reimbursable agreement.
6. Where funds have not been collected in advance, FINCEN shall bill as described above, or as specified in the agreement, based on costs incurred. FINCEN shall make every effort to have buyers, both Federal and non-Federal, submit all payments, including advances, electronically.

7.11.9 Reconciliation

1. A monthly reconciliation and validation shall be performed at the detail and transaction levels from GL system reports. Any abnormal balances identified shall be researched and reported in a timely manner.
2. All reconciliation packages shall be reviewed and submitted with the appropriate approval signatures and dates. The packages shall be properly stored.

3. All documentation used to support RA values, reconciliations, and adjustments shall be maintained for a period of time in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.12 Accounts Payable and Disbursements

7.12.1 Overview

The Coast Guard purchases and uses a wide variety of goods and services in order to fulfill its daily missions. In most cases the Coast Guard disburses cash or other resources after the actual or constructive receipt of the goods or services.

This document provides Coast Guard policy for recording, updating, and maintaining all transactions related to purchasing, payables, and disbursements within the three major financial management systems:

1. The Core Accounting System (CAS) and subsidiary ledger systems;
2. The Asset Logistics Management Information System (ALMIS); and
3. The Naval and Electronics Supply Support System (NESSS).

In addition to these systems, the National Pollution Funds Center (NPFC) maintains two project and claims management systems to monitor activity against trust funds: the Case Information Management System (CIMS) and the Claims Process System (CPS).

The Coast Guard Academy uses FINCEN to process all of its payables and disbursements.

7.12.1.1 Purpose

The proper authorization and processing of purchases, timely recording of receipt of goods and services, valid and accurate payment, and management of payables and disbursements are essential to the Coast Guard's ability to produce reliable and auditable purchases, accounts payable, and disbursement data. Reliable and auditable financial information improves the Coast Guard's management of cash balances, which reduces the frequency of improper payments, optimizes vendor discounts, and avoids unnecessary interest payments and penalties.

This document establishes policy for recognizing, recording, and accounting for purchasing, accounts payable, and disbursement transactions associated with the purchase and use of goods and services. These policies facilitate the completeness and accuracy of the purchasing and payable transactions that are recorded and maintained within the three general ledger systems.

7.12.1.2 Scope

This policy applies to all Coast Guard offices, including the NPFC and the Academy, that record, maintain, and report the values of purchases, accounts payables, and disbursements that are initially recorded in underlying feeder and subsidiary systems, such as the Commercial Transportation Approval Payment System (CTAPS), the Finance and Procurement Desktop

(FPD), the Travel Liquidation Control (TLC) module, and the Workflow Imaging Network System (WINS), and then subsequently reflected in the general ledger (GL) of ALMIS, CAS, and NESSS. Overall responsibilities are specified for the following offices and units:

1. Assistant Commandant for Resources (CG-8)/CFO;
2. Office of Financial Policy, Reporting, and Property (CG-84);
3. Financial Reporting and Analysis Division (CG-842);
4. Office of Internal Controls (CG-85);
5. Aviation Logistics Center (ALC), Finance Center (FINCEN), and Surface Forces Logistics Center (SFLC)/Yard; and
6. Coast Guard Field Units and Offices.

Additional responsibilities are detailed for the specific areas in subsections 7.12.4 through 7.12.15.

7.12.2 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
<http://www.gpoaccess.gov/uscode/index.html>
2. Chief Financial Officers Act of 1990. PL 101-576.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
3. Department of Homeland Security Financial Accountability Act. PL 108-330.
<http://www.gpo.gov/fdsys/pkg/PLAW-108publ330/pdf/PLAW-108publ330.pdf>
4. Federal Managers Financial Integrity Act of 1982 (FMFIA). PL 97-255.
http://www.whitehouse.gov/omb/financial_fmfi1982
5. Improper Payments Elimination and Recovery Act of 2010. PL 111-204.
<http://www.gpo.gov/fdsys/pkg/PLAW-111publ204/pdf/PLAW-111publ204.pdf>
6. Improper Payments Information Act of 2002. PL 107-300.
<http://www.gpo.gov/fdsys/pkg/PLAW-107publ300/pdf/PLAW-107publ300.pdf>
7. Prompt Payment Act. PL 97-177; 31 USC 3901-3907.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap39.pdf>
8. 31 USC 1535, "Agency agreements." [Commonly referred to as the Economy Act of 1932.]
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleII-chap15-subchapIII-sec1535.pdf>
9. 48 CFR chapter 1. Federal Acquisition Regulation (FAR).
<http://www.acquisition.gov/far/current/pdf/FAR.pdf>

10. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*.
<http://www.fasab.gov/standards.html>
11. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*.
<http://www.fasab.gov/standards.html>
12. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*.
<http://www.fasab.gov/standards.html>
13. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
http://www.whitehouse.gov/omb/circulars_default
14. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.
http://www.whitehouse.gov/omb/circulars_default
15. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, August 2012.
http://www.whitehouse.gov/omb/circulars_default
16. Department of the Treasury, Financial Management Service, *Treasury Financial Manual* (TFM), volume I, "Federal Agencies."
<http://fms.treas.gov/tfm/vol1/index.html>
17. *Chief Financial Officer (CFO) Technical Authority*, COMDTINST 5402.3 (series).
http://www.uscg.mil/directives/ci/5000-5999/CI_5402_3.pdf
18. *Coast Guard Internal Control Program*, COMDTINST 5700.10 (series).
http://www.uscg.mil/directives/ci/5000-5999/CI_5700_10A.pdf

7.12.3 Responsibilities

The following offices and units are responsible for the completeness and accuracy of purchasing, payables, and disbursements that are recorded and maintained within the ALMIS, CAS, and NESSS GL and subsidiary ledger systems.

7.12.3.1 Assistant Commandant for Resources (CG-8)/CFO

Commandant (CG-8)/CFO:

1. Administers financial management activities delineated under the CFO Act of 1990, which include accounting, budgeting, procurement, logistics, financial systems, policy, planning, and audit oversight.

2. Provides financial analyses; a description of the effectiveness of management controls; program performance results related to the Coast Guard's missions, goals, and objectives; and an assessment of data validity and reliability in support of performance measures.

7.12.3.2 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84):

1. Provides support for FINCEN in its operations and reporting of financial information.
2. Writes and implements financial management policies.
3. Properly accounts for Coast Guard property.

7.12.3.3 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842):

1. Provides oversight on financial reporting requirements and the accounts payable line item on the Coast Guard Balance Sheet.
2. Provides financial and accounting guidance to program offices and field units.

7.12.3.4 Office of Internal Controls (CG-85)

Commandant (CG-85):

1. Performs test of design and test of effectiveness over financial management controls and reporting.
2. Provides management assurance over financial statement balances.

7.12.3.5 ALC, FINCEN, and SFLC/Yard (as applicable)

Personnel at ALC (utilizing ALMIS), FINCEN (utilizing CAS), and SFLC/Yard (utilizing NESSS):

1. Maintain and update their respective GL, along with any subsidiary ledger or data management systems associated with purchasing and payables.
2. Provide final review and approval of disbursements to liquidate accounts payable.

7.12.3.6 Coast Guard Field Units and Offices

Field units and offices responsible for ordering goods or services:

1. Prepare receiving reports to document the final acceptance of goods or services.
2. Utilize subsidiary and feeder systems such as CTAPS, FPD, TLC, and WINS to record and process supporting documentation related to purchases, payables, and disbursements, when possible.

3. Receive and review invoices and other payment requests related to accepted goods or services.
4. Certify or reject payment invoices and other payment requests received from vendors or individuals.

7.12.4 Accounts Payable

Accounts payable represents claims or obligations for goods or services received from other Federal and non-Federal entities. These amounts are due for a variety of reasons, such as the receipt of goods or services in accordance with contract terms, recurring charges, travel claims, a loan or grant agreement, or progress payments under a construction contract.

The accounts payable policies are the same throughout the Coast Guard, however, the processes can differ depending on the location of the accounting station (ALC, SFLC/Yard, or FINCEN), the type of transaction (e.g., contract, purchase order, travel, recurring charge), and the amount of the transaction. In all cases, however, accounts payable shall be recognized and established upon the Coast Guard's acceptance of title for goods or services, regardless of whether the goods have been delivered or are in transit. Also, when contractors build facilities or equipment to Government specifications, accounts payable must be recognized for these ongoing projects.

Constructive or de facto acceptance is based upon an estimate of the percentage of the work completed during the respective accounting period.

Once goods or services have been received and accepted, accounts payable transactions should be supported by receiving documents, including progress reports and invoices. However, if invoices for goods and services are not available, the Coast Guard must estimate and report the amounts owed at the end of accounting periods and accrue such estimates as liabilities.

Accounts payable liabilities are automatically liquidated when invoices and recurring monthly charges are paid. Payments are made via the USCG disbursement process.

7.12.4.1 *Authorities*

General authorities relevant to the accounts payable process are listed in subsection 7.12.2. The following authorities relate specifically to accounts payable:

1. Improper Payments Elimination and Recovery Act of 2010. PL 111-204.
<http://www.gpo.gov/fdsys/pkg/PLAW-111publ204/pdf/PLAW-111publ204.pdf>
2. Improper Payments Information Act of 2002. PL 107-300.
<http://www.gpo.gov/fdsys/pkg/PLAW-107publ300/pdf/PLAW-107publ300.pdf>
3. Prompt Payment Act. PL 97-177; 31 USC 3901-3907.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap39.pdf>
4. 26 USC 6611, "Interest on overpayments."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/html/USCODE-2011-title26-subtitleF-chap67-subchapB-sec6611.htm>

5. Federal Acquisition Regulation (FAR), subpart 13.4, “Fast Payment Procedure.”
http://www.acquisition.gov/far/current/html/Subpart%2013_4.html#wp1080272
6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Concepts (SFFAC) No. 1, *Objectives of Federal Financial Reporting*.
<http://www.fasab.gov/concepts.html>
7. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*.
<http://www.fasab.gov/standards.html>

7.12.4.2 Responsibilities

Responsibilities relevant to accounts payables and disbursements may be found in subsection 7.12.3.

7.12.4.3 Accounts Payable Policy

1. Accounts payable shall be recognized:
 - a. When the Coast Guard accepts title to goods or services, regardless of whether the goods have been delivered or are in transit. The Coast Guard shall recognize a liability for the unpaid amount of the goods or services. If invoices are not available when financial statements are prepared, the amounts owed shall be estimated.
 - b. When a contractor builds or manufactures facilities or equipment to the Government’s specifications. Formal acceptance of the products by the Coast Guard is not the determining factor for recognizing the liability. Constructive or de facto acceptance is based upon an estimate of the percentage of the work completed during the respective accounting period. The estimate is based on the Coast Guard’s engineering and management evaluation of actual performance progress and incurred costs.
2. Interest payable shall be recorded on late payment of bills by the Coast Guard (31 USC 3901–3907) and on refunds (26 USC 6611).
3. The Coast Guard shall also disclose accounts payable that are not covered by budgetary resources.
4. Accounts payable transactions shall be initiated by receiving documents, including progress reports and invoices. However, if receiving documents and/or invoices for goods and services are not available, the Coast Guard shall estimate and report the amounts owed at the end of accounting periods.
5. All values reflected on receiving documents, contracts, and invoices for goods or services received, accepted, and owed by the Coast Guard shall be recorded in the accounts payable modules of the ALMIS, CAS, and NESSS GL systems.

6. Accounts payable resulting from intragovernmental transactions shall be recorded separately in accounts payable subsidiary ledger accounts and reported separately from accounts payable to the public in all applicable general-purpose financial reports.
7. Amounts recorded in the GL as payables shall be at the gross invoice amount.
8. Any liability (amount owed) by the Coast Guard shall be reported to ALC, FINCEN, or SFLC/Yard so that the liability may be properly recorded as an accounts payable.
9. Accounts payable liabilities shall be automatically liquidated in the accounting system when invoices are paid. Payments are made via the Coast Guard's disbursement process (see subsection 7.12.6, Disbursements).
10. A quarterly estimate of the accrued accounts payable balance shall be calculated, based upon either current payments that relate to prior periods or a current assessment of goods and services received but not yet invoiced and paid.
11. Valid supporting documentation shall be used to verify the balances for accounts payable within the GL and subsidiary ledger systems at the end of each accounting period. Examples of supporting documentation include invoices, purchase orders, Miscellaneous Obligation, Form CG-3089, Material Inspection Acceptance and Receiving Report, DHS Form 700-21, and Travel Voucher or Subvoucher, DD Form 1351-2.
12. A monthly reconciliation and validation shall be performed using appropriate source documentation to validate and support the accounts payable balances.
13. Account reconciliations shall be performed at the detail and summary levels for all accounts payable recorded in the ALMIS, CAS, and NESSS GLs. Any abnormal balances shall be promptly researched, and the root causes shall be identified and reported for corrective action.
14. Obligations (undelivered orders paid and unpaid), which are recorded in the budgetary accounts until the goods or services are received, and the related accounts payable, which are recorded in the proprietary accounts, shall be periodically reviewed to determine if any transactions are invalid. Invalid transactions and the accompanying obligations shall be adjusted or deobligated, as appropriate.

7.12.5 Accruals

Federal accounting standards require the Coast Guard to record liabilities for all goods and services actually or constructively received but not yet paid. Currently, the Coast Guard accrues liabilities based on quarterly analyses of undelivered orders (UDOs) to estimate the value of goods and services received and accepted in lieu of invoices or receiving reports. The Coast Guard records accrued liabilities to the Treasury Information Executive Repository (TIER) and resulting financial statements.

Note: Refer to subsection 7.14 of this manual for a more detailed discussion of accruals.

7.12.6 Disbursements

A disbursement is a payment to an individual or organization for goods furnished or services rendered, including payments to other Government agencies using the Intragovernmental Payment and Collection (IPAC) or Internet Payment Processing (IPP) System. The Coast Guard's non-payroll disbursements are processed at FINCEN, with the exception of ALC. Disbursements for ALC are processed through the GL disbursement module ALMIS. SFLC/Yard uses NESSS to record disbursement transactions made by FINCEN.

This subsection addresses policies relating to disbursements. It prescribes standards to ensure the reliability of the Coast Guard's disbursing system. It also provides the policy for establishing electronic funds transfer (EFT) as the standard method for making Federal payments. Properly executed electronic documents and official digital signatures are deemed equivalent to paper documents and manual signatures. Standards for retention of paper payment support documents at remote field locations are also established. Risk categories for Federal payment, collection, and collateral transactions, as established by the Department of Treasury, are referenced and adopted.

7.12.6.1 *Authorities*

The following authorities relate specifically to disbursements:

1. Cash Management Improvement Act. PL 101-453. 31 USC 3335; 6501; 6503.
 - a. <http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33-subchapII-sec3335.pdf>
 - b. <http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleV-chap65-sec6501.pdf>
 - c. <http://www.gpo.gov/fdsys/pkg/USCODE-2008-title31/pdf/USCODE-2011-title31-subtitleV-chap65-sec6511.pdf>
2. Debt Collection Improvement Act of 1996. PL 104-134 sec. 31001.
<http://www.gpo.gov/fdsys/pkg/PLAW-104publ134/pdf/PLAW-104publ134.pdf>
3. Improper Payments Elimination and Recovery Act of 2010. PL 111-204.
<http://www.gpo.gov/fdsys/pkg/PLAW-111publ204/pdf/PLAW-111publ204.pdf>
4. Improper Payments Information Act of 2002. PL 107-300.
<http://www.gpo.gov/fdsys/pkg/PLAW-107publ300/pdf/PLAW-107publ300.pdf>
5. 31 USC 3321, "Disbursing authority in the executive branch."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33-subchapII-sec3321.pdf>
6. 31 USC 3322, "Disbursing officials."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33-subchapII-sec3322.pdf>

7. 31 USC 3325, “Vouchers.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33-subchapII-sec3325.pdf>
8. 31 USC 3528, “Responsibilities and relief from liability of certifying officials.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap35-subchapIII-sec3528.pdf>
9. 2 CFR 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87).
<http://www.gpo.gov/fdsys/pkg/CFR-2011-title2-vol1/pdf/CFR-2011-title2-vol1-subtitleA-chapII-subchap-id314.pdf>
10. 5 CFR 1315, “Prompt Payment”, final rule, September 29, 1999.
<http://fms.treas.gov/prompt/regulations.html>
11. 31 CFR 206, “Management of Federal Agency Receipts, Disbursements, and Operation of the Cash Management Improvements Fund.”
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title31-vol2/pdf/CFR-2012-title31-vol2-part206.pdf>
12. 31 CFR 208, “Management of Federal Agency Disbursements.”
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title31-vol2/pdf/CFR-2012-title31-vol2-part208.pdf>
13. 31 CFR 210, “Federal Government Participation in the Automated Clearing House.”
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title31-vol2/pdf/CFR-2012-title31-vol2-part210.pdf>
14. Office of Management and Budget, Memorandum M-11-32, “Accelerating Payments to Small Businesses for Goods and Services,” September 2011.
<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2011/m11-32.pdf>
15. Office of Management and Budget, Memorandum M-12-16, “Providing Prompt Payment to Small Business Subcontractors,” July 2012.
<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-16.pdf>
16. Federal Acquisition Regulation (FAR), subpart 32.11, “Electronic Funds Transfer”.
http://www.acquisition.gov/far/current/html/Subpart%2032_11.html#wp1043964
17. Federal Acquisition Regulation (FAR), subpart 13.4, “Fast Payment Procedure.”
http://www.acquisition.gov/far/current/html/Subpart%2013_4.html#wp1080272
18. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 3300 “Statement of Transactions (FMS 224) Reporting by Agencies for Which the Treasury Disburses.”
<http://www.fms.treas.gov/tfm/vol1/v1p2c330.html>
19. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 4A, “Payment-Related Activities within the Authority Granted to the U.S.

Chief Disbursing Officer (CDO),” chapters 1000 - 3000.

<http://www.fms.treas.gov/tfm/vol1/index.html#Part%204A>

20. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 5, chapter 7500, “Fedwire and Automated Clearing House (ACH) Credit Deposits to the Account of the Financial Management Service (FMS).”

<http://www.fms.treas.gov/tfm/vol1/v1p5c750.html>

21. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 6, chapter 4000, “Intra-Governmental Payment and Collection (IPAC) System.”

<http://www.fms.treas.gov/tfm/vol1/v1p6c400.html>

22. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 6, chapter 8000, section 8040, “Disbursements.”

<http://fms.treas.gov/tfm/vol1/v1p6c800.txt>

23. Department of Homeland Security, Financial Management Policy (FMP) 011, “General Disbursements,” September 24, 2007.

<http://cfo-policy.dhs.gov/FMPs/FMP%20011%20General%20Disbursements.pdf>

7.12.6.2 Responsibilities

7.12.6.2.1 Assistant Commandant for Resources (CG-8)/CFO

Commandant (CG-8)/CFO:

1. Directs and manages Coast Guard financial management personnel.
2. Issues policy and provides guidance and oversight of financial management activities and operations.
3. Complies with required disbursement reporting and annual certifications.

7.12.6.2.2 FINCEN/ALC/SFLC/NPFC

Personnel at FINCEN, ALC, SFLC, and NPFC ensure that the internal controls in place to support the amounts authorized for payment by the disbursing officers are in accordance with the payment information certified to them. The disbursements are supported by payment documents (e.g., purchase orders, contracts, receiving reports, invoices, bills, statements of accounts) that show sufficient information to adequately account for the disbursements.

7.12.6.2.3 Contracting Officer (KO)

The KO approves invoices for payment and forwards them for processing to FINCEN using:

1. Centralized invoicing, where the vendor uploads the invoice electronically (see <http://cgweb.fincen.uscg.mil/centralinv/>);
2. Regular mail; or

3. E-mail.

7.12.6.2.4 Contracting Officer's Representative (COR)

The COR:

1. Reviews all contract invoices and verifies that the goods and services have been received.
2. Forwards the invoices to the KO for approval.

7.12.6.3 Policy

7.12.6.3.1 Documentation and Review

Complete, consistent, and accurate purchase order and contract files and related disbursement (entitlement) and accounting records are necessary to reduce the potential for Antideficiency Act violations and minimize the number and dollar value of inaccurate disbursements.

1. Paying and accounting office files:

Contract files shall include the information specified in paragraph 4.803(c) of Federal Acquisition Regulation (FAR). Documents shall be accumulated in compliance with this policy and shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series). These documents shall be made available for internal review and audit upon request.

2. Classified contracts:

When a basic contract is classified with a very restrictive and limited need to know, the disbursing office may receive a copy containing the minimum information required for payment. These contracts are sufficient support on which to base payments. Disbursing offices shall ensure that sensitive and classified information is appropriately safeguarded.

Each payment document shall be processed as if it relates to a "normal" payment, and before a payment is made, all prescribed documentation necessary for payment shall be delivered to the disbursing office.

3. Prepayment audit:

Effective control over disbursements requires the pre-audit and approval of vouchers before they are certified for payment. The Coast Guard shall develop prepayment audit procedures for invoices, to verify receipt and acceptance, except when using the Fast Pay process. Fast Pay defers specific examining steps, usually the verification of receipt and inspection, on the condition that they are performed after payment is made. See item 13, Postpayment Audit, below.

4. Required payment documentation:

To ensure that payments are correct and properly certified, the following documents are required and must be maintained:

- a. Purchase order or contract that includes the vendor's Federal Tax Identification Number;
- b. Invoice or voucher; and
- c. Receiving report, progress report, or electronic equivalent.

This "three-way match" policy prohibits disbursements without evidence of a need for the goods or services, a valid demand for payment, and documentation that the goods or services have been received and accepted. Specific requirements for elements of documentation are also stated in 5 CFR 1315, "Prompt Payment."

5. Intragovernmental Payment and Collection (IPAC):

For disbursement to other Government agencies, the Coast Guard shall utilize the IPAC system which provides a standardized interagency fund transfer mechanism for Federal Program Agencies (FPAs). IPAC facilitates the intragovernmental transfer of funds with descriptive data from one FPA to another.

6. Certification of vouchers:

All basic vouchers, voucher-schedules, and invoices or bills used as vouchers must be certified as legal and proper for payment by an ACO. The ACO must be authorized to certify for the agency location code that the payments will be drawn against. No payments will be processed by the Treasury Department's Financial Management Service (FMS) without proper certification.

7. Segregation of duties:

Appropriate segregation of duties relating to Coast Guard disbursing functions is essential to strong financial management. The disbursing function shall be separate from the following operations and functions (unless justified in writing and with compensating controls in place to mitigate the increased risk):

- a. Purchasing goods and services;
- b. Receiving goods and services;
- c. Examining invoices and vouchers;
- d. Preparing payment vouchers;
- e. Certifying payments; and
- f. Recording and reconciling payments.

8. Voucher payment:

- a. All payment vouchers submitted to FMS shall be signed and certified by a duly designated ACO and entered in the Secure Payment System (SPS), which electronically transmits a certified voucher-schedule to the appropriate Treasury Department Regional Financial Center (RFC).
- b. The Coast Guard may pay an invoice before the due date if the vendor offers a discount for early payment. Fast payment procedures and EFT payments support this

requirement. Invoices typically have a payment due date 30 days after their acceptance.

- c. Special payment requests shall not be issued unless approved by the RFC's director or other high-level official.
- d. All disbursements shall be supported by accurate disbursement information, including accurate line of accounting (LOA) information on the vouchers and on the supporting documents.

9. Foreign currency:

All requests for disbursement of foreign currency shall be forwarded to the Kansas City RFC, along with a completed Voucher and Schedule of Payments, SF 1166. Requests must be received by the RFC 10 days before the indicated payment date. Foreign currency disbursements may also be issued using the International Treasury Services system (ITS.gov).

10. Recurrent payments – fixed amounts:

Payments for services of a continuing nature (e.g., rents, leases, janitorial services), which are performed under agency-vendor agreements or contracts providing for payments of definite amounts at fixed periodic intervals, may be made without submission of invoices or bills by the vendor. The basic voucher prepared by the Coast Guard to support payments of this nature should show, at a minimum, the contract number, the period covered by the payment, the name of the vendor, the amount of the payment, and the account to be charged. Voucher and Schedule of Payments, SF 1166, or other comparable form depending on the payment system used, will be certified for payment in the same manner as are the vouchers for other types of payments.

Administrative controls should be established to ensure that recurrent payments are:

- a. Not on expired contracts or agreements;
- b. For the correct amounts;
- c. For services actually performed; and
- d. Not duplications.

11. Prompt payment:

- a. The Coast Guard shall comply with the Prompt Payment Act unless otherwise authorized by law. Possible exceptions include disbursements governed by the Cash Management Improvement Act, including grant programs listed in the Catalog of Federal Domestic Assistance (CFDA). Examples of such grants include State Access to the Oil Spill Liability Trust Fund and Boating Safety Financial Assistance.
- b. If a vendor is not paid in a timely manner, the Coast Guard shall pay a late payment penalty to the vendor according to the Prompt Payment Act.
- c. When a cash discount has been offered for prompt payment, every effort should be made to process the invoice within the discount period. The invoice must be processed according to the specific terms on which the discount has been offered by

the contractor or supplier. Discounts should be taken only on those invoices which can be paid within the specified discount period and which are cost effective to the Government.

- d. For effective cash management, the voucher covering the payment should be submitted for payment as near the last day of the prompt payment period as possible. Prompt Payment Act conditions are met if a check payment is dated and mailed/deposited within the period, not received by the recipient during the period. They are met for ACH and Fedwire payments if the settlement date for the payment is within the prompt pay period.

12. Improper payment:

In order to reduce the potential for Antideficiency Act violations and to minimize the number and dollar value of any improper or inaccurate disbursement, the Coast Guard shall maintain complete, consistent, and accurate procurement documentation. Examples of documentation include purchase orders, contract files, receiving reports, vouchers, invoices, and related disbursement and accounting records.

13. Postpayment audit:

Components that use the Fast Pay process shall develop postpayment audit procedures for invoices, to verify receipt and acceptance of goods and services.

14. Reconciliations:

- a. The Coast Guard shall reconcile disbursements utilizing:
 - 1) Schedules sent to Treasury;
 - 2) Related confirmation reports, including error reports; and
 - 3) Returned payments from Treasury whenever improper payments are discovered.
 - 4) Completed IPACs should be audited to verify that the payments have been applied to the correct obligations.
- b. All documentation used to support values, reconciliations, and adjustments shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

15. Reporting:

- a. The Coast Guard shall record disbursements at the transaction level and report them at the summary level.
- b. The total disbursement amount (for the year or quarter) is reported on the Disbursements line item on the Combined Statement of Budgetary Resources.
- c. In addition to the total disbursement amount on the financial statements, the Coast Guard shall prepare the following reports:
 - 1) A monthly Statement of Transactions, FMS 224, to Treasury;
 - 2) Prompt payment reports, as determined by Commandant (CG-8)/CFO; and

- 3) An annual report of Improper Payments Information Act activities (part of the Performance and Accountability Report).

7.12.6.3.2 Electronic Funds Transfer (EFT)

The Coast Guard must use EFT to the maximum extent feasible when disbursing Federal funds. Exceptions to EFT include, but are not limited to, the following circumstances:

1. The recipient of Federal funds has certified in writing that the use of EFT would cause a hardship.
2. The disbursement involves national security interests, wartime needs, national emergencies, or military operations.
3. The disbursement is made in furtherance of a law enforcement action.
4. The disbursement is required by statute to be in cash.
5. The disbursement is valued at \$25.00 or less.
6. There is an emergency or other unusual and compelling urgency.
7. The disbursement is a one-time nonrecurring payment which would not be cost beneficial if paid by EFT.

7.12.6.3.3 Fast Pay

The Fast Pay process allows payments under limited conditions to a contractor prior to the Government's verification that the goods have been received and accepted.

1. The Coast Guard may use the Fast Pay process for EFT payment whenever it is allowable and efficient to do so.
2. The Fast Pay process may be employed only when all of the following conditions are met:
 - a. Individual purchasing instruments do not exceed \$30,000, except that executive agencies may permit higher dollar limitations for specified activities or items on a case-by-case basis.
 - b. Deliveries of supplies are to occur at locations where there is both a geographical separation and a lack of adequate communications facilities between Government receiving and disbursing activities that makes it impractical to make timely payment based on evidence of Government acceptance.
 - c. Title to the supplies passes to the Government:
 - 1) Upon delivery to a post office or common carrier for mailing or shipment to the destination; or
 - 2) Upon receipt by the Government, if the shipment is by means other than Postal Service or common carrier.

- d. The supplier agrees to replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to purchase requirements.
- e. The purchasing instrument is a firm-fixed-price contract, a purchase order, or a delivery order for supplies.
- f. A system is in place to ensure:
 - 1) Documentation of contractor performance under Fast Pay purchases;
 - 2) Timely feedback to the contracting officer in case of contractor deficiencies; and
 - 3) Identification of suppliers that have a current history of abusing the Fast Pay procedure.

7.12.6.3.4 Accelerated Payments

In OMB memorandum 11-32, dated 14 September 2011, OMB mandated that Federal agencies establish a goal for paying small business contractors within 15 days of receiving a proper invoice and confirming that the goods and services have been received and accepted by the government. To further the policy established by memorandum 11-32, OMB issued memorandum 12-16, dated 11 July 2012, to required Federal agencies to temporarily accelerate payments to all prime contractors in order to allow them to provide prompt payments to small business subcontractors. Pursuant to OMB's policy memoranda, Coast Guard has instituted accelerated payments to all contractors. CG shall continue to make accelerated payments to small business and prime contractors as soon as practicable, or within 15 days after receipt of a proper invoice, whichever is sooner.

The acceleration of payments to all prime contractors was initially intended to be a one-year, temporary requirement. However, OMB memorandum M-13-15, dated 11 July 2013, extended the temporary policy established in memorandum 12-16 by another year, which means accelerated payments to all prime contractors will now expire on 11 July 2014. During this extension, OMB will continue to evaluate the impact of accelerated payments on small business subcontractors. OMB will provide further guidance on the appropriate steps that agencies should take to ensure that small business subcontractors continue to be paid promptly by their prime contractors.

The implementation of OMB's accelerated payment policy does not change the application of the Prompt Payment Act's payment due date determination and late-payment interest penalty provisions. The Coast Guard shall not pay interest penalty if it makes the payment after 15 days, but not later than 30 days, unless otherwise contractually agreed upon.

7.12.7 Advances and Prepayments

Advances are amounts paid prior to the receipt of goods, services, or other assets to Coast Guard employees, contractors, grantees, or others to cover a part or all of the recipient's anticipated expenses, or as advance payments for the cost of goods and services that the Coast Guard acquires. Advances are ordinarily made only to payees to whom the Coast Guard has an obligation, and the advance does not exceed the amount of the obligation. Examples include

travel advances to employees, as well as contract, grant, or cooperative agreements made before goods or services are provided by the contractor or grantee.

Prepayments are payments made by the Coast Guard to cover certain periodic expenses before those expenses are incurred, or amounts paid for goods and services to provide for future benefits over a specified time period. Examples include rents, subscriptions, taxes, royalties, insurance, and maintenance agreements. Prepayments apply when it is generally accepted industry practice to pay in advance, and the prepayment is authorized by law.

7.12.7.1 *Authorities*

General authorities relevant to purchasing and payables are listed in subsection 7.12.2. The following authorities relate specifically to advances and prepayments:

1. 31 USC 3324, “Advances.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33-subchapII-sec3324.pdf>
2. Federal Acquisition Regulation (FAR), subpart 32.4, “Advance Payments for Non-Commercial Items.”
<http://www.acquisition.gov/far/current/html/Subpart%2032.4.html#wp1030669>
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*.
<http://www.fasab.gov/standards.html>
4. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 4a, chapter 2000, “Overall Disbursing Rules for All Federal Agencies.”
<http://www.fms.treas.gov/tfm/vol1/v1p4ac200.html>
5. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), section 3.4, “Payables and Disbursements.”
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.4%20Payables%20and%20Disbursements.pdf>
6. Department of Homeland Security, Office of Financial Management, *Financial Management Policy Manual*, section 3.9, “Cash Management.”
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.9%20Cash%20Management.pdf>

7.12.7.2 *Responsibilities*

Overall responsibilities relevant to accounts payables, disbursements, and purchases may be found in subsection 7.12.3. The following components have additional duties relating to advances and prepayments.

7.12.7.2.1 Units and Field Offices

Units and field offices ensure that purchase requests or payment vouchers submitted to FINCEN for advance payments and prepayments include all supporting documentation, and that the payments comply with all provisions for an advance or prepayment.

7.12.7.2.2 Office of Procurement Policy and Oversight (CG-913)

Commandant (CG-913) ensures that advance payments to contractors are authorized in accordance with *Department of Homeland Security Acquisition Manual* (HSAM), subchapter 3032.4 and *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), subchapter 3032.4, and are supported by the contracting officer's determination in accordance with the Federal Acquisition Regulation (FAR), subpart 32.4.

7.12.7.3 Policy

7.12.7.3.1 General

1. Coast Guard units may only advance public monies when authorized by:
 - a. A specific appropriation or law; or
 - b. The President, to be made to a disbursing official.
2. All advances and prepayments shall be in accordance with applicable laws.
3. Coast Guard units authorizing a grant or contract may provide advance financing to qualifying recipients as part of the grant agreement or contract.
4. A travel advance may be issued to an employee when the employee does not have a Government travel charge card.
5. Coast Guard units should limit funds advanced for travel expenses to the estimated out-of-pocket expenses that a traveler is expected to incur for authorized travel purposes prior to reimbursement.
6. Travel advances will only be issued to travelers based on an approved travel order.
7. Advances of pay and allowances are generally not authorized, but pay and allowances may be advanced to:
 - a. Employees assigned to posts in a foreign area; and
 - b. Uniformed members—for not more than three month's pay—when the member
 - 1) Has a change of permanent station; or
 - 2) Is on duty at a distant station where pay cannot be disbursed on a regular basis.
8. Advances shall be kept to the minimum amounts necessary for the shortest possible time periods.

9. Unneeded and unused balances shall be recovered as soon as it is clear that they are not necessary for the purposes for which originally made.

7.12.7.3.2 Statutory Exceptions

There are statutory exceptions for the advancing of public monies. The following authorities specify some of these exceptions.

1. 5 USC 4109, “Expenses of training” – Advances for all or part of the necessary expenses for training employees under the Government Employees Training Act.
<http://www.gpo.gov/fdsys/pkg/USCODE-2009-title5/pdf/USCODE-2009-title5-partIII-subpartC-chap41-sec4109.pdf>
2. 5 USC 5524a, “Advance payment for new appointees” – Regulations that allow the head of each agency to make advance payments of basic pay, covering not more than two pay periods, to new appointees.
<http://www.gpo.gov/fdsys/pkg/USCODE-2009-title5/pdf/USCODE-2009-title5-partIII-subpartD-chap55-subchapIII-sec5524a.pdf>
3. 5 USC 5927, “Advances of pay” – Employee pay, up to three months, may be paid in advance to an employee upon the assignment of the employee to a post in a foreign area.
<http://www.gpo.gov/fdsys/pkg/USCODE-2009-title5/pdf/USCODE-2009-title5-partIII-subpartD-chap59-subchapIII-sec5927.pdf>
4. 14 USC 475, “Leasing and hiring of quarters; rental of inadequate housing” – Advance payment for rent of housing facilities in foreign countries.
<http://www.gpo.gov/fdsys/pkg/USCODE-2009-title14/pdf/USCODE-2009-title14-partI-chap13-sec475.pdf>
5. 31 USC 501, “Office of Management and Budget.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleI-chap5-subchapI-sec501.pdf>
6. 31 USC 3726, “Payment for transportation” – Carrier or freight forwarder presenting a bill for transporting an individual or property may be paid before an audit is conducted by the General Services Administration. Payment for transportation ordered, but not provided, may be recovered by deduction or other means.
<http://www.gpo.gov/fdsys/pkg/USCODE-2008-title31/pdf/USCODE-2008-title31-subtitleIII-chap37-subchapIII-sec3726.pdf>
7. 33 USC 2712, “Uses of Fund” [in subchapter I, “Oil Pollution Liability and Compensation”].
<http://www.gpo.gov/fdsys/pkg/USCODE-2008-title33/pdf/USCODE-2008-title33-chap40-subchapI-sec2712.pdf>
8. 37 USC 403, “Basic allowance for housing” – Advance payments for basic allowance for housing for members of the uniformed service.
<http://www.gpo.gov/fdsys/pkg/USCODE-2008-title37/pdf/USCODE-2008-title37-chap7-sec403.pdf>

9. 37 USC 1006, "Advance payments" – Advance payments to members of the uniformed service.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title37/pdf/USCODE-2011-title37-chap19-sec1006.pdf>
10. 49 USC 327, "Administrative working capital fund."
<http://www.gpo.gov/fdsys/pkg/USCODE-2008-title49/pdf/USCODE-2008-title49-subtitleI-chap3-subchapII-sec327.pdf>
11. 49 USC 328, "Transportation Systems Center working capital fund."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title49/pdf/USCODE-2011-title49-subtitleI-chap3-subchapII-sec328.pdf>
12. 41 CFR 301 - 304, "Federal Travel Regulation" – Providing travel advances to employees on official travel.
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title41-vol4/pdf/CFR-2012-title41-vol4-subtitleF.pdf>
13. 50 USC 1431, "Authorization; official approval; Congressional action: notification of committees of certain proposed obligations, resolution of disapproval, continuity of session, computation of period".
In times of national defense, the President may authorize any agency that exercises functions in connection with the national defense to make advance payments to contractors when it is deemed that such action would facilitate the national defense. Refer to the statute for dollar limits and approval requirements.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title50/pdf/USCODE-2011-title50-chap29-sec1431.pdf>

7.12.8 Authorized Certifying Officers and Payment Approving Officials

Authorized Certifying Officers (ACOs) and Payment-Approving Officials (PAOs) are responsible for examining and approving demands for payment in accordance with all applicable laws and regulations, Coast Guard policies, and Treasury Department guidance.

Title 31 USC 3325 assigns the authority to designate a disbursing official to the head of the executive agency or to an officer or employee of the executive agency having written authorization from the head of the agency. For the Coast Guard, these individuals have in turn re-delegated that authority to officials at FINCEN and PPC for the purpose of certifying vouchers.

7.12.8.1 Authorities

General authorities relevant to purchasing and payables are listed in subsection 7.12.2. The following authorities relate specifically to ACOs and PAOs:

1. 31 USC 3325, "Vouchers."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33-subchapII-sec3325.pdf>

2. 31 USC 3526, “Settlement of Accounts.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap35-subchapIII-sec3526.pdf>
3. 31 USC 3528, “Responsibilities and relief from liability of certifying officials.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap35-subchapIII-sec3528.pdf>
4. 5 CFR 1315, “Prompt Payment.”
<http://fms.treas.gov/prompt/regulations.html>
5. Government Accountability Office, Policy and Procedures Manual for Guidance of Federal Agencies, title 7, “Fiscal Guidance,” chapter 8, “Settlement of Accounts and Relief of Accountable Officers.”
<http://www.gao.gov/products/149099>
6. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 4A, chapter 3000, “Requirements for Scheduling Payments Disbursed by the Financial Management Service (FMS).”
<http://fms.treas.gov/tfm/vol1/v1p4ac300.html>
7. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 4A, chapter 2000, “Overall Disbursing Rules for All Federal Agencies.”
<http://fms.treas.gov/tfm/vol1/v1p4ac200.html>
8. Department of Homeland Security, Financial Management Policy (FMP) 011, “General Disbursements,” September 24, 2007.
<http://cfo-policy.dhs.gov/FMPs/FMP%20011%20General%20Disbursements.pdf>

7.12.8.2 Responsibilities

7.12.8.2.1 Designating Official

A designating official is an individual at FINCEN or PPC who has been delegated the authority to appoint ACOs by the Head of Agency (DHS).

7.12.8.2.2 Authorized Certifying Officer (ACO)

The ACO:

1. Certifies vouchers to disburse funds.
2. Is accountable for payments to be made from appropriated funds and from some non-Government sources (i.e., funds held in trust).
3. Certifies that payments are legal, proper, and correct.
4. Has authority to deal directly with the Treasury for certification and release of payments.
5. Is responsible for any errors in certified payments.

6. Is responsible for ensuring that the facts presented in certified documents are complete and accurate.
7. Is responsible for illegal, improper, or incorrect payments resulting from false, inaccurate, or misleading certifications.
8. Is responsible for any payments that are prohibited by law or that do not represent legal obligations under the appropriations or funds involved.

7.12.8.2.3 Payment-Approving Official (PAO)

The PAO has the same responsibilities and liabilities as an ACO, but is only authorized to certify certain types of payments (e.g., travel and payroll disbursements) directly to an ACO at FINCEN or PPC, who in turn actually certifies the payment with Treasury. PAOs do not deal directly with Treasury.

7.12.8.2.4 SPS Data Entry Operators

Secure Payment System (SPS) Data Entry Operators (DEOs):

1. Enter, edit, and upload the data from vouchers and schedules.
2. Initiate and monitor the transmission of certified voucher schedules from the SPS computer to the RFC's system.

7.12.8.3 Policy

7.12.8.3.1 Designation Requirements

1. All ACOs and PAOs shall be designated by FINCEN or PPC designating officials using the Treasury Department's designation forms and notification system.
2. All ACO and PAO designation requests shall be submitted for approval prior to the revocation of the current designation.
3. In order to be considered for ACO designation, a candidate must belong to one of the following groups:
 - a. Commissioned or warrant officer;
 - b. Chief and first class petty officer; or
 - c. Civilian employee, GS 7 or above.
4. Second class petty officers and above may be designated as PAOs for routine personnel and military pay transactions; however, a PAO shall not be permitted to sign receiving reports if he/she is also a procurement officer.
5. PAOs are not eligible for ACO designation.
6. Additional policy for PPC designations:

- a. PPC shall nominate and designate its own ACOs and PAOs, including attached personnel who approve vouchers within the Travel Liquidation Certification (TLC) program.
 - b. PPC can only designate ACOs for payroll vouchers and PAOs for payroll and travel vouchers.
 - c. PPC shall designate all PAOs at Servicing Personnel Offices (SPOs) for military payroll.
 - d. Copies of ACO and PAO designations processed by PPC shall be forwarded to FINCEN and shall include the information and documentation specified in items 7a through 7d below.
7. FINCEN shall coordinate nomination requests for all non-PPC designated commands, including ALC and SFLC/Yard. Requests shall be forwarded via letter to FINCEN for consideration and shall include the following information and documentation:
- a. Name, grade/rank, and SSN of nominee;
 - b. Permanent duty station of nominee;
 - c. Type of designation (ACO or PAO) requested;
 - d. Class of vouchers to be certified. Specific vouchers must be listed. General entries such as “all vouchers” are not acceptable.

7.12.8.3.2 Certification of Payments

Note: Nominees are prohibited from certifying vouchers prior to designation approval.

1. All ACOs shall be issued smart cards and PINs by Treasury for access to SPS.
2. Prior to certification, payment vouchers shall be examined by an ACO/PAO to verify that the information contained in each voucher is in agreement with all supporting documentation.
3. The ACO shall certify vouchers for disbursement by examining transactions for legality under the statutes and regulations governing various expenditures, and for validity under general provisions of law.
4. In no instance shall ACOs or PAOs certify a payment to themselves. If an alternate ACO has not been assigned, the voucher shall be forwarded to a FINCEN ACO for certification.
5. The ACO may certify individual vouchers or the total sum of several vouchers.
6. Vouchers may be certified by either manual or electronic means:
 - a. Manually certified vouchers shall include:
 - 1) The ACO’s signature and printed name;
 - 2) The title “Authorized Certifying Officer”; and

- 3) The date and dollar amount.
- b. Electronic certification shall include adequate safeguards, such as:
 - 1) System identification unique to the certifying officer;
 - 2) Limited access, control, or custody of the certifying officer;
 - 3) Linkage to the certified data in such a manner that if the data are changed the digital or electronic signature is invalidated; or
 - 4) Verifiability by the PAO.
7. ACOs or PAOs who have reasonable doubt about the propriety of a military payment shall refer the claim via the chain of command to Commandant (CG-122). ACOs or PAOs who have reasonable doubt about the propriety of any non-military payment shall refer the claim via the chain of command to Commandant (CG-84) for payment advice. The Commandant may refer the claim to the Comptroller General at GAO for settlement or decision.
8. Requests for payment advice must be made in a letter which clearly states the reason for the request, including the specific point(s) for which advice is needed.
9. Requests must be accompanied by all of the material evidence, including the voucher for payment and the original of each supporting document.
10. The ACO or PAO shall notify the member or unit, as appropriate, by letter when a claim or voucher cannot be paid.
11. All certified vouchers and documentation used to support values, reconciliations, and adjustments shall be maintained in accordance with 5 CFR 1315 and DHS FMP 011.
12. ACOs must be redesignated every two years from the last Treasury acceptance date.
13. Current authority to act as an ACO or PAO remains in effect until it expires or is revoked.
14. For non-payroll PAOs only:

By 1 September of each year, commands shall identify to FINCEN those personnel who are currently designated and will continue to be designated as PAOs for the duration of the subsequent fiscal year.
15. FINCEN and PPC shall be notified when their respective ACO/PAOs are transferred or terminated for any reason by commanding officers.

7.12.8.3.3 Liability

1. ACOs are responsible and personally liable for the accuracy and legality of all payments they approve that are made from Federal funds.
 - a. Accountability for public funds generally rests with the officer certifying vouchers for payment. Title 31 USC 3528 states that an ACO is held accountable for, and is required to make good to the United States, the amount of any illegal, improper, or

- incorrect payment resulting from any false, inaccurate, or misleading certificate made by the person, as well as for any payment prohibited by law or which did not represent a legal obligation under the appropriation or fund involved.
- b. If an outstanding liability remains as a result of a loss for which the ACO is liable, and there is not a request for relief, or if relief is requested and denied, the ACO becomes indebted to the United States for the amount involved. The Coast Guard shall then initiate collection action against the ACO in accordance with the law.
 - c. The ACO's performance evaluation (e.g., Officer Evaluation Report, Enlisted Performance Evaluation, Civilian Performance Appraisal) may reflect the collection action described in item 1b above.
2. PAOs have the same level of financial liability as ACOs. If a PAO erroneously certifies a document or voucher to an ACO, which then results in an improper or illegal payment, then the PAO is fully accountable and should expect to be required to reimburse the Government for any financial loss, unless relief is granted.

7.12.9 Vendor and Contract Payments

The Coast Guard uses various methods to procure the goods and services needed to fulfill its missions. Examples include contracts, task or delivery orders, purchase orders, Government multiple award contracts (e.g., GSA Multiple Award Schedule), other Governmentwide acquisition contracts (GWACs), Interagency Agreements (IAAs), Military Interdepartmental Purchase Requests (MIPRs), and travel orders.

This subsection deals specifically with contracts. Policies related to reimbursable agreements may be found in Subsection 7.12.15, Reimbursable Agreements. Policies related to travel cards may be found in Subsection 7.12.12, Travel Charge Cards and Travel Debit Cards.

The procurement process begins with the identification of a need for goods or services. The requesting unit prepares a procurement request (PR) and a statement of work (SOW) and forwards these documents to a contracting officer (KO). The KO awards contracts and purchase documents to those vendors that provide the "best value" to the Federal Government in accordance with all applicable laws and regulations. The Coast Guard uses COR progress reports to document the inspection and acceptance of work performed under a contract, and receiving reports to document the inspection and acceptance of goods or services received.

Note: Federal Acquisition Regulation (FAR) and the authorities listed below are the guiding policies for the Coast Guard's contracting and procurement activities. This subsection is intended to supplement, not replace, that policy.

7.12.9.1 Authorities

The following authorities relate specifically to vendor and contract payments:

1. Department of Homeland Security, *Department of Homeland Security Acquisition Manual* (HSAM).
http://www.dhs.gov/xlibrary/assets/opnbiz/cpo_hsam.pdf

2. Department of Homeland Security, *Department of Homeland Security Acquisition Regulation (HSAR)*.
<http://www.dhs.gov/xlibrary/assets/opnbiz/hsar.pdf>
3. Department of Homeland Security, Management Directive 0740.2, “Contracting Officer Warrant Program”.
<http://dhsconnect.dhs.gov/policies/Instructions/0740.2%20Contracting%20Officer%20Warrant%20Program.pdf>
4. Department of Homeland Security, Acquisition Workforce Policy No. 064 04 003, Revision 2, “Federal Acquisition Certification for Contracting Officer’s Representatives and Appointment and Revocation”.
http://hqsms-spweb-001:113/1/CG913/COR_Community/Lists/Whats%20New/Attachments/19/FAC-COR%20Policy%2006-04-003%20revision%202.pdf
5. *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4200_19J.pdf
6. *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4200_13H.pdf

7.12.9.2 Responsibilities

7.12.9.2.1 Office of Procurement Policy and Oversight (CG-913)

Commandant (CG-913):

1. Develops, manages, oversees, and evaluates the policy and procedures for Coast Guard acquisition, contracting, and procurement, including simplified acquisition and micro-purchases.
2. Implements the goals and priorities of the Head of the Contracting Activity (HCA), including socioeconomic and competition goals, acquisition certification, and training.
3. Manages relevant CG-wide programs, including:
 - a. Acquisition Certification Program;
 - b. Acquisition Plan (AP);
 - c. Advance Acquisition Plan (AAP);
 - d. FPDS-NG Program;
 - e. Contracting Officer’s Warrant Program;
 - f. COR Program;
 - g. Contracting Office Review Program (CORP);
 - h. Ombudsman Program; and
 - i. Purchase Card Program.

7.12.9.3 Policy

1. The contracting officer (KO) shall ensure that vendor invoices and supporting documentation are captured in the financial system using centralized invoicing, where the vendor uploads the invoice electronically (see <http://cgweb.fincen.uscg.mil/centralinv/>) so they can be processed for payment. The KO can also mail or e-mail invoices to FINCEN for processing.
2. The KO shall appoint a contracting officer's representative (COR) who is appropriately certified and has sufficient technical expertise to effectively monitor contract progress, perform technical functions, and inspect and accept goods or services.
3. The COR appointment, along with the related roles and responsibilities, shall be documented in a designation letter and signed by the KO.
4. All written documentation that establishes a vendor's or contractor's progress in completing a contract shall be provided by the COR to the KO prior to approval or certification of a vendor invoice for payment.
5. All goods and services (regardless of cost) provided by vendors and contractors shall be inspected and documented in receiving reports and certified progress reports as final acceptance.
6. All warrant authority for KOs shall be current, and the level of authority to initiate, administer, and terminate contracts shall be proportional to the KO's certification level, work experience, and continuing professional education.
7. Contractors shall not be designated as KOs or CORs.
8. The purchasing officer, the authorizing officer, the KO, the COR, and the receiving clerk shall maintain segregation of duties.
9. KOs shall obtain the requisite amount of refresher training and continuous professional education in order to maintain their warrant authority certification as denoted in DHS acquisition guidance. This applies to Office of Personnel Management General Schedule positions denoted GS-1102, and includes Federal Acquisition Certification in Contracting (FAC-C) at an appropriate level to support their warrant authority.
10. CORs shall obtain the requisite amount of refresher training and continuous professional education, and KOs shall verify that their CORs have met these requirements prior to assigning them a contract, or within 60 days of assigning a contract, as denoted in DHS Acquisition Workforce Policy No. 064 04 003, Revision 2, "Federal Acquisition Certification for Contracting Officer's Representatives and Appointment and Revocation".

7.12.10 Purchase Cards

The Governmentwide commercial purchase card is the preferred method for purchases and payments that do not exceed the micro-purchase threshold of \$3,000, as defined in Federal Acquisition Regulation (FAR) 2.101. Purchases and payments using the purchase card may be

made over the micro-purchase limit when authorized by the Head of the Contracting Activity (HCA) or the HCA's designee.

The Coast Guard uses purchase cards to expedite the acquisition of low-cost goods and services. Purchase cards can be used as the payment mechanism against written task or delivery orders (under defined conditions) up to the simplified acquisition threshold of \$150,000, as defined in the DHS *Financial Management Policy Manual* (FMPM). Purchase card use is prohibited as a payment mechanism for oral orders against General Services Administration (GSA) or Department of Defense (DOD) EMALL.

Purchase cards expedite vendor payment and invoice processing, while providing management with comprehensive monthly reports and a thorough audit trail of all transactions. Vendors who accept purchase cards process the transactions and receive funds from the purchase card issuer in a manner similar to personal credit cards. The Coast Guard promptly pays for the purchases upon receipt of charges from the purchase card issuer.

7.12.10.1 *Authorities*

General authorities relevant to purchasing and payables are listed in subsection 7.12.2. The following authorities relate specifically to purchase cards:

1. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, Appendix B, "Improving the Management of Government Charge Card Programs."
http://www.whitehouse.gov/sites/default/files/omb/assets/agencyinformation_circulars_pdf/a123_appendix_b.pdf
2. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), section 3.2, part 3.2.2, "Purchase Card Manual."
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.2%20Part%203.2.2%20Purchase%20Card%20Manual.pdf>
3. Department of Homeland Security, *Department of Homeland Security Acquisition Regulation* (HSAR).
<http://www.dhs.gov/xlibrary/assets/opnbiz/hsar.pdf>
4. Department of Homeland Security, Management Directive 0760.1, "Purchase Card Program," October 2006.
http://www.dhs.gov/xlibrary/assets/foia/mgmt_directive_0760_1_purchase_card_program.pdf
5. Department of Homeland Security, Management Directive 0740.2, "Contracting Officer Warrant Program," March 2004.
<http://dhsconnect.dhs.gov/policies/Instructions/0740.2%20Contracting%20Officer%20Warrant%20Program.pdf>
6. *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4200_19J.pdf

7. *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4200_13H.pdf

7.12.10.2 Responsibilities

7.12.10.2.1 Office of Procurement Policy and Oversight (CG-913)

Commandant (CG-913):

1. Establishes policies, procedures, and training programs related to purchase cards.
2. Determines the appropriate number of purchase cards, cardholders, and purchase cards per cardholder, and ensures that all transactions comply with the applicable guidance.
3. Ensures that approving officials (AOs) approve no more than 300 transactions per month on a regular basis.
4. Ensures that no AO oversees more than seven cardholders.
5. Maintains cardholder records related to training, professional certification, and warrant authority.
6. Enters all refresher training certificates received from cardholders into the Core Accounting System (CAS).

7.12.10.2.2 Head of the Contracting Activity (HCA) or Designee

The HCA or the HCA's designee:

1. Ensures that all supplies and services acquired with the purchase card are for official Coast Guard purposes only; and
2. Establishes and maintains administrative controls to prevent unauthorized use of the purchase card.

7.12.10.2.3 Cardholders

Cardholders:

1. Use their cards for purchases that are authorized by law or regulation and that are necessary to accomplish the Coast Guard mission.
2. Ensure that the appropriate type and amount of funds are available for the purchase prior to placing an order.
3. Adhere to the requirements of the DHS FMPM, part 3.2.2, appendix B, "Use of Government Supply Sources," which requires acquisition of supplies and services from designated sources if they are capable of providing them at a competitive price and as needed, and if they represent the best value to the Government.
4. Maintain accurate and complete documentation for all purchase card transactions.

5. Promptly review and reconcile the monthly statements from the purchase card issuer.
6. Formally and promptly dispute all inaccurate or fraudulent charges with the purchase card issuer.

7.12.10.2.4 Approving Official (AO)

The AO:

1. Reviews and approves all of the transactions made by their designated cardholders. This includes a detailed review of the supporting documentation (e.g., sales slips, itemized receipts, and purchase requisitions).
2. Verifies that the Coast Guard has received and accepted the goods or services paid for with purchase cards.
3. Ensures that their designated cardholders collect and maintain all required supporting documentation.
4. Certifies the accuracy of each cardholder's monthly reconciliations.
5. Requests increases or decreases in card purchase limits as needed.

7.12.10.3 Policy

The Coast Guard's purchase card system is managed by the Office of Procurement Policy and Oversight, Commandant (CG-913), which establishes policies for the appointment of credit-worthy cardholders and AOs with appropriate authorization controls.

The Robert T. Stafford Act grants the authority to increase the micro-purchase threshold in emergency situations such as natural disasters and terrorist acts.

1. Government purchase cards shall only be used in accordance with the DHS *Purchase Card Manual* (chapter 3, section 3.2, part 3.2.2 of the DHS *Financial Management Policy Manual* (FMPM)) and other guidance, laws, or regulations as appropriate.
2. Purchase cards shall be used for all possible micro-purchases (as defined in FAR part 2.101).
3. Individuals with warrant authority shall use purchase cards as a method of payment for goods or services as authorized by FAR subpart 13.301(a) and up to their warrant authority.
4. Large purchases shall not be split into smaller purchases to circumvent procurement requirements or purchase authority limits.
5. Cardholders and AOs shall be Government employees. Specifically, Coast Guard contractors shall not be designated as cardholders or as AOs.
6. To ensure proper segregation of duties, the same individual shall not be both a cardholder and an AO within their hierarchy level.

7. A cardholder shall have only one purchase card account open at a time (exceptions to this policy will be authorized, with DHS approval per DHS FMPM, Chapter 3, Section 3.2, Part 3.2.2, *Purchase Card Manual*, by Commandant (CG-913) on a case-by-case basis).
8. A purchase card shall only be used by the cardholder whose name is embossed on the card.
9. A purchase card shall not be used for unofficial and/or personal purchases.
10. Cardholders shall be held personally liable and/or subject to disciplinary action (administrative action, restitution, or prosecution) for the use of the purchase card when such use violates regulations.
11. Cardholders shall immediately notify their designated AO, Field Organization Program Coordinator (FOPC), and servicing bank whenever their card is lost, stolen, or compromised. The FOPC must follow established protocol ensuring Headquarters notification.
12. A limited number of cardholders also have convenience checks. These shall only be used as a last resort to pay for goods or services from vendors that do not accept purchase cards. (When a convenience check is used, an additional processing fee is charged against the cardholder's account.)
13. Whenever an invoiced item is found to be incorrect, the cardholder shall contact the vendor immediately and attempt to resolve the problem.
14. The AO shall certify the completeness and accuracy of statement reconciliations and supporting documents within 14 calendar days of the cycle close date for all transactions.
15. Payments shall be made by Coast Guard in accordance with the Prompt Payment Act.
16. All documents supporting the request, delivery, receipt, and final acceptance of goods or services procured with purchase cards or convenience checks shall be maintained in accordance with FAR 4.805. Examples of supporting documentation include purchase requests; Purchase Card Transaction Worksheet, DHS Form 1501; sales slips; itemized receipts; shipping documents; food service menus; and receiving reports.
17. Cardholders and AOs shall successfully complete all required purchase card training requirements, including ethics training, stipulated by OMB, GSA, DHS, and the Coast Guard. Cardholders, AOs, and FOPCs shall provide copies of completion certificates to Commandant (CG-913).

7.12.10.3.1 GSA Purchase Card Restrictions

Under GSA restrictions, the purchase card may not be used for the following:

1. Long-term rental or lease of land or buildings;
2. Long-term leasing of parking spaces exceeding \$2,500 per year;
3. Telephone services under GSA authority; (This does not include cell phones or pagers.)
4. Cash advances/transactions, unless specifically allowed by the component; and

5. Meals, beverages, lodging, vehicle rentals/leases, airline/bus/train/boat tickets, or other travel expenses incurred while traveling under official Government orders. The Government travel card should be used for these expenses.

7.12.10.3.2 DHS Purchase Card Restrictions

DHS prohibits cardholders from purchasing the following items:

1. Ammunition and weapons;
2. Gasoline, oil, repairs, tires, or other attachments/equipment, vehicle retrofit, and vehicle maintenance for department-owned or commercially leased vehicles; (These should be purchased using the Government fleet card.)
3. Legal services;
4. Lodging;
5. Personal convenience items (e.g., parking ticket fees, microwaves, fans, heaters);
6. Postage stamps;
7. Prepaid phone cards;
8. Private-sector temporary employees; and
9. Real estate services.

7.12.11 DHS Fleet Cards

The DHS fleet card is the preferred method of payment for fuel and services necessary to operate and maintain vehicles, aircraft, boats, cutters, and motorized equipment in accordance with DHS, Coast Guard, and Federal Acquisition Regulation (FAR) for micro purchases and payments when no DLA fuel purchasing program is available. .

DHS fleet cards are for official Government business only. Under no circumstances is the card to be used for personal purchases or as identification for personal purchases.

DHS fleet cards expedite vendor payment and invoice processing while providing management with comprehensive monthly reports and a thorough audit trail. Vendors who accept the cards process the transactions and receive funds from the card issuer in a manner similar to personal credit cards. Coast Guard pays for the purchases upon receipt of charges from the card issuer.

The policies specified in this subsection do not apply to expenses related to GSA “wet-leased” vehicles (i.e., vehicles that come with a GSA lease fleet fuel card). However, these policies do apply to any GSA “dry-leased” vehicle (i.e., one that does not come with a GSA lease fleet fuel card) for which a DHS fleet card has been issued.

7.12.11.1 *Authorities*

General authorities relevant to purchasing and payables are listed in subsection 7.12.2. The following authorities relate specifically to fleet cards.

1. Prompt Payment Act. PL 97 177; 31 USC 3901-3907.
<http://www.gpo.gov/fdsys/pkg/USCODE-2008-title31/pdf/USCODE-2008-title31-subtitleIII-chap39.pdf>
2. Executive Order 13423, "Strengthening Federal Environmental, Energy and Transportation Management," January 26, 2007.
<http://www.whitehouse.gov/sites/default/files/omb/procurement/eo13423.pdf>
3. Federal Acquisition Regulation (FAR), subpart 13.003, "Policy."
http://www.acquisition.gov/far/current/html/Subpart%2013_1.html#wp1125375
4. Federal Acquisition Regulation (FAR), subpart 13.2, "Actions At or Below the Micro-Purchase Threshold."
http://www.acquisition.gov/far/current/html/Subpart%2013_2.html#wp1088781
5. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, Appendix B, "Improving the Management of Government Charge Card Programs."
http://www.whitehouse.gov/sites/default/files/omb/assets/agencyinformation_circulars_pdf/a123_appendix_b.pdf
6. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), section 3.2, part 3.2.2, appendix B, "Use of Government Supply Sources."
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.2%20Part%203.2.2%20Purchase%20Card%20Manual.pdf>

7.12.11.2 Responsibilities

7.12.11.2.1 Office of Procurement Policy and Oversight (CG-913)

Commandant (CG-913):

1. Ensures that the guidelines stated in the FAR and the *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series), as they relate to the micro-purchase threshold, are followed.
2. Provides guidance on alternative methods available when a purchase will exceed the micro-purchase limits.
3. Provides procurement guidance to the Coast Guard's DHS fleet card program manager, Commandant (CG-46).

7.12.11.2.2 Office of Energy Management (CG-46)

The Coast Guard's DHS fleet card program manager, Commandant (CG-46):

1. Establishes policies, procedures, and training programs related to DHS fleet cards.

2. Determines the appropriate number of cards and ensures that all transactions comply with the applicable guidance.
3. Maintains card records related to authorized card users, approving official delegations, training, post-payment audit documentation, and warrant authority.
4. Ensures that all supplies and services acquired with the DHS fleet card are for official Coast Guard purposes only.
5. Establishes and maintains administrative controls to prevent unauthorized use of the card.

7.12.11.2.3 Authorized Card Users

Authorized card users:

1. Use their DHS fleet cards for purchases that are authorized by law or regulation and that are necessary to accomplish the Coast Guard's mission.
2. Ensure that the appropriate type and amount of funds are available for the purchase prior to placing an order.
3. Adhere to the requirements of the DHS FMPM, part 3.2.2, appendix B, "Use of Government Supply Sources," which requires acquisition of supplies and services from designated sources if they are capable of providing them at a competitive price and as needed, and if they represent the best value to the Government.
4. Maintain accurate and complete documentation for all card transactions.

7.12.11.2.4 Designated Card Reviewers

Designated card reviewers:

1. Promptly review and reconcile the monthly statements from the card issuer.
2. Formally and promptly, dispute all inaccurate or fraudulent charges with the office of the fuel card program manager.

7.12.11.2.5 Approving Official (AO)

The AO:

1. Reviews and approves all of the transactions made by their designated DHS fleet card users. This includes a detailed review of the supporting documentation (e.g., sales slips, itemized receipts).
2. Certifies the accuracy of each card's monthly reconciliations.
3. Requests increases or decreases in card limits, as needed, to the Assistant Organization Program Coordinator (AOPC).
4. Provides documentation to FINCEN for all post-payment audit transactions selected for audit by DHS.

7.12.11.3 Policy

1. DHS fleet cards shall only be used in accordance with DHS and Coast Guard policy, along with other laws or regulations related to the Government fleet fuel card.
2. DHS fleet cards are only to be used to procure fuel and services for Government assets.
3. To ensure proper segregation of duties, the same individual shall not be both an authorized card user, an AO, and/or a designated card reviewer. .
4. Only one DHS fleet card per asset shall be assigned.
5. DHS fleet cards shall be used for official Government business only.
6. Lost, stolen or compromised cards shall be reported immediately to the issuing bank and to the organizational program coordinator (OPC).
7. The AO shall certify the completeness and accuracy of statement reconciliations and supporting documents within 14 calendar days of the statement's issue date for all DHS fleet card transactions.
8. Payment for DHS fleet card transactions shall be made by Coast Guard in accordance with the Prompt Payment Act.
9. Coast Guard personnel requiring a DHS fleet card shall successfully complete all required training (including ethics training) stipulated by OMB, GSA, DHS, and the Coast Guard. Card users and AOs shall retain proof of compliance with any mandatory training requirements for audit purposes.

7.12.12 Government Travel Charge Cards

The Travel and Transportation Reform Act of 1998 stipulates that the Government travel charge card (GTCC) shall be used by all Federal Government personnel, both military and civilian, to pay for official travel expenses. The GTCC program was established to reduce the need to provide Government travelers with transportation tickets and cash travel advances and to avoiding having travelers use personal funds to pay for items such as lodging, meals, vehicle rental, and transportation costs. For non-cardholders and for instances where mandatory use of the GTCC has been exempt, the program provides centrally billed accounts (CBAs) for common carrier transportation, and a travel advance option to provide funds for official travel expenses.

Official expenses include those related to temporary duty (TDY) and permanent change of station (PCS). Official travel expenses are authorized for reimbursement in accordance with the Joint Federal Travel Regulations (JFTR) for military members or the Federal Travel Regulation (FTR) for civilian employees.

In addition to travel charge cards, the Coast Guard has travel debit cards, which are described in *Government Travel Charge Card (GTCC) Program Policies and Procedures*, COMDTINST M4600.18 (series). The purpose of the travel debit card is to provide a means of paying emergency advance travel funds in cases where the GTCC is not available, time does not allow for the use of the routine travel advance process, and the lack of a travel advance would cause

financial hardship on the traveler. The travel debit cards replace the Coast Guard traveler checks and will only be deployed at selected units.

7.12.12.1 *Authorities*

General authorities relevant to purchasing and payables are listed in subsection 7.12.2. The following authorities relate specifically to the GTCC:

1. Travel and Transportation Reform Act of 1998. PL 105-264.
<http://www.gpo.gov/fdsys/pkg/PLAW-105publ264/pdf/PLAW-105publ264.pdf>
2. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, appendix B, "Improving the Management of Government Charge Card Programs."
http://www.whitehouse.gov/sites/default/files/omb/assets/agencyinformation_circulars_pdf/a123_appendix_b.pdf
3. Department of Defense, Per Diem, Travel and Transportation Allowance Committee, Joint Federal Travel Regulations (JFTR), volume 1.
<http://www.defensetravel.dod.mil/site/travelreg.cfm>
4. General Services Administration, Federal Travel Regulation (FTR).
<http://www.gsa.gov/portal/content/102886>
5. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), chapter 3, part 3.2.1, "Travel Card Manual."
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.2%20Part%203.2.1%20Travel%20Card%20Manual.pdf>
6. *Coast Guard Supplement to the Joint Federal Travel Regulations* (CGS-JFTR), COMDTINST M4600.17 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4600_17A.pdf
7. *Government Travel Charge Card (GTCC) Program Policies and Procedures*, COMDTINST M4600.18 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4600_18.pdf
8. *Government Travel Charge Card (GTCC) Policies*, COMDTINST 4600.14 (series).
http://www.uscg.mil/directives/ci/4000-4999/CI_4600_14C.pdf

7.12.12.2 *Responsibilities*

Commandant (PSC-BOPS-r) has overall program management responsibility for the Coast Guard travel charge card program.

7.12.12.3 Policy

Government Travel Charge Card (GTCC) Program, COMDTINST 4600.14 (series) is the guiding policy for Coast Guard travel and debit cards. This subsection is meant to refer readers to that policy, not to replace it.

7.12.13 Imprest Funds

The Coast Guard establishes imprest funds to pay for goods, services, expenses incurred, and emergency travel advances in situations where cash is the most practical or only acceptable form of payment. Imprest funds consist of currency, coins, and checks advanced to designated custodians for cash disbursements that generally fall into two categories:

1. Small individual purchases of goods or services; and
2. Larger purchases of fuel, subsistence, and port services covered by waiver for cutters deployed outside the continental United States.

U.S. Coast Guard Certifying and Disbursing Manual, COMDTINST M7210.1 (series), is the guiding policy for Coast Guard imprest funds. This subsection is meant to supplement, not replace, that manual, by emphasizing important policies and procedures and directing financial managers to the appropriate sources for imprest fund questions.

7.12.13.1 *Authorities*

General authorities relevant to purchasing and payables are listed in subsection 7.12.2. The following authorities relate specifically to imprest funds:

1. 31 USC 3321, “Disbursing authority in the executive branch.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap33-subchapII-sec3321.pdf>
2. Department of the Treasury, Financial Management Service, “Imprest Funds Policy Directive,” November 9, 1999.
<http://www.fms.treas.gov/imprest/regulations.html>
3. Department of the Treasury, Financial Management Service, *Manual of Procedures and Instructions for Cashiers* (Cashier’s Manual), April 2001.
http://www.fms.treas.gov/imprest/cashiers_manual.pdf
4. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 4A, chapter 3000, “Requirements for Scheduling Payments Disbursed by the Financial Management Service (FMS).”
<http://www.fms.treas.gov/tfm/vol1/v1p4ac300.html>
5. Department of Homeland Security, *Department of Homeland Security Acquisition Manual*, (HSAM).
http://www.dhs.gov/xlibrary/assets/opnbiz/cpo_hsam.pdf

6. *U.S. Coast Guard Certifying and Disbursing Manual*, COMDTINST M7210.1 (series).
http://www.uscg.mil/directives/cim/7000-7999/CIM_7210_1C.pdf
7. *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4200_19J.pdf
8. *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4200_13H.pdf

7.12.13.2 Responsibilities

7.12.13.2.1 FINCEN

1. The Comptroller Division:
 - a. Administers the appointment of imprest fund cashiers.
 - b. Receives the monthly reports (e.g., cash balance/reconciliations) that are scanned into WINS.
2. The Miscellaneous Team of the Payables Branch:
 - a. Processes the replenishment of funds.
 - b. Maintains relevant supporting documentation.

7.12.13.3 Policy

1. Imprest funds shall be used to make cash payments for authorized purchases which will subsequently be charged to a specific appropriation.
2. Imprest funds are to be routinely established only on behalf of floating units. Shore units may request the temporary establishment of imprest funds in support of unusual or unforeseen events, such as disaster relief operations. The need for an imprest fund is decided on the basis of savings to the Government, not on convenience.
3. Units desiring the establishment of an imprest fund shall notify the Comptroller Division at FINCEN via a letter signed by the unit commanding officer.
4. When the unit commanding officer, FINCEN, or Commandant (CG-84) determine that an imprest fund should be closed (e.g., no further need exists for the fund), it must be disestablished without delay. *U.S. Coast Guard Certifying and Disbursing Manual*, COMDTINST M7210.1 (series), provides the guidance and internal controls necessary for disestablishing the fund.
5. Active imprest funds shall have one principal cashier and one alternate cashier at all times.
6. Nominations of unit personnel to serve as principal cashiers or alternate cashiers shall be sent to the Comptroller Division at FINCEN in a letter signed by the unit commanding

- officer. Commanding officers must allow 30 days notice for requesting a change in cashier.
7. FINCEN shall approve or reject all imprest fund applications and nominations. Approval shall be documented by means of a Request for Change or Establishment of Imprest Fund, SF 211.
 8. Persons nominated to be principal cashiers or alternate cashiers shall not perform these duties until the unit commanding officer has received FINCEN's formal approval.
 9. Imprest funds shall be maintained separately from other funds and shall not be used for personal purposes (e.g., loans) or to circumvent procurement regulations.
 10. An approved Receipt for Cash–Subvoucher, SF 1165, or Advance of Funds Application and Account, SF 1038, must be obtained before any cash or travelers checks can be disbursed.
 11. Individual imprest fund payments shall not exceed \$500, except for:
 - a. Payments covered by an imprest fund waiver for cutters deployed OCONUS, to allow for the purchase of fuel, subsistence items, and port services. Waivers are only to be requested when no other procurement instrument will be accepted by the vendor. Requests for a waiver must be made in writing to the applicable Chief of Contracting Office (COCO) through Commandant (CG-913), with copies to FINCEN (CC) and Commandant (CG-84).
 - b. Special authorization due to unforeseen or emergency circumstances, issued by the applicable Chief of Contracting Office (COCO) through Commandant (CG-913), with copies to FINCEN (CC) and Commandant (CG-84).
 12. Principal cashiers and alternate cashiers shall disburse funds for the exact amount noted on approved documents – up to \$500 – unless a waiver or special authorization applies (see item 10 above).
 13. Principal cashiers and alternate cashiers shall record all disbursements and shall maintain all subvouchers and supporting documentation.
 14. Replenishment requests shall require a two-week lead time for cutters. Exceptions may be made for emergencies.
 15. Principal cashiers and alternate cashiers shall be held personally responsible for all losses resulting from negligence or lack of due diligence.
 16. Commanding officers shall appoint an audit board to perform random audits of imprest funds on a quarterly basis. The audit board shall notify the commanding officer of any physical losses or deficiencies identified during the audit.
 17. To ensure proper segregation of duties, the commanding officer, contracting officer, principal cashier, alternate cashier, and authorized certifying officer shall be separate individuals. In addition, none of these individuals shall be members of the audit board.

18. A monthly reconciliation and validation shall be performed for each imprest fund, using appropriate source documentation, to validate and support the reported asset balances. Any identified abnormal balances shall be promptly researched and corrected.
19. Reconciliation packages shall be reviewed for completeness and accuracy. The packages shall include:
 - a. Documentation, such as the reconciliation coversheet, summary level reports for in-balance and out-of-balance items, replenishment requests, imprest fund disbursement support, etc.
 - b. Reports that support the values of the imprest fund;
 - c. Any identified abnormal balances, along with actions taken to correct them; and
 - d. A signed certification letter.
20. All documentation used to support values, reconciliations, and adjustments shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.12.14 Grants Liabilities

Grants are a broad form of financial assistance extended to State and local governments and to non-governmental recipients, including nonprofit organizations. Grants are legal instruments used when the principal purpose of the financial assistance is the transference of funds to the recipient (awardee) in order to accomplish a public purpose of support or stimulation authorized by Federal statute.

Grants are not mechanisms by which the Coast Guard acquires property or services for the direct benefit of the Coast Guard. Grants are used when the principal purpose of the award is to support recipient activity when no substantive involvement by the Coast Guard is anticipated. When grants are employed, the recipients are required to submit certain reports and to follow certain procedures which are expressly stated as provisions of the grant agreement. The Coast Guard dictates these provisions and provides oversight and monitoring, but not substantial involvement.

The Coast Guard grants funds to nonprofit organizations, for-profit enterprises, and Government entities, when such grants are used to further a Coast Guard mission (i.e., boating safety, port security, first responders, and environmental preservation). Grants liabilities are recognized from these grant agreements.

The majority of Coast Guard grant agreements are with U.S. States and Territories, to promote boating safety. These are funded through appropriations supplemented by motorboat fuel taxes. The Coast Guard also manages grants to nonprofit entities involved in boating safety endeavors. Finally, the Coast Guard works closely with DHS to administer its Port Security Grant Program.

The Budget Execution Division, Commandant (CG-831), determines the funds available for the National Recreational Boating Safety Program for the fiscal year by preparing an Apportionment and Reapportionment Schedule, Form SF 132. Funds are appropriated annually by Congress and

transferred from the Sport Fish Restoration and Boating Trust Fund. Depending on the specific annual appropriation and transfers, the amount of project grant funds that may be awarded each year varies. Within the guidelines of the Federal Boat Safety Act of 1971, funds awarded under the National Nonprofit Organization Recreational Boating Safety Grant Program are discretionary.

Grant Management Manual for the National Nonprofit Organization Recreational Boating Safety Grant Program, COMDTINST M16755.4 (series), is the guiding policy for the Coast Guard Boating Safety Grant Program. This subsection is meant to supplement, not replace, that manual, by emphasizing important policies and procedures for financial managers.

7.12.14.1 *Authorities*

The following authorities deal specifically with grants related to Boating Safety:

1. The Federal Boat Safety Act of 1971 (recodified as 46 USC 4301-4311).
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title46/pdf/USCODE-2011-title46-subtitleII-partB-chap43.pdf>
2. 2 CFR 215 Office of Management and Budget, Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*.
<http://www.gpo.gov/fdsys/pkg/CFR-2012-title2-vol1/pdf/CFR-2012-title2-vol1-part215.pdf>
3. 2 CFR 225 Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87).
<http://www.gpo.gov/fdsys/pkg/CFR-2011-title2-vol1/pdf/CFR-2011-title2-vol1-subtitleA-chapII-subchap-id314.pdf>
4. Federal Accounting Standards Advisory Board, Accounting and Auditing Policy Committee, Technical Release No. 12, *Accrual Estimates for Grant Programs*, August 2010.
http://www.fasab.gov/pdffiles/handbook_tr_12.pdf
5. Office of Management and Budget, Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, August 1997.
<http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a102/a102.pdf>
6. Office of Management and Budget, Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf
7. *Grant Management Manual for the National Nonprofit Organization Recreational Boating Safety Grant Program*, COMDTINST M16755.4 (series), May 16, 2008.
http://www.uscg.mil/directives/cim/16000-16999/CIM_16755_4.pdf

7.12.14.2 Responsibilities

The following offices and personnel have specific responsibilities relating to grants:

1. Office of Resource Management, Commandant (CG-83): delegates budget authority to program offices to provide funding for grants.
2. Office of Budget Development, Commandant (CG-DCO-82): responsible for budgeting and execution of funding for State grants.
3. Director of Prevention Policy, Commandant (CG-5P): serves as the director of the Grants Program.
4. Chief, Boating Safety Division, Commandant (CG-BSX-2): oversees the Office of Boating Safety.
5. Branch Manager, Grants Management Branch, Commandant (CG-BSX-24): oversees the management of grants.
6. Grant Program Administrator (GPA): manages the nonprofit grants.
7. Grant Technical Manager (GTM): an expert assigned to the grant who coordinates all grant activity with the grant recipient.
8. Financial Management Specialist: records and obligates funds for the Office of Boating Safety and the Grants Management Branch.
9. FINCEN: processes subsequent disbursements per written requests from GPAs.

7.12.14.3 Policy

Commandant (CG-831) prepares an Apportionment and Reapportionment Schedule, Form SF 132, to establish the National Nonprofit Organization Recreational Boating Safety Grant Program account and fund availability. A copy of the Apportionment and Reapportionment Schedule, Form SF 132, is provided to the Grant Program Administrator.

1. The values specified in the appropriation warrants received by Commandant (CG-83) shall be used to determine the funds available for programs and projects, including grants.
2. Program offices receiving the warrants from Commandant (CG-83) shall record the values for these obligations and provide notification to FINCEN for needed disbursements for grants.
3. Each CG-sponsored grant shall have a grant program administrator (GPA) and a grant technical manager (GTM) assigned to administer and manage the grant. The GPA and the GTM shall receive periodic program status and financial status reports from the grant recipients.
4. The GPA and the GTM shall establish and maintain files to properly store and safeguard supporting documents for grants awards and grants liabilities. These documents shall be

maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

5. The Coast Guard shall estimate the accruals for unreported grantee expenditures using historical disbursement information. Grants liabilities shall be included within the Accounts Payable line item on the Coast Guard's Balance Sheet.
6. The Core Accounting System (CAS) general-ledger balance amount for grants liabilities shall be the difference between the total grants awarded and the grants disbursements at period end.
7. FINCEN shall:
 - a. Process the transactions for all Coast Guard grants.
 - b. Verify that accounting for grants is in accordance with generally accepted accounting principles for Government entities.
8. The GPA shall:
 - a. Monitor the business management capability and performance and the internal operating procedures of grant recipients.
 - b. Review performance reports and financial status reports.
 - c. Maintain official files for all individual grant awards.
 - d. Prepare the grant notice of award (grant approval letter).
9. The GTM shall:
 - a. Monitor technical progress, progress reports, and requests for progress payments (Request for Advance or Reimbursement, SF 270).
 - b. Conduct site visits when warranted.
10. All documentation used to support values, reconciliations, and adjustments shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series). These documents shall be made available for internal review and audit upon request.

7.12.15 Reimbursable Agreements

The Economy Act of 1932, as amended, and codified in 31 USC 1535, permits Federal Government agencies to purchase goods or services from other Federal Government agencies or from other major organizational units within the same agency.

The term "reimbursable agreement" (RA), also known as "intragovernmental agreement," refers to a written agreement between two Federal agencies, or between major organizational units within an agency, which specifies the goods to be furnished or services to be rendered by one agency (the servicing agency) in support of the other (the requesting agency). RAs between Federal agencies are called "interagency agreements" (IAAs), while those between components of the same agency are called "intra-agency agreements." IAAs also include Military

Interdepartmental Purchase Requests (MIPRs); Pollution Removal Funding Authorizations (PRFAs); and mission assignments (MAs), such as those issued by FEMA in times of national emergency.

This subsection specifically addresses policies related to RAs in which the Coast Guard acts as the servicing agency by providing goods or services to a requesting agency that will later reimburse the Coast Guard. This subsection does not apply to instances where the Coast Guard procures goods or services from other Federal agencies. Such situations involve procurement actions and are processed in the same manner as all other procurements involving obligation of funds by a warranted contracting officer.

Most RAs are funded, meaning that budget authority has been received prior to incurring any costs related to the RA. In times of national emergency, however, RA-related costs may be incurred before the corresponding budget authority has been received. During this time the RA is said to be “unfunded.”

Once a signed RA is in place, the Coast Guard allocates appropriated funds to obtain the raw materials and incur the expenses (e.g., labor and travel) associated with the production of goods or services. The Coast Guard compiles all costs incurred and bills the other entity after their receipt and final acceptance of the goods and services.

For additional guidance on RAs, see section 7.11 of this manual. Also see *United States Coast Guard Reimbursable Management Process Guide*, version 1, at the following link: <https://cgportal2.uscg.mil/search/Pages/Results.aspx?k=reimbursable%20management%20process%20guide&s=All%20Sites>.

7.12.15.1 Authorities

General authorities relevant to payables and disbursements are listed in subsection 7.12.2. The following authorities relate specifically to RAs:

1. 31 USC 1535, “Agency agreements.” [Commonly referred to as the Economy Act of 1932.]
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleII-chap15-subchapIII-sec1535.pdf>
2. 31 USC 1536, “Crediting payments from purchases between executive agencies.”
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleII-chap15-subchapIII-sec1536.pdf>
3. Federal Acquisition Regulation (FAR), subpart 17.5, “Interagency Acquisitions,” subsection 17.502-2, “The Economy Act.”
http://www.acquisition.gov/far/current/html/Subpart%2017_5.html#wp1076801
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*.
<http://www.fasab.gov/standards.html>

5. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 30, *Inter-Entity Cost Implementation Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts*.
<http://www.fasab.gov/standards.html>
6. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume 1, part 2, chapter 4700, appendix 10, “Intragovernmental Transaction (IGT) Guide”.
<http://www.fms.treas.gov/tfm/vol1/index.html>
7. Department of Homeland Security, *Department of Homeland Security Acquisition Manual (HSAM)*, subchapter 3017.5, “Interagency Acquisitions Under the Economy Act.”
http://www.dhs.gov/xlibrary/assets/opnbiz/cpo_hsam.pdf
8. *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), Subchapter 3017.5, “Interagency Agreements under the Economy Act”.
http://www.uscg.mil/directives/cim/4000-4999/CIM_4200_19J.pdf
9. *Coast Guard Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
http://www.uscg.mil/directives/ci/7000-7999/CI_7310_1N.pdf
10. *United States Coast Guard Reimbursable Management Process Guide*, version 1.
<https://cgportal2.uscg.mil/units/cg84/Documents/Interim%20Policies/USCG%20Reimbursable%20Management%20Process%20Guide-Version%201.0-March%202012%20Promulgated.pdf>

7.12.15.2 Responsibilities

7.12.15.2.1 Office of Resource Management (CG-83)

Commandant (CG-83) delegates the authority for signing reimbursable agreements.

7.12.15.2.2 Budget Execution Division (CG-831)

Commandant (CG-831):

1. Carries out the reimbursable program by designating a reimbursable program manager to oversee the overall program, along with appropriation managers to oversee the reimbursable program within their respective appropriations.
2. Estimates the amount of appropriated funds needed for RAs and includes this amount in the annual Coast Guard budget submission.
3. Analyzes and allocates appropriated funds to approved RA projects.
4. Establishes “hard controls” over appropriated funds used for RAs to ensure that the funds are properly managed in accordance with laws and regulations (e.g., ensuring that no costs are incurred in violation of the Antideficiency Act).

5. Ensures adherence to all of the requirements of the appropriate legal authority for the action (e.g., the Economy Act or other specified act, OMB Circular A-11, other applicable circulars and directives).

7.12.15.2.3 Financial Analysis Division (CG-832)

Commandant (CG-832) analyzes historical cost information to calculate standard rates for the personnel and equipment used to provide goods and services under RAs.

7.12.15.2.4 Legal Departments

The Judge Advocate General and Chief Counsel, Commandant (CG-094), reviews all Headquarters RAs, all memoranda of agreement (MOAs), and all memoranda of understanding (MOUs) exercised under authority other than the Economy Act, regardless of the amounts in the agreements, to ensure compliance with the legal authority being cited by the ordering agency.

The Field General Counsel reviews all similar field unit RAs exercised under authority other than the Economy Act.

7.12.15.2.5 ATU Offices and Program Offices

Responsibilities of personnel in the ATU offices and program offices may be found in *United States Coast Guard Reimbursable Management Process Guide*, version 1, at:

<https://cgportal2.uscg.mil/units/cg84/Documents/Interim%20Policies/USCG%20Reimbursable%20Management%20Process%20Guide-Version%201.0-March%202012%20Promulgated.pdf>.

7.12.15.2.6 Program Element Managers

Responsibilities of program element managers may be found in *United States Coast Guard Reimbursable Management Process Guide*, version 1, at:

<https://cgportal2.uscg.mil/units/cg84/Documents/Interim%20Policies/USCG%20Reimbursable%20Management%20Process%20Guide-Version%201.0-March%202012%20Promulgated.pdf>.

7.12.15.3 Policy

1. Agencies that request Coast Guard goods or services shall prepare a draft RA or IAA, along with a Statement of Work (SOW) or a Memorandum of Agreement (MOA) and/or a Memorandum of Understanding (MOU), to allow the Coast Guard to determine if the proposed RA is appropriate. The RA and SOW (or equivalent) shall outline the terms and conditions which are to be negotiated and finalized with the responsible Coast Guard program office.
2. Directorate officials shall ensure that all IAAs, MOAs, and MOUs are consistent with the mission and goals of the Coast Guard.
3. The responsible Coast Guard program office shall select a qualified individual to serve as program manager (PM) to provide oversight and managerial support.

4. Coast Guard contractors shall not be designated as PMs.
5. The resource staff shall prepare a change in financial plan (CIFP) to request an allocation of budget authority for the RA.
6. The PM shall remit a copy of the signed RA, SOW, and CIFP to Commandant (CG-831).
7. The PM shall request a unique line of accounting (LOA) from FINCEN. This LOA is used to capture and track all direct and indirect costs related to the RA. (Direct costs include raw materials, travel, and labor. Indirect costs include depreciation and employee benefits.)
8. Commandant (CG-831) shall review the RA, SOW, and CIFP and, if satisfactory, shall approve the allocation of appropriated funds. In accordance with the CIFP, Commandant (CG-831) shall then record the approved allocation and accounting controls within the Finance and Procurement Desktop (FPD).
9. The PM shall ensure that all goods and services used to fulfill the RA are obtained in accordance with the contracting and procurement policies and procedures described in subsection 7.12.9, Vendor and Contract Payments.
10. The PM shall also ensure that all payments for goods and services used to fulfill the RA are processed in accordance with the disbursement policies and procedures described in subsection 7.12.6, Disbursements.
11. The PM shall reconcile the amount of unobligated funds for the RA and shall resolve all identified differences and discrepancies.
12. The requesting entity or ordering agency shall notify the PM upon receipt and final acceptance of the goods or services provided under the RA. The PM shall then withdraw all remaining unobligated funds.
13. At fiscal year-end the PM shall certify the financial obligations for RAs and IAAs that continue into the next fiscal year (e.g., undelivered orders) and shall estimate the amount of additional funds required to meet each RA and IAA.
14. Each ATU involved in RAs shall establish procedures that account for and properly manage all direct and indirect costs.
15. Any re-delegation of responsibility shall be in writing.
16. All documentation used to support RAs shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.12.16 Revolving Funds

Revolving funds are authorized by specific provisions of law to finance a continuing cycle of business-type operations. Once established they are meant to be “self-sustaining” funds, financed through customer charges for the services or materials provided. Civilian or military personnel may purchase items from the revolving fund, depending on the purpose and type.

Many revolving funds are initially established by an appropriation and are subsequently managed so that they break even. Receipts are credited directly to the revolving fund as offsetting collections and are available for expenditure without further action by Congress. The revenue earned by a revolving fund is used to procure additional services and materials which are then purchased by the fund's customers. Therefore, revolving funds generally do not need annual appropriations from Congress.

A special type of revolving fund is the trust revolving fund, which is authorized by law as a revolving fund but also designated as a trust fund. Otherwise, trust revolving funds are the same as revolving funds.

The Coast Guard maintains two major revolving funds:

1. Supply Fund:

This fund provides financing for a continuous cycle of procurement and sale of clothing, food, fuel, and general stores items. Supply Fund inventory generally includes low-cost, high-turnover consumable items and repetitive-use items.

2. Yard Fund (which includes the Industrial Fund):

This fund finances the industrial operations of the Coast Guard Yard. The Yard provides services such as construction, repair, and alteration of vessels and small boats for the Coast Guard and other Government agencies. The customers pay the Yard for these services from their respective appropriations. Charges to the customer by the Yard are based upon recovery of the total industrial cost of performing the work.

The Supply and Yard funds set prices for goods and services that include all direct and indirect costs and ensure a "break even" financial basis. (Direct costs include raw materials and labor. Indirect costs include depreciation and employee benefits.)

7.12.16.1 *Authorities*

The following authorities relate specifically to revolving funds:

1. 14 USC 648, "Accounting for industrial work."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title14/pdf/USCODE-2011-title14-partI-chap17-sec648.pdf>
2. 14 USC 650, "Coast Guard Supply Fund."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title14/pdf/USCODE-2011-title14-partI-chap17-sec650.pdf>
3. 31 USC 9701, "Fees and charges for Government services and things of value."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleVI-chap97-sec9701.pdf>
4. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 1500, section 1520.45, "Revolving Fund Accounts."
<http://www.fms.treas.gov/tfm/vol1/v1p2c150.html>

5. Department of Defense, Defense Logistics Agency, *Military Standard Requisitioning and Issue Procedures (MILSTRIP)*, DLM 4000.25 1.
http://www2.dla.mil/j-6/dlmsso/elibrary/manuals/dlm/dlm_pubs.asp#MILSTRIP
6. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4400_19B.pdf

7.12.16.2 Responsibilities

7.12.16.2.1 Office of Logistics Management (CG-44)

Commandant (CG-44) is the program manager for logistics management of the Yard fund (which includes the Industrial Fund). Responsibilities include:

1. Establishing policies and procedures related to logistics management.
2. Facilitating the procurement of goods or services using Military Standard Requisitioning and Issue Procedures (MILSTRIP).
3. Maintaining logistics interfaces with other Government agencies.

7.12.16.2.2 Budget Execution Division (CG-831)

Commandant (CG-831) is the program manager for the Supply Fund. Responsibilities include:

1. Establishing procedures for Supply Fund units.
2. Facilitating the apportionment of supply funds with OMB and FINCEN.
3. Facilitating the reporting of Supply Fund transactions.

7.12.16.3 Policy

1. The Supply Fund and the Yard Fund shall establish procedures that account for and properly manage all procurement and related liability transactions.
2. To ensure proper segregation of duties, different individuals shall be employed in the supply management, procurement, receiving, and funds disbursement processes.
3. Revolving funds managers shall prepare annual budgets to establish the appropriate rates to charge customers.
4. Revolving funds managers shall prepare monthly inventory and accounting reports.
5. Reconciliations performed by revolving fund managers shall be submitted each month to the appropriate financial managers, whether or not there is activity in the revolving fund for that month.
6. Entities desiring Supply Fund or Yard Fund goods or services shall prepare a reimbursable agreement (RA), Military Interdepartmental Purchase Request (MIPR), or purchase requisition detailing the goods to be purchased and/or services to be rendered, in accordance with Federal, DHS, and Coast Guard policies, rules, and regulations.

7. The Supply Fund or the Yard Fund shall provide the requested goods or services upon receipt of an RA, MIPR, or purchase requisition signed by authorized personnel from the requesting entity and the Coast Guard.
8. A MILSTRIP message shall be prepared with the Federal Supply System (FSS) or DoD's Electronic Mall (EMALL) to initiate the reorder process for the replenishment of depleted supply stocks. Additional paperwork shall be prepared for depot-level reconditioned items or for items without national stock numbers (NSNs). The contracting and procurement policies and procedures noted in chapter 2 of *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series), shall be followed for all procurements.
9. ALMIS, NESSS, Configuration Management plus (CMplus), or the Fleet Logistics System (FLS) shall be used to prepare MILSTRIP order messages with FSS or EMALL.
10. All goods requested by MILSTRIP messages shall be inspected, and the final acceptance shall be documented in receiving reports.
11. All MILSTRIP messages, receiving reports, and invoices shall be maintained in accordance with the certification and disbursement policies and procedures under the Uniform Material Movement and Issue Priority System (UMMIPS), noted in sections 2-C and 3-H of the SPPM.
12. All documentation used to support revolving fund values, reconciliations, and adjustments shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.12.17 Coast Guard Trust Funds

The Coast Guard has been given authority by law, appropriations, or through reimbursable agreements, to utilize trust fund dollars to respond to oil spills, hazardous substance cleanup events, and significant disasters. The National Pollution Funds Center (NPFC) has fiduciary responsibility to manage these trust funds. The NPFC provides up front protection by certifying that oil-carrying vessels have the financial ability to pay compensation in case of an oil spill. When spills occur, the NPFC provides funding for quick response, compensates claimants for cleanup costs and damages, and takes action to recover costs from responsible parties.

In 1990 Congress passed the Oil Pollution Act (OPA) to help address a wide range of issues associated with preventing, responding to, and paying for oil pollution. Title 1 of OPA establishes oil spill liability and compensation requirements, including the Oil Spill Liability Trust Fund (OSLTF) to help facilitate cleanup activities and compensate for damages from oil spills. The two primary components of the OSLTF are the Principal Fund and the Emergency Fund. The Principal Fund is the source of funds for third-party claims and annual appropriations to Federal agencies. The Emergency Fund is financed by a recurring \$50 million budget annually. The President has the authority under OPA Title I to authorize up to \$50 million each year to the Emergency Fund (70X8349) without Congressional appropriation, to fund removal activities and to initiate natural resource damage assessments (NRDAs).

The NPFC is responsible for administering the Coast Guard's portion of the Superfund, which was created by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) to fund the cleanup of hazardous substances.

The NPFC also administers pollution-related disaster funds under the Stafford Act, which provides Federal assistance to State and local governments impacted by a significant disaster or emergency, such as a hurricane or terrorist act.

7.12.17.1 Authorities

General authorities relevant to purchasing and payables are listed in subsection 7.12.2. The following authorities relate specifically to trust funds:

1. Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977. 33 USC 1251-1387, "Water Pollution Prevention and Control."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title33/pdf/USCODE-2011-title33-chap26.pdf>
2. Maritime Transportation Security Act of 2002. PL 107-295
<http://www.gpo.gov/fdsys/pkg/PLAW-107publ295/pdf/PLAW-107publ295.pdf>
3. 16 USC 777, "Federal-State Relationships" [in chapter 10B, "Fish Restoration and Management Projects"].
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title16/pdf/USCODE-2011-title16-chap10B-sec777.pdf>
4. 26 USC 9504, "Sport Fish Restoration and Boating Trust Fund."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/pdf/USCODE-2011-title26-subtitleI-chap98-subchapA-sec9504.pdf>
5. 26 USC 9509, "Oil Spill Liability Trust Fund."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title26/pdf/USCODE-2011-title26-subtitleI-chap98-subchapA-sec9509.pdf>
6. 33 USC 2701, et. seq., "Oil Pollution Liability and Compensation."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title33/pdf/USCODE-2011-title33-chap40-subchapI.pdf>
7. The Federal Boat Safety Act of 1971 (recodified as 46 USC 4301-4311).
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title46/pdf/USCODE-2011-title46-subtitleII-partB-chap43.pdf>

7.12.17.2 Responsibilities

Overall responsibilities relevant to accounts payables, disbursements, and purchases are found in subsection 7.12.3. The following components have additional duties relating to trust funds.

7.12.17.2.1 Assistant Commandant for Resources (CG-8)/CFO

Commandant (CG-8)/CFO:

1. Administers financial management activities delineated under the CFO Act of 1990, which include accounting, budgeting, procurement, logistics, financial systems, policy, planning, and audit oversight.
2. Provides financial analyses; a description of the effectiveness of management controls; program performance results related to the Coast Guard's missions, goals, and objectives; and an assessment of data validity and reliability in support of performance measures.

7.12.17.2.2 National Pollution Funds Center (NPFC)

The National Pollution Funds Center:

1. Serves as fiduciary in administering trust funds.
2. Provides funding for Federal On-Scene Coordinators (FOSCs) operating under the National Contingency Plan (NCP) conducting oil spill responses. Funding is available to agencies including but not limited to the Coast Guard and the Environmental Protection Agency.
3. Compensates third-party claimants for uncompensated oil removal costs and damages.

7.12.17.2.3 Judge Advocate General and Chief Counsel (CG-094)

Commandant (CG-094) coordinates any claim against the OSLTF in which the amount to be paid exceeds \$100,000, or any other claim against that fund, regardless of amount, that raises significant legal or policy questions.

7.12.17.2.4 Finance Center (FINCEN)

FINCEN personnel:

1. Process financial transactions related to the OSLTF Claims Fund (70X8312), Emergency Fund (70X8349), and Trust Fund Share of Expenses (70FY8314).
2. Prepare journal entries for total disbursements processed through the OSLTF appropriations and maintain official records.
3. Submit Nonexpenditure Transfer Authorization, SF-1151, support for NPFC/CG-831 creation of a one-sided CIFP to transfer budget authority from the OSLTF (70X8185) to the OSLTF Claims Fund (70X8312) for outlays made.

7.12.17.3 Policy

7.12.17.3.1 Payables

1. Coast Guard/NPFC shall ensure rapid and effective response to oil spills under Coast Guard authority.
2. Funds from OSLTF may be used to:

- a. Provide for immediate removal activities and initiate natural resource damage assessments (NRDAs); and
- b. Recover costs from responsible parties (RPs).
3. Funds authorized in the current fiscal year are available until expended.
4. The Maritime Transportation Security Act of 2002 provides authority to advance up to \$100 million from the Principal Fund to the Emergency Fund as needed.
5. The NPFC Director shall have authority to use funds from the Emergency Fund (70X8349) for Federal On-Scene Coordinators (FOSCs) to respond to discharges and for Federal trustees to initiate NRDAs.
6. FOSCs shall have authority to obligate funds and to direct the efforts of Federal, State, and local organizations.
7. Under the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, section 302 (c), OSLTF funds may be authorized to clean up oil discharges or to prevent or mitigate substantial threats of oil discharge to navigable waters, adjoining shorelines, and the waters of the exclusive economic zone.
8. NPFC and FINCEN standard operating procedures shall contain procedures for the execution of oil spill response funding.

7.12.17.3.2 Claims

1. A third party who has been adversely affected by an oil spill may be eligible for compensation through the OSLTF Claims Fund (70X8312), provided that supporting documentation is submitted to NPFC.
2. NPFC processes and adjudicates third-party claims including but not limited to natural resource damage, removal costs, property damage, loss of profits, loss of subsistence, loss of government revenue, and increased public services.
 - a. OPA defines the conditions under which third parties may be compensated for OPA costs and damages.
 - b. After claims payments are authorized by NPFC, they are expended by FINCEN out of the OSLTF Claims Fund (70X8312).
 - c. NPFC and FINCEN standard operating procedures shall contain procedures for the adjudication of claims and the processing of payments.
3. All documentation used to support values, reconciliations, and adjustments shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series). These documents shall be made available for internal review and audit upon request.

7.12.17.3.3 Sport Fish Restoration and Boating Trust Fund

Policy for the Sport Fish Restoration and Boating Trust Fund is discussed in Subsection 7.12.14, Grants Liabilities.

7.13 Intragovernmental Payment and Collection (IPAC)

Intragovernmental Payment and Collection (IPAC) transactions consist of payments or collections initiated through the Treasury-based IPAC system to settle the exchange of goods and services between different Government agencies. The primary purpose of the IPAC application is to provide a standardized interagency fund transfer mechanism for Federal program agencies (FPAs). IPAC facilitates the intragovernmental transfer of funds, with descriptive data from one FPA to another. To meet the President's directives, IPAC should be used as the method of settling all intergovernmental transactions. This will minimize the need for issuing checks to other Government agencies in order to settle obligations.

The IPAC process only pertains to the movement of funds between Government agencies, not to private vendors. Any Government agency with access to the IPAC system can initiate payments, collections, or adjustments.

The IPAC system processes cash disbursements and cash collections between Government agencies; however, adjustments can only be made by the agency that received the IPAC transaction. The transaction is only available for adjustment for 90 days. After that time, the IPAC transaction must be charged back to the originating agency.

7.13.1 Authorities

1. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, Transmittal Letter No. 619.
2. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 6, chapter 4000, Intra-Governmental Payment and Collection (IPAC) System.
3. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, Bulletin No. 2006-09, "Intra-governmental Payment and Collection (IPAC) System – Treasury Account Symbol (TAS)/Business Event Type Code (BETC) Reporting."
4. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume 1, part 2, chapter 4700, appendix 10, "Intragovernmental Transaction (IGT) Guide".
5. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, Bulletin No. 2007-06, "Intra-governmental Payment and Collection (IPAC) System – Treasury Account Symbol (TAS)/Business Event Type Code (BETC) Reporting."

7.13.2 Policy

1. When other Government agencies initiate a collection from the Coast Guard's Agency Location Code (ALC), the transaction shall be recorded on the Coast Guard's accounting records as a credit to cash. Conversely, when the Coast Guard initiates a collection from another agency's ALC, the transaction shall be recorded as a debit to cash.
2. When other Government agencies initiate a payment to the Coast Guard's ALC, the transaction shall be recorded as a debit to cash. Conversely, when the Coast Guard initiates a payment to another agency's ALC, the transaction shall be recorded as a credit to cash.
3. Coast Guard contracting officers (KOs) shall include in documents authorizing interagency procurements all information necessary for their accounting and reconciliation within IPAC. To accomplish this, KOs shall ensure that Military Interdepartmental Purchase Requests (MIPRs) supporting such transactions include all necessary data for IPAC processing, as discussed in more detail below. In addition, the authorizing documents shall indicate that the obligation will be settled through the use of IPAC processing.
4. To minimize confusion, the normal procedure shall be to follow the contracting document guidelines pertaining to payment. However, in the absence of such guidelines, the performing agency will initiate the IPAC collection after approval has been received from the KO. Initiating IPAC payments to the performing agency is useful in cases where charges need to be reviewed and/or approved prior to the transfer of funds. Whether the performing agency is to initiate an IPAC collection, or the Coast Guard is to initiate an IPAC payment, the procedure should be clearly stated in the authorizing document.
5. The authorizing document shall state that the KO will receive and approve a copy of the vendor's invoice prior to the processing of the IPAC collection by a performing agency, or the IPAC payment by a receiving agency. If the authorizing document states that the receiving agency (Coast Guard) is to initiate the IPAC payment, the approved bill must be stamped "US Coast Guard to Initiate IPAC Payment" and sent to the Coast Guard Finance Center. The Coast Guard Finance Center's ALC (70060000) must also be provided on the authorizing document for those documents to be paid from Coast Guard funds.
6. Any documents which pertain to the IPAC process should be forwarded to:

COMMANDING OFFICER (OGQ)
US COAST GUARD FINANCE CENTER
1430A KRISTINA WAY
CHESAPEAKE VA 23326-8916

This address should also be included on the authorizing document.

7.13.3 IPAC Procedures

All incoming IPACs undergo a **daily quality review process**. Any IPAC that does not meet the following criteria will be immediately charged back to the initiating agency.

1. **For IPAC charges pertaining to MIPRs (Military Interdepartmental Purchase Requests, Coast Guard Document Type 28):**
 - a. The Purchase Order Number field must contain the Authorizing Document Number. For MIPRs, this would be the HSCG number located in block 5.
 - b. The Invoice Number field must contain the initiating agency's invoice number for the collection being initiated on the IPAC.
 - c. The Obligating Document Number field must contain the Control Symbol No. located in block 3 of the MIPR.
 - d. The Transaction Contact field must contain the point of contact (POC) for the initiating agency.
 - e. The Contact Phone Number field must contain the phone number of the POC for the initiating agency.
 - f. The Transaction Description field must contain the accounting line located in block 14 on the MIPR. This field must also contain the Accounting Classification Reference Number (ACRN) for Department of Defense charges. If the IPAC is for services rendered to the Coast Guard, this field must contain the dates of service for the IPAC being initiated.
2. **For IPAC charges pertaining to Travel (Coast Guard Document Type 11):**
 - a. The Purchase Order Number field must contain the Travel Order Document Number.
 - b. The Transaction Contact field must contain the POC for the initiating agency.
 - c. The Contact Phone Number field must contain the phone number of the POC for the initiating agency.
 - d. The Transaction Description field must contain the Coast Guard member's name and employee ID, along with the accounting line located in block 15 on the travel voucher.
3. **For IPAC charges pertaining to PCS Travel (Coast Guard Document Type 12):**
 - a. The Purchase Order Number field must contain the Travel Order Document Number.
 - b. The Transaction Contact field must contain the POC for the initiating agency.
 - c. The Contact Phone Number field must contain the phone number of the POC for the initiating agency.

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- d. The Transaction Description field must contain the Coast Guard member's name and employee ID, along with the accounting line located in block 15 on the travel voucher.
4. **For IPAC charges pertaining to Government Bills of Lading (GBLs) used for Transportation (Coast Guard Document Type 15):**
 - a. The Purchase Order Number field must contain the GBL Number.
 - b. The Transaction Contact field must contain the POC for the initiating agency.
 - c. The Contact Phone Number field must contain the phone number of the POC for the initiating agency.
 - d. The Transaction Description field must contain the Carrier Bill Number, the Coast Guard member's name and employee ID, and the accounting line located in block 12 on the GBL.
 5. **For IPAC charges pertaining to Household Goods Shipments (Coast Guard Document Type 17):**
 - a. The Purchase Order Number field must contain the Purchase Order Number.
 - b. The Invoice Number field must contain the Invoice Number.
 - c. The Transaction Contact field must contain the POC for the initiating agency.
 - d. The Contact Phone Number field must contain the phone number of the POC for the initiating agency.
 - e. The Transaction Description field must contain the Contact Number, the Coast Guard member's name and employee ID, and the accounting line located in block 9 on the Order for Supplies and Services.
 6. **For IPAC charges pertaining to Nontemporary Storage of Household Goods (Coast Guard Document Type 17):**
 - a. The Purchase Order Number field must contain the Service Order Number from Service Order for Personal Property, Form DD 1164.
 - b. The Invoice Number field must contain the Invoice Number.
 - c. The Transaction Contact field must contain the POC for the initiating agency.
 - d. The Contact Phone Number field must contain the phone number of the POC for the initiating agency.
 - e. The Transaction Description field must contain the Coast Guard member's name and Employee ID.

7.14 Accrual Policy

Accrual policies define which transactions require an accrual, when the accruals shall be recorded, if and when the accruals shall be reversed, and how to prepare and document an estimated accrual. A simple depiction of the role of accruals in the document transaction cycle is shown in Table 7.6 below.

Table 7.6 Transaction Life Cycle for the Use of Budgetary Resources

Commitment	Obligation	Accrual	Payment
Procurement Request	Obligation Document	Receipt of Goods/Services	Invoice
USSGL 4700	USSGL 4801	USSGL 4901	USSGL 4902
	Travel order Contract	Receiving report Accrued payroll through month-end Completion of travel although not vouchered	Payment of invoice Payment of civilian and military pay Payment of travel voucher

Accruals used for financial reporting that do not have budgetary impact are covered in other financial policies. Examples include depreciation, contingent liabilities, actuarial liabilities, unfunded annual leave, and allowances for inventory.

Ongoing, continuous liabilities for civilian pay and benefits are calculated by the organizations responsible for the processing of various pay and benefits, as well as liabilities associated with the withholding of payroll for taxes, employee share of benefit costs, or other monies due the Government.

See Appendix 7-7, Required Accruals by Document Type, for the document types that require an accrual based on the transaction and the timing of the events.

Note: Refer to subsection 7.12.5 of this manual for additional information on accruals.

7.14.1 Purpose

This section specifies policy for recording accruals of budgetary resources for all Coast Guard funds. This policy:

1. Establishes the baseline for entering accruals in the system of record and for the development of financial statements for each reporting period;
2. Identifies which document types require accruals;
3. Provides documentation requirements to support estimates and actual accrual balances; and
4. Provides guidelines for developing estimates that will pass reviews resulting from financial statement audits.

7.14.2 Authorities

1. Federal Financial Management Improvement Act of 1996. PL 104-208.
<http://www.gpo.gov/fdsys/pkg/PLAW-104publ208/pdf/PLAW-104publ208.pdf>
2. Improper Payments Elimination and Recovery Act of 2010. PL 111-204.
<http://www.gpo.gov/fdsys/pkg/PLAW-111publ204/pdf/PLAW-111publ204.pdf>
3. Improper Payments Information Act of 2002. PL 107-300.
<http://www.gpo.gov/fdsys/pkg/PLAW-107publ300/pdf/PLAW-107publ300.pdf>
4. PL 84-863, 70 Stat 782, “Amendments to the Budget and Accounting Procedures Act of 1950.”
www.usaid.gov/policy/ads/600/pl84-863.pdf
5. 31 USC 3512 (e). Mandates accrual accounting for all Federal agencies.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap35-subchapII-sec3512.pdf>
6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Concepts (SFFAC) No. 5, *Definition of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements*.
<http://www.fasab.gov/concepts.html>
7. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 4200, “Agency Reporting on Unexpended Balances of Appropriations and Funds (Federal Agencies’ Centralized Trial-Balance System II, FMS 2108: Year-End Closing Statement).”
<http://www.fms.treas.gov/tfm/vol1/v1p2c420.html>

7.14.3 Responsibilities

7.14.3.1 *Assistant Commandant for Resources (CG-8)/CFO*

Commandant (CG-8)/CFO:

1. Establishes policy on recording and estimating accruals.
2. Establishes internal controls to verify that accruals are recorded and estimated in accordance with the established authorities and policies.

7.14.3.2 *Office of Resource Management (CG-83)*

Commandant (CG-83):

1. Implements, maintains, and monitors the execution of this accrual policy.
2. Implements procedures to verify the reliability of estimated accruals, including accruals developed by personnel outside of the Commandant (CG-8) organization.

3. Specifies the type of document and its manner of entry into the financial system to record budgetary accruals.

7.14.3.3 Allowance Managers

Allowance managers:

1. Implement, maintain, and monitor the execution of this accrual policy.
2. Plan and review program cost accruals to verify the use of reasonable estimates of goods and services received for the reporting period.
3. Report accruals in accordance with the authorities and policies in this section.
4. Record accruals in the accounting system of record for any amounts that are owed, but not paid, for rentals and service provider agreements.

7.14.3.4 Target Managers

Target managers:

1. Implement, maintain, and monitor the execution of this accrual policy.
2. Report accruals in accordance with the authorities and policies in this section.
3. Record accruals in the accounting system of record for any amounts that are owed, but not paid, for rentals and service provider agreements.

7.14.3.5 Program Element Managers

Program element managers:

1. Implement, maintain, and monitor the execution of this accrual policy.
2. Plan and review program cost accruals to verify the reasonableness of estimates for goods and services received for the reporting period.
3. Report accruals in accordance with the authorities and policies in this section.
4. Record accruals in the accounting system of record for any amounts that are owed, but not paid, for rentals and service provider agreements.

7.14.3.6 Program Offices

Program offices:

1. Conduct quarterly reviews of current and prior-year unliquidated obligations and accruals in coordination with the Financial Statements and Reporting Branch (FSRB) of the DHS Office of Financial Management (OFM).
2. Provide quarterly accruals for large-dollar non-payroll obligations in coordination with OFM. Large-dollar obligations are based on a standard of materiality set by OFM.

3. Process receiving and acceptance reports in accordance with Office of Acquisition policies and procedures, and identify and correct any discrepancies in funding requests or deobligation of excess funds in accordance with the Improper Payments Information Act and the Improper Payments Elimination and Recovery Act.
4. Request refund of overpayments collected from contractors or vendors in accordance with the Improper Payments Information Act and the Improper Payments Elimination and Recovery Act.
5. Implement proper procedures and ensure reliable computation of accrued expenses, including approving accruals developed by personnel outside of the OFM.
6. Establish an accrual rate at the close of each quarter.

7.14.3.7 *FINCEN*

FINCEN personnel:

1. Ensure calculation of quarterly accruals for large-dollar non-payroll obligations in coordination with program offices. Large-dollar obligations are based on established materiality thresholds.
2. Retain documents reflecting computations and support for accruals and analyses of the accuracy of accruals for reference and audit purposes.
3. Establish time schedules and deadlines for accrual reporting.
4. Provide information, guidance, and assistance to program offices on developing accruals.
5. Receive NFC payroll data and upload into the Core Accounting System (CAS) as source data for automatic payroll accrual calculations.
6. Record all accruals in the accounting and reporting systems.

7.14.4 Policy

1. Accruals shall be recorded based on financial events (e.g., receipt of goods or services, contract progress performance, rents, or utilities due to others). These transactions shall move an undelivered order unpaid to a delivered order unpaid in the Coast Guard accounting system of record, and shall, ultimately, be reflected in the financial statements.
2. The Coast Guard shall record an accrued liability and Delivered Orders – Obligations, Unpaid for costs incurred for all document types shown in Appendix 7-7, Required Accruals by Document Type.
3. Financial events shall be recorded in the official system of record to support the actual status of funds and costs incurred in the financial statements of each reporting period.
4. The financial events requiring accruals shall be entered for the reporting periods as shown in the following table:

Table 7.7 Reporting Periods for Financial Events Requiring Accruals

Financial Transaction	Monthly	Quarterly	Year-End
Receipt of Goods or Services	X	X	X
Pay and Benefits	X	X	X
Travel		X	X
Transportation of Things		X	X
Rents; Communications; Utilities	X	X	X
Interagency Agreements		X	X
Grants		X	X
Government Purchase Cards		X	X
Other Liabilities		X	X

5. Whenever possible, accruals shall be based on documents that support the amounts and timing of the accrual. Coast Guard personnel shall send these documents to the accounting office in time for normal processing prior to any cutoff dates. The following guidelines shall be followed for recording accruals:
 - a. Receipt and acceptance documents shall be used when they are available. Commandant (CG-83) shall implement procedures to expedite the forwarding of these documents to the accounting office, the property office (for entry into an integrated property system), or other responsible organization, such as a project or program office (for entry into the accounting system).
 - b. The respective payroll processing offices shall develop monthly payroll accruals based on the documentation available. Accruals shall be estimated and recorded for the cost of benefits (both employee and employer portions), accrued leave, and accrued salary earned but not paid. The payroll processing offices shall use estimates of pay and benefits, earned but not paid, based on prior period history.
 - c. The travel office shall use travel orders to enter accruals for travel that has been completed, but not paid, by the end of a reporting period. If a summary amount is entered, the travel office shall support the summary amount with individual travel orders that provide subsidiary support to the entry.
 - d. Unpaid bills of lading that have been received by a Coast Guard location shall be sent by the receiving organization to the Coast Guard component funding the action. Each component shall implement procedures to track these documents and verify that they have been received.

- e. Coast Guard allowance managers, target managers, and program element managers who manage rental or service provider agreements shall accrue any amounts that are owed but not paid. Monthly or other periodic payment amounts are typically due the day after the end of the month (for monthly agreements) or the day after the performance period as designated in the contract or agreement.

7.14.4.1 *Undelivered Orders (UDOs)*

1. Establish and recognize accruals for UDOs based on actions that generate UDOs for goods or services that require the payment of cash or other assets in a future accounting period. Examples of such actions include contracts, purchase orders, and reimbursement agreements. The values for UDO transactions are initially established in the Purchase Order module, then uploaded into ALMIS, CAS, and NESSS subsidiary ledger systems and reported on the financial statements.
2. Review UDO balances on a quarterly basis and perform historical analyses of the balances to record an increase or decrease in the accruals account based upon the receiving reports (e.g., Material Inspection Acceptance and Receiving Report, DHS Form 700-21) that have been directly uploaded into the CAS, ALMIS, and NESSS accounting systems from the Purchase Order submodule. The receiving reports serve as supporting evidence of accepted deliveries. The CAS, ALMIS, and NESSS GLs update the UDO balances in the accounting system that is used to prepare financial accounting reports and financial statements.
3. Ensure that all procedures have been performed to certify the completeness and accuracy of UDO balances reported in previous periods.
4. Maintain supporting documentation, such as accrual analysis spreadsheets, previous-period UDO balances, and any related adjusting journal entries.
5. Ensure that accruals reflect all amounts that have been earned but unpaid as of the end of the current accounting period.
6. Reverse all accruals in the subsequent period at the end of the disbursement period.
7. Review and analyze all open obligations and accruals to determine the need to deobligate the outstanding or unliquidated obligation balance. Once a determination has been made that a particular obligation will have no future expenditures, it shall be deobligated, and no further accrual will be recorded.

7.14.4.2 *Estimating Accruals*

1. Financial managers shall use estimates whenever the exact amount of the financial event cannot reasonably be determined and the event will require the use of budgetary resources (e.g., foreign payments made by the State Department). Estimates shall be supported by easily accessible documentation. Financial managers shall develop documentation to state and support the assumptions, analyses, projections, or other basis (such as expert determined amounts). All estimates shall identify the basic assumptions

used, the controls in place, and the source of the data used to develop the accrual amounts. Financial managers shall not develop and post accruals on estimates that are not based on historical, statistical, or expert determinations. Estimates shall be recorded in the accounting system and subsequently adjusted when actual information is available.

2. Estimates provided by contractors or subject matter experts shall be used when the contractor or subject matter experts have access to data that provides a reasonable assurance as to the amount of the accrual. Contractors shall be held responsible to provide accurate estimates that are based on a valid historical or statistical basis and as required in the contract language. All estimates shall be compared to the actual amounts when they are available in the subsequent period, and the estimation methodology shall be adjusted to improve accuracy, whenever necessary.
3. Analysis of historical data is acceptable as a method of developing accrual estimates. The analysis shall account for impacts such as fluctuations in demand, changes in temperature or climate, changes in mission requirements, or activity life cycle.
4. Projections shall be developed in a structured manner, and shall be based upon statistically valid samples. Statistical formulas shall be based upon known industry standards and previously approved methodologies (such as GAO tools), or upon an approach that has been verified by comparison to actual data gathered in a subsequent period.
5. Estimated use of goods or services may be provided by the requester of the goods or services if the requester or project manager has knowledge of the amount, timing, and quality of the activity that requires an accrual in the accounting system. The person developing the estimate shall have programmatic knowledge and/or experience with the goods or services provided; however, informed opinion may be used as a last resort when relevant and reliable historical or statistical data is not available. The process used to develop the estimate shall be documented and retained so that adjustments can be made to the methodology after the actual amounts have been received.
6. Accruals for contingent liabilities shall be based upon a legal or contractual determination that a liability has been incurred by a court or legal proceeding, general counsel review, or direction from an authorized Federal agency (e.g., Equal Opportunity Commission). Generally, contingent liabilities shall not be recorded unless a payment amount has been determined to be more likely than not, and budgetary resources shall be used to fund the payment.
7. Following are criteria for developing estimates when actual costs are not known:
 - a. Estimates shall only be used when there is an absence of invoices or receiving reports.
 - b. Officials responsible for estimated amounts shall document assumptions used for the estimate. The data used shall be relevant and reliable.
 - c. Statistically supportable methods for projections shall be used, based on available data.

- d. Subject matter experts shall provide credentials or relevant experience to establish their competency to develop the estimate and the projection method used.
- e. Analysis of historical data and expert opinions shall include a review of improvement in technologies that affect the accuracy of an estimate.
- f. Estimates shall conform to applicable accounting principles and standards.
- g. The accounting principles and standards used and the gathering and analysis of data relevant to internal controls shall be documented.
- h. The office responsible for the accrual shall compare estimates to actual costs in the subsequent period, and shall make adjustments to the accrual model, as necessary, to improve accuracy.

7.14.4.3 *Timing of Accrual Entries*

Financial statements require that all material transactions be recorded for the time period supporting the statements. The objective is to have the financial statements accurately present the financial status of the organization as of a certain date.

1. Cost accruals shall be recorded as they occur, depending on the availability of financial data.
2. All accruals shall be recorded in the accounting system and reported in the quarterly financial statements as of the end of each quarter (31 December, 31 March, 30 June, and 30 September).
3. Processes for the receipt and acceptance of goods and services shall be developed to record the accruals as they occur.

7.14.4.4 *Reporting and Recording of Accruals*

Categories of accruals that shall be reported for all document types in quarterly and year-end financial statements include:

1. Personnel pay and benefits. The payroll office shall calculate pay and benefits owed using payroll data from previously reported time and attendance data. Cost shall be based on the appropriate source documents, and shall include the latest pay adjustments, leave balances, levels of benefits, and any changes in the benefits rules or regulations.
 - a. Unpaid benefits at the end of a reporting period shall be accrued.
 - b. Unpaid salary at the end of a reporting period shall be accrued.
 - c. Any legal claims against the Federal Government shall be accrued.
 - d. Annual leave shall not be estimated for single-year or multi-year appropriations.
Note: Annual leave estimated accruals shall be prepared for revolving funds.
2. Accounts payable for goods and services:

- a. Accruals for contracts and purchase orders shall be based on receiving reports, estimates from vendors, or estimates developed in accordance with this policy. Actual documentation available to support balances shall be used before performing procedures to develop estimates.
 - b. Accruals for rents, communications, and utilities shall be recorded for services received through the end of a month or defined billing period. Fixed monthly payments shall be recorded as of the end of the period of performance. Variable monthly charges shall be estimated in accordance with this section.
 - c. Accruals for interagency agreements' liabilities shall be estimated, based on historical performance, scheduled deliverables, or performing agency estimates, as appropriate. Accruals entered into the accounting system of record shall contain trading partner information to allow for elimination entries for year-end reporting on financial statements.
 - d. Grants payable shall be based on cost information provided by the grantee. Generally, grantees will use the forms provided by OMB at the following website: http://www.whitehouse.gov/omb/grants_forms/. If this information is not available or reasonably obtainable, estimates shall be developed for reporting purposes in accordance with this section.
 - e. Construction in progress shall be based on progress reports, billings, or estimates provided by the performing contractor, as required in the construction contract. These estimates shall be received in time to be entered into the system of record for each reporting period (monthly, quarterly, and year-end).
 - f. Government purchase card (GPC) estimates shall be developed for quarterly reporting and year-end financial statements. Use of GPCs shall be limited at year-end to increase the accuracy of the estimates for accurate charging of goods or services to the appropriate fiscal-year funds.
3. Travel and transportation:
- a. Travel by agency personnel on official business shall be accrued at the end of each quarter and at year-end. This estimate records costs of travel performed but not vouchered before the end of the reporting period. All travel at year-end shall be split by period for per diem, hotel, and meals. Round trip air travel shall be charged to the appropriation used on the first day of travel.
 - b. Transportation of things shall be estimated by period of performance on the Government Bill of Lading or other authorizing document.

7.14.4.5 Other Accruals

1. Interest payable that can be quantified and documented by financial managers shall be recorded at the end of the reporting period for interest due but not paid in that period.

2. Liabilities identified after the reporting period cutoff for quarterly and year-end reporting shall be recorded if they require current-year budgetary resources and if the amount due is probable and can be reasonably estimated.
3. Other liabilities covered by budgetary resources shall be accrued based on documentation and approval by the Chief Financial Officer and General Counsel.

7.14.4.6 Performance Metrics

1. Every financial manager who prepares accruals for quarterly and year-end reporting shall compare estimates to the actual costs identified in the subsequent period, and shall document and explain the variations.
2. Commandant (CG-83) shall establish acceptable deviation amounts.
3. Commandant (CG-83) shall review and track accruals that were identified as being recorded in the wrong time period, and shall develop action plans to have them recorded correctly in the next reporting period.
4. Commandant (CG-83) shall distribute reports to senior management on the accuracy of estimates.
5. Documentation of the accuracy of estimates and the results of performance metrics shall be made available to the independent financial auditors.

7.15 Imputed Costs

SFFAS No. 4 requires full cost reporting for material costs. Accordingly,

1. The Coast Guard shall report the full cost of operations in its financial statements. This includes recognizing an imputed financing source for the difference between the actual payment (if any) and the full cost.
2. Commandant (CG-842) shall lead efforts to identify and record imputed costs that need to be reported in accordance with FASAB standards.

7.16 Unclaimed Monies

The unclaimed monies account, Payment of Unclaimed Moneys (20X6133), was established to hold such monies in trust for rightful owners (as received by Government agencies from sources outside the Government). This section has three major objectives with regard to unclaimed monies and account 20X6133:

1. To ensure that the Coast Guard analyzes the uninvested trust, revolving, and deposit fund accounts quarterly to determine whether there are unclaimed monies that may be refunded to the depositor;
2. To ensure that the Coast Guard maintains subsidiary ledgers in support of monies being held for rightful owners in account 20X6133; and

3. To ensure that the Coast Guard maintains a file of paid disbursement voucher forms and supporting documentation for account 20X6133.

This section applies to all Coast Guard components that handle unclaimed monies belonging to individuals, businesses, and other entities.

7.16.1 Authority

Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 6, chapter 3000, "Payment of Unclaimed Moneys and Refund of Moneys Erroneously Received and Covered", September 2000.

7.16.2 Responsibilities – FINCEN

FINCEN shall initiate action to clear balances that have been held for more than one year in the uninvested trust, revolving, and deposit fund accounts. These balances represent monies held for rightful owners whose whereabouts are unknown.

7.16.3 Policy

1. Items cleared from agency uninvested trust, revolving, and deposit fund accounts for transfer to account 20X6133 must meet all four of the following conditions:
 - a. The amount is \$25.00 or more.
 - b. A refund, upon claim, would be absolutely justified.
 - c. There is no doubt as to the legal ownership of the funds.
 - d. A named individual, business, or other entity can be identified with the monies.
2. Each quarter, FINCEN shall:
 - a. Analyze the uninvested trust, revolving, and deposit fund accounts to determine whether unclaimed monies are being held that may be refunded to the depositor.
 - b. Promptly return amounts of \$25.00 or more to the depositor, even without the presentation of a claim.
 - c. Transfer to account 20X6133 (Payment of Unclaimed Moneys) amounts of \$25.00 or more, which have been held for more than one year and are properly refundable but that cannot be refunded because the depositor's whereabouts are unknown.
 - d. Transfer to the miscellaneous receipt account 1060 (Forfeitures of Unclaimed Money and Property) all unclaimed amounts of less than \$25.00 that have been held for more than one year.

7.17 Actuarial Liabilities – Military Entitlement Programs

This section prescribes the accounting principles, policy, and related requirements to record transactions for entitlement programs established for Coast Guard military personnel.

7.17.1 Overview

Entitlements are legally established benefits available to any person or unit of government meeting eligibility requirements established by law. Authorizations for entitlements constitute a binding obligation on the part of the Federal Government, and eligible recipients may have legal recourse if the obligation is not fulfilled. Legislation authorizing entitlements does not necessarily include a corresponding appropriation of funds, and, thus, the subsequent enactment of appropriations may be necessary.

Entitlement programs are divided into three categories according to the events that give rise to benefit payments:

1. Payments based on individual eligibility.
When the program is administered by a Federal agency, entitlement benefits based on individuals meeting eligibility requirements of a program shall be recorded as a liability and as an expense when the eligibility requirements are met (as determined by program officials). The liability and expense shall cover all payments expected to be made during the current period of eligibility. Payments made to recipients shall reduce the recorded liability.
2. Payments required by law.
When payments are authorized (through appropriation and allotment of funds) for disbursement pursuant to legal requirements with no specific action required of the recipients, a liability and expense shall be recorded when the funds are appropriated and allotted to the applicable program managed. The liability and expense shall cover the amount to be disbursed. As payments are made, the liability shall be reduced.
3. Reimbursable events.
When payments are based on the occurrence of a specific event for which costs are reimbursable under an entitlement program, a liability shall be recorded when the event occurs. If the reimbursement is based on end-of-period reports from program administrators, an estimated amount shall be accrued at the end of a reporting period.

Statement of Federal Financial Accounting Standards (SFFAS) No. 5 requires Federal agencies to accrue a contingent liability for the existence of past events or transactions that require a probable future outflow of resources when the amount of the liability can be reasonably estimated. Also, SFFAS No. 4 and OMB Circular A-25 require Federal agencies to include unfunded expenses in the costs of goods and services they provide.

The Coast Guard Military Retirement System (MRS) is a non-contributory, defined-benefit plan that provides 1) pay for retired members of the Coast Guard (both active and reserve components) and retired lighthouse keepers; 2) annuities for Survivor Benefit Plan (SBP) beneficiaries; and 3) benefits for retirees, retiree dependents, and eligible survivors of deceased

active duty members and retirees. The plan is a pay-as-you-go system funded through annual appropriations. The actuarial unfunded accrued liability reported on the Balance Sheet is determined by subtracting the sum of the present value of future employer normal costs, the present value of any expected future employee contributions, and any plan assets from the present value of the future benefits expected to be paid to the current members of the plan. The normal cost (current period expense) is computed using the individual entry age normal actuarial cost method.

A portion of the accrued MRS liability is for the health care of non-Medicare-eligible and Medicare-eligible retirees and survivors. The Department of Defense (DOD) is the administrative entity for the Medicare-Eligible Retiree Health Care Fund (MERHCF), and, in accordance with SFFAS No. 5, is required to recognize the liability on the MERHCF's financial statements.

The Coast Guard makes annual payments to the MERHCF for current active duty and reserve military members. Benefits for Coast Guard members who retired prior to the establishment of the MERHCF are provided by payments from the Treasury to the MERHCF. The future cost and liability of the MERHCF are determined using claim factors and claims cost data developed by DOD, adjusted for Coast Guard retiree and actual claims experience. The Coast Guard uses the current-year actual costs to project costs for all future years.

The total value of the Coast Guard's MRS and Military Health System (MHS) actuarial liabilities is material to the consolidated financial statements of the Department of Homeland Security (DHS). An independent auditor, under contract with the DHS Office of Inspector General (OIG), reviews the Coast Guard's actuarial liabilities during DHS's annual financial statements audit.

The Coast Guard employs an actuary who, as a member of the American Academy of Actuaries and an enrolled actuary, has satisfied the qualifications set forth in the regulations of the Joint Board for the Enrollment of Actuaries and has been approved by the Joint Board to perform actuarial services under the Employee Retirement Income Security Act (ERISA) of 1974. The actuary is responsible for analyzing and certifying the accuracy of liability reports and experience studies and providing audit support services. The Coast Guard also procures an actuarial services contractor ("consultant") to assist the actuary in providing actuarial support services, which include analyzing data, producing reports and studies, and calculating estimated MRS and MHS liabilities.

Coast Guard uniformed service members are entitled to travel and transportation allowances for travel performed or to be performed under orders upon separation from the service, including the member's termination, retirement, permanent disability, or pre-retirement death in service. These allowances are provided whether or not the member is on active duty at the time of travel and without regard to the comparative costs of the various modes of transportation. The Coast Guard recognizes an expense and a liability for this benefit when a future outflow or other sacrifice of resources is probable and measurable on the basis of events occurring on or before the reporting date. The Coast Guard treats this entitlement as an "other retirement benefit" (ORB). Therefore, the liability for this benefit is determined in the same manner as the liability for the MRS, by subtracting the sum of the present value of future normal costs from the present

value of the future entitlements expected to be paid. The normal cost is computed using the individual entry age normal actuarial cost method.

7.17.2 Definitions

actuarial accrued liability – the present value of the plan’s current and expected benefits payments (plus administrative expenses), which is not provided for by future normal costs. If a fund’s actuarial accrued liability exceeds its current assets, then the fund has a shortfall that is known as an **unfunded actuarial liability**.

actuarial assumptions for retirement plans – factors such as interest rates, inflation rates, wage increase rates, mortality and separation rates (tables), and retirement age, used in the valuation of the pension benefits.

actuarial gains and losses – a change in the value of an actuarial liability resulting from experience different from that assumed. Past experience is reflected in current costs through actuarial gains and losses.

Actuarial Standards Board – an independent entity established by the actuarial profession as the single board promulgating actuarial standards of practice (ASOPs) for the entire actuarial profession in the United States.

actuary – a professional who deals with the financial impact of risk and uncertainty.

discount rate – a rate used for valuing a future cash flow to estimate its present value. The discount rate takes into account the time value of money and the risk or uncertainty of the anticipated future cash flows (which might be less than expected). The time value of money is the idea that money available now is worth more than the same amount of money available in the future because it could be earning interest. The discount rate generally required in Federal Accounting Standards Advisory Board (FASAB) standards is the rate on marketable Treasury securities of similar maturity to the cash flows of the obligation in question.

retired military pay – a pension program established for the payment of annuities or pensions to retired military personnel. As such, it fits under the broad category of entitlement programs as defined by the Government Accountability Office (GAO).

7.17.3 Authorities

7.17.3.1 *Regulations for Contract Solicitation and Administration*

1. 5 CFR 1315, “Prompt Payment”, Final Rule, September 29, 1999.

<http://fms.treas.gov/prompt/regulations.html>

This Federal regulation governs the payment for contractor invoices.

2. 48 CFR chapter 1, *Federal Acquisition Regulation* (FAR).
<http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR>
The FAR is the basic comprehensive regulation for Federal acquisition management.
3. Department of Homeland Security, *Department of Homeland Security Acquisition Manual* (HSAM).
http://www.dhs.gov/xlibrary/assets/opnbiz/cpo_hsam.pdf
This regulation provides uniform procedures for the acquisition of supplies and services within DHS.
4. *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
http://www.uscg.mil/directives/cim/4000-4999/CIM_4200_19J.pdf
This regulation provides procurement policy and guidance specific to the Coast Guard.

7.17.3.2 *Laws that Establish the Pay and Benefits for Coast Guard Military Personnel*

The following laws establish the pay and benefits for Coast Guard military personnel, and are monitored for changes that might affect the year-end actuarial data files prepared by the Pay and Personnel Center (PPC).

1. National Defense Authorization Act (NDAA).
<http://www.govtrack.us/congress/bill.xpd?bill=h112-1540>
Changes to armed forces personnel pay and benefits in the NDAA are applicable to Coast Guard military personnel, retirees, and SBP annuitants.
2. Title 10 USC – Armed Forces.
<http://www.gpo.gov/fdsys/pkg/USCODE-2009-title10/pdf/USCODE-2009-title10.pdf>
Sections of this title relating to armed forces personnel policies, pay, and benefits are applicable to Coast Guard military personnel and SBP annuitants.
3. Title 14 USC – Coast Guard.
<http://www.gpo.gov/fdsys/pkg/USCODE-2009-title14/pdf/USCODE-2009-title14.pdf>
This title addresses Coast Guard retirement, including the authorization for retirement and limitations on retirement and retired pay.
4. Title 37 USC – Pay and Allowances of the Uniformed Services.
<http://www.gpo.gov/fdsys/pkg/USCODE-2009-title37/pdf/USCODE-2009-title37.pdf>
This title is applicable to Coast Guard officer and enlisted personnel.

7.17.3.3 *Regulations for Preparing Actuarial Data Files*

The following regulations provide technical guidance for preparing data files for the actuary and the consultant.

1. *Medical Funds Execution Desk Guide*.
<https://cglink.uscg.mil/d1cbac31>
This desk guide, promulgated by the Deputy Commandant for Mission Support, Pay &

Benefits Execution Division (DCMS-831), outlines the procedures for preparing and reviewing medical-related cost data files.

2. Pay and Personnel Center (PPC), *Operations Manual*, PPCINST M5400.1 (series).
<http://cgweb.psc.uscg.mil/instructions/opsman.pdf>
Chapter 19, “Management of PMIS/JUMPS Software and Procedural Changes”, outlines the procedures for submitting a system change proposal (SCP) to update the military payroll and personnel systems.
Chapter 23, “Actuarial Data File Procedures”, outlines the procedures for preparing and reviewing the personnel data files required by the actuary and the consultant.

7.17.3.4 Regulations for Calculating Actuarial Liabilities

The following regulations provide technical guidance for calculating actuarial liabilities.

1. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*.
<http://www.fasab.gov/pdffiles/sffas-5.pdf>
This accounting standard provides the actuary and the consultant with descriptions of Federal Government pension and ORB benefits and guidance on the use of attribution methods, assumptions, and accounting treatments.
2. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*.
http://www.fasab.gov/pdffiles/SFFAS_33_standard.pdf
This accounting standard requires the Coast Guard to either make use of a full yield curve in its measurements of actuarial liabilities or determine that the use of a single discount rate will not produce a material difference in those liabilities. A full yield curve displays multiple discount rates based on the year in which the future cash flow is expected to occur.
3. Internal Revenue Service, Revenue Ruling 2003-83.
<http://www.irs.gov/pub/irs-irbs/irb03-30.pdf>
This ruling discusses whether the aggregate entry age normal method for calculating actuarial liabilities is a reasonable funding method within the meaning of the Internal Revenue Code.
4. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*.
http://www.actuarialstandardsboard.org/pdf/asops/asop004_125.pdf
5. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 6, *Measuring Retiree Group Benefit Obligations*.
http://www.actuarialstandardsboard.org/pdf/asops/asop006_127.pdf

6. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 23, *Data Quality*.
http://www.actuarialstandardsboard.org/pdf/asops/asop023_141.pdf
7. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*.
http://www.actuarialstandardsboard.org/pdf/asops/asop027_145.pdf
8. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*.
http://www.actuarialstandardsboard.org/pdf/asops/asop035_152.pdf

7.17.3.5 Regulations for Recording and Reporting Actuarial Liabilities

The following regulations provide instructions for recording the Coast Guard's actuarial liabilities in the general ledger (GL) and reporting them in the DHS *Annual Financial Report* (AFR).

1. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*.
<http://www.fasab.gov/pdffiles/sffas-5.pdf>
Paragraphs 56-96 provide guidance for recording and reporting actuarial liabilities for pension and ORB.
2. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*.
http://www.fasab.gov/pdffiles/SFFAS_33_standard.pdf
This accounting standard requires DHS to separately display the Coast Guard's gains and losses from changes in long-term assumptions for pension and ORB on the Statement of Net Cost. It also requires disclosure of the components of the Coast Guard's pension and ORB expenses in the notes to the DHS AFR.
3. Federal Accounting Standards Advisory Board, Interpretation of Federal Financial Accounting Standards No. 3, *Measurement Date for Pension and Retirement Health Care Liabilities*.
<http://www.fasab.gov/interpretations/intprt3.htm>
This FASAB interpretation requires that pension and health care liabilities reported under SFFAS No. 5 be measured as of the end of the fiscal year.
4. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, June 2009.
http://www.whitehouse.gov/omb/circulars_default
This circular provides form and content guidance for agency and governmentwide financial statement reporting.
5. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 4700, "Agency Reporting Requirements for the *Financial*

Report of the United States Government.”

<http://fms.treas.gov/tfm/vol1/index.html#Part%202>

This section details the reporting requirements using Treasury’s Governmentwide Financial Report System (GFRS) and the Federal Agencies’ Centralized Trial-Balance System (FACTS 1).

6. Department of the Treasury, Financial Management Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* [series].

<http://www.fms.treas.gov/ussgl/index.html>

Updated annually, this supplement defines the United States Standard General Ledger (USSGL) accounts and posting logic for Government agency transactions, and provides USSGL account crosswalks to the financial statements.

7. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), chapter 3, section 3.5, part 3, “Accounting for Actuarial Liabilities.”

[http://cfo-](http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.5%20Other%20Liabilities.pdf)

[policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.5%20Other%20Liabilities.pdf](http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.5%20Other%20Liabilities.pdf)

This section outlines DHS policies for calculating, reviewing, and reporting actuarial liabilities.

8. Department of Homeland Security, Chief Financial Officer, *Component Requirements Guide for Financial Reporting* (series).

<http://cfo-policy.dhs.gov/default.aspx>

Updated annually, this guide provides detailed financial reporting guidance to DHS components.

9. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

http://www.uscg.mil/directives/cim/5000-5999/CIM_5212_12A.pdf

This manual prescribes policies and procedures for the lifecycle management of paper and electronic documents and data.

7.17.4 Responsibilities

7.17.4.1 *DHS Office of Financial Management (OFM)*

1. Provides financial reporting policy and guidance to department components; and
2. Uses the trial balance data submitted by the Coast Guard to produce both the Coast Guard financial statements and the DHS consolidated financial statements.

7.17.4.2 *Assistant Commandant for Acquisition (CG-9)*

Commandant (CG-9) is the contracting officer (KO) with Federal Government authority to:

1. Enter into, administer, and terminate the actuarial services task order (TO); and

2. Officially change the scope, pricing, quantity, or delivery schedule of a TO base or option year.

7.17.4.3 Actuary

The actuary serves as the Coast Guard CFO's technical advisor on actuarial issues, and is also the contracting officer's representative (COR) for the actuarial services contract. As COR, the actuary has delegated authority, via memorandum from the KO, to:

1. Monitor the consultant's performance.
2. Review and accept the consultant's deliverables.
3. Approve or reject the consultant's invoices.
4. Schedule meetings and serve as the general point of contact (POC) and mediator between the consultant and Coast Guard stakeholders.

7.17.4.4 Actuarial Services Contractor (Consultant)

The consultant is a private firm employing consulting actuaries who meet the qualification standards published by the American Academy of Actuaries.

7.17.4.5 Assistant Commandant for Resources (CG-8)/CFO

1. Has overall responsibility for financial management activities delineated under the CFO Act of 1990, including accounting, budgeting, policy, planning, and audit oversight; and
2. Asserts to the validity and reliability of the Coast Guard's actuarial liabilities reported in the DHS AFR.

7.17.4.6 Comptroller (CG-8C)

The Comptroller (CG-8C) is the Coast Guard's Director of Financial Operations, providing management, oversight, and policy guidance for financial management, accounting, and financial reporting functions. Commandant (CG-8C) also manages the actuarial services contract via the actuary.

7.17.4.7 Coast Guard Finance Center (FINCEN)

Reporting to the Coast Guard's Deputy CFO, FINCEN enters the consultant's calculated actuarial liabilities into the general ledger (GL), and submits the trial balance data file to DHS OFM.

7.17.4.8 Budget Formulation Division (CG-822)

Commandant (CG-822) uses the consultant's quarterly and year-end MRS, MHS, and program forecast reports for formulating out-year congressional budget requests.

7.17.4.9 Budget Execution Division (CG-831)

As the Coast Guard retired pay appropriation manager, Commandant (CG-831) uses the consultant's quarterly and year-end MRS and MHS program budget forecast reports as benchmarks for current and next fiscal year budget execution.

7.17.4.10 Personnel Allowance and Staffing Division (CG-833)

Commandant (CG-833) formulates and executes the budget for retired military pay using the consultant's actuarial reports.

7.17.4.11 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842) approves the actuarial liabilities for entry into the GL.

1. The actuarial liabilities desk officer reviews the quarterly and annual actuarial liabilities for comparison purposes, and prepares the related financial statement footnotes for the financial reporting desk officer to review before submitting them to DHS OFM.
2. The audit coordinator is the primary POC between DHS's contracted financial statements auditor and the Coast Guard's actuarial liabilities stakeholders.

7.17.4.12 Pay & Benefits Execution Division (DCMS-831)

1. Provides the program cost data inputs used for the MHS actuarial liability valuation and the permanent change-of-station (PCS) budget forecast reports; and
2. Uses the consultant's quarterly budget forecast reports as benchmarks for medical and PCS budget execution.

7.17.4.13 Personnel Service Center (PSC)

Provides personnel support services to Coast Guard military personnel, including active duty and retirement payroll.

7.17.4.14 Pay and Personnel Center (PPC)

1. Provides payroll services for Coast Guard military personnel;
2. Maintains *Personnel and Pay Procedures Manual (PPPM)*, PPCINST M1000.2 (series), to implement military pay and benefits policies; and
3. Prepares the annual military personnel actuarial data files, including the "Active and Reserve Duty" file set, the "Retiree and Annuitant Data" file set, and when required, the "Experience Study Data File [year]."

7.17.4.15 Health Systems Management Division (CG-1123)

1. Provides input to the budget formulation process with regard to the Coast Guard's medical program; and
2. Oversees Coast Guard medical information systems.

7.17.4.16 Military Policy and Standards Division (CG-1221)

1. Monitors changes to the laws and regulations that affect military personnel leave and bonus benefits; and
2. Establishes policies that define and shape the military workforce, including, but not limited to: Accessions, Incentive Pay, and Assignments and Separations.

7.17.4.17 Military Compensation Division (CG-1222)

1. Monitors changes to the laws and regulations that affect military personnel pay and benefits; and
2. Maintains related policy in *Coast Guard Pay Manual*, COMDINST M7220.29 (series).

7.17.4.18 Reserve Policy and Plans Division (CG-1311)

Commandant (CG-1311) monitors changes to the laws and regulations that affect Coast Guard military reserve personnel pay and benefits, and maintains related reserve-unique policy in *Reserve Policy Manual*, COMDTINST M1001.28 (series).

7.17.5 Policy**7.17.5.1 General**

Amounts to be recorded as the actuarial accrued liability shall be based on determinations by the actuary as to the amounts necessary to fund present and future benefits payable to military retirees and their survivors, based as follows:

1. Projected benefits for a given program shall be composed of benefits expected to be paid to the following:
 - a. Persons who have met the conditions of the program and will receive benefits in the future.
 - b. Persons who have met enough of the conditions of the program to be considered probable recipients of future benefits.
 - c. The surviving beneficiaries of both groups, as applicable.

2. Projected benefits shall be based on participants' history of earnings, work or service, projected years of work or service, and other appropriate factors as of the valuation date. The valuation date is the date when valuation is presented.
3. Automatic benefit increases, specified by the provisions of the program that are expected to occur after the valuation date, shall be recognized when computing program benefits. Because of the Coast Guard's statutory relationship to DOD regarding pay and benefits, all economic assumptions shall be the same as the economic assumptions used by DOD.

7.17.5.2 *MRS Liability*

1. The unfunded accrued liability, presented as a component of the liability for military service and other retirement benefits, shall represent both retired pay and health care benefits for non-Medicare eligible retirees/survivors.
2. Valuation of the plan's liability is based on the actuarial present value of future plan benefits derived from the future payments that are attributable, under the retirement plan's provisions, to a participant's credited service as of the valuation date and to projected future service from the valuation date to the participant's separation date. Credited service is the number of years of service from active duty base date (or constructive date in the case of active duty reservists) to date of retirement measured in years and completed months. The present value of future benefits is then converted to an unfunded accrued liability by subtracting the present value of future employer/employee normal contributions and any plan assets.
3. Coast Guard plan participants may retire after 20 years of active service at any age with annual benefits equal to 2.5 percent of retired base pay for each year of credited service. Personnel who became members after 1 August 1986 may elect to receive a \$30,000 lump sum bonus after 15 years of service, reduced cost of living adjustments, and reduced benefits prior to age 62. The reduction in benefits prior to age 62 is only applicable in the event of retirement with less than 30 years of service.
4. The annual disability benefit is equal to the retired pay base multiplied by the larger of:
 - a. 2.5 percent times years of service; or
 - b. The percent of member disability.Prior to 1 January 2007, the benefit could not be more than 75 percent of retired pay base.
5. If a Coast Guard member is disabled, the member is entitled to disability benefits, assuming the disability is at least 30 percent (under a standard schedule of rating disabilities by Veterans Affairs) and either:
 - a. The member has at least eight years of service;
 - b. The disability results from active duty; or
 - c. The disability occurred in the line of duty during a time of war or national emergency or certain other time periods.

6. The significant actuarial assumptions used to compute the MRS accrued liability are:
 - a. Life expectancy and expected future service are based upon the established DOD decrement (mortality, disability, withdrawal, and retirement) tables, as adjusted to reflect actual Coast Guard experience;
 - b. Cost of living increases are included annually; and
 - c. The annual rate of investment return is included in the calculation.

7.17.5.3 Reporting Requirements

As administrative entity of the MRS providing annuity benefits to eligible participants, the Coast Guard shall recognize, for reporting purposes, a liability for the actuarial present value of accumulated benefits. These are benefits earned or accrued as of the valuation date, but which will not be paid until a later date.

1. The actuarial present value of accumulated benefits is that amount, as of the valuation date, that results from applying actuarial assumptions to the benefit amounts determined. The actuarial assumptions are used to adjust the amounts to reflect the time value of money (through discounts for interest) and the probability of retirement between the valuation date and the date of retirement.
2. The significant assumptions used in determining actuarial present values shall, in the aggregate, be reasonable and reflect the best estimate of each program's anticipated experience.
3. The valuation date shall be the last day of the fiscal year being reported on. Changes in benefit rules during a year shall be reflected in that year's computation of accumulated benefits. (Refer to the PPC's "Actuarial Data File Procedures" for the retroactive review and validation procedures.)
4. For the year in which the actuarial accrued liability is first recorded, the initial amount of the liability shall be reported as an accounting change, i.e., a charge to equity and an accrued liability. Thereafter, changes in the liability each year shall be charged or credited to expense.
5. Footnotes to the financial statements shall disclose the nature and amount of required agency contributions, if any. The footnotes also shall disclose the administrative entity for the pension plan, which is the responsible party for reporting the unfunded liability.
6. As the administrative entity that administers the pension plan(s), the Coast Guard shall comply with requirements and the accounting guidance issued pursuant to that law. Financial information for the pension plan(s) shall be reported in the annual financial statements.
7. The notes to the financial statements shall include a description of the methods and significant assumptions used in computing the actuarial present value of future program benefits.

7.17.5.3.1 SFFAS No. 33**The standards prescribed in SFFAS No. 33 are effective for fiscal years beginning after 30 September 2009.**

1. This statement applies to Federal entities that report liabilities and expenses for Federal employee pensions, other retirement benefits (ORBs), other post-employment benefits (OPEBs), and other post-retirement obligations (pensions/retirement) in general-purpose financial reports prepared pursuant to Federal Accounting Standard Advisory Board standards.

For the purpose of this statement, assumptions are considered long-term if the underlying event about which the assumption is made will not occur for five years or more. If the event is one of a series of events, the entire series should be considered the event, and, thus, projected payments may commence within one year but would be required to extend at least five years. Otherwise, assumptions would be considered short-term.

2. This statement requires gains and losses from changes in long-term assumptions used to estimate Federal employee pension, ORB, and OPEB liabilities to be displayed on the Statement of Net Cost separately from other costs. Separate display will provide more transparent information regarding the underlying costs associated with these liabilities.
3. This statement also requires disclosure of the components of the expense associated with Federal employee pension, ORB, and OPEB liabilities in notes to the financial statements. Such disclosure will provide useful information for analysis. The information will be comparable across agencies and between post-employment and retirement programs.
 - a. Component entities should display gains and losses from changes in long-term assumptions used to measure liabilities for Federal civilian and military employee pensions, ORB, and OPEB, including veterans' compensation, as a separate line item or line items on the Statement of Net Cost.
 - b. Selecting the gains and losses to display from changes in individual pension, ORB, and OPEB liability assumptions to be displayed on the Statement of Net Cost requires sound judgment. The preparer should consider quantitative and qualitative criteria. Acceptable criteria include, but are not limited to, quantitative factors such as the percentage of the reporting entity's cost that resulted from the gain or loss and the size of the gain or loss relative to the liability; and qualitative factors including whether the gain or loss would be of interest to decision-makers and other users. Nothing in this standard should be construed to preclude an entity from displaying gains or losses from changes in short-term assumptions.
 - c. Pursuant to SFFAS No. 5, some component entities report the liability and expense for pensions, ORB, or OPEB, while other component entities report only normal (or service) cost. Entities that report pension, ORB, or OPEB liabilities should display a discrete line item for gains and losses from changes in assumptions on its Statement of Net Cost when the conditions in the bullets above are met. Component entities reporting only the normal or service cost should not display such gains and losses.

- d. Component entities should disclose in notes to the financial statements a reconciliation of beginning and ending pension, ORB, and OPEB liability balances. The format for this reconciliation is shown in Figure 7.1 below.
- e. This reconciliation must provide all material components of pension, ORB, or OPEB expense consistent with the components identified in Figure 7.1, if applicable. Additional sub-components may be presented. The line item for actuarial gains and losses should be broken out into the sub-components “from experience” and “from assumptions changes.” Significant pension, ORB, and OPEB programs should be presented individually in a separate column along with an “all other” column, if applicable, and a “total” column for each line item.
- f. Component entities reporting only the normal or service cost should not disclose the information required above.

Figure 7.1 Format for the Reconciliation of Liability Balances

Beginning liability balance	\$X,XXX
<u>Expense:</u>	
Normal cost	XX
Interest on the liability balance	XX
Actuarial (gain)/loss:	
From experience	XX
From assumption changes	XX
Prior service costs	X
Other	(X)
Total expense	XXX
Less amounts paid	(XX)
Ending liability balance	\$X,XXX

7.17.5.4 Selecting Discount Rates

SFFAS No. 33 also provides a standard for selecting the discount rate assumption for present value estimates of Federal employee pension, ORB, and OPEB liabilities.

- 1. Discount rates as of the reporting date for present value measurements of pension, ORB, and OPEB liabilities should be based on interest rates on marketable Treasury securities with maturities consistent with the cash flows being discounted. The discount rates

should be matched with the expected timing of the associated expected cash flow. Thus, cash flows projected in each period should have a discount rate associated with them. However, one discount rate may be used for all projected future cash flows if the resulting present value is not materially different than the resulting present value using multiple rates. A change to or from multiple rates from or to a single rate should be disclosed.

2. The discount rates as of the reporting date should reflect average historical rates on marketable Treasury securities rather than giving undue weight to the current or very recent past experience of such rates. Historical experience should be the basis for expectations about future trends in marketable Treasury securities. The discount rate, the underlying inflation rate, and the other economic assumptions should be consistent with one another.
3. In developing average historical Treasury rates, a minimum of five historical rates as of the reporting date (e.g., at the current and four prior fiscal year ends) should be used for each maturity. The historical rates used to calculate the average should be sequential (e.g., 2003-2007). For example, for an average historical Treasury rate to be used as the discount rate as of the end of fiscal year 2007 for a payment due in 10 years (i.e., in fiscal year 2017), a minimum of the five most recent fiscal year-end historical rates on 10-year Treasury securities should be used. Thus, the rate on 10-year Treasury securities as of the end of fiscal year 2007 would be one of the five historical rates used in the average, the rate on 10-year Treasury securities as of the end of fiscal year 2006 would be another rate, etc., until, at a minimum, the rates on 10-year Treasury securities as of the end of fiscal years 2003 through 2007 would be included in the average.
4. The number of historical rates used in the calculation of the average, e.g., five fiscal year-end rates, should be consistent from period to period. The entity's accounting policy disclosures should include its policy regarding consistency from one reporting period to the next.
5. In the determination of the historical Treasury rates used for cash flows that are projected to occur in future years for which Treasury securities are or were not available or that are expected beyond the maturities at which Treasury securities are available, e.g., beyond the 30-year security, the preparer should incorporate into the determination of the discount rate interest rates interpolated or extrapolated from historical Treasury rates.

It is the intention of the Coast Guard to use the same set of multiple discount rates that are used by DOD to value similar benefit plans. However, in the event that DOD decides to use a single discount rate instead of the multiple rates, the Coast Guard may use a different single rate or continue to use the multiple rates if necessary in order to avoid a material difference in the present values of benefits.

7.17.5.5 Selecting the Valuation Date

SFFAS No. 33 also provides a standard for selecting the valuation date for estimates of Federal employee pension, ORB, and OPEB liabilities, which will establish a consistent method for such measurements.

1. Estimates of pension, ORB, and OPEB liability and expense in general-purpose Federal financial reports should be measured as of the end of the fiscal year (or other reporting period, if applicable). Measurements based on an actuarial valuation may be performed as of an earlier date during the fiscal year, including the beginning of the year, with adjustments for the effects of changes during the year in major factors such as the pay raise and cost of living adjustment. A full actuarial valuation as of the end of the reporting period is not required. Measurements should reflect the entity's assumptions about the major factors that would be reflected in a full actuarial valuation, such as the actual pay raise, the actual cost of living adjustment, and material known changes in the number of participants covered (enrollment) that cause a change in the liability.
2. The valuation date in the full actuarial valuation utilized by the entity should be consistently followed from year to year.

7.18 Contingent Legal Liabilities

This section defines policies and procedures to support the completeness and accuracy of the legal data submitted to DHS for the recording and disclosure of contingent legal liabilities (CLLs) on the quarterly financial statements.

This section applies to all personnel who use legal claims data to determine the Coast Guard's accrued CLLs and associated disclosures.

7.18.1 Overview

A contingent legal liability (CLL) is an actual liability or a potential liability arising from Coast Guard actions. A CLL may arise from either pending or anticipated litigation in which the Coast Guard is or may be named as a defendant (or third-party defendant), or from actual/anticipated claims that have been or may be filed against the Coast Guard or funds managed by the Coast Guard (e.g., the Oil Spill Liability Trust Fund).

Coast Guard attorneys and claim adjusters are required to submit CLL data on a quarterly basis to Commandant (CG-094) for review by senior attorneys to ensure the completeness and accuracy of the data. Commandant (CG-094) reviews the CLL data submissions to determine whether submitted estimates for cases appear reasonable, and follows up with the submitter or other attorneys knowledgeable in the case area to determine if estimates need to be adjusted. The senior attorneys review the case, and, based on their experience and judgment (along with that of loss experts from independent outside sources), make a recommendation to Commandant (CG-094). Commandant (CG-094) makes the final determination of the estimate to be reported for each case after any needed follow-up and consultation with the submitter or other attorneys.

7.18.2 Authorities

1. 44 USC 3101. [records management by agency heads; general duties]
2. Federal Accounting Standards Advisory Board, Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions*, March 1997.
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards & Concepts*, July 1995.
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
5. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 12, *Recognition of Contingent Liabilities Arising from Litigation: An Amendment to SFFAS No. 5*, February 1999.
6. Office of Management and Budget, Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*, section 9, "Legal Letters and Management's Schedules," August 2006.
7. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, June 2009.
8. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 6, chapter 3100, "Certifying Payments and Recording Corresponding Intragovernmental Receivables in the Federal Government's Judgment Fund."

7.18.3 Responsibilities

Following are the offices and their respective responsibilities for CLL accounting.

7.18.3.1 *Assistant Commandant for Resources (CG-8)/CFO*

Commandant (CG-8) develops, promulgates, and implements Coast Guard financial management policy for CLL accounting used by Commandant (CG-094) and FINCEN.

7.18.3.2 *Office of Financial Policy, Reporting, and Property (CG-84)*

Commandant (CG-84):

1. Develops, promulgates, and implements financial policy and procedures for tracking and accounting for CLLs in coordination with Commandant (CG-094), FINCEN, and DHS Office of Financial Management (OFM).
2. Quarterly, oversees the CLL report process in preparation for the ending quarterly financial statements.

3. Provides oversight to FINCEN for preparation of financial statements, required under the CFO Act, to include accounting of CLLs.

7.18.3.3 *Financial Reporting and Analysis Division (CG-842)*

Commandant (CG-842):

1. Develops, promulgates, and implements financial policy and procedures for tracking and accounting for CLLs in coordination with Commandant (CG-094), FINCEN, and DHS OFM.
2. Quarterly, reviews and submits to FINCEN the CLL report developed by Commandant (CG-094) in preparation for the ending quarterly financial statements.
3. Provides oversight to FINCEN for preparation of financial statements, required under the CFO Act, to include accounting of CLLs.
4. Performs the testing outlined in Subsection 7.18.6, Internal Controls, to support management's assertions on CLLs.

7.18.3.4 *Judge Advocate General (CG-094)*

Commandant (CG-094):

1. Quarterly, determines whether submitted estimates made by data-reporting offices for pending cases appear reasonable.
2. Quarterly, ensures the completeness and accuracy of the data.
3. Follows up with the submitter and the attorneys or claim adjustors knowledgeable in the case area to determine if estimates need to be adjusted.
4. Quarterly, develops and submits to Commandant (CG-842) a CLL report in preparation for the ending quarterly financial statements.

7.18.3.5 *Finance Center (FINCEN)*

FINCEN personnel:

1. Maintain general ledger balances and supporting documentation for CLL estimates.
2. Prepare quarterly and other applicable adjusting journal entries to trace CLL estimates.

7.18.4 Policy

1. Contingencies shall be recognized as a liability when a past transaction or event has occurred, a future outflow or other sacrifice of resources is probable, and the related future outflow or sacrifice of resources is measurable.
2. CLLs shall be recorded as incurred liabilities if the loss is probable and the amount can be reasonably estimated. CLLs that are judged to have a reasonably possible chance of

occurring or that cannot be estimated shall be included as a footnote on the financial statements.

3. An estimated liability may be a specific amount or a range of amounts. If some amount within the range is a better estimate than any other amount within the range, that amount shall be recognized. If no amount within the range is a better estimate than any other amount, the minimum amount in the range shall be recognized, and the range and a description of the nature of the contingency shall be disclosed.
4. A CLL shall be disclosed whenever there is a reasonable possibility that a loss or an additional loss may have been incurred, even if the conditions for liability recognition are not met. Disclosure shall include the nature of the contingency along with an estimate of the possible liability, an estimate of the range of the possible liability, or a statement that such an estimate cannot be made. Management shall not disclose in the financial statements the amount of any potential liability if such disclosure would compromise the Government's position in court or in negotiating a settlement.

7.18.5 Procedures

1. Not later than 45 days after the close of the fiscal year (FY), Commandant (CG-094) and NPFC shall each provide to Commandant (CG-842) a list of all cases/incidents that have been closed, settled, and/or dismissed.
 - a. Each list shall be stratified by case type (e.g., Admiralty, Torts, Affirmative Defense, Loss of Profits).
 - b. Case types shall span the following time periods:
 - 1) For claims against the Oil Spill Liability Trust Fund (OSLTF), all claims since 1990 (when use of the OSLTF was first authorized).
 - 2) For Admiralty and Torts cases, all claims for the past two FYs.
 - 3) For all other cases/incidents, all claims for the FY just ended.
 - c. Each case/incident listed shall include the following information:
 - 1) Matter or claim number;
 - 2) Date opened or received;
 - 3) Date closed;
 - 4) Amount sought; and
 - 5) Amount paid.
2. In accordance with DHS OFM's published annual timeline, Commandant (CG-094) shall submit a CLL report to Commandant (CG-842). The report shall include the following documents:
 - a. Aggregate Report – a spreadsheet listing all claims open as of the subject reporting period, having values less than the DHS CLL materiality threshold for financial statement reporting purposes.

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- b. Case summaries for all claims open as of the subject reporting period that meet or exceed the DHS CLL materiality threshold for financial statement reporting purposes. Each case summary shall include the following information:
 - 1) Case number;
 - 2) Nature of the matter (to include the amount sought);
 - 3) Progress of the matter to date;
 - 4) Coast Guard's response or planned response;
 - 5) Likelihood of loss (e.g., probable, reasonably possible, or remote);
 - 6) Amount of range of potential loss (to be determined from the historical data calculated in paragraph 1);
 - 7) Name and phone number of the Coast Guard and DOJ attorneys handling the case; and
 - 8) Component sequence number.
 3. After reviewing the CLL report submitted by Commandant (CG-094), Commandant (CG-842) will utilize the information to prepare the Management Schedule in accordance with DHS guidelines. The CLL report and the Management Schedule shall then be forwarded to FINCEN and to DHS OFM.
 4. The CLL reports and the Management Schedules for the first and second quarters shall be submitted to FINCEN not later than 10 days after the end of the quarter, or the final TIER submission due date specified annually by the DHS CFO, whichever comes first. The third quarter and year-end financial statements should be submitted to FINCEN within the time frames established in DHS guidance.
 5. Contingent Legal Liabilities (account number 2920N) is combined with Liability for Deposit Funds & Suspense (account number 2400N) under a single line item, Other Non-Governmental Liabilities, in the Balance Sheet. FINCEN queries the accounting system for the current balance in the general ledger. The difference between the amount already recorded in the accounting system and the newly estimated figure is recorded in a journal entry and submitted to the FINCEN Systems Division for input into the accounting system.
 - a. Transactions are recorded as follows if there is an increase:
 - 1) Budgetary Entry – None.
 - 2) Proprietary Entry – Debit 6800 Future Funded Expenses; Credit 2920 Contingent Liabilities.
 - b. Transactions are recorded as follows if there is a decrease:
 - 1) Budgetary Entry – None.
 - 2) Proprietary Entry – Debit 2920 Contingent Liabilities; Credit 6800 Future Funded Expenses

6. FINCEN then provides Commandant (CG-842) with copies of journal entries reflecting the amount booked.

7.18.6 Internal Controls

Commandant (CG-8)/CFO is required to make several assertions regarding the financial statements. Adequate internal controls that are operating effectively must be in place before a valid assertion can be made. The following procedures shall be performed by Commandant (CG-842), in conjunction with Commandant (CG-094), to provide the basis for management's assertions:

1. Assertion for existence and occurrence – Ensure that CLLs exist as of the period under review.
 - a. A review by Commandant (CG-842) will be conducted to ensure that all new cases above the threshold value for material CLLs established by DHS for financial reporting purposes were filed within the period under review/quarter.
 - b. For closed matters, a case summary and final order of dismissal (or comparable document providing evidence of case closure) will be provided to Commandant (CG-842) for all cases/summaries removed from the prior quarter's threshold report.
 - c. For material CLLs, Commandant (CG-842), in coordination with Commandant (CG-094), will review all new cases to validate:
 - 1) Case existence and status;
 - 2) Likelihood of loss; and
 - 3) Amount or range of potential loss.
 - d. For cases below the established threshold value, Commandant (CG-842), in coordination with Commandant (CG-094), will review a random sample of cases submitted during the second, third, and fourth quarters to validate:
 - 1) Case existence; and
 - 2) Amount claimed.
2. Assertion for completeness – Ensure that all transactions and legal cases have been properly recorded.
 - a. Commandant (CG-094) will prepare a spreadsheet listing all claims and litigation open as of the subject reporting period.
 - b. Commandant (CG-094) will provide a copy of the report to Commandant (CG-842), which will ensure that all claims listed meeting the material threshold established by DHS for financial reporting are documented and reported in a case summary template.
 - c. Commandant (CG-842) will conduct random sampling of cases below the materiality threshold established by DHS for financial reporting submitted during the second,

- third, and fourth quarters. This will allow Commandant (CG-8) management to assert that all field reporting offices are reporting CLLs in accordance with the policy and procedures established by Commandant (CG-094).
3. Assertion for rights and obligations – Ensure that the CLL is the obligation of the Coast Guard.
 - a. Commandant (CG-842) will ensure that the CLLs claimed are legal obligations of the Coast Guard by verifying that a claim or lawsuit has been filed and/or received by the Coast Guard for each material CLL. With respect to potential material CLLs, Commandant (CG-842), in coordination with Commandant (CG-094), will review appropriate documentation to verify that the incident in question may reasonably give rise to a material CLL.
 - b. For cases below the reporting threshold value, Commandant (CG-842), in coordination with Commandant (CG-094), will review the pertinent files of a random sample of cases to validate that an official claim or lawsuit has been filed and/or received during the second, third, and fourth quarters.
 4. Assertion for valuation and allocation – Ensure that the balances are recorded at the proper amount.
 - a. For each material CLL involving litigation, the responsible Coast Guard attorney, in consultation with DOJ counsel, will assign a monetary value representing the projected potential liability, or, to the extent a value cannot be assigned, will assign a range of projected potential liability. If the Coast Guard attorney is unable to assign a range of projected liability due to the particular status or circumstances of the matter, this will be noted on the case summary. This determination will be based on factors including, but not limited to, the merits of the claim(s) asserted against the Coast Guard, the defenses available to the Coast Guard, applicable legal precedence, and the attorney's professional judgment.
 - b. For cases involving claims against the OSLTF, the chiefs of the Claims Adjudication Division and the Natural Resource Damages Claims Adjudication Division at NPFC will qualify and quantify each claim based on factors including, but not limited to:
 - 1) The amount of the claim;
 - 2) The status of the claim review;
 - 3) The claim category;
 - 4) Documentation submitted in support of the claim; and
 - 5) The historical payment rate for the particular claim category(ies).A Commandant (CG-094) attorney will review, assess, and verify the CLL report and detailed supporting documentation submitted by the NPFC claims chiefs.

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- c. Commandant (CG-842) will review all supporting documentation related to the valuation of the cases and claims of the cases exceeding the materiality threshold to determine if the methodology is reasonable and the results are auditable by the independent public accounting firm.
 - d. On a test basis, Commandant (CG-842) will review the valuation methodology and results used in other cases included in either the Probable or Reasonably Possible categories.
 5. Assertion for presentation and disclosure – Ensure that the balance is disclosed as required by generally accepted accounting principles (GAAP) in the United States.
 - a. At the end of each reporting period, the total value of all probable cases (OSLTF and non-OSLTF) is reported as a liability, and the total value of all reasonably possible cases (OSLTF and non-OSLTF) is disclosed in the notes to the financial statements.
 - b. Commandant (CG-842) will document Coast Guard compliance with all applicable financial statement presentation and disclosure requirements noted above in Subsection 7.18.2, Authorities.
 - c. Copies of journal entries provided by FINCEN, reflecting the amount to book, will be compared against the submission reviewed and provided by Commandant (CG-842) in support of the Coast Guard’s quarterly CLL report.
 6. Trend analysis and testing of historical data – Ensure that the most recent historical data on matters that have closed, settled, and/or been dismissed are considered as the basis for the calculation of the lower end of the range of potential loss for all open and pending matters. The testing of the historical data will ensure that the data of matters that have closed, settled, and/or dismissed were recorded accurately in accordance with their respective documentation.
 - a. Upon receipt of all cases/incidents that have been closed, settled, and/or dismissed, Commandant (CG-842) will complete a trend analysis of the data requested as noted in paragraph 1 of Subsection 7.18.5, Procedures, to calculate the historical payout for each type of claim. Each historical payout rate reflects the percentage of the total amount paid in respect of the total of amount sought for all open matters of the same type. The trend analysis and the payout rate calculations will be completed no later than 15 days prior to the end of the first quarter and applied to the first-quarter CLL report submitted by Commandant (CG-094) as noted in paragraph 2 of subsection 7.18.5.
 - b. No later than 15 days prior to the due date of the second-quarter CLL report, Commandant (CG-842) will sample and test the claims and matters considered during the trend analysis of the contingent legal liabilities historical data for closed matters and claims.

7.19 Environmental Liabilities

7.19.1 Overview

For financial reporting purposes, a Coast Guard environmental liability is a future outflow or expenditure of resources that exists as of the financial reporting date for environmental cleanup, closure, and/or disposal costs resulting from past transactions or events. A Coast Guard environmental liability exists when:

1. Contamination is present or likely to be present;
2. Environmental cleanup, closure, and/or disposal is required by lease contracts; Federal, State, and/or local statute; regulation; or other legal agreement; and
3. The operations that created the liability are Coast Guard-related.

An environmental liability may also exist if environmental contamination is not Coast Guard-related, but the Coast Guard enters into a binding agreement that formally accepts financial responsibility for cleanup, closure, and/or disposal.

This Coast Guard Risk Management key process involves the identification of environmental risks and the estimation of liability for remediation and/or disposal. On a quarterly basis, the Coast Guard is required to estimate and report its environmental restoration liability. The cost of environmental restoration is reported in the Environmental and Disposal Liability footnote on the DHS consolidated financial statement.

The Coast Guard recognizes two types of environmental liabilities:

1. Environmental remediation; and
2. Environmental cleanup and disposal.

The liability for environmental remediation is the amount necessary to bring a known contaminated asset into compliance with applicable environmental standards. The increase or decrease in the annual liability is charged to current-year expense. The liability for environmental cleanup and disposal is the amount necessary to remove, contain, and/or dispose of hazardous material/waste whenever an environmental site requires remediation.

Commandants (CG-45) and (CG-47) develop the environmental and cleanup costs based on historical data and approved estimation methodologies. This data includes written assessments for specific projects and the historical cleanup costs for work performed by the Coast Guard Yard's Industrial Department and/or any of the Coast Guard Civil Engineering Units.

7.19.1.1 *Purpose*

This section specifies standards for Coast Guard shore facility and vessel environmental liability estimation and documentation. Policies and procedures are defined to ensure the completeness and accuracy of the environmental liabilities data submitted to DHS for recording and disclosure on the quarterly financial statements.

7.19.1.2 *Scope*

This section applies to all personnel who are involved in calculating and recording the Coast Guard's environmental liability cleanup and disposal costs. Responsibilities are specified for the following offices:

1. Assistant Commandant for Resources (CG-8);
2. Office of Financial Policy, Reporting, and Property (CG-84);
3. Financial Reporting and Analysis Division (CG-842);
4. Office of Naval Engineering (CG-45);
5. Office of Environmental Management (CG-47); and
6. Finance Center (FINCEN).

7.19.1.3 *Definitions*

environmental cleanup, closure, and/or disposal costs – For financial statement reporting purposes, the term “environmental cleanup costs” includes costs associated with environmental restoration of environmental sites, corrective actions, and environmental costs associated with the future closure of operations, including closure and disposal of property, plant, and equipment (PP&E). These costs include the costs of researching and determining the existence of hazardous waste; removing, containing, and/or disposing of hazardous waste from personal or real property; and/or personal or real property that consists of hazardous waste at the time of shutdown or disposal. Cleanup costs may include, but are not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and post-closure costs related to Coast Guard operations that result in hazardous waste. This is consistent with the definition of environmental cleanup costs per SFFAS No. 6.

environmental liability – For financial reporting purposes, a Coast Guard environmental liability is a future outflow or expenditure of resources that exists as of the financial reporting date for environmental cleanup, closure, and/or disposal costs resulting from past transactions or events. A Coast Guard environmental liability exists when:

1. Contamination is present or likely to be present;
2. Environmental cleanup, closure, and/or disposal is required by lease contracts; Federal, State, and/or local statute; regulation; or other legal agreement; and
3. The operations that created the liability are Coast Guard-related.

An environmental liability may also exist if environmental contamination is not Coast Guard-related, but the Coast Guard enters into a binding agreement that formally accepts financial responsibility for cleanup, closure, and/or disposal.

environmental site – a real property asset or combination of assets with a discrete location for which there is an environmental issue that requires evaluation. Environmental sites must be reviewed to determine if future environmental work required at the site meets the definition of environmental liability.

hazardous waste – Per SFFAS No. 6, the definition of hazardous waste used in conjunction with environmental cleanup costs defined above is: a solid, liquid, or gaseous waste, or combination of these wastes, which because of its quantity, concentration, or physical, chemical, or infectious characteristics, may cause or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness or pose a substantial present or potential threat to human health or the environment when improperly treated, stored, transported, disposed of, or otherwise managed. As noted in Technical Bulletin 2006-1, the term “hazardous waste” as defined in SFFAS No. 6 was developed by consulting environmental laws such as the Resource Conservation Recovery Act (RCRA); however, the general use of the term in Federal accounting standards should not be construed as limiting the application of the standards solely to those materials meeting the definition of “hazardous waste” under RCRA.

7.19.2 Authorities

1. Chief Financial Officers Act of 1990. PL 101-576.
2. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). 42 USC 103.
3. Resource Conservation and Recovery Act (RCRA). 42 USC 82.
4. Toxic Substances Control Act (TSCA) of 1977. 15 USC 53.
5. 14 USC 691. [Coast Guard Environmental Compliance and Restoration Program]
6. 40 CFR 761, “Polychlorinated Biphenyls (PCBs) Manufacturing, Processing, Distribution in Commerce, and Use Prohibitions.”
7. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
8. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant & Equipment (PP&E)*, November 1995.
9. Federal Accounting Standards Advisory Board, Technical Bulletin No. 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, September 2006.
10. Federal Accounting Standards Advisory Board, Accounting and Auditing Policy Committee, Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, March 1998.
11. Office of Management and Budget, Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*, August 2006.
12. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, June 2009.
13. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), Section 3.5, “Other Liabilities.”

14. *Policy on Management of Environmental Liabilities*, COMDTINST 5090.11 (series).
15. *United States Coast Guard Environmental Liabilities Process Guide*, Revision 2, March 2012.
<https://cgportal2.uscg.mil/units/cg47/Shared%20Documents/Remediation/Environmental%20Liabilities/2012/2012%20Audit/PBC%20E-109/el%20process%20guide%20rev2%20033012.pdf>

7.19.3 Responsibilities

Following are the offices and their respective responsibilities for environmental liabilities accounting.

7.19.3.1 *Assistant Commandant for Resources (CG-8)*

Commandant (CG-8) promulgates Coast Guard financial management policy for environmental liabilities accounting used by the Chief, Office of Logistics (CG-47); Chief, Office of Naval Engineering (CG-45); and FINCEN.

7.19.3.2 *Office of Financial Policy, Reporting, and Property (CG-84)*

Commandant (CG-84):

1. Implements financial policy and procedures for tracking and accounting environmental liabilities in coordination with Commandants (CG-45) and (CG-47), FINCEN, and DHS Office of Financial Management (OFM).
2. Quarterly, reviews and submits to FINCEN the Environmental Liabilities Report in preparation for the ending quarterly financial statements submitted by Commandants (CG-45) and (CG-47).
3. Provides oversight to FINCEN for preparation of financial statements required under the CFO Act, to include accounting of environmental liabilities.

7.19.3.3 *Financial Reporting and Analysis Division (CG-842)*

Commandant (CG-842):

1. Implements financial policy and procedures for tracking and accounting environmental liabilities in coordination with Commandants (CG-45) and (CG-47), FINCEN, and DHS OFM.
2. On a quarterly basis, reviews and submits to FINCEN the environmental liability estimate in preparation for the ending quarterly financial statements submitted by Commandants (CG-45) and (CG-47).
3. Provides oversight to FINCEN for preparation of financial statements required under the CFO Act of 1990, to include accounting of environmental liabilities.

4. Performs testing as outlined in Subsection 7.18.6, Internal Controls, to provide a basis for management's assertions on environmental liabilities.

7.19.3.4 Office of Naval Engineering (CG-45)

Commandant (CG-45):

1. Quarterly, determines the reasonableness of the Coast Guard's estimates for vessels.
2. Ensures the accuracy and completeness of quarterly data.
3. Follows up with the Coast Guard subject matter experts as needed to determine if estimates need to be adjusted.
4. Quarterly, develops and submits to Commandant (CG-842) an Environmental Liability Report for vessels in preparation for the ending quarterly financial statements.

7.19.3.5 Office of Environmental Management (CG-47)

Commandant (CG-47):

1. Quarterly, determines the reasonableness of the field reporting units' estimates for facilities.
2. Ensures the accuracy and completeness of quarterly data.
3. Follows up with the submitter or field units to determine if estimates need to be adjusted.
4. Quarterly, develops and submits the Environmental Liability Report for shore facilities to Commandant (CG-842).

7.19.3.6 Finance Center (FINCEN)

FINCEN personnel:

1. Maintain general ledger balances and supporting documentation for environmental liability estimates.
2. Prepare quarterly and other applicable adjusting journal entries to update the environmental liability estimates.

7.19.4 Policy

1. Environmental liabilities shall be recognized as a liability when a past transaction or event has occurred, a future outflow or other sacrifice of resources is probable, and the related future outflow or sacrifice of resources is measurable.
2. Environmental liabilities shall be recorded as incurred liabilities if the loss is probable and the amount can be reasonably estimated.

3. Cleanup costs that are judged to have a reasonably possible chance of occurring or that cannot be estimated shall be included in the Environmental and Disposal Liability footnote on the financial statements.
4. The estimated liability shall be expressed as a specific amount or a range of amounts. If some amount within the range is a better estimate than any other amount within the range, that amount shall be recognized. If no amount within the range is a better estimate than any other amount, the minimum amount in the range shall be recognized, and both the range and a description of the nature of the liability shall be disclosed.
5. An environmental liability shall be disclosed in the financial statements if any of the conditions for liability recognition are not met and there is a reasonable possibility that a loss or an additional loss may have been incurred. Disclosure shall include the nature of the cleanup cost and either an estimate of the possible liability, an estimate of the range of the possible liability, or a statement that such an estimate cannot be made.

7.19.5 Procedures

1. For detailed information on the overall EL process, stakeholders should access the *United States Coast Guard Environmental Liabilities Process Guide*, Revision 2, March 2012, located at:
<https://cgportal2.uscg.mil/units/cg47/Shared%20Documents/Remediation/Environmental%20Liabilities/2012/2012%20Audit/PBC%20E-109/el%20process%20guide%20rev2%20033012.pdf>.
This guide provides detailed instruction for units at the field, CEU, SILC, and Headquarters levels for implementation of the Coast Guard's responsibilities relating to EL policies and guidance.
2. Commandant (CG-45) calculates the environmental liability amounts for vessels, using written surveys (quotes) and historical data of actual cleanup costs applied to the population, in accordance with industry standards.
3. Commandant (CG-47) estimates the environmental liability amounts for shore facilities based on parametric estimation or other estimating methodologies.
4. Twenty days prior to the end of each quarter, Commandant (CG-47) (for shore facilities) and Commandant (CG-45) (for vessels) are required to submit an Environmental Liability Report to Commandant (CG-842), supporting the environmental liability amounts included in the quarterly financial statements. The Environmental Liability Report consists of two documents listing all shore facilities and vessels (for which the Coast Guard is legally responsible) that have or are suspected of having contaminants.
 - a. The Shore Facilities Report is generated from one centralized database of record, and includes all shore facilities that are known or suspected of having contaminants, along with the estimated cleanup costs.
 - b. The Vessels Report lists vessels and their associated cleanup and disposal costs.

5. From the Environmental Liability Report, the “Probable Amount” is recorded as the total amount for environmental liabilities. The “Reasonably Possible Amount” is disclosed within the Environmental and Disposal Liability footnote at year-end, or as otherwise directed by DHS.
6. Commandant (CG-842) reviews the Environmental Liability Report prior to its submission to FINCEN.
7. The reports for the first and second quarter should be submitted to FINCEN not later than 10 days before the end of each quarter. The reports for the third quarter and year-end financial statements should be submitted to FINCEN in accordance with DHS guidance.
8. FINCEN will then provide Commandant (CG-842) with copies of journal entries reflecting the amount recorded.
9. Not later than the fifth day of the subsequent quarter, Commandants (CG-47) and (CG-45) will review and report to Commandant (CG-842) any changes that might have occurred during the quarter not included in the previously submitted Environmental Liabilities Report.
10. Commandant (CG-842) will review the changes and submit them to FINCEN.
11. FINCEN will make any required adjustment and provide Commandant (CG-842) with copies of the corresponding journal entries.

7.19.6 Internal Controls

Commandant (CG-8)/CFO is required to make several assertions regarding the financial statements. Adequate internal controls, that are operating effectively, must be in place before a valid assertion can be made. The following procedures shall be performed by Commandant (CG-842), in conjunction with Commandants (CG-47) and (CG-45), to provide the basis for management’s assertions:

1. Assertion for existence and occurrence – Ensure that environmental liabilities exist as of the period under review.
 - a. A review by Commandant (CG-842) will be conducted to ensure that all shore facilities and vessels were included within the period under review/quarter.
 - b. For remediated matters, Commandant (CG-45) will provide a document evidencing remediation to Commandant (CG-842) for all shore facilities and/or vessels removed from the prior quarter’s report.
 - c. For newly identified environmental liability matters, Commandant (CG-45) will provide a document report to Commandant (CG-842) for all shore facilities and/or vessels added and/or amended from the prior quarter’s report.
2. Assertion for completeness – Ensure that all transactions and cleanup costs that should be included in the financial statements have been included.

- a. Commandants (CG-47) and (CG-45) will prepare and provide to Commandant (CG-842) a document identifying all shore facilities and vessels for which the Coast Guard is legally responsible and which are known or suspected of having contaminants during the subject reporting period.
 - b. Because not all shore facilities that the Coast Guard is responsible for remediating are currently owned by the Coast Guard, Commandant (CG-43) will annually provide to Commandant (CG-842) an environmental liability report reconciled against the Coast Guard real property list, noting which facilities no longer belong to the Coast Guard. This will allow Commandant (CG-8) management to assert that all field reporting units are reporting environmental liabilities in accordance with the policy and procedures established by Commandant (CG-47).
 - c. Commandant (CG-45) will annually provide Commandant (CG-842) with an updated environmental liability report that reconciles with the Coast Guard Personal Property list.
3. Assertion for rights and obligations – Ensure that the environmental liability is the obligation of the Coast Guard.
 - a. Commandant (CG-842) will ensure that the environmental liabilities claimed are the responsibility and obligation of the Coast Guard by verifying that a survey and/or estimate has been completed by the Coast Guard for each cleanup cost claimed. Commandant (CG-842), in coordination with Commandants (CG-47) and (CG-45), will review appropriate documentation to verify that the shore facilities and/or vessels in question are the legal responsibility of the Coast Guard.
 - b. Commandant (CG-45) will note on the quarterly environmental liability spreadsheet those vessels that are suspected of having contaminants but for which a survey has not been completed.
 4. Assertion for valuation and allocation – Ensure that the balances are recorded at the appropriate amounts and that any resulting valuation or allocation adjustments are appropriately recorded.

Commandant (CG-842) will verify that all cleanup costs associated with shore facilities and vessels (either known or suspected of having contamination) are calculated in accordance with approved desk officer guides.
 5. Assertion for presentation and disclosure – Ensure that the amounts are properly classified, described, and disclosed, as required by generally accepted accounting principles (GAAP) in the United States.
 - a. At the end of each reporting period, the total value of all probable cases (shore facilities and vessels) is reported as a liability, and the total value of all reasonably possible cases (vessels identified as candidates for becoming artificial reefs) is disclosed in the notes to the financial statements.

- b. Commandant (CG-842) will document Coast Guard compliance with all of the applicable financial statement presentation and disclosure requirements noted in Subsection 7.19.2, Authorities.

For verification purposes, FINCEN will provide copies of the adjusting journal entries to Commandant (CG-842) in support of the Coast Guard's quarterly Environmental Liabilities Report.

7.20 Treasury Information Maintenance Process

7.20.1 Overview

The Treasury Information Maintenance (TIM) process discussed in this section refers to financial information obtained from the Department of the Treasury (Treasury) Financial Management Service (FMS). This information is received in the form of announcements, bulletins, supplements, etc. It is then analyzed and disseminated through Coast Guard Headquarters to all Coast Guard entities that maintain and provide financial reporting of Treasury information pertaining to Treasury Account Symbols (TASs), Agency Location Codes (ALCs), and U.S. Standard General Ledger (USSGL) accounts. Appendix 7-6, Treasury Information Maintenance Process Flow Diagram, contains a flow diagram of the TIM process.

The purpose of this TIM process is to ensure that the Coast Guard is compliant with mandated guidance from Treasury in providing valid and accurate Treasury information on all financial reporting and correspondence for TASs, ALCs, and USSGL accounts.

This process applies to all Coast Guard entities that maintain and provide financial reporting of Treasury information in regards to TASs, ALCs, and USSGL accounts.

7.20.1.1 Definitions

Agency Location Code (ALC) – Treasury, in collaboration with OMB and the relevant administrative agency, assigns, amends, changes, and discontinues account symbols and titles. The ALC is a Treasury designation used to identify transactions, documents, and reports processed through Treasury by a specific accounting point or station within an agency or bureau of a Federal department or independent agency. The ALC is a 3-, 4-, or 8-digit symbol uniquely identifying each Federal agency that reports payments and collections. The first two digits of the symbol identify the department or agency; the third and fourth digits identify the particular bureau within the department; and the remaining four digits identify the particular agency accounting station within the bureau. An ALC must be identified as either a Governmentwide Accounting (GWA) reporter or a non-Governmentwide Accounting reporter. A GWA reporter category is a description of a transaction type, such as intragovernmental, collection, or payment. GWA reporter categories are maintained by Coast Guard Headquarters.

The ALC is also referred to as the *accounting station symbol*. The ALC must be indicated on all fiscal documents and reports submitted by Coast Guard organizations to Treasury. Examples of the types of fiscal documents submitted to Treasury are:

1. Certificates of deposit;
2. Expenditure transfers;
3. Non-expenditure transfers;
4. Schedule of Adjustments and Corrections;
5. Schedules of cancelled checks; and
6. Voucher and Schedule of Disbursements.

The TIM process ensures that the classification structures and valid data element relationships are in place for an agency's system to use to classify and identify transactions that impact the FBWT. Within these processes are related business activities, such as payments, collections, and intragovernmental transactions. Each ALC has a related business activity maintained by Coast Guard Headquarters. Each ALC's business activity shall be classified as one of the following:

1. Intragovernmental Payment and Collection (IPAC) only:
 - a. CA\$HLINK II only;
 - 1) Treasury Disbursing Office (TDO) Payments only;
 - 2) IPAC and CA\$HLINK II;
 - b. IPAC and TDO payments;
 - 1) TDO payments; and
 - 2) CA\$HLINK II; or
2. IPAC, CA\$HLINK II, and TDO Payments

Accurate use of the ALC is critical to the processing and maintenance of Governmentwide accounting records by Treasury. The use of the ALC enables Treasury to reconcile deposits and disbursements on the monthly Statement of Transactions, Form FMS 224, with the total control accounts maintained by Treasury regional disbursing offices.

Treasury Account Symbol (TAS) – A Treasury designation assigned to receipt, appropriation, and other fund accounts consistent with principles and standards prescribed by the Comptroller General of the United States, the Department of the Treasury, and the Office of Management and Budget. Symbols established during the year and between publications are announced by memoranda to the agencies concerned. TASs are usually based on a four-digit number within a block of numbers representing a designated account category. Foreign currency account symbols and others may vary from three to seven digits, including limitation codes. The accounts are grouped as:

1. General funds;
2. Revolving funds;
3. Special funds;

4. Deposit funds;
5. Trust funds;
6. Foreign currency; and
7. Transfer funds.

Note: The term “Treasury Account Symbol” (TAS) is used throughout this section with the understanding that it includes the “Treasury Appropriation Fund Symbol” (TAFS). Refer to the Glossary for additional information.

U.S. Standard General Ledger (USSGL) – A uniform chart of accounts and technical guidance used in standardizing Federal agency accounting. The USSGL Supplement (released annually) is composed of five major sections:

1. Chart of Accounts;
2. Account Descriptions;
3. Accounting Transactions;
4. USSGL Attributes; and
5. Report Crosswalks.

7.20.2 Authorities

1. Government Accountability Office, *Standards for Internal Control in the Federal Government*, AIMD-00-21.3.1, November 1999.
2. Office of Management and Budget, Circular A-123, *Management’s Responsibility for Internal Control*, December 2004.
3. Office of Management and Budget, Office of Federal Financial Management, *Core Financial System Requirements*, OFFM-No-0106, January 2006.
4. Department of the Treasury, Financial Management Service, *Federal Account Symbols and Titles* (“FAST Book”), revised January 2010.
5. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 1, chapter 2000, “Financial Operations Startup Procedures for New Federal Entities,” sections 2020 (Account Symbols and Titles), 2025 (Appropriation Warrants), and 2035 (Requesting an Agency Location Code), March 2007.
6. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 3300, “Statement of Transactions (Form FMS 224) Reporting by Agencies for Which the Treasury Disburses,” section 3320 (Using and Assigning 8-Digit Agency Location Codes), June 2009.
7. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, section 4700, “Agency Reporting Requirements for the Financial Report of the United States Government,” appendix 7 (Federal Intragovernmental Transactions

Categories of Reciprocal U.S. Standard General Ledger Proprietary Accounts). [current version]

8. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, section 4700, “Agency Reporting Requirements for the Financial Report of the United States Government,” appendix 11 (U.S. Standard General Ledger Chart of Accounts). [current version]
9. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 5100, “Reconciling Fund Balance with Treasury Accounts”, October 1999.
10. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, Supplement to I TFM 2-5100, “Fund Balance with Treasury Reconciliation Procedures”, October 2002.
11. Department of the Treasury, Financial Management Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* [series], part 1 and part 2, “Fiscal 2011 and 2012 Reporting.”

7.20.3 Responsibilities

7.20.3.1 *Financial Reporting and Analysis Division (CG-842)*

1. The Commandant (CG-842) FBWT desk officer shall:
 - a. Obtain notification on Treasury information updates, and ensure that all TASs, ALCs, and USSGL accounts are aligned with the latest Treasury information updates as necessary.
 - b. Review and analyze the Treasury updates for significance of content in order to determine applicability to Coast Guard financial reporting functions.
 - c. Provide the FINCEN Systems Division with updates for dissemination via the FINCEN Intranet.
 - d. Distribute Treasury information in a timely manner, and report updates to all Coast Guard entities involved with financial reporting that utilize TASs, ALCs, and USSGL accounts.
 - e. Monitor the financial data that is system-generated from the Academy, Aviation Logistics Center, FINCEN, PPC, and Yard/SFLC to ensure that all updates have been incorporated into the reports sent to DHS or Treasury.
2. The division chief shall:
 - a. Review and approve the completed Treasury updates to ensure that all pertinent information has been captured.
 - b. Send an approved notice to the Commandant (CG-842) FBWT desk officer to send the updates to the FINCEN Systems Division.

7.20.3.2 *Financial Management Policy Division (CG-843)*

The FBWT policy liaison shall:

1. Obtain Treasury information updates relating to financial guidance requirements, policy, etc. via www.fms.treas.gov.
2. Review Treasury information and determine its applicability to financial policy.
3. Advise the Commandant (CG-842) FBWT desk officer on policy revisions resulting from Treasury updates.
4. As applicable, incorporate updates into this manual.

7.20.3.3 *Academy, Aviation Logistics Center, FINCEN, PPC, and Yard/SFLC*

Personnel at the Academy, Aviation Logistics Center, FINCEN, PPC, and Yard/SFLC shall:

1. Receive Treasury information updates from the FINCEN Systems Division via the FINCEN Intranet.
2. Incorporate changes to TASs, ALCs, and USSGL accounts into all financial reports.
3. Ensure that Coast Guard TASs, ALCs, and USSGL accounts are correct on all documentation that is submitted to Treasury.
4. Incorporate changes to TASs, ALCs, and USSGL accounts into their respective financial systems within 30 days of notification so that data integrity will not be compromised and financial reporting will be compliant with Treasury information.
5. Ensure that there is a management review and approval process prior to the implementation of changes to TASs, ALCs, and USSGL accounts into their respective financial systems.

7.20.4 Policy

1. Due to the large volume of transactions that impact the FBWT account, the Coast Guard shall classify cash transactions with Treasury-defined codes in accordance with *Core Financial System Requirements*, OFFM-No-0106.
2. The Coast Guard shall ensure that classification structures and valid data element relationships are in place to classify and identify transactions in the ALMIS, CAS, and NESSS accounting systems.
3. The Coast Guard shall maintain records of Treasury updates that pertain to TIM, such as ALCs, TASs, and USSGL accounts.
4. Coast Guard Headquarters shall disseminate Treasury updates to all ALCs for informational purposes or action if necessary.
5. The FINCEN Systems Division shall transmit Treasury updates via the FINCEN Intranet to all ALCs and Coast Guard entities that have financial reporting responsibilities.

6. Coast Guard Headquarters shall monitor the usage of the updates by ensuring that updates pertinent to TIM and financial reporting have been incorporated into the ALMIS, CAS, and NESSS accounting systems.
7. The Aviation Logistics Center, FINCEN, and Yard/SFLC shall provide Coast Guard Headquarters with the latest reports from their accounting systems, listing the chart of accounts, ALCs, and TASs being used.
8. The Aviation Logistics Center, FINCEN, and Yard/SFLC shall ensure that there is a management review and approval process prior to the implementation of changes to TASs, ALCs, and USSGL accounts in their respective financial systems. Documentation shall include system change requests with supervisor signature, electronic checklists, or e-mails from supervisors confirming that the changes were made promptly and accurately.
9. All Treasury updates that have policy implications or changes shall be properly identified and conveyed to all ALCs and Coast Guard entities that have financial reporting responsibilities.
10. The Coast Guard Headquarters policy liaison shall maintain a log of Treasury updates requiring policy changes, and shall notify the FBWT desk officer of such changes to be incorporated into this manual.
11. In order to keep the TIM process flowing smoothly, an open communication network shall be maintained by Coast Guard Headquarters (Commandants (CG-842) and (CG-843)) and all ALCs and Coast Guard entities with financial reporting responsibilities.

7.20.5 Procedures

1. The Commandant (CG-842) FBWT desk officer shall:
 - a. Register to receive updates from Treasury via www.fms.treas.gov regarding changes to Coast Guard TASs, ALCs, and USSGL accounts.
 - b. Maintain a record of Treasury updates, including:
 - 1) The category of the updated information (e.g., bulletins, announcements, supplements, memoranda);
 - 2) The effective date;
 - 3) A description of the update; and
 - 4) Additional sources, if applicable.
 - c. Submit an updated spreadsheet each week to the FINCEN Systems Division for posting to the FINCEN Intranet under the heading "Treasury Information/Updates".
 - d. Review and analyze the Treasury updates for significance of content, and notify the Academy, Aviation Logistics Center, FINCEN, PPC, and Yard/SFLC, via e-mail, of all updates that affect Coast Guard TASs, ALCs, and USSGL accounts.

- e. Monitor usage of the updates by reviewing the most current reports from the ALMIS, CAS, and NESSS accounting systems that list the chart of accounts and TASs. Create an internal spreadsheet to monitor the progress by the Academy, Aviation Logistics Center, FINCEN, PPC, and Yard/SFLC in updating Treasury information and reporting accurate and valid TASs, ALCs, and USSGL accounts on all financial data and reports.
2. The Commandant (CG-843) FBWT policy liaison shall:
 - a. Register to receive updates from Treasury via www.fms.treas.gov.
 - b. Establish a TIM correspondence log in the form of a spreadsheet that tracks the dialog between Commandants (CG-842) and (CG-843) as it relates to financial policy updates and changes.
 - c. Review weekly Treasury update notifications disseminated from the Commandant (CG-842) FBWT desk officer to the appropriate ALCs.
 - d. Maintain documentation showing that the Treasury notifications disseminated by the Commandant (CG-842) FBWT desk officer are in agreement with official Treasury updates obtained via www.fms.treas.gov.
 - e. Identify Treasury updates that impact financial policy, and notify the Commandant (CG-842) FBWT desk officer of current external guidance and requirements regarding the policy aspect of TIM.
 - f. Update existing policy based on guidance and requirements obtained from Treasury.
 3. Personnel at the Academy, Aviation Logistics Center, FINCEN, PPC, and Yard/SFLC shall:
 - a. Receive updates and changes from Coast Guard Headquarters and incorporate them into their respective financial systems.
 - b. Ensure that all financial documentation requiring the use of TASs, ALCs, and USSGL accounts is valid and accurate before submission to Treasury.
 - c. Develop and implement a crosswalk that maps Coast Guard transaction codes to the account transaction codes listed in USSGL, Revised TFM S2 08-01, part 2, section III, "Account Transactions."

7.21 Treasury Payment Confirmation Process

7.21.1 Overview

The Coast Guard disburses payments to agencies (Federal and non-Federal), organizations, and individuals for the purchase of goods and the performance of services.

The Treasury payment confirmation process discussed in this document refers to schedule payments transmitted to the Department of the Treasury (Treasury) through the Secure Payment System (SPS) and processed by two regional finance centers (RFCs): Kansas City, Kansas

(code 310) and Philadelphia, Pennsylvania (code 303). Once the payments have been transmitted to the respective RFC, Treasury makes the required payments to the vendors. Treasury posts confirmation of these payments on their Governmentwide Accounting (GWA) website, where the payments are updated daily. Agencies download agency confirmation reports (ACRs) from the GWA website, and obtain a copy of the RFC support listing with all agency payments made by the RFC. These support listings appear on microfiche or on the Government On-line Accounting Link System (GOALS).

7.21.1.1 Purpose

The purpose of the Treasury payment confirmation process is to provide the Coast Guard with a mechanism to reconcile and verify the accuracy of payment schedules sent to Treasury. Verification of the confirmed Treasury schedule payment is an integral part in the reconciliation of the Coast Guard's Fund Balance with Treasury (FBWT) account. The verification ensures that:

1. The schedule dollar amount confirmed by Treasury matches the transmitted schedule amount; and
2. The transmitted schedule amount is posted to the Coast Guard's accounting systems.

7.21.1.2 Scope

The Treasury payment confirmation process applies to all Coast Guard agency location codes (ALCs) that submit payment data to Treasury via the RFCs.

7.21.2 Authorities

The Financial Accounting Standards Advisory Board (FASAB), the Office of Management and Budget (OMB), the Department of the Treasury, and the Department of Homeland Security (DHS) have issued specific requirements relating to accounting systems for Federal agencies. The systems must account for and record all financial events for disbursements at the transaction level. These Federal agencies require the Coast Guard to comply with the laws, regulations, policies, and procedures in order to protect the Federal Government's assets and to minimize losses. The authoritative guidance related to the issuance of disbursements is listed below:

1. Debt Collection Improvement Act (DCIA) of 1996.
2. 5 CFR 1315 [Prompt Payment – replaces OMB Circular A-125].
3. 31 CFR 205 [Cash Management Improvement Act (CMIA)].
4. *Federal Acquisition Regulation* (FAR), part 51.
5. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
6. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, June 2009.

7. Office of Management and Budget, Office of Federal Financial Management, *Core Financial System Requirements*, OFFM-No-0106, January 2006.
8. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 2, chapter 3300, “Statement of Transactions (Form FMS 224) Reporting by Agencies for Which the Treasury Disburses”, June 2009.
9. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 4, chapter 3000, “Third-Party Draft Procedures for Imprest Fund Disbursing Activities.”
10. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 4, chapter 4500, “Government Purchase Cards.”
11. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, volume I, part 4, chapter 8000, “Designated Depository Checking Accounts.”
12. *U.S. Coast Guard Certifying and Disbursing Manual*, COMDTINST M7210.1 (series).
13. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).

7.21.3 Responsibilities

7.21.3.1 *FINCEN – Payment Confirmation Process*

1. The Cash Operations Unit accountant:
 - a. Accesses the GWA website to download the ACR.
 - b. Reviews the reconciliation query to ensure that FINCEN payment schedules match Treasury confirmed schedules.
 - c. Reviews the Unconfirmed Payment Schedule report to determine schedules pending confirmation.
 - d. Verifies that the Unconfirmed Payment Schedule dollar amounts confirmed by Treasury match the schedule amount in the Core Accounting System (CAS).
2. The cash technician reviews the RFC Unconfirmed Payment Schedule report.
3. The accounts payable technician inputs any necessary corrections into CAS resulting from discrepancies found in the Unconfirmed Payment Schedule report.
4. The lead cash accountant reviews all correcting entries (prepared by the cash technician) for accuracy and completeness.
5. The Cash Operations Unit chief:
 - a. Reviews and approves the daily reconciliation package.
 - b. Verifies that the RFC has been confirmed correctly.
 - c. Signs the daily reconciliation package.

7.21.3.2 *FINCEN – Intragovernmental Payment and Collection (IPAC) Confirmation Process*

1. The IPAC cash management accountant reconciles the data from Treasury's website to the CheckFree database for completeness.
2. The Core Accounting Systems Branch (SA) staff resolves any reconciliation differences.
3. The unit chief reviews and initials the reconciliation between the Treasury data and the CheckFree database.

7.21.3.3 *Aviation Logistics Center (ALC) – Payment Confirmation Process*

1. The authorized certifying officer (ACO) retrieves and reviews the disbursement transactions (DISBTR) query, and corrects all disbursement errors.
2. The Fiscal Operations Branch (FOB) chief:
 - a. Reviews the transaction error report to ensure that disbursement errors have been cleared by the ACO.
 - b. Reviews and approves the final payment confirmation reconciliation.
 - c. Reviews the final month-end closeout reconciliation before the Statement of Transactions, Form FMS 224, is submitted to Treasury.
 - d. Initials all reports after review.
3. The accounting technician, the ACO, and other assigned personnel research and correct invoice or payment errors as indicated on the Transactions Error Report.
4. The cash clerk:
 - a. Verifies that the appropriated totals listed on the Asset Logistics Management Information System (ALMIS) Summary Sheet, GOALS II report, and Cash Reconciliation Spreadsheet are in agreement.
 - b. Provides system-generated reports for month-end review.

7.21.3.4 *Aviation Logistics Center (ALC) – IPAC Confirmation Process*

1. The lead accounting technician:
 - a. Daily, runs an IPAC report out of the IPAC system in the GWA system.
 - b. Daily, runs the completed IPAC summary report from Treasury.
 - c. Monthly, reconciles the completed IPAC summary report to the Suspense Appropriation cash account.
2. The accounting technicians:
 - a. Process the various types of IPAC transactions, and make corrections that are identified during the entry process.

- b. Monthly, research and correct any errors resulting from the reconciliation of the IPAC summary report to the Suspense Appropriation cash account to the IPAC reports from Treasury.
3. The FOB chief:
 - a. Approves and signs changes identified by the accounting technicians.
 - b. Reviews, initials, and dates the reconciliation spreadsheets, and compares them to the IPAC reports from Treasury.

7.21.3.5 Yard/Surface Forces Logistics Center (SFLC) – Payment Confirmation Process

1. The cash reconciliation technician:
 - a. Downloads the GOALS report with all Treasury schedules for the Yard/SFLC.
 - b. Maintains an Excel spreadsheet for all Naval and Electronic Supply Support System (NESSS) payment schedule activity for the month.
 - c. Researches and determines the reason for errors discovered in the reconciliation process.
 - d. Notifies the appropriate person to make the correction to clear the discrepancy/error.
 - e. Reviews the correction for accuracy.
 - f. Documents the RR&B Division chief's review of the GWA to cash transactions retrieved from the NESSS reconciliation.
2. The Reports, Reconciliation, and Budget (RR&B) accountant:
 - a. Creates a daily spreadsheet with the Statement of Transactions, Form FMS 224, activity from Treasury, and, weekly, compares and reconciles it to the transaction support for the Yard/SFLC transactions.
 - b. At month end, reconciles the trial balance to the Statement of Transactions, Form FMS 224, spreadsheet.
 - c. Investigates identified differences resulting from the trial balance to the Statement of Transactions, Form FMS 224, spreadsheet reconciliation, and prepares adjusting journal entries, as needed.
3. The accounting technician retrieves data from GWA and compares it to the cash transactions retrieved from NESSS.
4. The RR&B Division chief:
 - a. Reviews the reconciliation spreadsheet prepared by the RR&B accountant on a monthly basis.
 - b. Reviews the reconciliation performed by the cash reconciliation technician.

5. The Fiscal Operations Division (FOD) chief reviews the complete payment confirmation package.

7.21.3.6 *Yard/SFLC – IPAC Confirmation Process*

1. The accounting technician:
 - a. Runs a daily IPAC report from GOALS.
 - b. Records a manual log of all incoming IPACs.
 - c. Records all charges into NESSS.
 - d. Reviews and initials the IPAC GOALS listing to verify that all IPACs posted to NESSS.
2. The cash reconciliation technician:
 - a. Verifies that all IPACs post to NESSS.
 - b. Separates each IPAC transaction by appropriation and amount.
 - c. Verifies that the correct appropriations and amounts were recorded for each document on the NESSS Transaction Report.

7.21.3.7 *Pay and Personnel Center (PPC) – Payment Confirmation Process for Global Pay*

1. The PPC systems accountant:
 - a. Completes a three-way reconciliation between the Global Pay Retired (GPR) system, Financial Management Service (FMS/Treasury), and the general ledger (GL).
 - b. Determines which manual entries are needed, and completes the Manual General Journal voucher used to record the entries into the CAS GL.
 - c. Following submission of the Statement of Transactions, Form FMS 224, runs the Statement of Differences, Form FMS 6652; compares it to PPC's Estimated Cash Differences worksheet; and reconciles the differences.
2. The PPC Financial Accounting Branch chief approves the Manual General Journal voucher.
3. The PPC Chief Resource Division manager approves and records the journal entries into the GPR system, and forwards them to the PPC systems accountants for submission to CAS.
4. The PPC financial systems analyst:
 - a. Includes the journal entries in the file that is sent to FINCEN for posting to the GL.
 - b. Records differences from the Estimated Cash Difference worksheet reconciliation.

- c. Compiles the Statement of Transactions, Form FMS 224, from the data on the Estimated Cash Differences worksheet.
- d. Submits the Statement of Transactions, Form FMS 224, and cash reconciliations to the PPC Financial Accounting Branch chief and the PPC Chief Resource Division manager for review and approval before transmitting to Treasury.

7.21.3.8 *Pay and Personnel Center (PPC) – IPAC Confirmation Process*

1. The accountant:
 - a. Reconciles the IPAC data from Treasury’s website to the CheckFree database for completeness.
 - b. Resolves any reconciliation differences.
2. The Financial Accounting Branch chief reviews and initials the reconciliation between the Treasury data and the CheckFree database.

7.21.4 Policy

Because of the high volume of payments the Coast Guard disburses, the payment confirmation policy must ensure that the necessary processes are in place to update Treasury confirmation information in a timely and effective manner. To support the payment confirmation process, the Coast Guard shall follow the requirements listed below.

1. The Coast Guard shall provide payment schedules to Treasury via RFCs in Kansas City, Kansas, and Philadelphia, Pennsylvania, which will include the vendor name, amount of payment, and payment date.
2. The Coast Guard shall download and review all Treasury schedules from the Governmentwide Accounting (GWA) System that are confirmed (Agency Confirmation Report) and paid on behalf of each agency location code (ALC). Each schedule should support the amount that has been reported to Treasury by the RFCs’ daily activity support listing.
3. The Coast Guard shall ensure that the Agency Confirmation Report (ACR) payment confirmation data is imported from the GOALS II “RFC Agency Link”.
4. The Coast Guard shall ensure that the schedule dollar amount confirmed by Treasury matches the schedule amount that was transmitted and is posted to the accounting system.
5. The Coast Guard shall update payments with paid schedule number, confirmed date, and check number or trace number upon receipt of confirmation data from the GOALS II “RFC Agency Link”.
6. The Coast Guard shall liquidate disbursements-in-transit transactions and record confirmed disbursements upon receipt of payment confirmation from the GOALS II “RFC Agency Link”.

7. The Coast Guard shall assign check numbers to individual payments, based upon the payment schedule's check range received from the GOALS II "RFC Agency Link".
8. The Coast Guard shall correct system-assigned check numbers on payment records that do not match the actual check number assigned by Treasury.
9. The Coast Guard shall assign check numbers to individual payment records when a payment schedule has multiple check ranges or a break in check numbers.
10. The Coast Guard shall record disbursement cancellations for individual payments that have not been negotiated.
11. The Coast Guard shall update its general ledgers (CAS, NESSS, and ALMIS) with the proper accounting entry to record the disbursement of funds and to capture information about individual payments that may be critical in reconciling the FBWT or answering vendors' questions concerning payments made.
12. The Coast Guard shall maintain internal payment schedules that support the amounts on the Statement of Transactions, Form FMS 224, each month for the specific audit month to be cleared. The monthly activity on these schedules is compared to the activity reported to Treasury and listed on the IPAC and RFC support listings. Any unmatched items must agree with the Statement of Differences, Form FMS 6652, prepared by Treasury.
13. The Coast Guard shall research each item on the unmatched listing, and initiate and/or report any necessary adjustments to Treasury to resolve the discrepancy.

7.22 Management of the CAS Outbox Holding Queue in FPD

7.22.1 Overview

This section describes the general requirements for the management of obligations and other related transactions during an interface down-time between the Finance and Procurement Desktop (FPD) and the Core Accounting System (CAS). The accurate management of these obligations and transactions is paramount to budget execution, financial reporting, future mission capabilities, and sustainment.

If an obligation or adjustment to an obligation is posted after real-time integration is turned off, the Coast Guard Finance Center (FINCEN) will send priority notifications to advise all users that those obligations and any related financial transactions entered into FPD during this period will be held in the CAS Outbox until integration is restored. Any approved document that is pending in the CAS Outbox will be sent to CAS once real-time integration is restored. If the document contains an error, however, it will remain in the CAS Outbox. In order to ensure that all corrections are made within the timeframes outlined in this policy, allowance managers, administrative target unit managers, and program element managers for each account review the CAS Outbox weekly and correct all errors as soon as possible.

7.22.1.1 Purpose

The purpose of this policy is to ensure that all obligations and modifications to obligations entered into FPD are appropriate, authorized, documented, and processed accurately and completely to CAS. This policy also provides guidelines to ensure that the Coast Guard monitors all obligations on a continual basis and that validation occurs within established timelines. This includes obligations residing in a holding queue due to incomplete validation and requiring further action to ensure that transactions are corrected, processed, or cancelled.

The contents of the CAS Outbox are displayed in FPD as transactions that are not yet shown on the program element status (PES) report. When real-time integration is restored, the valid transactions flow into CAS, leaving only the erroneous transactions. These errors, if not corrected and released from the CAS Outbox holding queue, will cause a difference between FPD and CAS balances. This variance is normally referred to as the “pipeline amount” and is used for financial reporting of all appropriations not certified through the Pipeline Certification Tool (PCT). To avoid unreconciled balances, all CAS Outbox errors should be resolved and the queue cleared of invalid obligations and related transactions as soon as possible.

7.22.1.2 Scope

This policy applies to, but is not limited to, all units and financial managers that use FPD as the primary means of managing obligations within the Coast Guard financial structure. This policy provides guidance for the management of obligations and any related transactions that reside in the CAS Outbox.

7.22.1.3 Definitions

administrative target unit (ATU) – a district, area, Headquarters staff, or Headquarters unit that is authorized to receive funding authority from an allowance manager. ATU officers are district commanders, area commanders, assistant commandants of Headquarters directorates, and Headquarters unit commanding officers/directors/superintendents where there is a primary responsibility for managing a target received from an allowance manager.

allowance manager – a person who is responsible for managing funds distributed by an appropriation manager within the approved Coast Guard financial plan. The majority of allowance managers are assistant commandants for Headquarters directorates having responsibility for AFCs and/or projects.

appropriation – an authorization by act of Congress to incur obligations for specified purposes and to make disbursements thereof from the Treasury.

commitment – the administrative determination that funds are available to create an obligation. A commitment formally reserves funds in anticipation of a specific obligation. The amount to be recorded as a commitment is the estimated procurement cost set forth in the commitment document.

Core Accounting System (CAS) – a suite of accounting software modules that includes Contract Information Management System (CIMS), Finance and Procurement Desktop (FPD), customized Oracle Federal Financials (OFF), MarkView, and Workflow Imaging Network System (WINS).

financial manager – a person who is responsible for coordinating all aspects of a unit’s budget process, including the issuance of unit funding targets to subordinate staff and the development of directives and other guidance to foster good stewardship of the funds.

funds manager – a person who is responsible for the administrative control of funds at some level in the Coast Guard organizational structure. The funds manager:

1. Ensures that funds are available prior to incurring obligations;
2. Ensures that funds are obligated in a manner consistent with legally prescribed accounting procedures;
3. Performs periodic reconciliation of records and year-end review and analysis of transactions; and
4. Keeps complete, accurate, and timely records.

obligation – the legal requirement to pay the amounts of orders placed, contracts awarded, services received, and similar transactions. Any act that legally binds the Government to make payment creates an obligation.

obligation documentation – a record or set of records that supports a specific obligation. Examples include contracts, purchase orders, military interdepartmental purchase requests (MIPRs), and credit card transaction documents.

pipeline – all legal obligations that have not been recorded in CAS at the end of a quarter or fiscal year.

program element (PE) –

1. Funding authority provided to a staff element or unit supported by an ATU. The PE signifies the lowest subdivision of funds allocation for procurement.
2. The point to which an administrative target unit (q.v.) distributes funds.

program element manager (PEM) – a person to whom the allowance manager or ATU officer has delegated authority to control funds provided.

program element status (PES) report – a report that shows all transactions for an accounting period, including previous and current financial status.

Treasury Information Executive Repository (TIER) – a reporting process whereby all standard transactions for U.S. Standard General Ledger (USSGL) accounts are consolidated into a database and provided monthly to the Treasury Department.

undelivered order (UDO) – an order, contract, or agreement for supplies or services that have not yet been received, accepted, and paid.

7.22.2 Authorities

1. Chief Financial Officers Act of 1990. PL 101-576.
2. Federal Financial Management Improvement Act of 1996. PL 104-208.
3. 31 USC 1501, “Documentary Evidence Requirement for Government Obligations.”
4. Government Accountability Office, *Standards for Internal Control in the Federal Government*, AIMD-00-21.3.1, November 1999.
5. Office of Management and Budget, Circular A-123, *Management’s Responsibility for Internal Control*, December 2004.
6. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.

7.22.3 Responsibilities

7.22.3.1 *Resource Management Office (CG-83)*

Commandant (CG-83):

1. Establishes, implements, and tests internal controls related to both corrective and noncorrective actions for CAS Outbox error processing.
2. Implements, reviews, and updates policy for CAS Outbox failures pertaining to Coast Guard obligations.
3. Reviews the results of corrective efforts and takes appropriate action to address identified performance gaps.
4. Establishes and monitors performance metrics to determine the success of corrective actions to CAS Outbox errors.
5. Formulates management reports, and provides feedback to financial managers in order to evaluate CAS Outbox reconciliation and communicate future expectations.

7.22.3.2 *Appropriation Managers*

Appropriation managers:

1. Provide oversight and management at the applicable appropriation level.

2. Consider prior adherence to this policy by allowance managers and ATUs when determining ATU budget authority.
3. Report identified problems to all financial managers.
4. Report corrective actions taken or recommended to preclude identified problems from recurring.

7.22.3.3 Allowance Managers, Administrative Target Unit Managers, and Program Element Managers

These officials:

1. Perform reconciliation and validation of source data for all reportable obligations, ensuring that all CAS Outbox errors are accurately corrected and reflected in the official financial system of record.
2. Correct all errors within 90 days of the posting date to the CAS Outbox listing.
3. Follow all FINCEN procedures, and report any CAS Outbox errors that cannot be corrected at the unit level by following those procedures.

7.22.3.4 Finance Center (FINCEN)

FINCEN personnel:

1. Establish, enforce, and maintain system procedures and practices necessary to comply with this policy and applicable accounting requirements with regards to the CAS Outbox.
2. Post real-time reports on the FPD home page to enable funds managers and field units to view the count and age of errors residing in the CAS Outbox that require corrective action. All units are listed by their five-digit unit ID or OPFAC. For example, 70375 is Commandant (CG-912).
3. Provide procedural guidance and assistance via the FINCEN Intranet on the FPD home page in order to resolve all discrepancies with transactions in the CAS Outbox error queue and facilitate corrective action within the timeframe outlined in this policy.

7.22.3.5 Reconcilers

Reconcilers:

1. Perform a reconciliation of the PES report on a weekly basis, and inform the PEM of any inconsistencies or inaccuracies concerning obligations that reside as errors in the CAS Outbox.
2. Assist the PEM to ensure the correction of these errors.

7.22.4 Policy

This section specifies general requirements for processing CAS Outbox errors.

1. All CAS Outbox errors shall be checked against the supporting documentary evidence to ensure accuracy prior to error correction and entry into the financial system of record. The corrective action shall be accomplished no later than 90 days from the time the error is reported in the CAS Outbox.
2. All obligations shall be continually monitored to ensure that obligated balances are accurately reflected in the Coast Guard financial statements. Continual monitoring greatly reduces the need for extensive corrections at year-end closeout.
3. The review of the CAS Outbox shall correspond with reconciliation functions on a weekly basis. Obligations shall be monitored for accurate and complete correction; after which, they shall be promptly posted to the official financial system.
4. Corrective action for errors shall be documented and kept with a hard copy of the obligation. All information supporting the error correction shall be retained and available for review upon request.
5. Individuals shall strictly adhere to the requirements for performing their assigned roles and responsibilities, and managers shall perform all oversight functions with due diligence.

Appendix 7-1 Required Obligations by Document Type**Table 7.8 Required Obligations by Document Type**

Document Type Code	Document Title	Obligation
11	Travel (Local)	Yes
11	Travel (TDY)	Yes
11	Travel (Reserve Orders)	Yes
12	Travel (PCS)	Yes
13	Travel (Continuous)	Yes
14	Government Travel Request	Yes
14	Citibank Government Travel Account	Yes
14	Government Travel Account for MEPS	Yes
15	Commercial Bill of Lading – Power Track	Yes
15	Government Bill of Lading – Government-Owned Property	Yes
15	Government Bill of Lading – Personal Property/Household Goods	Yes
17	Purchase Order for Household Goods Shipment	Yes
17	Blanket Purchase Agreement for Household Goods	Yes
17	Nontemporary Storage of Household Goods	Yes
17	SPM Shipments/PPT	Yes
17	Mass Transit Fare Benefit Program	Yes
19	Miscellaneous Obligation	Yes
20	Cash Purchases (Imprest Fund)	Yes
21	Procurement Requests	No

Document Type Code	Document Title	Obligation
22	Purchase Order Invoice Voucher for Nonsubsistence	Yes
23	Purchase Order/Delivery Order	Yes
23	UNICOR/Federal Prison Purchases	Yes
23	Modification to Purchase Order	Yes
24	Contracts	Yes
24	Modification to Contracts	Yes
24	Option/Purchase of Real Property	Yes
26	Purchase Order Invoice Voucher for Subsistence	Yes
26	Blanket Purchase Agreement for Subsistence	Yes
26	Dining Facility	Yes
27	Auxiliary Patrol Orders	Yes
28	Military Interdepartmental Purchase Request	Yes
30	Training	Yes
31	Industrial Service Order	Yes
32	Government Purchase Card	Yes
32	Express and Commercial Small Package Shipments	Yes
32	Government Fleet Card	Yes
33	Post Office Box Rental/Renewal	Yes
33	Miscellaneous Costs	Yes
33	Coast Guard Yard Project Order	Yes
33	Volpe National Transportation System Center	Yes
33	Meal Ticket	Yes

Document Type Code	Document Title	Obligation
34	Reimbursable Work Authorization	Yes
35	Transfer Between Coast Guard Units	Yes
35	ARMS/Milstrip	Yes
35	Miscellaneous "Z" Requisitions	Yes
35	SERVMART	Yes
35	GSA Customer Service	Yes
35	DLA Disposition Services Hazardous Waste	Yes
35	Into-Plane Fuel Bill	Yes
35	Multi Service Aviation Into-Plane Reimbursement Cards	Yes
35	U.S. Customs Charges	Yes
35	Defense Transportation Bills	Yes
35	Multi Service Air Card	Yes
35	DESC Bunker Contract Fuel Purchases	Yes
37	Non-Federal Invoicing Processing Systems (NIPS) Medical Payment	Yes
37	Superintendent of Documents – Publications	Yes
37	Printing DOD	Yes
37	Printing GSA	Yes
37	Printing GPO	Yes
38	Blanket Purchase Agreement for Nonsubsistence	Yes
39	IPAC Debits Posted to V60G and FADO Suspense V6OP	No
39	IPAC (Payments) Posted to V60G	No

Document Type Code	Document Title	Obligation
39	Payments Over Cancellation and Limited Pay Ability. IPAC Posted as Doc Type 39 to V60G and Moved to V6A6	No
40	Real Property Leases	Yes
40	Residential Leases	Yes
44	Utilities – Electric	Yes
45	Commercial Telephone Bill	Yes
46	Utilities – Water	Yes
47	U.S. Government National Credit Card, Form SF 149	No
48	GSA Vehicle Billings	Yes
49	Utilities – Natural Gas	Yes
51	Reimbursable Overtime	Yes
54	Reimbursable Marine Vessel Overtime	Yes
60	Limited Pay Ability	Yes
62	Reissue of Cancelled Checks	Yes
66	Public Voucher for Refunds	Yes
66	Administrative Offsets	Yes
66	IPAC Credits	Yes
66	Collections/Check	Yes
68	Debit Voucher	Yes
71	Reserve Orders (Contingency Recall)	Yes
71	Reserve Orders (IADT)	Yes
71	Reserve Orders (ADOS-AC Greater Than 180 Days and Voluntary Recall)	Yes

Document Type Code	Document Title	Obligation
71	Reserve Orders (ADOS-RC Greater Than 180 Days)	Yes
72	Reserve Orders (ADOS-AC Less Than or Equal to 180 Days and Voluntary Recall)	Yes
72	Reserve Orders (ADOS-RC Less Than or Equal to 180 Days)	Yes
72	Reserve Orders (ADT-AT)	Yes
72	Reserve Orders (ADT-OTD)	Yes
72	Reserve Orders (ADSE-AC) Reimbursable by Other Agencies	Yes
78	Travelers Checks	Yes
	Military Payroll	Yes
	Civilian Payroll	Yes
	Reserve Payroll	Yes

Appendix 7-2 Reconciliation of Fund Balance with Treasury

Table 7.9 Reconciliation of FBWT – ALC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Reconciliation of the Agency's reported deposit/debit voucher transactions with Treasury's Form FMS 6652 Statement of Differences Deposit Transactions by ALC	1010	FOB	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's reported disbursement and IPAC transactions with Treasury's Form FMS 6652 Statement of Differences Disbursement Transactions by ALC	1010	FOB	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's USSGL 1010 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	1010	N/A	N/A	N/A	N/A
Reconciliation of the monthly and annual activity in the GL 1010 accounts to Form FMS 224	1010	FOB	ALC	Monthly	20 business days after month-end
GL Account 1010 Civilian Payroll Activity vs. Treasury Activity	1010	N/A	N/A	N/A	N/A
GL Account 1010 Military Payroll Activity vs. Treasury Activity	1010	N/A	N/A	N/A	N/A
GL Account 1120 Imprest Funds vs. Treasury Activity	1120	FOB	ALC	Monthly	20 business days after month-end

FOB = Fiscal Operations Branch

Table 7.10 Reconciliation of FBWT – CG TIER

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Reconciliation of the Agency's reported deposit/debit voucher transactions with Treasury's Form FMS 6652 Statement of Differences Deposit Transactions by ALC	1010	N/A	N/A	N/A	N/A
Reconciliation of the Agency's reported disbursement and IPAC transactions with Treasury's Form FMS 6652 Statement of Differences Disbursement Transactions by ALC	1010	N/A	N/A	N/A	N/A
Reconciliation of the Agency's USSGL 1010 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	1010	N/A	N/A	N/A	N/A
Reconciliation of the monthly and annual activity in the GL 1010 accounts to Form FMS 224	1010	N/A	N/A	N/A	N/A
GL Account 1010 Civilian Payroll Activity vs. Treasury Activity	1010	N/A	N/A	N/A	N/A
GL Account 1010 Military Payroll Activity vs. Treasury Activity	1010	N/A	N/A	N/A	N/A
GL Account 1120 Imprest Funds vs. Treasury Activity	1120	N/A	N/A	N/A	N/A

Table 7.11 Reconciliation of FBWT – FINCEN

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Reconciliation of the Agency's reported deposit/debit voucher transactions with Treasury's Form FMS 6652 Statement of Differences Deposit Transactions by ALC	1010	OGQ	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's reported disbursement and IPAC transactions with Treasury's Form FMS 6652 Statement of Differences Disbursement Transactions by ALC	1010	OGQ	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's USSGL 1010 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	1010	FF	TAS	Monthly	20 business days after month-end
Reconciliation of the monthly and annual activity in the GL 1010 accounts to Form FMS 224	1010	OGQ	ALC	Monthly	20 business days after month-end
GL Account 1010 Civilian Payroll Activity vs. Treasury Activity	1010	SA	TAS & Approp. Code	Monthly	20 business days after month-end
GL Account 1010 Military Payroll Activity vs. Treasury Activity	1010	OGQ	TAS & Approp. Code	Monthly	20 business days after month-end
GL Account 1120 Imprest Funds vs. Treasury Activity	1120	OP	TAS & Approp. Code	Monthly	20 business days after month-end

FF = Financial Reports and Analysis Branch
OGQ = Reports and Reconciliation Unit
OP = Payables Branch
SA = Core Accounting Systems Branch

Table 7.12 Reconciliation of FBWT – PPC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Reconciliation of the Agency's reported deposit/debit voucher transactions with Treasury's Form FMS 6652 Statement of Differences Deposit Transactions by ALC	1010	RD	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's reported disbursement and IPAC transactions with Treasury's Form FMS 6652 Statement of Differences Disbursement Transactions by ALC	1010	RD	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's USSGL 1010 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	1010	N/A	N/A	N/A	N/A
Reconciliation of the monthly and annual activity in the GL 1010 accounts to Form FMS 224	1010	RD	ALC	Monthly	20 business days after month-end
GL Account 1010 Military Payroll Activity vs. Treasury Activity	1010	N/A	N/A	N/A	N/A

RD = Resources Division

Table 7.13 Reconciliation of FBWT – Yard/SFLC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Reconciliation of the Agency's reported deposit/debit voucher transactions with Treasury's Form FMS 6652 Statement of Differences Deposit Transactions by ALC	1010	RRB	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's reported disbursement and IPAC transactions with Treasury's Form FMS 6652 Statement of Differences Disbursement Transactions by ALC	1010	RRB	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's USSGL 1010 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	1010	N/A	N/A	N/A	N/A
Reconciliation of the monthly and annual activity in the GL 1010 accounts to Form FMS 224	1010	RRB	ALC	Monthly	20 business days after month-end
GL Account 1010 Civilian Payroll Activity vs. Treasury Activity	1010	N/A	N/A	N/A	N/A
GL Account 1010 Military Payroll Activity vs. Treasury Activity	1010	N/A	N/A	N/A	N/A
GL Account 1120 Imprest Funds vs. Treasury Activity	1120	RRB	ALC	Monthly	20 business days after month-end

RRB = Reports, Reconciliations, and Budget Division

Appendix 7-3 Edit Check Reconciliation

Table 7.14 Edit Check Reconciliation – ALC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations - Cumulative (GL 3100): Beginning balance = Ending balance (pre-close from current year)	3100	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Unexpended Appropriations - Cumulative (GL 3100): Prior year post-close balance = Current year beginning balance	3100	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cumulative Results of Operations (GL 3310): Beginning balance = Current year pre-close ending balance	3310	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cumulative Results of Operations (GL 3310): Prior year post-close ending balance = Current year beginning balance	3310	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Actual Resources Collected (GL 4201): Beginning balance = Current year pre-close ending balance	4201	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Actual Resources Collected (GL 4201): Prior year post-close ending balance = Current year beginning balance	4201	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Prior year post-close balances = Current year beginning balances	All	FOB	Summary TAS	Annually	Prior to submitting Trial Balance
Appropriations Received - CNP (Line 4) = SBR (Line 1a) (Does not apply to revolving, trust, or special funds.) (DHS #7)	N/A	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Other Adjustments (CNP Line 6) = Permanently Not Available (SBR Line 6) (DHS #8)	N/A	FOB	Summary TAS	Monthly	Prior to producing Trial Balance
Spending Authority from Offsetting Collections = Obligations Incurred Reimbursements (SBR Line 3 = SBR Line 8B)	N/A	FOB	Summary TAS	Monthly	Prior to producing Trial Balance
Cash, A/R, A/P, Unexpended Appropriations, Cumulative Results of Operations, Expenses Not Requiring Budgetary Resources = \$0	N/A	FOB	Summary TAS	Monthly	Prior to producing Trial Balance
Total Budgetary Accounts = \$0	N/A	FOB	Summary TAS	Monthly	Prior to producing Trial Balance
Unexpended Appropriations = Cash, A/R, A/P	N/A	FOB	Summary TAS	Monthly	Prior to producing Trial Balance

FOB = Fiscal Operations Branch

Table 7.15 Edit Check Reconciliation – CG TIER

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations - Cumulative (GL 3100): Beginning balance = Ending balance (pre-close from current year)	3100	FF	Summary TAS	Monthly	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Unexpended Appropriations - Cumulative (GL 3100): Prior year post-close balance = Current year beginning balance	3100	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Cumulative Results of Operations (GL 3310): Beginning balance = Current year pre-close ending balance	3310	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Cumulative Results of Operations (GL 3310): Prior year post-close ending balance = Current year beginning balance	3310	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Total Actual Resources Collected (GL 4201): Beginning balance = Current year pre-close ending balance	4201	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Total Actual Resources Collected (GL 4201): Prior year post-close ending balance = Current year beginning balance	4201	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Prior year post-close balances = Current year beginning balances	All	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Appropriations Received - CNP (Line 4) = SBR (Line 1a) (Does not apply to revolving, trust, or special funds.) (DHS #7)	N/A	FF	Summary TAS	Monthly	Prior to producing F/S
Other Adjustments (CNP Line 6) = Permanently Not Available (SBR Line 6) (DHS #8)	N/A	FF	Summary TAS	Monthly	Prior to producing F/S
Spending Authority from Offsetting Collections = Obligations Incurred Reimbursements (SBR Line 3 = SBR Line 8B)	N/A	FF	Summary TAS	Monthly	Prior to producing F/S
Cash, A/R, A/P, Unexpended Appropriations, Cumulative Results of Operations, Expenses Not Requiring Budgetary Resources = \$0	N/A	FF	Summary TAS	Monthly	Prior to producing F/S
Total Budgetary Accounts = \$0	N/A	FF	Summary TAS	Monthly	Prior to producing F/S
Unexpended Appropriations = Cash, A/R, A/P	N/A	FF	Summary TAS	Monthly	Prior to producing F/S

FF = FINCEN Financial Reports and Analysis Branch

F/S = Financial Statement

Table 7.16 Edit Check Reconciliation – FINCEN

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations - Cumulative (GL 3100): Beginning balance = Ending balance (pre-close from current year)	3100	N/A	N/A	N/A	N/A
Unexpended Appropriations - Cumulative (GL 3100): Prior year post-close balance = Current year beginning balance	3100	N/A	N/A	N/A	N/A
Cumulative Results of Operations (GL 3310): Beginning balance = Current year pre-close ending balance	3310	N/A	N/A	N/A	N/A
Cumulative Results of Operations (GL 3310): Prior year post-close ending balance = Current year beginning balance	3310	N/A	N/A	N/A	N/A
Total Actual Resources Collected (GL 4201): Beginning balance = Current year pre-close ending balance	4201	N/A	N/A	N/A	N/A
Total Actual Resources Collected (GL 4201): Prior year post-close ending balance = Current year beginning balance	4201	N/A	N/A	N/A	N/A
Prior year post-close balances = Current year beginning balances	All	N/A	N/A	N/A	N/A
Appropriations Received - CNP (Line 4) = SBR (Line 1a) (Does not apply to revolving, trust, or special funds.) (DHS #7)	N/A	N/A	N/A	N/A	N/A
Other Adjustments (CNP Line 6) = Permanently Not Available (SBR Line 6) (DHS #8)	N/A	N/A	N/A	N/A	N/A
Spending Authority from Offsetting Collections = Obligations Incurred Reimbursements (SBR Line 3 = SBR Line 8B)	N/A	N/A	N/A	N/A	N/A
Cash, A/R, A/P, Unexpended Appropriations, Cumulative Results of Operations, Expenses Not Requiring Budgetary Resources = \$0	N/A	N/A	N/A	N/A	N/A
Total Budgetary Accounts = \$0	N/A	N/A	N/A	N/A	N/A
Unexpended Appropriations = Cash, A/R, A/P	N/A	N/A	N/A	N/A	N/A

Table 7.17 Edit Check Reconciliation – Yard/SFLC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations - Cumulative (GL 3100): Beginning balance = Ending balance (pre-close from current year)	3100	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Unexpended Appropriations - Cumulative (GL 3100): Prior year post-close balance = Current year beginning balance	3100	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cumulative Results of Operations (GL 3310): Beginning balance = Current year pre-close ending balance	3310	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cumulative Results of Operations (GL 3310): Prior year post-close ending balance = Current year beginning balance	3310	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Actual Resources Collected (GL 4201): Beginning balance = Current year pre-close ending balance	4201	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Actual Resources Collected (GL 4201): Prior year post-close ending balance = Current year beginning balance	4201	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Prior year post-close balances = Current year beginning balances	All	RRB	Summary TAS	Annually	Prior to submitting Trial Balance
Appropriations Received - CNP (Line 4) = SBR (Line 1a) (Does not apply to revolving, trust, or special funds.) (DHS #7)	N/A	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Other Adjustments (CNP Line 6) = Permanently Not Available (SBR Line 6) (DHS #8)	N/A	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Spending Authority from Offsetting Collections = Obligations Incurred Reimbursements (SBR Line 3 = SBR Line 8B)	N/A	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cash, A/R, A/P, Unexpended Appropriations, Cumulative Results of Operations, Expenses Not Requiring Budgetary Resources = \$0	N/A	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Budgetary Accounts = \$0	N/A	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Unexpended Appropriations = Cash, A/R, A/P	N/A	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance

RRB = Reports, Reconciliations, and Budget Division

Appendix 7-4 Reconciliation of GL Account Relationships and Abnormal Balances

Table 7.18 Reconciliation of GL Account Relationships and Abnormal Balances – ALC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	1410 vs. 4802, 4832, 4872, 4882	FOB	Summary TAS	Monthly	15 business days after month-end
Accounts Payable = Delivered Orders – Unpaid	2110, 2120, 2130, 2140, 2190, 2210, 2211, 2213, 2215 vs. 4901, 4931, 4971, 4981	FOB	Summary TAS	Monthly	15 business days after month-end
Advances from Others = Unfilled Customer Orders with Advance	2310 vs. 4222, 4231	FOB	Summary TAS	Monthly	15 business days after month-end
Accounts Receivable Federal = Budgetary Receivables	1310F vs. 4251, 4287, 4233, 4234	FOB	Detail TAS	Monthly	15 business days after month-end
Revenue = Reimbursements and Other Income Earned	4251, 4252 vs. 5100, 5200	FOB	Detail TAS	Monthly	15 business days after month-end
Expenditures = Budgetary Expenditures	4901, 4902, 4971, 4972, 4981, 4982, vs. 5700	FOB	Detail TAS	Monthly	15 business days after month-end
Receivables for Invested Balances = Budgetary Invested Balances	1330 vs. 4081, 4083, 4171, 4126, 4127	FOB	Summary TAS	Monthly	15 business days after month-end
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	1719, 1739, 1749, 1759, 1819, 1829, 1839, 1849, 1899 vs. 6710	FOB	Summary TAS	Monthly	20 business days after month-end
Unfilled Customer Orders = Undelivered Orders – Reimbursable	4221, 4222, vs. 4801R, 4802R	N/A	N/A	N/A	N/A
Appropriation Used = Delivered Orders	4901D, 4902D vs. 3107	FOB	Detail TAS	Monthly	15 business days after month-end
Inventory, PP&E, and Unfunded Liabilities = Cumulative Results of Operations (does not apply to revolving, trust, or special funds)	1511-1529, 1711-1899; 1990, 2220, 2225, 2290, 26xx, 2920, 2940, 2990, 2995 vs. 5000s, 6000s, 7000s, 3310	FOB	Summary TAS	Monthly	15 business days after month-end
Budgetary Cash = Proprietary Cash	1010 vs. 4xxx	N/A	N/A	N/A	N/A
Anticipated Resources = Anticipated Status	N/A	N/A	N/A	N/A	N/A
Appropriations Received – Proprietary = Appropriations Received – Budgetary	3101 vs. 4119	N/A	N/A	N/A	N/A
Net Position Analysis - Unexpended Appropriation	3000 series	N/A	N/A	N/A	N/A
Analysis of Abnormal Balances	N/A	FOB	Detail TAS	Monthly	15 business days after month-end
Unexpended Appropriations Used (GL 3107) to Expended Appropriations (GL 5700)	3107 vs. 5700	FOB	Detail TAS	Monthly	15 business days after month-end
Delivered Orders-Obligations, Unpaid (GL 4901) & Delivered Orders-Obligations, Paid (GL 4902) to Expended Appropriations (GL 5700)	4901, 4902 vs. 5700	N/A	N/A	N/A	N/A
Accounts Receivable (GL 1310) to Other Expenses Not Requiring Budgetary Resources (GL 6790)	1310 vs. 6790	N/A	N/A	N/A	N/A
Net Position Accounts (GL 3101-3109) = zero	Only after post-close	N/A	N/A	N/A	N/A
Revenue and Other Financing Sources (GL 5XXX) & Expenses (GL 6XXXX) & Gains/Losses/Miscellaneous Items (GL 7XXX) = zero	Only after post-close	N/A	N/A	N/A	N/A

FOB = Fiscal Operations Branch

Table 7.19 Reconciliation of GL Account Relationships and Abnormal Balances – CG TIER

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	1410 vs. 4802, 4832, 4872, 4882	FF	Summary TAS	Monthly	Prior to producing F/S
Accounts Payable = Delivered Orders – Unpaid	2110, 2120, 2130, 2140, 2190, 2210, 2211, 2213, 2215 vs. 4901, 4931, 4971, 4981	FF	Summary TAS	Monthly	Prior to producing F/S
Advances from Others = Unfilled Customer Orders with Advance	2310 vs. 4222, 4231	FF	Summary TAS	Monthly	Prior to producing F/S
Accounts Receivable Federal = Budgetary Receivables	1310F vs. 4251, 4287, 4233, 4234	FF	Summary TAS	Monthly	Prior to producing F/S
Revenue = Reimbursements and Other Income Earned	4251, 4252 vs. 5100, 5200	FF	Summary TAS	Monthly	Prior to producing F/S
Expenditures = Budgetary Expenditures	4901, 4902, 4971, 4972, 4981, 4982, vs. 5700	FF	Summary TAS	Monthly	Prior to producing F/S
Receivables for Invested Balances = Budgetary Invested Balances	1330 vs. 4081, 4083, 4171, 4126, 4127	FF	Summary TAS	Monthly	Prior to producing F/S
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	1719, 1739, 1749, 1759, 1819, 1829, 1839, 1849, 1899 vs. 6710	FR	Summary TAS	Monthly	Prior to producing F/S
Unfilled Customer Orders = Undelivered Orders – Reimbursable	4221, 4222, vs. 4801R, 4802R	FF	Summary TAS	Monthly	Prior to producing F/S
Appropriation Used = Delivered Orders	4901D, 4902D vs. 3107	FF	Summary TAS	Monthly	Prior to producing F/S
Inventory, PP&E, and Unfunded Liabilities = Cumulative Results of Operations (does not apply to revolving, trust, or special funds)	1511-1529, 1711-1899; 1990, 2220, 2225, 2290, 26xx, 2920, 2940, 2990, 2995 vs. 5000s, 6000s, 7000s, 3310	FF	Summary TAS	Monthly	Prior to producing F/S
Budgetary Cash = Proprietary Cash	1010 vs. 4xxx	FF	Summary TAS	Monthly	Prior to producing F/S
Anticipated Resources = Anticipated Status	N/A	FF	Summary TAS	Monthly	Prior to producing F/S
Appropriations Received – Proprietary = Appropriations Received – Budgetary	3101 vs. 4119	FF	Summary TAS	Monthly	Prior to producing F/S
Net Position Analysis - Unexpended Appropriation	3000 series	FF	Summary TAS	Monthly	Prior to producing F/S
Analysis of Abnormal Balances	N/A	FF	Summary TAS	Monthly	Prior to producing F/S
Unexpended Appropriations Used (GL 3107) to Expended Appropriations (GL 5700)	3107 vs. 5700	FF	Summary TAS	Monthly	Prior to producing F/S
Delivered Orders-Obligations, Unpaid (GL 4901) & Delivered Orders-Obligations, Paid (GL 4902) to Expended Appropriations (GL 5700)	4901, 4902 vs. 5700	N/A	N/A	N/A	N/A
Accounts Receivable (GL 1310) to Other Expenses Not Requiring Budgetary Resources (GL 6790)	1310 vs. 6790	N/A	N/A	N/A	N/A
Net Position Accounts (GL 3101-3109) = zero	Only after post-close	N/A	N/A	N/A	N/A
Revenue and Other Financing Sources (GL 5XXX) & Expenses (GL 6XXXX) & Gains/Losses/Miscellaneous Items (GL 7XXX) = zero	Only after post-close	N/A	N/A	N/A	N/A

FF = FINCEN Financial Reports and Analysis Branch
FR = FINCEN Property Branch
F/S = Financial Statement

Table 7.20 Reconciliation of GL Account Relationships and Abnormal Balances – FINCEN

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	1410 vs. 4802, 4832, 4872, 4882	OG	Detail TAS	Monthly	15 business days after month-end
Accounts Payable = Delivered Orders – Unpaid	2110, 2120, 2130, 2140, 2190, 2210, 2211, 2213, 2215 vs. 4901, 4931, 4971, 4981	OG	Detail TAS	Monthly	15 business days after month-end
Advances from Others = Unfilled Customer Orders with Advance	2310 vs. 4222, 4231	OG	Detail TAS	Monthly	15 business days after month-end
Accounts Receivable Federal = Budgetary Receivables	1310F vs. 4251, 4287, 4233, 4234	OG	Detail TAS	Monthly	15 business days after month-end
Revenue = Reimbursements and Other Income Earned	4251, 4252 vs. 5100, 5200	OG	Detail TAS	Monthly	15 business days after month-end
Expenditures = Budgetary Expenditures	4901, 4902, 4971, 4972, 4981, 4982, vs. 5700	OG	Detail TAS	Monthly	15 business days after month-end
Receivables for Invested Balances = Budgetary Invested Balances	1330 vs. 4081, 4083, 4171, 4126, 4127	FF	Summary TAS	Monthly	15 business days after month-end
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	1719, 1739, 1749, 1759, 1819, 1829, 1839, 1849, 1899 vs. 6710	FR	Summary TAS	Monthly	20 business days after month-end
Unfilled Customer Orders = Undelivered Orders – Reimbursable	4221, 4222, vs. 4801R, 4802R	OG	Detail TAS	Monthly	15 business days after month-end
Appropriation Used = Delivered Orders	4901D, 4902D vs. 3107	OG	Detail TAS	Monthly	15 business days after month-end
Inventory, PP&E, and Unfunded Liabilities = Cumulative Results of Operations (does not apply to revolving, trust, or special funds)	1511-1529, 1711-1899; 1990, 2220, 2225, 2290, 26xx, 2920, 2940, 2990, 2995 vs. 5000s, 6000s, 7000s, 3310	OGQ	Summary TAS	Monthly	15 business days after month-end
Budgetary Cash = Proprietary Cash	1010 vs. 4xxx	OG	Detail TAS	Monthly	15 business days after month-end
Anticipated Resources = Anticipated Status	N/A	N/A	N/A	N/A	N/A
Appropriations Received – Proprietary = Appropriations Received – Budgetary	3101 vs. 4119	N/A	N/A	N/A	N/A
Net Position Analysis - Unexpended Appropriation	3000 series	N/A	N/A	N/A	N/A
Analysis of Abnormal Balances	N/A	OG	Detail TAS	Monthly	15 business days after month-end
Unexpended Appropriations Used (GL 3107) to Expended Appropriations (GL 5700)	3107 vs. 5700	OG	Detail TAS	Monthly	15 business days after month-end
Delivered Orders-Obligations, Unpaid (GL 4901) & Delivered Orders-Obligations, Paid (GL 4902) to Expended Appropriations (GL 5700)	4901, 4902 vs. 5700	OG	Detail TAS	Monthly	15 business days after month-end
Accounts Receivable (GL 1310) to Other Expenses Not Requiring Budgetary Resources (GL 6790)	1310 vs. 6790	OG	Detail TAS	Monthly	15 business days after month-end
Net Position Accounts (GL 3101-3109) = zero	Only after post-close	OG	Summary TAS	Annually	15 business days after month-end
Revenue and Other Financing Sources (GL 5XXX) & Expenses (GL 6XXXX) & Gains/Losses/Miscellaneous Items (GL 7XXX) = zero	Only after post-close	OG	Summary TAS	Annually	15 business days after month-end

FF = Financial Reports and Analysis Branch
FR = Property Branch

OG = General Accounting Branch
OGQ = Reports and Reconciliation Unit

Table 7.21 Reconciliation of GL Account Relationships and Abnormal Balances – PPC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	1410 vs. 4802, 4832, 4872, 4882	N/A	N/A	N/A	N/A
Accounts Payable = Delivered Orders – Unpaid	2110, 2120, 2130, 2140, 2190, 2210, 2211, 2213, 2215 vs. 4901, 4931, 4971, 4981	N/A	Summary TAS	Monthly	15 business days after month-end
Advances from Others = Unfilled Customer Orders with Advance	2310 vs. 4222, 4231	N/A	Summary TAS	Monthly	15 business days after month-end
Accounts Receivable Federal = Budgetary Receivables	1310F vs. 4251, 4287, 4233, 4234	N/A	Detail TAS	Monthly	15 business days after month-end
Revenue = Reimbursements and Other Income Earned	4251, 4252 vs. 5100, 5200	N/A	Detail TAS	Monthly	15 business days after month-end
Expenditures = Budgetary Expenditures	4901, 4902, 4971, 4972, 4981, 4982, vs. 5700	N/A	Detail TAS	Monthly	15 business days after month-end
Receivables for Invested Balances = Budgetary Invested Balances	1330 vs. 4081, 4083, 4171, 4126, 4127	N/A	N/A	N/A	N/A
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	1719, 1739, 1749, 1759, 1819, 1829, 1839, 1849, 1899 vs. 6710	N/A	N/A	N/A	N/A
Unfilled Customer Orders = Undelivered Orders – Reimbursable	4221, 4222, vs. 4801R, 4802R	N/A	N/A	N/A	N/A
Appropriation Used = Delivered Orders	4901D, 4902D vs. 3107	N/A	Detail TAS	Monthly	15 business days after month-end
Inventory, PP&E, and Unfunded Liabilities = Cumulative Results of Operations (does not apply to revolving, trust, or special funds)	1511-1529, 1711-1899; 1990, 2220, 2225, 2290, 26xx, 2920, 2940, 2990, 2995 vs. 5000s, 6000s, 7000s, 3310	N/A	N/A	N/A	N/A
Budgetary Cash = Proprietary Cash	1010 vs. 4xxx	N/A	N/A	N/A	N/A
Anticipated Resources = Anticipated Status	N/A	N/A	N/A	N/A	N/A
Appropriations Received – Proprietary = Appropriations Received – Budgetary	3101 vs. 4119	N/A	N/A	N/A	N/A
Net Position Analysis - Unexpended Appropriation	3000 series	N/A	N/A	N/A	N/A
Analysis of Abnormal Balances	N/A	N/A	Detail TAS	Monthly	15 business days after month-end
Unexpended Appropriations Used (GL 3107) to Expended Appropriations (GL 5700)	3107 vs. 5700	N/A	Detail TAS	Monthly	15 business days after month-end
Delivered Orders-Obligations, Unpaid (GL 4901) & Delivered Orders-Obligations, Paid (GL 4902) to Expended Appropriations (GL 5700)	4901, 4902 vs. 5700	N/A	N/A	N/A	N/A
Accounts Receivable (GL 1310) to Other Expenses Not Requiring Budgetary Resources (GL 6790)	1310 vs. 6790	N/A	N/A	N/A	N/A
Net Position Accounts (GL 3101-3109) = zero	Only after post-close	N/A	N/A	N/A	N/A
Revenue and Other Financing Sources (GL 5XXX) & Expenses (GL 6XXXX) & Gains/Losses/Miscellaneous Items (GL 7XXX) = zero	Only after post-close	N/A	N/A	N/A	N/A

Table 7.22 Reconciliation of GL Account Relationships and Abnormal Balances – Yard/SFLC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	1410 vs. 4802, 4832, 4872, 4882	RRB	Summary TAS	Monthly	15 business days after month-end
Accounts Payable = Delivered Orders – Unpaid	2110, 2120, 2130, 2140, 2190, 2210, 2211, 2213, 2215 vs. 4901, 4931, 4971, 4981	RRB	Summary TAS	Monthly	15 business days after month-end
Advances from Others = Unfilled Customer Orders with Advance	2310 vs. 4222, 4231	RRB	Detail TAS	Monthly	15 business days after month-end
Accounts Receivable Federal = Budgetary Receivables	1310F vs. 4251, 4287, 4233, 4234	RRB	Detail TAS	Monthly	15 business days after month-end
Revenue = Reimbursements and Other Income Earned	4251, 4252 vs. 5100, 5200	RRB	Detail TAS	Monthly	15 business days after month-end
Expenditures = Budgetary Expenditures	4901, 4902, 4971, 4972, 4981, 4982, vs. 5700	RRB	Detail TAS	Monthly	15 business days after month-end
Receivables for Invested Balances = Budgetary Invested Balances	1330 vs. 4081, 4083, 4171, 4126, 4127	N/A	N/A	N/A	N/A
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	1719, 1739, 1749, 1759, 1819, 1829, 1839, 1849, 1899 vs. 6710	RRB	Summary TAS	Monthly	20 business days after month-end
Unfilled Customer Orders = Undelivered Orders – Reimbursable	4221, 4222, vs. 4801R, 4802R	RRB	Detail TAS	Monthly	15 business days after month-end
Appropriation Used = Delivered Orders	4901D, 4902D vs. 3107	RRB	Detail TAS	Monthly	15 business days after month-end
Inventory, PP&E, and Unfunded Liabilities = Cumulative Results of Operations (does not apply to revolving, trust, or special funds)	1511-1529, 1711-1899; 1990, 2220, 2225, 2290, 26xx, 2920, 2940, 2990, 2995 vs. 5000s, 6000s, 7000s, 3310	RRB	Summary TAS	Monthly	15 business days after month-end
Budgetary Cash = Proprietary Cash	1010 vs. 4xxx	N/A	N/A	N/A	N/A
Anticipated Resources = Anticipated Status	N/A	N/A	N/A	N/A	N/A
Appropriations Received – Proprietary = Appropriations Received – Budgetary	3101 vs. 4119	N/A	N/A	N/A	N/A
Net Position Analysis - Unexpended Appropriation	3000 series	N/A	N/A	N/A	N/A
Analysis of Abnormal Balances	N/A	RRB	Detail TAS	Monthly	15 business days after month-end
Unexpended Appropriations Used (GL 3107) to Expended Appropriations (GL 5700)	3107 vs. 5700	RRB	Detail TAS	Monthly	15 business days after month-end
Delivered Orders-Obligations, Unpaid (GL 4901) & Delivered Orders-Obligations, Paid (GL 4902) to Expended Appropriations (GL 5700)	4901, 4902 vs. 5700	N/A	N/A	N/A	N/A
Accounts Receivable (GL 1310) to Other Expenses Not Requiring Budgetary Resources (GL 6790)	1310 vs. 6790	N/A	N/A	N/A	N/A
Net Position Accounts (GL 3101-3109) = zero	Only after post-close	N/A	N/A	N/A	N/A
Revenue and Other Financing Sources (GL 5XXX) & Expenses (GL 6XXXX) & Gains/Losses/Miscellaneous Items (GL 7XXX) = zero	Only after post-close	N/A	N/A	N/A	N/A

RRB = Reports, Reconciliations, and Budget Division

Appendix 7-5 Reconciliation of GL Control Accounts to Subsidiary Records

Table 7.23 Reconciliation of GL Control Accounts to Subsidiary Records – ALC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Accounts Receivable subsidiary records to the GL	1340 - 1369 1330 - 1335	FOB	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2140 & 2190	FOB	Transaction level	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2150 & 2155	FOB	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2610 - 2920	FOB	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2980 & 2990	FOB	Transaction level	Monthly	15 business days after month-end
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	6100	N/A	N/A	N/A	N/A
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	1610 - 1611	N/A	N/A	N/A	N/A
Advances from Others and Deferred Revenue subsidiary records to the GL	2310 - 2320	N/A	N/A	N/A	N/A
Revenue subsidiary records to the GL	5100, 5109, 5200, 5310, 5311, 5320	FOB	Transaction level	Monthly Quarterly	20 days after month-end or quarter-end
Revenue subsidiary records to the GL	5750, 5755, 5760, 5765, 5780	FOB	TAS & Approp. Code	Quarterly	20 days after quarter-end
Revenue subsidiary records to the GL	5900, 5990, 5991	FOB	Transaction level	Quarterly	20 days after quarter-end
Environmental and Disposal Liability subsidiary records to the GL	2995	N/A	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the GL	1410	FOB	Transaction level	Monthly	20 days after month-end
Allotments subsidiary record to the GLs	FINCEN: 4119 ALC: 4610 Yard: 4610	FOB	Transaction level	Quarterly	20 days after quarter-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2210 - 2211 - 2213	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2220	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2225 - 2290	N/A	N/A	N/A	N/A
Detail Aging of Suspense Accounts versus Suspense Accounts GL control account balances and Treasury balances	2400	FOB	TAS & Approp. Code	Monthly	20 business days after month-end
Unexpended Appropriation - Cumulative and Cumulative Results of Operations	3100 & 3310	FOB	TAS & Approp. Code	Annually	20 business days after year-end
Anticipated Reimbursements and Other Incomes & Appropriation Trust Fund Expenditure Transfer - Receivable	4210 & 4225	FOB	TAS & Approp. Code	Annually Quarterly	20 business days after year-end or quarter-end
Expenditures Accounts	6100, 6330, 6500, 6720	FOB	Transaction level	Quarterly	20 business days after quarter-end
Expenditures Accounts	6400, 6730, 6800	FOB	TAS & Approp. Code	Quarterly	20 business days after quarter-end
Gains and Losses	7210, 7600	FOB	Transaction level	Quarterly	20 business days after quarter-end

FOB = Fiscal Operations Branch

Table 7.24 Reconciliation of GL Control Accounts to Subsidiary Records – CG TIER

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Accounts Receivable subsidiary records to the GL	1340 - 1369 1330 - 1335	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	2140 & 2190	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	2150 & 2155	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	2610 - 2920	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	2980 & 2990	N/A	N/A	N/A	N/A
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	6100	N/A	N/A	N/A	N/A
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	1610 - 1611	N/A	N/A	N/A	N/A
Advances from Others and Deferred Revenue subsidiary records to the GL	2310 - 2320	N/A	N/A	N/A	N/A
Revenue subsidiary records to the GL	5100, 5109, 5200, 5310, 5311, 5320	N/A	N/A	N/A	N/A
Revenue subsidiary records to the GL	5750, 5755, 5760, 5765, 5780	N/A	N/A	N/A	N/A
Revenue subsidiary records to the GL	5900, 5990, 5991	N/A	N/A	N/A	N/A
Environmental and Disposal Liability subsidiary records to the GL	2995	N/A	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the GL	1410	N/A	N/A	N/A	N/A
Allotments subsidiary record to the GLs	FINCEN: 4119 ALC: 4610 Yard: 4610	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2210 - 2211 - 2213	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2220	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2225 - 2290	N/A	N/A	N/A	N/A
Detail Aging of Suspense Accounts versus Suspense Accounts GL control account balances and Treasury balances	2400	N/A	N/A	N/A	N/A
Unexpended Appropriation - Cumulative and Cumulative Results of Operations	3100 & 3310	N/A	N/A	N/A	N/A
Anticipated Reimbursements and Other Incomes & Appropriation Trust Fund Expenditure Transfer - Receivable	4210 & 4225	N/A	N/A	N/A	N/A
Expenditures Accounts	6100, 6330, 6500, 6720	N/A	N/A	N/A	N/A
Expenditures Accounts	6400, 6730, 6800	N/A	N/A	N/A	N/A
Gains and Losses	7210, 7600	N/A	N/A	N/A	N/A

Table 7.25 Reconciliation of GL Control Accounts to Subsidiary Records – FINCEN

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Accounts Receivable subsidiary records to the GL	1340 - 1369 1330 - 1335	OG	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2140 & 2190	SA	Transaction level	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2150 & 2155	FF	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2610 - 2920	FF	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2980 & 2990	SA OP	Transaction level	Monthly	15 business days after month-end
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	6100	SA	TAS & Approp. Code	Quarterly	20 days after quarter-end
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	1610 - 1611	FF	TAS & Approp. Code	Monthly	20 days after month-end
Advances from Others and Deferred Revenue subsidiary records to the GL	2310 - 2320	OGB	Transaction level	Monthly	20 days after month-end
Revenue subsidiary records to the GL	5100, 5109, 5200, 5310, 5311, 5320	SA	Transaction level	Monthly Quarterly	20 days after month-end or quarter-end
Revenue subsidiary records to the GL	5750, 5755, 5760, 5765, 5780	FF	TAS & Approp. Code	Quarterly	20 days after quarter-end
Revenue subsidiary records to the GL	5900, 5990, 5991	SA	Transaction level	Quarterly	20 days after quarter-end
Environmental and Disposal Liability subsidiary records to the GL	2995	FF	TAS & Approp. Code	Monthly	20 days after month-end
Advance and Prepayments subsidiary records to the GL	1410	SA	Transaction level	Monthly	20 days after month-end
Allotments subsidiary record to the GLs	FINCEN: 4119 ALC: 4610 Yard: 4610	SA	Transaction level	Quarterly	20 days after quarter-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2210 - 2211 - 2213	Civ: SA Mil: SA	TAS & Approp. Code	Monthly	20 business days after month-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2220	Civ: SA Mil: SA	TAS & Approp. Code	Monthly	20 business days after month-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2225 - 2290	Civ: FF Mil: FF	TAS & Approp. Code	Monthly	20 business days after month-end
Detail Aging of Suspense Accounts versus Suspense Accounts GL control account balances and Treasury balances	2400	OG/SA	TAS & Approp. Code	Monthly	20 business days after month-end
Unexpended Appropriation - Cumulative and Cumulative Results of Operations	3100 & 3310	SA	TAS & Approp. Code	Annually	20 business days after year-end
Anticipated Reimbursements and Other Incomes & Appropriation Trust Fund Expenditure Transfer - Receivable	4210 & 4225	SA FF	TAS & Approp. Code	Annually Quarterly	20 business days after year-end or quarter-end
Expenditures Accounts	6100, 6330, 6500, 6720	SA	Transaction level	Quarterly	20 business days after quarter-end
Expenditures Accounts	6400, 6730, 6800	SA FF	TAS & Approp. Code	Quarterly	20 business days after quarter-end
Gains and Losses	7210, 7600	FR	Transaction level	Quarterly	20 business days after quarter-end

FF = Financial Reports and Analysis Branch
FR = Property Branch
OG = General Accounting Branch

OGB = Claims and Receivables Section
OP = Payables Branch
SA = Core Accounting Systems Branch

Table 7.26 Reconciliation of GL Control Accounts to Subsidiary Records – PPC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Accounts Receivable subsidiary records to the GL	1340 - 1369 1330 - 1335	RD	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2140 & 2190	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	2150 & 2155	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	2610 - 2920	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	2980 & 2990	N/A	N/A	N/A	N/A
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	6100	N/A	N/A	N/A	N/A
Advances from Others and Deferred Revenue subsidiary records to the GL	2310 - 2320	N/A	N/A	N/A	N/A
Environmental and Disposal Liability subsidiary records to the GL	2995	N/A	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the GL	1410	RD	Transaction level	Monthly	20 days after month-end
Allotments subsidiary record to the GLs	FINCEN: 4119 ALC: 4610 Yard: 4610	RD	Transaction level	Quarterly	20 days after quarter-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2210 - 2211 - 2213	RD	TAS & Approp. Code	Monthly	20 days after month-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2220	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2225 - 2290	N/A	N/A	N/A	N/A
Detail Aging of Suspense Accounts versus Suspense Accounts GL control account balances and Treasury balances	2400	RD	TAS & Approp. Code	Monthly	20 business days after month-end
Expenditures Accounts	6100, 6330, 6500, 6720	RD	Transaction level	Quarterly	20 business days after quarter-end
Expenditures Accounts	6400, 6730, 6800	RD	TAS & Approp. Code	Quarterly	20 business days after quarter-end

RD = Resources Division

Table 7.27 Reconciliation of GL Control Accounts to Subsidiary Records – Yard/SFLC

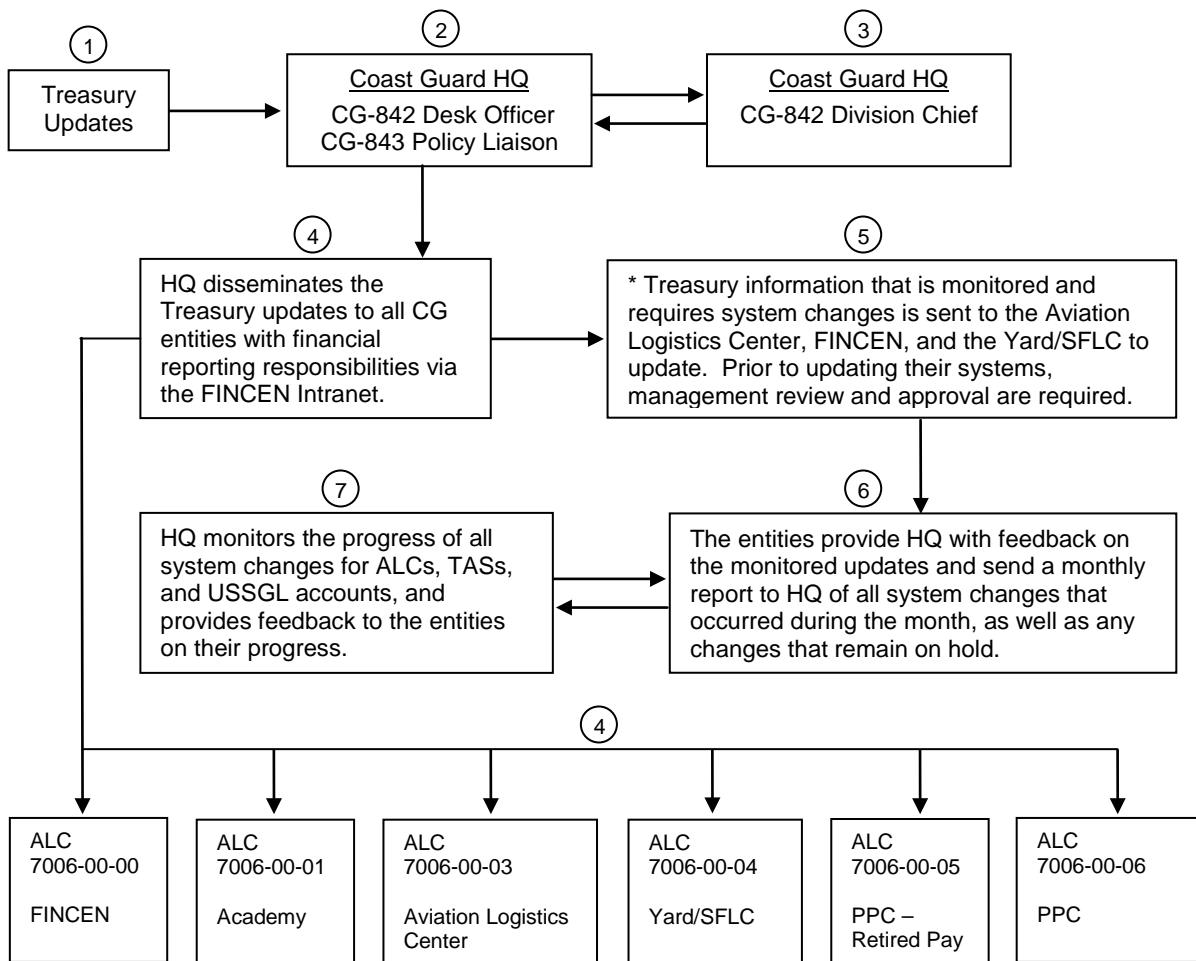
Reconciliation	USSGL Account No.	Office	Freq	Due
Accounts Receivable subsidiary records to the GL	13xx	RRB	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2xxx	RRB	Monthly	15 business days after month-end
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	6100	N/A	N/A	N/A
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	1610 - 1611	N/A	N/A	N/A
Deferred Revenue subsidiary records to the GL	2320	RRB	N/A	N/A
Revenue subsidiary records to the GL	5xxx	RRB	Monthly	20 days after month-end
Environmental and Disposal Liability subsidiary records to the GL	2995	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the GL	1410	RRB	Monthly	20 days after month-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	Yard Fund only	RRB	Monthly	20 days after month-end
FBWT - Summary Results subsidiary records to the GL	1010	RRB	Monthly	20 days after month-end
PP&E subsidiary records to the GL	17xx, 18xx	RRB	Monthly	20 days after month-end
Inventory subsidiary records to the GL	15xx	RRB	Monthly	20 days after month-end

RRB = Reports, Reconciliations, and Budget Division

Appendix 7-6 Treasury Information Maintenance Process Flow Diagram

The Coast Guard processes large volumes of transactions that impact the FBWT. To facilitate automatic reconciliations with Treasury, the Coast Guard must classify cash transactions using Treasury-defined codes. The TIM process ensures that the classification structures and valid data element relationships are in place for ALMIS, CAS, and NESSS to use to classify and identify transactions that impact the FBWT.

Figure 7.2 Treasury Information Maintenance Process



* Since the present accounting systems are limited and do not provide adequate controls, sustainment of the TIM process is ultimately dependent upon system configurations, software upgrades, system enhancements, and business process changes.

1. Department of the Treasury's Financial Management Service sends regular updates via the website <http://fms.treas.gov/>.
2. Coast Guard Headquarters (Commandants (CG-842) and (CG-843)) receives the updates from Treasury. The Commandant (CG-842) desk officer reviews and analyzes each update for significance of content in order to determine applicability to Coast Guard financial reporting functions, and then forwards the updates to the Commandant (CG-842) division chief for review and approval.
3. The Commandant (CG-842) division chief reviews and approves the completed Treasury updates to ensure that all pertinent information has been captured. The division chief then forwards the approved updates back to the Commandant (CG-842) desk officer for dissemination.
4. Coast Guard Headquarters disseminates the Treasury updates to all entities with financial reporting responsibilities via the FINCEN Intranet.
5. Treasury information that is monitored and requires system changes is sent to the Aviation Logistics Center, FINCEN, and the Yard/SFLC to update. Prior to updating their systems, management review and approval are required.
6. The entities keep Coast Guard Headquarters apprised of system changes, and provide feedback on the monitored updates by sending a monthly report containing updated USSGL and transaction code listings.
7. Coast Guard Headquarters monitors the progress of all system changes for ALCs, TASs, and USSGL accounts, and provides the entities with monthly progress reports.

Appendix 7-7 Required Accruals by Document Type**Table 7.28 Required Accruals by Document Type**

Document Type Code	Document Title	Accrual
11	Travel (Local)	Yes
11	Travel (TDY)	Yes
11	Travel (Reserve Orders)	Yes
12	Travel (PCS)	Yes
13	Travel (Continuous)	Yes
14	Government Travel Request	Yes
14	Citibank Government Travel Account	Yes
14	Government Travel Account for MEPS	Yes
15	Commercial Bill of Lading – Power Track	Yes
15	Government Bill of Lading – Government-Owned Property	Yes
15	Government Bill of Lading – Personal Property/Household Goods	Yes
17	Purchase Order for Household Goods Shipment	Yes
17	Blanket Purchase Agreement for Household Goods	Yes
17	Nontemporary Storage of Household Goods	Yes
17	SPM Shipments/PPT	Yes
17	Mass Transit Fare Benefit Program	Yes
19	Miscellaneous Obligation	Yes
20	Cash Purchases (Imprest Fund)	No
21	Procurement Requests	No

Document Type Code	Document Title	Accrual
22	Purchase Order Invoice Voucher for Nonsubsistence	Yes
23	Purchase Order/Delivery Order	Yes
23	UNICOR/Federal Prison Purchases	Yes
23	Modification to Purchase Order	Yes
24	Contracts	Yes
24	Modification to Contracts	Yes
24	Option/Purchase of Real Property	Yes
26	Purchase Order Invoice Voucher for Subsistence	Yes
26	Blanket Purchase Agreement for Subsistence	Yes
26	Dining Facility	Yes
27	Auxiliary Patrol Orders	Yes
28	Military Interdepartmental Purchase Request	Yes
30	Training	Yes
31	Industrial Service Order	Yes
32	Government Purchase Card	Yes
32	Express and Commercial Small Package Shipments	Yes
32	Government Fleet Card	Yes
33	Post Office Box Rental/Renewal	Yes
33	Miscellaneous Costs	Yes
33	Coast Guard Yard Project Order	Yes
33	Volpe National Transportation System Center	Yes
33	Meal Ticket	Yes

Document Type Code	Document Title	Accrual
34	Reimbursable Work Authorization	Yes
35	Transfer Between Coast Guard Units	Yes
35	ARMS/Milstrip	Yes
35	Miscellaneous "Z" Requisitions	Yes
35	SERVMART	Yes
35	GSA Customer Service	Yes
35	DLA Disposition Services Hazardous Waste	Yes
35	Into-Plane Fuel Bill	Yes
35	Multi Service Aviation Into-Plane Reimbursement Cards	Yes
35	U.S. Customs Charges	Yes
35	Defense Transportation Bills	Yes
35	Multi Service Air Card	Yes
35	DESC Bunker Contract Fuel Purchases	Yes
37	Non-Federal Invoicing Processing Systems (NIPS) Medical Payment	Yes
37	Superintendent of Documents – Publications	Yes
37	Printing DOD	Yes
37	Printing GSA	Yes
37	Printing GPO	Yes
38	Blanket Purchase Agreement for Nonsubsistence	Yes
39	IPAC Debits Posted to V60G and FADO Suspense V6OP	No
39	IPAC (Payments) Posted to V60G	No

Document Type Code	Document Title	Accrual
39	Payments over Cancellation and Limited Pay Ability. IPAC Posted as Doc Type 39 to V60G and Moved to V6A6	No
40	Real Property Leases	Yes
40	Residential Leases	Yes
44	Utilities – Electric	Yes
45	Commercial Telephone Bill	Yes
46	Utilities – Water	Yes
47	U.S. Government National Credit Card, Form SF 149	No
48	GSA Vehicle Billings	Yes
49	Utilities – Natural Gas	Yes
51	Reimbursable Overtime	Yes
54	Reimbursable Marine Vessel Overtime	Yes
60	Limited Pay Ability	Yes
62	Reissue of Cancelled Checks	Yes
66	Public Voucher for Refunds	Yes
66	Administrative Offsets	Yes
66	IPAC Credits	Yes
66	Collections/Check	Yes
68	Debit Voucher	Yes
71	Reserve Orders (Contingency Recall)	Yes
71	Reserve Orders (IADT)	Yes
71	Reserve Orders (ADOS-AC Greater Than 180 Days and Voluntary Recall)	Yes

Document Type Code	Document Title	Accrual
71	Reserve Orders (ADOS-RC Greater Than 180 Days)	Yes
72	Reserve Orders (ADOS-AC Less Than or Equal to 180 Days and Voluntary Recall)	Yes
72	Reserve Orders (ADOS-RC Less Than or Equal to 180 Days)	Yes
72	Reserve Orders (ADT-AT)	Yes
72	Reserve Orders (ADT-OTD)	Yes
72	Reserve Orders (ADSE-AC) Reimbursable by Other Agencies	Yes
78	Travelers Checks	Yes
	Military Payroll	Yes
	Civilian Payroll	Yes
	Reserve Payroll	Yes

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Chapter 8. Financial Reporting

Financial reporting encompasses all activities involved in summarizing and documenting financial information, including financial reporting for use by Coast Guard managers in monitoring and controlling programs and operations. It also comprises all financial reports, whether automated or manual, required by OMB, Treasury, and other central agencies.

8.1 Monthly, Quarterly, and Year-End Reporting

8.1.1 Overview

This section defines responsibilities and policy for the following topics, each of which is addressed in a separate subsection.

- 8.1.5 Period-End Close of CAS Submodules and General Ledger (GL)
- 8.1.6 Reconciliation of GL Control Accounts to GL Submodules
- 8.1.7 Manual Journal Voucher/CG TIER On-Top Adjustments
- 8.1.8 Creation of the CG TIER Unadjusted Trial Balance
- 8.1.9 Preparation of the Reconciliation of Net Cost to Budget
- 8.1.10 Analysis of the Cumulative Results of Operations
- 8.1.11 Preparation of Automated and Manual Footnotes
- 8.1.12 Submission of Federal Agencies' Centralized Trial-Balance System II (FACTS II) Data
- 8.1.13 Chief Financial Officer Certification
- 8.1.14 Preparation of the Annual Performance and Accountability Report and the Data for the Financial Report of the U.S. Government
- 8.1.15 DHS TIER Analytical Analysis and Report
- 8.1.16 DHS TIER Abnormal Balances
- 8.1.17 DHS TIER Intra-Departmental Eliminations
- 8.1.18 Financial Statement Checklist
- 8.1.19 Reconciling the Statement of Budgetary Resources (SBR)

8.1.1.1 *Purpose*

This chapter has two major objectives:

1. To ensure that the Coast Guard's financial statements, footnotes, and other reports are accurate, authorized, complete, and presented appropriately.

2. To ensure that the closing and reporting processes are appropriate and standardized for the Core Accounting System (CAS), the Coast Guard Treasury Information Executive Repository (CG TIER), and the DHS Treasury Information Executive Repository (DHS TIER).

8.1.1.2 *Scope*

This chapter applies to all Coast Guard components that are involved with period-end financial reporting. Responsibilities are specified for the following offices:

1. Aviation Logistics Center (ALC);
2. Chief Financial Officer (CG-8);
3. Financial Reporting and Analysis Division (CG-842);
4. Coast Guard Academy;
5. Coast Guard Yard;
6. FINCEN Core Accounting Systems Branch;
7. FINCEN Financial Information and Control Division;
8. FINCEN Financial Reports and Analysis Branch;
9. FINCEN offices reconciling GL control accounts to GL submodules;
10. Office of Performance Management and Assessment (CG-DCO-81); and
11. Program offices.

8.1.1.3 *Definitions*

Balance Sheet – The Balance Sheet presents, as of a specific time, amounts of future economic benefits owned or managed by the reporting entity (assets), amounts owed by the entity (liabilities), and amounts that comprise the difference (net position).

Business Event Type Code (BETC) – an eight-character code used in the GWA system to indicate the type of activity being reported, such as payments, collections, borrowings, etc. This code must accompany the Treasury Account Symbol (q.v.) and the dollar amounts in order to classify the transaction against the Fund Balance with Treasury.

Cumulative Results of Operations (CRO) – the net difference, since the inception of the activity, between the expenses and losses and the financing sources, including appropriations, revenues, and gains. The CRO reflects the cumulative effect of financing in excess of expenditures.

Performance and Accountability Report (PAR) – a financial report that combines detailed information on DHS’s audited financial statements and performance results achieved. The PAR is submitted to the President, Congress, and members of the public to inform on how well DHS performed in managing its programs and finances. Section 1, “Management’s Discussion and Analysis,” is an overview of the financial and performance results. Section 2, “Performance

Information,” compares actual performance with the projected levels of performance set out in an annual performance plan. Section 3, “Financial Information,” contains a CFO letter; the auditor’s report; and the financial statement, notes, and required supplementary information (as applicable).

Reconciliation of Net Cost of Operations to Budget (formerly **Statement of Financing**) – the bridge between an entity’s budgetary and financial (i.e., proprietary) accounting. The reconciliation articulates the relationship between net obligations derived from an entity’s budgetary accounts and net cost of operations derived from the entity’s proprietary accounts by identifying and explaining key differences between the two amounts.

Statement of Budgetary Resources (SBR) – The SBR and related disclosures provide information about how budgetary resources were made available, as well as their status at the end of the period. It is the only financial statement predominantly derived from an entity’s budgetary GL in accordance with budgetary accounting rules, which are incorporated into GAAP for the Federal Government.

Statement of Changes in Net Position (SCNP) – The SCNP reports the change in net position during the reporting period. Net position is affected by changes to its two components: Cumulative Results of Operations, and Unexpended Appropriations. The statement format is designed to display both components of net position separately to enable the user to better understand the nature of changes to net position as a whole.

Statement of Custodial Activity (SCA) – The SCA is required for entities that collect nonexchange revenue for the General Fund of the Treasury, a trust fund, or other recipient entities. The collecting entities do not recognize as revenue those collections that have been or should be transferred to others as revenues. Rather, they account for sources and disposition of the collections as custodial activities on the SCA.

Statement of Net Cost (SNC) – The SNC is designed to show separately the components of the net cost of the reporting entity’s operations for the period. Net cost of operations is the gross cost incurred by the reporting entity less any exchange revenue earned from its activities. The gross cost of a program consists of the full cost of the outputs produced by that program plus any non-production costs that can be assigned to the program (non-production costs are costs linked to events other than the production of goods and services). The net cost of a program consists of gross cost less related exchange revenues. By disclosing the gross and net costs of the entity’s programs, the SNC provides information that can be related to the outputs and outcomes of the programs and activities.

Treasury Account Symbol (TAS) – an identification code assigned by Treasury, in collaboration with OMB and the owner agency, to an individual appropriation, receipt, or other fund account. The TAS is used in conjunction with the Business Event Type Code (q.v.) in order to classify the transaction against the Fund Balance with Treasury.

8.1.2 Authorities

1. Chief Financial Officers Act of 1990. (PL 101-576).
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. Department of Homeland Security Financial Accountability Act. (PL 108-330).
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_bills&docid=f:h4259enr.txt.pdf
3. Federal Managers Financial Integrity Act of 1982 (FMFIA). (PL 97-255).
http://www.whitehouse.gov/omb/financial_fmfi1982/
4. Federal Financial Management Improvement Act of 1996 (FFMIA). (PL 104-208).
http://www.whitehouse.gov/omb/financial_ffs_ffmia
5. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a123/a123_rev.pdf
6. Government Management Reform Act of 1994 (GMRA). (PL 103-356).
<http://govinfo.library.unt.edu/npr/library/misc/s2170.html>
7. Government Performance and Results Act of 1993.
<http://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m#h1>
8. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, August 2011.
http://www.whitehouse.gov/omb/circulars_a11_current_year_a11_toc
9. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.
http://www.whitehouse.gov/omb/circulars_a127
10. Office of Management and Budget, Circular A-130, *Management of Federal Information Resources*, November 28, 2000.
<http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a130/a130trans4.pdf>
11. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*, October 2011.
http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a136/a136_revised_2011.pdf
12. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, (TFM) volume I, part 2, chapter 4700, "Agency Reporting Requirements for the *Financial Report of the United States Government*."
<http://www.fms.treas.gov/tfm/vol1/v1p2c4700.html>

13. Department of the Treasury, Financial Management Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* (series), part 1 and part 2, “Fiscal [yyyy] Reporting”.
http://www.fms.treas.gov/ussgl/selection_page.html
14. U.S. Department of Homeland Security, Chief Financial Officer, Office of Financial Management, *Component Requirements Guide for Financial Reporting*, March 2011.
http://dhsconnect.dhs.gov/org/comp/cfo/ofm/Documents/FY%202011%20Component%20Requirements%20Guide_Final.docx
15. Government Accountability Office, *Standards for Internal Control in the Federal Government*, AIMD-00-21.3.1, November 1999.
<http://www.gao.gov/special.pubs/ai00021p.pdf>
16. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
http://cgweb2.comdt.uscg.mil/cgdirectives/cim/cim_5212_12a.pdf
17. *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series).
http://www.uscg.mil/directives/cim/7000-7999/CIM_7100_4.pdf

8.1.3 General Policy

1. The Financial Reporting and Analysis Division, Commandant (CG-842), shall be responsible for the completeness, accuracy, timeliness, and quality of reviews pertaining to the submission of quarterly and annual financial reports.
2. Prior to the Coast Guard CFO’s monthly certification to DHS, all Coast Guard consolidated reports shall be reviewed by a Commandant (CG-842) senior manager who is not directly involved in the report preparation. Senior managers at FINCEN and the ICPs/Yard shall review their reports before submitting them to Commandant (CG-842).
3. All information supporting the various aspects of monthly, quarterly, and year-end reporting shall be kept in a central location that is physically secured. These files shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

8.1.4 Procedures

Commandant (CG-842) shall develop internal procedures relating to the period-end closing and reporting processes in accordance with these policies and procedures.

8.1.5 Period-End Close of CAS Submodules and General Ledger (GL)

8.1.5.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for period-end close of the CAS submodules and general ledger (GL). All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.5.1.1 FINCEN

1. Core Accounting Systems Branch chief:
Establishes the closing date for each submodule and the CAS GL module.
2. Core Accounting Systems Branch submodule lead:
Ensures that their respective submodule is closed in accordance with the CAS closing schedule.
3. Core Accounting Systems Branch submodule IT specialist:
 - a. Ensures that the standard daily processes (to clear the interfaces) are run prior to closing the submodule for the period.
 - b. Reviews the data received by the submodule from feeder systems and other submodules to ensure completeness and accuracy.
 - c. Ensures that rejected, pending, suspended, and unusual items are properly researched and resolved prior to closing the submodule.
 - d. Ensures that transactions within their respective submodules are completely and accurately transferred to the GL module.
 - e. Formally documents, signs, and dates all reviews and verifications.
4. Core Accounting Systems Branch GL team lead:
Ensures that all submodules are closed for the period prior to closing the GL module.
5. Core Accounting Systems Branch GL IT specialist:
 - a. Ensures that data received from other systems and from CAS submodules is complete and accurate.
 - b. Ensures that rejected, pending, suspended, and unusual items are properly researched and resolved prior to closing the GL module.
 - c. Formally documents, signs, and dates all reviews and verifications.

8.1.5.2 Policy

8.1.5.2.1 CAS Branch Chief

The branch chief shall establish the closing date for each submodule and the CAS GL module.

8.1.5.2.2 CAS Submodules

1. Closing of CAS submodules shall be planned to ensure that closing and reporting objectives are met in an efficient and effective manner.
2. The CAS closing schedule shall be managed by a designated employee to ensure that the closing process is sequenced in a practical and efficient manner.
3. Each submodule shall be closed in accordance with the CAS closing schedule.
4. Submodule leads shall be assigned appropriate roles and responsibilities within their respective CAS submodules.
5. Standard daily processes to clear the interfaces shall be run in CAS prior to closing their respective submodule for the period.
6. The data received by a submodule from feeder systems and other submodules shall be validated to ensure completeness and accuracy.
7. All data verifications shall be formally documented with a signature and date.
8. Functions performed within the CAS submodules shall produce an audit trail, which allows for verification that transactions are accurate, complete, and appropriate.
9. Rejected, pending, suspended, and unusual items shall be properly researched and resolved prior to the closing of the submodule.
10. All resolved items shall be formally approved, as evidenced by the signature and date of the approver.
11. Data within the GL shall be reviewed to ensure that all transactions were completely and accurately transferred from the submodule.
12. All reviews and reconciliations shall be formally documented with a signature and date.

8.1.5.2.3 CAS GL Module

1. All submodules shall be closed prior to closing the CAS GL module.
2. GL leads shall be assigned roles and responsibilities within their respective GL module.
3. Data received in the GL from feeder systems and CAS submodules shall be validated to ensure that it is complete, accurate, and recorded in the appropriate accounting period.
4. All reviews and validations shall be formally documented with a signature and date.
5. Functions performed within the CAS GL module shall produce an audit trail, which allows for verification that transactions are accurate, complete, and appropriate.

6. Rejected, pending, suspended, and unusual items shall be properly researched and resolved prior to the closing of the GL module.
7. All resolved items shall be formally approved, as evidenced by the signature and date of the approver.

8.1.5.2.4 Adjustments and Corrections within CAS Submodules and the CAS GL Module

1. Manual adjusting entries shall be supported by a detailed analysis and other supporting documentation, as applicable, prior to recording in the CAS submodules or the CAS GL module.
2. Manual adjusting entries shall be formally approved by the appropriate level of management, as evidenced by a signature and date.
3. All requests for new Structured Query Language (SQL) scripts shall be approved by the related submodule lead or GL lead.
4. All SQL scripts used to clear or correct transactions within the CAS submodules or the CAS GL module shall be tested by the related submodule IT specialist or the GL IT specialist in a test environment prior to implementation in the production database.
5. SQL scripts shall be implemented in the production database only after they have been formally approved by the Director of Financial Operations/Comptroller, Commandant (CG-8C).

8.1.6 Reconciliation of GL Control Accounts to GL Submodules

8.1.6.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for reconciliation of GL control accounts to GL submodules. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.6.1.1 Aviation Logistics Center (ALC)

1. Fiscal Operations Branch (FOB) accountant:
 - a. Generates the Cognos report, and verifies the reconciliation data for the GL submodules and their respective GL control accounts, identifying any variance between both sources.
 - b. Researches and documents all reconciling items identified between the GL submodules and the GL control accounts.
 - c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the FOB chief for approval.
 - d. Prepares, signs, and dates the reconciliation package, which documents all reconciliation activities, and submits the package to the FOB chief for approval.

- e. Maintains appropriate supporting documentation for all reconciliation activities.
2. FOB chief:
 - a. Reviews and approves all correcting entries.
 - b. Reviews the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Consolidates the reconciliation packages for all applicable reconciliations listed in Appendix 8-1, Reconciliation of GL Control Accounts to Subsidiary Records.
 - d. Signs and dates a consolidated certification letter, in accordance with FINCEN requirements, certifying that all applicable reconciliations listed in Appendix 8-1, Reconciliation of GL Control Accounts to Subsidiary Records, are complete, accurate, and supported by appropriate documentation.
 - e. Transmits the signed consolidated certification letter to FINCEN along with the consolidated reconciliation package.

8.1.6.1.2 Coast Guard Yard

1. Reports, Reconciliations, and Budget (RR&B) Division accountant:
 - a. Generates the Naval and Electronics Supply Support System (NESSS) report, and verifies the reconciliation data for the GL submodules and their respective GL control accounts, identifying any variance between both sources.
 - b. Researches and documents all reconciling items, and, when necessary, obtains additional data from appropriate sources to facilitate further analysis.
 - c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the RR&B Division chief for approval.
 - d. Prepares, signs, and dates the reconciliation package, which documents all reconciliation activities, and submits the package to the RR&B Division chief for approval.
 - e. Maintains appropriate supporting documentation for all reconciliation activities.
2. RR&B Division chief:
 - a. Reviews and approves all correcting entries.
 - b. Consolidates the reconciliation packages for all applicable reconciliations listed in Appendix 8-1, Reconciliation of GL Control Accounts to Subsidiary Records.
3. Financial Operations Department chief:
 - a. Reviews and approves the reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - b. Signs and dates a consolidated certification letter, in accordance with FINCEN requirements, certifying that all applicable reconciliations and analyses listed in

Appendix 8-1, Reconciliation of GL Control Accounts to Subsidiary Records, are complete, accurate, and supported by appropriate documentation.

- c. Transmits the signed consolidated certification letter to FINCEN along with the consolidated reconciliation package.

8.1.6.1.3 FINCEN

1. Unit/Branch accountant in offices reconciling GL control accounts to GL submodules:
 - a. Extracts and verifies the reconciliation data for the submodules and their respective GL control accounts, identifying any variance between sources.
 - b. Researches and documents all reconciling items, and, when necessary, obtains additional data from appropriate sources to facilitate further analysis.
 - c. Prepares correcting entries, if applicable, and submits them with appropriate documentation to the unit/branch chief for approval.
 - d. Prepares, signs, and dates the reconciliation package, which documents all reconciliation activities, and submits the package to the unit/branch chief for approval.
 - e. Signs and dates the internal web-based certification form.
 - f. Maintains appropriate supporting documentation for all reconciliation activities.
2. Unit/Branch chief:
 - a. Reviews and approves all correcting entries.
 - b. Reviews the GL submodules and suspense reconciliation package for accuracy and completeness, and signs and dates the package as evidence of approval.
 - c. Signs and dates the internal web-based certification form.
3. Financial Information and Control Division chief:
 - a. Submits a signed consolidated certification letter to Coast Guard Headquarters, attesting to the completion and timeliness of the ALC, Yard, and FINCEN reconciliations and analyses in accordance with DHS requirements.
 - b. Signs and dates the internal web-based certification form, attesting to the accuracy and completeness of the reconciliation.

8.1.6.2 Policy

1. All reconciliations shall be performed promptly, using effective and efficient reconciliation processes, to ensure the integrity and accuracy of Coast Guard financial report data.
2. All specified GL control accounts shall be reconciled to their respective GL submodules on a monthly basis, in accordance with the schedule shown in Appendix 8-1, Reconciliation of GL Control Accounts to Subsidiary Records.
3. All reconciliation packages shall be reviewed and approved by a level of management at least one level higher than that of the preparer of the reconciliation.
4. Coast Guard components shall certify, via a consolidated certification letter, the GL control account to GL submodule reconciliations as to:
 - a. Their completeness and accuracy;
 - b. The appropriateness of the related supporting documentation; and
 - c. Whether the appropriate queries and reports were run to verify the correctness of the accounts.
5. Coast Guard components shall submit to FINCEN all reconciliation packages along with a signed consolidated letter, in accordance with the schedule shown in Appendix 8-1, Reconciliation of GL Control Accounts to Subsidiary Records. Each FINCEN GL control account to GL submodule reconciliation shall be internally certified by the preparer, the branch chief, and the division chief as to:
 - a. Its completeness and accuracy;
 - b. The appropriateness of the related supporting documentation; and
 - c. Whether the appropriate queries and reports were run to verify the correctness of the accounts.
6. FINCEN shall certify to Coast Guard Headquarters, via a signed consolidated certification letter, the completeness, accuracy, and timeliness of the ALC, Yard, and FINCEN reconciliations and analyses prescribed by DHS in *Component Requirements Guide for Financial Reporting*.
7. All extract data, transfers, and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.
8. Adequate segregation of duties shall be maintained throughout all reconciliation processes (e.g., the performance and approval of any reconciliation activity shall be delegated to separate personnel).
9. Reconciliations shall be documented and made available to agency management, and all adjustments shall be researched and traceable to supporting documents.

10. Corrections to the respective accounts shall be supported by appropriate documentation, and shall be approved, signed, and dated in accordance with the responsibilities defined in subsection 8.1.6.1 above.
11. Only authorized officials shall prepare, review, and approve the GL control account reconciliations and the resulting adjustments.
12. Access to systems utilized in the reconciliation processes shall be limited to authorized personnel relevant to their reconciliation responsibilities, in accordance with CG systems access control policies.

8.1.7 Manual Journal Voucher/CG TIER On-Top Adjustments

The Coast Guard (CG) has two primary uses for manual journal vouchers (JVs): (1) to correct errors detected subsequent to posting; and (2) to record routine accounting entries that otherwise would have been recorded, but were not due to system limitations or timing differences. CG TIER on-top adjustments (OTAs) are required to ensure appropriate adjustments are made to generate accurate financial statements. In addition, due to the early closing of CAS, ALMIS, and NESSS, accounting entries that are not recorded into the general ledger are recorded as OTAs to meet financial reporting deadlines.

The Office of Financial Policy, Reporting, and Property, Commandant (CG-84), is responsible for conducting a Headquarters-level review and approval of all JVs and OTAs, affecting any United States General Ledger (USSGL) account, i.e., one or more transactions recorded to the same USSGL account within a JV or OTA entry, with a financial impact of \$10,000,000 and above, prior to entry into the GL financial systems and/or CG TIER. This process both enhances internal control and financial management oversight throughout the Coast Guard, as well as helps to ensure that account balances are appropriate, authorized, documented, and processed accurately and in compliance with all applicable laws and regulations.

8.1.7.1 Segregation of Duties

In order to maintain internal control, the functions of preparation and approval of JVs/OTAs must be performed by different individuals. Units must have adequate internal controls in place to ensure that JVs/OTAs are posted exactly as they were approved. This should be accomplished as a part of the periodic monitoring and control processes. The authority to approve JVs/OTAs prior to entry into the GL financial systems and/or CG TIER should be delegated in writing to maintain a separation of duties within a command.

8.1.7.2 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for manual journal vouchers and on-top adjustments. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.7.2.1 Director, Financial Operations/Coast Guard Comptroller (CG-8C)

1. Administers financial management activities delineated under the CFO ACT of 1990, which include accounting, budgeting, financial systems, policy, planning, and audit oversight.
2. Provides financial analysis; a description of the design and effectiveness of management controls; program performance results related to the Coast Guard's missions, goals, and objectives; and an assessment of data validity and reliability in support of performance measures.
3. Serves as the technical control official for the Finance Center (FINCEN), overseeing the operation of FINCEN. Through the Finance Center, provides Service-wide accounting and financial management services for the Coast Guard. Maintains the official accounting records for all Coast Guard appropriated funds.

8.1.7.2.2 Chief, Office of Financial Policy, Reporting, and Property (CG-84)

1. Develops, publishes, and monitors compliance with standards and requirements for the transmission of financial data.
2. Monitors the integrity of the Coast Guard's financial data. Initiates management controls or corrective action when necessary/appropriate.
3. Develops, implements, oversees, and evaluates financial management policy, directives, and procedures.
4. Provides oversight and support to the journal voucher/on-top adjustment approval process and reporting of financial data.

8.1.7.2.3 Division Chief, Financial Reporting and Analysis Division (CG-842)

1. Provides second-level Headquarters (HQ) approval to record entries in the financial management system.
2. Coordinates and monitors the preparation/certification of Coast Guard's financial statements and related disclosures, and provides financial oversight and guidance to the program offices and field units.
3. Monitors the FINCEN, Aviation Logistics Center (ALC), and Surface Forces Logistics Center (SFLC/Yard) financial management performance measures and coordinates the development of plans and corrective actions for improvement within Commandant (CG-842).
4. Authorizes the recording of entries into the general ledger or into CG TIER after reviewing the Commandant (CG-842) Desk Officer's first-level approval.

8.1.7.2.4 Desk Officer, Financial Reporting and Analysis Division (CG-842)

1. Provides first-level HQ approval to Commandant (CG-842) Division Chief for authorizing the recording of entries into the general ledger or into CG TIER.
2. Conducts objective centralized evaluations of JVs/OTAs.

8.1.7.2.5 Audit Remediation Division (CG-845)

Remediates any known deficiencies within the JV/OTA approval process.

8.1.7.2.6 Office of Internal Controls (CG-85)

Conducts internal control reviews over the JV/OTA approval process, including tests of design (TOD) and tests of effectiveness (TOE).

8.1.7.2.7 HQ Unit Commanding Officer (CO)/Commander/Director/Superintendent

The responsible approving authority:

1. Must delegate and maintain a separation of duties within their command. Delegation must be in writing.
2. Shall identify whether or not the JV/OTA is required because the data cannot be obtained in an efficient and effective manner from the financial or mixed system.
3. Shall ensure that internal controls are in place for the proper recording of JVs/OTAs.

8.1.7.2.7.1 Preparer

1. Prepares journal vouchers and on-top adjustments.
2. Records entries into CAS/ALMIS/NESSS or in CG TIER after obtaining appropriate authorizations.

8.1.7.2.7.2 Primary Approving Official

1. Provides the first level of unit review and approval of prepared journal vouchers and on-top adjustments.
2. Analyzes the propriety of the JV/OTA, and ensures sufficient supporting documentation has been included with the JV/OTA.
3. Verifies the need for a JV/OTA or correction within the system module, when applicable.

8.1.7.2.7.3 Secondary Approving Official

Provides the second level of unit review and approval of prepared journal vouchers and on-top adjustments.

8.1.7.3 Policy

1. All FINCEN, ALC, and SFLC/Yard manual journal vouchers (JVs) and on-top adjustments (OTAs) affecting any United States Standard General Ledger (USSGL) account, i.e., one or more transactions recorded to the same USSGL account within a JV or OTA entry, with a financial impact of \$10,000,000 and above, shall be approved by Commandant (CG-84) or Commandant (CG-8C) (see number 3 below).
2. All JVs and OTAs affecting any USSGL account, which do not require Commandant (CG-84) or Commandant (CG-8C) approval, shall be approved by the responsible HQ Unit Commanding Officer (CO)/Commander (CDR)/Director/Superintendent.
3. Pre-Approval of JVs/OTAs – Certain recurring manual journal vouchers and on-top adjustments may be granted pre-approved status. This status will allow FINCEN to record a JV or OTA without the need for further review by Commandant (CG-84). JVs and OTAs meeting this criterion will be submitted to Commandant (CG-8C) in advance for consideration of pre-approval status. The FINCEN pre-approval listing for JVs/OTAs shall include entries that are supported with transaction detail, system reports, and queries as required in the manual JV/OTA category list.
4. Final Approval of JVs/OTAs – Certain recurring manual journal vouchers and on-top adjustments may be granted final approval by the Commandant (CG-842) Desk Officer. This status will allow a JV or OTA to be recorded by FINCEN without the need for further review by the Commandant (CG-842) Division Chief. JVs and OTAs meeting this criterion are submitted to Commandant (CG-8C) through Commandant (CG-84) for desk officer final approval. Commandant (CG-842) Desk Officer's final approval for JVs/OTAs will be limited to those entries that are supported with transaction detail, system reports, and queries as required in the manual JV/OTA category list.

Note: The most current lists may be found on the Commandant (CG-843) portal site in the Manual_JV_OTA_LINKS folder. To access this folder, click on the "Interim Policies" link located at: <https://cgportal2.uscg.mil/units/cg84/Documents/Forms/AllItems.aspx>.

5. Proper documentation, in electronic form, is required for all JV/OTA entries. This documentation must be sufficient for the approving official and auditors to clearly understand the reason for preparing the JV/OTA and to be able to determine that it is proper and accurate.
6. If a system limitation results in a recurring or nonrecurring JV, then the System Development Change Request (SDCR) shall be referenced on the JV submission when applicable.
7. All levels are responsible for developing procedures that fully comply with the requirements of this policy.

8.1.8 Creation of the CG TIER Unadjusted Trial Balance

8.1.8.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for the creation of the CG TIER unadjusted trial balance. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.8.1.1 Aviation Logistics Center (ALC)

The Fiscal Operations Branch chief certifies the integrity of all ALMIS GL data, and provides the data to FINCEN.

8.1.8.1.2 Coast Guard Academy

The Financial Operations Department financial manager certifies the integrity of all Academy GL data, and provides the data to FINCEN.

8.1.8.1.3 Coast Guard Yard

The Financial Operations Department chief certifies the integrity of all NESSS GL data, and provides the data to FINCEN.

8.1.8.1.4 FINCEN

1. Core Accounting Systems Branch IT specialist:
Prepares the CAS trial balance, and provides it to the Financial Reports and Analysis Branch.
2. Financial Reports and Analysis Branch chief:
 - a. Determines which appropriations from the combined unadjusted trial balance (CG TIER) shall be reconciled to the CAS, ALMIS, and NESSS expanded trial balances.
 - b. Reviews the off-site accounting offices' analyses of abnormal balances and analytics.
3. Financial Reports and Analysis Branch TIER accountant:
Imports and combines CAS, ALMIS, and NESSS GL data in CG TIER.
4. Financial Reports and Analysis Branch accountants:
 - a. Review the information provided by the off-site accounting offices to ensure that the off-site accounting offices continue to identify, research, and resolve all abnormal balances and analytics in accordance with Coast Guard policy in DHS TIER Abnormal Balances, subsection 8.1.16 of this manual.
 - b. Document the review of the off-site accounting offices' identification, research, and resolution of abnormal balances and analytics.

- c. Reconcile the data from CG TIER to the CAS, ALMIS, and NESSS expanded trial balances for the selected appropriations.

8.1.8.2 Policy

1. The ALC Fiscal Operations Branch chief, the Academy Financial Operations Department financial manager, and the Yard Financial Operations Department chief shall certify that the respective ALMIS, NESSS, and Academy GL data is complete and accurate when it is provided to FINCEN for consolidation.
2. The FINCEN Financial Reports and Analysis Branch shall document the review of the off-site accounting offices' resolution/reconciliation of abnormal balances and analytics.
3. The Financial Reports and Analysis Branch shall import ALMIS, NESSS, and CAS GL data into CG TIER to produce the Coast Guard's unadjusted trial balance.
4. GL data shall be maintained in accordance with USSGL formatting standards.
5. CG TIER GL data shall meet DHS TIER and FACTS II reporting standards.
6. Each month, the CG TIER trial balance shall be reconciled to the CAS, ALMIS, and NESSS expanded trial balances for a sample of appropriations selected by the Financial Reports and Analysis Branch chief.

8.1.9 Preparation of the Reconciliation of Net Cost to Budget

8.1.9.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for the reconciliation of net cost to budget. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.9.1.1 FINCEN Financial Reports and Analysis Branch

1. On a quarterly basis, the branch TIER accountant shall extract the final adjusted trial balance and provide it to the branch accountants.
2. The branch accountants shall:
 - a. Perform analysis of the budgetary and other resources accounts and the SNC for all Coast Guard TAS/BETCs.
 - b. Prepare and complete a reconciliation of the detailed SNC against the final consolidated CFO Vision SNC. The detailed SNC shall be prepared by the Coast Guard fund groups.
 - c. Prepare and complete a reconciliation of budgetary resources and other resources used to finance activities, with the breakdown of each resource by TAS/BETC.

- d. Prepare and complete a reconciliation of net cost to budget (reconciling the budgetary resources and other resources used to finance activities with the SNC) by TAS/BETC.
 - e. Communicate any differences noted during the reconciliation, preparation, and supporting SNC reconciliation to the Financial Reports and Analysis Branch chief, and to DHS if required.
 - f. Track the resolution of differences to ensure appropriate resolution.
3. The branch chief shall:
- a. Review and approve CG TIER adjustments or changes to the budgetary and other resources and SNC for validity and accuracy, as needed.
 - b. Verify that the budgetary and other resources and the SNC agree with the consolidated CG TIER trial balance.
 - c. Review and approve the Reconciliation of Net Cost to Budget, and use it for preparing footnotes for the financial statements in accordance with subsection 8.1.11 of this manual.

8.1.9.2 Policy

1. CG TIER data shall be complete, adequate, and provided to the Financial Reports and Analysis Branch accountants in a timely manner.
2. The CG TIER data shall be crosswalked to the appropriate line items for the Reconciliation of Net Cost to Budget.
3. The crosswalked CG TIER trial balance shall be reconciled against the DHS TIER trial balance, the SNC, and the Reconciliation of Net Cost to Budget.
4. The Reconciliation of Net Cost to Budget and the detailed SNC shall be completed in accordance with the Treasury USSGL crosswalk.
5. The reconciliation of the detailed SNC and the completion of the Reconciliation of Net Cost to Budget shall be performed prior to submission of the monthly CFO certification to DHS.
6. The analysis of the Reconciliation of Net Cost to Budget and the SNC shall be performed consistently across all TAS/BETCs and fund groups.
7. Any differences noted during the Reconciliation of Net Cost to Budget preparation or the detailed SNC reconciliation shall be communicated to the appropriate divisions or remote accounting locations for resolution. Differences shall be tracked to ensure appropriate resolution.
8. The Reconciliation of Net Cost to Budget and the detailed SNC reconciliation shall be reviewed for accuracy and completeness by the Financial Reports and Analysis Branch chief. The branch chief shall sign and date the Reconciliation of Net Cost to Budget and the detailed SNC reconciliation as evidence of approval.

9. All information supporting the analysis of the Reconciliation of Net Cost to Budget and the SNC shall be kept in a central location that is physically secured. These files shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

8.1.10 Analysis of the Cumulative Results of Operations

8.1.10.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for analyzing the Cumulative Results of Operations (CRO). All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.10.1.1 FINCEN

1. Financial Reports and Analysis Branch TIER accountant:
Generates monthly the unadjusted trial balance and the final adjusted trial balance, and provides them to the branch accountants.
2. Financial Reports and Analysis Branch accountants:
 - a. Perform an analysis of the CRO for all Coast Guard TAS/BETCs.
 - b. Complete a CRO reconciliation for all Coast Guard TAS/BETCs.
 - c. Prepare the consolidated CRO report with a breakdown by TAS/BETC.
 - d. Communicate any differences noted during the CRO analysis to the appropriate divisions or remote accounting locations for resolution.
 - e. Track the resolution of differences to ensure appropriate resolution.
3. Financial Reports and Analysis Branch chief:
 - a. Verifies that the consolidated CRO report agrees with the consolidated trial balance.
 - b. Reviews and approves all CRO reconciliations and the consolidated CRO report.
4. Financial Information and Control Division chief:
Reviews and approves the consolidated CRO report.

8.1.10.2 Policy

1. The CRO analysis report shall be prepared on a monthly basis to ensure that the CRO is reported appropriately on the final trial balance.
2. An analysis of the USSGL accounts that comprise the CRO shall be performed on a monthly basis to ensure that the CRO balance is properly reflected on the Coast Guard's financial statements.

3. For quarter-end and year-end, the CRO analysis shall be performed at the unadjusted and final adjusted trial balance phases.
4. The CRO analysis shall be performed consistently across TAS/BETCs.
5. A CRO reconciliation shall be completed on a monthly basis in accordance with Treasury USSGL guidelines.
6. All reconciliations shall be performed in a timely manner.
7. Differences noted during the CRO analysis or reconciliation shall be reported and resolved promptly. Differences shall be tracked to ensure appropriate resolution.
8. The consolidated CRO report shall be verified against each applicable trial balance by the Financial Reports and Analysis Branch chief (or designee).
9. All CRO reconciliation spreadsheets shall be reviewed for accuracy and completeness by the Financial Reports and Analysis Branch chief. The branch chief shall sign and date the reconciliation as evidence of approval.
10. The CRO analysis process shall produce an audit trail, which allows for verification that the analysis is adequate, accurate, and complete.

8.1.11 Preparation of Automated and Manual Footnotes

8.1.11.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for preparation of automated and manual footnotes. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.11.1.1 FINCEN

Financial Reports and Analysis Branch chief:

1. Obtains the initial and final automated footnotes from DHS OFM each month.
2. Reviews the automated footnotes for accuracy and completeness, signing and dating the corresponding checklist as evidence of approval.
3. Provides the Commandant (CG-842) division chief with complete, adequate, and timely manual footnotes and detailed supporting documentation each quarter.
4. Conducts the initial review of the manual footnotes for completeness and accuracy, for those items submitted by the branch.

8.1.11.1.2 Financial Reporting and Analysis Division (CG-842)

1. Division desk officers:
 - a. Obtain a list of required manual and automated footnotes and guidelines from the DHS desk officer each quarter.

- b. Provide the division chief with complete and accurate manual footnotes and detailed supporting documentation each quarter.
2. Division chief:
 - a. Reviews the automated footnotes, signing and dating them as evidence of approval.
 - b. Reviews and analyzes detailed supporting documentation to ensure that the manual footnotes are accurate, complete, and fully supported; signing and dating them as evidence of approval.
 - c. Ensures that the Coast Guard provides complete and accurate footnotes to DHS OFM in accordance with DHS and OMB requirements.

8.1.11.1.3 Program Offices

1. Designated personnel from the program offices provide the Commandant (CG-842) division officer with complete, accurate, and timely manual footnote data and detailed supporting documentation each quarter.
2. One level of management higher conducts the initial review of the manual footnotes for completeness and accuracy.

8.1.11.2 Policy

8.1.11.2.1 Automated Footnotes

1. The automated footnotes shall be obtained from DHS OFM by the Financial Reports and Analysis Branch each month.
2. All automated footnotes received from DHS OFM shall be reviewed for accuracy and completeness by the Financial Reports and Analysis Branch chief (or designee).
3. The branch chief (or designee) shall sign and date the corresponding checklist as evidence of approval.
4. The automated footnotes shall be reviewed and certified to ensure that the data is accurate and complete, and that the appropriate disclosures are made.
5. The Commandant (CG-842) division chief (or designee) shall sign and date the checklist as evidence of review and approval.

8.1.11.2.2 Manual Footnotes

1. A list of required manual footnotes and guidelines shall be obtained from the DHS desk officer (or designee) each quarter.
2. The Coast Guard shall provide complete and accurate manual footnotes to DHS OFM in accordance with DHS and OMB requirements.

3. Adequate segregation of duties shall be maintained throughout the manual footnotes preparation and review process.
4. All manual footnotes shall be supported by appropriate documentation.
5. The designated program offices shall provide manual footnote data and support as requested by the Commandant (CG-842) desk officers.
6. A Commandant (CG-842) desk officer shall prepare complete and accurate manual footnotes and detailed supporting documentation, and shall provide it to the Commandant (CG-842) division chief each quarter on a timely basis.
7. All significant changes from prior quarter Coast Guard disclosure narratives shall be updated and reported to DHS OFM in a timely and efficient manner.
8. Each manual footnote shall be reviewed for completeness and accuracy by management personnel at least one level higher than the preparer.
9. The Commandant (CG-842) division chief (or designee) shall review and analyze the detailed supporting documentation to ensure that the manual footnotes are accurate, complete, and supported.
10. The Commandant (CG-842) division chief (or designee) shall sign and date the corresponding checklist as evidence of review and approval.

8.1.12 Submission of Federal Agencies' Centralized Trial-Balance System II (FACTS II) Data

8.1.12.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for submission of FACTS II data. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.12.1.1 FINCEN

1. Financial Reports and Analysis Branch accountants:
 - a. Perform an analytical review of their assigned Coast Guard TAS/BETCs to ensure that the CG TIER file meets DHS TIER and FACTS II reporting standards.
 - b. Verify that the data in FACTS II agrees with the data in CG TIER for their assigned Coast Guard TAS/BETCs.
 - c. Inform the branch chief and DHS desk officer of any differences identified during the verification of the FACTS II data.
 - d. E-mail the branch chief, confirming that the FACTS II data for their assigned TAS/BETCs is complete and accurate.

2. Financial Reports and Analysis Branch chief:
Notifies the DHS desk officer that all Coast Guard TAS/BETCs are complete and accurate.
3. Financial Information and Control Division chief:
 - a. At year-end, reviews the data in FACTS II against the final CG TIER file to verify that the year-end balances are correct.
 - b. Certifies that the FACTS II data is complete and accurate by signing the cover sheet.
 - c. Certifies the FACTS II data in the Financial Management System (FMS) Treasury system.

8.1.12.2 Policy

1. An analytical review of each Coast Guard TAS/BETC shall be performed on a quarterly basis to ensure that the CG TIER file is in compliance with DHS TIER and FACTS II requirements.
2. Each quarter, the data in FACTS II for each TAS/BETC shall be reconciled to the data in CG TIER.
3. Any discrepancies in the FACTS II data versus the CG TIER data shall be communicated to the Financial Reports and Analysis Branch chief and to the DHS desk officer on a timely basis.
4. Once the trial balances for all TAS/BETCs are determined to be complete and accurate, the DHS desk officer shall be notified via e-mail.
5. The final CG TIER data shall be certified as to accuracy and completeness before the data is transmitted through FACTS II to Treasury.
6. The data in FACTS II shall be compared to the final CG TIER file to verify that the year-end balances are accurate and complete.
7. The Financial Information and Control Division chief (or designee) shall certify to Treasury that the FACTS II data is complete and accurate.

8.1.13 Chief Financial Officer Certification

8.1.13.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for the CFO certification. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.13.1.1 Aviation Logistics Center (ALC)

The Aviation Logistics Division chief certifies to FINCEN, via e-mail, the integrity of the ALMIS GL data.

8.1.13.1.2 Coast Guard Academy

The Financial Operations Department financial manager certifies to FINCEN, via e-mail, the integrity of Academy GL data.

8.1.13.1.3 Coast Guard Yard

The Financial Operations Department chief certifies to FINCEN, via e-mail, the integrity of the NESSS GL data.

8.1.13.1.4 FINCEN

1. Financial Reports and Analysis Branch accountants:

Complete a monthly reconciliation of the DHS trial balance reports to CG TIER for all Coast Guard TAS/BETCs.

2. Financial Reports and Analysis Branch chief:

Reviews the CFO Vision statements and related disclosure information to ensure completeness and accuracy using the DHS financial statement checklist, signing and dating an approval sheet as evidence of approval.

3. Financial Information and Control Division chief:

- a. Certifies to Commandant (CG-84), via e-mail, that the consolidated GL data is complete and accurate.
- b. Reviews the CFO Vision statements and related disclosure information to ensure completeness and accuracy, signing and dating an approval sheet as evidence of approval.

8.1.13.1.5 Financial Reporting and Analysis Division (CG-842)

1. Commandant (CG-842) desk officers:

Review and analyze the CFO Vision statements each quarter to ensure completeness and accuracy.

2. Commandant (CG-842) division chief (or designee):

- a. Prepares the CFO briefing package, and ensures that there is adequate support for the items included in the CFO certification letter.
- b. Communicates the results of the CFO Vision statement analysis to the CFO.
- c. Submits the CFO certification letter to DHS OFM on a monthly basis via e-mail.

8.1.13.1.6 Chief Financial Officer (CG-8)

The CFO signs the CFO certification letter required by DHS OFM.

8.1.13.2 Policy

1. The ALC Aviation Logistics Division chief, the Coast Guard Yard financial manager, and the Coast Guard Academy financial manager shall certify that the GL data provided to FINCEN for consolidation by ALMIS, NESSS, and the Academy, respectively, are complete and accurate.
2. The Financial Information and Control Division chief (or designee) shall certify to Commandant (CG-84), via e-mail, that the consolidated general ledger data is complete and accurate.
3. The DHS trial balance reports shall be reconciled to CG TIER data on a monthly basis for all Coast Guard TAS/BETCs.
4. The CFO Vision statements shall be reconciled to DHS TIER on a quarterly basis to verify that the reported information is accurate and complete using the DHS financial statement checklist.
5. The Financial Information and Control Division chief shall review the CFO Vision statements and related disclosures to ensure the statements are complete and accurate with the DHS financial statement checklist.
6. The Financial Information and Control Division chief shall sign and date an approval sheet as evidence of approval.
7. A comprehensive review and analysis of CFO Vision statements shall be performed each quarter by a Commandant (CG-842) desk officer.
8. A CFO briefing package shall be prepared, which provides adequate support for the items included in the CFO certification letter.
9. The Commandant (CG-842) division chief (or designee) shall communicate the results of the CFO financial statement analysis to the CFO through a monthly briefing.
10. The CFO shall sign the CFO certification letter.
11. The final certification letter and certified Coast Guard financial statements shall be submitted to DHS OFM in accordance with the DHS closing schedule.

8.1.14 Preparation of the Annual Performance and Accountability Report and the Data for the Financial Report of the U.S. Government

8.1.14.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for preparation of the annual Performance and Accountability Report (PAR) and the data for the Financial Report of the U.S. Government. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.14.1.1 Office of Performance Management and Assessment (CG-DCO-81)

Commandant (CG-DCO-81) provides the Commandant (CG-842) division chief with complete and accurate Management's Discussion and Analysis (MD&A) narratives and detailed supporting documentation, in accordance with the DHS-supplied closing schedule.

8.1.14.1.2 Financial Reporting and Analysis Division (CG-842)

1. Commandant (CG-842) desk officers:
 - a. Review the MD&A and the Notes sections of the DHS PAR for accuracy, consistency, and validity, signing the PAR cover sheet as evidence of approval.
 - b. Provide DHS OFM with complete and accurate PAR data and narratives in accordance with the DHS-supplied closing schedule.
 - c. Provide the Commandant (CG-842) division chief with complete and accurate Notes submitted through the Governmentwide Financial Report System (GFRS), along with detailed supporting documentation each year, in accordance with the DHS-supplied closing schedule.
2. Commandant (CG-842) division chief:
 - a. Reviews the MD&A and the Notes sections of the PAR to ensure that the data and the disclosures are accurate, complete, and prepared in accordance with OMB Circular A-136 and DHS guidelines.
 - b. Ensures that the Coast Guard provides full disclosure to Treasury in accordance with Treasury FMS requirements.
 - c. Reviews and analyzes the detailed supporting documentation to ensure that the Notes submitted through the Governmentwide Financial Reporting System (GFRS) are accurate and complete, and that they reflect the Coast Guard's operations and current financial data.
 - d. Signs and dates the PAR cover sheet and the Notes as evidence of approval.

8.1.14.2 Policy

8.1.14.2.1 Performance and Accountability Report

1. The MD&A and the Notes sections of the DHS PAR shall be prepared and updated in accordance with OMB Circular A-136 and DHS guidelines.
2. Complete, consistent, accurate, and timely MD&A narratives and detailed supporting documentation shall be provided to the Commandant (CG-842) division chief.
3. All of the Coast Guard's input to the MD&A and the Notes sections of the PAR shall be reviewed for completeness, accuracy, consistency, and validity.
4. The MD&A and the Notes sections of the PAR shall be reviewed and certified by the Commandant (CG-842) division chief, via e-mail, to ensure that the data is accurate and complete, and that the appropriate disclosures are included.
5. The PAR cover sheet shall be signed and dated by the appropriate Coast Guard management official as evidence of review and approval of the MD&A and the Notes sections of the PAR.
6. The DHS OFM shall be provided with complete, accurate, and timely PAR data and narratives.

8.1.14.2.2 Notes to the Financial Statements Submitted through the GFRS

1. The template for the Notes submitted through the Governmentwide Financial Reporting System (GFRS) shall be obtained by the Commandant (CG-842) desk officer on an annual basis.
2. Clarification or guidance regarding the preparation and submission of the Notes submitted through the GFRS shall be obtained from DHS OFM each year.
3. The Coast Guard shall provide full disclosure to Treasury in accordance with Treasury's requirements.
4. Adequate segregation of duties shall be maintained throughout the GFRS Notes preparation and review process.
5. The Notes submitted through the GFRS and the detailed supporting documentation shall be provided to the Commandant (CG-842) division chief by 15 October each year, in accordance with the DHS-supplied closing schedule.
6. The appropriate detailed supporting documentation shall be reviewed and analyzed to ensure that the Notes submitted through the GFRS are accurate and complete, and that they reflect the Coast Guard's operations and current financial data. This shall be evidenced by the signature and date, on the Notes, of the appropriate Coast Guard management official.

8.1.15 DHS TIER Analytical Analysis and Report

8.1.15.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for the DHS TIER analytical analysis and report. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.15.1.1 FINCEN

1. Financial Reports and Analysis Branch accountants:
 - a. Analyze the data from the DHS TIER Analytical Calculations Report that exceeds the established materiality threshold.
 - b. Research and explain any variances exceeding the materiality threshold, documenting the results of the analysis and any necessary corrective actions.
 - c. Submit the completed, signed, and dated template to the branch chief for initial review and approval.
 - d. Prepare an on-top adjustment to correct any material analytical calculation variances that remain after the final DHS TIER submission, and submit it through Commandant (CG-84) to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
2. Financial Reports and Analysis Branch chief:
 - a. Reviews the explanations for reasonableness and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Submits the completed approved template to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
 - c. Maintains documentation to verify that the analysis was performed and that variances were properly addressed.
3. Financial Information and Control Division chief (or designee):
 - a. Reviews the data supporting the Analytical Calculations Report for accuracy and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Forwards the Analytical Calculations Report and supporting data to the Commandant (CG-842) division chief (or designee) for review and approval prior to submission to the DHS OFM desk officer.

8.1.15.1.2 Financial Reporting and Analysis Division (CG-842)

Division chief (or designee):

1. Reviews and approves the Analytical Calculations Report (including any on-top adjustments), prior to its submission to the DHS OFM desk officer, to ensure that the

financial data is accurate and complete, and that the appropriate explanations are included, signing and dating the cover sheet as evidence of approval.

2. Ensures that the Analytical Calculations Report is properly supported, completed, and promptly submitted in accordance with the DHS OFM Master Schedule.
3. Reports the results of the analysis (i.e., material discrepancies and/or systemic issues) and the status of any corrective actions in the monthly CFO certification briefing.

8.1.15.2 Policy

8.1.15.2.1 Monthly Requirements

1. The data from the Analytical Calculations Report shall be analyzed using the established materiality threshold.
2. The results of the analysis shall be supported by a detailed analysis and other supporting documentation.
3. The completed analysis shall be reviewed and approved by an appropriate Coast Guard official who is not involved in the preparation of the analysis.
4. The approved analytical report with explanations shall be submitted to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
5. All documentation supporting the accuracy and completeness of the Analytical Calculations Report shall be retained and made available upon request, and shall include evidence documenting management's review and approval.

8.1.15.2.2 Quarterly and Year-End Requirements

1. Any identified errors that can be corrected prior to submitting the final TIER file shall be documented and corrected.
2. An on-top adjustment shall be prepared to correct any material analytical calculation variances resulting from an error that remains after the final TIER submission.
3. All on-top adjustments shall be reviewed and approved by appropriate Coast Guard officials at least one level higher than the preparer.
4. Final Headquarters review and approval of on-top adjustments is performed by Commandant (CG-84).

8.1.16 DHS TIER Abnormal Balances

8.1.16.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for DHS TIER abnormal balances. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.16.1.1 FINCEN

1. Financial Reports and Analysis Branch accountants:
 - a. Analyze the data from the DHS TIER Abnormal Account Balances Report that exceed the established materiality threshold.
 - b. Research and explain any variances exceeding the materiality threshold, documenting and correcting any identified underlying issues that can be corrected prior to the final DHS TIER submission.
 - c. If the underlying issues identified cannot be corrected prior to the final DHS TIER submission, document a detailed plan of action to correct the issues, including a timeframe for correction.
 - d. Submit the completed, signed, and dated Abnormal Explanations template to the branch chief for initial review and approval.
 - e. Prepare an on-top adjustment to correct any abnormal balances that remain after the final DHS TIER submission, and submit it through Commandant (CG-84) to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
2. Financial Reports and Analysis Branch chief:
 - a. Reviews the explanations for reasonableness and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Submits the completed approved template to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
 - c. Maintains documentation to verify that the analysis was performed and that variances were properly addressed.
3. Financial Information and Control Division chief (or designee):
 - a. Reviews the data supporting the Abnormal Account Balances Report for accuracy and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Forwards the Abnormal Account Balances Report and supporting data to the Commandant (CG-842) division chief (or designee) for review and approval prior to submission to the DHS OFM desk officer.

8.1.16.1.2 Financial Reporting and Analysis Division (CG-842)

Division chief (or designee):

1. Reviews the Abnormal Account Balances Report to ensure that the financial data is accurate and complete, and that the appropriate explanations are included, signing and dating the cover sheet as evidence of approval.
2. Reports the results of the analysis and the status of any corrective actions in the monthly CFO certification briefing.

8.1.16.2 Policy**8.1.16.2.1 Monthly Requirements**

1. The data from the Abnormal Account Balances Report shall be analyzed using the established materiality threshold.
2. The results of the review shall be supported by a detailed analysis and other supporting documentation. If the cause of the abnormal balance is an error, the responsible Coast Guard office shall document the details of corrective actions taken or in process, and provide an estimated correction date.
3. If the cause of the abnormal balance is unknown, the responsible Coast Guard office shall document actions taken to determine the cause, and provide an estimate of when the research will be completed.
4. The completed analysis shall be reviewed and approved by an appropriate Coast Guard official who is not involved in the preparation of the analysis.
5. The approved Abnormal Balances Report with explanations shall be submitted to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
6. All documentation supporting the accuracy and completeness of the Abnormal Balances Report shall be retained and made available upon request, and shall include evidence documenting management's review and approval.

8.1.16.2.2 Quarterly and Year-End Requirements

1. Any identified underlying issues that can be corrected prior to submitting the final TIER file shall be documented and corrected.
2. For any identified underlying issues that cannot be corrected prior to the final TIER file, a detailed plan of action to correct the issue(s), including a timeframe for correction, shall be prepared and made available to the DHS OFM desk officer, upon request.
3. An on-top adjustment shall be prepared to correct any material analytical calculation variances resulting from an error that remains after the final TIER submission.
4. All on-top adjustments shall be reviewed and approved by appropriate Coast Guard officials at least one level higher than the preparer.

5. Final Headquarters review and approval of on-top adjustments is performed by Commandant (CG-84).

8.1.17 DHS TIER Intra-Departmental Eliminations

8.1.17.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for DHS TIER intra-departmental eliminations. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.17.1.1 FINCEN

1. Financial Reports and Analysis Branch accountants:
 - a. Download the Bureau Intra-agency Transaction by Eliminations Pairs Report from DHS TIER in accordance with the DHS OFM Master Schedule.
 - b. Populate the Eliminations Explanation Template with the differences exceeding the established materiality threshold, along with the accompanying explanations.
 - c. Research, explain, and document any variances exceeding the materiality threshold provided by DHS OFM.
 - d. Coordinate with appropriate trading partners to reconcile discrepancies by supplying and/or obtaining adequate supporting documentation.
 - e. Document and submit a plan of action for correcting differences that are the result of an error.
 - f. Submit the completed, signed, and dated Eliminations Explanation Template to the branch chief for initial review and approval.
2. Financial Reports and Analysis Branch chief:
 - a. Reviews the explanations for reasonableness and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Submits the completed approved template to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
 - c. Maintains documentation to verify that the analysis was performed and that variances were properly addressed.
3. Financial Information and Control Division chief (or designee):
 - a. Reviews the data supporting the Intra-departmental Eliminations for accuracy and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Forwards the Eliminations Explanation Template and supporting data to the Commandant (CG-842) division chief (or designee) for review and approval prior to submission to the DHS OFM desk officer.

8.1.17.1.2 Financial Reporting and Analysis Division (CG-842)

Division chief (or designee):

1. Reviews the Eliminations Explanation Template, prior to its submission to the DHS OFM desk officer, to ensure that the financial data is accurate and complete, and that the appropriate explanations are included, signing and dating the cover sheet as evidence of approval.
2. Reports the results of the analysis and the status of any corrective actions in the monthly CFO certification briefing.

8.1.17.2 Policy**8.1.17.2.1 Monthly Requirements**

1. The data from the Bureau Intra-agency Transaction by Eliminations Pairs Report shall be analyzed using the established materiality threshold.
2. The results of the analysis shall be documented and fully supported.
3. For the elimination differences exceeding the established materiality threshold, the responsible Coast Guard office shall contact the appropriate trading partners and reconcile by supplying and/or obtaining appropriate supporting documentation.
4. If the Coast Guard is the receiving component of goods and services, it shall reconcile its records to the records of the component providing the goods and services.
5. A detailed plan of action for correcting an error shall be documented for differences resulting from an error.
6. The completed Eliminations Explanation Template shall be reviewed and approved by an appropriate Coast Guard official, who is not involved in the preparation of the template, to ensure that the eliminations are valid and that the explanations are reasonable.
7. The approved eliminations template, with explanations, shall be submitted to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
8. All documentation supporting the accuracy and completeness of the Eliminations Report shall be retained and made available upon request, and shall include evidence documenting management's review and approval.

8.1.17.2.2 Quarterly and Year-End Requirements

1. The second TIER file shall be resubmitted, with the appropriate corrections/adjustments recorded in accordance with Subsection 8.2.3.2.1 CG TIER Adjustments.
2. An on-top adjustment shall be prepared to correct any material elimination variances resulting from an error that remains after the final TIER submission.

3. All on-top adjustments shall be reviewed and approved by the appropriate Coast Guard official at least one level higher than the preparer.
4. Final Headquarters review and approval of on-top adjustments is performed by Commandant (CG-84).
5. Appropriate documentation, including reconciliation worksheets, supporting schedules, and transaction level activity, shall be retained and made available upon request.

8.1.18 Financial Statement Checklist

8.1.18.1 *Responsibilities*

The following offices and personnel are responsible for the tasks specified below in support of the policy for the financial statement checklist that is prepared by FINCEN. All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.18.1.1 FINCEN

1. Financial Reports and Analysis Branch accountants:
 - a. Populate the financial statement checklist (also referred to as the statement to statement analysis template) as required by the DHS OFM Master Schedule.
 - b. Research and explain all variances.
 - c. Identify any systemic changes that need to be made to the statement crosswalks or automated notes, and submit a change request form to DHS OFM.
 - d. Submit the completed, signed, and dated checklist to the branch chief for initial review and approval.
2. Financial Reports and Analysis Branch chief:
 - a. Reviews the financial statement checklist for reasonableness and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Submits the completed approved template to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
 - c. Maintains documentation to verify that the analysis was performed and that variances were properly addressed.
3. Financial Information and Control Division chief (or designee):
 - a. Reviews the data supporting the financial statement checklist for accuracy and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Forwards the approved template and supporting data to the Commandant (CG-842) division chief (or designee) for review and approval prior to submission to the DHS OFM desk officer.

8.1.18.1.2 Financial Reporting and Analysis Division (CG-842)

Division chief (or designee):

Reviews the FINCEN financial statement checklist (in conjunction with the GAO *Financial Audit Manual* FAM 2010 and FAM 2020 checklists), prior to submission to the DHS OFM desk officer, to ensure that the financial data is accurate and complete, and that the appropriate disclosures are included, signing and dating the cover sheet as evidence of approval.

8.1.18.2 Policy

1. Each month, the FINCEN financial statement checklist shall be populated with the current period's financial data.
2. All variances shall be investigated, explained, and documented.
3. The completed checklist shall be reviewed and approved by the appropriate Coast Guard official, who is not involved in the preparation of the checklist, to ensure that the variances are adequately supported and that explanations are reasonable.
4. Any systemic changes that are required shall be documented and submitted to the DHS OFM desk officer in accordance with the DHS TIER change request policy included in the *DHS Component Requirements Guide for Financial Reporting*.
5. The approved checklist, with explanations, shall be submitted to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
6. All documentation supporting the accuracy and completeness of the checklist shall be retained and made available upon request, and shall include evidence documenting management's review and approval.

8.1.19 Reconciling the Statement of Budgetary Resources (SBR)

This subsection refers to Report on Budget Execution and Budgetary Resources, Form SF 133. According to OMB, "an agency-wide Report on Budget Execution and Budgetary Resources, Form SF 133, should generally agree with an agency's SBR." Although the Report on Budget Execution and Budgetary Resources, Form SF 133, contains the same information as the SBR, a reconciliation is necessary to ensure that the total appropriations reflected on the Report on Budget Execution and Budgetary Resources, Form SF 133, are in agreement with the combined total reflected on the SBR.

8.1.19.1 Responsibilities

The following offices and personnel are responsible for the tasks specified below in support of the policy for reconciling the Statement of Budgetary Resources (SBR). All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.1.19.1.1 FINCEN

1. Financial Reports and Analysis Branch accountants:
 - a. Prepare and complete the SBR to President's Budget reconciliation completed by DHS OFM.
 - b. Research, explain, and document all discrepancies, contacting the appropriate DHS OFM desk officer to resolve them.
 - c. Submit the completed, signed, and dated reconciliations to the branch chief for review and approval.
2. Financial Reports and Analysis Branch chief:
 - a. Reviews the SBR to Report on Budget Execution and Budgetary Resources, Form SF 133, reconciliation and the SBR to President's Budget reconciliation for accuracy and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Submits the completed approved reconciliations to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
 - c. Maintains documentation to verify that the analysis was performed and that variances were properly addressed.
3. Financial Information and Control Division chief (or designee):
 - a. Reviews the data supporting the SBR to Report on Budget Execution and Budgetary Resources, Form SF 133, reconciliation and the SBR to President's Budget reconciliation for accuracy and completeness, signing and dating the cover sheet as evidence of approval.
 - b. Forwards the approved reconciliations and supporting data to the Commandant (CG-842) division chief (or designee) for review and approval.

8.1.19.1.2 Financial Reporting and Analysis Division (CG-842)

Division chief (or designee):

Reviews the SBR to Report on Budget Execution and Budgetary Resources, Form SF 133, reconciliation and the SBR to President's Budget reconciliation to ensure that the financial data is accurate and complete, and that the appropriate disclosures are included, signing and dating the cover sheet as evidence of approval.

8.1.19.2 Policy

8.1.19.2.1 Quarterly Requirements

1. A reconciliation of the SBR to the Report on Budget Execution and Budgetary Resources, Form SF 133, shall be prepared and completed each quarter.
2. All variances shall be investigated, explained, and documented.
3. The completed reconciliation shall be reviewed and approved by the appropriate Coast Guard official, who is not involved in the preparation of the reconciliation, to ensure that the variances are adequately supported and that the explanations are reasonable.
4. The approved reconciliation, with explanations, shall be submitted to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
5. All documentation supporting the accuracy and completeness of the reconciliation shall be retained and made available upon request, and shall include evidence documenting management's review and approval.

8.1.19.2.2 Year-End Requirements

1. Part 1 of the SBR to President's Budget reconciliation, completed by DHS OFM, shall be reviewed. All data entered shall be verified, and any questions or discrepancies shall be documented.
2. Part 2 of the reconciliation shall be completed by the appropriate Coast Guard office.
3. Part 2 of the reconciliation, when completed, shall be reviewed and approved by both the preparer and the reviewer in order to ensure its completeness and accuracy.
4. The approved reconciliation, with explanations, shall be completed and submitted to the DHS OFM desk officer in accordance with the DHS OFM Master Schedule.
5. All restatements shall be reviewed and approved by the appropriate Coast Guard officials prior to submission to the DHS OFM desk officer.
6. All potential restatements and supporting documentation shall be elevated to Commandant (CG-842) and the CFO for final approval.
7. All documentation supporting the accuracy and completeness of the reconciliation and/or validity of any restatements shall be retained and made available upon request, and shall include evidence documenting management's review and approval.

8.2 Adjustments, Eliminations, and Other Special Intragovernmental Reconciliations

8.2.1 Overview

This section specifies responsibilities and policy for the following topics, each of which is addressed in a separate subsection:

8.2.3 CG TIER Adjustments

8.2.4 Reporting Posting Logic Issues to the Systems Division of FINCEN

8.2.5 CG TIER Change Requests

8.2.6 Access to CG TIER

8.2.7 DHS TIER Change Requests

8.2.8 Access to DHS TIER

8.2.1.1 *Purpose*

This section has three major objectives:

1. To ensure that CG TIER adjustments are appropriate, authorized, documented, and processed accurately;
2. To ensure that access to CG TIER and DHS TIER is restricted, and that modifications thereto are appropriate, accurate, authorized, and properly documented; and
3. To ensure that posting logic issues are properly documented and properly communicated to the Systems Division.

8.2.1.2 *Scope*

This section applies to all personnel who process or oversee adjustments, eliminations, and other special reconciliations required for accurate financial reporting. Responsibilities are specified for the following offices:

1. Aviation Logistics Center (ALC);
2. Coast Guard Yard and Surface Forces Logistics Center (SFLC);
3. FINCEN Coast Guard Oracle Financials (CGOF) configuration management team;
4. FINCEN Core Accounting Systems Branch;
5. FINCEN Financial Information and Control Division; and
6. FINCEN Financial Reports and Analysis Branch.

8.2.2 Authorities

1. Chief Financial Officers Act of 1990.
2. Federal Financial Management Improvement Act of 1996.
3. Federal Information Security Management Act of 2002.
4. Government Accountability Office, Standards for Internal Control in the Federal Government, AIMD-00-21.3.1, November 1999.
5. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
6. Office of Management and Budget, Circular A-130, *Management of Federal Information Resources*, November 2000.
7. Department of Homeland Security, Office of Financial Management, *Component Requirements Guide for Financial Reporting* (series).

8.2.3 CG TIER Adjustments

This subsection details the responsibilities and policy regarding adjustments in the Coast Guard Treasury Information Executive Repository (CG TIER).

8.2.3.1 *Responsibilities*

All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.2.3.1.1 Aviation Logistics Center (ALC)

Fiscal Operations Branch chief:

1. Submits an electronic copy of the ALMIS trial balance to the FINCEN Financial Reports and Analysis Branch on a monthly basis.
2. Submits an electronic copy of the trading partner data to the FINCEN Financial Reports and Analysis Branch on a quarterly basis.

8.2.3.1.2 Coast Guard Yard and Surface Forces Logistics Center (SFLC)

Reports, Reconciliations, and Budget Division (RR&B) chief:

1. Submits an electronic copy of the NESSS trial balance to the FINCEN Financial Reports and Analysis Branch on a monthly basis.
2. Submits an electronic copy of the trading partner data to the FINCEN Financial Reports and Analysis Branch on a quarterly basis.

8.2.3.1.3 FINCEN

1. Financial Reports and Analysis Branch TIER accountant:
 - a. Prepares the intragovernmental and intergovernmental elimination journal entries.
 - b. Records all approved TIER adjustments, to include intragovernmental and intergovernmental eliminations, into the CG TIER database.
 - c. Completes a reconciliation of the intragovernmental and intergovernmental elimination journal entries to the adjusted trial balance (pivot table) within CG TIER.
 - d. Exports the CG TIER adjusted trial balance (ASCII file) to DHS TIER.
 - e. Provides the DHS TIER adjusted trial balance to the FINCEN Financial Reports and Analysis Branch and to the FINCEN Financial Information and Control Division.
 - f. Provides the CG TIER adjusted pivot tables, to include the intragovernmental and intergovernmental eliminations, to the Financial Reports and Analysis Branch and to the Financial Information and Control Division.
2. Financial Reports and Analysis Branch accountants:
 - a. Prepare the pre-2108 spreadsheets with the necessary analyses for all Treasury Account Symbols/Business Event Type Codes (TAS/BETCs) at a summary USSGL level.
 - b. Provide the branch chief with the supporting documentation for the TIER adjustments.
 - c. Complete a reconciliation of the DHS trial balance, for each TAS/BETC, to the approved adjusted trial balance on the pre-2108 spreadsheet.
 - d. Complete a reconciliation of the Report on Budget Execution and Budgetary Resources, Form SF 133, from the DHS TIER, for each TAS/BETC, to the internally generated Report on Budget Execution and Budgetary Resources, Form SF 133, that is produced during preparation of the pre-2108 spreadsheet.
 - e. On a quarterly and annual basis, record all CG TIER adjustments in the JV database prior to the submission of the TIER file to DHS TIER.
 - f. On a quarterly and annual basis, prepare a JV package for each TIER adjustment, and submit the JV packages to the branch chief for review prior to the submission of the TIER file to DHS TIER.
3. Financial Reports and Analysis Branch JV database analyst:
 - a. Reconciles the JV database and the CG TIER adjusted trial balance on a quarterly basis, recording the results of the reconciliation in a spreadsheet.
 - b. Provides the JV database “population file” to the auditors of the financial statements.

4. Financial Reports and Analysis Branch chief:
 - a. Reviews the CG TIER adjustment packages and elimination packages for all TAS/BETCs, signing and dating the documents as evidence of approval.
 - b. Reviews the Intragovernmental Elimination Report, the DHS TIER adjusted trial balance, and the CG TIER pivot tables, signing and dating the documents as evidence of approval.
 - c. Reviews the reconciliation between the JV database and the CG TIER adjusted trial balance, signing and dating the document as evidence of approval.
 - d. Reviews the JV database “population file” prior to submission to the auditors, signing and dating the document as evidence of approval.
 - e. Reviews the final CG TIER adjusted trial balance and submission to DHS TIER repository status, signing and dating the documents as evidence of approval.
 - f. Reviews the reconciliation of the DHS TIER trial balance and Report on Budget Execution and Budgetary Resources, Form SF 133, to the pre-2108 spreadsheet for all TAS/BETCs, signing and dating the documents as evidence of approval.
 - g. Maintains the intragovernmental and intergovernmental entries log.
 - h. Maintains documentation of approval for all TIER adjustments.
 - i. Maintains the pre-2108 spreadsheet.
 - j. Maintains the FINCEN TIER adjustment reason codes.
5. Financial Information and Control Division chief:

Reviews the CG TIER adjustment packages and elimination packages for all TAS/BETCs, signing and dating the documents as evidence of approval.

8.2.3.2 Policy

8.2.3.2.1 CG TIER Adjustments

1. Adjusting entries shall only be made in the CG TIER database by way of an approved CG TIER adjustment summary sheet. The adjustment package shall be reviewed by both the Financial Reports and Analysis Branch chief and the Financial Information and Control Division chief, and shall include the CG TIER adjustment summary sheet, a detailed analysis, and supporting documentation for each TAS/BETC.
2. CG TIER adjustments and related analyses shall follow a standard format across all TAS/BETCs.
3. All CG TIER adjustment packages shall be approved by both the Financial Reports and Analysis Branch chief and the Financial Information and Control Division chief before the journal entry is recorded in CG TIER. Both chiefs shall sign and date the adjustment packages as evidence of approval.

4. At least annually, the pre-Year-End Closing Statement (Form FMS 2108) spreadsheet, including the reconciliations and analytics, shall be reviewed and updated by the Financial Reports and Analysis Branch chief. The branch chief shall sign and date a copy of the updated pre-2108.
5. All information supporting CG TIER adjustments shall be kept in a central location. TIER adjustment files shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.
6. At least annually, CG TIER adjustment reason codes shall be reviewed and updated by the Financial Reports and Analysis Branch chief. The branch chief shall sign and date a copy of the updated reason codes.

8.2.3.2.2 Intragovernmental and Intergovernmental Eliminating Adjustments

1. The Systems Division at FINCEN, the Fiscal Operations Branch chief at ALC, and the Reports and Budget Branch chief at the Yard shall provide the FINCEN Financial Reports and Analysis Branch with complete, adequate, and timely intragovernmental and intergovernmental spreadsheets.
2. Intragovernmental and intergovernmental eliminating adjustments shall only be made in the CG TIER database by way of an approved intragovernmental and intergovernmental eliminating adjustments spreadsheet. The elimination package shall be reviewed by both the FINCEN Financial Reports and Analysis Branch chief and the FINCEN Financial Information and Control Division chief, and shall include the intragovernmental and intergovernmental eliminating adjustments spreadsheet, a detailed analysis, and supporting documentation. Both chiefs shall sign and date each elimination package as evidence of approval.
3. Intragovernmental and intergovernmental elimination entries shall follow a standard format across all TAS/BETCs.
4. All elimination packages shall be approved by both the Financial Reports and Analysis Branch chief and the Financial Information and Control Division chief before the journal entry is recorded in CG TIER.
5. A reconciliation of the intragovernmental and intergovernmental eliminations spreadsheet and the CG TIER adjusted trial balance shall be conducted after the journal entries are approved and posted in CG TIER.
6. The reconciliation of the intragovernmental and intergovernmental eliminations shall be approved by either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief. The reviewing chief shall sign and date the reconciliation as evidence of approval.
7. A log shall be maintained for intragovernmental and intergovernmental elimination adjustments. The Financial Reports and Analysis Branch chief shall monitor and reconcile the log to ensure that the JV numbers are sequential and that the log entries

have been signed by the people who entered them. This reconciliation shall be conducted quarterly and evidenced by the branch chief's signature on the log.

8. All information supporting intragovernmental and intergovernmental eliminating adjustments shall be kept in a central location. The eliminating adjustment files shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

8.2.3.2.3 Submission of the CG TIER Adjusted Trial Balance to DHS

1. The CG TIER adjusted trial balance file shall be submitted in accordance with the dates established by the DHS Office of Financial Management (OFM) Master Schedule.
2. The CG TIER adjusted trial balance file shall be approved by either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief prior to submission to DHS TIER holding status. The reviewing chief shall sign and date the adjusted trial balance as evidence of approval.
3. Prior to submission, the CG TIER adjusted trial balance shall pass all DHS edit checks, Federal Agencies' Centralized Trial-Balance System (FACTS II) edit check requirements, and FACTS I and FACTS II account relationship requirements.
4. Once the CG TIER file is transferred to DHS TIER holding, a DHS TIER reconciliation package shall be approved by both the Financial Reports and Analysis Branch chief and the Financial Information and Control Division chief. The DHS reconciliation package shall include the reconciliation between the DHS Report on Budget Execution and Budgetary Resources, Form SF 133, and the Coast Guard Report on Budget Execution and Budgetary Resources, Form SF 133, and the reconciliation between the DHS trial balance and the final pre-2108 for each TAS/BETC. Both chiefs shall sign and date the DHS reconciliation package as evidence of approval.
5. Final approval of the transmission from DHS TIER holding status to DHS TIER repository status shall be performed only after the DHS reconciliation is approved as evidenced by the signatures of both the Financial Reports and Analysis Branch chief and the Financial Information and Control Division chief.
6. Both the Financial Reports and Analysis Branch chief and the Financial Information and Control Division chief shall ensure that adequate segregation of duties exists for the final transmission of the data to DHS TIER.
7. The Financial Reports and Analysis Branch senior accountant shall only release the CG TIER file data out of DHS TIER holding status to DHS TIER repository status after approval from either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief, as evidenced by both signatures on the DHS reconciliation package. At this point, the CG TIER data has been analyzed and has passed all edits.

8.2.3.2.4 Journal Voucher (JV) Database

1. All CG TIER adjustments shall be recorded in the JV database on a quarterly basis, prior to submission of the CG TIER file to DHS TIER.
2. The JV database shall be reconciled, on a quarterly basis, to the CG TIER trial balance using a standard format. The JV database analyst shall prepare a spreadsheet to evidence the results of the reconciliation.
3. The Financial Reports and Analysis Branch chief shall review and sign the reconciliation to evidence approval of the JV database “population file.”
4. The JV database “population file” shall be available to auditors of the financial statements.

8.2.4 Reporting Posting Logic Issues to the Systems Division of FINCEN

Posting logic issues arise when transactions are not posted completely and accurately in the GL due to system limitations or errors in the programming.

8.2.4.1 *Responsibilities*

All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.2.4.1.1 FINCEN

1. All personnel:
 - a. Communicate potential posting logic issues identified during the course of business to the Core Accounting Systems (CAS) Branch chief.
 - b. Submit a formal request via e-mail to the CAS Branch for the resolution of each posting logic issue.
 - c. Maintain a record of each request made to the CAS Branch regarding potential posting logic issues.
2. CAS Branch personnel:
 - a. Record the appropriate correcting journal entries in CAS until the correction is made to posting logic in CAS.
 - b. Track and communicate the status and resolution of the posting logic issues to the appropriate parties.
3. Designated CAS Branch accountant:
 - a. Ensures that the posting logic log is complete and accurate.
 - b. Follows up on issues that have remained outstanding longer than 90 days.

4. CAS Branch chief:
 - a. Records all potential posting logic issues in a log.
 - b. Prepares supporting documentation detailing all reported posting logic issues.

8.2.4.2 Policy

1. Potential posting logic issues shall be formally reported to the FINCEN Core Accounting Systems Branch via e-mail.
2. Requesters shall maintain a record of each request made to the branch regarding potential posting logic issues.
3. The branch chief shall maintain a log, along with supporting documentation, detailing all reported posting logic issues.
4. The branch chief shall determine the validity of a posting logic issue, determine whether a resolution is feasible, and ensure all approved modifications are made.
5. Branch personnel shall record the appropriate correcting journal entries in CAS until the correction is made to posting logic in CAS.
6. Branch personnel shall promptly and formally inform the appropriate parties of any resolution of a posting logic issue.
7. The branch chief shall sign the log to indicate the resolution of each issue.

8.2.5 CG TIER Change Requests

8.2.5.1 Responsibilities

All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.2.5.1.1 FINCEN

1. CAS Branch system analyst:
 - a. Tests programmatic changes in a test environment prior to implementation in the CG TIER production database.
 - b. Submits results of testing for approval to either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief.
 - c. Makes programmatic changes to CG TIER as soon as a request is approved.
2. Financial Reports and Analysis Branch CG TIER analyst:
 - a. Documents requests for all changes, programmatic and non-programmatic.
 - b. Once a request is approved, makes non-programmatic changes (or changes to information in the tables within CG TIER).

- c. Moves all tested and approved programmatic changes to the CG TIER production database.
 - d. Verifies that programmatic changes moved to the CG TIER production database are accurate.
3. A separate Financial Reports and Analysis Branch accountant:
Tests non-programmatic changes made to CG TIER.
4. Either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief:
 - a. Reviews and approves requests for non-programmatic and programmatic changes to CG TIER.
 - b. Reviews and approves tested non-programmatic and programmatic changes to CG TIER.

8.2.5.2 Policy

1. All changes to CG TIER shall be made in accordance with Coast Guard system development life cycle policies.
2. All requests for non-programmatic and programmatic changes to the CG TIER database shall be communicated to a CG TIER analyst. The description and reason for the change shall be documented within the change request form. The CG TIER analyst shall maintain documentation for each requested change.
3. Either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief shall review and approve each requested change. The reviewing chief shall sign and date all reviewed and approved requests.
4. The CG TIER analyst shall only make a non-programmatic change to the CG TIER database if the change has been approved by either the branch chief or the division chief.
5. The Core Accounting Systems Branch analyst shall only make a programmatic change to CG TIER if the change has been approved by either the branch chief or the division chief.
6. All non-programmatic changes shall be tested as soon as the change is made in the CG TIER production database. All programmatic changes shall be performed in a test environment prior to implementation in the CG TIER production database.
7. Either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief shall approve all reviews/tests of the non-programmatic and programmatic changes. The approving chief shall sign and date the documentation for each non-programmatic and programmatic change as evidence of approval.
8. The CG TIER analyst shall move all programmatic changes to the CG TIER production database once tested and approved.
9. A separate Financial Reports and Analysis Branch accountant shall test non-programmatic changes made to CG TIER.

10. The branch accountants shall verify that non-programmatic and programmatic changes are correct in CG TIER during their review process, as necessary.
11. The CG TIER analyst shall maintain a hard copy of each change request and retain the documentation for one year. Hard copies shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

8.2.6 Access to CG TIER

8.2.6.1 *Responsibilities*

All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.2.6.1.1 FINCEN

1. Either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief:
 - a. Approves access to CG TIER.
 - b. Reviews and monitors a list of users and privileges for the CG TIER database on an annual basis.
 - c. Signs and dates the reviewed user access list.
2. Coast Guard Oracle Financials (CGOF) configuration management team:
 - a. Provides access to the approved CG TIER tables, once approved.
 - b. Ensures that Oracle has been configured to require users to change their passwords every 60 days or less.
3. Core Accounting Systems Branch CG TIER administrator:

Grants access to the CG TIER database, once approved.

8.2.6.2 *Policy*

1. User requests for access to the CG TIER database and tables shall be approved by either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief. The approving chief shall sign and date all requests as evidence of approval.
2. Either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief shall review and monitor a list of users and privileges on an annual basis; and sign and date the list as evidence of the review.
3. The CGOF configuration management team shall provide access to the approved CG TIER tables.

4. The Core Accounting Systems Branch CG TIER administrator shall grant access to the CG TIER database.
5. Supporting documentation for approved access shall be maintained by the Systems Division in electronic form in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series) and shall be accessible to support management reviews and audits. Specifically, *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), includes General Records Schedule 24, which covers “Information Technology Operations and Management Records,” and states that user authorizations can only be deleted/destroyed 6 years after a user account is terminated or password is altered or when no longer needed for investigative or security purposes, whichever is later.
6. The CGOF configuration team shall ensure that Oracle has been configured to require users to change their passwords every 60 days or less.
7. Access to the CG TIER tables and database shall be revoked when a user leaves the Coast Guard or when a current position no longer requires access to CG TIER.

8.2.7 DHS TIER Change Requests

8.2.7.1 Responsibilities

All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.2.7.1.1 FINCEN

1. Financial Reports and Analysis Branch CG TIER analyst:
 - a. Initiates and documents requests for all changes to the DHS TIER/CFO Vision (CFOV) reporting tool.
 - b. Verifies that changes to the DHS TIER/CFOV reporting tool are accurate through testing.
 - c. Maintains documentation to support and summarize the testing procedures.
2. Either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief:
 - a. Reviews and approves requests for changes to the DHS TIER/CFOV reporting tool.
 - b. Reviews and approves test results for changes to the DHS TIER/CFOV reporting tool.

8.2.7.2 Policy

1. All changes to the DHS TIER/CFOV reporting tool shall be made in accordance with *Component Requirements Guide for Financial Reporting*.
2. All requests for changes to the DHS TIER/CFOV reporting tool shall be communicated to a CG TIER analyst. The description and reason for the change shall be documented within the change request form. The CG TIER analyst shall maintain documentation for each requested change.
3. Either the Financial Reports and Analysis Branch chief or the Financial Information and Control Division chief shall review and approve each requested change. The approving chief shall sign and date all reviewed and approved requests.
4. A CG TIER analyst shall test and verify all changes to the DHS TIER/CFOV reporting tool. A CG TIER analyst shall sign and date the documentation for each change as evidence of approval.
5. Either the branch chief or the division chief shall review and approve the final test results for the change to the DHS TIER/CFOV reporting tool. The approving chief shall sign and date the documentation for each change as evidence of approval.
6. The CG TIER analyst shall maintain a hard copy of each change request and retain the documentation for one year. Hard copies shall be retained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series), and shall be accessible to support management reviews and audits.

8.2.8 Access to DHS TIER

8.2.8.1 Responsibilities

All changes in personnel and duties shall be reported in writing to Commandant (CG-842).

8.2.8.1.1 FINCEN

Financial Information and Control Division chief:

1. Approves access to DHS TIER.
2. Ensures that the proper level of DHS TIER access has been granted.
3. Reviews and monitors a list of users and privileges for DHS TIER on an annual basis, signing and dating the reviewed user access list.

8.2.8.2 Policy

1. User requests for access to DHS TIER shall be approved by the FINCEN Financial Information and Control Division chief. The division chief shall sign and date all requests as evidence of approval.
2. The division chief shall ensure that the proper level of DHS TIER access has been granted.
3. The division chief shall review and monitor a list of users and privileges on an annual basis, and shall sign and date the list as evidence of review and approval.
4. Approved requesters shall use two PKI system access codes to gain access into the PKI system.
5. Access to DHS TIER shall be revoked when a user leaves the Coast Guard or when a current position no longer requires access to DHS TIER.
6. Supporting documentation for approved access shall be maintained by the Financial Information and Control Division in electronic form in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

Appendix 8-1 Reconciliation of GL Control Accounts to Subsidiary Records

Reconciliation	USSGL Account No.	CG TIER				FINCEN				YARD				ALC			
		Office	Level	Freq	Due	Office	Level	Freq	Due	Office	Level	Freq	Due	Office	Level	Freq	Due
Accounts Receivable subsidiary records to the general ledger	1340 - 1369 1330 - 1335	N/A	N/A	N/A	N/A	OGA	TAS/BETC & Approp. Code	Monthly	15 business days after month-end	RRB	TAS/BETC & Approp. Code	Monthly	15 business days after month-end	FOB	TAS/BETC & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the general ledger	2140 & 2190	N/A	N/A	N/A	N/A	SA	Transaction level	Monthly	15 business days after month-end	RRB	Transaction level	Monthly	15 business days after month-end	FOB	Transaction level	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the general ledger	2150 & 2155	N/A	N/A	N/A	N/A	FF	TAS/BETC & Approp. Code	Monthly	15 business days after month-end	RRB	TAS/BETC & Approp. Code	Monthly	15 business days after month-end	FOB	TAS/BETC & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the general ledger	2610 - 2920	N/A	N/A	N/A	N/A	FF	TAS/BETC & Approp. Code	Monthly	15 business days after month-end	RRB	TAS/BETC & Approp. Code	Monthly	15 business days after month-end	FOB	TAS/BETC & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the general ledger	2980 & 2990	N/A	N/A	N/A	N/A	SA OP	Transaction level	Monthly	15 business days after month-end	RRB	Transaction level	Monthly	15 business days after month-end	FOB	Transaction level	Monthly	15 business days after month-end
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the general ledger	6100	N/A	N/A	N/A	N/A	SA	TAS/BETC & Approp. Code	Quarterly	20 days after quarter-end	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	1610 - 1611	N/A	N/A	N/A	N/A	FF	TAS/BETC & Approp. Code	Monthly	20 days after month-end	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Advances from Others and Deferred Revenue subsidiary records to the general ledger	2310 - 2320	N/A	N/A	N/A	N/A	OGB	Transaction level	Monthly	20 days after month-end	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Revenue subsidiary records to the general ledger	5100, 5109, 5200, 5310, 5311, 5320	N/A	N/A	N/A	N/A	SA	Transaction level	Monthly Quarterly	20 days after month-end or quarter-end	RRB	Transaction level	Monthly Quarterly	20 days after month-end or quarter-end	FOB	Transaction level	Monthly Quarterly	20 days after month-end or quarter-end
Revenue subsidiary records to the general ledger	5750, 5755, 5760, 5765, 5780	N/A	N/A	N/A	N/A	FF	TAS/BETC & Approp. Code	Quarterly	20 days after quarter-end	RRB	TAS/BETC & Approp. Code	Quarterly	20 days after quarter-end	FOB	TAS/BETC & Approp. Code	Quarterly	20 days after quarter-end
Revenue subsidiary records to the general ledger	5900, 5990, 5991	N/A	N/A	N/A	N/A	SA	Transaction level	Quarterly	20 days after quarter-end	RRB	Transaction level	Quarterly	20 days after quarter-end	FOB	Transaction level	Quarterly	20 days after quarter-end
Environmental and Disposal Liability subsidiary records to the general ledger	2995	N/A	N/A	N/A	N/A	FF	TAS/BETC & Approp. Code	Monthly	20 days after month-end	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the general ledger	1410	N/A	N/A	N/A	N/A	SA	Transaction level	Monthly	20 days after month-end	RRB	Transaction level	Monthly	20 days after month-end	FOB	Transaction level	Monthly	20 days after month-end
Allotments subsidiary records to the general ledger	FINCEN: 4119 Yard: 4610 ALC: 4610	N/A	N/A	N/A	N/A	SA	Transaction level	Quarterly	20 days after quarter-end	RRB	Transaction level	Quarterly	20 days after quarter-end	FOB	Transaction level	Quarterly	20 days after quarter-end

		CG TIER				FINCEN				YARD				ALC			
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2210 - 2211 - 2213	N/A	N/A	N/A	N/A	Civ: SA Mil: SA	TAS/BETC & Approp. Code	Monthly	20 business days after month-end	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2220	N/A	N/A	N/A	N/A	Civ: SA Mil: SA	TAS/BETC & Approp. Code	Monthly	20 business days after month-end	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	2225 - 2290	N/A	N/A	N/A	N/A	Civ: FF Mil: FF	TAS/BETC & Approp. Code	Monthly	20 business days after month-end	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Detail Aging of Suspense Accounts versus Suspense Accounts general ledger control account balances and Treasury balances	1450 & 2400	N/A	N/A	N/A	N/A	OGA/SA	TAS/BETC & Approp. Code	Monthly	20 business days after month-end	RRB	TAS/BETC & Approp. Code	Monthly	20 business days after month-end	FOB	TAS/BETC & Approp. Code	Monthly	20 business days after month-end
Unexpended Appropriation - Cumulative and Cumulative Results of Operations	3100 & 3310	N/A	N/A	N/A	N/A	SA	TAS/BETC & Approp. Code	Annually	20 business days after year-end	RRB	TAS/BETC & Approp. Code	Annually	20 business days after year-end	FOB	TAS/BETC & Approp. Code	Annually	20 business days after year-end
Anticipated Reimbursements and Other Incomes & Appropriation Trust Fund Expenditure Transfer - Receivable	4210 & 4225	N/A	N/A	N/A	N/A	SA FF	TAS/BETC & Approp. Code	Annually Quarterly	20 business days after year-end or quarter-end	RRB	TAS/BETC & Approp. Code	Annually Quarterly	20 business days after year-end or quarter-end	FOB	TAS/BETC & Approp. Code	Annually Quarterly	20 business days after year-end or quarter-end
Expenditures Accounts	6100, 6330, 6500, 6720	N/A	N/A	N/A	N/A	SA	Transaction level	Quarterly	20 business days after quarter-end	RRB	Transaction level	Quarterly	20 business days after quarter-end	FOB	Transaction level	Quarterly	20 business days after quarter-end
Expenditures Accounts	6400, 6730, 6800	N/A	N/A	N/A	N/A	SA FF	TAS/BETC & Approp. Code	Quarterly	20 business days after quarter-end	RRB	TAS/BETC & Approp. Code	Quarterly	20 business days after quarter-end	FOB	TAS/BETC & Approp. Code	Quarterly	20 business days after quarter-end
Gains and Losses	7210, 7600	N/A	N/A	N/A	N/A	FR	Transaction level	Quarterly	20 business days after quarter-end	RRB	Transaction level	Quarterly	20 business days after quarter-end	FOB	Transaction level	Quarterly	20 business days after quarter-end

FINCEN	YARD	ALC
FF Financial Reports and Analysis Branch	RRB Reports, Reconciliations, and Budget Division	FOB Fiscal Operations Branch
FR Property Branch		
OGA General Accounting Section		
OGB/OGR Collections and Reconciliation Unit		
OGB/OGC Claims Unit		
OP Payables Branch		
SA Core Accounting Systems Branch		

Chapter 9. Coast Guard Financial and Mixed Systems

9.1 Overview

The executive and legislative branches have led a major movement toward improving performance, accountability, and financial management of Federal agencies. This legislation, along with various directives and guidance issued by OMB, FASAB, and the Financial Systems Integration Office (FSIO), establishes a comprehensive framework for resource, financial, and asset management (RFAM), plus information and performance management guidelines within which Government agencies must operate. Appendix 9-1 provides a summary of key legislation and regulations.

The Director of Finance and Procurement and Internal Security/Chief Financial Officer, the Director of Information and Technology/Chief Information Officer, and the Assistant Commandant for Acquisitions chartered a task group to study RFAM systems (i.e., financial and mixed systems) within the Coast Guard. This cross-functional RFAM Task Group studied RFAM requirements and systems, and presented their findings and recommendations in May 1999. Although these findings and recommendations are more than 10 years old, they still represent a valid framework of system accountability and management.

In its report, the RFAM Task Group developed recommended concepts and methodologies, along with a plan to integrate/improve Coast Guard RFAM systems, that would facilitate accountability and management, and comply with the CFO Act, the GPRA, and the Clinger-Cohen Act. Many of the recommendations contained in the RFAM report have been incorporated into the policies outlined in this chapter. Appendix 9-2 summarizes the goals and functions of the RFAM Task Group.

9.1.1 Purpose

This chapter describes policies and responsibilities for the design, integration, use, maintenance, training, and security of Coast Guard financial and mixed systems.

Key elements relevant to this chapter are the requirement to comply with various standards when implementing financial and mixed systems, and the authority of the CFO to establish the financial and mixed systems used by an agency.

9.1.2 Scope

This chapter applies to all Coast Guard units and staff elements.

9.1.3 Definitions

For the purposes of this chapter, the following definitions from OMB Circular A-127 apply:

financial event – any activity having financial consequences to the Federal Government related to the receipt of appropriations or other financial resources; acquisition of goods or services;

payments or collections; recognition of guarantees, benefits to be provided, or other potential liabilities; distribution of grants; or other reportable financial activities.

financial system (hereafter referred to as a **core financial system**) – an information system that may perform all financial functions including general ledger management, funds management, payment management, receivable management, and cost management. The core financial system is the system of record that maintains all transactions resulting from financial events. It may be integrated through a common database or interfaced electronically to meet defined data and processing requirements. The core financial system is specifically used for collecting, processing, maintaining, transmitting, and reporting data regarding financial events. Other uses include supporting financial planning, budgeting activities, and preparing financial statements. Any data transfers to the core financial system must be: traceable to the transaction source; posted to the core financial system in accordance with applicable guidance from the Federal Accounting Standards Advisory Board (FASAB); and in the data format of the core financial system.

mixed system – an information system that can support both financial and nonfinancial functions. A financial management system includes the core financial systems and the financial portions of mixed systems necessary to support financial management, including automated and manual processes, procedures, and controls, data, hardware, software, and support personnel dedicated to the operation and maintenance of system functions. The following are examples of financial management systems: core financial systems, procurement systems, loan systems, grants systems, payroll systems, budget formulation systems, billing systems, and travel systems.

9.2 Authorities

1. Chief Financial Officers (CFO) Act of 1990.
2. Federal Financial Management Improvement Act (FFMIA) of 1996.
3. Government Performance and Results Act (GPRA) of 1993.
4. Information Technology Management Reform Act (ITMRA) of 1996 (now known as the Clinger-Cohen Act).
5. *Chief Financial Officer (CFO) Technical Authority*, COMDTINST 5402.3 (series).
6. *Coast Guard and Department of Homeland Security Chief Information Officer (CIO) Review and Approval of Command, Control, Communication, Computers, and Information Technology (C4&IT) Acquisitions*, COMDTINST 5230.77A (series).
7. *Command, Control, Communication, Computers and Information Technology (C4&IT) Configuration Management (CM) Policy*, COMDTINST 5230.69 (series).
8. *Command, Control, Communication, Computers and Information Technology (C4&IT) Enterprise Architecture (EA) Policy*, COMDTINST 5230.68 (series).

9. *Command, Control, Communication, Computers and Information Technology (C4&IT) Infrastructure Management Policy*, COMDTINST 5230.70 (series).
10. *Command, Control, Communication, Computers and Information Technology (C4&IT) Investment Management Policy*, COMDTINST 5230.71 (series).
11. *Command, Control, Communication, Computers and Information Technology (C4&IT) System Development Life Cycle (SDLC) Policy*, COMDTINST 5230.66 (series).
12. *U.S. Coast Guard Security and Information Assurance Manual*, COMDTINST M5500.13 (series).

9.3 Responsibilities

This section specifies the responsibilities of each office with regard to Coast Guard financial and mixed systems.

9.3.1 Contracting & Procurement Directorate (CG-91)

Commandant (CG-91), the Director of Contracting and Procurement, is the head of the contracting activity (HCA) for the Coast Guard. Commandant (CG-91) approves all procurement management policies and procurement management systems and requirements.

9.3.1.1 *Office of Procurement Policy & Oversight (CG-913)*

Commandant (CG-913):

1. Facilitates the procurement of goods and services for the Coast Guard. Develops, coordinates, and administers the Coast Guard procurement program, assuring compliance with applicable procurement laws, regulations, and policies in all Coast Guard acquisitions activities.
2. Serves as the program sponsor for electronic acquisitions systems such as Contract Information Management Systems (CIMS), and promotes technology for electronic Governmentwide systems such as Department of Labor Online Wage Determinations Online (WDOL) <http://www.wdol.gov/> and Past Performance Information Retrieval System (PPIRS) <http://www.ppirs.gov/>.
3. Serves as the training manager/coordinator for CIMS.
4. Develops, implements, oversees, and evaluates requirements for procurement-related automated systems such as FPD, Fleet Logistics Systems, and CIMS.
5. Develops and implements CG-wide policies for the timely processing of commitments into legal obligations, consistent with current *Federal Acquisition Regulation* (FAR) requirements. Through appropriate management reporting tools, ensures field compliance with established standards for the processing of purchase requests into legal obligations.

6. Oversees and monitors field procurement activities to ensure that automated systems for the processing of procurement actions are being fully and properly utilized. Establishes, implements, and manages necessary enforcement actions to ensure compliance.
7. Actively assists program element managers with the deobligation of funds that are identified as no longer needed for their original purpose; and with any other error or issue requiring a contracting officer's involvement. Ensures that copies of all contracts, modifications, or other obligation documents are provided to program element managers when requested.

9.3.2 Assistant Commandant for Resources (CG-8)

Commandant (CG-8):

1. Establishes Coast Guard financial and internal security system standards.
2. Approves financial and mixed systems and requirements.
3. Approves all energy management systems and requirements.
4. Establishes and maintains websites for finance and internal security.

9.3.2.1 Director of Financial Operations/Comptroller (CG-8C)

Commandant (CG-8C):

1. Oversee and direct financial and mixed systems functional requirements and performance, and related systems acquisition and maintenance
2. Serves as final approving official for all script requests, system change requests and system configuration management requests or tasks and modifications that have a financial impact on the financial statements or reports.
3. Serves as final approving official for pre-approved scripts that have a financial impact on the financial statements or reports. Pre-approval of a script is a limited delegation of final approving official authority to the Commanding Officer, Commandeer, Director or Superintendent of a Headquarters Unit to run a script only as directed by Commandant (CG-8C) (e.g., daily, monthly, quarterly, annually, or one-time only).

9.3.2.2 Office of Financial Systems Business Requirements (CG-86)

Commandant (CG-86):

1. Manage the Coast Guard financial and mixed systems script processes:
 - a. Develop and implement policy and procedures related to scripts;
 - b. Review scripts for appropriate audit trail, accuracy and completeness as well as financial statement impact; and
 - c. Ensure script development and execution adheres with Coast Guard configuration management policies and procedures.

2. Develop business case for new system initiatives including high-level cost/benefit analyses, resource change proposals, and performance measurement plans.
3. Define the financial management system goals, objectives, policies, and standards for financial management and mixed systems.
4. Review existing financial management and mixed systems to identify needed system changes.
5. Review the accuracy of data produced by the financial management and mixed systems and the reconciliation of data to subsystems.
6. Determine the applicability and effect of new or proposed business requirements on the Coast Guard's financial management and mixed systems.
7. Support Commandant (CG-6) in preparation of the budget reports for Coast Guard's financial management system of record.
8. Serve on the financial management system change management board and configuration control board.
9. Prepares the necessary system development lifecycle (SDLC) or system engineering life cycle (SELC) artifacts needed for financial management system improvements.
10. Report the performance of the financial management system feeder systems using metrics to evaluate system efficiency and cost-effectiveness.
11. Prepares the annual exhibit 300 report for DHS and OMB, specifying capital asset plans for all major capital asset acquisition projects. (This is required by OMB Circular A-11.)
12. Prepares the annual exhibit 53 report for DHS and OMB, stating the estimated percentage of the total investment for associated information technology (IT) security costs. (This is required by OMB Circular A-11.)
13. Monitor the development of feeder systems throughout the Coast Guard. This includes identifying the financial management system requirements and serving as the financial management system requirements liaison to other Coast Guard Directorates.
14. Monitor data cleaning and data migration efforts and validate accuracy of converted data.
15. Represent the Coast Guard at financial management system meetings, working groups, study groups conducted by DHS, other federal agencies, and private sector organizations.
16. Document business requirements for future changes/enhancements/replacements to financial systems including changes to business processes.
17. Document current financial management systems, interfaces, and processes using tailored methodologies and tools. This includes establishing and maintaining the appropriate governance structure for financial management system documentation.
18. Develop acquisition plans with Commandant (CG-6) collaboration.

9.3.2.3 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84):

1. Serves as first-level approving official for all script requests, system change requests and system configuration management requests.
2. Serves as first-level approving official for pre-approved scripts that have a financial impact on the financial statements or reports.
3. Make recommendations to Commandant (CG-8C) for approval or disapproval of script requests, system change requests

9.3.2.4 Finance Center (FINCEN)

FINCEN:

1. Serves as the data center for finance and procurement information for the Coast Guard.
2. Serves as the conduit/contact point to the U.S. Treasury, unless waived.
3. Serves as PKI (digital signature) public key control center, unless otherwise mandated.
4. Serves as central bill paying and financial accounting center.
5. Manages finance and procurement system hotlines (e.g., FPD hotline), and tracks call information for management review and improvement opportunities.
6. Manages the use of data telecommunications networks by finance and procurement systems (e.g., provides guidance on the use of FPD).
7. Maintains processes to receive and act on reports of discrepancies concerning finance and procurement data. Standards for responding shall be developed and published on its website, and followed by FINCEN.
8. Monitors and reports to Commandant (CG-8D) on the performance of finance and procurement systems (e.g., the accuracy and timeliness of FPD).
9. Develops, publishes, implements, and conducts finance and procurement system certifications and recertifications in accordance with best business and security practices (e.g., FPD certifications). Maintains a current list of all certified sites along with designated site administrators (e.g., FPD sites).
10. Establishes the standards for the Unit Approved Plan (UAP).
11. Provides on-site field support to finance and procurement systems, as necessary, to resolve technical issues that cannot be resolved through the use of hotlines. On-site visits are subject to available funding.
12. In coordination with Commandant (CG-913), manages quotas for finance and procurement system resident courses.
13. Provides training instructors for FPD resident training held at Yorktown Training Center.

14. During financial or mixed financial application migration, coordinates field units' migration training in conjunction with Commandant (CG-84).
15. Maintains financial or mixed financial "help files" that are available to users at the application level and through the application web pages.

9.3.3 Assistant Commandant for Command, Control, Communications, Computers and Information Technology (CG-6)

Commandant (CG-6):

1. Develops and maintains the information technology (IT) vision and strategy for the Coast Guard.
2. Builds and fosters partnerships throughout the organization to ensure that all Coast Guard IT investments support business processes and mission outcomes.
3. Develops and implements IT standards, methods, and policies for the Coast Guard.
4. Has final approval authority for all IT systems and projects. Responsible for oversight of IT investment and review process.
5. Is the central authority over IT systems architecture and development, with program managers executing IT development funds. Certifies key decisions for all major IT acquisitions. Oversees the development and deployment of CG-wide IT systems. Coordinates pre-acquisition development of IT systems.
6. Advises senior management on whether to modify or terminate IT projects.
7. Monitors and evaluates the performance of information systems on the basis of specific IT performance measures and their linkages to Coast Guard outcome measures.
8. Develops and administers service-wide information life cycle management policies/procedures, including the creation, use, maintenance, and disposition of records. Coordinates the scheduling of records contained in IT systems; and ensures that automated information systems are scheduled in accordance with National Archives and Records Administration (NARA) requirements.
9. Develops and administers the Coast Guard Information System Security program element of the Coast Guard Security Program. Provides policy guidance for Coast Guard Automated Information System (AIS) security.
10. Chairs the Information Technology Management Board.
11. Through the Research, Development, and Technology Management Program, selects, develops, and manages technology-based solutions for operational, logistical, and management challenges.

9.3.3.1 *Office of Enterprise Architecture and Governance (CG-66)*

Commandant (CG-66):

1. Establishes and maintains Coast Guard IT architecture with input from IT program managers.
2. Monitors configuration management/release control on all systems.

9.3.3.2 *Office of Enterprise Applications Management (CG-63)*

Commandant (CG-63):

1. Coordinates with Commandant (CG-65) to ensure that systems have security certifications.
2. Reviews and evaluates all Automated Information System (AIS) proposals. For financial/mixed systems, works with Commandant (CG-84) to review RFAM/financial/mixed related AIS proposals prior to approval by the CIO.

9.3.3.2.1 *Financial Systems Management Division (CG-632)*

Commandant (CG-632):

1. Establishes policy and performs centralized management of all phases of the system development life cycle (SDLC) for enterprise financial applications CG-wide.
2. Serves as the customer interface for the introduction of all new financial business requirements.
3. Manages enterprise architecture (EA) coordination and provides oversight for the design, development, or acquisition of new financial applications, as well as the operation, maintenance, and enhancement of legacy applications.

9.3.4 Headquarters, Area, and District Programs

These entities:

1. Use finance and procurement systems authorized by Commandant (CG-8) to conduct business functions.
2. Cooperate with Commandants (CG-84) and (CG-913) to provide timely information as required to respond to various external sources, including Q&As from Congress and data calls from DHS and OMB.
3. Provide information as required to maintain the Financial Management System Inventory.

9.3.5 Coast Guard Training Center Petaluma

Subject to the availability of funding, TC Petaluma:

1. Conducts the FPD basic training course.
2. Integrates the FPD basic curriculum and other courses as needed (e.g., Oracle training - Assets) into the “A” School storekeeper curriculum.

9.3.6 Coast Guard Training Center Yorktown

Subject to the availability of funding, TC Yorktown:

1. Conducts the FPD basic training course.
2. Integrates the FPD basic curriculum and other courses as needed.

9.3.7 All Coast Guard Units

1. Use approved finance and procurement systems to conduct business.
2. Use *Acquiring Microcomputer Resources*, COMDTINST 5230.55 (series), located online at http://www.uscg.mil/directives/ci/5000-5999/CI_5230_55A.pdf, and *Standard Workstation III Configuration Management Policy*, COMDTINST 5200.16 (series), located online at http://www.uscg.mil/directives/ci/5000-5999/CI_5200_16.pdf, as guides to determine the quantity of SWS equipment necessary to create, store, and transmit finance and procurement data.
3. Request training necessary to maintain adequate minimum expertise.
4. Perform reconciliations of unit records with finance and procurement systems in accordance with FINCEN guidance and other applicable SOPs. Promptly report all errors to FINCEN for resolution.
5. For FPD, perform weekly reconciliation. Reconcile on behalf of units or staff elements for which they have a transmission responsibility; or ensure that reconciliations and error reports are submitted by subordinate units. Establish adequate operating procedures for subordinate units in accordance with FINCEN guidance and all operating procedures and instructions.

9.4 CFO and CIO Cooperation

The CFO Act of 1990 and the Clinger-Cohen Act outline the requirements for cooperation between the CFO and the CIO.

The CFO and CIO shall work together (under the direction of the agency head) to establish policies and procedures to ensure that:

1. Accounting, financial, and asset management systems of the executive agency are designed, developed, maintained, and used effectively to provide financial or program performance data for the agency’s financial statements.
2. Financial and related program performance data is provided on a reliable, consistent, and timely basis to executive agency financial management systems.

3. Financial statements support:
 - a. Assessments and revisions of mission-related processes and administrative processes of the executive agency; and
 - b. Measurement of the performance of investments made by the agency in information systems.

9.5 Financial and Mixed Systems Requirements

Finance functions shall be carried out using systems approved by the Assistant Commandant for Resources (CG-8).

Unapproved development of financial and mixed systems places an unacceptable burden on Coast Guard personnel. With a computer on every desk, many people often fall into the trap of trying to develop their own system to solve/automate a unique business process, ignoring the benefits that accrue from the integration of common business processes across organizational units. These efforts usually start off small, but frequently spin out of control with the potential to waste thousands of dollars and hundreds of staff hours on efforts that ultimately must be abandoned. Instead, people who see an opportunity to automate or otherwise improve a process are more productive when they consult with the financial and procurement functional area and systems experts at Headquarters to discuss their idea for a system. Efforts then can be channeled to ensure that requirements are met quickly and in a cost-effective manner. In addition, processes have been put in place to ensure the integrity of data entered into Coast Guard financial and mixed use systems. For example, the use of data scripts to modify financial data in Coast Guard systems now must first be approved by Headquarters to ensure the integrity of data that has a financial impact to CG financial statements or reports.

9.5.1 Financial Management Data Integrity

Federal laws and regulations require Federal agencies to establish internal controls over financial management systems. Adhering to sound financial policies is an integral part of an organization's internal control structure. This policy establishes controls over the Coast Guard's management of its financial system configuration, including the use of scripts, and mitigates risk to financial data integrity through the implementation of high-level review and approval for any scripts or changes to financial management and mixed-use systems that result in a financial impact to financial statements or reports.

The Coast Guard's senior financial officer serves as the single point of authority, accountability, and management for Coast Guard's financial policy, procedures, processes, and requirements for systems including instances serving other bureaus such as the Transportation Security Administration (TSA) and the Domestic Nuclear Detection Office (DNDO). This authority includes the design, configuration management, development, implementation, operation, and maintenance of financial management and mixed systems, and the stipulation of data assurance processes. The Coast Guard Director of Financial Operations/Comptroller, Commandant (CG-8C), acting under technical authority as delegated from the Assistant Commandant for Resources, is authorized to approve changes to system configuration that impact the financial

integrity of data and all reports that contain financial information. This includes scripts and system changes that have a financial impact. The Director of Financial Operations/Comptroller, Commandant (CG-8C), through the Office of Financial Policy, Reporting, and Property, Commandant (CG-84), reviews and approves data scripts prior to their use in any Coast Guard financial and/or mixed system.

Further, the Director of Financial Operations/Comptroller, Commandant (CG-8C), is authorized to pre-approve any scripts deemed necessary to efficiently perform normal operations. Pre-approval to run a script is generally used when a system limitation creates a recurring need.

Procedures for requesting script and system changes are contained in the Financial Management Data Integrity interim policy and procedures (ALCGFINANCE 020/12) and can be accessed online at: <https://cglink.uscg.mil/4cec5206>. Procedures in this interim document will be incorporated into a future revision of *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series).

9.5.1.1 *Data Scripts (Scripts)*

The Coast Guard uses data scripts (hereinafter, simply referred to as “scripts”) to address functionality and data quality issues with ALMIS, CAS, NESSS, and other mixed-use financial systems. Scripts are computer programs written in scripting language that run outside of the system application to insert, delete, update, or modify data within the system. Scripts immediately address issues that may also require further development. Typically, scripts are executed to:

1. Serve as compensating controls for a software deficiency; and
2. Make mass changes to system data when the normal user interface is too inefficient or time-consuming.

The utilization of scripts is necessary to maintain normal day-to-day operations. However, there is an inherent risk each time a script is executed because scripts can change data directly or indirectly at the operating system level, independent of the software that normally stores and analyzes the data.

Changing data directly or indirectly at the operating system level of a financial or mixed-use financial system may result in a financial impact to statements or reports. There are certain scenarios where a script is executed in the sub-ledger/subsidiary ledgers that would eventually lead to a financial impact in the general ledger (GL). This would occur when the modified data is transferred or posted to the GL. **Financial impact** is defined as a script request or system change request, that:

1. Alters GL balances or changes the dollar amount on a transaction between the source document and the GL account transaction (e.g., scripts that correct NFC payroll interface transactions, resetting flags to allow batches to process, and modifying retirement dates to the current fiscal year);

2. Changes financial data used to properly assign the dollar amount to the accounting classification in the GL financial data (e.g., reclassification of transactions to correct cost centers, object classes, multiple accounting lines affected with net zero dollar change);
3. Changes or adds U.S. Standard General Ledger (USSGL) transaction code (TC) posting logic (e.g., transaction code table and GL translator changes);
4. Changes the accounting classification or GL accounts posted in the GL; or
5. Changes financial GL account set-ups or rules.

9.5.1.2 Policy

In an effort to reduce the level of risk to financial data integrity, the Coast Guard will only run scripts with a financial impact when authorized by the Director of Financial Operations/Comptroller, Commandant (CG-8C).

1. Commandant (CG-8C) shall approve all script requests (SRs), system change requests (SCRs), and other system configuration management (SCM) tasks or modifications that have a financial impact on the financial statements and/or reports.
2. Headquarters units shall develop script and system change request packages for all scripts, system changes, tasks, or modifications that have a financial impact on the financial statements or reports. The request process shall include, at a minimum, the following: initiation, review, evaluation, development, financial impact analysis, testing, implementation, and reporting.
3. Commandant (CG-8C) may pre-approve running a script. Pre-approval constitutes a limited delegation of authority to the Commanding Officer, Commander, Director, or Superintendent of a Coast Guard Headquarters Unit to run a script as specified by Commandant (CG-8C). Pre-approval for a script is automatically revoked if the singular and cumulative actual financial impact exceeds \$1,000,000 per fiscal year.
4. The Coast Guard also provides financial services to TSA and DNDO. Therefore, if a script impacts more than one agency at a time, the dollar value impact to the other agencies will be included in the calculation of the \$1,000,000 threshold.
5. Pre-approval of a script shall expire one year after the initial approval. Director of Financial Operations/ Comptroller, Commandant (CG-8C) shall have the right to revoke pre-approval of a script at any time.
6. Headquarters units shall request approval from the Director of Financial Operations/ Comptroller, Commandant (CG-8C) prior to running a pre-approved script if:
 - a. The script has been functionally modified;
 - b. The script will cause a financial impact in more than one agency system (regardless of dollar amount or prior approval); or
 - c. The script has a one-time or cumulative financial impact dollar value that exceeds \$1,000,000 per fiscal year.

7. Headquarters units shall maintain all approved review packages including the request, test results, and financial impact analysis in a centralized repository accessible for review by management and external auditors upon request.

9.5.2 Financial Systems

The Coast Guard's primary authorized financial systems are:

1. **Core Accounting System (CAS)** – the primary accounting system for the Coast Guard, the Transportation Security Agency (TSA), and the Domestic Nuclear Detection Office (DNDO), which hosts a suite of applications at the Coast Guard Finance Center in Chesapeake, VA. The CAS suite includes the following applications:
 - a. Oracle Federal Financials (OFF) – Oracle Corporation's COTS product that includes such modules as Accounts Receivable, Assets, Projects, Inventory, Accounts Payable, Purchasing, and General Ledger;
 - b. Sunflower – Sunflower Systems' COTS asset property management system used by TSA;
 - c. Finance and Procurement Desktop (FPD) – GOTS enterprise-wide accounting and procurement system assigned to assist in funds and procurement management;
 - d. Workflow Imaging Network System (WINS) – 170 Systems' COTS document imaging and processing system, which assists with Coast Guard accounts payable and receivable; and
 - e. Contract Information Management System (CIMS) – CompuSearch Software Systems' COTS PRISM procurement management system.
2. **Naval and Electronic Supply Support System (NESSS)** – the general ledger (GL) system for the Yard/SFLC. NESSS supports daily business activities, including Supply, Finance, Procurement, Depot Maintenance, and Provisioning. The primary purpose of NESSS is to consolidate and adjust the sub-ledger accounts into the GL to report to CG TIER. The NESSS GL data is imported into CG TIER in a text file format.
3. **Asset Logistics Management Information System (ALMIS)** – supports the administration and documentation of all aircraft maintenance, including Fiscal Accounting, Air Station Supply, Depot Supply, Depot Maintenance, and Engineering Services. ALMIS maintains a general ledger of these activities. The ALMIS GL data is imported into CG TIER.
4. **Coast Guard Treasury Information Executive Repository (CG TIER)** – a financial data formatting tool containing summarized and consolidated financial data relating to Coast Guard operations. The data found in this database is rolled up into DHS TIER. This is the general ledger of record for the Coast Guard.

9.5.3 Mixed Systems

In addition to the primary Coast Guard financial systems, there are also mixed (financial) systems. The Chief Financial Officer shall approve the use of all mixed systems.

Following is a list of the primary mixed systems. For a complete listing of approved mixed systems, contact the Office of Financial Policy, Reporting, and Property, Commandant (CG-84).

1. Configuration Management Plus (CMPlus);
2. Direct Access;
3. Direct Access II/GlobalPay;
4. Fleet Logistics System (FLS);
5. Joint Uniform Military Payroll System (JUMPS);
6. NPFC Case Information Management System (NPFC-CIMS); and
7. Shore Asset Management (SAM) system.

9.5.4 FPD Authorized for Service-Wide Use

FPD is the preferred procurement and funds management software package authorized for service-wide use. FPD is the Coast Guard Standard Workstation III-compatible version, and includes enhanced simplified acquisition and funds management capabilities.

9.5.5 Inventory of Finance and Procurement Systems

OMB Circular A-127 requires the Coast Guard to yearly update the inventory of existing and proposed financial management systems. This information is necessary to complete the CFO five-year Financial Management Plan and to manage finance and procurement systems.

Financial management systems shall be included in the Coast Guard's information systems inventory, following the information system inventory policies established in OMB Circular A-130. All cognizant program managers shall provide information to Commandant (CG-84) to maintain this inventory. This database shall be used to prepare various reports and answer various data calls.

9.5.6 Data Entry Transmission

Efficient and effective management of finance and procurement requires the electronic transmission of data between many different people. Critical elements of this are digital signature and electronic commerce.

Best practices use of digital signature and electronic commerce capabilities shall be built into all financial and mixed systems. Finance and procurement data shall be electronically entered/captured one time at the source. From then on, it shall be moved electronically with minimal intervention. This makes use of a standard system in order to reduce data entry and other redundancies and, thus, control costs.

9.5.7 Commercial Off-the-Shelf/Government Off-the-Shelf (COTS/GOTS)

1. Coast Guard personnel shall use COTS/GOTS financial and mixed financial systems, and shall develop systems only when a COTS solution is unavailable. Where practical, business processes shall generally be changed to accommodate the COTS/GOTS system.
2. Coast Guard personnel shall not customize COTS/GOTS systems beyond that authorized by the vendor; e.g., Oracle extensions are allowed, but changes to code are not. Changing code in COTS/GOTS products limits the ability to upgrade the packages in the future. As a result, costs and time needed to maintain systems quickly become prohibitive.
3. Financial and procurement systems shall be upgraded so that they never become more than two versions behind the latest release of the COTS/GOTS products.

9.5.8 Standard Products

In order to minimize costs, the Coast Guard shall use a standard database and a standard suite of applications for financial and mixed systems.

9.5.9 Comparability and Consistency

1. The design of financial management systems shall conform to the guidelines of FSIO, reflecting an agency-wide financial information classification structure that is consistent with the U.S. Standard General Ledger, which provides for tracking of specific program expenditures and covers financial and financially-related information.
2. Financial management system designs shall support agency budget, accounting, and financial management reporting processes by providing consistent information for budget formulation, budget execution, programmatic and financial management, performance measurement, and financial statement preparation.

9.5.10 Integrated Financial Management Systems

1. Financial management systems shall be designed to provide for effective and efficient interrelationship between software, hardware, personnel, procedures, controls, and data contained within the systems. Specific guidance on these requirements is included in *Standard Workstation III Configuration Management Policy*, COMDTINST 5200.16 (series).
2. In conforming to these requirements, the systems shall have the following characteristics:
 - a. Common data elements;
 - b. Common transaction processing;
 - c. Consistent internal controls; and
 - d. Efficient transaction entry; i.e., wherever appropriate, data needed by the systems to support financial functions shall be entered only once, and other parts of the system

shall be updated through electronic means consistent with the timing requirements of normal business/transaction cycles.

9.5.10.1 *Systems that Do Not Interface with FPD*

Program managers who sponsor existing systems that do not interface with FPD and that create obligations or result in the recording of direct charges on unit program element status (PES) **shall have electronic transfer of data to FPD as part of any system upgrades.** Any such upgrades shall be reviewed by Commandant (CG-8) prior to development.

9.5.11 U.S. Standard General Ledger at the Transaction Level

Financial events shall be recorded throughout the financial management system, applying the requirements of the U.S. Standard General Ledger (USSGL) at the transaction level.

9.5.12 Federal Accounting Standards

Financial management systems shall maintain accounting data to permit reporting in accordance with the accounting standards recommended by FASAB and issued by the Director of OMB, and the reporting requirements issued by the Director of OMB or the Secretary of the Treasury. Where no accounting standards have been recommended by FASAB and issued by the Director of OMB, the systems shall maintain data in accordance with the applicable accounting standards used by the agency for preparation of its financial statements. Agency financial management systems shall be designed flexibly to adapt to changes in accounting standards.

9.5.13 Financial Reporting

The financial management system shall meet the reporting requirements established by FSIO, OMB, Treasury, and DHS.

9.5.14 Budget Reporting

Financial management systems shall enable the Coast Guard to prepare, execute, and report on the budget in accordance with the requirements of OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, and other guidance issued by OMB.

9.5.15 Functional Requirements

Financial management systems shall conform to existing applicable functional requirements for the design, development, operation, and maintenance of financial management systems. Functional requirements are defined in a series of publications entitled *Federal Financial Management Systems Requirements* issued by FSIO. Additional functional requirements may be established through OMB circulars and bulletins, and *Treasury Financial Manual*.

9.5.16 Computer Security Act Requirements

Program managers shall plan for and incorporate security controls in accordance with the Computer Security Act of 1987 and OMB Circular A-130 for those financial management systems that contain “sensitive information” as defined by the Computer Security Act. Specific requirements for system security and accreditation are listed in *U.S. Coast Guard Security and Information Assurance Manual*, COMDTINST M5500.13 (series).

9.5.17 Documentation

1. Financial management systems and processing instructions shall be clearly documented to allow ready access in accordance with:
 - a. Requirements contained in the *Federal Financial Management Systems Requirements* documents published by FSIO; and
 - b. Other applicable requirements.
2. All documentation (e.g., software, system, operations, user manuals, operating procedures) shall be kept up-to-date and be readily available for examination.
3. System user documentation shall provide sufficient detail to permit a person, knowledgeable of the agency’s programs and of systems in general, to obtain a comprehensive understanding of the entire operation of each system.
4. Technical systems documentation, such as requirements documents, systems specifications, and operating instructions, shall be adequate to enable technical personnel to operate the system in an effective and efficient manner.

9.5.18 Internal Controls

1. Financial management systems shall include sufficient internal controls to ensure that:
 - a. Resource use is consistent with laws, regulations, and policies;
 - b. Resources are safeguarded against waste, loss, and misuse; and
 - c. Reliable data is obtained, maintained, and disclosed in reports.
2. Appropriate internal controls shall be applied to all system inputs, processing, and outputs. Such system-related controls form a portion of the management control structure required by OMB Circular A-123, *Management’s Responsibility for Internal Control*.
3. Documentation of internal controls shall be sufficient to satisfy external audit requirements.

9.5.19 Training and User Support

1. Adequate training and appropriate support shall be provided to all users of financial management systems to enable them to understand, operate, and maintain the systems to which they are assigned.
2. Program managers shall ensure that all users are appropriately trained and qualified before allowing them access to the system. Such training shall assure that users are adequately versed in the rules of the system's operation.
3. Because training is expensive, systems shall be designed and training developed with close attention to training costs.
4. Training shall be an integral part of the system, and shall consist of a blend of:
 - a. Schools;
 - b. Hotlines;
 - c. On-the-job training (OJT);
 - d. Help facilities; and
 - e. Computer-based training.
5. Cost-effective employee qualification standards that follow best business practices shall be established and adhered to.

9.5.20 Licenses

Most software, including applications, databases, and related tools, have licensing requirements.

1. Software project managers for finance and procurement systems shall develop, implement, and operate systems only if the required licenses are in place. Pursuant to this requirement, project managers shall obtain required automated information systems approval from Commandant (CG-63) prior to obtaining licenses.
2. Planning and budgeting for finance and procurement systems shall include provisions for applicable licenses. Project managers are responsible for procuring the appropriate number of licenses for their projects, and shall ensure that this number is not exceeded. Project managers shall provide license management information to Commandants (CG-63) and (CG-84).
3. To achieve efficiency and effectiveness, the Coast Guard designates certain pieces of software as the standard for use throughout the Coast Guard (e.g., Oracle Financials for accounts receivable applications). For finance and procurement systems, the Coast Guard CFO, with the advice and consent of the CIO, establishes the standard software to be used. The list of standard financial software shall be published on the Resources Directorate website.
4. To implement this software standardization policy, the Coast Guard stocks various licenses. Existing Coast Guard-owned licenses are mandatory sources of supply for all

development, implementation, and operation of finance and procurement systems. Commandant (CG-66) is the stocking point for Oracle databases and other Oracle business products. Commandant (CG-66) shall publish SOPs on license requisitioning on the Information and Technology Architecture website. Commandant (CG-66) is authorized to designate distribution points for software licenses and to establish SOPs for the operation of distribution points. Written authorization shall be obtained from Commandants (CG-84) and (CG-66) prior to obtaining Oracle licenses for finance and procurement systems other than the Coast Guard stocks.

9.5.21 Maintenance

1. Ongoing maintenance of the financial management systems shall be performed to enable the systems to continue to operate in an effective and efficient manner.
2. Program managers shall periodically evaluate how effectively and efficiently the finance and procurement management systems support the agency's changing business practices, and shall submit recommended changes (modifications) to Commandant (CG-84).

9.5.22 Centralized User Administration (CUA) of the Finance and Procurement Desktop (FPD)

This subsection establishes policy for the creation, verification, and maintenance of user accounts within the Coast Guard's Finance and Procurement Desktop (FPD) system. It also stipulates requirements for the establishment of a Unit Approved Plan (UAP) that addresses the separation of duties to be maintained within the system. Guidance is provided for:

1. The assignment and certification of FPD user accounts;
2. Monitoring and maintenance of FPD user accounts; and
3. The Unit Approved Plan (UAP) and separation of duties.

9.5.22.1 *Authorities*

1. Federal Financial Management Improvement Act of 1996.
2. Federal Information Security Management Act of 2002.
3. Federal Managers' Financial Integrity Act of 1982.
4. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
5. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.
6. *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).

9.5.22.2 Responsibilities

9.5.22.2.1 Centralized User Administration Help Desk

1. The following roles shall be performed exclusively by the CAS Tier I Help Desk (hereinafter, referred to as the “Help Desk”), and shall never be assigned to anyone outside the Help Desk or the Finance Center (FINCEN) FPD help/support staff:
 - a. FPD User Administrator;
 - b. Integrated Budget System (IBUDS) User Administrator; and
 - c. Warrant Management User Administrator.
2. The Help Desk shall perform all system administration functions except those delineated for local account managers in this policy.

9.5.22.2.2 FPD Local Account Manager

1. A new role—FPD Local Account Manager—shall be created. This role shall contain all of the essential privileges to perform account manager functions at the local or field unit level.
2. The existing system administration privileges in FPD shall be removed from all current system administrators and replaced with the limited set of system administration privileges provided in the FPD Local Account Manager role.

9.5.22.3 Policy for FPD Management

9.5.22.3.1 Assignment and Certification of FPD User Accounts

1. Users and local account managers shall be centrally managed and assigned to the separate User Management System (UMS) for the FPD application. Roles and privileges in the FPD application shall be strictly assigned based on job description requirements as delineated in this policy.
2. All users (including existing FPD users and system administrators) shall complete and submit a user request through the online Automated Access Request (AAR) system by selecting the appropriate job description roles based on their current duties and responsibilities. AAR is available on the FINCEN Intranet at: <http://intranet/CUA/index.htm>.
3. User request forms shall be submitted to supervisors for approval before being routed to the Help Desk. Supervisors shall certify that the requested job description requirements present no known “separation of duties” conflicts with the access to be granted. After the supervisor has approved the form, it shall be routed to the Help Desk to establish or modify the user account. The assignment of roles shall be based upon the selected job description, as validated by the supervisor.

4. The Help Desk shall validate the request form, certify supervisor approval, and review the requested job description and user roles to ensure separation of duties within the FPD application. The ability to create, read, update, and delete data in FPD is based on the user's role and privileges. The UMS indicates the allowable permission level that a user has, and prevents users from performing any actions in FPD that are beyond the scope of their level or authority.
5. User requests that require external coordination for selected roles (i.e., CG-913) shall be processed through that office to obtain the required approvals before roles are assigned in FPD as specified in *Official CUA Procedures*. This document is available on the FINCEN Intranet at <http://intranet/CUA/index.htm>.

9.5.22.3.2 Monitoring and Maintenance of FPD User Accounts

1. User authorization
 - a. FPD user authorization contains no implied authorization to access any computer system of the United States Government, and will be revoked on separation, retirement, reassignment of duties, change of organization, or when determined by the information system security officer to be in the best interest of the Government.
 - b. Supervisors must confirm that users are authorized to access the computer systems and modules identified on the user request form. Supervisors and users must remember that access for purposes beyond the scope of authorization is a violation of Federal law (18 USC 1030 et al.). FPD local account managers shall work with users and supervisors to ensure proper selection of roles and privileges in FPD, based on current duties.
2. User activity monitoring
 - a. To protect the Core Accounting System (CAS) from unauthorized use and to ensure that the system is functioning properly, system administrators shall monitor user activity.
 - b. Individuals using the system without authority, or in excess of their authority, are subject to having all of their activities on the system monitored and recorded by system personnel.
 - c. In the course of monitoring individuals improperly using the system, or in the course of system maintenance, the activities of authorized users may also be monitored.
 - d. Anyone using the systems expressly consents to such monitoring and is advised that if such monitoring reveals possible evidence of criminal activity, system personnel may provide the evidence of such monitoring to law enforcement officials.
3. Password maintenance
 - a. Password configuration for the application and database shall maintain the password history for each account.

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- b. Users shall be locked out of their FPD/CAS accounts after three invalid logon attempts. Account lockouts and resets shall be managed by the Help Desk.
 - c. FPD shall be configured to comply with DHS, Coast Guard, and FINCEN password protections.
4. Audit trail generation and documentation; periodic internal and external reviews
 - a. The Automated Access Request system shall provide an audit trail and permanent record of user access requests, approvals, and modifications for each user account in the FPD application.
 - b. The Help Desk and database administrators shall periodically review the applications and database audit log. Additionally, audit logs shall be reviewed by both the database administrators and an external party to ensure compliance with security and user access policies.
 - c. Reviews may examine the user privileges of each individual, conformity with the concept of least privilege, and conformity with separation of duties. Reviews shall also determine whether all active accounts are still valid, and shall verify that supervisor authorizations are current.
 - d. These reviews may be conducted on an application-by-application basis or on a system-wide basis. Both kinds of reviews may be conducted by, among others, in-house systems personnel (self-audit), the organization's internal audit staff, or external auditors.
 - e. FINCEN shall develop and promulgate criteria for audit reviews, which shall include internal and external auditors, and shall include a process for field-unit-level validation of current users' roles and privileges. Field-unit-level validation of current users' roles and privileges shall be completed annually by FINCEN.
 - f. Documented user access request forms shall be maintained by FINCEN for all applications in CAS, including FPD. This documentation shall record all information related to the establishment of accounts, modifications, roles, and privileges granted to the application.
 - g. Audit trail records shall be maintained online for at least 90 days, thereby allowing rapid access to recent information. Audit trails shall be preserved for a period of seven years as part of managing records for CAS to allow audit information to be placed online for analysis with reasonable ease. Preservation of the audit information shall be part of the FINCEN IT contingency and disaster recovery plans.
 5. User account removal and re-enabling
 - a. Users, supervisors, and FPD local account managers shall notify the Help Desk whenever a user is transferred, terminated, or reassigned, and, thus, no longer requires access to the system.
 - b. A user's account shall be disabled upon the transfer, termination, or reassignment of the user.

- c. An FPD user must initiate a new FPD automated access request form through their new supervisor upon reporting to a new position or duty station. The user shall provide their newly assigned job-description-based roles for update and enabling of their account by the Help Desk.
6. Locking/disabling inactive user accounts
 - a. When an account reaches 35 days of inactivity, the user shall receive a notification that the account will be locked if they do not access the system within 10 days.
 - b. All accounts shall be locked after 45 days of inactivity.
 - c. Users may call or e-mail the Help Desk to have an account unlocked within a 45-90 day period of inactivity. This call/e-mail shall be logged into FINCEN's tracking system, thereby, creating the necessary audit trail.
 - d. When an account reaches 80 days of inactivity, the user shall receive a notification that the account will be disabled if they do not access the system within 10 days.
 - e. All accounts shall be disabled after 90 days of inactivity.
 - f. To restore access to a disabled account, the user must either submit a new Automated Access Request (AAR) or they must have completed a request for revalidation in AAR no more than 90 days prior to their request for re-activation.
 7. User account maintenance priorities
 - a. The online Automated Access Request system shall provide users with priority levels. By default, new user requests and account unlock requests shall be handled on an immediate/priority basis.
 - b. All other "routine" requests, including current user validation requirements, shall be processed on a first-in, first-out basis.
 - c. Response times by the Help Desk for each request shall be in accordance with *Official CUA Procedures*, available on the FINCEN Intranet at <http://intranet/CUA/index.htm>.

9.5.22.3.3 Unit Approved Plan (UAP)/Separation of Duties

Simplified Acquisition Procedures (SAP) Manual, COMDTINST 4200.13 (series), chapter 7, p. 7-1, states:

The separation of duties is essential to avoid the appearance of impropriety. The initiator of the procurement request, the contracting officer, and the person who will be accepting the supplies or service shall be different individuals. At a minimum, there will be at least two different individuals responsible for these three functions.

Separation of duties is a necessary business practice. Implied in the above statement is the concept that no one person should have complete control over any transaction from initiation to completion.

This policy addresses the internal controls to ensure that separation of duties exists within the role-based assignment of privileges in the FPD application:

1. Each Coast Guard unit, HQ directorate/division, and staff component shall develop and promulgate a UAP for the management and operation of FPD at its location.
2. UAPs shall provide specific guidance on implementing adequate separation of duties to ensure that standards for internal controls are being met to the maximum extent possible. Federal standards for internal control are contained in OMB Circular A-123.
3. These controls, at a minimum, shall include adequate separate procurement authorization, fund certification, receipt of goods, account reconciliation, and FPD local account manager duties for each individual transaction or business event. The following guidelines shall be observed in preparing and updating UAPs:
 - a. A written UAP shall be signed by the commanding officer or officers-in-charge, (for field units) or the office chief (for HQ directorates, areas, and logistics/service center commands). This signature authority cannot be delegated. Electronic signature is acceptable and submission of the signed UAP validates that the UAP is designed to ensure adequate separation of duties as described in this subsection.
 - b. The UAP shall be updated at least annually whenever key FPD personnel change duties and also to properly capture the normal rotation of personnel.
 - c. The UAP shall be utilized to ensure proper assignment of roles in FPD based on current duties and responsibilities, as well as to validate removal of accounts of terminated or transferred individuals.
 - d. The UAP shall include information regarding the notification of user terminations. UAPs shall be submitted to FINCEN when updated, and UAPs shall be retained for three years at the local level.
 - e. FINCEN shall review UAP submissions and shall reject any UAP that does not have required signatures and/or appropriate separation of duties.
4. UAPs shall include the following minimum elements:

ATU, OPFAC, FPD local account manager name, rank/rate, phone number, e-mail address, and unit mailing address.
5. Although the FPD has inherent safeguards and internal controls to preclude fraud against the Government (e.g., no one user can both create and approve a purchase request), it is inherent upon the unit to design internal controls at the unit level to ensure adequate separation of duties for all accounts under their control, as required, beyond the UAP. A sample UAP is available from the FINCEN Intranet. It is recognized that a single user may be a funds manager, buyer, reconciler, local account manager, and perform other roles for one or more accounts at a unit.

6. All FPD users who record or approve commitments and/or obligations shall be documented on the UAP for each field unit, HQ directorate, area, or logistics/service center command.
7. The individuals responsible for recording obligations outside of FPD shall be designated via UAP or hard copy memo retained at the unit.

Appendix 9-1 Key Legislation and Regulations

This appendix provides information on legislative initiatives and regulations that significantly influence Coast Guard financial accounting practices.

Appendix 9-1.1 Clinger-Cohen Act/ITMRA

The Clinger-Cohen Act, previously known as the Information Technology Management Reform Act (ITMRA) of 1996, contains the following aspects/requirements:

1. Establish a Chief Information Officer (CIO).
2. Develop a “capital planning and investment control” process for IT, the primary elements to include:
 - a. Selection of IT investments to be made by the Coast Guard, the management of those investments, and the evaluation of the results of those investments;
 - b. Integration of this methodology with Coast Guard processes for making budget, financial, and program decisions; and
 - c. Development of performance goals/measures for each operating IT System.
3. Develop a “modular contracting” strategy for each IT project under development. This allows for managing contract deliverables, cost, and insertion of technology advances.

Additional information may be found at the following web address:

<https://cio.gov/wp-content/uploads/downloads/2013/01/2012-Learning-Objectives-Final.docx>.

Appendix 9-1.2 Chief Financial Officers Act of 1990, as amended

The CFO Act mandates that agency CFOs develop and maintain agency financial management systems that comply with applicable accounting principles, standards, and requirements; internal control standards; and the requirements of OMB, the Department of the Treasury, and others.

Additional information may be found at the following web address:

<http://www.gao.gov/special.pubs/af12194.pdf>.

Appendix 9-1.3 Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 requires agency heads to establish controls that provide reasonable assurances that:

1. Obligations and costs comply with applicable law;
2. Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
3. Revenues and expenditures are properly recorded and accounted for.

Appendix 9-1.4 Federal Financial Management Improvement Act (FFMIA)

The Federal Financial Management Improvement Act (FFMIA) of 1996 requires each agency to implement and maintain financial management systems that comply substantially with Federal requirements, applicable Federal accounting standards, and the U.S. Standard General Ledger at the transaction level.

Additional information may be found at the following web address:

http://www.whitehouse.gov/omb/financial/ffs_ffmia.html.

Appendix 9-1.5 Government Performance Results Act (GPRA)/PL 103-62

The Government Performance Results Act (GPRA) of 1993 requires agencies to develop strategic plans, set performance goals, and report annually on actual performance compared to goals. As the Federal Government implements this legislation, these plans and goals should be integrated into:

1. The budget process;
2. The operational management of agencies and programs; and
3. Accountability reporting to the public on performance results and on the integrity, efficiency, and effectiveness with which they are achieved.

Appendix 9-1.6 National Institute of Standards and Technology – Special Publication 800-18

This publication, *Guide for Developing Security Plans for Federal Information Systems*, addresses the development of security plans that document the management, technical, and operational controls for Federal automated information systems. It also provides guidance for individuals responsible for IT security at both the system level and the organization level. It is written specifically for individuals with little or no computer security expertise. Auditors, managers, and IT security officers can also use the document as an auditing tool. The concepts presented are generic, and can be applied to organizations in private and public sectors.

Additional information may be found at the following web address:

<http://csrc.nist.gov/publications/nistpubs/800-18-Rev1/sp800-18-Rev1-final.pdf>.

Appendix 9-1.7 OMB Circular A-11, Part 7

OMB Circular A-11, part 7, “Planning, Budgeting, Acquisition, and Management of Capital Assets,” revised November 2009, provides the annual update of guidance on these issues.

Appendix 9-1.8 OMB Circular A-123

Management’s Responsibility for Internal Control, revised December 21, 2004, provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal control. The circular also provides guidance on using the range of tools at the disposal of agency managers to achieve desired program results and to meet the requirements of the Federal Managers’ Financial Integrity Act (FMFIA).

Additional information may be found at the following web address:

http://www.whitehouse.gov/omb/circulars_a123.

Appendix 9-1.9 OMB Circular A-127

Financial Management Systems, Revised, January 9, 2009, prescribes policies and standards for executive departments and agencies to follow concerning their financial management systems. It also defines financial management system requirements.

Additional information may be found at the following web address:

http://www.whitehouse.gov/OMB/circulars_a127.

Appendix 9-1.10 OMB Circular A-130

Management of Federal Information Resources, Revised, Transmittal Memorandum No. 4, November 28, 2000, establishes policy for the management of Federal information resources. OMB includes procedural and analytic guidelines for implementing specific aspects of these policies as appendices. Agencies must establish and maintain a capital planning and investment control process that links mission needs, information, and information technology in an effective and efficient manner.

Additional information may be found at the following web address:

http://www.whitehouse.gov/omb/circulars_a130_a130trans4.

Appendix 9-1.11 FSIO: Framework for Financial Management Systems

Framework for Federal Financial Management Systems sets forth the vision, desired capabilities, performance outcomes, environment, and other attributes that all Federal financial management systems must be designed to support. The Framework provides a model for integrated financial management systems in the Federal Government.

Appendix 9-1.12 FSIO: Core Financial System Requirements

Core Financial System Requirements, January 2006, contains a list of functional capabilities (i.e., established Governmentwide requirements) that a qualified system must deliver to be considered qualified for agency acquisition. The requirements in this document represent a complete list of functional capabilities deemed mandatory for qualified financial management systems by the Government.

Appendix 9-2 Resource, Financial, and Asset Management (RFAM) Task Group

To meet goals embodied in legislation, the Coast Guard in 1997 established the Resource, Financial, and Asset Management (RFAM) Task Group and a working group to review energy conservation and fuel consumption issues pertaining to cutters, aircraft, and facilities. This appendix summarizes the goals and functions of the RFAM Task Group.

Appendix 9-2.1 Goal of the RFAM Task Group

1. The goal of the RFAM Task Group was to identify major gaps in compliance between Coast Guard business systems and processes and the existing RFAM requirements. The objectives included the following:
 - a. Receipt of an unqualified opinion for the FY99 CFO Act audit. An unqualified opinion means that the financial statement data accurately reflects the results of operations, the internal controls are effective, and the prevailing laws are observed.
 - b. Successful Implementation of GPRA and Federal Cost Accounting Standards. The implemented solution must conform to the guidelines established by DOT, OMB, and Congress for FY99, as well as cost standards prescribed by JFMIP (currently known as FSIO) and FASAB.
 - c. Successful Resource Management of Multi-year/Multi-account Appropriations. Success means being able to respond to Coast Guard management needs and to completely and accurately answer OMB and congressional questions in a timely manner.
 - d. Development of an enterprise-wide system architecture and strategic plan to achieve the Coast Guard technology vision. The enterprise-wide system architecture includes effective integration of related existing and emerging information systems. Effective integration means that the systems are implemented and maintained enterprise-wide in a cost-effective manner consistent with Coast Guard business objectives.
 - e. Coast Guard Process-Management Model Integration.
 - f. Implementation Approach (from Coast Guard Functions to Specific Applications to Coast Guard-wide Systems).
 - g. Functional statements for the CFO, CIO, and Commandant (CG-8).
2. The key points that were derived from the RFAM Task Group included:
 - a. The cost of managing, operating, and maintaining redundant systems is high.
 - b. We must avoid redundant systems in order to provide finance and procurement services to the Coast Guard at the lowest possible costs.

- c. A large number of systems and their diverse interconnections make it difficult to introduce new, more integrated solutions.
- d. Key processes within the family of functions must be fully automated.

For more information on the contents of the task group, refer to *RFAM within the U.S. Coast Guard Final Report*, May 1999.

Appendix 9-2.2 Family of Functions

Based on the Management Model, the Family of Functions was derived for each primary function. The functions for the general framework of responsibilities are required within the overall management context. The Family of Functions also contains several subprocesses that are directly affected by RFAM Systems and management of resources.

1. Planning and Direction, composed of:
 - a. Strategic Planning;
 - b. Budgeting (Formulation, Presentation, and Justification);
 - c. Forecasting; and
 - d. Analysis.
2. Finance and Procurement, composed of:
 - a. Budget Execution, Planning, Forecasting, Analysis;
 - b. Contracting/Procurement;
 - c. General Ledger; and
 - d. Cost Accounting.
3. Human Resources, composed of:
 - a. Payroll/Personnel Records;
 - b. Medical;
 - c. Education/Training/Development;
 - d. Recruiting/Assignment/Travel;
 - e. Workforce Planning;
 - f. MWR;
 - g. CGES;
 - h. Commissaries; and

- i. Work-Life.
-
- 4. Engineering and Logistics, composed of:
 - a. Civil Engineering;
 - b. Aviation Engineering;
 - c. Naval Engineering;
 - d. Electronic Engineering; and
 - e. Logistic Engineering.

 - 5. Operations, defined by the CG Performance Goals:
 - a. Safety;
 - b. Human and Natural Environment;
 - c. Mobility;
 - d. Economic Growth and Trade; and
 - e. National Security.

Chapter 10. Property, Plant, and Equipment (PP&E)

10.1 Introduction

This chapter specifies policy for financial accounting and reporting of property, plant, and equipment PP&E, including general PP&E and stewardship PP&E (heritage assets and stewardship land)

PP&E is defined as tangible assets (real or personal) that:

1. Have an estimated useful life of two or more years;
2. Are not intended for sale in the ordinary course of business; and
3. Are intended to be used by or be available for use by the entity.

General PP&E is any property that is primarily used to produce goods or services, or to support the mission of the entity. Other than Heritage Assets or Stewardship Land, all Coast Guard PP&E shall be categorized as general PP&E and may include, but are not limited to the following:

1. Real Property – land, buildings and structures, construction in progress, and capital improvements;
2. Personal Property – furniture and fixtures, equipment, vehicles, and internal use software and (discussed in chapter 7), constructed assets, and capital improvements; and
3. Capital Leases.

Coast Guard general PP&E may be funded from any Coast Guard appropriation; however, it is generally funded with the following appropriations:

1. Operating Expenses (OE) – one-year funds designated for minor acquisitions used in the purchasing, improvement, rebuilding, and maintenance of assets.
2. Acquisition, Construction, and Improvement (AC&I) – multi-year funds for the acquisition of new capital assets, construction of new facilities, and improvements to existing facilities and capital assets.
3. Industrial (e.g., Yard Fund) – non-expiring funds receiving advances to execute repairs and improvements to Yard facilities and assets (e.g., vessels and boats) and to purchase the equipment needed to assist in these activities.

All general PP&E assets acquired by the Coast Guard must be recognized for accountability and financial reporting purposes by applying the proper accounting treatment (e.g. capitalization) and the reporting of associated accumulated depreciation or amortization on the Coast Guard financial statements.

Stewardship PP&E consists of tangible assets classified as heritage assets or stewardship land. Heritage assets are assets possessing significant educational, cultural, or natural characteristics; and are generally expected to be preserved indefinitely. Stewardship land is land acquired via public domain or at no cost; other than that acquired for or in connection with general PP&E.

The remainder of this chapter is divided into six sections:

- 10.2 Financial Accounting and Reporting of Capitalized Real Property;
- 10.3 Financial Accounting and Reporting of Capitalized Personal Property;
- 10.4 Deferred Maintenance;
- 10.5 Cost Decision Table and Notes;
- 10.6 Financial Accounting and Reporting of Capital and Operating Leases; and
- 10.7 Stewardship PP&E (Heritage Assets and Stewardship Lands).

Note: Sections 7.3 - 7.5 of this manual establish policy for the accounting treatment of all personal and real property including OM&S and inventory, but the focus of chapter 10 is financial and accounting for general PP&E (e.g., assets acquired via construction in progress and leased assets) and stewardship PP&E. Sections 7.3 - 7.5 will be incorporated into chapter 10 in a future revision of this manual.

10.2 Financial Accounting and Reporting of Capitalized Real Property

This section provides policy for the capitalization of real property assets, including those assets acquired through purchase or resulting from Construction in Progress (CIP) projects.

CIP consists of the costs of the direct materials, direct labor, direct purchased services, and indirect costs used in producing customized (constructed, fabricated, and/or assembled) real property, whether fabricated by the Coast Guard or by a non-Coast Guard organization under contract, including Military Interdepartmental Purchase Request (MIPR).

Examples of construction in progress are the costs of additions, alterations, improvements, rehabilitations, and replacements of Coast Guard assets. Upon completion, these costs shall be transferred to the proper capital asset account as the acquisition cost of the item.

This policy applies to all capitalizable real property assets (general PP&E) acquired by the Coast Guard that require construction, refurbishing, assembly, or similar effort. This policy is effective for all new real property projects initiated on or after 1 October 2005.

10.2.1 Purpose

The purpose of this section is to provide policy for the financial accounting and reporting of capitalized real property assets acquired from purchase or CIP so that recorded and reported costs are in compliance with laws, rules and regulations, including Generally Accepted Accounting Principles (GAAP) and FASAB guidance. This policy also requires that recorded and reported amounts have adequate supporting documentation at the transaction level.

10.2.2 Authorities

1. Chief Financial Officers Act of 1990 (“CFO Act”).
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*.
http://www.fasab.gov/pdffiles/2012_fasab_handbook.pdf
5. Financial Accounting Standards Board, Statement of Financial Accounting Standards No. 153, Exchanges of Nonmonetary Assets
<http://www.fasb.org/cs/BlobServer?blobkey=id&blobnocache=true&blobwhere=1175820921534&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs>
6. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), section 3.1, “Property, Plant and Equipment”.
<http://cfo-policy.dhs.gov/default.aspx>

10.2.3 Responsibilities

The following subsections list the offices and their respective responsibilities for real property CIP project accounting.

10.2.3.1 *Assistant Commandant for Resources (CG-8)*

Commandant (CG-8) develops, promulgates, and implements Coast Guard financial management policy for real property CIP project accounting used by Headquarters program/facility managers, FINCEN, area and district commanders, field unit commanding officers, and officers-in-charge.

10.2.3.2 *Budget Execution Division (CG-831)*

Commandant (CG-831):

1. Provides centralized management of the acquisition, construction, and improvement (AC&I) appropriation.

10.2.3.3 *Financial Reporting and Analysis Division (CG-842)*

Commandant (CG-842):

1. Provides oversight, analysis, and financial management standards for all real property CIP project accounting.
2. Develops procedures for tracking and accounting for real property CIP projects.
3. Oversees the implementation of internal controls for CIP project accounting.
4. Meets with the AC&I funds managers at least quarterly, to identify the complete universe of capitalizable real property assets of CIP projects within the Coast Guard.
5. Convenes the CIP Project Group as necessary to evaluate the setup of capitalizable projects. This group consists of the:
 - a. Acquisition project manager;
 - b. Resource manager;
 - c. Sponsor representative;
 - d. Independent operational test and evaluation advisor;
 - e. Commandant (CG-842) analyst;
 - f. FINCEN representative; and
 - g. Commandant (CG-831) representative.
6. Reviews the CIP Analysis Report provided by FINCEN monthly that provides the following: information by project number; document information such as description; number and type, dollars expended; accounting line; as well as other necessary data, so that project status information can be updated.
7. Reviews and approves CIP capitalization project plans at inception to identify cost components and facilitate subsequent accurate and timely asset capitalization.
8. Reviews CIP projects on a monthly basis to ensure accuracy and alignment with policy.
9. Develops and implements CIP project accounting training for HQ and other key personnel involved in the capitalization process.
10. Requires that all project managers (PMs) are designated in writing.
11. Requires consistency between HQ program offices in the treatment of costs and the application of overhead.
12. Provides guidance to the Aviation Logistics Center (ALC), the Surface Forces Logistics Center (SFLC)/Yard, and HQ program offices on the development of indirect rates, including composition, basis for application, and variance analysis.
13. Performs an annual review and approval of indirect cost rates and calculates the annual AC&I labor allocation rate.

14. Develops high-level standard operating procedures (SOP) for the creation, monitoring, and closeout of CIP projects.

10.2.3.4 Office of Financial Systems Business Requirements (CG-86)

Commandant (CG-86)

1. Designates/designs and certifies all financial systems, including hardware and software for real property CIP projects.
2. Ensures that all designed financial systems provide adequate systematic controls.

10.2.3.5 Office of Procurement Policy & Oversight (CG-913)

Commandant (CG-913):

1. Provides guidance to Coast Guard contracting officers (KOs) to ensure that KOs understand the reasons why project/financial managers need to clearly identify the different types of real property assets (land, buildings, structures) that will be constructed/purchased via contracts and/or IAAs/MIPRs.
2. Provides guidance to Coast Guard KOs to ensure that they understand why project/financial managers are requesting the use of separate contract line item numbers (CLINs) with separate accounting information if the contract will procure different types of assets (personal or real property) via the same contract. In other words, requires the use of a unique funding source for each type of asset purchased on a single contract.
3. Requires that every contract with the Coast Guard for the development or delivery of capital assets of \$50,000 or greater has the requirement for a signed acceptance report, such as Material Inspection and Receiving Report, Form DD 250/DHS 700-21; Solicitation/Contract/Order for Commercial Items, Form SF 1449; or Order for Supplies or Services, Form OF 347, in order to document the valuation and/or acceptance date of Coast Guard assets. The receiving report shall be signed by an authorized Government representative as acknowledgment that the material and supplies satisfy the terms of the contract as to dollar amount, number, and quality. Acceptance reports may also be used in other arrangements. The accepted and signed receiving report typically documents the transfer of ownership of the deliverable, except when there are specific terms that provide otherwise. Personnel responsible for the award of contracts for PP&E shall ensure that receipt and acceptance of such items is also reflected in the Finance and Procurement Desktop (FPD).

10.2.3.6 Finance Center (FINCEN)

FINCEN:

1. Maintains general ledger balances and supporting documentation for valuation of CIP projects and real property.

2. Reviews real property CIP projects, in conjunction with Commandant (CG-842) and the PMs, to determine which meet the criteria for capitalization tracking, and enters and monitors capital projects in designated systems.
3. Reviews the allocation methodology for all indirect costs associated with CIP projects, in conjunction with Commandant (CG-842) and the appropriate PM,
4. Monitors construction and improvement projects to ensure that timely capitalization of completed assets occurs.
5. Distributes accurate and timely CIP project accounting reports to the respective PMs on a monthly basis.
6. Retains key documentation supporting the capitalization of CIP assets. Key capitalization documentation is defined as information that assists the Coast Guard with supporting the date in service, use, valuation, and ownership of its assets. For most capital assets, this information will be supported by the following:
 - a. A contract or MIPR between the Coast Guard and a supplier;
 - b. A request for payment by the supplier, normally in the form of an invoice or Material Inspection and Receiving Report, Form DD 250/DHS 700-21;
 - c. A receiving report by the Coast Guard, normally in the form of an acceptance signature on a Material Inspection and Receiving Report, Form DD 250/DHS 700-21, or an acquisition certification for payment by a KO or their representative; or
 - d. Electronic expenditure information in the Coast Guard's accounting system.
7. Assists the PMs and Commandant (CG-842) with the periodic review of CIP projects.
8. Assists Commandant (CG-842) in developing a high-level SOP for the creation, monitoring, and closeout of CIP projects.
9. Creates additional detailed SOPs for CIP processes conducted within FINCEN.
10. Enters all capitalized real property assets into the fixed asset system, upon receipt of documentation,
11. Reconciles property records quarterly to general ledger accounts.
12. Provides financial information and reports pertaining to CIP projects to HQ program offices.
13. Maps AC&I expenditures to projects based on program elements and appropriation data.
14. Reviews program element status (PES) reports on a weekly basis to determine if all expenditures are reflected in the appropriate projects. The documentation for these expenditures is gathered and reviewed.

10.2.3.7 Headquarters Program Offices

Acquisitions, Commandant (CG-9); Major Acquisition Projects, Commandant (CG-93); Engineering and Logistics, Commandant (CG-4); and Office of Enterprise Infrastructure Management, Commandant (CG-64):

1. Provide the PM name and organizational information to Commandant (CG-842) for each project that can potentially meet the Coast Guard capitalization thresholds.
2. Ensure that PMs timely, completely, and accurately record capitalized assets.
3. Manage and monitor the distribution of project funds.
4. Provide all required project setup data to FINCEN (FR) within 15 calendar days of contract award for all capitalizable projects.
5. Review and perform certifications of the CIP Analysis Report in a timely manner, and provide any necessary corrections to FINCEN (FR) within two weeks of receipt of the report. Review and provide the final Project Management Data Sheet (PMDS) to FINCEN and Commandant (CG-842) within three weeks.

10.2.3.8 AC&I Project Managers (PMs)

At the initiation of each CIP project, a PM will be specially designated in writing by either the Vice Commandant (for major acquisitions) or the responsible project office, Commandants (CG-9), (CG-4), (CG-6), etc. for projects that do not meet the major acquisition requirements. The PM:

1. Ensures that FINCEN and Commandant (CG-842) receive a copy of the signed PM designation letter.
2. Ensures CIP projects are set up timely by performing the following: establishes and maintains data elements, such as project manager name, the unique AC&I six-digit program element, as well as the other data fields contained in the PMDS - Project Initiation form, which include a project description, types of assets, asset delivery schedule, acceptance criteria, and asset valuation method; and ensures that current CIP information is provided to FINCEN (FR) and Commandant (CG-842). See Subsection 10.2.8 Project Establishment.
3. Provides point of contact (POC) information to FINCEN (FR) and Commandant (CG-842) for related financial status of CIP projects.
4. Provides oversight of CIP projects, including approval and update of asset completion and delivery schedules, indirect cost methodologies, asset acceptance criteria, and number and types of assets being delivered as part of the project.
5. Coordinates with various project team members, and provides Commandant (CG-842) and FINCEN (FR) with CIP project information, including direct and indirect costing methodologies, asset delivery schedules, asset acceptance criteria, and required documentation.

6. Calculates and maintains accurate indirect cost rates in accordance with costing methodologies approved by Commandant (CG-842).
7. Implements local SOPs for management of their specific CIP projects. Ensures that these procedures are in alignment with the Coast Guard's CIP policy and procedures, via an effective internal control program.
8. Reviews and updates delivery schedules on at least a quarterly basis, as well as the estimates and rates (direct and indirect costs) used for the capitalization of CIP real property assets.
9. Reconciles accounting systems' records and certifies reports with local CIP project records on a monthly basis.
10. Reports the status of assets delivered on a monthly basis to FINCEN on all CIP projects.
11. Provides timely, complete, and accurate capitalization information to FINCEN (FR) for all assets from CIP projects.
12. Receives complete and accurate capitalization information from the business/financial managers for assets being delivered or transferred from CIP projects within two weeks of "delivery" or placing a constructed asset "in service."
13. Performs timely reviews and certifications of the CIP Analysis Report, and provides any necessary corrections to FINCEN (FR) within two weeks of receipt of the report.

10.2.3.9 Districts, FD&CCs, CEUs, and Field Units

At times, the districts, facility design and construction centers (FD&CCs), Civil Engineering Units (CEUs), and field units provide support for Coast Guard CIP projects. The work performed is typically associated with building or improving Coast Guard real property assets or electronic systems.

In this project role, these units normally are supporting larger Coast Guard projects (e.g., deepwater facility improvements) that receive funding transferred from project managers or project sponsors and must be accounted for as part of the larger project. In order for the project manager/sponsor to properly account for all funding associated with their AC&I program elements, these external entities must provide the HQ project/resource manager (P/RM) with an accounting of the funds used in support of the project, and provide the necessary documentation to support the historical cost of the real property project or improvement.

The Coast Guard HQ P/RM will designate in writing an assistant project manager at the districts, FD&CCs, CEUs, and field units, who will be executing the HQ project funds. This designation letter will be accompanied by additional project information that identifies whether the funding will be part of a larger capitalizable or expense project. It will provide or require the entity to provide information regarding the expected assets and/or improvements to be delivered and whether the expenditures will result in separate assets. In addition, the designation letter will address the monthly and quarterly reporting responsibilities and the required reconciliation that must be provided to the HQ P/RM. The P/RM shall ensure that FINCEN and Commandant (CG-842) receive a copy of the signed designation letter.

The assistant P/RM at the districts, FC&CC, and CEUs:

1. Retains procurement, acquisition, and transfer documents.
2. Develops, promulgates, and implements local policy and procedures as necessary for the management of real property CIP projects.
3. Completes timely and accurate review and certification of real CIP projects on a monthly basis.
4. Informs FINCEN and Commandant (CG-842) of all real property construction and improvement projects meeting criteria for capitalization.
5. Timely and accurately records assets from CIP projects into the appropriate system.
6. Notifies FINCEN and Commandant (CG-842) in a timely manner when real property CIP projects are completed.
7. Performs reviews of all real property CIP projects at the time of project closure.
8. Establishes and maintains data elements, such as project manager name, name of project, key members, six-digit program elements, as well as other data required to complete the PMDS, and ensures that current information is provided to FINCEN and Commandant (CG-842).
9. Acts as POC for FINCEN and Commandant (CG-842) for related financial status of CIP projects.
10. Coordinates with various project team members, and provides the PM with CIP project information, including direct and indirect costing methodologies, asset delivery schedules, asset acceptance criteria, and required documentation.
11. Calculates and maintains accurate indirect cost rates in accordance with costing methodologies approved by Commandant (CG-842).
12. Reconciles and certifies accounting system records and reports with local CIP project records on a monthly basis.
13. Receives complete and accurate capitalization information from the business/financial manager for assets being delivered or transferred from CIP projects within two weeks of “delivery” or placing a constructed asset “in service.”
14. Develops any necessary office-level SOPs to support the standardized CIP SOP.
15. Performs timely reviews and certifications of the CIP Analysis Report and for providing any necessary corrections to FINCEN (FR) within two weeks of receipt of the report.

10.2.4 Cost Recognition

CIP consists of the costs for direct materials, direct labor, direct purchased services, and indirect costs used in producing customized (constructed, fabricated, and/or assembled) real property, whether fabricated by the Coast Guard or by a non-Coast Guard organization under contract, including Military Interdepartmental Purchase Request (MIPR).

Examples of construction in progress are the costs of additions, alterations, improvements, rehabilitations, and replacements of Coast Guard assets. Upon completion, these costs shall be transferred to the proper capital asset account as the acquisition cost of the item.

In general, most costs incurred after the concept development stage (e.g., feasibility study completed, if required) that are required to bring an asset to its required form and location are considered part of the asset's value. Although these concept development and/or feasibility study costs are not capitalized as part of the asset costs, most other costs are capitalized.

In many large Coast Guard capital projects, however, there are support-type costs incurred after the asset has been placed "in service/accepted." These costs incurred after the asset has been accepted may be exactly the same in form and function as project costs incurred before the asset is accepted (e.g., parts used to assemble the asset versus parts used to support operations after the asset has been accepted). These support costs will be expensed in accordance with the cost decision table shown in section 10.5 if they are incurred after the asset is in service/accepted.

1. PMs shall review all project costs to ensure that they are properly categorized and that the proper accounting treatment is applied.
2. All general PP&E shall be recorded at cost. The cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. These costs may include:
 - a. Amounts paid to vendors;
 - b. Transportation charge to the point of initial use;
 - c. Handling and storage costs;
 - d. Labor and other direct or indirect production costs (for assets produced or constructed);
 - e. Engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
 - f. Acquisition and preparation costs of buildings and other facilities;
 - g. An appropriate share of the cost of equipment and facilities used in construction work;
 - h. Fixed equipment and related installation costs required for activities in a building or facility;
 - i. Direct costs of inspection, supervision, and administration of construction contracts and construction work;
 - j. Legal and recording fees and damage claims;
 - k. Fair value of facilities and equipment donated to the Government; and/or
 - l. Material amounts of interest costs paid.

10.2.5 Capitalization Standards – Thresholds

The Coast Guard capitalizes the acquisition, construction, or improvement of building, structure, shore, and waterways projects with a total unit cost (per-asset cost) of \$200,000 or greater, regardless of the appropriation in which the asset was funded. All Coast Guard capitalization thresholds are applied to individual assets. For example, if two buildings are being constructed at the same location by the same vendor, and one building costs \$100,000 and the second building costs \$250,000, only the \$250,000 building will be capitalized; the other building will be expensed. Any activity resulting in a total unit cost below that threshold will be expensed. These thresholds are summarized in Table 10.1 below.

Table 10.1 Capitalization Thresholds – Real Property

Property Type	Threshold
Land	Capitalize All
Buildings	\$200,000
Structures	\$200,000

10.2.6 Improvements

Improvements that meet the capitalization threshold for the same asset class shall be capitalized. Improvements that result from projects that either enlarge a base asset's capacity or improve its capability shall be capitalized and depreciated over the remaining useful life of the base asset. If the improvement project extends the life of the base asset, then the cost of the improvement shall be recorded in Oracle as follows:

1. For life-extending improvements to fully-depreciated assets:
 - a. Establish the "child" record for the improvement (e.g., "A" record); and
 - b. Do not modify the "parent" record beyond its baseline useful life. For example, a building has a useful life of 40 years. It is 50 years old when a life-extending improvement is made, adding 20 additional years. The recording treatment will be to create a "child" record for the 20-year improvement, and not modify the "parent" record.
2. For life-extending improvements to assets not fully depreciated:
 - a. Retire the "parent" record on the date that the improvement is recorded;
 - b. Roll the remaining Net Book Value (NBV) of the "parent" record into the "child" (improvement) record; and
 - c. Establish the "child" (improvement) record in the amount of the cost of the improvement, plus the remaining NBV of the parent record at time of retirement.

Note: The above policy shall be used for all improvements beginning 1 October 2006 (FY07), and shall apply to all PP&E categories.

10.2.7 Costing Methodology

The Coast Guard will use one or more of the following methods for establishing the full cost of its assets. These methods are listed in order of preference:

1. Directly tracing costs wherever economically feasible;
2. Assigning costs on a cause-and-effect basis;
3. Allocating costs on a reasonable and consistent basis.

In general there are two types of costs, direct and indirect, that must be included, on an accrual basis, in the full cost of an asset.

10.2.7.1 Direct Costs

1. Direct costs are those that can be specifically identified with an output (asset) and that do not require any type of assignment or allocation to drive the cost to an asset. All direct costs shall be included in the full cost of assets. Typical examples of direct costs are:
 - a. Salaries and other benefits for employees who work directly on the project;
 - b. Materials and supplies used in the work;
 - c. Various costs associated with office space, equipment, facilities, and utilities, that are used exclusively to produce the asset; and
 - d. Costs of goods and services received from other segments or entities that are used to produce the asset.
2. Some direct costs can be assigned to a specific asset based on the terms of a fixed-price or similar type of contract vehicle, including a MIPR. For example, the Coast Guard issues a MIPR to perform sea trials on four CIP assets at an agreed-upon price of \$100,000 each. When the Navy bills for this service, it may not itemize or separately identify the costs associated with each of the four vessels. Therefore, the Coast Guard will allocate the agreed-upon estimated cost per vessel, unless better information is provided by the Navy.

10.2.7.2 Indirect Costs

1. One type of indirect cost is AC&I labor costs, which pay for the Coast Guard personnel who provide project oversight and support services (AC&I project and core billets). In order to ensure that AC&I labor is adequately allocated to all AC&I-funded projects during the capitalization process, a Coast Guard-wide AC&I labor rate is developed during the 4th quarter of each fiscal year for subsequent fiscal year by Commandant (CG-842).
2. Typical examples of indirect costs/cost pools are:
 - a. General administrative services (AC&I core billets);
 - b. Security;

- c. Rent;
- d. Employee health costs;
- e. Operating and maintenance costs for buildings, equipment, and utilities;
- f. Program/project management services;
- g. System integration and testing; and
- h. Technical manuals.

10.2.7.3 *Indirect Rates and Estimates*

1. Indirect cost rates, except for AC&I labor, and all project estimates must be developed by the PM and the financial/resource manager (F/RM) for each CIP project, and approved by Commandant (CG-842) for the proper allocation of project indirect costs and overhead costs.
2. HQ program offices shall review all rates and estimates (except AC&I labor) on a quarterly basis, and provide FINCEN (FR) and Commandant (CG-842) the results of the analysis within five business days after the end of the quarter. Commandant (CG-842) shall approve these rates within five business days of receiving the program's rate analysis, and shall provide copies of these approved rates to the PM and FINCEN (FR).
3. Approved rate changes from the quarterly review of rates and estimates shall be applied prospectively to new assets.

10.2.7.4 *Expense Costs*

1. Costs that do not meet the requirement for capitalization shall be expensed in the accounting period in which they are incurred.
2. Costs that are identified as noncapitalizable in nature shall be expensed and removed from the CIP account as soon as they are identified, without waiting for asset delivery, project completion, or closeout. Failure to expense costs in a timely manner will result in operating expenses being charged against the wrong accounting period, and will inflate the value of CIP.
3. If the expected per-asset cost does not meet Coast Guard capitalization thresholds, the entire project should be reported to FINCEN (FR) as an expense project and removed from the CIP account.
4. A comprehensive list of expense costs is identified in the cost decision table shown in section 10.5 .

10.2.8 Project Establishment

1. The accurate and complete establishment of each CIP project is essential to the timely, accurate relief of CIP accounts, as well as the creation of assets on the Coast Guard's financial statements. In order to ensure that all aspects of a CIP project are examined, the

PM shall convene a project initiation team meeting composed of, at a minimum, the PM, the F/RM, a contracting representative, a Commandant (CG-842) analyst, a Commandant (CG-831) representative, and a FINCEN (FR) representative.

2. During this initial meeting, a project establishment package shall be prepared that identifies the following items:
 - a. The type(s) of assets that the project will deliver;
 - b. The separate six-digit program element that shall be established for the direct cost associated with each type/class of asset (effective 1 October 2005 for new projects);
 - c. The separate six-digit program element that shall be established for the indirect costs associated with each type/class of asset, other than AC&I labor, which has a yearly allocation rate for all AC&I expenditures (effective 1 October 2005 for new projects);
 - d. The estimated delivery schedule for all assets that the project will deliver;
 - e. The acceptance criteria for all assets that the project will deliver;
 - f. The costing methodologies needed for the project;
 - g. The type and source of valuation documentation that the project will provide; and
 - h. Project POCs for PM, F/RM, Commandant (CG-842) analyst, FINCEN (FR) representative, etc.
3. The HQ program office and/or the PM shall ensure that a project establishment package is prepared and submitted to Commandant (CG-842)/FINCEN for review and approval within 30 days of receipt of the CIP project funding.
4. Commandant (CG-842) and FINCEN shall review the project establishment package and work out any additional or missing details with the program office. The package shall be approved in writing by Commandant (CG-842), and a copy shall be distributed to the HQ program office and FINCEN (FR) within 30 days of receipt.
5. The HQ program office shall ensure that funding levels, funding transfers, and the subsequent assignment of those funding levels to the CIP project are consistent with asset types and cost types (e.g., direct or indirect) to ensure proper classification and traceability of funds.
6. A separate six-digit program element shall be established for the direct cost associated with each type/class of asset.
7. A separate six-digit program element shall be established for the indirect costs associated with each type/class of asset (other than AC&I labor, which has a yearly allocation rate for all AC&I expenditures).
8. The HQ program office shall ensure that estimates and rates for cost allocation are reviewed and updated when funding-level changes occur.
9. FINCEN (FR) shall work with the HQ program office to ensure that CIP project numbers are created in a manner that will accurately reflect the CIP account. For example, AC&I

funding that is received for the construction of a new pier, or pier improvements, will be initialized under two CIP project numbers.

10. The HQ program office shall establish a delivery schedule of discrete assets that will include the month/year that the estimated delivery is expected.
11. The delivery schedule shall be part of the project package, and shall be reviewed at the time an asset is delivered, or at a minimum, on a quarterly basis as part of the quarterly review process.
12. All constructed general PP&E shall be recorded, and shall remain, in CIP until the asset is brought to a form and location suitable for its intended use. All general PP&E shall be recorded at historical cost.
13. The PM shall ensure that the direct and indirect costing methodologies are established for all assets that will be delivered as part of the project. The costing methodology will ensure that all project costs are accounted for, including those that will not be capitalized (e.g., expensed). If AC&I labor will be included, the PM must ensure that the proper labor rate(s) are applied as addressed below.
14. The allocation of AC&I labor rates to AC&I CIP assets is accomplished in the following manner. AC&I labor consists of Coast Guard civilian and military personnel costs, which support all AC&I projects within a particular appropriation year. In addition, civilian and military personnel paid by the OE appropriation can work on an AC&I project with the requirement that AC&I labor reimburses the OE appropriation. The allocation methodology is applied in a consistent, rational, and repeatable manner, in accordance with GAAP.
 - a. Commandant (CG-83) shall ensure that Commandant (CG-842) receives all documents pertaining to Apportionment and Reapportionment Schedule, Form SF 132, along with approved AC&I financial plans, including all updates based on rescissions and supplemental appropriations.
 - b. Commandant (CG-842) shall calculate AC&I labor cost rates, and ensure that they are allocated to assets.
 - c. Commandant (CG-842) shall prepare quarterly journal vouchers for the allocation of approved AC&I labor costs to specific CIP assets and forward to FINCEN (FR).
 - d. FINCEN (FR) shall prepare, review, approve, and record the journal transactions in the CAS Project Accounting (PA) Module. FINCEN (FR) shall report the results to Commandant (CG-842) once the journal voucher transactions are recorded. Signatures and dates shall be evident for all preparation, reviews, approvals, and recordings.
 - e. Commandant (CG-842) shall annually calculate the AC&I labor rate based on a six year moving average rate. from actual expenditures and appropriation fiscal year totals (based on Apportionment and Reapportionment Schedule, Form SF 132, and Report on Budget Execution and Budgetary Resources, Form SF 133).

- f. Commandant (CG-842) shall review and apply adjustments to previously recorded AC&I labor rates (actual) to all capitalized and expensed costs, including recorded assets.
 - g. Commandant (CG-842) and FINCEN (FR) shall ensure that audit-compliant evidential documentation for AC&I labor allocations is maintained at appropriate levels for the life cycle of the asset plus three fiscal years.
15. The cost of any Government-furnished equipment (GFE) or Government-furnished materials (GFM) consumed in the construction or manufacturing process shall be added to the CIP project as a cost and capitalized.
 16. The cost of any GFE/GFM returned to the Coast Guard shall not be capitalized.
 17. The PM shall ensure that all GFE/GFM costs are tracked and supported.
 18. The HQ program office shall ensure that all issued contracts contain the required specificity so that direct and indirect costs, as well as the type of assets, can be identified for costing purposes. For example, a contract that is issued for both the construction of a new cutter and the improvement of an existing cutter should be issued under two separate contract line items with separate accounting data in order to provide clear traceability of costs to each asset.

10.2.9 Project Execution

1. PMs shall ensure that contracts, contract modifications, and miscellaneous obligation documents are issued timely and cite the proper program element so that costs, to the greatest extent possible, can be traced to assets.
2. PMs shall review CIP expenditure costs to ensure that they are correct, and validate that they can be supported by third-party evidential documentation (e.g., invoices, if possible).
3. Commandant (CG-842) and HQ program offices shall review CIP projects on a quarterly basis to ensure that all schedules, assumptions, estimates, and rates used for burdening of assets are correct and up-to-date.
4. This review will be documented, and a copy will be given to FINCEN (FR) for the Coast Guard project folder.

10.2.9.1 Execution Reports

1. FINCEN (FR) shall ensure that the appropriate CIP financial reports are distributed to HQ program offices on a monthly basis:
 - a. AC&I/OE Master Report;
 - b. Cancelled Appropriation Report;
 - c. CIP PM Listing Report; and/or
 - d. CIP Master Report.

2. HQ program offices shall review these reports on a monthly basis to ensure their accuracy, and shall report errors to FINCEN (FR).
3. FINCEN (FR) shall provide a detailed listing of CIP expenditure costs to PMs on an as-requested basis.
4. HQ program offices shall report all delivered and accepted assets to FINCEN (FR) using the PMDS reporting process described in Subsection 10.2.11.1 , Project Management Data Sheet (PMDS).

10.2.9.2 Execution Reviews

1. To minimize retrospective cost adjustments to previously delivered assets, HQ program offices and/or PMs shall review CIP projects when changes occur to determine if updated estimates and rates are needed to ensure that cost changes are made to assets on a prospective basis. This will be accomplished within 30 days of the change. The following areas can affect rates and estimates used in the valuation of assets:
 - a. Funding levels (e.g., initial, transfers);
 - b. Delivery schedules (e.g., number and types of assets);
 - c. Indirect cost allocation rates;
 - d. Change in direct/indirect costs; and
 - e. AC&I labor cost allocation rates.
2. HQ program offices and/or PMs shall perform a review of all CIP projects as assets are delivered, or at a minimum on a monthly basis, to ensure that rates and estimates used in the valuation of assets are accurate, and that all changes that occurred in that fiscal quarter were accounted for.
3. PMs shall review their projects' expenditures on a monthly basis to determine if all expenditures are appropriate to capitalize.
4. Commandant (CG-842) shall ensure that all CIP projects are reviewed on a quarterly basis, and provide assistance when needed.
5. Commandant (CG-842), in conjunction with FINCEN (FR), shall review and approve all changes in rates and estimates that reflect asset cost changes in the HQ program office and/or PM project packages.
6. Commandant (CG-842) shall ensure that project packages are reviewed, and a copy shall be distributed to the HQ program office and FINCEN (FR) within 30 days of receipt.

10.2.10 Asset Receipt, Acceptance, and Enrollment - Real Property (CIP)

PMs/Business Finance Managers (BFRs) of CIP new construction or expansion of real property projects shall ensure timely receipt of assets to facilitate review and capitalization within 90 days from delivery and acceptance into the Oracle Fixed Assets module (OFA).

In order to accomplish timely asset review and capitalization, PMs/BFRs shall ensure that the Asset Enrollment Template (AET) and Real Property Unique Identification Number (RPUID) are included in the capitalization package upon Coast Guard acceptance/beneficial occupancy of the real property. The RPUID is assigned through the enrollment process of all real property into the Shore Asset Management System (SAM).

Note: PMs/BFRs shall ensure consistency between the OFA and SAM as no real property asset can be entered into OFA without first being entered into SAM and assigned an RPUID.

10.2.10.1 *Full and Complete Assets*

1. Full and complete assets are those that meet the Coast Guard's initial project requirements.
2. PMs shall maintain projects and their associated costs to ensure that full and complete receipts of assets are accurately reflected in reports, and have undergone full review to ensure accuracy.
3. PMs shall ensure that all costs for assets that are considered full and complete (capitalized assets) shall be included in the PMDS report package and accurately interfaced (moved from CIP to Capital Assets) by FINCEN (FR) on the following month's CIP Master Report and in the Coast Guard's fixed asset records.

10.2.10.2 *Less than Full and Complete Assets*

1. Less than full and complete assets are those that are not in a state to provide their anticipated service. These assets shall be analyzed to ensure that incremental capability cannot be accepted.
2. Assets that are received, but less than full and complete, are still CIP assets that have not been delivered and accepted. Those costs that are less than full and complete shall be accurately reflected as expenditures in the CIP and AC&I reports.
3. PMs shall ensure that all less than full and complete costs are reviewed on a monthly basis to ensure that any costs that are attributable to expense actions are removed or expensed from CIP accounts.

10.2.10.3 *Required Documentation*

1. "Third-party" documentation, such as contractor sign-offs (releases), final invoices, Material Inspection and Receiving Report, Form DD 250/DHS 700-21, received from the contractor are the preferred type of documentation to support valuation. In certain instances, non third-party documents (e.g., military messages, internal Coast Guard memoranda, test plan results) will suffice as support for in-service dates. Rescue 21 and Hawaii Rainbow real property acquisition assets must have a DD1354 supporting documentation for capitalization.

2. PMs shall ensure that accurate and complete documentation is obtained and forwarded to FINCEN (FR) to support the valuation and in-service dates of all capitalized assets.
3. To the maximum extent possible, PMs shall ensure that the following types of third-party documents are obtained to support the valuation and in-service dates:

Table 10.2 Real Property Documentation

Property Type	In-service Date supported by:
Land	Deed – Title recording date
Buildings	Certificate of Occupancy date; Title recording date; Coast Guard memo date
Structures	CEU message date; Coast Guard memo date

4. If none of these documents can be obtained, the PM shall contact Commandant (CG-842) for further guidance.

10.2.11 Capitalization of Real Property Assets

This subsection addresses the following topics:

- 10.2.11.1 Project Management Data Sheet (PMDS); and
- 10.2.11.2 Useful and Service Lives of Assets.

10.2.11.1 Project Management Data Sheet (PMDS)

1. PMs shall summarize all applicable project costs on PMDS submission packages.
2. PMDS packages will contain, at minimum, the following information regarding a project:
 - a. Project number;
 - b. A brief project description;
 - c. Project direct and indirect program elements;
 - d. Project contract numbers;
 - e. Asset delivery schedules; and
 - f. Asset acceptance criteria.
3. PMs shall identify costs in PMDS submissions so that CIP expenditure values in project/program elements can be relieved by FINCEN (FR).
4. PMs shall ensure that all costs in PMDS submission packages shall be supported by third-party documentation to the maximum extent possible.

5. PMs shall ensure that all PMDS submission packages are forwarded to Commandant (CG-842) for review and approval within 20 days after delivery and acceptance of the asset.
6. Commandant (CG-842) and FINCEN (FR) will jointly review packages for completeness and correctness within five days of receipt.
7. PMDS submission packages that do not contain fully supported costs will be returned to the PM by Commandant (CG-842) with corrective action instructions and dates.
8. PMs shall ensure that corrective actions are carried out within the timeframes identified.
9. Resubmissions shall follow the same procedures as first submissions.
10. FINCEN (FR) shall record assets within five days after joint review and acceptance with Commandant (CG-842).
11. FINCEN (FR) will provide the PMs with a copy of PMDS submission packages where FINCEN (FR) applied indirect costs.
12. PMs shall ensure that assets are recorded timely and accurately in the Coast Guard's designated fixed asset system.
13. FINCEN (FR) shall interface assets from CIP, identifying specific expenditures whenever the Material Inspection and Receiving Report, Form DD 250, or invoice documents (in the PMDS submission package) cite contracts and respective contract line items.
14. All other costs shall be interfaced using approved Coast Guard allocation methodologies specifically identified for the project/asset being interfaced.
15. PMs shall ensure that all required actions are taken so that assets can be recorded in the Coast Guard's designated fixed asset system within 90 days after delivery/acceptance.
16. It is imperative that accurate in-service dates be established in fixed asset systems supported by complete documentation as addressed in Subsection 10.2.10.3 Required Documentation.
17. Acceptance criteria shall be established as part of the project setup process. These criteria can be supported by third-party documentation (e.g., titles, Material Inspection and Receiving Report, Form DD 250/DHS 700-21, release forms), or by Coast Guard documentation based on testing criteria.

10.2.11.2 Useful and Service Lives of Assets

Coast Guard has previously used "service life" and "useful life" interchangeably in treatment of assets from both an accounting and an engineering perspective. However, there are times when service life and useful life have distinct definitions that may impact both operational and accounting treatment.

To address these distinctions Coast Guard defines useful life and service life as follows:

useful life – The normal operating life in terms of utility to the Coast Guard. This definition is for accounting purposes and dictates the period over which an asset will be depreciated and

should always match management's best estimate of the period the underlying asset will continue to provide utility to the Coast Guard. A useful life may change due to actual use of the asset, for example, if an aircraft or cutter is consistently used for more hours than planned due to emergency situations, the estimated useful life of the asset may be shortened.

service life – The formal determination of an asset's expected life based upon manufacturer or engineering analysis. The service life does not change unless a service life extending improvement project occurs or a follow-on engineering analysis is conducted that supports amendment of the service life.

Coast Guard has initiated a service-wide annual review of all Coast Guard aircraft and vessels to ensure that asset's useful life and related depreciation are based upon the best estimates available on an annual basis.

Accounting for assets placed in service:

When PP&E assets are delivered and accepted by the Coast Guard, the title of ownership passes to the Coast Guard regardless of any additional work that may be performed to "missionize" the asset. The Material Inspection and Receiving Report, Form DD 250, or other "title passing" acceptance document signed by a Coast Guard KO (or designated representative) clearly establishes the date that the Coast Guard owns the asset.

The date that the KO signs the acceptance document will be established as the date-in-service (DIS) for all Coast Guard assets, except self-constructed assets. For self-constructed assets or assets without a Form DD 250, the Coast Guard individual authorized to accept the asset will use a Coast Guard form/memo to establish the date that the Coast Guard has accepted the asset from the constructing entity. The asset should be taken out of the CIP account and capitalized based on the Form DD 250 DIS. A copy of the signed Form DD 250 or alternate acceptance document must be forwarded to FINCEN (FR) for inclusion in the asset's supporting document file.

All missionization or improvement costs that meet the base asset's capitalization threshold will be accumulated in CIP and added to the capitalized value of the base asset when the missionization is complete. The base asset will continue to be depreciated during missionization since the asset is technically available for use.

1. PMs, in conjunction with Commandant (CG-842) and FINCEN (FR), shall ensure that useful lives are established and fully supported for new assets prior to delivery and acceptance of the asset.
2. PMs and FINCEN shall maintain the supporting documentation throughout the useful life of the asset.
3. All capitalized real property assets (excluding Yard fund assets for which separate policy applies) will have initial useful lives in accordance with this subsection, using the straight-line depreciation method with no salvage value (except for land).
4. The Coast Guard shall evaluate its useful life estimates and documentation for vessels and aircraft on an annual basis, and, when warranted, adjusts these estimates. Adjustments are accounted for on a prospective basis through depreciation expense, as required by GAAP. Evaluations impacting useful lives issued by HQ program offices

shall be evaluated and approved by Commandant (CG-842). Additionally, approved evaluations shall be forwarded to FINCEN so that prospective changes to useful lives of assets can be made.

10.2.11.2.1 Useful Life of Real Property

1. Land is not depreciated.
2. Buildings and structures are depreciated over the useful life of the asset, using the straight-line method with no salvage value.
3. Changes in the useful life of an asset resulting from improvements shall be determined by Commandant (CG-43) and reported to Commandant (CG-84) and FINCEN (FR) with appropriate capitalization documentation, when the improvement is completed.

Table 10.3 Useful Life of Real Property

Property Type	Useful Life
Land	Indefinite
Buildings	40 years
Structures	20 years

10.2.12 Asset Identification

1. Asset identification provides for better tracking and control.
2. FINCEN (FR) shall ensure that all assets are entered into the designated fixed asset system according to the following table:

Table 10.4 Real Property Asset Identification

Asset Type	Serial No. Field	Tag No. Field
Land	Installation no.	OPFAC; Site no.; RPFN
Buildings	Installation no.	OPFAC; Site no.; RPFN
Structures	Installation no.	OPFAC; Site no.; RPFN

10.2.13 AC&I Project Closeout

This phase begins upon delivery and acceptance of the last asset to be delivered.

1. Within 15 days of delivery:
 - a. The PM shall identify the actual “in service” date in accordance with this manual.

- b. For “full and complete” assets, the PM shall develop the PMDS package for the asset.
- c. For “less than full and complete” assets:
 - 1) The PM shall analyze the asset to ensure that incremental delivery is/is not possible; and
 - 2) The PM shall repeat this analysis monthly until the asset is fully accepted.
2. Prepare PMDS documentation. (Follow the PMDS preparation process for details.)
 - a. The PM shall use “third-party” documents as the basis of valuation.
 - b. If “third-party” documentation cannot be acquired, the PM will contact Commandant (CG-842) for guidance. Commandant (CG-842) shall review available documentation on valuation, select the appropriate source, and forward its decision to the PM.
 - c. The PM shall forward to FINCEN the completed PMDS package.
 - d. Commandant (CG-842) shall review and approve the package.
 - e. FINCEN shall receive concurrence with PMDS from Commandant (CG-842).
 - f. FINCEN shall relieve CIP expenditures in project/program elements as identified in the PMDS.
 - g. The PM shall review the FINCEN transaction to verify correct movement of funds.
 - h. FINCEN shall provide the PM with a copy of the PMDS showing application of indirect costs.
3. Within five days of receipt of the PMDS package:
 - a. FINCEN shall record the asset value after review and acceptance of the PMDS by Commandant (CG-842).
 - b. The PM shall ensure that assets are recorded in the designated fixed asset system.
4. The PM shall conduct a variance review of the rates, estimates, and ending balances in all program-related accounts and shall adhere to the following:
 - a. Accrue these remaining costs to the asset to be capitalized only when the value to be capitalized is greater than that available in CIP.
 - b. Apply the remaining indirect balances to all assets delivered within the fiscal year of the delivery of the last asset.
5. The PM shall continue to review the remaining account balances until undelivered orders (UDOs) and commitments have expired or been revised, and no outstanding transactions are expected.
6. FINCEN shall close and terminate project/program numbers upon satisfactory notification of no outstanding liabilities from all interested parties.

10.2.14 CIP Policy/Procedural Review and Update (Applies to both Real and Personal Property)

1. The PM and FINCEN (FR) shall notify Commandants (CG-842) and (CG-843) of any policy/procedural changes on an as needed basis.
2. Commandants (CG-842) and (CG-843) shall review those prospective changes, and, in conjunction with FINCEN (FR) and the PM, recommend policy/procedural updates on an as needed basis to Commandant (CG-843).
3. Interim changes to policy will be promulgated by Commandant (CG-84) memo until updates are incorporated into this manual.

10.2.15 Exchange of Nonmonetary Assets

On an infrequent basis, the Coast Guard will exchange general PP&E assets with another entity. The entity may be Federal or non-Federal. At the time of the exchange, a value must be placed on the incoming asset to be recorded in the official accounting records. This subsection provides the accounting and valuation requirements for these situations.

10.2.15.1 Exchanges with Federal Entities

An exchange between Federal entities is called and accounted for as a transfer. The cost of the general PP&E transferred is the cost recorded by the transferring entity net of accumulated depreciation or amortization. If the receiving entity cannot reasonably ascertain these amounts, the cost of the PP&E is the fair market value at the time of transfer in accordance with paragraph 31 of SFFAS No. 4.

10.2.15.2 Exchanges with Non-Federal Entities

In an exchange between the Coast Guard and a non-Federal entity, the cost is the fair market value of the PP&E surrendered at the time of the exchange. If the fair market value of the PP&E acquired is more readily determinable than that of the PP&E surrendered, the cost is the fair market value of the PP&E acquired. If neither value is determinable, then the cost recorded for the PP&E surrendered net of accumulated depreciation or amortization is to be used. Any difference between the net recorded amount of the PP&E surrendered and the cost of the PP&E acquired shall be recognized as a gain or loss. In the event that cash consideration is included in the exchange, the cost shall be increased by the amount of the cash consideration surrendered, or decreased by the amount of cash consideration received, in accordance with paragraph 32 of SFFAS No. 4.

10.3 Financial Accounting and Reporting of Capitalized Personal Property

The Coast Guard manages and maintains financial accountability for a variety of general property, plant, and equipment (PP&E) assets categorized as “personal property.” These assets are managed at Coast Guard locations worldwide, and the values of the property are reflected in the general ledger and financial reports. All unit commands where general PP&E personal property assets are located are responsible for the proper safeguarding, management, monitoring, accounting, and reporting of these assets.

Per OMB Circular A-136, examples of major classes of general PP&E may include, but are not limited to, land, buildings and structures, furniture and fixtures, equipment, vehicles, and internal use software.

Coast Guard general PP&E may be funded from any Coast Guard appropriation; however, it is generally funded with the following appropriations:

1. Operating Expenses (OE) – one-year funds designated for minor acquisitions used in the purchasing, improvement, rebuilding, and maintenance of assets.
2. Acquisition, Construction, and Improvement (AC&I) – multi-year funds for the acquisition of new capital assets, construction of new facilities, and improvements to existing facilities and capital assets.
3. Industrial (e.g., Yard Fund) – non-expiring funds receiving advances to execute repairs and improvements to Yard facilities and assets (e.g., vessels and boats) and to purchase the equipment needed to assist in these activities.

10.3.1 Purpose

This section provides policy for the financial accounting and reporting of Coast Guard capitalized personal property. It assists property managers, accounting personnel, and financial personnel in understanding their roles and responsibilities relating to personal property financial accountability. This policy requires the Coast Guard to manage transactions and record values for personal property including:

1. Government-owned personal property acquired on behalf of the Coast Guard;
2. Personal property transferred from and used under permit from other Federal agencies; and
3. Non-Government-owned personal property leased by or assigned to the Coast Guard.

In addition, this policy details the requirements for all life cycle events within the acquisition, sustainment, and disposition phases of personal property. It requires all personal property and associated transactions to be recorded timely and accurately in the appropriate general ledger accounts and to be reported in the financial statements in accordance with generally accepted accounting principles (GAAP).

10.3.2 Scope

This policy applies to all Coast Guard personnel and units that control, manage, and oversee capitalized personal property assets.

This policy applies to all Coast Guard appropriations.

The term “capitalized personal property” means tangible assets having an estimated useful life of two years or more, not intended for sale in the ordinary course of operations, acquired or constructed with the intention of being used by or being available for use by the Coast Guard, and meeting the capitalization thresholds outlined in this policy. Capitalized personal property includes property owned by the Coast Guard in the hands of others (e.g., Government-furnished property).

For the purposes of this policy, capitalized personal property consists of:

1. Aircraft;
2. Boats;
3. Cutters;
4. Electronic systems;
5. Electronics test equipment;
6. General-purpose property (GPP);
7. Industrial equipment managed in two designated fixed asset applications, Oracle and NESSS;
8. Vehicles/Trailers; and
9. Vessels.

Capitalized personal property can be acquired through direct acquisition, conversion, transfer, donation, or other appropriate means. Construction in Progress (CIP) project assets may be acquired through direct acquisition, capital lease, or fabrication, either in-house or through contractual agreements established with external organizations.

Capitalized personal property does not include real property assets (e.g., land, buildings, structures), inventory, operating materials and supplies (OM&S) in anticipation of physical consumption (including repairable spares), and non-capitalized personal property. OM&S, inventory, and internal use software are discussed in chapter 7 in this manual. Capitalized personal property acquired through leases will be discussed in section 10.6 of this chapter.

10.3.3 Modifications to Policy

It may be necessary to periodically update this policy to reflect changes in life cycle events, as well as changes in laws, regulations, accounting standards, DHS-specific guidance, or management objectives. Program managers shall review and oversee the policy implementation changes in local desk guides or procedures, as appropriate.

10.3.4 Definitions

This subsection defines terms that are essential to the understanding and implementation of the policy presented.

abandonment – discontinuing the use of an asset; or the relinquishment or renunciation of an interest, claim, privilege, possession, or right associated with an asset, with the intent of never resuming or reasserting it. Examples of such intentional action include the discontinuance of a capital construction project or the discontinued use of a ship or vessel.

accountable property officer – the person designated in writing, by name or organizational position, as being responsible for maintaining accountability and control of property within a specified area. An accountable property officer is appointed for each Coast Guard unit operating facility (OPFAC) for personal property maintained in Oracle and NESSS.

Acquisition, Construction, and Improvement (AC&I) funding – Federal multi-year appropriations used to finance the acquisition, construction, rebuilding, and improvement of capitalized personal property assets.

acquisition cost – the cost to the Government of putting property into use at the time the property is originally acquired. It includes all costs incurred to bring the property to a form and location suitable for its intended use. This includes amounts paid to vendors, transportation charges to the point of initial use, handling and storage costs, installation costs, etc., but excludes training and warranty costs.

allowance fund code (AFC) – This code further classifies an appropriation into specific allowances for funds managers.

audit-ready – an assertion as to the validity and reliability of information contained in the financial statements, providing reasonable assurance that the statements are free of material error and that a system of internal controls exists and operates as intended.

Asset Logistics Management Information System (ALMIS) – the general ledger accounting system used at the Aviation Logistics Center (ALC) in Elizabeth City, NC to maintain financial data.

bill of lading – a document used to acknowledge the receipt of a shipment of goods. In addition to acknowledging the receipt of goods, a bill of lading indicates the particular vessel on which the goods have been placed, its intended destination, and the terms for transporting the shipment to its final destination.

cannibalization – the authorized removal of components or spare parts from serviceable personal property assets in order to create or upgrade another property asset. Items removed through cannibalization must be replaced to restore the cannibalized item to a serviceable condition.

capital lease – a document that transfers substantially all of the benefits and risks of ownership to the lessee. If, at its inception, a lease meets one or more of the following four criteria, the lease shall be classified as a capital lease by the lessee. Otherwise, it should be classified as an operating lease.

1. The lease transfers ownership of the property to the lessee by the end of the lease term.
2. The lease contains an option to purchase the leased property at a bargain price.
3. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased asset.
4. The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property.

Note: The last two criteria are not applicable when the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property.

capitalization – recording and carrying forward an expenditure into one or more future periods (useful lives of two years or more), which results in expensing the cost of an asset over the remainder of its useful life by matching the benefits gained from that expenditure with the associated cost.

capitalized personal property – see Subsection 10.3.2 Scope.

Change in Financial Plan (CIFP) – a document used to shift funds between two or more AFCs within the AC&I or OE appropriations.

conditional acceptance – accepting an asset with minor corrections that do not preclude the asset from being placed into service. Accepting an asset and placing it into a missionization phase, whereby the asset receives Coast Guard-specific subsystems.

Construction in Progress (CIP) – a temporary asset account, consisting of both direct costs (e.g., the cost of direct materials, direct labor, direct purchased services) and indirect costs, used to produce constructed, fabricated, or assembled personal property either through an outside vendor or contractor or in-house using Coast Guard resources. After construction, fabrication, or assembly has been completed, or title transfers, the CIP account is relieved of the appropriate costs incurred.

CIP Analysis Report – a report provided on a periodic basis (monthly) that provides the project manager (PM) with information needed for reviews and for decisions regarding expense and capitalization.

CIP Capitalization Package – an Excel workbook, maintained at the project level, used to provide accounting data to Commandant (CG-842) and FINCEN (FR) at the delivery of each CIP project asset and at the closeout of a CIP project.

CIP Establishment Package – an Excel workbook used to provide accounting data to PMs and other project personnel to ensure accurate, complete, and timely reviews of CIP transactions. The CIP Establishment Package ensures that the project, the associated assets, an estimate of cost, a notional schedule of delivery, and other key information are gathered to support the activation of information in budgetary execution and CIP project cost accounting systems.

conversion in lieu of procurement (CILOP) – a process in which a property asset undergoes a conversion or modification, and is returned as the same type of item with a different serial number.

Core Accounting System (CAS) – a full suite of commercial off-the-shelf (COTS) accounting modules that includes project accounting, general ledger, accounts payable, accounts receivable, fixed assets, inventory, and purchasing functions. Coast Guard official records for capitalized personal property are maintained in CAS.

custody of assets – the duty or responsibility typically assigned to an accountable property officer or custodian to ensure that property is protected or otherwise maintained.

DD 1149 – Requisition and Invoice/Shipping Document.

a form used to document the transfer, receipt, or issue of material from one entity to another, or to transfer into temporary storage. This form requires two dated signatures, one for transferred from and one for transferred to.

DD 1348-1A – Issue Release/Receipt Document.

a form used to document the transfer, receipt, or issue/sale of material from one entity to another. This form requires a receipt signature and date.

DD 250 – Material Inspection and Receiving Report.

a multi-purpose form used:

1. To provide evidence of Government contract quality assurance at origin or destination;
2. To provide evidence of acceptance at origin or destination;
3. For packing lists;
4. For receiving;
5. For shipping;
6. As a contractor invoice; and
7. As commercial invoice support.

deferred maintenance – maintenance (repair or upkeep) that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period.

depreciation – the systematic and rational allocation of the acquisition cost of an asset, less its estimated salvage or residual value, over its useful life.

desk instructions – a subprocedures-level workstation or desk manual that serves as a guide in performing the day-to-day activities of a function or organization.

DHS 700-21 – Material Inspection and Receiving Report.

a form used by the Department of Homeland Security to designate that material being delivered has been inspected and accepted.

disposal – the act of relinquishing custody or title to another agency or to a private entity. Disposal is accomplished by transfer, sale, donation, abandonment, or destruction.

donation – a gift offer and acceptance of money, goods, or services offered to the Coast Guard from nonrelated state or local organizations or from private sources.

evidential matter (supporting documentation) – documents that are both valid and relevant, regardless of form, used to support transactions, reviews, accounting entries, and financial statement adjustments. Evidential matter obtained from independent third-party sources outside the Coast Guard provides a greater assurance of reliability for purposes of an independent audit than evidential matter secured solely within the Coast Guard.

fair market value (FMV) – an estimate of what a willing buyer would pay for an asset to a willing seller, both in a free market, where both parties have reasonable knowledge of the relevant facts.

Finance and Procurement Desktop (FPD) – an integrated financial software system, which, along with CAS, serves as the enterprise-wide accounting and procurement system for the Coast Guard. FPD is used to create and manage simplified procurement documentation and to maintain accurate accounting data.

Financial Transfer Authorization (FTA) – a primary vehicle used to move funding of the same appropriation between one administrative target unit (ATU) or account to another, within an AFC, for program execution.

fixed asset system – an authorized application that maintains financial accounting and reporting information for Coast Guard personal property.

Government-furnished property (GFP) – tangible assets owned by or leased to the Government that are in the possession of the contractor or subcontractor. GFP includes commercial and Government COTS software, regardless of the dollar value, and contractor-held assets that are obtained by the Government under the terms of the contract.

heritage assets – property that has historical or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics, and that is generally expected to be preserved indefinitely.

improvements – modifications to existing general PP&E that either extend its useful life or enlarge/improve its capacity. Improvements are capitalized and depreciated/amortized over the remaining useful life of the associated general PP&E.

Interservice Support Agreement (ISSA) – a document that reflects a reimbursable arrangement between the Coast Guard and another Government agency to procure goods and services.

inventory control point (ICP) – a Coast Guard stock point that centrally manages spare parts and information for naval, electronics, and aviation assets and systems. The Coast Guard maintains two ICPs: the Aviation Logistics Center (ALC) in Elizabeth City, NC, and the Surface Forces Logistics Center (SFLC) in Baltimore, MD.

Investment Board (IB) – an established group within the Coast Guard that provides the Commandant and Chief Financial Officer (CFO) with sound and reliable information on matters relating to resources within the Coast Guard.

leasehold improvements – improvements made by the lessee to property under either capital or operating leases.

maintenance – the act of keeping fixed assets in acceptable condition. Maintenance includes preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable service and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

management assertions – representations by Coast Guard management that are embodied in financial statements. Management assertions can be either explicit or implicit, and are classified into the following categories:

1. Existence or occurrence – addresses whether all transactions actually took place and that all assets, liabilities, and equity balances exist.
2. Completeness – addresses whether all transactions, assets, liabilities, and equity balances that should have been recorded have been recorded.
3. Rights and obligations – address whether the Coast Guard has the rights to and ownership of the assets and is responsible for all liabilities and all related transactions pertaining to the Coast Guard at a given date.
4. Valuation or allocation – addresses whether all transactions, assets, liabilities, and equity balances are included at the appropriate amounts and that any resulting valuation or allocation adjustments are appropriately recorded.
5. Presentation and disclosure – addresses whether particular components of the financial statements are properly classified, correctly described, and fairly and clearly disclosed.

Memorandum of Understanding (MOU) – an agreement between Federal agencies similar to a contract, listing the responsibilities and obligations of all parties.

Naval and Electronics Supply Support System (NESSS) – the general ledger system used by the Yard/SFLC to maintain financial data.

Net Book Value (NBV) – a value equal to the original acquisition cost of an asset, less its accumulated depreciation and amortization.

obligation documentation – any documentation that supports the obligation of funds for an asset transaction. Examples include contracts, Military Interdepartmental Purchase Requests (MIPRs), and credit card statements.

Operating Expenses (OE) funding – an appropriation that provides for the operation and maintenance of authorized Coast Guard programs and facilities not otherwise specifically provided for in other appropriations of funds. Unless otherwise directed by Congress in the appropriation language, OE is an annual appropriation, not to exceed one year.

operating lease – an agreement conveying the right to use property for a limited time in exchange for periodic rental payments.

periodic review – a review that is scheduled to occur at regular intervals in order to ensure that controls are in place and operating effectively.

personal property – All property—except real property and items permanently affixed to real property—meeting the following requirements:

1. Have an estimated useful life of two or more years;
2. Are not intended for sale in the ordinary course of business;
3. Are intended to be used by or be available for use by the entity.

physical inventory – a physical count of property items held at any Coast Guard location, designed to support the existence and completeness assertions.

policy – a formal statement of principles and regulations established at a high level to provide requirements to an administration for the execution of specified functions of an organization. Policy is a deliberate plan of action to guide decisions and achieve rational outcomes involving Government, private sector organizations, groups, and individuals.

procedures – a set of documented processes having a level of detail sufficient to guide the work of operations or functional activities to implement and comply with established policies.

project manager (PM) – one of various individuals within the Coast Guard who provides oversight of project cost, including approvals and updates of asset completion and delivery schedules.

Project Management Data Sheet (PMDS) – a project establishment and asset capitalization document used for personal property projects when personal property assets meet the requirements for capitalization. The document includes the project name, number, brief description, program elements, asset types, delivery schedule, acceptance criteria, valuation method, and cost identification methodology.

reimbursable agreement (RA) – a document that requires an activity/entity to perform work or provide services using its appropriated funds and to be subsequently reimbursed by another activity/entity.

reimbursement – repayment for commodities or services provided by one agency or appropriation to another and authorized by law to be credited directly to specific appropriation and fund accounts.

Resource Work Group – an established group within the Coast Guard that provides the Investment Board (IB) with sound and reliable information on matters relating to resources within the Coast Guard.

retirement – the removal of personal property from use and from the property accounting system after assignment for reutilization, donation, sale, abandonment, or destruction.

reutilization/reclamation – the process of reclaiming required serviceable and economically repairable components and materials from excess or surplus property as authorized to satisfy valid requirements. This does not include inspection, classification, disassembly, and cleaning. As a result of reclamation, serviceable and economically repairable items are returned to the proper supply activity.

service life– formal definition of an asset’s expected life based on a manufacturer or engineering analysis. Service life does not change unless a service life extending improvement occurs or a follow-on engineering analysis is conducted.

stewardship land – land and land rights owned by the Federal government and not acquired for or in connection with general PP&E. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing.

third-party documentation – documentation associated with a transaction that is provided by a person or entity outside the Coast Guard. Any financial documentation, such as an invoice, between an external vendor and the Coast Guard is considered third-party documentation. Third-party documentation may also be called “arms-length transaction” documentation.

timely and accurately – a term used to describe effective and efficient operations, whereby tasks are performed at the appropriate time or when scheduled, and the values or assessments are free from errors and conform to established standards.

transfers – the movement of any personal property, active or excess, between Coast Guard units and other DHS or Federal agencies. Transfer of excess personal property must be documented

on forms such as the Requisition and Invoice/Shipping Document, Form DD 1149; Issue Release/Receipt Document, Form DD 1348-1A; or Transfer Order Excess Personal Property, Form SF 122, and removed from the Coast Guard fixed asset account. Personal property transfers into the Oracle Fixed Asset Module (FAM) are recorded at the NBV or the estimated fair market value (FMV), including the costs incurred to secure transfer of the assets.

Treasury Information Executive Repository (TIER) – a reporting process whereby all standard transactions for the U.S. Standard General Ledger (USSGL) accounts are consolidated into a database and provided monthly to the U.S. Treasury Department.

useful life – the operating life of a property asset in terms of its utility or ability to serve Coast Guard operations; the period over which an asset will be depreciated or amortized.

10.3.5 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
2. Chief Financial Officers Act of 1990. PL 101-576.
3. Department of Homeland Security Financial Accountability Act. PL 108-330.
4. Federal Managers' Financial Integrity Act of 1982. PL 97-255 and 31 USC 3512 (c) (1).
5. 41 CFR 102-37. Amendment 2006-02, "Donation of Surplus Personal Property," July 2008.
6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, March 1993.
7. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards & Concepts*, July 1995.
8. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
9. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant & Equipment (PP&E)*, November 1995.
10. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 8, *Supplementary Stewardship Reporting*, June 1996.
11. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 14, *Amendments to Deferred Maintenance Reporting*, April 1999.
12. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 40, *Definitional Changes Related to Deferred*

Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant, and Equipment.

13. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 23, *Eliminating the Category National Defense Property, Plant, and Equipment*, May 2003.
14. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 35, *Estimating the Historical Cost of General Property, Plant, and Equipment: Amending Statements of Federal Financial Accounting Standards 6 and 23*, October 2009.
15. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, August 2012.
16. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
17. Office of Management and Budget, Circular A-127, *Financial Management Systems*, January 2009.
18. Office of Management and Budget, Circular A-130, *Management of Federal Information Resources*, November 2000.
19. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
20. Department of the Treasury, Financial Management Service, *Treasury Financial Manual*, vol. I, part 2, chapter 4700, "Agency Reporting Requirements for the Financial Report of the United States Government."
21. Department of the Treasury, Financial Management Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* [series].
22. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), section 3.1, "Property, Plant and Equipment."
23. General Services Administration, *Federal Management Regulation (FMR)*, Amendment 2008-04, "Disposition of Excess Personal Property," part 102-36, February 2008.
24. *AFC-3X Budget Development Process*, COMDTINST 7132.6 (series).
25. *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).
26. *Capital Programming Guide* Supplement to part 7, OMB A-11, Planning, Budgeting, and Acquisition of Capital Assets, July 2012

10.3.6 Responsibilities

The following subsections list the offices and their respective responsibilities for financial accounting and reporting of capitalized personal property.

10.3.6.1 Headquarters Offices and Remote Program Offices

Headquarters offices and remote program offices are located at Coast Guard Headquarters and other authorized locations. Each office operates under the purview and guidance of its respective Headquarters directorate. Headquarters directorates have the overall responsibility of ensuring that program offices carry out their responsibilities in this policy.

The following Headquarters offices and remote program offices are pertinent to financial accounting and reporting of capitalized personal property:

1. Assistant Commandant for Human Resources (CG-1);
2. Deputy Commandant for Operations (DCO);
3. Assistant Commandant for Engineering and Logistics (CG-4);
4. Assistant Commandant for Command, Control, Communications, Computers and Information Technology (CG-6);
5. Assistant Commandant for Capability (CG-7);
6. Assistant Commandant for Resources (CG-8);
7. Assistant Commandant for Acquisition (CG-9); and
8. Coast Guard Inventory Controls Points (ALC, SFLC).

Headquarters offices and remote program offices shall:

1. Appoint, in writing, a project manager (PM)/resource manager who is responsible for setting up and managing the project and project resources. Provide a copy to Commandant (CG-842) and FINCEN (FR) for asset capitalization acquisition projects.
2. Require timely and accurate review of the AC&I and OE annual budgets, once they are completed, including Budget Board documentation, decisions, and products identifying projects that will deliver capitalized personal property assets.
3. Notify Commandant (CG-842) and FINCEN (FR) of the completion of the annual budget review identifying projects with capitalized personal property assets.
4. Manage and monitor the distribution of project funds to Coast Guard units.
5. Review and forward overhead rates to Commandant (CG-842) as outlined in this policy.
6. Ensure that PMs assist FINCEN (FR) with interfacing CIP-associated costs to capitalized asset lines in fixed assets completely, accurately, and in a timely manner.
7. Provide all data and supporting documents for capitalizable projects to FINCEN (FR) within 15 calendar days of contract award. This documentation will ultimately be used to

support valuation, rights, useful life, and date in service for the individual asset being capitalized.

8. Ensure that the ICPs are provided a copy of the CIP Establishment Package (if they are part of the project – e.g., purchasing assets, receiving spare parts) to ensure that CIP costs are captured and reported appropriately.
9. Ensure timely review of the CIP Analysis Report and provide necessary corrections to FINCEN (FR) within two weeks of receipt of the report.
10. Review and provide the final PMDS sheet to FINCEN (FR) and Commandant (CG-842) within 20 days of receipt/acceptance of the capitalized personal property asset.
11. Develop desk procedures to support capitalized personal property policy and procedures.
12. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support HQ program office decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.2 Project Manager (PM)

The project manager shall:

1. Contact and coordinate with Commandant (CG-842) to arrange a CIP project establishment meeting within 15 days of the receipt of the project funding for new projects.
2. Prepare the CIP Establishment Package and the CIP Capitalization Package as outlined in this policy.
3. Update the CIP Establishment Package and the CIP Capitalization Package and communicate with Commandant (CG-842) as changes occur (e.g., schedule, number of assets).
4. Establish and maintain data elements such as PM name, as well as other data fields contained on the PMDS project initiation form.
5. Provide point of contact (POC) information to FINCEN (FR) and Commandant (CG-842) for related financial status of CIP projects.
6. Prepare and forward overhead rates to program offices as outlined in this policy.
7. Provide oversight of CIP projects, including approvals and updates of asset completion delivery schedules, budget compliance, indirect cost methodologies, asset acceptance criteria, number and types of assets being delivered. Communicate this information to FINCEN (FR) and to Commandant (CG-842).
8. Implement local desktop instructions for management of specific CIP projects and ensure that they are in alignment with established Coast Guard policies and procedures.
9. Perform timely review of all project transactions in the appropriate reports and provide updates and corrections to FINCEN (FR) within 10 business days of receipt or notification of the appropriate reports.

10. Report asset delivery schedule changes to FINCEN (FR) and Commandant (CG-842) as they occur.
11. Prepare, analyze, and provide the completed CIP Capitalization Package to Commandant (CG-842) within 20 calendar days of asset receipt/acceptance.
12. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support PM decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.3 Office of Aeronautical Engineering (CG-41)

Commandant (CG-41) shall:

1. Plan, program, and budget for the acquisition and/or replacement of aircraft as needed to meet service-wide mission requirements.
2. Determine the useful life of new categories of aircraft and report this information to Commandant (CG-842) and FINCEN (FR) at the time of capitalization of the first asset within that category.
3. Conduct a formal annual review to document the useful lives of aircraft and report this information to Commandant (CG-842) and FINCEN (FR) to adjust useful life as necessary in the financial system.
4. Annually review configuration of aircraft and report major configuration changes to Commandant (CG-842) and FINCEN (FR).
5. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-41) decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.4 Office of Naval Engineering (CG-45)

Commandant (CG-45) shall:

1. Plan, program, and budget for the acquisition and/or replacement of vessels as needed to meet service-wide mission requirements.
2. Determine the useful life of new categories of vessels and report this information to Commandant (CG-842) and FINCEN (FR) at the time of capitalization of the first asset within that category.
3. Conduct a formal annual review to document the useful lives of vessels and report this information to Commandant (CG-842) and FINCEN (FR) to adjust useful life as necessary in the financial system.
4. Annually review configuration of vessels and report major configuration changes to Commandant (CG-842) and FINCEN (FR).

5. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-45) decisions, reporting requirements and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.5 Office of Enterprise Infrastructure Management (CG-64)

Commandant (CG-64) shall:

1. Plan, program, and budget for the acquisition and/or replacement of electronic systems, stand-alone equipment, and hand-held property as needed to meet service-wide mission requirements.
2. Determine the useful life of new categories of electronics and report this information to Commandant (CG-842) and FINCEN (FR) at the time of capitalization of the first asset within that category.
3. Conduct a formal annual review to document the useful lives of electronics and report this information to Commandant (CG-842) and FINCEN (FR) to adjust useful life as necessary in the financial system.
4. Develop, promulgate, and implement policy and procedures for the management of electronic systems and equipment.
5. Provide oversight and analysis of policy and procedures for physical inventories of electronics.
6. Attest to the completeness and existence of all capitalized electronic systems.
7. Maintain configuration property lists of electronic assets and provide annual property certifications to FINCEN (FR) via Commandant (CG-842).
8. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-64) decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.6 Office of Aviation Forces (CG-711)

Commandant (CG-711) shall:

1. Plan, program, and budget for the acquisition and/or replacement of capitalized aviation assets as needed to meet service-wide mission requirements.
2. Work collaboratively with Commandant (CG-41) to determine the useful life of newly capitalized aviation assets and report this information to Commandant (CG-842).
3. Work collaboratively with Commandant (CG-41), to conduct a formal annual review to document the useful lives of existing capitalized aviation assets and report this information to Commandant (CG-842) and FINCEN (FR) to adjust useful life as necessary in the financial system.
4. Attest, in the fourth quarter of the fiscal year, to the completeness, existence, and status of capitalized, leased, loaned, and borrowed aviation assets.

5. Account for and provide annual property certification for all capitalized aviation assets to FINCEN (FR) via Commandant (CG-842).
6. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-711) decisions (e.g., increases/decreases in project funding, changes to delivery schedule), reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.7 Office of Cutter Forces (CG-751)

Commandant (CG-751) shall:

1. Plan, program, and budget for the acquisition and/or replacement of capitalized cutter assets as needed to meet service-wide mission requirements.
2. Work collaboratively with Commandant (CG-45) to determine the useful life of newly capitalized cutter assets and report this information to Commandant (CG-842).
3. Work collaboratively with Commandant (CG-45), to conduct an annual review of useful lives of existing capitalized cutter assets and report this information to Commandant (CG-842) and FINCEN (FR) to adjust useful life as necessary in the financial system.
4. Attest, in the fourth quarter of the fiscal year, to the completeness, existence, and status of capitalized, leased, loaned, and borrowed cutter assets.
5. Account for and provide annual property certification for all capitalized cutter assets to FINCEN (FR) via Commandant (CG-842).
6. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-751) decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.8 Office of Boat Forces (CG-731)

Commandant (CG-731) shall:

1. Plan, program, and budget for the acquisition and/or replacement of standard boats as needed to meet service-wide mission requirements.
2. Determine the useful life of newly capitalized categories of boats and report this information to Commandant (CG-842) and FINCEN (FR).
3. Conduct a formal review of the useful lives of existing capitalized boats and report this information to Commandant (CG-842) and FINCEN (FR) to adjust useful life as necessary in the financial system.
4. Attest, in the fourth quarter of the fiscal year, to the completeness, existence, and status of all boats.
5. Account for and provide annual property certification for all boats to FINCEN (FR) via Commandant (CG-842).

6. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-731) decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.9 Office of Budget and Programs (CG-82)

Commandant (CG-82) shall:

1. Review and coordinate current and proposed program priorities involving near term policies, legislation issues, policy implementation, and resource allocation in support of program planning and execution and budget formulation.
2. Monitor budget rescissions and/or supplemental appropriations Coast Guard-wide.
3. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-82) budget decisions, approvals, reporting requirements, and certifications for three fiscal years.

10.3.6.10 Office of Resource Management (CG-83)

Commandant (CG-83) shall:

1. Coordinate with directorates to identify and allocate approved Coast Guard budgets to specific projects and assets.
2. Monitor budget rescissions or supplemental appropriations and redistribute funding allocations as necessary.
3. Records budget authority (based on the approved apportionment) via FPD in the Core Accounting System and informs Commandant (CG-842), FINCEN (FR), and all POCs.
4. Forward DHS/OMB-approved apportionments to PMs/resource managers for distribution at the six-digit program element level (AFC/Agency Location Code/program element).
5. Approve internal FTAs and CIFPs, in accordance with established thresholds and notify the appropriate resource directorate.
6. Use designated financial system to ensure that Coast Guard funds are obligated timely and accurately.
7. Ensure that audit-compliant evidential budget execution documentation is maintained at appropriate levels to support Commandant (CG-83) budget decisions, approvals, reporting requirements, and certifications for three fiscal years.

10.3.6.11 Division of Budget Execution (CG-831)

Commandant (CG-831) shall:

1. Provide centralized management for execution of Coast Guard funds.
2. Coordinate with funds managers to reconcile appropriations and transfer funds for all programs, projects, and activities at least quarterly.

3. Monitor validations of Coast Guard undelivered orders for completeness and accuracy.
4. Ensure that audit-compliant evidential budget execution documentation is maintained at appropriate levels to support Commandant (CG-831) budget decisions, approvals, reporting requirements, and certifications for three fiscal years.

10.3.6.12 *Office of Financial Policy, Reporting, & Property (CG-84)*

Commandant (CG-84) shall:

1. Develop, promulgate, and enforce the personal property financial accounting and reporting policy used by all Coast Guard organizational components.
2. Provide oversight for the preparation of the financial statements required by this policy and CFO reporting requirements. Perform a review of these financial statements.
3. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-8) financial decisions, approvals, reporting requirements, and certifications for three fiscal years.

10.3.6.13 *Financial Reporting & Analysis Division (CG-842)*

Commandant (CG-842) shall:

1. Ensure that CIP establishment packages are completed for new projects and that they contain the appropriate approval signatures and dates.
2. Develop all CIP standard forms, such as PMDS project establishment and PMDS asset capitalization.
3. Ensure that CIP standard forms are distributed and available to PMs.
4. Review and approve PMDS capitalization plans and ensure that they are capitalized timely and accurately within 90 days of asset receipt/acceptance.
5. Develop, review, approve, and distribute AC&I labor rate cost allocations to CIP projects.
6. Review, approve, and distribute program overhead cost allocations to CIP projects.
7. Monitor and validate the recording of AC&I labor and program overhead in CAS Project Accounting (PA) module for CIP projects.
8. Review, analyze, and approve CIP capitalization packages.
9. Stipulate GAAP-compliant financial accounting and reporting requirements along with internal controls relative to CIP personal property assets to ensure alignment with this policy.
10. Provide guidance as necessary relating to personal property procedures and their implementation, along with testing of internal controls.
11. Assist PMs in the preparation of CIP capitalization packages, as requested.

12. Coordinate with PMs the review of CIP project transactions to ensure accuracy and alignment with policy.
13. Plan and assist with the execution of physical inventories of capitalized personal property.
14. Provide oversight and review to FINCEN (FR) for the preparation, review, and analysis of monthly, quarterly, and annual financial statements.
15. Develop and implement project accounting training on a semi-annual basis.
16. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-842) financial decisions, approvals, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.14 Director of Contracting and Procurement (CG-91)

Commandant (CG-91) shall:

1. Assist PMs in developing and processing procurement requests (PRs) for the acquisition of personal property.
2. Serve as the principal technical authority for contract regulations and laws and act as advisors to Commandant (CG-9) and Coast Guard management on personal property acquisition issues.
3. Monitor contracting officers' decisions on procurement and contracting issues.
4. Serve as the source selection authority responsible for selecting contractors for all personal property acquisition requirements.
5. Ensure compliance with part 3045 of *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), *Department of Homeland Security Acquisition Manual*, and Coast Guard financial accounting and reporting policy for the acquisition, management, and reporting of personal property assets.
6. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-91) financial decisions, approvals, reporting requirements, and certifications for three fiscal years.

10.3.6.15 Director of Acquisition Services (CG-92)

Commandant (CG-92) shall:

1. Perform business case analyses to assess the scope, budget, and expected performance results of projects involving the acquisition of personal property assets.
2. Administer funds controlled by Commandant (CG-9) within appropriation or operating guidelines.
3. Oversee the completion of all designated Commandant (CG-9) personal property procurements.

4. Perform all resource management functions within Commandant (CG-9) to include planning, programming, budgeting, execution, and financial management.
5. Provide direct business and financial support to PMs and develop appropriate metrics to monitor program performance.
6. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-92) financial decisions, approvals, reporting requirements, and certifications for three fiscal years.

10.3.6.16 Office of Procurement Policy & Oversight (CG-913)

Commandant (CG-913) shall:

1. Implement the policy and procedures prescribed in *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), subchapter 3045.6, for the acquisition of personal property assets, in alignment with Coast Guard financial accounting and reporting policy.
2. Administer, manage, and submit the annual contractor report of all Government-furnished property, in accordance with *Department of Homeland Security Acquisition Manual*.

10.3.6.17 Remote Accounting Facilities (ALC Fiscal Operations and Yard Financial Operations)

The remote accounting facilities shall:

1. Retain evidential documentation for procurement, acquisition, transfer, and retirement transactions relative to CIP personal property.
2. Reconcile local accounting system transactions (e.g., purchase, labor) and validate with CIP project records at month end.
3. Forward the local general ledger summary with detail transactions to FINCEN (FR) monthly.
4. Ensure that all appropriate documentation to support CIP project costs (e.g., CIP purchases) is scanned into the Workflow Imaging Network System (WINS).
5. Ensure that any documentation that is not in the WINS system is provided to Commandant (CG-842) and FINCEN (FR) on a monthly basis.
6. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support ALC and Yard financial decisions, approvals, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.6.18 Accountable Property Officer

The Accountable Property Officer shall:

1. Be designated in writing by the unit CO/OIC/Unit-Level Supervisor.
2. Monitor PRs for consistency with project plans and funding levels.
3. Monitor the receipt of capital property items within their unit's purchase authority.
4. Forward evidential documentation to FINCEN (FR) within 20 calendar days of process completion for Oracle-managed assets; or
5. Forward evidential documentation to Yard Financial Operations within 20 calendar days of process completion for NESSS-managed assets.
6. Ensure that assets are recorded in the Oracle or NESSS systems within 10 calendar days of forwarding to FINCEN (FR) or Yard Financial Operations.
7. Provide certifications and reports as required to support the existence and completeness of capitalized personal property assets.
8. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements, and certifications relative to the direct acquisition or purchase of an asset for the life cycle of the asset plus three fiscal years.

10.3.6.19 Finance Center – FINCEN (FR)

FINCEN (FR) personnel shall:

1. Maintain desk procedures for the personal property processes conducted within FINCEN (FR).
2. Establish the CIP project number, description, program element, and line of accounting in CAS PA and notify the PM.
3. Follow locally prescribed processes and make the required notifications for system modifications to accommodate proper financial reporting.
4. Execute appropriate accounting entries upon notification to remove disposed personal property assets from the capital asset accounts in Oracle FAM.
5. Determine, in conjunction with the PMs and Commandant (CG-842), which personal property projects meet the criteria for being monitored as capital projects.
6. Update the general ledger balances in CAS as necessary and maintain appropriate documentation to support the valuation of capitalized personal property assets.
7. Establish the CIP project number, description, program element, and line of accounting in CAS PA and notify the PM.
8. Review the indirect allocation cost methodology with Commandant (CG-842) and the PM.

9. Distribute accurate and timely CIP project accounting reports to the PMs on a monthly basis.
10. Distribute AC&I labor allocation journal vouchers to Commandant (CG-831) and Commandant (CG-842), once the vouchers have been entered into CAS.
11. Initiate reconciliation of personal property subsidiary records to the accounting system.
12. Review PES reports to determine if all costs are reflected in the appropriate projects.
13. Review CIP capitalization packages received from Commandant (CG-842) to ensure that all capital and expense transactions are posted accurately and completely within the time standards outlined in this policy.
14. Update Oracle FAM with the in-service date, useful life, and acquisition cost to calculate asset depreciation and notify Commandant (CG-842) and the PM when recording of the capitalized asset is completed in Oracle FAM.
15. Monitor CIP projects to ensure timely capitalization of completed projects and retain key documentation supporting the transactions.
16. Publish Coast Guard financial statements and footnotes containing fixed asset disclosures.
17. Retain procurement, acquisition, transfer, and retirement documentation for capitalized personal property assets in an audit-ready status.
18. Ensure that assets are entered into Oracle FAM from documentation received from accountable property officers.
19. Ensure that posting logic for Coast Guard project accounting applications (systems) is USSGL-compliant.
20. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements, and certifications relative to the direct acquisition or purchase of an asset for the life cycle of the asset plus three fiscal years.

10.3.7 Policy

Headquarters program offices, acquisition offices, accountable property officers, FINCEN (FR), and Yard Financial Operations shall ensure that any companion policies (e.g., *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series)) and locally developed personal property procedures are in alignment with the policy requirements stated in this section.

10.3.7.1 *Capital Investment Planning and Budgeting – Resource Proposals*

All submissions for resources, regardless of source, must be reviewed so that any projects containing capitalized personal property assets are identified.

1. PMs/resource managers shall ensure that resource proposals (RPs) are entered into Coast Guard applications so that subsequent reviews can identify potential projects for capitalizable personal property assets.
2. Commandant (CG-82) shall ensure that all recommended RPs are submitted to the Resource Work Group (RWG) and that RPs subsequently approved by the Investment Board (IB) are complete and clearly identify the PM and the assets associated to the RP.
3. Commandant (CG-82) shall provide Commandant (CG-842) with a listing of all IB-approved RPs.
4. Commandant (CG-82) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support all RP decisions and approvals for three fiscal years from the final IB decision.

10.3.7.2 Capital Investment Planning and Budget – Budget Review

Annual appropriation budgets, regardless of source, must be evaluated timely and accurately to identify projects that contain capitalized personal property assets. The review of annual appropriation budgets and subsequent increases and decreases to appropriation budgets is necessary in order for the Coast Guard to support the completeness assertion.

1. Commandant (CG-83) shall ensure that PMs/resource managers and Commandant (CG-842) receive all documents pertaining to Apportionment and Reapportionment Schedule, Form SF 132, including approved, signed, and dated financial plans for all Coast Guard appropriation budgets.
2. PMs/resource managers shall ensure that annual reviews of all Coast Guard appropriation budgets which identify capitalized personal property assets are completed in a timely manner (e.g., AC&I, OE, as well as incremental increases and decreases).
3. PMs/resource managers shall ensure that reviews are adequately documented and that evidential documentation is gathered and maintained at appropriate levels to support a complete review.
4. PMs/resource managers shall forward the results of their budget reviews to Commandant (CG-842).
5. PMs/resource managers shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support appropriation-budget reviews related to their area of responsibility for the life cycle of the asset plus three fiscal years.

10.3.7.3 Capitalization Thresholds

1. Capitalize acquired, constructed, or improved personal property using the following table for individual assets, regardless of the appropriation in which the asset was funded:

Table 10.5 Capitalization Thresholds – Personal Property

Asset Category	Per-Asset Threshold
Aircraft Electronic systems Vessels	\$200,000
Boats Buoys and ATON Electronic stand-alone equipment Electronic test equipment General-purpose property Shipbuilding equipment & machinery Small arms Vehicles	\$50,000

Note: The capitalization threshold remains at \$25,000 for the following assets purchased prior to 1 October 2003: electronic stand-alone equipment, electronic test equipment, boats, shipbuilding equipment and machinery, small arms, vehicles, buoys and other aids to navigation, and general-purpose property.

2. PMs shall determine if the potential acquisition of personal property assets meets the capitalization thresholds in the preceding table. The determination shall be documented, signed, and dated by the PM.
3. PMs shall ensure that personal property assets that do not meet the capitalization thresholds in the preceding table are expensed and identified as non-capitalized assets.
4. PMs shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support capitalization threshold reviews for the life cycle of the asset plus three fiscal years.

10.3.7.4 Cost Categorization of Personal Property Projects

Categorization of costs for personal property projects is essential for determining if a project contains capitalized assets and for determining the complete and accurate cost of an asset. Costs primarily accumulate in three categories:

1. Direct costs;
2. Indirect costs; and
3. Costs of identifiable supporting services provided by:
 - a. Other responsibility segments within the reporting entity; and
 - b. Other reporting entities.

The following methods, listed in order of preference, are used for establishing the full cost of personal property assets:

1. Directly tracing costs when economically feasible;
2. Assigning costs on a cause-and-effect basis; and
3. Allocating costs on a reasonable and consistent basis.

10.3.7.4.1 Direct Costs

Per SFFAS No. 4, paragraph 90, direct costs are costs that can be specifically identified with an asset and that do not require allocation. Examples include contractor/vendor costs used to produce a specific asset. Direct costs shall be traced to assets when economically feasible.

In some circumstances, direct costs that support numerous assets used exclusively to produce the output(s) are allocated and not traced. Examples include office space, equipment, facilities, and utilities.

10.3.7.4.2 Indirect Costs

Per SFFAS No. 4, paragraph 91, indirect costs are costs of resources that are jointly or commonly used to produce two or more types of outputs, but that are not specifically identifiable with any of the outputs. Examples include AC&I program overhead and AC&I labor. Indirect costs shall be allocated using either the cause-and-effect method or another documented method that is reasonable and repeatable.

10.3.7.4.3 AC&I Program Overhead

AC&I program overhead costs consist mainly of contract expenditures that apply to CIP projects (e.g., systems engineering, program management). These costs cannot be directly traced to a given project or asset and therefore are allocated to the applicable CIP projects down to the assets the projects produce. The allocation methodology is applied in a consistent, rational, and repeatable manner, in accordance with GAAP.

Beginning in fiscal year 2013, AC&I program overhead costs remaining in Commandant (CG-9) legacy overhead balances including any allocations made to Construction in Progress (CIP) projects not yet capitalized shall be expensed and Commandant (CG-9) overhead will no longer be allocated to projects and assets. All previous Commandant (CG-9) overhead allocations to capitalized assets shall remain unchanged.

Approved alternate valuation methodologies shall be utilized to revalue assets received and valued by CIP capitalization packages in fiscal year 2012 and prior. With the exception of Commandant (CG-9) overhead accounts, the following applies to all AC&I program overhead: PMs shall prepare (with signature and date) the initial AC&I program overhead cost rates, based on budget, and submit them for review.

1. PMs shall ensure that all prepared AC&I program rates undergo an independent review (with signature and date) prior to submitting them to Commandant (CG-842) for approval.
2. Commandant (CG-842) shall approve the initial AC&I program overhead cost rates and ensure that they are allocated to projects by specific fiscal-year funding. Independent signatures and dates shall be evident for all approvals.
3. Commandant (CG-842) shall prepare quarterly journal vouchers for the allocation of approved AC&I program overhead to specific CIP projects and forward them to FINCEN (FR).
4. FINCEN (FR) shall prepare, review, approve, and record the journal transactions in CAS PA. FINCEN (FR) shall report the results to Commandant (CG-842), once journal voucher transactions are recorded. Signatures and dates shall be evident for all preparation, reviews, approvals and recordings.
5. PMs shall annually review and adjust the AC&I program overhead rates from actual expenditures based on the rescission or reprogramming of appropriations.
6. Commandant (CG-842) and PMs shall review and apply adjustments to previously recorded AC&I program overhead rates (actual) to all capitalized and expensed costs, including recorded assets.
7. Commandant (CG-842) and FINCEN (FR) shall ensure that audit-compliant evidential documentation for AC&I overhead allocations is maintained at appropriate levels for the life cycle of the asset plus three fiscal years.

10.3.7.4.4 AC&I Labor

AC&I labor consists of Coast Guard civilian and military personnel costs which support all AC&I projects within a particular appropriation year. In addition, civilian and military personnel paid by the OE appropriation can work on an AC&I project with the requirement that AC&I labor reimburses the OE appropriation. Beginning in fiscal year 2013, AC&I labor costs shall be allocated to assets during the capitalization process using a fixed allocation rate based on a six year moving average rate applied in a consistent, rational, and repeatable manner, in accordance

with GAAP. The AC&I labor rate shall be reviewed on an annual basis in the fourth quarter of the current fiscal year for use in the subsequent fiscal year.

1. Commandant (CG-83) shall ensure that Commandant (CG-842) receives all documents pertaining to Apportionment and Reapportionment Schedule, Form SF 132, along with approved AC&I financial plans, including all updates based on rescissions and supplemental appropriations.
2. Commandant (CG-842) shall calculate AC&I labor allocation rates and determine allocation amounts as part of the capitalization package.
3. Commandant (CG-842) shall prepare journal vouchers for the allocation of approved AC&I labor costs to specific CIP projects upon capitalization and forward to FINCEN (FR).
4. FINCEN (FR) shall prepare, review, approve, and record the journal transactions in CAS PA. FINCEN (FR) shall report the results to Commandant (CG-842), once the journal voucher transactions are recorded. Signatures and dates shall be evident for all preparation, reviews, approvals, and recordings.
5. Commandant (CG-842) shall annually review and adjust the AC&I labor rates from actual expenditures based on Apportionment and Reapportionment Schedule, Form SF 132, and Report on Budget Execution and Budgetary Resources, Form SF 133.
6. Commandant (CG-842) shall review and apply adjustments to previously recorded AC&I labor rates (actual) to all capitalized and expensed costs, including recorded assets.
7. Commandant (CG-842) and FINCEN (FR) shall ensure that audit-compliant evidential documentation for AC&I labor allocations is maintained at appropriate levels for the life cycle of the asset plus three fiscal years.

10.3.7.5 Establishment of Personal Property Projects

After the review of budgets and the identification of projects with their associated personal property assets to be acquired, a CIP Establishment Package will be developed. This package is necessary to ensure that the project, the associated assets, an estimate of cost, a notional schedule of delivery, and other key documents are produced to support the activation of information and subsequent transactions in the budgetary execution system (FPD) and the CIP project cost accounting system (Oracle Project Accounting module).

1. PMs shall ensure that a project team is established for capitalized projects within their area of responsibility. The team shall be composed of the PM, a contracting specialist (if available), and personnel representing Commandant (CG-83), Commandant (CG-842), and FINCEN (FR).
2. PMs shall ensure that the project team prepares and approves a CIP Establishment Package that includes the following:
 - a. Type of asset;
 - b. Estimated delivery time schedule for each asset;

- c. Acceptance criteria for each asset;
 - d. Costing and allocation methodologies;
 - e. Program element for accumulation of all costs (needed for all fund sources);
 - f. Type and source of valuation documentation; and
 - g. Contact information for all POCs.
3. PMs shall ensure that the CIP Establishment Package is completed prior to the initiation of any project (e.g., creation of PRs).
 4. Commandant (CG-842) shall ensure that the CIP Establishment Package is complete and that it contains the appropriate approval signatures and dates.
 5. PMs/resource managers shall ensure that unique program elements are established for CIP projects. Multiple OE projects can be managed under a single annual OE program element. PMs shall communicate the account establishment to Commandant (CG-842) and FINCEN (FR).
 6. FINCEN (FR) shall establish the project, relate it to a unique program element (six character) in CAS, and communicate that information to the PM, the Commandant (CG-842) ICP Comptroller, and Yard Financial Operations.
 7. PMs shall maintain and update the project information contained in the CIP Establishment Package and shall promptly forward changes to the contract specialist, Commandant (CG-842), FINCEN (FR), ICP Comptroller, and Yard Financial Operations.
 8. PMs, contracting officers, PM/resource managers, Commandant (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation supporting project establishment decisions and approvals related to their area of responsibility is maintained at appropriate levels for the life cycle of the asset plus three fiscal years.

10.3.7.6 *Initiation of CIP Projects*

1. CIP projects that have been properly established in budgetary execution and project cost accounting systems shall be initiated with the creation of procurement requests (PRs). PRs are required for proper funds commitment. They provide the contracting officer the necessary documents needed for contract award.
2. PMs shall ensure that the project field on the PR is populated with the project number provided by FINCEN (FR) and that the PR cites the appropriate document type, object class, and project program element.
3. PMs shall ensure that PRs are prepared and forwarded to Commandant (CG-9) acquisition offices/ICP acquisition offices so that the applicable costs can accumulate in the CIP project account and are traceable to each specific asset. PMs shall send an e-mail to the appropriate acquisition office once the PRs are approved, citing the project number and identifying all project personnel.

4. Commandant (CG-9) acquisition offices/ICP acquisition offices shall ensure that PRs are consistent with project plans, funding levels, and contract funding requirements, and that they are executed (obligated) using authorized Coast Guard budget execution applications and appropriate acquisition guidance.
5. PMs and Commandant (CG-9) acquisition offices/ICP acquisition offices shall ensure that audit-compliant and *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), subchapter 3405-compliant evidential documentation is maintained at appropriate levels to support timely and accurate project initiation for the life cycle of the asset plus three fiscal years.

10.3.7.7 *Acquisition of Assets*

Timely, accurate asset acquisition supports assets that are delivered on scheduled due dates with traceable and supported direct costs.

Note: For ICP policy on Acquisitions, see subsections 7.7.7.2 and 7.7.7.3.

1. PMs and Commandant (CG-9) acquisition offices/ICP acquisition offices shall ensure that PRs, contracts, and contract modifications contain a separate contract line item number (CLIN) for each discrete asset, and that other obligation documents are promptly issued, citing the proper document type, object class, project number, and program element so that costs can be traced to assets.
2. PMs and Commandant (CG-9) acquisition offices/ICP acquisition offices shall ensure that obligations are issued timely and accurately in Coast Guard budgetary execution applications and that the obligations are consistent with PM project plans and in accordance with Coast Guard requirements.
3. PMs and Commandant (CG-9) acquisition offices/ICP acquisition offices shall ensure that audit-compliant and *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), subchapter 3405-compliant documentation is maintained at the appropriate levels to support timely and accurate acquisitions and to support appropriate invoice allocations, to the level necessary, for the life cycle of the asset plus three fiscal years.

10.3.7.8 *Accounting for Project Costs*

Project cost categorization and classifications are essential for CIP balances to be properly stated and to accurately reflect project costs. Personal property costs accumulate in CIP while undergoing construction until delivered/accepted.

1. PMs shall ensure that all personal property is recorded at cost and that all costs are properly accumulated, supported, and recorded. The total cost includes all necessary costs incurred to make the asset operational for its intended use.
2. Commandant (CG-842) shall ensure that program overhead costs are properly calculated, supported, maintained, and allocated to projects and assets.

3. PMs shall review, categorize, and approve project costs to ensure the validity and accuracy of billing documents and receiving reports, to confirm that billed materials and services have been received and accepted, and to verify that billed amounts are identified to the correct line of accounting.
4. PMs shall gather and review all supporting evidential documentation for CIP transactions (expenditure level) to ensure support and proper cost categorization at the transaction level. Examples of this documentation include credit card, Public Voucher for Purchases and Services Other Than Personal, Form SF 1034, and MIPR payment detail.
5. PMs shall ensure that the total asset cost includes all costs incurred to bring the personal property to a form and location suitable for intended use.
6. PMs shall ensure that personal property (CIP) project costs are valued accurately and classified in accordance with the cost decision table shown in section 10.5 .
7. PMs and Commandant (CG-842) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the timely and accurate review of project costs for the life cycle of the asset plus three fiscal years.

10.3.7.9 Periodic Reviews of CIP Project Costs by PMs

In order to minimize retrospective cost adjustments to previously delivered assets and to ensure that CIP project accounts are not overstated with expense costs:

1. FINCEN (FR) shall ensure that all CIP project reports are available and distributed monthly to PMs for their review.
2. PMs shall review all CIP projects monthly, and as assets are delivered, to ensure that costs are accurate, that increases/decreases in costs are recorded properly, and that proper evidential documentation to support CIP transactions is gathered and maintained.
3. PMs shall review all CIP costs on a monthly basis against the cost decision table of section 10.5 to identify and report costs that should be expensed.
4. PMs shall periodically review procurement transactions and supporting documentation to obligation balances recorded in FPD. At a minimum, this review should be done every quarter during the fiscal year, and more often at the discretion of the program manager.
5. PMs shall review planned amounts, commitments, obligations, expenditures, and undelivered orders at both the project and asset level. This will ensure that the transactions and balances are accurate and up to date.
6. PMs shall review the following reports on a monthly basis:
 - a. AC&I Master Report;
 - b. Cancelled Appropriation Report (currently must be requested);
 - c. Capital Projects Summary Report; and
 - d. CIP Project Detail Report (currently must be requested).

7. PMs shall report the results of their review to Commandant (CG-842) and to FINCEN (FR).
8. PMs shall ensure that audit-ready documentation is maintained at the appropriate levels to support timely and accurate reviews for the life cycle of the asset plus three fiscal years.

10.3.7.10 *Periodic Reviews of CIP Project Costs by Commandant (CG-842) and FINCEN (FR)*

Proper review, approval, and oversight of CIP projects by financial and accounting personnel are essential for accurate and timely accounting and reporting.

1. FINCEN (FR) shall complete and document a monthly reconciliation between the general ledger and the project modules in the project cost accounting application.
2. FINCEN (FR) shall ensure that all budgetary execution and project cost application relationships are in balance.
3. FINCEN (FR) shall ensure that all reports are published and available each month to PMs and Commandant (CG-842).
4. Commandant (CG-842) and FINCEN (FR) shall ensure that a fixed AC&I labor rate is prepared annually in the fourth quarter of the fiscal year.
5. Commandant (CG-842) shall ensure that all PM reviews (e.g., CIP project reviews) are conducted monthly, are adequately supported, and that differences are reconciled and adjusted.
6. Commandant (CG-842) and FINCEN (FR) shall ensure that audit-ready documentation is maintained at the appropriate levels to support timely and accurate reviews for the life cycle of the asset plus three fiscal years.

10.3.7.11 *Asset Receipt and Acceptance*

Assets may be accepted on a conditional basis (conditional acceptance) in circumstances where modifications are required to further missionize the asset. Less-than-complete assets are those that are not in a state to provide the anticipated service for which the asset is intended. Missionization costs must be evaluated and reported as either capitalized or expensed. Full and complete title passes to the Coast Guard for personal property and some conditional assets when they are delivered and accepted. The receipt and acceptance of personal property assets is always supported by appropriate documentation.

1. PMs shall ensure that acceptance documents clearly identify the asset with a specific asset attribute, i.e., tagging and identification of assets.
2. PMs shall ensure that completed personal property assets meet the Coast Guard's initial project requirements prior to final acceptance.

3. PMs shall ensure that complete configuration listings for electronic systems, identifying subcomponents, are created in the designated configuration application (e.g., Fleet Logistics System (FLS)) to support electronic system completeness.
4. PMs shall identify and resolve deficiencies prior to the acceptance of an asset and the transfer of its costs from the CIP account to the fixed asset account.
5. PMs shall validate and report the receipt and acceptance, including conditional acceptance, of CIP personal property assets to Commandant (CG-842) within 20 calendar days to support capitalization as part of the CIP Capitalization Package.
6. PMs shall ensure that appropriate evidential documentation is gathered and submitted for each asset. This documentation will be used for audit purposes and to support the assertion for existence and the assertion for rights and obligations. The required documentation for various asset classes is shown in Table 10.6 below.

Note: All documents shall have clear signatures and dates, where applicable, with receipt/acceptance dates noted.

Table 10.6 Support Documentation for Asset Receipt and Acceptance

Asset Type	Documentation
Aircraft	Material Inspection and Receiving Report, Form DD 250 or Form DHS 700-21; or CG message
Vessels	Material Inspection and Receiving Report, Form DD 250 or Form DHS 700-21; or CG message
Boats	Material Inspection and Receiving Report, Form DD 250 or Form DHS 700-21; or CG message
Electronic Systems	Material Inspection and Receiving Report, Form DD 250; CG message; or CG HQ Program Office memo for Rescue 21 and Hawaii Rainbow acquisitions. Requisition and Invoice/Shipping Document, Form DD 1149 is required for capitalization.
Vehicles	Certificate of origin date; Requisition and Invoice/Shipping Document, Form DD 1149; or Material Inspection and Receiving Report, Form DHS 700-21
Shipbuilding Equipment/ Machinery	Requisition and Invoice/Shipping Document, Form DD 1149; Material Inspection and Receiving Report, DD 250 or DHS 700-21; or Order for Supplies or Services, Form OF 347

Asset Type	Documentation
General-purpose	Requisition and Invoice/Shipping Document, Form DD 1149; DOD Single Line Item Requisition System Document (Manual), Form DD 1348; Material Inspection and Receiving Report, Form DD 250 or Form DHS 700-21; Order for Supplies or Services, Form OF 347; or Transfer Order Excess Personal Property, Form SF 122

7. PMs and Commandant (CG-842) shall ensure that audit-compliant evidential documentation supporting asset receipt and acceptance is maintained at appropriate levels for the life cycle of the asset plus three fiscal years.

10.3.7.12 Capitalization of CIP Assets

Timely and accurate capitalization of CIP project assets is essential to accurate financial statement preparation. It provides the Coast Guard with information on the full cost of assets and the programs they support.

1. PMs shall ensure that assets are capitalized at the “systems level” for the Aircraft, Vessel, Boat, and Electronic Systems categories. Systems level means that all attached subsystems supporting the asset are included in the cost of the asset. All other categories of assets shall be capitalized at the “asset level.”
2. PMs shall prepare and forward a CIP Capitalization Package to Commandant (CG-842) for review within 20 days of asset acceptance. The CIP Capitalization Package shall include:
 - a. Project Management Data Sheet (PMDS);
 - b. Capitalization Checklist;
 - c. Project Summary Report;
 - d. Sources and Uses of Funds Report;
 - e. Detail Transaction Report;
 - f. Labor & Overhead Allocation Summary Report; and
 - g. Acceptance documents.
3. Commandant (CG-842) shall review the CIP Capitalization Package within three business days to ensure that the documentation is complete and accurate. In the event that additional documentation is required, Commandant (CG-842) shall communicate their requirements to the PM for action.
4. PMs shall provide any additional information requested by Commandant (CG-842) within three business days of the request.

5. Commandant (CG-842) shall review and update the CIP Capitalization Package, completing the Capitalization Checklist and updating the AC&I labor and program overhead within three business days after receipt from the PM.
6. Commandant (CG-842) shall provide final approval and shall forward the approved CIP Capitalization Package to FINCEN (FR) within one business day after receipt from the PM. The package shall contain two Commandant (CG-842) signatures (analyst and division chief).
7. FINCEN (FR) shall record the assets in Oracle FAM within five days of receipt of the approved CIP Capitalization Package from Commandant (CG-842).
8. FINCEN (FR) shall sign the CIP Capitalization Package and notify Commandant (CG-842) and the PM as soon as all capitalization recording is complete. Copies of the notifications shall be retained in the FINCEN (FR) project folder.
9. PMs shall review, approve, and provide to Commandant (CG-842) a supplemental CIP Capitalization Package containing any costs incurred after the original submission.
10. Commandant (CG-842) shall review, approve, sign, and forward the CIP Capitalization Package to FINCEN (FR) for recording. All supporting schedules and costs, including supplemental costs, shall tie to the CIP Capitalization Package.
11. FINCEN (FR) shall inform Commandant (CG-842) and the PMs as soon as the asset costs have been recorded in Oracle.
12. PMs shall ensure that asset costs are not combined to meet capitalization thresholds.
13. PMs shall ensure that capitalization thresholds are applied to individual assets.
14. PMs shall ensure that activity resulting in a total unit cost below specified thresholds is expensed.
15. PMs shall ensure that supporting documentation is available at FINCEN (FR) to support CIP transaction (expenditure level) costs in accordance with Table 10.7 below.
16. PMs, Commandant (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements, and certifications related to the capitalization process of a CIP project for the life cycle of the asset plus three fiscal years.

Table 10.7 Documentation Required for Valuation of CIP Assets

Acquisition Type	Required Documentation
Commercial	<ol style="list-style-type: none"> 1. Signed* contract itemizing the asset 2. Receipt document 3. Invoice 4. Proof of payment

Acquisition Type	Required Documentation
Public Voucher for Purchases and Services Other Than Personal, Form SF 1034/ MIPR	<ol style="list-style-type: none"> 1. Signed* MIPR itemizing the asset 2. Receipt document 3. Invoice 4. Proof of payment/IPAC 5. Continuation Sheet for SF 1034, Form SF 1035 (detail)
MILSTRIP	<ol style="list-style-type: none"> 1. Issue Release/Receipt Document, Form DD 1348-1A, or current FEDLOG screen print 2. Receipt document (Issue Release/Receipt Document, Form DD 1348-1A, signed/dated) 3. Proof of payment/IPAC
Credit Card	<ol style="list-style-type: none"> 1. Credit card statement itemizing the asset 2. Receipt document 3. Proof of payment
Project Order	<ol style="list-style-type: none"> 1. Signed project order itemizing the asset 2. Receipt document 3. Proof of payment/IPAC

* indicates that the document may be signed electronically.

10.3.7.13 Abandonment of a CIP Project

Abandonment of a CIP project due to destruction of the asset, technological advances, change in mission needs, construction failure, and operational failure of prototypes is at the discretion of the Commandant. Abandoned CIP projects contain costs for materials even though no asset can be delivered.

1. The PM shall ensure that the appropriate decision documentation (e.g., Coast Guard decision memorandum, Coast Guard message) is included to support the abandonment of the project.
2. The PM shall notify Commandant (CG-842) and FINCEN (FR) of project abandonment and shall forward the documentation needed to relieve the CIP account.
3. Commandant (CG-842) and the PM shall determine the retirement plan of action for remaining CIP project materials, as outlined below:
 - a. Reutilize or transfer within the Coast Guard;
 - b. Determine alternate uses by employing the services of other Federal agencies, such as the Defense Logistics Agency (DLA) Disposition Services or the General Services Administration (GSA);
 - c. Donate to research, museums, institutions of higher learning, foreign countries, State governments, etc. through GSA; or

- d. Scuttle, scrap, or sell.
4. Commandant (CG-842) shall approve the documentation supporting the abandonment of the CIP project and the subsequent disposal action for CIP material, and shall forward the documentation to FINCEN (FR). Transfer and disposal of material shall be carried out in accordance with subsequent sections of this policy.
5. FINCEN (FR) shall expense all costs of the abandoned CIP project from which no assets were delivered but for which costs for materials have accumulated.
6. Commandant (CG-842) and FINCEN (FR) shall ensure that audit-compliant evidential documentation relating to financial decisions, reporting requirements, and certifications is maintained at appropriate levels to support the abandonment of a CIP project for a period of three fiscal years.

10.3.7.14 *Project Closeout*

The closeout of a CIP project ensures that all costs, including the remaining cost accruals, have been properly classified and timely and accurately recorded.

1. PMs shall ensure that all costs have been reviewed and approved and that the asset is ready for capitalization. The PM attests to the completeness of the CIP project by signing the CIP Capitalization Package.
2. PMs shall verify that all funding has been obligated to the CIP project prior to project closeout.
3. PMs shall notify Commandant (CG-842) and FINCEN (FR) to close the CIP project in CAS PA in order to prevent further expenditures from being recorded to the project.
4. PMs shall perform a comprehensive review of all CIP projects 12 months after the last delivered asset in order to determine the status of the CIP project.
5. PMs shall report the review results to Commandant (CG-842) and FINCEN (FR) within 30 days of completion of the review.
6. PMs shall report closed projects by preparing and submitting a CIP Capitalization Package to Commandant (CG-842) and FINCEN (FR).
7. PMs and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the PM's decisions, reporting requirements, and certifications related to project closeout for the life cycle of the asset plus three fiscal years.

10.3.7.15 *In-Service Dates*

1. Personal property assets shall be capitalized within 90 calendar days of receipt and acceptance. Appropriate evidential documentation to support in-service dates shall be gathered and submitted for each asset. This documentation will be used for audit

purposes, to support the existence and timely capitalization of the asset and the proper recording of depreciation, and to ensure the integrity of the financial statements.

2. PMs shall ensure that evidential documentation supports in-service dates in accordance with Table 10.6 above. When third-party documentation is not available, PMs shall contact Commandant (CG-842) for alternative documentation authorization.
3. PMs, Commandant (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation supporting in-service dates is maintained at appropriate levels for the life cycle of the asset plus three fiscal years.

10.3.7.16 Useful and Service Lives of Assets

Coast Guard has previously used “service life” and “useful life” interchangeably in treatment of assets from both an accounting and an engineering perspective. However, there are times when service life and useful life have distinct definitions that may impact both operational and accounting treatment.

To address these distinctions Coast Guard defines useful life and service life as follows:

useful life – The normal operating life in terms of utility to the Coast Guard. This definition is for accounting purposes and dictates the period over which an asset will be depreciated and should always match management’s best estimate of the period the underlying asset will continue to provide utility to the Coast Guard. A useful life may change due to actual use of the asset, for example, if an aircraft or cutter is consistently used for more hours than planned due to emergency situations, the estimated useful life of the asset may be shortened.

service life – The formal determination of an asset’s expected life based upon manufacturer or engineering analysis. The service life does not change unless a service life extending improvement project occurs or a follow-on engineering analysis is conducted that supports amendment of the service life.

Coast Guard has initiated a service-wide annual review of all Coast Guard aircraft and vessels to ensure that asset’s useful life and related depreciation are based upon the best estimates available on an annual basis.

Useful lives of personal property assets are supported by third-party documentation or by approved Coast Guard engineering analysis of the service life of an asset. Annual reviews of useful lives are conducted by program offices and are supported by third-party documentation or by approved Coast Guard engineering analysis of the asset’s service life.

1. PMs shall ensure that complete documentation to support the initial useful life or useful life extension of assets is included in all CIP capitalization packages, both for new assets and for life-extending improvements to existing assets. If Coast Guard engineering analysis is used, the basis for the determination and underlying supporting documentation shall be provided.
2. Headquarters program offices shall periodically review the useful lives of all personal property assets and shall provide Commandant (CG-842) the results of useful life reviews. Reviews shall be fully documented with approval signatures and dates.

3. Commandant (CG-842) shall analyze the reviews and determine whether asset service lives and asset tables in policy are affected and need to be updated.
4. Commandant (CG-842) shall ensure that useful life evaluations are conducted timely so that changes to financial records can be promptly recorded. Reviews shall be fully documented with approval signatures and dates.
5. FINCEN (FR) shall ensure that useful life changes are recorded promptly and accurately, and shall notify Commandant (CG-842) once the changes are made to the accounting records.
6. PMs, Headquarters program offices, Commandant (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation is gathered and maintained at appropriate levels to support the service lives of all capitalized personal property assets for the life cycle of the asset plus three fiscal years.

10.3.7.16.1 Useful Life of Aircraft

1. At the time of receipt and acceptance, PMs shall report the initial useful life of new assets within existing classes of aircraft using the following table:

Table 10.8 Initial Useful Life of New Assets for Existing Classes of Aircraft

Aircraft Type	Useful Life	Effective Date
C-37A Gulfstream V	40 years	Oct 2012
HC-130H Hercules	40 years	Oct 2012
HC-130J Super Hercules	37 years	Oct 2012
HC-144A Ocean Sentry	29 years	Oct 2012
HH-60 Jayhawk	35 years	Oct 2012
HH-65 Dolphin	39 years	Oct 2012
HU-25A Guardian	32 years	Oct 2012
HU-25B Guardian	32 years	Oct 2012
HU-25C Guardian	32 years	Oct 2012
Pallets HC-130H	25 years	Oct 2012
Pallets HC-144A	29 years	Oct 2012

2. PMs shall report changes in useful lives resulting from improvement of existing assets upon receipt and acceptance of the improved assets.

3. PMs shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the service lives of aircraft for the life cycle of the asset plus three fiscal years.

10.3.7.16.2 Useful Life of Vessels

1. At the time of receipt and acceptance, PMs shall report the initial useful life of new assets within existing classes of vessels using Table 10.9 below.
2. PMs shall report changes in useful lives resulting from improvement of existing assets upon receipt and acceptance of the improved assets.
3. PMs shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the service lives of vessels for the life cycle of the asset plus three fiscal years.

Table 10.9 Initial Useful Life of New Assets for Existing Classes of Vessels

Vessel Type	Useful Life	Effective Date
WAGB 399' Polar Class	42 years	Oct 2012
WAGB 420' HEALEY	30 years	Oct 2012
WHEC 378' Secretary Class	51 years	Oct 2012
WIX 295' EAGLE	64 years	Oct 2012
WLB 225' Juniper Class	30 years	Oct 2012
WLBB 240' Great Lakes Icebreaker	30 years	Oct 2012
WLI 100' A Inland Buoy Tender	76 years	Oct 2012
WLI 100' C Inland Buoy Tender	58 years	Oct 2012
WLI 65' Inland Buoy Tender	67 years	Oct 2012
WLIC 100' SMILAX	76 years	Oct 2012
WLIC 160' Inland Construction Tender	45 years	Oct 2012
WLIC 75' Inland Construction Tender	56 years	Oct 2012
WLM 175' Keeper Class	30 years	Oct 2012
WLR 65' River Buoy Tender	60 years	Oct 2012
WLR 75' River Buoy Tender	52 years	Oct 2012

Vessel Type	Useful Life	Effective Date
WLR 75' F River Buoy Tender	33 years	Oct 2012
WMEC 210' Reliance Class	59 years	Oct 2012
WMEC 270' Famous Class	40 years	Oct 2012
WMEC 282' ALEX HALEY	24.167 years (290 months)	Oct 2012
WMSL 418' Legend Class	30 years	Oct 2012
WPB 110' A Island Class	33 years	Oct 2012
WPB 110' B Island Class	30 years	Oct 2012
WPB 110' C Island Class	24 years	Oct 2012
WPB 87' Protector Class	25 years	Oct 2012
WPC 154' Sentinel Class	20 years	Oct 2012
WTGB 140' Bay Class	30 years	Oct 2012
WYTL 65' Small Harbor Tug	54 years	Oct 2012

10.3.7.16.3 Useful Life of Boats

- At the time of receipt and acceptance, PMs shall report the initial useful life of new assets within existing classes of boats using the following table:

Table 10.10 Initial Useful Life (in years) of New Assets for Existing Classes of Boats

SSMEB denotes findings from a ship structure and machinery evaluation board.

FG denotes a fiberglass hull. AL denotes an aluminum or similar metal hull.

Boat Class	SSMEB	Shore Boats (FG)	Shore Boats (AL)	Cutter Boats (FG)	Cutter Boats (AL)	Effective Date
ANB 55	27					Aug 2006
ANB 64			30			May 2004
ANB (382001)			12			May 2004
BUSL	25					May 2004

Boat Class	SSMEB	Shore Boats (FG)	Shore Boats (AL)	Cutter Boats (FG)	Cutter Boats (AL)	Effective Date
TANB			12			May 2004
ASB					10	May 2004
CB-L				5	10	May 2004
CB-M				5	10	May 2004
CB-S				5		May 2004
CB (other)				10		Aug 2006
LCVP					10	May 2004
MSB	20					May 2004
MLB	25					Aug 2006
SPC (HWX)			12			May 2004
RB-(S)(HS)	15					Aug 2006
SPC (SW)			12			May 2004
PWB		8	12			May 2004
SKF			12			May 2004
SPC (234448)		8				May 2004
SPC (LE)		8	12			May 2004
SPC (SURF)		8				May 2004
TPSB	10					May 2004
UTB (41)	30					Aug 2006
UTL		8	12	5	10	May 2004
UTM		8	12			May 2004

2. PMs shall report changes in useful lives resulting from improvement of existing assets upon receipt and acceptance of the improved assets.
3. PMs shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the useful lives of boats for the life cycle of the asset plus three fiscal years.

- The following table shall be used for estimating the useful life of boats that are not listed in Table 10.10 above:

Table 10.11 Estimates of Useful Life for Other Boat Types

Assignment	Fiberglass Hull	Aluminum Hull
Cutter Boat	5 years	10 years
Shore-based Boat	8 years	12 years

10.3.7.16.4 Useful Life of Electronics

- At the time of receipt and acceptance, PMs shall report the initial useful life of electronics assets within existing classes using the following table:

Table 10.12 Initial Useful Life of New Electronics Assets

Asset Class	Useful Life	Effective Date
Systems, Stand-alone, Test Equipment	8 years	Oct 1995

- PMs shall report changes in useful lives resulting from improvement of existing assets upon receipt and acceptance of the improved assets.
- PMs shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the useful lives of electronics for the life cycle of the asset plus three fiscal years.

10.3.7.16.5 Useful Life of Other Personal Property

- At the time of receipt and acceptance, PMs shall report the initial useful life of new assets within existing classes of “other personal property” using the following table:

Table 10.13 Initial Useful Life of New Assets of Other Personal Property

Property Type	Useful Life	Effective Date
Shipbuilding Equipment/Machinery (Yard Industrial Fund)	15 years	Oct 1995
General-purpose	5 years	Oct 1995
Vehicles	5 years	Oct 1995

2. PMs shall report changes in useful lives resulting from improvement of existing assets upon receipt and acceptance of the improved assets.
3. PMs shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the useful lives of other personal property for the life cycle of the asset plus three fiscal years.

10.3.7.17 Tagging and Identification of Assets

1. In order to reduce the risk of improper identification, assets shall be identified in the fixed asset system to facilitate vouching and tracing from the accountable record to the physical asset. Some categories of personal property, such as electronic test equipment, are easily identified and traced by tagging. Other categories, such as aircraft and vessels, are uniquely identified and traced by their markings (e.g., tail number, hull number).
2. PMs shall ensure that the data identified in this subsection are included in CIP capitalization packages for each asset.
3. PMs shall ensure that bar code labels are affixed to each asset that is traced by tagging in accordance with the following table:

Table 10.14 Tagging and Identification Requirements for Various Asset Types

Asset Type	Serial No. Field	Tag No. Field	HQ Program Office
Aircraft	Airframe no.	Tail no.	Commandant (CG-41/71)
Vessels	Hull no.	Hull no.	Commandant (CG-45/75)
Boats	HIN no.	Hull no.	Commandant (CG-73)
Electronic Systems	Model/serial no.	System-generated no./ Bar code label	Commandant (CG-64)
Electronic Equipment (Stand-alone, Test Equip.)	Mfg serial no.	System-generated no./ Bar code label	Commandant (CG-64)
Vehicles	VIN no.	License plate no./ Bar code label	Commandant (CG-43)
General-purpose	Mfg serial no.	System-generated no./ Bar code label	Commandant (CG-84)

Asset Type	Serial No. Field	Tag No. Field	HQ Program Office
Shipbuilding Equipment/ Machinery	Mfg serial no.	System-generated no./ Bar code label	Yard

4. PMs shall ensure that accountable property officers are informed of new assets under their control.
5. PMs shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support tagging and asset identification for the life cycle of the asset plus three fiscal years.

10.3.7.18 Direct Purchase of Assets

Accountable property officers may acquire assets by “direct purchase” using various methods such as formal contracts (major acquisitions), simplified acquisition procedures (small purchases), Military Interdepartmental Purchase Requests (MIPRs), Federal Supply System (FSS), Military Standard Requisition and Issuing Procedures (MILSTRIP), and credit cards. For the purposes of this subsection, direct purchase also includes donations and transfers-in from various sources.

1. Accountable property officers shall ensure that every purchase of personal property assets meeting all of the following conditions is processed as a CIP project in accordance with the policy outlined in this document:
 - a. The asset meets or exceeds the capitalization threshold;
 - b. The purchase incurs progress payments (e.g., partial payments); and
 - c. The asset will not be received within 30 calendar days from the date of the order.
2. Accountable property officers shall forward all direct purchase documentation to FINCEN (FR) within 30 calendar days from the date of the order.
3. FINCEN (FR) shall review the direct purchase documentation and shall either:
 - a. Notify the accountable property officer of any discrepancies; or
 - b. Record the assets in Oracle FAM timely and accurately within seven calendar days of receipt of the documentation.
4. Accountable property officers shall resolve any discrepancies in direct purchase documentation within 10 business days and shall sign, date, and forward the corrected documentation to FINCEN (FR).
5. FINCEN (FR) shall coordinate a review and approval of direct purchases of aircraft, vessels, boats, and electronic systems with Commandant (CG-842).

6. Commandant (CG-842) shall approve the capitalization of all direct purchases of aircraft, vessels, boats, and electronic systems assets.
7. Accountable property officers shall ensure that assets are recorded and properly reflected in fixed asset systems (NESSS for Yard assets; Oracle for all others).
8. Accountable property officers and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the accountable property officer's decisions, reporting requirements, and certifications related to the direct purchase of an asset for the life cycle of the asset plus three fiscal years.
9. The accountable property officer at the Coast Guard Yard shall ensure that all industrial-funded acquisitions are documented properly and recorded timely in NESSS, and that audit-compliant evidential documentation is maintained at appropriate levels to support the accountable property officer's decisions, reporting requirements, and certifications related to the direct purchase of an asset for the life cycle of the asset plus three fiscal years.

10.3.7.19 Depreciation of Assets

Depreciation expense is calculated through the systematic and rational allocation of the cost of personal property general PP&E assets, less the estimated salvage/residual value, over the estimated useful life of the asset. Depreciation is not calculated while an asset is being constructed or improved. Project costs accumulate in CIP project accounts until the asset is delivered and accepted.

The Coast Guard uses the straight-line depreciation method for all personal property. A full month's depreciation is recorded in the month of the asset acceptance date based on the asset status.

1. Commandant (CG-842) and FINCEN (FR) shall ensure that all personal property asset transactions and records are established and maintained in accordance with this policy.
2. Commandant (CG-842) and FINCEN (FR) shall perform an analysis of depreciation expense and accumulated depreciation annually to validate the reasonableness of the depreciation calculation. If errors are discovered, discrepancies shall be resolved and records updated within 30 days of the completion of the analysis.

10.3.7.20 Alternative Valuation Methods for Personal Property Assets

1. Personal property assets that lack adequate documentation to support valuation shall be valued using one of the following alternative methodologies (in the order listed), after exhausting all practical methods to obtain the necessary historical documentation:
 - a. **Like-item support** – a more recent supported purchase of a like item (same form, fit, and function). All evidential documentation for the supported like item (e.g., contract, invoice, receipt support, payment support) shall be gathered. The price (cost) listed in this documentation shall be deflated using consumer price index (CPI) values from the U.S. Department of Labor, Bureau of Labor Standards. All like-item

documentation, including a copy of the CPI deflation, will be maintained as supporting documentation.

- b. **Published price lists** – published price lists from original equipment manufacturers (OEMs), or Federal Logistics Data (FEDLOG) prices from another Government agency identified as the source of supply. Price list/FEDLOG information shall be clearly printed. The price (cost) obtained using this method shall be deflated using consumer price index (CPI) values from the U.S. Department of Labor, Bureau of Labor Standards. All OEM/FEDLOG pricing documentation, including a copy of the CPI deflation, will be maintained as supporting documentation.
- c. **Published Price Guide (Vehicles Only)** - if no published price lists exist, the next preferred alternate valuation method is using a published industry price guide. Examples of such price guides include the Kelley Blue Book, National Automotive Dealers Association (NADA) Guides, and Edmunds.com. The published average purchase price for a new vehicle using the most recent model year with similar or identical model type, trim level, powertrain and options should be used for purposes of determining the current year cost. Once the cost has been determined, Commandant (CG-844) shall index the cost in accordance with Section 5.3. The new purchase price of an equivalent model vehicle indexed to the original acquisition date is preferred for purposes of developing an estimate as it more closely relates to historical cost at the time of initial acquisition than a price for purchasing an identical model year used vehicle in the current year. The VIN can be utilized to determine the model and powertrain in most cases if this information cannot be confirmed from other sources of original documentation. Each manufacturer maintains detailed guidance for interpreting relevant VIN fields to determine model and powertrain information. This information is readily accessible from on-line sources.
- d. **OEM price certification** – original equipment manufacturer’s price certification by letter or e-mail. The price (cost) shall be deflated using consumer price index (CPI) values from the U.S. Department of Labor, Bureau of Labor Standards. All OEM price certification documentation, including a copy of the CPI deflation, will be maintained as supporting documentation.
- e. **Budgetary/Appropriation Support.** - Congressional appropriation/Coast Guard budgetary information related to the project or asset requiring valuation support. The appropriation/budgetary information supporting the project or asset shall clearly identify the project so that the estimate can be calculated for the unsupported asset within the project. All appropriation information (e.g., Apportionment and Reapportionment Schedule, Form SF 132) shall be included in the support package. The price (cost) obtained using this method shall be deflated using consumer price index (CPI) values from the Bureau of Labor Standards. All documentation, including the deflation, shall be maintained as supporting documentation.
- f. **Independent (third-party) appraisal** a report from an independent appraisal organization (in GSA Finance and Business Solutions) containing the appraisal cost (valuation) of the item and describing the methodologies used during a desktop or on-

site appraisal using standard industry-compliant methods. If not done so in the appraisal report, the price (cost) shall be deflated using consumer price index (CPI) values from the U.S. Department of Labor, Bureau of Labor Standards. All appraisal documentation, including a copy of the CPI deflation, will be maintained as supporting documentation.

2. Commandant (CG-842) and FINCEN (FR) shall ensure that assets valued using alternative methods are fully documented and that audit-compliant evidential documentation is maintained at appropriate levels to support the alternative valuation methodologies for the life cycle of the asset plus three fiscal years.

10.3.7.21 Reutilization and Cannibalization of Assets

Reutilization and cannibalization of components, systems, and spare parts from personal property assets allows the Coast Guard to efficiently meet mission requirements and minimize costs.

1. Program offices/accountable property officers shall document both the decision for removal and the actual removal of all components, systems, and spare parts from personal property fixed assets in order to meet tracking and valuation requirements.
2. Accountable property officers shall ensure that documentation is complete, in proper format, and reported to HQ program offices, Commandant (CG-842), and FINCEN (FR) within 20 calendar days after the removal of the reutilized/cannibalized items.
3. HQ program offices, Commandant (CG-842), and FINCEN (FR) shall analyze the documentation to determine the appropriate treatment related to the valuation and status of the personal property fixed asset and the components or spare parts removed.
4. Accountable property officers shall ensure that spare parts removed from fixed assets and sent to inventory controls points (ICPs) include the information and documentation needed to support the receipt in ALMIS and NESSS as well as the accurate valuation (e.g., contract, invoice, proof of receipt, proof of payment).
5. Accountable property officers and FINCEN (FR) shall ensure that audit-compliant evidential documentation is gathered and distributed to appropriate levels to support the reutilization and cannibalization of an asset for the life cycle of the asset plus three fiscal years.

10.3.7.22 Conversion in Lieu of Procurement (CILOP) of Assets

CILOP occurs when personal property equipment is converted and returned for use in lieu of a newly acquired item. Accountable property officers are responsible for the management of capitalized CILOP assets while in use or available for use. All capitalized equipment undergoing repair is managed and recorded in the appropriate designated fixed asset system (ALMIS or Oracle).

1. Accountable property officers shall document the decision and retire equipment beyond economic repair in the ALMIS/Oracle system. The accountable property officer shall ensure that a Requisition and Invoice/Shipping Document, Form DD 1149, signed by the repair activity, is forwarded to FINCEN (FR) to document the transfer of the equipment to the repair activity. Any equipment received from CILOP shall be treated as newly procured property and shall contain a new equipment data plate. The Requisition and Invoice/Shipping Document, Form DD 1149, received from the repair activity and containing the CILOP cost shall be forwarded to the property officer for information and reconciliation purposes.
2. Accountable property officers shall ensure that documentation supporting the transfer and valuation of equipment is forwarded to FINCEN (FR) according to the following:
 - a. Requisition and Invoice/Shipping Document, Form DD 1149, is used to document the transfer of ground support equipment (GSE) to and from the unit. The form requires two sets of signatures (signed and dated by both activities – sending and receiving). The form will specify the repair activity work as either repair or conversion and will contain a repair and conversion cost estimate, but it will not be used for valuation purposes. All detail will be reviewed and approved by the accountable property officer and forwarded to FINCEN (FR).
 - b. Issue Release/Receipt Document, Form DD 1348-1A, is used to document the retirement of equipment that is beyond economic repair to DLA Disposition Services. The form will be signed and dated by both parties, reviewed by the property officer, and forwarded to FINCEN (FR).
 - c. The Billing Detail is an electronic file received from the repair activity and used to support the valuation of the CILOP equipment. This detail will be reviewed and approved, signed and dated by the accountable property officer, and forwarded to FINCEN (FR) within 10 calendar days after receipt from the repair activity.
3. FINCEN (FR) shall periodically reconcile all procurement transactions and supporting documentation to obligation balances recorded in CAS.
4. Accountable property officers and FINCEN (FR) shall ensure that audit-compliant evidential documentation relating to financial decisions, reporting requirements, and certifications is maintained at appropriate levels to support the CILOP acquisition of an asset for the life cycle of the asset plus three fiscal years.

10.3.7.23 Acquiring Assets through Transfers, Exchanges, and Donations

Transfers are movements of excess personal property between Coast Guard units and other DHS or Federal entities. Exchanges are nonmonetary transactions involving little or no monetary assets or liabilities in which each party receives and gives up essentially equal value. Exchanges between Federal entities are accounted for as transfers. Donations are nonreciprocal transfers of assets from state, local, and foreign governments; individuals; or others not considered Federal entities.

The cost of personal property assets acquired from other Federal entities through transfer or exchange is recorded at the existing NBV of the transferring agency. If the NBV cannot be reasonably ascertained, the estimated fair market value is used as the cost of the asset. This value is increased by any transfer costs such as shipping and handling charges.

The cost of personal property assets acquired through exchange with non-Federal entities is recorded at the estimated fair market value of the assets surrendered at the time of the transaction. If the fair market value of the personal property acquired is more readily determinable than that of the personal property surrendered, the cost is the fair value of the personal property acquired.

Any difference between the net recorded amount of the personal property surrendered and the cost of the personal property acquired is recognized as a gain or loss. In the event that cash consideration is included in the exchange, the cost of the personal property acquired is increased by the amount of cash consideration surrendered or decreased by the amount of cash consideration received. This value is increased by any transfer costs such as shipping and handling charges.

The cost of personal property acquired through donation is the estimated fair market value at the time acquired by the Federal Government. This value is increased by any transfer costs such as shipping and handling charges. If fair market value cannot be obtained, alternative valuation methods such as independent appraisal should be employed.

1. Headquarters program offices/accountable property officers shall forward documentation on asset delivery, acceptance, and valuation to FINCEN (FR) within 30 days for all transfers, exchanges, and donations. The documentation shall contain signatures from both the transferor and the transferee.
2. Headquarters program offices/accountable property officers shall ensure that physical control/custody of the asset transfers on the date of delivery and acceptance.
3. FINCEN (FR) shall record personal property transfers, exchanges, and donations into Oracle FAM at NBV or estimated fair market value (FMV). This recorded cost shall include all costs incurred to bring the personal property to a form and location suitable for its intended use.
4. Accountable property officers and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the receipt and valuation related to the transfer, exchange, and donation of personal property for the life cycle of the asset plus three fiscal years.

10.3.7.24 *Improvements to Personal Property Assets*

Various events that affect assets, such as technological advances, inoperability, damage, or changes in mission may result in the need for an improvement to an asset. A CIP project is required for any improvement that meets or exceeds the capitalization threshold and also increases the asset's capability and/or capacity or extends its useful life.

The cost of the improvement is added to the remaining base cost of the asset and depreciated over the remaining useful life. If the improvement extends the life, the cost is depreciated over the new useful life.

Aircraft periodic depot maintenance and vessel maintenance and rehabilitation are considered maintenance activities that enable the asset to meet its intended useful life. Maintenance activities may occur alone or as part of an improvement project. Costs related to these activities are expensed.

Maintenance performed on assets near or past their useful life must be evaluated to determine if the maintenance meets capitalization thresholds and extends the useful life past the current useful life of the asset. In these cases the cost is capitalized.

1. PMs shall ensure that improvements to assets meeting capitalization thresholds are treated as new CIP projects.
2. FINCEN (FR) shall record improvements in Oracle FAM as follows:
 - a. For life-extending improvements to fully-depreciated assets, establish a "child" record for the improvement. Do not modify the "parent" record beyond its baseline useful life. The child record will be depreciated over the extended useful life.
 - b. For life-extending improvements to non-fully-depreciated assets, retire the "parent" record on the date that the improvement is recorded. Roll the remaining NBV of the "parent" record into the "child" (improvement) record. Establish the "child" (improvement) record in the amount of the cost of the improvement, plus the remaining NBV of the "parent" record at the time that record is retired. Life-extending improvements shall be depreciated over the remaining useful life plus the extended life gained by the improvement.
3. PMs, Commandant (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications related to the improvement of an asset for the life cycle of the asset plus three fiscal years.

10.3.7.25 *Periodic Review and Reporting of Asset Records*

Periodic reviews of asset records are conducted to determine if critical data contained in the asset records is complete and correct. Periodic reviews of asset records (along with physical inventories) provide assurance that the assets exist, are complete, are in the correct location, and have the correct asset status. These reviews support the existence, completeness, and valuation assertions and are essential for accurate financial statement reporting.

10.3.7.25.1 Oracle Fixed Asset Extracts – Quarterly

1. FINCEN (FR) shall send asset extract reports to HQ operational command (OPCOM)/program offices for review of assets on a quarterly basis.
2. HQ OPCOM/program offices shall review and update the asset information against program applications (e.g., ALMIS, Abstract of Operations (AOPS), FLS), identify changes or corrections, and return the information to FINCEN (FR) for recording within 15 calendar days of receipt. HQ program offices shall perform the following reviews to certify the accuracy of their asset listings:
 - a. Assets exist and listing is complete;
 - b. Asset description and location (OPFAC);
 - c. Asset status; and
 - d. Asset in-service date /useful life.
3. HQ OPCOM/program offices shall note any asset that is under reutilization/cannibalization and shall ensure that all components, systems, and spare parts are accounted for and properly valued.
4. HQ OPCOM/program offices shall ensure that electronic system configuration listings are reviewed to verify that the subcomponent data within FLS is maintained and ready for audit to support the electronic systems' completeness.
5. HQ OPCOM/program offices shall maintain adequate, audit-compliant evidential documentation to support any changes to their asset records.
6. HQ OPCOM/program offices shall forward their asset listings, with all notations and supporting documentation, to FINCEN (FR). The listings shall be signed and dated by the personnel responsible for reviewing and approving them.
7. FINCEN (FR) shall review the HQ OPCOM/program office report and supporting documentation and shall update the Oracle fixed asset records accordingly.
8. HQ OPCOM/program offices and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.7.25.2 NESSS Yard Asset Extracts – Quarterly

1. Yard Financial Operations shall send asset extract reports to the Yard accountable property officer for review of Yard assets on a quarterly basis.
2. The Yard accountable property officer shall review and update the asset information and return it to Yard Financial Operations within 15 calendar days of receipt. The Yard accountable property officer shall perform the following reviews to certify the accuracy of the asset listings:
 - a. Assets exist and listing is complete;

- b. Asset description and custodial location are complete;
 - c. Asset status; and
 - d. Asset in-service date/useful life.
3. The Yard accountable property officer shall note any asset that is under reutilization/cannibalization and shall ensure that all components, systems, and spare parts are accounted for and properly valued.
 4. The Yard accountable property officer shall provide evidential documentation to support any changes to the asset records.
 5. The Yard accountable property officer shall sign and date the asset listings and shall forward them, along with all notations and supporting documentation, to Yard Financial Operations.
 6. Yard Financial Operations shall review the report and supporting documentation and shall update the asset records accordingly.
 7. The Yard accountable property officer and Yard Financial Operations shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.7.25.3 Environmental Liability Master List (Vessels and Boats) – Annually

Reviewing the assets on the environmental liability list against the fixed assets in Oracle helps to ensure the completeness of the fixed asset listing which, in turn, supports the completeness assertion.

1. Commandant (CG-452) shall send a listing of assets to Commandant (CG-842), no later than 30 June of each year.
2. Commandant (CG-842) shall review the listing against Oracle fixed asset records to identify exceptions.
3. Commandants (CG-842) and (CG-452) shall ensure that FINCEN (FR) receives a report of their review, along with complete documentation.
4. FINCEN (FR) shall review the report and supporting documentation and shall update the Oracle fixed asset records accordingly.
5. Commandants (CG-452), (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.7.25.4 Asset Existence and Completeness

Direct confirmation of the existence and completeness of assets supports key financial statement assertions, in addition to ensuring accurate and complete financial information. Therefore, HQ

OPCOM/program offices shall review asset extract reports against operational and maintenance applications (e.g., AOPS, ALMIS Maintenance).

10.3.7.25.5 Asset Description and Location

The description and location of an asset can change at any time. Updating this information helps to identify the asset and supports other life cycle events, such as physical inventories and audits that test asset existence. HQ OPCOM/program offices shall check asset descriptions and locations against operational (and, if necessary, maintenance) applications (e.g., AOPS, ALMIS) and shall update records accordingly.

10.3.7.25.6 Asset Status

Accurate determination of asset status provides the initial information needed to ensure that existence and valuation are correctly stated in Oracle FAM. The following table lists the asset categories and the corresponding OPCOM/program offices pertinent to this subsection:

Table 10.15 Asset Categories and Corresponding OPCOM/Program Offices

Asset Category	OPCOM/Program Office
Aircraft	Commandant (CG-71)
Boats	Commandant (CG-73)
Vessels	Commandant (CG-75)
Electronic Systems/ Stand-alone/Test	Commandant (CG-64)
Vehicles	Commandant (CG-43)
General-purpose	Commandant (CG-84)
Shipbuilding Equipment/ Machinery	Yard

The asset status for each category of asset shall be reflected in the fixed asset system as follows:

1. **Active/Maint** –
 - a. The asset is in service. It appears on Coast Guard records, and depreciation continues to accumulate during active service; or
 - b. The asset is not currently in operational service; however, it will return to service immediately after maintenance is completed. It appears on Coast Guard records, and depreciation continues to accumulate during maintenance. Maintenance is designed to allow the asset to achieve its stated useful life.

2. **Storage/Use** – The asset is in storage at a Coast Guard or other authorized location and is available for use. The asset is preserved in a way that minimizes deterioration, and its status can change to Active/Maint based on mission needs. The asset appears on Coast Guard records, and depreciation continues to accumulate during storage/use. For additional guidance, see Subsection 10.3.7.31 Storage of Assets with Intent to Use.
3. **Storage/Disp (Decommissioned)** – The asset is in storage at a Coast Guard or other authorized location, but is not available for use. There is no significant preservation investment in the asset. The asset may be under reutilization/cannibalization (removing components, systems, and spare parts), and the remainder of the asset will be disposed of at a particular time. The asset appears on Coast Guard records; however, potential cost adjustments (loss) may be recorded to the financial statements, depending on the remaining NBV. Depreciation does not accumulate during storage/retirement. See also Subsection 10.3.7.32 Storage of Assets with Intent to Dispose.
4. **Impaired** – The asset is impaired due to damage, deterioration, or engineering/construction issues that preclude it from performing its mission. The asset appears on Coast Guard records; however, cost adjustments will be made depending on the level of impairment and the remaining salvage value. Depreciation will continue if a remaining NBV (salvage) remains. See also Subsection 10.3.7.33 Impairment of Assets.
5. **Retired (Decommissioned)** – The asset has been removed from Coast Guard records, and the remaining NBV has been recorded as a loss. See also Subsection 10.3.7.34 Retirement of Personal Property Assets.

10.3.7.25.7 Asset In-Service Date/Useful Life

Accurate in-service dates and service lives are essential for assets to be properly stated in the fixed asset record application and on the financial statements. The service lives contained in this policy shall be compared to those in the asset extracts to ensure that they are in agreement. In some cases, significant improvements may have increased the useful life of a particular asset beyond the useful life listed in this policy. In those cases, the useful life shall be noted in the extract as reviewed and corrected.

10.3.7.26 Government-Furnished Equipment

Government-furnished equipment (GFE) is equipment that is owned by or leased to the Government and that is currently in the possession of a contractor or subcontractor. GFE includes COTS software. It also includes contractor-held assets obtained by the Government under the terms of the contract.

1. GFE shall be tracked and accounted for in Oracle FAM, except for Yard industrial assets, which are tracked in NESSS. In either case, tracking and accounting is based on asset category.

Note: For Yard industrial assets, Yard Financial Operations shall perform all FINCEN (FR) functions described below.

2. Accountable property officers shall inform FINCEN (FR) of GFE transactions within 30 calendar days of their occurrence.
3. Accountable property officers/FINCEN (FR) shall record all GFE transactions affecting personal property assets \$25,000 or greater in Oracle FAM.
4. Accountable property officers shall ensure that identification, tracking, physical inventory, maintenance, and reporting are performed for personal property assets in the control of contractors and other entities.
5. Accountable property officers shall ensure that contracts identify the material and equipment to be provided by the Government and specify identification, tracking, physical inventory, maintenance, and reporting requirements.
6. Accountable property officers shall approve the transfer and disposition of GFE during and upon completion of contract performance.
7. Accountable property officers shall ensure that a copy of each contractor inventory report and each transfer/disposition document is gathered, verified for accuracy and appropriate approvals, and retained at appropriate levels.
8. Accountable property officers shall ensure that FINCEN (FR) is notified of the completion of the contract within 20 days, and that they are provided with all applicable supporting documents.
9. Accountable property officers shall provide a certified copy of each contractor inventory report to FINCEN (FR) via Commandant (CG-842) on an annual basis.
10. FINCEN (FR) shall reconcile contractor inventory reports on an annual basis.
11. Accountable property officers and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications related to GFE for a period of three fiscal years.

10.3.7.27 *Physical Inventories of Personal Property Assets*

A physical inventory verifies the existence of the asset, as well as the completeness and accuracy of the personal property records and the general ledger accounts in Oracle and subsidiary systems of record (e.g. ALMIS, AOPS, NESSS etc.). It reconciles and adjusts the accountability records with the custodial records and ensures that the personal property and financial records are reconciled with the actual property on hand. The inventory also determines the status (e.g., active), the state of completeness (e.g., cannibalized), and the state of improvement (e.g., enhancement made not reflected on Coast Guard records) of the personal property asset. Physical inventories are scheduled for the fourth quarter of each fiscal year.

1. Commandant (CG-844) shall plan and execute 100 percent physical inventories of capitalized aircraft, vessels, boats, and electronic systems on an annual basis, accommodating record-to-floor (existence) and floor-to-record (completeness) testing. The inventories shall be planned and executed with the appropriate OPCOM office (e.g., Commandant (CG-731) for small boats).

2. Commandant (CG-844), along with the appropriate program office, shall plan and execute a random inventory annually for all remaining capitalized categories of personal property in Oracle and other operational subsidiary systems, accommodating record-to-floor (existence), and floor-to-record (completeness) testing.
3. Commandant (CG-844) shall ensure that physical inventories include existence and completeness testing, as well as status verification.
4. Commandant (CG-844) shall develop and submit a physical inventory plan for the upcoming year to Commandant (CG-84), no later than 30 September.
5. Commandant (CG-844) shall monitor the progress of all physical inventories and shall ensure their completion within 30 calendar days.
6. Commandant (CG-844) shall ensure that full and complete documentation is gathered and maintained to support the physical inventory, and that all requests for record adjustments are fully supported with proper evidential documentation.
7. Commandant (CG-844) shall request that FINCEN (FR) (Oracle) and other applicable Coast Guard Units (e.g. Yard Financial Operations, ALC, etc.) make necessary adjustments to their records. These requests shall be accompanied by proper documentation.
8. FINCEN (FR) and Coast Guard Units shall review requests for record adjustments and shall update their records within five business days. Any requests that cannot be honored due to insufficient supporting documentation shall be reported back to Commandant (CG-844) for action. Commandant (CG-844) shall resolve these discrepancies and shall return corrected documentation to FINCEN (FR) and Coast Guard Units within five business days.
9. FINCEN (FR) and Coast Guard Units shall report to Commandant (CG-844) when all adjustments have been made to the Oracle and subsidiary systems.
10. Commandant (CG-844), FINCEN (FR), and Coast Guard Units shall ensure that the inventory date is updated in the Oracle and subsidiary systems.
11. Commandant (CG-844) shall review Oracle and applicable subsidiary system to ensure that all asset records are verified as updated, all adjustments have been recorded, and the physical inventory dates have been updated.
12. Commandant (CG-844) shall prepare and submit a physical inventory report to Commandant (CG-84) for review and approval.
13. Commandant (CG-844) shall provide oversight and work collaboratively with FINCEN (FR), and Coast Guard Units to ensure that audit-compliant evidential documentation is maintained to support the planning, execution, decisions, approvals, and adjustments for all physical inventories for a period of three fiscal years.

10.3.7.28 *Physical Inventories of Government-Furnished Property (GFP)*

A physical inventory of Government-furnished property ensures that contractors have appropriate safeguards in place to protect Government assets and that existence and completeness assertions can be met, thus ensuring the accuracy of the personal property records and the general ledger accounts in Oracle.

1. Commandant (CG-9) acquisition offices shall ensure that a physical inventory is completed for each contract that includes Government-furnished property, in accordance with *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series).
2. Commandant (CG-9) acquisition offices shall ensure that FINCEN (FR) is provided with the results of the inventory, as well as complete documentation for changes, so that any lost or damaged GFP can be updated in Oracle FAM.
3. Commandant (CG-9) acquisition offices shall prepare and submit a consolidated inventory memorandum to FINCEN (FR), prior to the end of each fiscal year, certifying that a GFP inventory was conducted. The memorandum shall include an attachment itemizing the contract numbers and GFP assets identified in the inventory.
4. Commandant (CG-9) acquisition offices and FINCEN (FR) shall ensure that audit-compliant and *Coast Guard Acquisition Procedures (CGAP)*, COMDTINST M4200.19 (series), subchapter 3405-compliant evidential documentation is maintained at appropriate levels to support physical inventories for three fiscal years.

10.3.7.29 *Year-end Certifications*

Year-end certifications of personal property assets allow for the addition of previously unrecorded assets and provide assurance that assets that were present during fourth-quarter physical inventories still exist at fiscal year-end. Certification thus provides an additional level of assurance that personal property assets exist and are complete.

1. Accountable property officers shall prepare a year-end certification of capital personal property assets under their control as of 1 August, based on assets identified in Oracle FAM.
2. Accountable property officers shall submit their certifications to FINCEN (FR), noting errors and including corrective documentation for those errors, by 10 August. The certifications shall be signed by the commanding officer/officer-in-charge.
3. FINCEN (FR) shall ensure that corrections are made to Oracle FAM by 20 September.
4. Accountable property officers shall ensure that audit-compliant evidential documentation is maintained to support the year-end certifications of personal property assets for a period of three fiscal years.

10.3.7.30 *Correction of Asset Records*

It is occasionally necessary to correct asset records in order to comply with GAAP and to support financial statement assertions. Audit-compliant documentation to support the corrections must be gathered, analyzed, and maintained.

1. Commandant (CG-842) and FINCEN (FR) shall ensure that all asset record corrections are analyzed, reconciled, and supported by auditable documentation.
2. Commandant (CG-842) and FINCEN (FR) shall ensure that all documentation contains the dated signatures of the preparer, reviewer, and approver.
3. The Commandant (CG-842) approver shall be either the property desk officer or the division chief.
4. FINCEN (FR) must record all corrections received by Commandant (CG-842) within 30 calendar days of receipt.
5. Commandant (CG-842) and FINCEN (FR) shall review the corrections for financial statement impact and to ensure that they are recorded timely and accurately.

10.3.7.31 *Storage of Assets with Intent to Use*

Assets in storage continue to be depreciated and are not removed from the general ledger accounts. The status of those assets is clearly noted in Oracle FAM, and documentation supporting the storage decision is maintained.

1. HQ program offices shall determine the status of assets in storage.
2. HQ program offices shall gather and approve documentation supporting the storage decision, and shall forward copies to FINCEN (FR) within 20 calendar days of the decision.
3. FINCEN (FR) shall update the asset status in Oracle FAM within 10 calendar days of receipt of the documentation from the HQ program office.
4. FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications related to the storage of an asset for the life cycle of the asset plus three fiscal years.

10.3.7.32 *Storage of Assets with Intent to Dispose*

Assets in storage with intent to dispose are removed from the general ledger accounts, along with accumulated depreciation/amortization. The status of each asset is noted in Oracle FAM, and complete supporting documentation is maintained.

1. HQ program offices shall determine the status of assets in storage with intent to dispose.
2. HQ program offices shall prepare, review, and approve documentation supporting the decision to store with intent to dispose, and shall forward copies to FINCEN (FR) within 20 calendar days of the decision.

3. FINCEN (FR) shall remove the remaining accumulated depreciation/amortization and update the asset status in Oracle FAM within 10 calendar days of receipt of the documentation from the HQ program office.
4. FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications related to the storage of an asset with intent to dispose for the life cycle of the asset plus three fiscal years.

10.3.7.33 *Impairment of Assets*

Personal property assets may become impaired due to damage, faulty construction, deterioration, or engineering flaws. Capitalized personal property assets that the Coast Guard has no intention to repair, shall be reported to Commandant (CG-844) within thirty (30) days of impairment and/or prior to fiscal year end, whichever is less.

1. Material costs incurred for corrective action to an impaired asset are capitalized, along with the costs incurred prior to impairment.
2. If an impaired asset remains in use, the loss due to impairment is measured as the difference between the book value and either:
 - a. The cost to acquire an asset that would perform similar remaining functions; or
 - b. The portion of the book value attributable to the remaining functional elements of the asset.
3. The loss shall be recognized upon impairment, and the book value of the asset reduced accordingly. If neither of items 2a or 2b above can be determined, the book value continues to be depreciated/amortized over the remaining useful life of the asset.
4. If the impaired asset is to be removed from use, the loss due to impairment is measured as the difference between the book value and the Net Realizable Value (NRV), presumably zero. The NBV, if any, must transfer to an equipment-pending retirement account until such time as the asset is disposed of.
5. HQ program offices shall determine, monitor, and report the impairment of personal property assets.
6. HQ program offices shall prepare, review, and approve documentation supporting the impairment of assets and shall forward copies to FINCEN (FR) within 20 calendar days of the decision to declare an asset impaired.
7. HQ program offices shall monitor and report the status of impaired assets to determine if they will be stored, disposed of, or returned to service. Documentation supporting this decision shall be forwarded to FINCEN (FR) within 20 days of the decision.
8. FINCEN (FR) shall remove the remaining accumulated depreciation/amortization and shall update the asset status in Oracle FAM within 10 calendar days of the receipt of the impairment documentation from the HQ program office.

9. FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications related to the impairment of an asset for the life cycle of the asset plus three fiscal years.

10.3.7.34 Retirement of Personal Property Assets

Retirement occurs when an asset is no longer used and is removed from service. A personal property asset is retired when it reaches the end of its useful life or when it has been destroyed, sold, or no longer provides benefit to the Coast Guard.

1. HQ program offices shall determine the status and retirement of assets.
2. HQ program offices shall prepare, review, and approve documentation supporting the decision to retire an asset and shall forward copies to FINCEN (FR) within 20 calendar days of the decision.
3. FINCEN (FR) shall remove the remaining accumulated depreciation/amortization and shall update the asset status in Oracle FAM within 10 calendar days of receipt of the documentation from the HQ program office.
4. FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications related to the retirement of an asset for the life cycle of the asset plus three fiscal years.

10.3.7.35 Disposing of Personal Property Assets through Transfers, Exchanges, and Donations

Personal property no longer needed by a Coast Guard activity shall be offered for use elsewhere within the agency. The following general policy stipulations apply to all assets disposed of through transfer, exchange or donation.

1. Personal property that is no longer needed by the Coast Guard shall be declared excess and reported to GSA or turned in to DLA Disposition Services for possible transfer to eligible recipients.
2. If GSA determines that there are no Federal requirements for the excess personal property, it becomes surplus property and is available for donation to State and local public agencies and other eligible non-Federal entities.
3. Surplus personal property not selected for such donation shall be offered for sale to the public by competitive offerings such as sealed-bid sales, spot-bid sales, or auctions.
4. If a written determination is made that the property has no commercial value or that the estimated cost of its continued care and handling exceed the estimated proceeds from its sale, the surplus personal property may be disposed of by abandonment, destruction, or donation to public entities.
5. When it is economically feasible and acceptable to DLA Disposition Services, excess Coast Guard property shall be physically transferred to DLA Disposition Services instead of being reported to GSA. Coast Guard excess property may be accepted by DLA

Disposition Services for utilization screening, sale, or in-place disposal at the Coast Guard unit location.

10.3.7.36 *Disposition of Personal Property Assets*

As discussed in the preceding subsections, assets may be declared impaired or disposed of by transfer, exchange, retirement, or donation. In any of these events the disposition of the asset must be recorded in a timely and proper manner to ensure the integrity of the financial statements.

1. HQ program offices and accountable property officers shall ensure that asset disposal is supported by proper evidential documentation and that the assets are removed from Oracle FAM within 30 days of the disposal.
2. Commandant (CG-9) acquisition offices shall approve the transfer and disposition of Government-furnished property when contractor need is satisfied or upon contract completion. The contracting officer shall ensure that copies of the contractor inventory report and the documentation related to the transfer/disposition of property are provided to the unit property officer and to FINCEN (FR).
3. FINCEN (FR) shall ensure that the asset is placed in “retired” status and that any associated accumulated depreciation is removed from general ledger accounts within five business days of receipt of the documentation. Any difference in the book value of the asset and its expected NRV shall be recognized as a gain or loss in the period of adjustment. The expected NRV shall be adjusted at the end of the accounting period, and any further adjustments in value shall be recognized as a gain or loss. No additional depreciation shall be taken once such assets are removed from Oracle FAM and the general ledger accounts in anticipation of retirement or removal from service.
4. HQ program offices, accountable property officers, and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the retirement of personal property for a period of three fiscal years.

10.4 Deferred Maintenance and Repairs of Assets

Deferred maintenance and repairs (DM&R) is defined in the Statement of Federal Financial Accounting Standards (SFFAS) No. 40 as maintenance that was not performed when it should have been, or was scheduled to be, and is thus postponed or delayed until a future period. This includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services, and achieves its expected life. DM&R excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

10.4.1 Reporting of Deferred Maintenance and Repairs

DM&R shall be reported, as required, up to and within the fiscal year of an asset’s disposal. Amounts reported for deferred maintenance may be measured by using condition assessment surveys or life-cycle cost forecasts. Once the asset is fully retired from the unit’s records, no further deferred maintenance shall be recorded.

Commandant (CG-844) and FINCEN (FR) shall ensure that the following information is presented as supplementary information for all personal property:

1. Identification of each major class of asset for which maintenance has been deferred;
2. Method of measuring deferred maintenance for each major class of personal property;
3. Condition assessment survey method of measuring deferred maintenance, if used; and
4. Total life-cycle cost method for each major class of personal property, if used.

The Coast Guard reports on the value of maintenance necessary to restore the asset so that it continues to provide acceptable services, and achieves its expected life. Reports are prepared for the four depot-level classification categories that need to be restored to “excellent” condition, but only when the maintenance is postponed due to funding shortfalls. The four depot-level categories are:

1. Aviation Depot-Level (AFC-41) for Aircraft;
2. Electronics Depot-Level (AFC-42) for Electronics;
3. Shore Facility Depot-Level (AFC-43) for Buoys and Aids to Navigation; and
4. Naval Depot-Level (AFC-45) for Vessels and Small Boats.

Note: Additional reporting responsibilities and processes relating to DM&R may be found in chapter 7 of this manual.

10.5 Cost Decision Table and Notes

The following cost decision table is to be used for all property categories, both real and personal.

Table 10.16 Cost Decision Table for Real and Personal Property Categories

	Type of Cost	Treatment
1.	Additions to existing assets that extend capacity/useful life (e.g., improvements)	Capitalize
2.	Advance payments	Capitalize (See Note 1.)
3.	Architecture and engineering costs (Rendering, Soil Testing, Drawings)	Capitalize

	Type of Cost	Treatment
4.	Building costs (Coast Guard-owned) – original costs and major improvements	Capitalize
5.	Calibration of equipment: a) Incurred during or prior to project completion. b) Incurred after project completion; normally funded with OE Funds.	Capitalize Expense
6.	Configuration management after a technological feasibility has been completed	Capitalize
7.	Consumable and repairable spare parts (OM&S)	Expense (See Note 8.)
8.	Contractor logistics support and contractor depot logistics support after completion. Normally associated with normal maintenance, and typically funded with OE Funds	Expense
9.	Damage claims related to the project, paid by the Coast Guard to a contractor	Capitalize
10.	Decommissioning, retirement costs (clean-up, site restoration, environmental due diligence act)	Expense (See Note 2.)
11.	Demolition costs: a) Incurred in conjunction with an acquisition or lease of real estate. b) If no construction is intended.	Capitalize (See Note 14.) Expense
12.	Deployment readiness review (in-service decision)	Capitalize

	Type of Cost	Treatment
13.	Design costs (system & engineering) – Hardware, software, failure mode criticality analysis, maintainability/reliability program & demonstration costs: a) Before feasibility has been determined. Note: Feasibility is normally a factor only in large, new-technology projects. b) After feasibility has been determined.	Expense Capitalize
14.	Design reviews (e.g., formal qualification reviews, preliminary and critical design reviews): a) Before feasibility has been determined. Note: Feasibility is normally a factor only in large, new-technology projects. b) After feasibility has been determined.	Expense Capitalize
15.	Direct costs for developing or fielding a system (e.g., boats, aircraft, vessels, electronic systems), incurred by either the Coast Guard or a contractor, after technological feasibility has been proven	Capitalize
16.	Documentation (system) costs incurred prior to project completion (e.g., guides, user manuals)	Capitalize
17.	Easements (land rights)	Capitalize
18.	Engineering costs (See Design costs.)	Capitalize
19.	Environmental impact (new construction)	Capitalize
20.	Environmental remediation costs (Coast Guard-owned property): a) Underground storage tanks and asbestos removal. b) Soil removal and restoration: as part of new facility construction, or cleanup after construction/decommissioning.	(See Note 3.) Capitalize (See Note 4.) Expense (See Note 2.)

	Type of Cost	Treatment
21.	Equipment costs (Coast Guard operating lease) used to facilitate the completion of a CG project (e.g., boats, aircraft, vessels, electronic systems)	Capitalize
22.	Failure mode critical analysis	(See Design costs.)
23.	First articles and prototypes	Capitalize (See Note 5.)
24.	Furniture (initial purchase as part of a project)	Capitalize (See Note 6.)
25.	General and administrative (G&A) costs: a) Internal Coast Guard G&A. b) Contract-provided G&A.	Expense Capitalize
26.	Government-furnished equipment/material consumed as part of the project cost	Capitalize
27.	Handling and storage costs: a) Prior to project completion. b) After prior completion.	Capitalize Expense
28.	Incentive fees to contractors (to reward performance goals)	Capitalize
29.	Interest payments Prompt-payment interest	Capitalize Expense

	Type of Cost	Treatment
30.	<p>Labor costs <u>during</u> construction:</p> <p>a) Technical support services contract.</p> <p>b) Logistics support services contract <u>before</u> project completion.</p> <p>Note: Logistics services <u>after</u> a project is completed are considered a normal maintenance activity and must be expensed.</p> <p>c) AC&I billets (core and project management).</p> <p>d) Contractor support to program offices (program management, systems engineering and testing).</p>	<p>Capitalize</p> <p>Capitalize</p> <p>Capitalize</p> <p>Capitalize</p>
31.	<p>Land acquisition costs (e.g., survey, title services, appraisals, fees, razing existing structures acquired from others, environmental due diligence, and purchase price)</p>	<p>Capitalize</p>
32.	<p>Lease payments for equipment (e.g., PP&E used to facilitate project completion):</p> <p>a) Capital lease.</p> <p>b) Operating lease.</p>	<p>Capitalize (See Note 7.)</p> <p>Expense</p>
33.	<p>Lease payments for land, where the Coast Guard will not receive title to the land</p>	<p>(See Note 7.)</p>
34.	<p>Leasehold improvements to non Coast Guard-owned assets (e.g., major renovations, rewiring buildings, rehabilitating/enlarging piers)</p>	<p>Capitalize</p>
35.	<p>Legal fees incurred to bring the project to its intended use (e.g., title and recording costs)</p>	<p>Capitalize</p>
36.	<p>Legal fees – external (non Coast Guard - incurred legal costs to bring the project to its intended use)</p>	<p>Capitalize</p>

	Type of Cost	Treatment
37.	Maintenance and repair costs	Expense
38.	Material costs: a) Contractor-acquired property. b) Other contractor-provided material. c) Government-furnished material (GFM) provided to the contractor.	Capitalize Capitalize Capitalize
39.	Modifications to systems or equipment that provide a new capability or extend useful life (e.g., major upgrades, “leapfrog” modifications)	Capitalize
40.	Other Coast Guard-owned structures (e.g., electrical systems, roads, parking lots, piers, sidewalks, sewage systems, and towers) – original cost and major improvements	Capitalize
41.	Packaging, postage, and packing (contractor costs): a) Costs incurred prior to project completion. b) Costs incurred after project completion.	Capitalize Expense
42.	Prepayments	(See Note 1.)
43.	Price adjustments (e.g., economic price adjustments, equitable price adjustments)	Capitalize
44.	Production readiness review	Capitalize
45.	Progress payments	Capitalize (See Note 1.)
46.	Project management costs by contractors Note: For Coast Guard AC&I labor costs see Labor.	Capitalize
47.	Prototypes and first articles	Capitalize (See Note 5.)

	Type of Cost	Treatment
48.	Real estate costs incurred to place the project into operation (See also Land acquisition costs.)	Capitalize
49.	Renovation costs (See also Building costs, Equipment costs, Leasehold improvements, and Other Coast Guard-owned structures.)	Capitalize
50.	Rental costs: a) Equipment/storage space prior to project completion. b) Equipment/storage space after project completion.	Capitalize Expense
51.	Repair costs (emergency repairs, routine repairs such as replacing shingles or repairing HVAC, periodic depot maintenance, Yard availability)	Expense
52.	Research and development costs	Expense
53.	Service costs (incurred after project completion)	Expense
54.	Shipping costs for new systems (including handling and storage): a) To a point of intended use (includes fuel to move aircraft, boats, or vessels from contractor location to initial Coast Guard location). b) After point of intended use.	Capitalize Expense
55.	Site construction costs (See also Land acquisition costs.)	Capitalize
56.	Site selection costs (e.g., legal, survey, design, studies): a) If site was selected for lease or purchase. b) If site was not selected for lease or purchase.	Capitalize Expense

	Type of Cost	Treatment
57.	Software costs (internally or externally produced, embedded)	Capitalize (See Note 9.)
58.	Special tools and test equipment hardware	Capitalize
59.	System/subsystem integrity. Check demonstration.	Capitalize
60.	System tests (e.g., interface test, operational test and evaluation): a) Incurred prior to project completion. b) Incurred after project completion.	Capitalize Expense
61.	Technical manuals	Capitalize
62.	Technical support services: a) Incurred prior to completion. b) Incurred after completion.	Capitalize Expense
63.	Technology refreshment of COTS components (includes product improvements or upgrades)	Capitalize (See Note 10.)
64.	Telecommunications: a) Initial (if an integral part of the project cost). b) Service (normal activity; not tied to project completion).	Capitalize Expense
65.	Test/Readiness review	Capitalize
66.	Test equipment: a) Procured as an embedded or required component of a system. b) Stand-alone test equipment (not part of a system).	Capitalize Capitalize as a unique asset (See Note 11.)
67.	Training courses and devices developed by the Coast Guard or contractor personnel – course development costs and/or construction of training devices (system/asset specific)	Capitalize as a unique asset

	Type of Cost	Treatment
68.	Training courses , both refresher and follow-on training given to Coast Guard personnel	Expense
69.	Travel: a) In conjunction with inspection, supervision, and administration of construction contracts and project responsibility. b) General and administrative travel for a common or joint purpose benefiting more than one cost objective, such as travel to monitor several projects, or project costs such as Coast Guard crew relocation and travel costs incurred to relocate the crew during work on a CG vessel. c) Continuous travel orders that cover, e.g., per diem, lodging, air fare, car rental.	Expense (See Note 12.) Expense Expense
70.	Utilities: a) To bring the asset to its intended use (e.g., installation, site preparation). Note: Utilities are normally operating expenses. b) After project completion (even if paid by AC&I funds).	Capitalize Expense
71.	Warranties	Expense (See Note 13.)

Note 1: Advances and progress payments made to contractors as part of a CIP project should be added to the CIP account for the asset being constructed.

Note 2: Do not capitalize costs associated with decommissioning or disposing of an asset. At the time an asset is placed in service (commissioned), estimate what environmental cleanup costs will be incurred in connection with its subsequent decommissioning or retirement. Then allocate that estimated total environmental cleanup cost proportionately over the useful life of the asset, with a portion of it recognized as expense (and accrued as a liability) during each service year. Such accrual does not impact the asset’s gross value or accumulated depreciation, but instead accumulates in an unfunded liability account. Non-environmental decommissioning costs must be estimated when Coast Guard management decides to dispose of the asset, based on the type of retirement management elects. **Note:** If non-environmental retirement costs cannot be easily

separated from environmental costs, they can be included as part of the environmental cleanup costs.

Note 3: For hazardous-materials projects that clean up existing facilities and do not include equipment costing \$50,000 or greater, expense all costs as they are incurred. If new equipment is acquired to address environmental concerns (such as scrubbers or filtration devices), account for such equipment as a new capital asset if it meets capitalization thresholds. Otherwise, expense the equipment.

Note 4: Cleanup costs may be incurred in connection with bringing a property to a form and location suitable for its intended use. These costs are eligible for capitalization, along with other site development costs.

Note 5: Expense any costs incurred on a first article or prototype before technological feasibility has been established. After technological feasibility has been established, the subsequent costs of constructing and installing the first article are eligible for capitalization and depreciation over the useful life of the asset. If the first article is an improvement to an existing asset and does not extend the life of the existing asset, depreciate the prototype over the remaining useful life of the existing asset. If the prototype extends the useful life of the existing asset, add the cost of the prototype to the existing asset and depreciate the remaining Net Book Value (NBV), plus prototype costs over the new useful life. If the first article/prototype is not intended to be placed in operational service, but is to be used solely for testing, capitalize and depreciate it over the estimated useful life of the test equipment. If the system is destroyed during testing, write off the asset at that time.

Note 6: Furniture will be capitalized if it is built into or attached to the project asset and would damage the asset if removed. If individual pieces of non-attached furniture meet capitalization thresholds, then they must be capitalized and not listed as part of the project cost. If individual pieces of non-attached furniture do not meet the capitalization threshold for GPP, then they must be expensed.

Note 7: Capital lease assets are capitalized upon a determination that the lease meets the capital lease criteria of SFFAS No. 6.

Note 8: Consumable and repairable spare parts (OM&S) shall be expensed from CIP projects and recorded in the OM&S spare parts applications (e.g., ALMIS, NESSS, FLS) at the ICP or field unit location.

Note 9: Software embedded in a system is part of the system's total cost. Other costs (both internally and externally incurred) may be capitalizable for software procured independently of the hardware on which it is resident. Examples of capitalizable costs are the costs to purchase or develop software, including design, coding, testing, and installation. Any enhancements that correct design flaws in software, including developmental costs (e.g., evaluation of alternatives, data conversion, costs incurred after final acceptance, or software maintenance), are not eligible for capitalization.

Note 10: If the original asset was recorded as line-item accountable, delete the old record and record the replacement component as a new detail property record. Capitalize it if it meets the capitalization criteria. If the original asset was recorded as a system, determine whether the replacement component provides a new capability (not previously included) or extends the useful life of the asset. If it does, capitalize it as an improvement if it meets the capitalization criteria; if it does not, expense it.

Note 11: If stand-alone test equipment (test equipment not part of a system) meets the capitalization threshold criteria, add it to the fixed asset system; if it does not, expense it.

Note 12: The Coast Guard has determined that travel orders will be expensed, since they do not meet the definition of direct costs. SFFAS No. 4 indicates that direct costs are costs that can be specifically identified with an output, and SFFAS No. 6 calls for capitalization of the “direct costs of inspection, supervision, and administrative of construction contracts.” Since Coast Guard travel orders cannot be directly linked to a specific asset, they will be expensed.

Note 13: If the Coast Guard purchases an extended warranty, record it as an expense at the time the invoice is paid.

Note 14: Costs related to the demolition of a building in preparation for new construction are capitalized as part of building costs. Costs related to gutting the interior of a warehouse in preparation for reconstructing the interior as office space are likewise capitalized as part of building costs. If demolition is not associated with new construction or improvements, these costs should be expensed in the period incurred.

10.6 Financial Accounting and Reporting of Capital and Operating Leases

10.6.1 Overview

The Coast Guard manages and maintains financial accountability and reporting responsibilities for a variety of property defined as “real or personal property leased assets.” The leased assets are acquired through Coast Guard and General Services Administration (GSA) leasing programs located at various Coast Guard field unit locations, and their associated values are reflected on Coast Guard financial statements. Coast Guard field units with leased property assets, as well as Coast Guard personnel with oversight authority (i.e., HQ program offices; CEU real property inventory specialists) are responsible for the proper safeguarding, management, monitoring, and reporting of these assets. Coast Guard directorates, or their designees, will identify, report, maintain, and account for leased property.

The Coast Guard acquires leased assets through capital leases or operating leases. For capital leases, it is required to record an asset and a liability which impacts the Balance Sheet. For operating leases, there is no Balance Sheet impact, but there is an impact on the Statement of Net Cost, and there are financial statement disclosure requirements for both capital and operating

leases. The cost of property acquired through a capital lease is recorded as an asset and is depreciated. Rental or lease costs of property acquired under an operating lease are recorded as an operating expense in the accounting period in which the costs are incurred. This policy requires Coast Guard directorates or their designees to manage transactions and record values for all capital and operating leases. It details the requirements for planning and budgeting, approval, acquisition, receipt, valuation, capitalization, and recording of property leases. This policy ensures that capital and operating leases will be recorded timely and accurately in the appropriate general ledger (GL) accounts and disclosed in the notes of the financial statements in accordance with generally accepted accounting principles (GAAP).

10.6.2 Scope

This section stipulates policy for the physical and financial accountability of Coast Guard real and personal property leased assets through new leases, renewals, or modifications of leases. This policy also assists property managers and accounting and financial personnel in understanding their roles and responsibilities relating to leased property. This policy applies to all sources of funds and all directorates, or their designees, involved in all life cycle business events related to real and personal property.

10.6.3 Procedures, Modifications, and Changes to Policy and Procedures

Periodically, it may become necessary for policy and supporting procedures to be updated to reflect changes in life cycle events, in addition to changes in laws, regulations, accounting standards, and DHS-specific guidance. In situations where updates are deemed appropriate, it is the responsibility of the directorate, or its designees, to ensure that modifications to procedures, desk guides, and other process documents are in alignment with this policy.

10.6.4 Definitions

amortization – the process of recognizing as a period cost that portion of a capital lease or leasehold improvement that is used up in a given period to provide a service. Amortization expense is recorded monthly and is computed using the straight-line method with a residual value of zero. This cost is amortized over the lease term or the life of the asset, whichever is shorter, and is also recorded in an accumulated amortization account.

audit-ready documentation – the required documentation for a leased asset that makes the transaction GAAP- and audit-compliant and supports the values recorded on the financial statements.

bargain-price purchase option – a provision allowing the Coast Guard to purchase the leased property for a price that is lower than the expected fair market value of the property at the date the option can be exercised. The purchase price includes the value of any rebates or income to the Coast Guard resulting from its purchase of the asset.

bargain renewal option – a provision allowing the lessee, at his option, to renew the lease for a rental sufficiently lower than the fair rental of the property at the date the option becomes exercisable. At the inception of the lease, the difference between the renewal rental and the expected fair rental must be great enough to make exercising the option to renew reasonably assured.

capital lease –

1. A lease which transfers substantially all of the benefits and risks of ownership to the lessee. Capital leases are considered equivalent to a purchase.
2. Any lease that does not meet the operational criteria outlined in OMB Circular A-11, appendix B.

Capital lease renewals and modifications during the lease period are accounted the same as a capital lease.

Construction in Progress (CIP) – a temporary asset account consisting of both direct costs (e.g., the cost of direct materials, direct labor, direct purchased services) and indirect costs, used to produce customized (constructed, fabricated, or assembled) capitalized property assets either through an outside vendor or contractor, or in-house using Coast Guard resources. After completion of the CIP process, the title transfers, the asset is recorded in the Coast Guard fixed asset system, and the CIP account is relieved of the appropriate costs incurred.

contingency – an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an entity, but that will ultimately be resolved when one or more future events occurs or fails to occur.

contracting officer (KO) – a person acting on behalf of the Coast Guard and having the authority to enter into, administer, and terminate contracts, and to make related determinations and findings.

Core Accounting System (CAS) – a full suite of commercial off-the-shelf (COTS) accounting modules that includes project accounting, GL, accounts payable, accounts receivable, fixed assets, inventory, and purchasing functions. Coast Guard official records for leased assets and all financial transactions are maintained in CAS.

depreciation – the systematic and rational allocation of the acquisition cost of an asset, less its estimated salvage or residual value, over its estimated useful life.

desktop instructions – an operating process guide for performing the day-to-day activities of a function or organization at the level of an individual operator. Desktop instructions are subordinate to formalized procedures containing key controls.

discount rate – an interest rate used to bring a series of future cash flows to their net present value (NPV) in order to state them in value of today's current dollars. Use of a discount rate removes the time value of money from future cash flows and is used for comparison purposes.

early lease termination – cancellation or termination of a lease agreement before the end of the lease term.

economic life – see **useful life**.

estimated residual value of leased property – the estimated value of the property at the end of the lease.

evidential matter (supporting documentation) – documents that are both valid and relevant, regardless of form, used to support transactions, reviews, accounting entries, and financial statement adjustments. Evidential matter obtained from independent third-party sources outside the Coast Guard provides a greater assurance of reliability for purposes of an independent audit than evidential matter secured solely within the Coast Guard.

executory costs – costs (e.g., insurance, maintenance, taxes) in connection with leased property.

expiration – the agreed-upon and stated date in a lease document whereby the lease ends.

fair market value (FMV) – an estimate of what a willing buyer would pay for a property to a willing seller, both in a free market, where both parties have reasonable knowledge of the relevant facts.

fair value – the price for which an asset could be bought or sold in an arms-length transaction between informed, willing, and unrelated parties, each of whom is acting rationally and in their own best interest.

Finance and Procurement Desktop (FPD) – an integrated financial software system which, along with CAS, serves as the enterprise-wide accounting and procurement system for the Coast Guard. FPD is used to create and manage simplified procurement documentation and to maintain accurate accounting data.

fiscal funding clause – a clause required in all Government lease agreements that states that the lease is cancellable by the Government agency with no obligation in the event that Congress does not appropriate the funds needed by the agency to fulfill the lease obligation.

GSA leased asset – a building and related improvements leased by GSA for a period of up to 20 years.

inception of lease – the date of the lease agreement or, if earlier, the commitment. For the purposes of this policy, the commitment must be in writing, signed by the parties in interest to the transaction, and specifically setting forth the principal provisions of the transaction. If any of the principal provisions are yet to be negotiated, such preliminary agreement or commitment does not qualify for the purposes of this policy.

lease – an agreement conveying the right to use an asset from one entity (the lessor) to another entity (the lessee) for a specified period of time in return for compensation (i.e., rental or lease payments).

lease POC – a person designated by the HQ program office to execute the responsibilities outlined in this policy. Lease POCs can be real property specialists, budget analysts, or program analysts.

lease schedule –

1. A master list of all Coast Guard capitalized lease agreements describing the assets leased, the terms of the leases, the lease payments, the useful lives, and the amortization amounts of the principal and interest on a monthly basis.
2. A list of payments due or made for an individual lease.

lease term – the fixed non-cancellable term of the lease plus:

1. All periods, if any, covered by bargain renewal options;
2. All periods, if any, for which failure to renew the lease imposes a penalty on the lessee in an amount such that renewal appears, at the inception of the lease, to be reasonably assured;
3. All periods, if any, covered by ordinary renewal options during which a guarantee by the lessee of the lessor's debt related to the leased property is expected to be in effect;
4. All periods, if any, covered by ordinary renewal options preceding the date as of which a bargain-price purchase option is exercisable; and
5. All periods, if any, representing renewals or extension of the lease at the lessor's option.

In no case shall the lease term extend beyond the date that a bargain-price purchase option becomes exercisable.

leasehold improvement costs – improvements made by the lessee to property under either a capital or operating lease. Leasehold improvement costs are capitalized and amortized over the remaining useful life of the asset, or the term of the lease, whichever is shorter.

lessee – the party in a lease agreement who is entitled to use and possess the leased asset and who is obligated to make payments to the lessor.

lessor – the party in a lease agreement who is entitled to receive the lease payments, who has legal title to the leased property, and who grants the lessee the right to use the asset for the lease term.

life cycle costs (lease period) – the total amount spent by the Coast Guard on a leased asset for the use of the asset during the life of the lease.

management assertions – representations by Coast Guard management that are embodied in financial statements. Management assertions can be either explicit or implicit and are classified into the following categories:

1. Existence or occurrence – addresses whether all transactions actually took place and that all assets, liabilities, and equity balances exist.
2. Completeness – addresses whether all transactions, assets, liabilities, and equity balances that should have been recorded have been recorded.
3. Rights and obligations – addresses whether the Coast Guard has the rights and ownership of the assets and is responsible for all liabilities and all related transactions pertained to the Coast Guard at a given date.
4. Valuation or allocation – addresses whether all transactions, assets, liabilities, and equity balances are included at the appropriate amounts and that any resulting valuation or allocation adjustments are appropriately recorded.
5. Presentation and disclosure – addresses whether particular components of the financial statements are properly classified, correctly described, and fairly and clearly disclosed.

minimum lease payments – the payments that the lessee is obligated to make or can be required to make in connection with the leased property, excluding a guarantee by the lessee of the lessor's debt and the lessee's obligation to pay (apart from the rental payments) executory costs in connection with the leased property. If the lease contains a bargain-price purchase option, only the minimum rental payments over the lease term and the payment called for by the bargain purchase price option are included in the minimum lease payments. Otherwise, minimum lease payments include the following:

1. The minimum rental payments agreed upon in the lease over the lease term;
2. Any guarantee by the lessee of the residual value at the expiration of the lease, whether or not payment of the guarantee constitutes a purchase of the leased property; and
3. Any payment that the lessee must make or can be required to make upon failure to renew or extend the lease at the expiration of the lease term, whether or not the payment would constitute a purchase of the leased property.

Net Book Value (NBV) – the original acquisition cost of an asset less its accumulated depreciation or amortization.

net present value (NPV) – the current value for the transaction, calculated by discounting all future payments using the discount rate.

operating lease –

1. A lease in which the lessee does not assume the risks of ownership of the property, plant, or equipment.
2. A lease that meets the six criteria outlined in OMB Circular A-11, appendix B.

Oracle Fixed Asset Module (FAM) – the official accounting software module used to record all Coast Guard capital fixed assets. Oracle FAM calculates the monthly depreciation or amortization.

penalty – costs which may be imposed on the lessee, as agreed upon in the lease, for noncompliance of terms.

periodic review – a review that is scheduled to occur at regular intervals in order to ensure that controls are in place and operating effectively.

personal property – tangible assets—with the exception of real property—meeting the following requirements:

1. An estimated useful life of two or more years;
2. Not intended for sale in the ordinary course of business;
3. Intended to be used by or be available for use by the entity; and
4. Meeting the capitalization thresholds used to support Coast Guard missions and activities.

Personal property includes aircraft, vessels, boats, electronics, software, vehicles, ship-building equipment and machinery, and general-purpose property which meet Coast Guard capitalization criteria.

policy – a formal statement of principles and regulations established at a high level to provide requirements to an administration for the execution of specified functions of an organization. Policy is a deliberate plan of action to guide decisions and achieve rational outcomes involving Government, private sector organizations, groups, and individuals.

procedures – a set of documented processes at a level of detail sufficient to guide the work of operations or functional activities to implement and comply with established policies.

real property – land, buildings, and structures, including property attached to the land (e.g., parking lots, fences).

residual value – the estimated fair market value (FMV) of the leased property at the end of the lease term.

Shore Asset Management (SAM) System – a database application containing all of the technical information related to shore assets (e.g., buildings, structures).

straight-line depreciation method – a cost allocation method of calculating the depreciation of an asset which assumes that an equal amount of the asset will be used up in each period to provide a product or service.

third-party documentation – documentation associated with a transaction that is provided by a person or entity outside the Coast Guard. Any financial documentation, such as an invoice, between an external vendor and the Coast Guard is considered third-party documentation. Third-party documentation may also be called “arms-length transaction” documentation.

timely and accurately – a term used to describe effective and efficient operations, whereby tasks are performed at the appropriate time or when scheduled, and the values or assessments are free from errors and conform to established standards.

useful life – the estimated remaining period during which a property is expected to be economically usable by one or more users, with normal repairs and maintenance, for the purpose for which it was intended at the inception of the lease, without limitation by the lease term. Monthly depreciation is calculated from the useful life. For leases, this is the number of years in the lease.

10.6.5 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
2. Chief Financial Officers Act of 1990. PL 101-576.
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*.
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*.
5. Federal Accounting Standards Board, Statement of Financial Accounting Standards No. 13, *Accounting for Leases*.
6. Office of Management and Budget, Circular A-11, *Preparation, Submission and Execution of the Budget* August 2012.
7. Office of Management and Budget, Circular A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs*, appendix C, “Discount Rates for Cost-Effectiveness, Lease-Purchase, and Related Analyses.”
8. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
9. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), section 3.1, “Property, Plant and Equipment.”
10. *Field Planning for Shore Infrastructure – Field Planning Manual*, COMDTINST M11000.17 (series).
11. *Major Systems Acquisition Manual (MSAM)*, COMDTINST M5000.10 (series).
12. *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).
13. *Real Property Management Manual*, COMDTINST M11011.11 (series).
14. *Simplified Acquisition Procedures (SAP) Manual*, COMDTINST M4200.13 (series).

10.6.6 Responsibilities

10.6.6.1 *Headquarters Lease Program Offices*

1. The HQ lease program offices are jointly managed by:
 - a. Commandant (CG-431) for real property leases; and
 - b. Commandant (CG-842) for personal property leases.

2. The HQ lease program offices:
 - a. Assume the overall responsibility for all leases, capital and operating, Coast Guard-wide.
 - b. Appoint a lease program officer and document the appointment in writing.
 - c. Ensure that the responsibilities outlined in this policy are executed.
 - d. Provide training, assistance, and oversight to HQ program office lease POCs, as required.

10.6.6.2 *Headquarters Program Offices*

1. The HQ program offices are:
 - a. Assistant Commandant for Human Resources (CG-1);
 - b. Deputy Commandant for Operations (DCO);
 - c. Assistant Commandant for Engineering and Logistics (CG-4);
 - d. Assistant Commandant for Command, Control, Communications, Computers and Information Technology (CG-6);
 - e. Assistant Commandant for Capability (CG-7);
 - f. Assistant Commandant for Resources (CG-8); and
 - g. Assistant Commandant for Acquisition (CG-9).

2. The HQ program offices:
 - a. Assume responsibility for the coordination of all lease activity within the directorate and within those units receiving funding under the authority of the directorate. This includes the day-to-day functions of all activities related to capital and operating leases.
 - b. Appoint at least one lease POC and document the appointment in writing, with copies to Commandant (CG-842), Commandant (CG-431), and FINCEN (FR).
 - c. Ensure that the lease POC timely and accurately executes the responsibilities outlined in this policy.

10.6.6.3 Lease POCs

Lease POCs are appointed by their responsible HQ directorate/program office, and the appointment is evidenced in writing.

Lease POCs:

1. Receive training as required from the appropriate HQ lease program office.
2. Execute timely, accurate, and complete reviews of all annual budgets to identify all prospective leases. With the local budget officer/comptroller staff, ensure that these budget reviews tie to official approved funds in Coast Guard budgetary applications and that prospective leases are identified using the criteria outlined in this policy.
3. Notify the appropriate HQ lease program office (Commandant (CG-431) for real property or Commandant (CG-842) for personal property) and FINCEN (FR), in writing, when annual budget reviews are completed.
4. Using prescribed forms, identify and report the different types of assets (e.g., specific types of real and personal property, based on the USSGL and the Coast Guard's operational needs) which will be acquired or utilized under all leases, and communicate the proper accounting classification information needed to create the procurement request (e.g., document type code, object class).
5. Work with the KOs and the contracting officers' representatives (CORs) to ensure that appropriate acquisition personnel issue contracts in a manner that identifies all leases with the appropriate information.
6. Review accounting transactions, including budgetary, in the financial system of record to ensure that lease costs are recorded timely and accurately.
7. Perform annual reviews and analyses on all leases, and other reviews as requested by Commandant (CG-842) or FINCEN (FR).
8. Gather and provide the documentation required to record all leases, including leasehold improvements, within the timeframes established in this policy.
9. Work with HQ program offices, Commandant (CG-842), and FINCEN (FR) to record all leases timely and accurately.
10. Provide HQ program offices, Commandant (CG-842), and FINCEN (FR) with timely, accurate lease closeout information within the timeframes established in this policy.
11. Ensure that the data in the local leased asset application, if used, ties to Oracle FAM.
12. Develop local desktop processes as necessary.
13. Retain audit-compliant evidential documentation at appropriate levels to support reviews, analysis, decisions, reporting, and certifications relating to each lease, for the period of the lease term plus three fiscal years.

10.6.6.4 Deputy Commandant for Resources (CG-8)

Commandant (CG-8):

1. Maintains overall responsibility for the development, promulgation, and enforcement of capital and operating lease policy used by all organizational components.
2. Maintains overall responsibility for the preparation and review of the financial statements required by this policy and CFO reporting requirements.

10.6.6.5 Office of Financial Policy, Reporting, and Property (CG-84)

Commandant (CG-84):

1. Provides oversight for the development, promulgation, and enforcement of the capital and operating lease policy used by all organizational components.
2. Provides oversight for the preparation and review of the financial statements required by this policy and CFO reporting requirements.

10.6.6.6 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842):

1. Monitors and assists lease POCs with the execution of their responsibilities as outlined in this policy.
2. Develops and implements training in capital and operating lease accounting for lease POCs and other key personnel involved in the lease process.
3. Develops, maintains, and enforces the lease policy used by all organizational components.
4. Assists lease POCs in developing standard procedures, with controls, for all lease activity.
5. Remains current with GAAP and FASAB developments related to leases and maintains lease policy as appropriate.
6. Maintains GAAP-compliant policy related to leases.
7. Provides oversight, analysis, and financial management requirements for managing all property recorded under leases.
8. Coordinates reviews of the financial transactions relating to leased property, to ensure accuracy and alignment with policy and to ensure that all leases are properly recorded and accounted for.
9. Provides oversight to FINCEN (FR) for the preparation, review, and analysis of lease information contained in the financial statements and note disclosures.

10. Ensures that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-842) decisions, reporting requirements, and certifications relating to each lease, for the period of the lease term plus three fiscal years.

10.6.6.7 Finance Center

FINCEN (FR) personnel:

1. Implement and maintain audit-compliant desktop procedures for the lease processes conducted within FINCEN (FR).
2. Maintain and review GL balances and supporting documentation for accuracy and for the valuation and external reporting of capital leases.
3. Ensure that all leases are promptly recorded, to include the lease classification provided by the lease POC.
4. Compare and reconcile capital lease records to the GL monthly.
5. Provide financial information and reports for all capital leases to the lease POCs and other Coast Guard offices, as required.
6. Notify the lease POC and Commandant (CG-842) when leases have been recorded in Oracle FAM.
7. Ensure that all capital leases are properly reflected in the financial statements and that all footnote information is both properly disclosed and accurate.
8. Ensure that audit-compliant evidential documentation is kept at appropriate levels to support FINCEN decisions, reporting requirements, and certifications relating to each lease, for the period of the lease term plus three fiscal years.

10.6.7 Policy

10.6.7.1 Types of Lease Assets (Capital and Operating)

1. Leases shall be classified as either capital leases or operating leases by means of the identification criteria specified in subsection 10.6.7.2 below.
2. An operating lease is any lease not classified as a capital lease.
3. Leases can be entered into as new leases, renewals, or modifications. All subsections of this policy apply to new leases, renewals, and modifications.

10.6.7.2 Identifying Criteria for Leased Assets

1. If, at its inception, a lease meets **one or more** of the following four criteria, then the lease POC shall classify and report the lease as a **capital lease**. These criteria apply to both real and personal property.

- a. The lease transfers ownership of the property to the lessee by the end of the lease term.
- b. The lease contains a bargain-price purchase option (i.e., an option to purchase the leased property at a bargain price).
- c. The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.
- d. The present value of rental and other minimum lease payments, excluding the portion of the payments representing executory (i.e., transaction) costs, equals or exceeds 90 percent of the FMV of the leased property.

Note 1: The last two criteria are not applicable when the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property.

Note 2: For budgetary purposes, OMB Circular A-11 provides guidance to determine if a lease is capital or operating for funding purposes. This guidance applies to budgetary sources of funds only – it should not be used to determine the classification and financial reporting of a lease.

2. The lease POC shall use the following criteria for identifying and classifying a lease as an **operating lease**. These criteria apply to both real and personal property.
 - a. Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease period.
 - b. The lease does not contain a bargain-price purchase option.
 - c. The lease term does not exceed 75 percent of the estimated economic lifetime of the asset.
 - d. The present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the FMV of the asset at the inception of the lease.
 - e. The asset is a general-purpose asset (rather than being a special purpose of the Government) and is not built to unique specification for the Government as lessee.
 - f. There is a private-sector market for the asset.

Note: The risks of ownership of the asset remain with the lessor.

10.6.7.3 Identifying Leased Assets and Lease Renewals through Budgetary Review

Ensuring that leases are timely and accurately identified from budgetary reviews is a critical step in establishing proper procurement requests (PRs) and their subsequent contracts. This also ensures that accurate data is entered into Coast Guard applications to support reviews and decisions.

1. Lease POCs shall ensure that timely and accurate reviews of all annual budgets are conducted within 30 days of budget receipt so that leases and lease renewals can be identified. Capital leases shall be identified at the earliest point possible (i.e., after the operational requirement is determined as the best option for the Government). Prospective leases can occur from direct or delegated authority lease contracts and/or as part of contract activity in CIP projects.
2. Lease POCs shall notify the HQ program office, Commandant (CG-842), and FINCEN (FR) that annual reviews have been completed, and shall report the prospective leases (capital and operating) and lease renewals that may occur from budget execution within five business days of completion of the budget review.
3. Lease POCs shall report the following results of the lease asset review to the HQ program office, Commandant (CG-842), and FINCEN (FR) in a memorandum:
 - a. Date the review was conducted;
 - b. Number of capital and operating leases and lease renewals that will be entered into;
 - c. Description of the leased asset;
 - d. Document type and object class code to be used on the PR;
 - e. Estimated time schedule of delivery;
 - f. Estimated period of the leased asset;
 - g. Acceptance criteria for the leased asset (e.g., Material Inspection and Receiving Report, Form DD 250);
 - h. Types of documents that support the cost of the leased asset (e.g., contracts, MIPRs); and
 - i. CIP project number (if the lease is part of a CIP project).
4. Lease POCs shall collaborate with CIP project managers (PMs) to ensure that, when leases and lease renewals are part of a CIP project (i.e., not a direct purchase), the lease costs are accounted for accurately and undergo reviews as part of the CIP project processes until the lease is realized at its inception.
5. Lease POCs shall ensure that reviews are conducted on budget increases each fiscal quarter. If leases and lease renewals are identified, additional notifications (e.g., by e-mail) shall be made to Commandant (CG-842) and FINCEN (FR).
6. Lease POCs shall gather and retain audit-compliant evidential documentation to support the reviews, analyses, decisions, and reporting related to each capital and operating lease and lease renewal for the period of the lease term plus three fiscal years.

10.6.7.4 Creating Procurement Requests and Contracts for Leased Assets

Lease and lease renewals identified during the budgetary review process are required to be initiated with the creation of procurement requests (PRs). The PRs are required for proper funding obligation – they provide the KO with documentation needed for the contract document.

1. Lease POCs shall ensure that PRs are created using proper CIP project codes and document type and object class codes to meet tracking and reporting requirements.
2. Lease POCs shall coordinate all PRs for capital and operating leases related to CIP projects with the applicable CIP PM.
3. Lease POCs shall ensure that PRs are prepared and forwarded for award in a manner such that applicable costs can be traced to each specific leased asset through the use of contract line identification numbers (CLINs). Each leased asset shall be identified separately on PRs and further identified as having either a capital lease or an operating lease.
4. Lease POCs shall ensure that the KO receives all of the applicable information so that the contract can be issued in a timely and accurate manner.
5. KOs who officially enter the Coast Guard into lease agreements shall ensure that obligation documentation contains a CLIN structure sufficient for the tracing of costs to specific leased assets. Each leased asset shall be identified as a separate contract CLIN, and further identified as having either a capital lease or an operating lease.
6. The COR shall ensure that lease POCs are notified within three days when obligations are issued for all leased assets.
7. Lease POCs shall ensure that contracts, lease documents, agreements, MOUs, and analyses categorizing the lease as capital or operating are gathered, prepared, and forwarded to Commandant (CG-842) and FINCEN (FR) within 20 business days of the contract award.
8. Lease POCs and CIP PMs shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements, and certifications related to each capital and operating lease for the period of the lease term plus three fiscal years.

10.6.7.5 Accounting for Lease Costs

The proper accounting for lease costs is essential to ensure the accuracy of asset records and financial statements. Commandant (CG-842) and FINCEN (FR) shall ensure that the following accounting requirements are met for leases and leasehold improvements:

1. Lease payments shall exclude executory costs (e.g., taxes, insurance, and maintenance). If the costs are not determinable from the lease agreement, they shall be estimated (e.g., by using similar leases as a basis for the estimate).
2. Leasehold improvements made to non-CIP operating leased assets shall be expensed in the current accounting period.
3. Leasehold improvements made to operating leased assets in CIP projects shall be capitalized as part of the end product asset they support.
4. Leasehold improvements, which meet the capitalization criteria for the same type of asset, shall be capitalized.

5. Leasehold improvements paid in advance shall be classified as capital expenditures.
6. Leasehold improvements that do not meet the capitalization criteria shall be expensed in the current accounting period.
7. Leasehold improvement costs that are included in lease payments shall not be amortized.
8. Operating lease costs for CIP projects shall be capitalized as part of the end product asset they support.
9. Operating lease costs for equipment used for several CIP projects shall be prorated so that only a portion of each project and assets within that project are allocated the cost.
10. Operating lease improvements that have a life of two or more years and a cost equal to or greater than the capitalization threshold for the same type of asset shall be capitalized and amortized on a straight-line basis with no salvage value over the lesser of the improvement's useful life or the term of the lease agreement, whichever is less, including future renewal periods that are deemed reasonably assured.
11. Capital lease costs within a CIP project meeting the capital leased criteria shall be capitalized as separately identified assets.
12. Capital lease costs shall be amortized over the shorter of the useful life of the asset or the lease term.
13. Capital leases shall use the straight-line method of depreciation.
14. Capital leases shall be accounted for as property purchased and shall be recorded at the lower of the property's FMV or the computed NPV of the minimum lease payments. The minimum lease payment shall exclude taxes, insurance, and maintenance. The difference between the total lease obligations/payments and the amount recorded as the capital asset is the interest in the contract. A portion of each lease payment shall be allocated to interest expense, and the balance of the payment shall be applied to reduce the lease liability.
15. Capital lease recorded values shall not exceed the fair value of the leased property at the inception of the lease.

10.6.7.6 Recording Lease Costs

Timely and accurate recording of lease transactions is critical to ensuring the accuracy of financial statements and disclosures.

1. Commandant (CG-842) and FINCEN (FR) shall review and approve the recording in Oracle FAM within 10 business days of receipt of the appropriate documentation from the lease POC.
2. Commandant (CG-842) and FINCEN shall contact lease POCs through the HQ program office for additional information, as necessary, to ensure that lease costs are recorded timely and accurately and that they are properly supported.

3. FINCEN (FR) shall ensure that all capital leases and appropriate leasehold improvements are recorded in Oracle FAM.
4. FINCEN (FR) shall value and amortize the capital lease in accordance with SFFAS No. 5, paragraph 45. The discount rate shall be used to determine the present value of the minimum lease payments.
5. FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements, and certifications related to each capital and operating lease for the period of the lease term plus three fiscal years.

10.6.7.7 Certification and Reporting of Leased Assets

Timely and accurate certification and reporting of leased assets is critical to ensuring that the financial statements and footnote disclosures reflect accurate lease values.

1. Lease POCs with capital and operating leases shall certify and report the total estimated future cost of all leases to Commandant (CG-842) and FINCEN (FR) by the last work day of each fiscal quarter. The years to be reported are: current year (CY)+1, CY+2, CY+3, CY+4, CY+5, and the balance after five years.
2. Lease POCs shall ensure that future costs are reviewed, certified, and approved by their supervisor prior to reporting to Commandant (CG-842) and FINCEN (FR). All submissions shall be signed and dated.
3. Lease POCs shall ensure that audit-compliant evidential documentation is maintained to support the certifications, financial decisions, approvals, and reporting requirements related to each lease for a period of the lease term plus three years.
4. Commandant (CG-842) and FINCEN (FR) shall ensure that lease POCs perform reviews to ensure that estimated future costs are inflated per OMB guidance.

10.6.7.8 Termination or Expiration of Capital Lease Agreements

Timely reporting of the termination or expiration of lease agreements is essential to maintaining the accuracy of Coast Guard asset records and financial statements.

1. Lease POCs shall notify Commandant (CG-842) and FINCEN (FR) of expired or terminated capital lease agreements within 10 business days of lease expiration or termination.
2. FINCEN (FR) shall retire the leased asset from Oracle FAM and remove the remaining accumulated amortization. Additionally, FINCEN (FR) shall determine whether the lease termination has resulted in a gain or a loss.
3. Lease POCs, Commandant (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, approvals, reporting requirements and certifications related to their area of responsibility for the period of the lease term plus three fiscal years.

10.6.7.9 Annual Review of Capital Leases

Ensuring that capital leases are still active and have not been modified is essential to the accuracy of financial statement reporting.

1. Lease POCs shall review all leases annually and shall consider the following areas:
 - a. Lease status;
 - b. Remaining lease life as of the review date;
 - c. Modifications;
 - d. Evaluation of the residual value;
 - e. Potential for renewals or extensions; and
 - f. Verification of accurate lease amounts.
2. Lease POCs shall notify Commandant (CG-842) and FINCEN (FR) when reviews of capital leases have been completed.
3. Lease POCs shall provide to Commandant (CG-842) and FINCEN (FR) any evidential documentation arising from their review which relates to the modification or termination of a lease.
4. FINCEN (FR) shall modify the leased asset in Oracle FAM or retire it from Oracle FAM and remove the remaining accumulated depreciation.
5. Lease POCs, Commandant (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, approvals, reporting requirements, and certifications related to their area of responsibility for the period of the lease term plus three fiscal years.

10.6.7.10 Financial Statement Presentation and Disclosure

1. Commandant (CG-842) shall provide oversight to FINCEN (FR) for reporting capital and operating leases in the financial statements as required by OMB Circular A-136.
2. Commandant (CG-842) shall prepare and submit footnote disclosure information, as applicable, for all capital and operating leases per OMB guidance

Commandant (CG-842) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support all financial statement presentation and footnote disclosures for the period of the lease term plus three fiscal years

10.7 Stewardship PP&E

10.7.1 Overview

Stewardship PP&E is comprised of heritage assets (including multi-use heritage assets) and stewardship land (see the discussion of stewardship land in subsection 10.7.4 below). A heritage asset is unique because it is property that has historical or natural significance, cultural, educational or artistic importance; or significant architectural characteristics, and is generally expected to be preserved indefinitely. Heritage assets are only capitalized if they meet the criteria discussed below for categorization as a multi-heritage asset; otherwise, costs of acquisition, improvement, reconstruction, or renovation are expensed and recognized in the statement of net cost for the period in which the costs are incurred. Heritage asset (excluding multi-use heritage assets) costs incurred through donation or devise should not be recognized in PP&E accounts. Transfers from one entity to another will not affect the net cost of operations (excluding multi-use assets). If general PP&E assets are transferred for use as a heritage asset, the transferring agency shall recognize a transfer-out of a capitalized asset.

10.7.2 Authorities

Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 29, *Heritage Assets and Stewardship Land*, July 2005.

10.7.3 Heritage Assets

10.7.3.1 *Heritage Personal Property Assets*

Heritage personal property assets must be reported and accounted for in Oracle FAM and aggregated for presentation in the required Supplementary Stewardship Report. Commandant (CG-844) shall identify and account for heritage personal property assets on the basis of physical units of issue rather than dollar amounts.

1. Commandant (CG-09224) serves as the official historian of the Coast Guard and is responsible for the oversight and management of heritage assets.
2. FINCEN (FR) shall record and track heritage personal property assets in Oracle FAM.
3. Commandant (CG-844) shall establish oversight to ensure proper accounting for heritage personal property assets.
4. Commandant (CG-844) shall establish procedures for testing asset condition and impairment and for conducting annual physical inventories of heritage personal property assets.
5. Commandant (CG-844) and the Coast Guard Historian's Office shall establish procedures to ensure proper classification, valuation, and reporting of heritage personal property.

6. Commandant (CG-844) shall ensure that heritage personal property asset inventory records match archive curator records.
7. Commandant (CG-844) and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications related to heritage personal property for the life of the asset plus three fiscal years.

10.7.3.2 Multi-Use Heritage Assets

Multi-use heritage assets are heritage assets that have both historical and operational value (as well as financial value). The cost of acquisition, improvement, reconstruction, or renovation of multi-use heritage assets are capitalized as general PP&E and depreciated over their estimated useful life using the straight-line depreciation methodology.

Multi-use heritage assets acquired through donation or devise shall be recognized as general PP&E at the assets' fair value at the time received, and the amount should also be recognized as "nonexchange revenue" as defined in SFFAS 7, Accounting for Revenue and Other Financing Sources. Transfers of multi-use heritage assets from one Federal entity to another are transfers of capitalized assets. The receiving agency shall recognize a transfer –in as an additional financing source and the transferring agency shall recognize a transfer-out. The value shall be recorded as the transferring agency's book value of the multi-use heritage asset. If the receiving agency is not provided the book value, the multi-use heritage asset shall be recorded at its estimated fair value. The Coast Guard shall disclose that multi-use heritage assets are recognized and presented with general PP&E in the basic financial statements and additional information for the multi-use heritage assets shall be included with the heritage assets information.

1. Commandant (CG-844) shall identify, value, classify, and account for multi-use heritage personal property assets similarly to general PP&E assets.
2. FINCEN (FR) shall record multi-use heritage personal property assets in Oracle FAM.
3. Commandant (CG-844) shall ensure proper accounting for multi-use heritage personal property assets.
4. FINCEN (FR) shall ensure that multi-use heritage assets are separated from heritage assets in both Oracle FAM and the accompanying footnote to the Coast Guard's financial statements.
5. Commandant (CG-844) shall establish procedures for testing asset condition and impairment of multi-use heritage personal property assets on an annual basis.
6. Commandant (CG-844) shall establish procedures to ensure proper classification of multi-use heritage personal property assets.
7. Commandant (CG-844) shall ensure that multi-use heritage personal property asset inventory records match archive curator records.

8. Commandant (CG-844) and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the financial decisions, reporting requirements, and certifications related to multi-use heritage assets for the life of the asset plus three fiscal years.

10.7.4 Stewardship Land

Stewardship land is land and land rights other than that acquired for or in connection with general PP&E, land acquired via the public domain, or land acquired at no cost. The acquisition cost of stewardship land shall be recognized on the statement of net cost for the period in which the cost is incurred. The cost shall be disclosed as "cost of stewardship land." The cost shall include all costs incurred to bring the PP&E to its current condition and location. In cases where land is acquired along with existing structures, the following may apply:

1. If the structure is significant in and of itself, the Coast Guard shall use its judgment as to whether the acquisition cost shall be treated as the cost of stewardship land, heritage assets, or both.
2. If the structure is to be used in operations (e.g., as general PP&E) the value of the structure is insignificant as compared to the value of the land; it has little or no inherent value, and/or it is merely a byproduct of the acquisition of the land, the cost shall be treated as an acquisition of stewardship land in its entirety. Only significant structures that have a significant operating use (e.g., a recently constructed employee housing quarters) shall be treated as general PP&E by identifying the cost attributable to general PP&E and segregating it from the cost of the stewardship land acquired.

No amounts for stewardship land acquired through donation or devise shall be recognized as a cost on the statement of net cost. Its fair value, if known and material, shall be disclosed in notes to the statement of net cost. If fair value is not estimable, information related to the type and quantity of assets received shall be disclosed in the year received.

Stewardship land may be transferred between Federal entities and shall be disclosed in the notes if material. In some cases, land included in general PP&E may be transferred to an entity for use as stewardship land and shall be recorded at book value on the transferring entity's books. If the receiving Federal entity does not know the book value, the transfer shall be disclosed in notes if material.

Glossary

accreditation

The official authorization that is granted to an automated information system (AIS) facility to process classified or sensitive information in its operational environment. Accreditation is based on the determination that the AIS is operating at an acceptable level of risk, after a comprehensive security evaluation and consideration of other management factors (e.g., criticality of operations, cost to implement controls, impact on operations, and planned changes in AIS operations).

accrual basis of accounting

A method of accounting in which revenues are recognized in the period earned and costs are recognized in the period incurred, regardless of when payment is received or made.

acquisition

Acquisition of property means obtaining possession and administrative control of property by purchase, lease, donation, transfer from another Federal agency, forfeiture, or loan for a period of 60 or more consecutive days.

The FAR defines “acquisition” as the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when an agency’s needs are established, and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.

acquisition cost

The cost to the Government of putting property into use at the time the property is originally acquired. It includes all costs incurred to bring the property to a form and location suitable for its intended use. This cost includes amounts paid to vendors, all transportation charges to the point of initial use, handling and storage costs, installation costs, etc., but excludes training costs and warranty costs.

acquisition project manager (APM)	The person responsible for documenting the status of ACI projects and assets procured on the Project Management Data Sheet (PMDS).
allotment	Allotments are subdivisions of apportionments that are made by the heads of agencies. This is a formal administrative division of an apportionment representing the authority to incur obligations within a specified amount. This authority is subject to further delegation and subdivision. Incurring obligations in excess of the amount specified in an allotment is a violation of the Antideficiency Act.
ALMIS/AMMIS	The Asset Logistics Management Information System (ALMIS) is used at the Aviation Logistics Center (ALC) in Elizabeth City, North Carolina, and integrates the forecasting capability of the Aviation Computerized Maintenance System (ACMS) with the inventory management/fiscal accounting functionality of the Aviation Maintenance Management Information System (AMMIS) to improve inventory purchase/repair decisions and provide total asset visibility.
application (financial or mixed system)	A group of interrelated components of financial or mixed systems that supports one or more functions, and has the following characteristics: <ol style="list-style-type: none">1. A common database;2. Common data element definitions;3. Standardized processing for similar types of transactions; and4. Common version control over software.
apportionment	A distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, programs, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred.

appropriation	A provision of law authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.
asset acceptance	See “initial acceptance.”
automated information system (AIS)	The organized collection, processing, transmission, and dissemination of information in accordance with defined procedures.
average unit cost	The cost used for capitalizing multiple like assets in a project. This cost is calculated by dividing the total project cost by the number of assets to be produced over the life of the project, and allocating the cost to each unit.
budget authority	Authority provided by law to enter into obligations, which result in immediate or future outlays involving Government funds. The basic forms of budget authority are appropriations, contract authority, and borrowing power.
budget execution	The process by which the financial resources made available to an agency are directed and controlled toward achieving the purposes and objectives for which the resources were approved.
building	A fixed, enclosed structure, usually with walls and a roof, in which personnel work or dwell, equipment is maintained or stored, or other activities are conducted.
Business Event Type Code (BETC)	An eight-character code used in the GWA system to indicate the type of activity being reported, such as payments, collections, borrowings, etc. This code must accompany the Treasury Account Symbol (q.v.) and the dollar amounts in order to classify the transaction against the Fund Balance with Treasury.

capital asset	Nonexpendable real and personal property, having a useful life of two years or more and an acquisition cost above the capitalization threshold, whose cost is expensed over its life.
capital lease	A lease that transfers substantially all of the benefits and risks of ownership to the lessee, as opposed to an operating lease (q.v.).
capital project	A construction or improvement project that meets the requirements for capitalization.
capitalization	Recording and carrying forward any expenditure into one or more future periods (SFFAS No. 6). This results in expensing the cost of an asset over the remainder of its useful life by matching the benefits gained from that expenditure with the associated cost. Capitalization does not include repair and maintenance costs.
capitalization threshold	The numerical value above which all real property (except land), personal property, and improvements are capitalized.
cash basis of accounting	A method of accounting in which revenues are recognized at the time payment is received and expenses are incurred at the time payment is made.
certification (FPD)	There are two basic purposes for FPD certification: <ol style="list-style-type: none">1. To ensure that FPD systems are configured properly, that assigned personnel possess required FPD skills, and that FPD transmission interfaces are functioning properly.2. To review internal controls, separation of duties, and data integrity practices, and to validate the UAP at the FPD site.

certification (IT)	<p>The official authorization that is granted to a sensitive application, attesting to the adequacy of its security controls. Also the technical evaluation that establishes the extent to which a computer system, application, or network meets a specified set of security requirements.</p> <p>Certification is based on an independent review of the security controls of the AIS facility and the application program, and determines if security design specifications are correct and have been properly implemented.</p> <p>Certification is synonymous with “Accreditation” and “Authorize Processing.”</p>
CheckFree	<p>A COTS software application developed by the CheckFree Corporation. The application allows the Core Accounting Branch to import, match, reconcile, and create reports from the GL Oracle Financial System and Treasury’s reporting systems.</p>
Coast Guard 298	<p>A type of expense chargeable to AFC-30 to pay for aeronautical material costs when AFC-41 funds do not meet specific thresholds or requirements.</p>
commitment	<p>The administrative determination that funds are available to create an obligation. A commitment formally reserves funds in anticipation of a specific obligation. The amount to be recorded as a commitment is the estimated procurement cost set forth in the commitment document.</p>
condemnation	<p>The legal process in which the United States exercises its power of eminent domain and takes legal ownership or control of non-Federal property for Federal use. The owner of the property must receive “just compensation” for the property, determined through the appraisal process.</p>
contracting officer	<p>A person with the authority to enter into, administer, and terminate contracts, and to make related determinations and findings.</p>

core financial system	The departmental system that primarily carries out summary data functions, such as maintaining the general ledger, and preparing financial statements and central agency financial reports. The core financial system may also support specialized activity functions, but it may not replicate functions or processes that are contained in feeder systems (q.v.).
cost center	Generally, the OPFAC number of the unit that benefits from or is to be charged for a purchase.
cost documentation	All contracts, purchase orders, receiving reports, acceptance documents, contractor release forms, etc., that substantiate project or purchase costs for acquisition, transfer, or disposal of assets.
deferred maintenance	Maintenance (q.v.) that is delayed or postponed until a future period.
depreciation	The systematic and rational allocation of an asset's cost over its estimated useful life.
direct cost	A cost that can be identified with a specific function and that does not require any type of allocation of cost over different activities.
economic life	The time period during which property is expected to be usable, with normal repairs and maintenance, for the purpose for which it was intended at the property's acquisition or inception of lease, without limitation.
end user	The custodian of a personal property asset.
executory cost	Costs, such as insurance, maintenance, and taxes, incurred for leased property, whether paid by the lessor or the lessee.

Extraordinary Expense Fund (XXF)	A nonappropriated Coast Guard trust fund that provides an annual allowance to fund unusual and extraordinary expenditures. Its source is interest generated by investments of CGES profits and income.
fair market value	The price for which an asset can be bought or sold in an arm's-length transaction between unrelated parties.
feeder system	A subsidiary system that captures detail transaction data and periodically records summarized data in the core financial system (q.v.). Feeder systems must provide adequate audit trails to support transactions and balances maintained in the core financial system. Feeder systems must also carry with them the appropriate level of security and internal controls commensurate with the environment in which they operate.
financial system	A system, or portion of a mixed system, used to support financial management. Financial systems typically include an information system, comprised of one or more applications, that is used for any of the following: <ol style="list-style-type: none"> 1. Collecting, processing, maintaining, transmitting, and reporting data about financial events; 2. Supporting financial planning or budgeting activities; 3. Accumulating and reporting cost information; or 4. Supporting the preparation of financial statements.
Free on Board (FOB)	A contracting term that signifies the point at which transportation costs are levied and responsibility is transferred.
GAO Comptroller General decision (Comp Gen)	A decision and/or opinion issued by the Comptroller General in areas of Federal law such as appropriations, bid protests, and Federal agency rulemaking. Each decision is identified by a code in the format "B-(number)" and is uniquely identified by B-number and date.

general-purpose property (GPP)	Personal property that performs general Government functions. Examples include forklifts, office equipment, and computer software.
gift	Real or personal property donated to the Coast Guard by either a private individual or an entity such as a corporation or a foreign government.
Government-furnished property (GFP)	Any tangible asset that is owned by or leased to the Government, and that is currently in the possession of a contractor or subcontractor. GFP includes COTS software and contractor-held assets obtained by the Government under the terms of the contract.
heritage asset	Real or personal property of historical, natural, or cultural importance, which is expected to be preserved indefinitely. Examples include historic lighthouses, monuments, and artifacts.
historical cost	<ol style="list-style-type: none">1. The cost to acquire an asset and make it ready for operational use (e.g., acquisition, transportation, and installation costs).2. The Net Book Value and/or transportation costs of excess items received from other Government agencies; or the nominal value if no transportation costs are involved.
imprest fund	A fixed cash fund in the form of currency, coin, or Government check. An official Government disbursing officer advances the fund, with charge to an appropriation or fund account, to a duly authorized cashier for cash disbursement when other methods of payment are not feasible (e.g., cash purchase of fuel at a foreign port).

improvement	<p>A cost that substantially increases the capability, capacity, or service life of an asset. Improvements meeting capitalization thresholds are capitalized and charged against the periods in which the improvement is used.</p> <p>Note that, for accounting purposes, the term “improvement” differs from the usual real estate definition as any permanent buildings, structures, or fixtures erected upon land. It also differs from the civil engineering definition, which includes only an increase in capability or capacity (life extension coming under the civil engineering definition of “rebuilding”).</p>
indirect cost	<p>A cost that cannot be identified with a specific function, or that requires some type of allocation of cost over different activities.</p>
information technology	<p>Any equipment, or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information.</p>
information system	<p>The organized collection, processing, transmission, and dissemination of information in accordance with defined procedures, whether automated or manual. Information systems include nonfinancial, financial, and mixed systems.</p>
initial acceptance	<p>The condition where the Coast Guard accepts delivery of a personal property asset by signing documentation evidencing delivery. This is sometimes referred to as “asset acceptance.”</p>
in-service date	<p>For personal property, the date of final inspection/acceptance. For real property, the date of beneficial occupancy.</p>
integrated financial management system	<p>A unified set of financial systems, and the financial portions of mixed systems, encompassing the software, hardware, processes (manual and automated), procedures, controls, and data necessary to carry out financial management functions.</p>

internal controls	Policies and procedures designed to enhance and strengthen existing financial reporting, enforce management directives, and ensure that actions are taken to address risks.
maintenance	See “repair and maintenance (R&M)”.
management accountability	The expectation that managers are responsible for <ol style="list-style-type: none"> 1. The quality and timeliness of program performance; 2. Increasing productivity; 3. Controlling costs; 4. Mitigating adverse aspects of agency operations; and 5. Assuring that programs are managed with integrity and in compliance with applicable law.
management controls	The organization, policies, and procedures used by agencies to reasonably ensure that: <ol style="list-style-type: none"> 1. Programs achieve their intended results; 2. Resources are used in a manner consistent with the agency’s mission; 3. Programs and resources are protected from waste, fraud, and mismanagement; 4. Laws and regulations are followed; and 5. Reliable and timely information is obtained, maintained, reported, and used for decision-making.
mixed system	An information system that supports both financial and nonfinancial functions.
multi-use heritage asset	An asset that has both historical and operational value (as well as financial value).
Net Book Value	The original acquisition cost of an asset less its accumulated depreciation and amortization.

net plant replacement value	The plant replacement value (PRV) less the calculated depreciation of PRV over the asset's useful life.
Net Realizable Value	The amount of compensation that the Government expects to receive upon disposal of property. An estimate of the amount that can be recovered from selling or otherwise disposing of an item less the estimated costs of completion, holding, and disposal.
noncapitalized asset	An asset having a unit acquisition cost less than the established capitalization threshold. Such an asset is expensed at the time of acquisition, and accounted for in the asset system for management purposes only.
nonfinancial system	An information system that supports nonfinancial functions. A nonfinancial system may include financial data, but such data is insignificant to financial management and/or not required for the preparation of financial statements.
object class	A four-digit code that specifies the goods and services that funds are spent to procure. Object classes should be assigned carefully to each procurement. They are the basic building blocks of a spending plan, answering the question "How was the money spent?"
operating lease	An agreement that conveys the right to use property for a limited time in exchange for periodic rental payments, and which does not meet any of the criteria of a capital lease (q.v.).
Oracle Fixed Asset Module (FAM)	The official Coast Guard system for maintaining fixed asset financial records.
Oracle Project Accounting	A module that is used individually within some Coast Guard units to share daily business intelligence with relevant project stakeholders. It is an integrated, collaborative system that uses a common data repository.

personal property	Any property except real property. Personal property tends to be movable, and is not permanently affixed to land. Examples are equipment, furniture, and vehicles.
plant replacement value	The estimated cost of replacing a real property asset as calculated by the Civil Engineering Data System. This value is used for planning purposes only and is not equivalent to historical cost.
program, project, or activity (PPA)	A major category within an appropriation. An example is the Marine Safety and Maritime Law Enforcement PPA in the RDT&E appropriation.
property, plant, and equipment (PP&E)	Tangible assets that (1) have an estimated useful life of two or more years; (2) are not intended for sale in the ordinary course of business; and (3) are intended to be used by or be available for use by the entity.
real property	Land, and any interests in land, along with any buildings and structures located thereon.
Real Property Facility Number (RPFN)	A unique identifier of a real property facility within an OPFAC and site.
reapportionment	A revision of a previous apportionment of budgetary resources for an appropriation or fund account. The revision must be approved by OMB.
rebuilding	<p>The cost of replacing an element of the shore plant with an element of comparable capacity or capability in order to extend the life of the facility. An example is the replacement of a pier.</p> <p>A project is considered to be life-extending if the facility is past its midlife and consists of significant repairs or renovations to one or more systems. Any rebuilding of a fully depreciated facility is considered to be life-extending.</p>

repair and maintenance (R&M)	Routine recurring work that is required to minimize the effects of deterioration and to keep property in a condition fit for its intended use. R&M costs include preventative maintenance, normal maintenance, and replacement of similar structural components, and are charged to the period incurred. R&M is not considered an improvement because it does not increase existing capability, capacity, or service life.
risk assessment/ risk analysis	An analysis of assets and vulnerabilities, and threats to those assets, to determine the level of risk to an AIS. Risk is “measured” either quantitatively or qualitatively by determining the impact of threats on the facility, system, information, personnel, and supported organizations or other users.
security	The effectiveness level of the controls that allow access to an AIS, whereby only properly authorized individuals, or processes operating on their behalf, have permission to read, write, create, or delete information, or to interfere with the timely processing of information. Also, the measures required to protect against the unauthorized (accidental or intentional) disclosure, modification, or destruction of automated systems and data, and the denial of service to process data. Components include physical security, administrative security, personnel security, and technical security (hardware, software, and communications).
service life	The normally-expected operating life of an asset.
shelter-in-place	An emergency response characterized by people remaining where they are and taking shelter, rather than trying to evacuate.
sick bay	A medical facility, afloat or ashore, having at least one permanently-assigned health services technician, but no medical doctor.
structure	Any fixed construction that does not meet the definition of a building. Examples include roads, runways, helicopter landing pads, fences, skeletal towers, docks, piers, and wharves.

Superfund (Hazardous Substance Superfund)

The trust fund established under CERCLA.

total cost

The sum of all costs incurred to place an asset in service.

Treasury Account Symbol (TAS)

An identification code assigned by Treasury, in collaboration with OMB and the owner agency, to an individual appropriation, receipt, or other fund account. (These accounts are defined in I TFM 2-1500.) The term “Treasury Account Symbol” is a generic term used to describe any one of the account identification codes assigned by Treasury. All financial transactions of the Federal Government are classified by TAS for reporting to Treasury and OMB.

Treasury Appropriation Fund Symbol (TAFS)

A particular type of Treasury Account Symbol (TAS) that has budget authority. The terms TAS and TAFS are sometimes used synonymously. All financial transactions of the Federal Government are classified by TAS for reporting to Treasury and OMB.

undelivered order (UDO)

An order, contract, or agreement for supplies or services that have not yet been received, accepted, and paid. A UDO represents a legal obligation of funds. The financial obligation associated with a UDO should be liquidated once the invoice for the supplies and services is paid.

1. A valid and supportable UDO exists when:
 - a. Delivery of all required products and services has not yet been completed;
 - b. Funds have not yet been fully disbursed; or
 - c. Issues with a vendor have delayed payment pending their resolution.
2. An invalid UDO exists when:
 - a. Residual balances remain after the vendor has delivered and been paid for all goods and/or services;
 - b. Items originally ordered are no longer needed; or
 - c. Errors in accounting require correction prior to clearing an outstanding UDO balance.

All UDOS should be regularly validated. Valid UDOS usually

require no further action since the contractor must deliver additional goods and services. On the other hand, invalid UDOs should be corrected because they represent unliquidated balances. Once released, these funds are available to purchase additional supplies and services to support the Coast Guard's mission.

Unit Approved Plan

A statement providing specific guidance on the adequate separation of duties needed to achieve standards for internal control to the maximum extent possible. Federal standards for internal control are contained in OMB Circular A-123. These controls, at a minimum, shall include adequate separation of procurement authorization, fund certification, receipt of goods, account reconciliation, and FPD site administration duties.

working capital

A revolving fund that operates as an accounting entity. In these funds, the assets are capitalized, and all income is in the form of offsetting collections derived from the funds' operations.

zero-based budget

A budget technique that attempts to analyze budget requests without an implicit commitment to sustaining past levels of funding. Under this system, programs and activities are organized and budgeted in a detailed plan that focuses review, evaluation, and analysis on all proposed operations rather than on increases above current levels of operations, as in incremental budgeting. Programs and activities are analyzed in terms of successively increasing levels of performance and funding, starting from zero, and then evaluated and ranked in priority order. The purpose is to determine the level, if any, at which each program or activity should be conducted.

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Acronyms

AAR	Automated Access Request
AB	Alteration of Bridges [appropriation]
AC&I	Acquisition, Construction, and Improvement [appropriation]
ACMS	Aviation Computerized Maintenance System
ACO	authorized certifying officer
ACR	Agency Confirmation Report
ACRN	Accounting Classification Reference Number
ACTEUR	Activities Europe
AD	active duty
ADA	Antideficiency Act
ADCON	administrative control
ADOS	active duty operational support
ADOS-AC	active duty operational support of the active component
ADOS-RC	active duty operational support of the reserve component
ADT	active duty for training
ADT-AT	active duty for training - annual training
ADT-OTD	active duty for training - other training duty
AFC	Allowance Fund (Control) Code
AFDA	Allowance for Doubtful Accounts
AIS	Automated Information System
AL	aluminum or similar metal hull [boat]

ALC	1. Aviation Logistics Center 2. Agency Location Code
ALMIS	Asset Logistics Management Information System
AMMIS	Aviation Maintenance Management Information System
AO	approving official
AOPS	Abstract of Operations
AOR	area of responsibility
APM	acquisition project manager
APPN	appropriation
ASCII	American Standard Code for Information Interchange
ASOP	Actuarial Standard of Practice
ATON	aids to navigation
ATU	administrative target unit
AWG	administrative wage garnishment
BAQ	basic allowance for quarters
BAS	basic allowance for subsistence
BETC	Business Event Type Code
BPA	blanket purchase agreement
BPD	Bureau of Public Debt
BRM	budgetary resource management
BS	Boat Safety [appropriation]
C2	command and control
C3	command, control, and communication
C4	command, control, communication, and computer

C4IT	Command, Control, Communication, Computers, and Information Technology
CA	Capital Authorization
CAMS	communications area master station
CAS	Core Accounting System
CASREP	casualty report
CMP	Class Maintenance Plan
CDFM	Certified Defense Financial Manager
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
CEU	Civil Engineering Unit
CFO	Chief Financial Officer
CFOV	CFO Vision [reporting tool]
CFR	<i>Code of Federal Regulations</i>
CG	Coast Guard
CGA	Coast Guard Academy
CGAP	<i>Coast Guard Acquisition Procedures</i>
CGDF	Coast Guard dining facility
CGES	Coast Guard Exchange System
CGFM	Certified Government Financial Manager
CGHQ	Coast Guard Headquarters
CGMS	Coast Guard Message System
CGOF	Coast Guard Oracle Financials
CGRC	Coast Guard Recruiting Command
CG TIER	Coast Guard Treasury Information Executive Repository

CHAMPUS	Civilian Health and Medical Program of the Uniformed Services
CIFP	Change in Financial Plan
CILOP	conversion in lieu of procurement
CIMS	Contract Information Management System
CIO	Chief Information Officer
CIP	Construction in Progress
CLIN	contract line item number
CLL	contingent legal liability
CM	Configuration Management
CMIA	Cash Management Improvement Act
CMPlus	Configuration Management Plus [software application]
CO	commanding officer
COB	close of business
COCO	Chief of Contracting Office
COL	cost of living
COMDT	Commandant
COMDTINST	Commandant Instruction
COMM	commercial
Comp Gen	GAO Comptroller General decision
CONUS	(inside the) continental United States
COR	Contracting Officer's Representative
COTR	Contracting Officer's Technical Representative
COTS	commercial off-the-shelf
CPA	Certified Public Accountant

CPI	consumer price index
CPS	Claims Process System
CRC	Civilian Resource Coordinator
CRO	Cumulative Results of Operations
CSA	1. central services agreement 2. civilian staffing advisor
CUA	Centralized User Administration
CVS	Commercial Vessel Safety
CY	current year
D&F	Determination and Findings
DCIA	Debt Collection Improvement Act
DCMS	Deputy Commandant for Mission Support
DCO	1. Direct Commission Officer 2. Deputy Commandant for Operations
DD	Department of Defense form
DHS	Department of Homeland Security
DHS TIER	DHS Treasury Information Executive Repository
DIO	domestic ice operations
DIS	date-in-service
DISA	Defense Information Systems Agency
DISBTR	disbursement transaction
DITCO	Defense Information Technology Contracting Organization
DLA	1. Defense Logistics Agency 2. dislocation allowance
DM&R	deferred maintenance and repairs

DMO	Debt Management Office [Department of the Treasury]
DNDO	Domestic Nuclear Detection Office
DOD	Department of Defense
DOL	1. Director of Operational Logistics 2. Department of Labor
DOT	Department of Transportation
DRAT	District Response Advisory Team
DTS	Dedicated Transition Service
DUNS	Dun & Bradstreet Universal Numbering System
DVSG-VTC	DISA Video Teleconference
EA	enterprise architecture
EAD	extended active duty
EAP	Employee Assistance Program
EC&R	Environmental Compliance and Restoration [appropriation]
ECR	engineering change request
EFT	electronic funds transfer
EI	end item
ELT	Enforcement of Laws and Treaties
EOU	excess, obsolete, or unserviceable
EPA	Environmental Protection Agency
EPR	Estimated Price Report
ERP	Electronic Resource Proposal [System]
ERPAL	Electronic Repair Parts Allowance List
ESF	Emergency Support Function

F/RM	financial/resource manager
F/S	financial statement
FACTS	Federal Agencies' Centralized Trial-Balance System
FAM	Fixed Asset Module [Oracle]
FAR	<i>Federal Acquisition Regulation</i>
FASAB	Federal Accounting Standards Advisory Board
FA/SN	Family Advocacy & Special Needs [program]
FBWT	Fund Balance with Treasury
FC	Financial Information and Control Division [FINCEN]
FCO	Federal coordinating officer
FC-T	FORCECOM Training Division
FD&CC	facility design and construction center
FEB	Federal Executive Board
FEDLOG	Federal Logistics Data
FEMA	Federal Emergency Management Agency
FF	Financial Reports and Analysis Branch [FINCEN]
FFC	FEMA Finance Center
FFMIA	Federal Financial Management Improvement Act
FG	fiberglass hull (boat)
FINCEN	Finance Center [Coast Guard]
FLS	Fleet Logistics System
FMAOB	Financial Management Accounting Oversight Board
FMFIA	Federal Managers' Financial Integrity Act
FMOP	Financial Management Operations Plan

FMPM	DHS <i>Financial Management Policy Manual</i>
FMS	Financial Management Service [Department of the Treasury]
FMV	fair market value
FOB	1. Fiscal Operations Branch 2. Free on Board
FOOT	Final Opinion of Title
FOPC	Field Organization Program Coordinator
FORCECOM	Coast Guard Force Readiness Command
FOSC	Federal On-Scene Coordinator
FPA	Federal program agency
FPD	Finance and Procurement Desktop
FR	Property Branch [FINCEN]
FRC	fast response cutter
FRMM	<i>Financial Resource Management Manual</i>
FRS	Frame Relay Service
FSF	fiscal status file
FSIO	Financial Systems Integration Office
FSS	Federal Supply System
FSTAR	Financial Strategy for Transformation and Audit Readiness
FTA	Financial Transfer Authorization
FTE	full-time equivalent
FTR	<i>Federal Travel Regulation</i>
FTS	1. Federal Telecommunications System 2. full-time support
FWPCA	Federal Water Pollution Control Act

FY	fiscal year
G&A	general and administrative
GAAP	generally accepted accounting principles
GAAS	generally accepted auditing standards
GAO	Government Accountability Office
GBL	Government Bill of Lading
GF	General Funds [appropriation]
GFE	Government-furnished equipment
GFM	Government-furnished material
GFP	Government-furnished property
GFRS	Governmentwide Financial Report System
GL	general ledger
GLM	general ledger management
GOALS	Government On-line Accounting Link System
GOTS	Government off-the-shelf
GPC	Government purchase card
GPO	Government Printing Office
GPP	general-purpose property
GPR	Global Pay Retired [system]
GPRA	Government Performance and Results Act
GSA	General Services Administration
GSE	ground support equipment
GWA	Governmentwide Accounting [System]
HCA	head of the contracting activity

HF-RWI	High Frequency Radio Wireline Interface
HM&E	hull, mechanical, and electrical
HQ	Headquarters
HSAM	<i>Department of Homeland Security Acquisition Manual</i>
HSWL	health, safety, and work-life
HVAC	heating, ventilation, and air conditioning
IAA	1. interagency agreement 2. intra-agency agreement
IADT	initial active duty training
IB	Investment Board [different from the IRB]
IBUDS	Integrated Budget Development System
ICE	Inventory Control Effectiveness
ICP	inventory control point
IDS	Integrated Deepwater System
IDT	inactive duty training
IGT	Intragovernmental Transaction
INV	inventory
IP	Internet Protocol
IPAC	Intragovernmental Payment and Collection
IPR	Interdepartmental Procurement Request
IRB	Investment Review Board [different from the IB]
ISSA	Interservice Support Agreement
IT	information technology
ITMRA	Information Technology Management Reform Act of 1996 (now known as the Clinger-Cohen Act)

JFO	joint field office
JFTR	<i>Joint Federal Travel Regulations</i>
JUMPS	Joint Uniform Military Pay System
JV	journal voucher
JWICS	Joint Worldwide Intelligence Communications System
KO	contracting officer
LANTAREA	Atlantic area
LEAD	Leadership, Excellence and Diversity
LIM	appropriation limitation code
LOA	line of accounting
LORAN	Long Range Navigation [system]
LSC	Legal Services Command
M&S	management and support
MA	Mission Assignment [FEMA]
MAL	Microcomputer Allowance List
MAP	Mission Action Plan
MCPOCG	Master Chief Petty Officer of the Coast Guard
MCPOCGRF	Master Chief Petty Officer of the Coast Guard Reserve Forces
MD&A	Management's Discussion and Analysis
MEP	marine environmental protection
MER	1. marine environmental response 2. Monthly Execution Report
MERHCF	Medicare-Eligible Retiree Health Care Fund
MHS	Military Health System

MICA	Management Information of Combined Allowance
MILSTRIP	Military Standard Requisition and Issuing Procedures
MIPR	Military Interdepartmental Purchase Request
MISC	miscellaneous
MISLE	Maritime Information for Safety and Law Enforcement
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MRC	monthly recurring cost
MRE	meal, ready-to-eat
MRO	management review official
MRS	Military Retirement System
MSA	Marine Science Activity
MSAM	<i>Major Systems Acquisition Manual</i>
MWR	morale, well-being, and recreation
N/A	not applicable
NAF	nonappropriated fund
NAFI	nonappropriated fund instrumentality
NARA	National Archives and Records Administration
NBV	Net Book Value
NCA	National Command Authority
NCC	Network Control Center
NDAA	National Defense Authorization Act
NESSS	Naval and Electronics Supply Support System
NFC	National Finance Center

NFR	Notice of Findings and Recommendations
NIIN	National Item Identification Number
NIP	National Intelligence Program
NIPRNET	Unclassified Internet Protocol Router Network
NIPS	Non-Federal Invoicing Processing Systems
NLT	not later than
NOV	Notice of Violation
NPFC	National Pollution Funds Center
NPFC-CIMS	NPFC Case Information Management System
NPV	net present value
NRCC	National Resource Coordination Center [FEMA]
NRF	National Response Framework
NRV	Net Realizable Value
NSF	National Strike Force
NSN	National Stock Number
NTNO	Navy-type/Navy-owned
O&M	1. operating and maintenance 2. operations and maintenance
OC	Accounting Operations Division Chief [FINCEN]
OCFO	Office of the Chief Financial Officer [DHS]
OCGA	other Coast Guard account
OCONUS	outside the continental United States
OCS	1. Officer Candidate School 2. Outer Continental Shelf
OE	Operating Expenses [appropriation]

OEM	original equipment manufacturer
OF	optional form
OFCO	Operating Facility Change Order
OFF	Oracle Federal Financials
OFM	Office of Financial Management [DHS]
OG	General Accounting Branch [FINCEN]
OGA	1. other Government agency 2. General Accounting Section [FINCEN]
OGB/OGC	Claims Unit [FINCEN]
OGB/OGR	Collections and Reconciliation Unit [FINCEN]
OGQ	Reports & Reconciliation Unit [FINCEN]
OGP	Supply Fund and PES [FINCEN]
OIC	officer-in-charge
OJT	On-the-job training
OM&S	operating materials and supplies
OMAS	Official Mail Accounting System
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OOVA	Open Obligation Validation Application
OP	Payables Branch [FINCEN]
OPA	Oil Pollution Act (of 1990)
OPCOM	Coast Guard Operations Command
OPCON	operational control
OPEB	other post-employment benefits

OPFAC	operating facility
ORB	other retirement benefit
ORRF	Official Reception and Representation Funds
OSC	Operations Systems Center
OSLTF	Oil Spill Liability Trust Fund
OSR	Oil Spill Recovery
P/FM	project/financial manager
P/RM	project/resource manager [interchangeable with P/FM]
PA	1. public address 2. Project Accounting
PACAREA	Pacific area
PAL	Personnel Allowance List
PAO	payment-approving official
PAR	Performance and Accountability Report
PCT	Pipeline Certification Tool
PDM	programmed depot-level maintenance
PDS	permanent duty station
PE	program element
PEM	program element manager
PES	program element status
PIO	polar ice operations
PL	Public Law
PM	1. program management 2. project manager
PMDS	Project Management Data Sheet

PMS	Planned Maintenance System
PO	purchase order
POC	point of contact
POP	Planned Obligation Program
PP&E	property, plant, and equipment
PPA	program, project, or activity
PPC	Pay and Personnel Center
PR	1. purchase request 2. procurement request
PRV	plant replacement value
PSC	1. personnel support costs 2. Personnel Service Center
PSCR	personnel support costs – reserve
PSD-mu	Personnel Services Division – Military Uniforms
PSMA	Pre-Scripted Mission Assignment
PT	project target
QDR	Quality Deficiency Report
QSI	quality step increase
QTR	quarter
R&D	research and development
R&M	repair and maintenance
RA	1. radio aids (to navigation) 2. reimbursable agreement
RAN	reimbursable agreement number
RAP	Resource Allocation Plan

RBS	Recreational Boating Safety
RCRA	Resource Conservation Recovery Act
RDD	required delivery date
RDT&E	Research, Development, Test, and Evaluation [appropriation]
RFAM	resource, financial, and asset management
RFC	regional finance center
RK	one of the Coast Guard Reserve enlistment programs (along with RP).
RM	resource manager
RMO	Resource Management Office
RMP	readiness management period
ROD	Report of Discrepancy
RP	<ol style="list-style-type: none"> 1. resource proposal 2. responsible party 3. Retired Pay [appropriation] 4. one of the Coast Guard Reserve enlistment programs (along with RK).
RPAL	Reserve Personnel Allowance List
RPFN	Real Property Facility Number
RPUID	Real Property Unique Identification Number
RR&B	Reports, Reconciliations, and Budget
RRCC	Regional Resource Coordination Center [FEMA]
RWG	Resource Work Group
SA	<ol style="list-style-type: none"> 1. supply account 2. Core Accounting Systems Branch [FINCEN]
SAM	Shore Asset Management [system]

SAP	1. simplified acquisition procedures 2. <i>Simplified Acquisition Procedures Manual</i>
SAR	search and rescue
SAS	<i>Statement of Auditing Standards</i>
SAT	Senior Assessment Team
SBA	Small Business Administration
SBP	Survivor Benefit Plan
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SCCR	Supply Center Computer Replacement [system]
SCCS	Shipboard Control and Command System
SCM	system configuration management
SCNP	Statement of Changes in Net Position
SCR	system change request
SDLC	system development life cycle
SEHO	safety and environmental health officer
SEPRATS	separate rations
SES	Senior Executive Service
SF	1. standard form 2. Supply Fund
SFFAS	Statement of Federal Financial Accounting Standards
SFLC	Surface Forces Logistics Center
SILC	Shore Infrastructure Logistics Center
SIPRNET	Secret Internet Protocol Router Network
SMC	Senior Management Council

SME	subject matter expert
SMTC	Special Missions Training Center
SNC	Statement of Net Cost
SOD	Statement of Differences
SOP	standard operating procedure
SORS	Spilled Oil Recovery System
SPC	standard personnel cost
SPPM	<i>Supply Policy and Procedures Manual</i>
SPS	Secure Payment System
SQL	Structured Query Language
SR	script request
SRA	short-range aids (to navigation)
SSA	Same Stores Account
SSL	standard support level
SSMEB	Ship Structure and Machinery Evaluation Board
STAN	standardization
SWS	standard workstation
T&E	test and evaluation
TAD	temporary assignment duty
TAFS	Treasury Appropriation Fund Symbol
TAS	Treasury Account Symbol
TC	1. training center 2. transaction code
TDO	Treasury Disbursing Office

TDY	temporary duty
TFM	<i>Treasury Financial Manual</i>
TFMB	Trust Fund Management Branch
TIER	Treasury Information Executive Repository
TIM	Treasury Information Maintenance
TLA	temporary lodging allowance
TLE	temporary lodging expense
TO	task order
TONO	travel order number
TRACEN	Training Center
TRM	Transition & Relocation Assistance [programs]
TROR	Treasury Report on Receivables
TSA	Transportation Security Administration
TSP	transportation service provider
UAP	Unit Approved Plan
UDC	Uniform Distribution Center
UDO	undelivered order
UMS	User Management System
US	United States
USC	United States Code
USCG	United States Coast Guard
USF	Universal Service Fund
USM	Under Secretary for Management
USSGL	United States Standard General Ledger

VHA	variable housing allowance
VIN	vehicle identification number
VOSS	Vessel of Opportunity Skimming System
VTS	vessel tracking station
WHEC	Coast Guard high endurance cutter
WINS	Workflow Imaging Network System
WMEC	Coast Guard medium endurance cutter
WWM	Waterways Management
XO	executive officer
XXF	Extraordinary Expense Fund
YF	Yard Fund
YR	year

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Financial Resource Management Manual (COMDTINST M7100.3E)

Forms

Following is a list of the forms referenced in this manual.

Coast Guard Forms

CG-3095	Daily Summary of Receipt Transactions
CG-3097	Daily Summary of Expenditure Transactions
CG-3114	Adjustment Form
CG-3116	Stores Account Balance Sheet
CG-3319	Change in Financial Plan
CG-5269	Report of Survey
CGHQ-3200.1	Financial Transfer Authorization
CGY-75	Project Order [Coast Guard Yard]

Department of Defense Forms

DD 250	Material Inspection and Receiving Report
DD 1149	Requisition and Invoice/Shipping Document
DD 1164	Service Order for Personal Property
DD 1348	DOD Single Line Item Requisition System Document (Manual)
DD 1348-1A	Issue Release/Receipt Document
DD 1354	Transfer and Acceptance of Military Real Property

Department of Homeland Security Forms

DHS 700-21	Material Inspection and Receiving Report
DHS 1501	Purchase Card Transaction Worksheet

Department of the Treasury Forms

FMS 224	Statement of Transactions
FMS 2108	Year-end Closing Statement
FMS 6652	Statement of Differences (SOD)
FMS 6653	Undisbursed Appropriation Account Ledger

- FMS 6654 Undisbursed Appropriation Account Trial Balance
- FMS 6655 Receipt Account Ledger/Trial Balance

General Services Administration Forms

- GSA 1334 Request for Transfer of Excess Real and Related Personal Property

Optional Forms

- OF 347 Order for Supplies or Services

Standard Forms

- SF 52 Request for Personnel Action
- SF 118 Report of Excess Real Property
- SF 118A Buildings, Structures, Utilities, and Miscellaneous Facilities
- SF 122 Transfer Order Excess Personal Property
- SF 132 Apportionment and Reapportionment Schedule [see note below]
- SF 133 Report on Budget Execution and Budgetary Resources [see note below]
- SF 1034 Public Voucher for Purchases and Services Other Than Personal
- SF 1035 [Continuation Sheet for SF 1034]
- SF 1080 Voucher for Transfers between Appropriations and/or Funds
- SF 1081 Voucher and Schedule of Withdrawal and Credits
- SF 1151 Nonexpenditure Transfer Authorization
- SF 1449 Solicitation/Contract/Order for Commercial Items

Note: The Apportionment and Reapportionment Schedule, Form SF 132, and Report on Budget Execution and Budgetary Resources, Form SF 133, have been incorporated into the Federal Government’s electronic budgetary system; consequently, these forms are no longer available as hard copies. The Apportionment and Reapportionment Schedule, Form SF 132, is submitted using OMB’s secure web-based apportionment application system, and the Report on Budget Execution and Budgetary Resources, Form SF 133, must be submitted electronically through the Treasury’s Federal Agencies’ Centralized Trial-Balance System II (FACTS II). For illustrative formats of these forms and their proper use, see OMB Circular A-11, sections 121 and 130, at the following websites: http://www.whitehouse.gov/omb/assets/a11_current_year/s121.pdf and http://www.whitehouse.gov/omb/assets/a11_current_year/s130.pdf. In addition, FACTS II is also used for the Year-End Closing Statement, Form FMS 2108. Procedures for completing and submitting this form can be found at: <http://www.fms.treas.gov/fm/vol1/v1p2c420.html>.

Finally, the following forms are also no longer available as hard copies: Statement of Transactions, Form FMS 224; Statement of Differences (SOD), Form FMS 6652; Undisbursed Appropriation Account Ledger, Form FMS 6653; Undisbursed Appropriation Account Trial Balance, Form FMS 6654; and Receipt Account Ledger/Trial Balance, Form FMS 6655. However, they can be found in the FMS's GOALS II system, which is a collection of applications that allows FMS to collect data from and disseminate reports on Federal Program Agencies. Informational summaries are provided at http://fms.treas.gov/goals/factsheet_224.html and <https://fms.treas.gov/tfm/vol1/supplements/background.html>, and access is available at <http://www.fms.treas.gov/goals/index.html>.