



COMDTINST 5090.11
28 March 2012

COMMANDANT INSTRUCTION 5090.11

Subj: POLICY ON MANAGEMENT OF ENVIRONMENTAL LIABILITIES

- Ref:
- a) Financial Resources Management Manual (FRMM). COMDTINST M7100.3 (series)
 - b) Financial Accounting Standards Advisory Board (FASAB), Accounting and Auditing Policy Committee (AAPC) Federal Financial Accounting and Auditing Technical Release No. 2, "Determining Probable and Reasonably Estimable Environmental Liabilities in the Federal Government."
 - c) Statement of Federal Financial Accounting Standards, FASAB, SFFAS No. 12, "Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS No. 5, Accounting for Liabilities of the Federal Government."
 - d) FASAB, (SFFAS) No. 5, "Accounting for Liabilities of the Federal Government."
 - e) FASAB, SFFAS No. 6, "Accounting for Property, Plant, and Equipment (PP&E)"
 - f) FASAB, Technical Bulletin No. 2006-1, "Recognition and Measurement of Asbestos-Related Cleanup Costs."
 - g) Federal Managers' Financial Integrity Act (FMFIA) of 1982
 - h) Government Management Reform Act of 1994
 - i) Government Performance and Results Act of 1993 (GPRA)
 - j) Office of Management and Budget (OMB) Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements."
 - k) The Chief Financial Officers (CFO) Act of 1990
 - l) Department of Homeland Security Financial Management Policy Manual
 - m) U.S. Coast Guard Environmental Liabilities Process Guide

1. **PURPOSE.** This instruction establishes the policy for how the Coast Guard manages environmental liabilities (EL) in accordance with the requirements set forth in references (a) through (m). It establishes standards for Coast Guard shore facility and vessels environmental liability estimation, documentation and maintenance.

DISTRIBUTION – SDL No. 161

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	
A																											
B	X	X	X						X							X				X							
C						X	X																				
D	X																										
E																											
F																											
G																											
H																											

NON-STANDARD DISTRIBUTION:

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 Instruction. Internet release is authorized.
3. DIRECTIVES AFFECTED. This Instruction supplements the policy in Reference (a). The Environmental Initial Assessment Survey (IAS) Program, COMDTINST 16475.5 is cancelled.
4. REQUEST FOR CHANGES. All requests for change shall be submitted to: Commandant (CG-47); U. S. Coast Guard; 2100 2ND ST SW STOP 7901; WASHINGTON, DC 20593-0001.
5. DISCUSSION. Environmental liabilities exist when there is a requirement to assess and remediate conditions or activities that have produced hazardous waste. These liabilities (costs) must be recognized in financial statements as probable, measurable and future expenditures. The Coast Guard is required by statute to annually determine and report its environmental liability. This requirement began with the CFO Act, (reference (k)). The purpose of the CFO Act was to improve general and financial management practices in the Federal Government by requiring the development of an integrated financial management system, including financial reporting and internal controls. These requirements were expanded through subsequent legislation including references (g), (h), and (i).

Reference (g) requires that all Federal agencies implement and maintain financial management systems that will allow them to prepare financial statements that comply with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger. In addition, full costs of Federal government programs and activities must be consistently and accurately reported. Reference (g) also requires that each Federal agency head report to Congress on the implementation of actions needed to bring its agency's financial management system into compliance.

These statutes require the Coast Guard to develop auditable financial statements that report both assets and liabilities. The total EL is the sum of multiple EL estimates. These individual EL estimates are subject to audit under the CFO Act and subsequent public laws cited above. This instruction outlines policy for the identification and accounting for environmental liabilities in the Coast Guard.

6. RESPONSIBILITY. Personnel with responsibilities for the management of environmental liabilities include:
 - a. Judge Advocate General and Chief Counsel (CG-094). Supports the Office of Environmental Management with legal advice on questions associated with environmental liability.
 - b. Office of Financial Policy & Systems (CG-84). Compiles the Coast Guard's financial

statements. Implements financial policy and procedures for tracking and accounting environmental liabilities in coordination with Commandant (CG-45), Commandant (CG-47), FINCEN, and DHS Office of Financial Management (OFM). Quarterly, reviews and submits to FINCEN the Environmental Liabilities Report submitted by Commandant (CG-45) and Commandant (CG-47) in preparation for the ending quarterly financial statements.

- c. Assistant Commandant for Engineering and Logistics (CG-4). Designated Key Process Owner (KPO) by the Chief Financial Officer for environmental liabilities.
 - d. Deputy Assistant Commandant for Engineering & Logistics (Chief Administrative Officer) CG-4D. Responsible for processes and procedures for accurate and complete identification of environmental liabilities.
 - e. Director, Office of Environmental Management (CG-47). The Responsible Environmental Official at the Coast Guard - Designated by CFO as lead within the Coast Guard for the preparation of estimates of environmental liability. Establishes and approves environmental liability processes and procedures as identified in the Environmental Liabilities Process Guide.
 - f. Office of Naval Engineering (CG-45). Responsible for establishing and maintaining completeness and existence of the Personal Property vessels database. Responsible for calculation and reporting of environmental liabilities associated with decommissioning of surface assets.
 - g. Office of Civil Engineering (CG-43), Real Property Program (CG-437). Responsible for establishing and maintaining completeness and existence of the Real Property database in the Computerized Maintenance Management System (CMMS).
 - h. Office of Civil Engineering (CG-43), Shore Infrastructure Logistics Center (SILC) Environmental Management Division (EMD). Performs oversight of CEU activities for the purpose of environmental liabilities. Manages the Environmental Compliance Evaluation program for the purpose of environmental liability.
 - i. Civil Engineering Unit (CEU) - Product Lines. Responsible for development and maintenance of real property environmental liabilities estimates and supporting documentation. Sustains real property environmental liabilities associated with real property assets in accordance with procedures and processes outlined in the Environmental Liabilities Process Guide.
7. **PROCEDURES.** The Coast Guard defines an environmental liability as a probable, measurable and reasonably estimable future outflow or expenditure of resources that exist as of the financial reporting date for environmental cleanup costs resulting from past transactions or events. The Coast Guard shall comply with all FASAB accounting standards, DHS policy (reference (1)), and other applicable requirements, regarding environmental liabilities.

The Coast Guard recognizes that the service's responsibilities include accurate accounting of financial liabilities associated with future environmental cleanup caused by previous practices at Coast Guard-managed shore installations and capitalized personal property assets. The environmental liability management process for shore facilities shall be managed by the Shore Infrastructure Logistics Center (SILC), with oversight from Commandants (CG-

43, CG-47, and CG-84). The environmental liability process for vessels shall be managed by Commandant (CG-45), with additional oversight from Commandants (CG-84 and CG-47) as needed. Individual responsibility for creation and maintenance of the dollar values for each asset's environmental liability shall be assigned to staff according to the Coast Guard Environmental Liabilities Process Guide (reference (m)). The Process Guide shall describe procedures to assess, estimate and remediate ELs using repeatable and consistent methods that incorporate due diligence. The EL Process Guide shall establish practices and procedures for managing the Due Care requirements of the environmental liabilities program.

An EL record is defined as a record for archiving all actions related to the identification, estimation, recording, and disposal of an environmental liability. An EL cost estimate is defined as the estimated monetary cost required to fully remediate an environmental liability at a designated point in time. The procedures for creating and managing all EL cost estimates for real and personal property shall be described in the EL Process Guide and managed by the Shore Infrastructure Logistics Center, Environmental Management Division. Real Property EL records and cost estimates shall be maintained at the CEUs by the appropriate official in accordance with requirements established by the National Archives and Records Administration and described in the EL Process Guide. EL records for personal property shall be maintained by the appropriate office of the Engineering and Logistics Directorate (CG-4). Cost estimates shall be updated by the CEUs annually and upon a triggering event such as property divestiture, or significant regulatory changes. Cost estimates shall be adjusted annually for inflation in accordance with the procedure outlined in the EL Process Guide. Cost estimates shall be reviewed and re-calculated as necessary every five years using current labor rates and technology by the CEUs in accordance with the EL Process Guide. Procedures for reporting environmental liabilities to CG-8 shall be described in the Process Guide.

The EL Process Guide shall be revised as necessary to reflect current technology, legislative requirements, accounting principles and practices, and changes in Coast Guard missions. Commandant (CG-47) shall manage sustainment of the EL Process Guide and ensure that this guidance document remains current and in accordance with Coast Guard organization and policy.

8. DISCLAIMER. This document is intended to provide operational requirements for Coast Guard personnel and is not intended to nor does it impose legally-binding requirements on any party outside the Coast Guard.
9. RECORDS MANAGEMENT CONSIDERATIONS. This Directive has been thoroughly reviewed by the USCG and it has been determined this action requires further scheduling requirements, in accordance with Federal Records Act, 44 U.S.C. 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, or inconsistencies with existing determinations relating to documentation requirements.

10. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS. Environmental considerations under the National Environmental Policy Act of 1969 (NEPA) were examined in the development of this Directive. It is categorically excluded from further NEPA analysis and documentation requirements under current USCG Categorical Exclusion (33), in accordance with the National Environmental Policy Act Implementing Procedures and Policy for Considering Environmental Impacts, COMDTINST M16475.1(series), Figure 2-1. An Environmental Checklist or Categorical Exclusion Determination is not required.

11. FORMS/REPORTS. None.

R. J. RÁBAGO /s/
Rear Admiral, U. S. Coast Guard
Assistant Commandant for Engineering & Logistics