

U.S. Department of
Homeland Security

United States
Coast Guard



FINANCIAL RESOURCE MANAGEMENT MANUAL (FRMM)



COMDTINST M7100.3F

June 2019



COMDTINST M7100.3F
26 June 2019

COMMANDANT INSTRUCTION M7100.3F

Subj: FINANCIAL RESOURCE MANAGEMENT MANUAL (FRMM)

1. PURPOSE. This revision removes all financial procedures from Coast Guard policy for all financial resource management matters and related issues. These procedures can now be found in the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4A.
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 M7100.3E is cancelled.
4. DISCUSSION. This revision includes only Coast Guard financial policy in accordance with Coast Guard rules, Federal Government regulations, generally accepted accounting principles (GAAP), and generally accepted auditing standards (GAAS).
5. 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 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.

DISTRIBUTION – SDL No. 170

	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	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X		X		X	X					
B	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
C	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
D	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
E	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		
F																	X	X	X								
G		X	X	X	X																						
H	X	X	X	X	X	X	X																				

NON-STANDARD DISTRIBUTION:

6. MAJOR CHANGES. Significant changes include: All Coast Guard financial procedures in each of the ten chapters have been moved to The *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series).

In accordance with the DHS Common Appropriations Structure (CAS) implementation, CG appropriation name changes and changes within/between appropriations have been updated in this Manual.

7. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS.

- a. The development of this Manual and the general policies contained within it have been thoroughly reviewed by the originating office in conjunction with the Office of Environmental Management, Commandant (CG-47). This Manual is categorically excluded under current Department of Homeland Security (DHS) categorical exclusion (CATEX) A3 from further environmental analysis in accordance with the *U.S. Coast Guard Environmental Planning Policy*, COMDTINST 5090.1, Environmental Planning Implementing Procedures, and DHS Instruction Manual 023-01-001-01 (series).

- b. This Manual will not have any of the following: significant cumulative impacts on the human environment; substantial controversy or substantial change to existing environmental conditions; or inconsistencies with any Federal, State, or local laws or administrative determinations relating to the environment. All future specific actions resulting from the general policy in this Manual must be individually evaluated for compliance with the National Environmental Policy Act (NEPA) and Environmental Effects Abroad of Major Federal Actions, Executive Order 12114, DHS NEPA policy, Coast Guard Environmental Planning policy, and all other applicable environmental mandates.

8. DISTRIBUTION. No paper distribution will be made of this Manual. An electronic version will be located on the following Commandant (CG-612) websites. Internet: <http://www.dcms.uscg.mil/directives>, and CGPortal: <https://cgportal.uscg.mil/library/directives/SitePages/Home.aspx>

9. 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.

10. FORMS/REPORTS. The forms referenced in this Manual are available on the Internet: <http://www.dcms.uscg.mil/directives>; and CG Portal at <https://cg.portal.uscg.mil/library/forms/SitePages/Forms.aspx>. 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: <https://www.dhs.gov/dhs-forms-portal>.

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' Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS). For illustrative formats of these forms and their proper use, see OMB Circular A-11, Sections 121 and 130, at the following website: <https://www.whitehouse.gov/omb/information-for-agencies/circulars/>. In addition, guidance for GTAS reporting can be found at: https://www.fiscal.treasury.gov/fsservices/gov/acctg/gtas/gtas_home.htm.

11. 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

T. G. ALLAN, JR. /s/
Rear Admiral, U.S. Coast Guard
Assistant Commandant for Resources
Chief Financial Officer

This page intentionally left blank.

Table of Contents

Chapter 1. Introduction to Financial Resource Management	1-1
1.1 Purpose and Scope of this Manual	1-1
1.2 Financial Resource Management	1-1
1.2.1 Internal Controls	1-1
1.2.2 Consideration of Fraud	1-4
1.2.3 Coast Guard Fraud Response Plan (FRP)	1-5
1.3 Financial Management Accounting Oversight Board (FMAOB)	1-5
1.3.1 Overview	1-5
1.3.2 Authorities	1-6
1.3.3 Responsibilities	1-6
1.3.4 Policy	1-8
1.4 The Budget Process	1-9
1.4.1 Budget Formulation	1-10
1.4.2 Budget Execution	1-11
1.5 Trademarks	1-11
Chapter 2. Coast Guard Budget Authority and Structure	2-1
2.1 Federal Agency Authority to Spend Funds	2-1
2.2 Coast Guard Budget Authority	2-1
2.2.1 Regular Appropriations	2-2
2.2.2 Supplemental Appropriations	2-5
2.2.3 Continuing Resolutions	2-5
2.2.4 Operating with No Appropriations	2-5
2.2.5 Revolving Funds	2-6
2.2.6 General Gift Fund	2-6
2.2.7 Sales, Fees, Fines, and Other Collections	2-6
2.2.8 Reimbursable Activities	2-7
2.2.9 Imprest Funds	2-7
2.2.10 Nonappropriated Funds (NAFs)	2-8
2.2.11 Cash and Property Recovered or Seized	2-8
2.2.12 Other Budget Authority	2-8
2.3 Subappropriation Accounts	2-25
2.3.1 Apportionment	2-25
2.4 Operations & Support (O&S) Allowance Fund Control Codes	2-26
2.4.1 AFC-01 Military Pay	2-26
2.4.2 AFC-08 Civilian Pay	2-27
2.4.3 AFC-20 and AFC 21 Permanent Change of Station (PCS)	2-27
2.4.4 AFC-30 Operating and Maintenance	2-27

Table of Contents

2.4.5 AFC-34 Training and Recruiting Centers	2-27
2.4.6 AFC-36 Central Accounts.....	2-28
2.4.7 AFC-40 Other Activities.....	2-28
2.4.8 AFC-41 Aeronautical Engineering	2-28
2.4.9 AFC-42 Command, Control, Communications, and Electronics Engineering	2-28
2.4.10 AFC-43 Civil Engineering	2-28
2.4.11 AFC-45 Naval Engineering	2-28
2.4.12 AFC-56 Training.....	2-29
2.4.13 AFC-57 Health, Safety, and Work-Life.....	2-29
2.4.14 AFC-75 Reimbursable/Refund Program.....	2-29
2.4.15 AFC-77 Reimbursable Execution Account.....	2-29
2.4.16 AFC-80 Reimbursements.....	2-29
2.5 Reserve Training (RT) Allowance Fund Control Codes.....	2-30
2.6 Retired Pay (RP) Allowance Fund Control Codes	2-31
2.7 Coast Guard Supply Fund.....	2-31
2.7.1 Authorities	2-32
2.7.2 Responsibilities.....	2-33
2.8 PC&I Project Identification System	2-35
2.9 Transfers	2-36
2.9.1 Refunds	2-36
2.9.2 Reimbursements.....	2-36
2.10 The Investment Board.....	2-36
2.10.1 The Resource Group	2-37
2.11 The Budget Review Board	2-37
2.11.1 Headquarters Unit – Financial Management Staff.....	2-37
2.11.2 Field Unit – Commanding Officers	2-37
2.11.3 Field Unit – Executive Officers	2-38
2.11.4 Field Unit – Financial Managers.....	2-38
<u>Chapter 3. Administrative Control of Funds</u>.....	<u>3-1</u>
3.1 Purpose	3-1
3.1.1 Policy Review	3-1
3.2 Authority for Funds Control	3-1
3.3 Scope of Funds Control.....	3-2
3.4 Responsibilities	3-2
3.4.1 DHS Under Secretary for Management (DHS USM).....	3-3
3.4.2 DHS Chief Financial Officer (DHS CFO).....	3-3
3.4.3 DHS Director, Office of Financial Management (OFM).....	3-3

Table of Contents

3.4.4 DHS Director, Budget Office.....	3-3
3.4.5 Commandant (CG-00)	3-4
3.4.6 Assistant Commandant and Deputy Assistant Commandant for Resources (CG-8/8D)	3-4
3.4.7 Director of Financial Operations/Comptroller (CG-8C).....	3-5
3.4.8 Office of Financial Policy, Reporting, and Property (CG-84)	3-5
3.4.9 Office of Resource Management (CG-83).....	3-6
3.4.10 Funds Control Division (CG-831)	3-6
3.4.11 Office of Procurement Policy & Oversight (CG-913).....	3-7
3.5 Antideficiency Act	3-8
3.5.1 Violations of the Antideficiency Act	3-9
3.5.2 Violations of Limitations That Do Not Per Se Violate the Antideficiency Act.....	3-9
3.5.3 Antideficiency Act Employee Restrictions.....	3-10
3.5.4 Penalties	3-10
3.5.5 Antideficiency Act Violations Discovered by Coast Guard Employees.....	3-10
3.5.6 ADA Violations Uncovered During Audits.....	3-11
3.5.7 Examples of ADA Violations	3-11
3.5.8 Training of Financial Managers and Investigating Officials	3-13
3.5.9 Reporting Violations.....	3-14
3.6 Apportionments	3-14
3.6.1 Anticipated Reimbursements	3-14
3.6.2 Deficiency Apportionments	3-15
3.7 Policy on Allotments and Suballotments.....	3-15
3.7.1 Restrictions	3-15
3.8 Administrative Control of Funds Policy.....	3-16
3.8.1 Administrative Control of Funds	3-16
3.8.2 Formal Delegation of Budget Authority	3-17
3.8.3 Responsibility for Administrative Control of Funds.....	3-17
3.8.4 Delegation of Authority within the Chain of Command.....	3-17
3.8.5 Segregation of Duties.....	3-18
3.8.6 Accounting Support for Fund Control Systems.....	3-18
3.8.7 Allotment/Suballotment Managers	3-19
3.8.8 Allowance Managers	3-19
3.8.9 Administrative Target Unit Commander, Commanding Officer, Director, or Superintendent.....	3-20
3.8.10 Program Element Managers.....	3-20
3.8.11 Civilian Employee Financial Resource Official (CEFRO) formerly Performance Incentive Pay Officials (PIPO)	3-21
3.8.12 Civilian Resource Coordinators (CRC)	3-21

Table of Contents

Chapter 4. Budget Formulation	4-1
4.1 Overview	4-1
4.2 The Stages and Format of the Budget	4-1
4.2.1 Budget Stages.....	4-2
4.2.2 Budget Format	4-2
4.2.3 Budget Preparation – Participants.....	4-2
4.2.4 Congressional Stage.....	4-2
4.3 Public Disclosure	4-3
4.3.1 Release or Withholding of Information	4-3
4.3.2 Questions on Public Disclosure	4-3
4.4 Preparation of the Congressional Stage Budget – President’s Budget (Appendix)	4-3
Chapter 5. Budget Execution	5-1
5.1 Overview	5-1
5.1.1 Purpose.....	5-1
5.1.2 Scope.....	5-2
5.2 Authorities	5-3
5.3 Responsibilities	5-6
5.3.1 Coast Guard Financial Management Organizations	5-6
5.3.2 Coast Guard Central Management Organizations Other Than Financial	5-8
5.3.3 All Coast Guard Employees Committing and Obligating Funds.....	5-9
5.4 Actions Taken Prior to the Start of the Fiscal Year	5-10
5.4.1 Updating and Synchronizing Coast Guard Budget and Accounting Coding Structure	5-10
5.4.2 Preparing Apportionments Required Prior to the Start of the Year	5-10
5.4.3 Monitoring the Status of Appropriation Bills	5-11
5.5 Actions Taken at the Start of the Fiscal Year	5-12
5.5.1 Establishing Funding under a Continuing Resolution	5-12
5.5.2 Managing Operations under a Continuing Resolution.....	5-12
5.5.3 Managing Operations in the Absence of Appropriations – Funding Hiatus	5-14
5.5.4 Preparing Apportionment and Reapportionment Actions upon the Enactment of Appropriations	5-14
5.5.5 Establishing and Recording Apportionments, Allotments, and Suballotments	5-15
5.5.6 Preparing the Final Financial Management Operation Plan (FMOP).....	5-16
5.5.7 Meeting OMB Financial Plan Requirements	5-16
5.5.8 Meeting DHS Operating Plan Requirements	5-17
5.5.9 Establishing Operating Plans within the Coast Guard Funds Control Structure.....	5-18
5.5.10 Coordinating Legal Requirements from Appropriations Language with the Judge Advocate General & Chief Counsel (CG-094)	5-20

Table of Contents

5.5.11 Statutory and Administrative Ceilings – Ceilings in the Authorization Process	5-21
5.5.12 Formulating and Establishing the Financial Management Operation Plan (FMOP)	5-23
5.5.13 Revolving Funds	5-25
5.6 Actions Taken during the Fiscal Year	5-26
5.6.1 Availability of Funds by Purpose.....	5-26
5.6.2 Commitments – By Document Type and/or Object Class	5-34
5.6.3 Recording, Monitoring, Validating, and Certifying Obligations	5-36
5.6.4 Reporting Violations of Informal Subdivisions of Budget Authority.....	5-43
5.6.5 Internal Controls for Budgetary Resource Management	5-44
5.6.6 Reimbursable Programs (Coast Guard as Seller).....	5-50
5.6.7 Refund Programs (Adjustments between Appropriations, 31 USC 1534).....	5-63
5.6.8 Operating Expenses – Military and Civilian Pay/Cost of Living (COL).....	5-64
5.6.9 Operations & Support (O&S) – Adjustments and Miscellaneous	5-66
5.6.10 Use of Operations & Support (O&S) Funds	5-73
5.6.11 Research & Development (R&D) – Financial Management Operation Plan (FMOP)	5-88
5.6.12 Procurement, Construction, and Improvement (PC&I) – Purpose	5-94
5.6.13 Reserve Training (RT) – General Responsibilities	5-97
5.6.14 Environmental Compliance and Restoration (EC&R).....	5-97
5.6.15 Oil Spill Liability Trust Fund (OSLTF).....	5-104
5.6.16 Alteration of Bridges (AB) – Reprogramming Guidelines	5-104
5.6.17 Retired Pay (RP)	5-104
5.6.18 Industrial Bases – Responsibilities	5-104
5.6.19 Reprogramming	5-106
5.6.20 Supply Fund.....	5-110
5.6.21 Special Deposits, Funds, and Receipts.....	5-110
5.6.22 Accepting Gifts Offered by Non-Federal Sources	5-110
5.6.23 Managing Changes in the Amounts of Budgetary Resources in an Appropriation	5-111
5.6.24 Managing Changes in the Application of Budgetary Resources Within an Appropriation	5-116
5.6.25 Monitoring the Status of Funds in Operating Plans and Financial Reporting	5-122
5.6.26 Monitoring and Reporting Treasury Appropriation Fund Symbols (TAFSS).....	5-122
5.7 Actions Taken at the End of the Fiscal Year.....	5-125
5.7.1 Managing Expired and Cancelled Accounts	5-125
5.7.2 Year-end Reporting and Closeout.....	5-133
<u>Chapter 6. Continuing Operations without Appropriations</u>	<u>6-1</u>
6.1 Situation	6-1
6.2 Policy.....	6-1

Table of Contents

Chapter 7. Accounting Policies and Standards	7-1
7.1 Required Use of the U.S. Standard General Ledger	7-1
7.1.1 Overview	7-1
7.1.2 Authorities	7-2
7.1.3 Responsibilities	7-2
7.1.4 Policy	7-3
7.2 Obligations – By Document Type and/or Object Class	7-4
7.2.1 Purpose	7-5
7.2.2 Responsibilities	7-6
7.2.3 Policy	7-7
7.3 Fund Balance with Treasury (FBWT)	7-28
7.3.1 Overview	7-28
7.3.2 Authorities	7-30
7.3.3 Overall Policy	7-31
7.3.4 Reconciliation of Fund Balance with Treasury (FBWT)	7-32
7.3.5 Edit Check Reconciliation	7-34
7.3.6 Analysis and Reconciliation of GL Account Relationships and Abnormal Balances	7-35
7.3.7 Analysis and Reconciliation of GL Control Accounts to Subsidiary and/or Supporting Records	7-36
7.4 Reliance on Financial Data from Other Government Agencies	7-38
7.4.1 Overview	7-38
7.4.2 Purpose	7-38
7.4.3 Scope	7-38
7.4.4 Authorities	7-38
7.4.5 Responsibilities	7-39
7.4.6 Policy	7-40
7.5 Financial Policy for Real and Personal Property	7-41
7.5.1 Authorities	7-41
7.5.2 Responsibilities	7-43
7.5.3 Recognition and Valuation of Real and Personal Property	7-46
7.5.4 Asset Disposal Policy	7-48
7.5.5 Impaired Assets	7-48
7.5.6 Oracle Asset Systems	7-49
7.5.7 Inventory – Capital Assets	7-49
7.5.8 Real Property	7-49
7.5.9 Personal Property	7-49

Table of Contents

7.6 Financial Policy for Operating Materials and Supplies.....	7-50
7.6.1 Authorities	7-50
7.6.2 Responsibilities.....	7-51
7.6.3 Policy	7-52
7.7 Financial Accounting and Reporting of INV and OM&S for Coast Guard ICPs.....	7-52
7.7.1 Purpose.....	7-53
7.7.2 Scope.....	7-53
7.7.3 Procedures Modifications and Changes.....	7-53
7.7.4 Authorities	7-53
7.7.5 Responsibilities.....	7-54
7.7.6 Policy	7-57
7.8 Accounting for Coast Guard Internal Use Software.....	7-62
7.8.1 Overview.....	7-62
7.8.2 Authorities	7-63
7.8.3 Responsibilities.....	7-63
7.8.4 Recognition and Valuation	7-64
7.9 Financial Policy for Revenue and Accounts Receivable	7-69
7.9.1 Overview.....	7-69
7.9.2 Authorities	7-70
7.9.3 Responsibilities.....	7-72
7.9.4 Revenue Policy	7-75
7.9.5 Accounts Receivable Policy	7-79
7.10 Reimbursable Agreements.....	7-107
7.10.1 Reimbursable Agreements – Coast Guard as Buyer.....	7-107
7.10.2 Reimbursable Agreements – Coast Guard as Seller	7-108
7.11 Accounts Payable and Disbursements	7-113
7.11.1 Overview.....	7-113
7.11.2 Authorities	7-114
7.11.3 Responsibilities.....	7-116
7.11.4 Accounts Payable.....	7-117
7.11.5 Accruals	7-119
7.11.6 Disbursements.....	7-119
7.11.7 Advances and Prepayments	7-127
7.11.8 Authorized Certifying Officers and Payment Approving Officials	7-131
7.11.9 Vendor and Contract Payments.....	7-133
7.11.10 Purchase Cards.....	7-136
7.11.11 DHS Fleet Cards	7-140
7.11.12 Government Travel Charge Cards	7-143
7.11.13 Coast Guard Investigative Service (CGIS) Debit Cards	7-144

Table of Contents

7.11.14 Imprest Funds.....	7-146
7.11.15 Grant Liabilities	7-149
7.11.16 Reimbursable Agreements	7-151
7.11.17 Revolving Funds	7-154
7.11.18 Coast Guard Trust Funds	7-157
7.12 Intragovernmental Payment and Collection (IPAC)	7-159
7.12.1 Authorities	7-160
7.12.2 Policy	7-160
7.13 Accrual Policy	7-161
7.13.1 Purpose.....	7-162
7.13.2 Authorities	7-162
7.13.3 Responsibilities.....	7-163
7.13.4 Policy	7-164
7.14 Imputed Costs	7-167
7.15 Unclaimed Monies	7-167
7.15.1 Authority.....	7-167
7.15.2 Responsibilities.....	7-167
7.15.3 Policy	7-168
7.16 Actuarial Liabilities – Military Entitlement Programs.....	7-168
7.16.1 Overview.....	7-168
7.16.2 Authorities	7-170
7.16.3 Responsibilities.....	7-174
7.16.4 Policy	7-175
7.17 Contingent Legal Liabilities	7-178
7.17.1 Overview.....	7-178
7.17.2 Authorities	7-178
7.17.3 Responsibilities.....	7-179
7.17.4 Policy	7-180
7.18 Environmental Liabilities	7-181
7.18.1 Overview.....	7-181
7.18.2 Authorities	7-182
7.18.3 Responsibilities.....	7-183
7.18.4 Policy	7-185
7.19 Treasury Information Maintenance Process	7-185
7.19.1 Overview.....	7-185

Table of Contents

7.20 Treasury Payment Confirmation Process	7-186
7.20.1 Overview	7-186
7.20.2 Purpose.....	7-186
7.20.3 Authorities	7-186
7.20.4 Responsibilities.....	7-188
7.20.5 Policy	7-188
7.21 Management of the CAS Outbox Holding Queue in FPD	7-189
7.21.1 Overview.....	7-189
7.21.2 Scope.....	7-190
7.21.3 Authorities	7-190
7.21.4 Responsibilities.....	7-190
<u>Chapter 8. Financial Reporting</u>	<u>8-1</u>
8.1 Monthly, Quarterly, and Year-End Reporting.....	8-1
8.1.1 Overview.....	8-1
8.1.2 Authorities	8-2
8.1.3 Responsibilities.....	8-3
8.1.4 General Policy.....	8-6
8.2 Adjustments, Eliminations, and Other Special Intragovernmental Reconciliations.....	8-6
8.2.1 Overview.....	8-6
8.2.2 CG TIER Adjustments Responsibilities	8-6
8.2.3 Authorities	8-7
8.2.4 Responsibilities.....	8-8
8.2.5 Access to CG TIER.....	8-8
<u>Chapter 9. Coast Guard Financial and Mixed Systems</u>	<u>9-1</u>
9.1 Overview.....	9-1
9.1.1 Purpose.....	9-1
9.1.2 Scope.....	9-1
9.1.3 Definitions	9-2
9.2 Authorities.....	9-2
9.3 Responsibilities	9-3
9.3.1 Contracting & Procurement Directorate (CG-91).....	9-3
9.3.2 Assistant Commandant for Resources (CG-8).....	9-4
9.3.3 Assistant Commandant for Command, Control, Communications, Computers and Information Technology (C4IT) (CG-6)	9-6
9.3.4 Headquarters, Area, and District Programs	9-8
9.3.5 Coast Guard Training Center Petaluma	9-8
9.3.6 Coast Guard Training Center Yorktown.....	9-8
9.3.7 All Coast Guard Units.....	9-8

Table of Contents

9.4 CFO and CIO Cooperation	9-9
9.5 Financial and Mixed Systems Requirements	9-9
9.5.1 Financial Management Data Integrity.....	9-9
9.5.2 Financial Systems	9-11
9.5.3 Mixed Systems.....	9-12
9.5.4 FPD Authorized for Service-Wide Use	9-13
9.5.5 Inventory of Finance and Procurement Systems.....	9-13
9.5.6 Data Entry Transmission.....	9-13
9.5.7 Commercial Off-the-Shelf/Government Off-the-Shelf (COTS/GOTS)	9-13
9.5.8 Standard Products	9-13
9.5.9 Comparability and Consistency	9-14
9.5.10 Integrated Financial Management Systems	9-14
9.5.11 U.S. Standard General Ledger at the Transaction Level.....	9-14
9.5.12 Federal Accounting Standards	9-14
9.5.13 Financial Reporting.....	9-15
9.5.14 Budget Reporting.....	9-15
9.5.15 Functional Requirements	9-15
9.5.16 Computer Security Act Requirements	9-15
9.5.17 Documentation.....	9-15
9.5.18 Internal Controls	9-16
9.5.19 Training and User Support.....	9-16
9.5.20 Licenses	9-16
9.5.21 Maintenance.....	9-17
9.5.22 Centralized User Administration (CUA) of the Finance and Procurement Desktop (FPD)	9-17
 Chapter 10. Property, Plant, and Equipment (PP&E)	 10-1
10.1 Introduction	10-1
10.2 Financial Accounting and Reporting of Capitalized Real Property	10-2
10.2.1 Purpose.....	10-3
10.2.2 Scope.....	10-3
10.2.3 Authorities	10-3
10.2.4 Responsibilities.....	10-4
10.2.5 Recognition and Valuation of Real Property (including CIP)	10-6
10.2.6 Improvements	10-7
10.2.7 Costing Methodology.....	10-7
10.2.8 Project Establishment.....	10-8
10.2.9 Project Execution.....	10-9
10.2.10 Asset Receipt, Acceptance, and Enrollment - Real Property (CIP).....	10-9
10.2.11 Capitalization of Real Property Assets	10-9

Table of Contents

10.2.12 Asset Identification	10-11
10.2.13 CIP Project Closeout.....	10-11
10.2.14 Exchange of Nonmonetary Assets	10-12
10.3 Financial Accounting and Reporting of Capitalized Personal Property	10-12
10.3.1 Purpose.....	10-13
10.3.2 Scope.....	10-13
10.3.3 Modifications to Policy.....	10-14
10.3.4 Authorities	10-14
10.3.5 Responsibilities	10-16
10.3.6 Policy	10-26
10.4 Deferred Maintenance and Repairs of Assets.....	10-60
10.4.1 Purpose.....	10-61
10.4.2 Scope.....	10-61
10.4.3 Authorities	10-61
10.4.4 Responsibilities	10-62
10.4.5 General Policy.....	10-63
10.4.6 Reporting of Deferred Maintenance and Repairs.....	10-64
10.4.7 Aviation (AFC-41) Depot-Level Deferred Maintenance	10-64
10.4.8 Electronics (AFC-42) Depot-Level Deferred Maintenance	10-65
10.4.9 Shore Facility (AFC-43) Depot-Level Deferred Maintenance	10-65
10.4.10 Naval (AFC-45) Depot-Level Deferred Maintenance	10-65
10.5 Cost Decision Table and Notes	10-66
10.6 Financial Accounting and Reporting of Capital and Operating Leases.....	10-75
10.6.1 Overview.....	10-75
10.6.2 Purpose.....	10-76
10.6.3 Scope.....	10-76
10.6.4 Authorities	10-76
10.6.5 Responsibilities	10-77
10.6.6 Policy	10-80
10.7 Stewardship PP&E.....	10-86
10.7.1 Overview	10-86
10.7.2 Authorities	10-87
10.7.3 Heritage Assets	10-87
10.7.4 Stewardship Land.....	10-88

Table of Contents

Glossary	i
Acronyms	i
Forms.....	i

List of Tables

Table 1.1 Control Activities.....	1-3
Table 1.2 Timetable of the Congressional Budget Process.....	1-10
Table 2.1 Submission of Super Surplus Proposals to Congressional Appropriations Timeline	2-22
Table 2.2 Deliverable Timeline	2-24
Table 2.3 Supply Fund Accounts.....	2-32
Table 2.4 Explanation of PC&I Product Identification Numbers	2-36
Table 5.1 AFC Codes and Corresponding Managers.....	5-72
Table 5.2 Appropriation Matrix	5-90
Table 7.1 Classification of ICP Stock Items	7-57
Table 7.2 Required Valuation Documentation by Acquisition Type.....	7-59
Table 7.3 Accounting Treatment for Software Project Phases	7-65
Table 7.4 Delegations of Authority to Sign Reimbursable Agreements.....	7-111
Table 7.5 Transaction Life Cycle for the Use of Budgetary Resources.....	7-161
Table 7.6 Reporting Periods for Financial Events Requiring Accruals	7-164
Table 7.7 Reconciliation of FBWT – ALC.....	7-192
Table 7.8 Reconciliation of FBWT – CG TIER	7-192
Table 7.9 Reconciliation of FBWT – FINCEN	7-193
Table 7.10 Reconciliation of FBWT – PPC.....	7-193
Table 7.11 Reconciliation of FBWT – Yard/SFLC	7-194
Table 7.12 Edit Check Reconciliation – ALC	7-195
Table 7.13 Edit Check Reconciliation – CG TIER.....	7-196
Table 7.14 Edit Check Reconciliation – FINCEN.....	7-197
Table 7.15 Edit Check Reconciliation – Yard/SFLC.....	7-198
Table 7.16 Reconciliation of GL Account Relationships and Abnormal Balances – ALC	7-199
Table 7.17 Reconciliation of GL Account Relationships and Abnormal Balances – CG TIER.....	7-201
Table 7.18 Reconciliation of GL Account Relationships and Abnormal Balances – FINCEN.....	7-203
Table 7.19 Reconciliation of GL Account Relationships and Abnormal Balances – PPC	7-205
Table 7.20 Reconciliation of GL Account Relationships and Abnormal Balances – Yard/SFLC	7-207
Table 7.21 Reconciliation of GL Control Accounts to Subsidiary Records – ALC	7-208
Table 7.22 Reconciliation of GL Control Accounts to Subsidiary Records – CG TIER.....	7-209
Table 7.23 Reconciliation of GL Control Accounts to Subsidiary Records – FINCEN.....	7-210
Table 7.24 Reconciliation of GL Control Accounts to Subsidiary Records – PPC	7-211
Table 7.25 Reconciliation of GL Control Accounts to Subsidiary Records – Yard/SFLC.....	7-212

List of Tables

Table 7.26 Required Accruals by Document Type.....	7-213
Table 10.1 Capitalization Thresholds – Real Property	10-10
Table 10.2 Useful Life of Real Property.....	10-11
Table 10.3 Capitalization Thresholds – Personal Property.....	10-28
Table 10.4 Support Documentation for Asset Receipt and Acceptance	10-34
Table 10.5 Documentation Required for Valuation of CIP Assets	10-36
Table 10.6 Initial Useful Life of New Assets for Existing Classes of Aircraft.....	10-39
Table 10.7 Initial Useful Life of New Assets for Existing Classes of Vessels	10-40
Table 10.8 Initial Useful Life (in years) of New Assets for Existing Classes of Boats	10-42
Table 10.9 Estimates of Useful Life for Other Boat Types	10-43
Table 10.10 Initial Useful Life of New Electronics Assets	10-43
Table 10.11 Initial Useful Life of New Assets of Other Personal Property.....	10-44
Table 10.12 Tagging and Identification Requirements for Various Asset Types.....	10-44
Table 10.13 Asset Categories and Corresponding OPCOM/Program Offices	10-52
Table 10.14 Cost Decision Table for Real and Personal Property Categories.....	10-66

List of Figures

Figure 5.1 Typical Coast Guard Business Card.....5-75

This page intentionally left blank.

Chapter 1. Introduction to Financial Resource Management

1.1 Purpose and Scope of this Manual

This Manual, *Financial Resource Management Manual (FRMM-F)*, COMDTINST M7100.3 (series), 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.

Note: The procedures manual, *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), was promulgated to provide enterprise-level procedures and prevent the absence of documented procedures and misalignment of procedures across the Coast Guard. *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), includes detailed responsibilities and procedures and definitions.

There are chapters/sections in both the policy and procedure manuals that include duplicate financial information. The language is placed in both manuals because it is deemed critical to the process being discussed and/or is considered necessary to properly describe the respective policy and procedures discussed.

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 intended and in accordance with applicable laws, rules, regulations, and policies; and
3. Maintaining audit-ready documentation in accordance with the *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

1.2.1 Internal Controls

Management is fundamentally responsible for developing and maintaining effective internal controls, as prescribed by Office of Management and Budget (OMB), Circular A-123, *Management's Responsibility for Internal Control*. The proper stewardship of Coast Guard resources is an essential responsibility of financial managers and staff. Coast Guard employees must ensure that programs operate and resources are used efficiently and effectively to achieve desired objectives. Programs must operate and resources must be used consistent with the Coast Guard's missions, in compliance with laws and regulations, and with minimal potential for waste, fraud, and mismanagement. Effective internal controls provide assurance that significant weaknesses in the design or operation of internal controls, that could adversely affect the Coast Guard's ability to meet its objectives, would be prevented or detected in a timely manner.

Internal controls include the policies, procedures, activities, and ethical values designed to enhance and strengthen existing financial reporting, and ensure that actions are taken to address risks. Internal control is a process affected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. These objectives and related risks can be broadly classified into one or more of the following three categories:

1. Operations - Effectiveness and efficiency of operations
2. Reporting - Reliability of reporting for internal and external use
3. Compliance - Compliance with applicable laws and regulations

Coast Guard's internal controls are designed to address the following five areas:

1. Control Environment relates to the control consciousness of the people within the organization.
2. Risk Assessment refers to the organization's identification, analysis, and management of the risks that are related to financial statement preparation, in order to ensure the financial statements are presented fairly and in accordance with generally accepted accounting principles.
3. Information and Communication focus on the nature and quality of information needed for effective control, the systems used to develop such information, and reports necessary to communicate it effectively.
4. Monitoring involves assessing the quality and effectiveness of the organization's internal control process over time.
5. Control Activities are the policies and procedures that help ensure that management directives are carried out and that management's assertions in its financial reporting are valid. They help to ensure that necessary actions are taken to address risks to the achievement of the entity's objectives. Control activities (also known as process level controls) include:

Table 1.1 Control Activities

Process Level Controls	Explanation/Example
Management review	Ensures documentation/information is complete, accurate, appropriate, consistent, and compliant and provides feedback on errors or uncertain issues. <u>Example:</u> Review of expenditure transaction supporting an accurate reconciliation.
Authorization	Ensures that the permission granted for financial decisions and transactions were granted by the appropriate personnel. <u>Example:</u> List of authorized approvers agree with the approval signature/sign-off.
Approvals	Indicates the documents have been reviewed, approved, and considered accurate, appropriate, and compliant. <u>Example:</u> Signature/sign-off demonstrating approval of a properly processed transaction.
Segregation of duties	Ensures that no one person controls a transaction or process from beginning to end without the review or involvement of at least another person. <u>Example:</u> One person should not process, approve and reconcile expenditures. The approval and reconciliation duties should be segregated.
Interface controls	Ensures that data agree after being sent from one system to another. <u>Example:</u> Verifying that account balances that interface with each other agree.
System configuration	Ensures that a system is correctly performing its features and functions as designed. <u>Example:</u> System totaling ledger account balances correctly.
Access controls	Prevents unauthorized access. Ensures that individuals obtain unique, individual log-in credentials. <u>Example:</u> Common Access Card coupled with a username and password for computer log-in.
Reconciliation	Comparison of sources, a financial record and an independently controlled record, which should result in an explained or zero difference. <u>Example:</u> Account balances should be compared to control account balances.
Edit Checks	Prevents inappropriate data entry in data fields. <u>Example:</u> Entering characters in a numeric field will prevent the user from moving forward when recording the dollar value of a transaction.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting. Reliability of financial reporting means that management can reasonably make the following assertions:

1. All reported transactions actually occurred during the reporting period and all assets and liabilities exist as of the reporting date (existence and occurrence);
2. All assets, liabilities, and transactions that should be reported have been included and no unauthorized transactions or balances are included (completeness);
3. All assets are legally owned by the agency and all liabilities are legal obligations of the agency (rights and obligations);
4. All assets and liabilities have been properly valued, and where applicable, all costs have been properly allocated (valuation);
5. The financial report is presented in the proper form and any required disclosures are present (presentation and disclosure);
6. The transactions are in compliance with applicable laws and regulations (compliance);
7. All assets have been safeguarded against fraud, waste, and abuse; and

8. Documentation for internal control, all transactions, and other significant events is readily available for examination.

1.2.2 Consideration of Fraud

Fraud is an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit. Management has overall responsibility for the design and implementation of a fraud risk management program, including:

1. Setting the tone at the top for the rest of the organization. An organization's culture plays an important role in preventing, detecting, and deterring fraud. Management creates a culture through words and actions where it is clear that fraud is not tolerated, that any such behavior is dealt with swiftly and decisively, and that whistleblowers will not suffer retribution.
2. Implementing adequate internal controls — including documenting fraud risk management policies and procedures and evaluating their effectiveness — aligned with the organization's fraud risk assessment.
3. All Coast Guard personnel should report to their superiors any witnessed or suspected fraudulent or corrupt activity in accordance with *The Coast Guard Fraud Response Plan* promulgated May 2015.

<https://cg.portal.uscg.mil/units/cg84/Financial%20Management%20Policies%20%20Procedures/Forms/AllItems.aspx?RootFolder=%2Funits%2Fcg84%2FFinancial%20Management%20Policies%20%20Procedures%2FInterim%20Policies%20and%20Procedures%2FRisk%20Management&FolderCTID=0x0120001FE18D38AD0A2D43AF058C48325C7246&View={796C7D03-23B5-4873-B3D6-9F2E1F05B6F5}>

Financial managers should obtain the financial staff's knowledge and understanding of and viewpoint on fraud. The financial manager should consider the following:

1. Whether the financial staff has knowledge of any fraud or suspected fraud affecting the Coast Guard;
2. Whether the financial staff is aware of allegations of fraud or suspected fraud affecting the Coast Guard, for example, received in communications from employees, former employees, analysts, regulators, or others;
3. The financial staff's understanding about the risks of fraud in the Coast Guard, including any specific fraud risks the Coast Guard has identified or account balances or classes of transactions for which a risk of fraud may be likely to exist;
4. Programs and controls the Coast Guard has established to mitigate specific fraud risks the Coast Guard has identified, or that otherwise help to prevent, deter, and detect fraud, and how the financial staff monitors those programs and controls;
5. Whether (a) the nature and extent of monitoring of operating locations or business segments, and (b) there are particular operating locations or business segments for which a risk of fraud may be more likely to exist;
6. Whether and how the financial staff communicates to employees its views on business practices and ethical behavior; and

7. Whether the financial staff has reported to those charged with governance on how the Coast Guard's internal control serves to prevent, deter, or detect material misstatements due to fraud.

1.2.3 Coast Guard Fraud Response Plan (FRP)

Federal laws and regulation require Federal agencies to establish internal controls over financial management systems and business processes. The Coast Guard has developed a Fraud Response Plan (FRP) which:

1. Enhances internal controls;
2. Provides the guidance necessary to ensure all Coast Guard personnel are equipped with the tools and resources needed to assist in meeting Coast Guard's fiduciary duties;
3. Fosters an anti-fraud culture, that protects the integrity of the Coast Guard; and,
4. Requires the reporting of any suspected fraud to appropriate personnel as an essential requirement in maintaining effective internal controls.

For classification of fraudulent activity and safeguards, detailed definitions, responsibilities, and procedures on the reporting of actual, alleged, or suspected incidents of fraud, waste or abuse of Government funds or property, refer to *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 1 (Introduction to Financial Resource Management).

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 accounting issues, including providing 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.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. Department of Homeland Security Financial Accountability Act. PL 108-330.
<https://www.gpo.gov/fdsys/pkg/PLAW-108publ330/content-detail.html>
3. *Federal Managers' Financial Integrity Act of 1982* (FMFIA).
https://obamawhitehouse.archives.gov/omb/financial_fmfi1982
4. Office of Management and Budget (OMB), Circular A-123, *Management's Responsibility for Internal Control*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
5. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM).
<http://cfo-policy.dhs.gov/default.aspx>
6. *The Coast Guard Directives System*, COMDTINST M5215.6 (series).
<http://www.dcms.uscg.mil/directives>

1.3.3 Responsibilities

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

Commandant (CG-8)/CFO 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 Commandant (CG-8)/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 recommendations, 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 team to a 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 Government Accountability Office (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 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 financial management and accounting policy issues.
10. Maintain liaison with OMB, the Treasury Department, GAO, and other Federal agencies on 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 argument 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 relevance 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 requisite skill set required to address FMAOB issues and 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 argument 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 *The 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. To ensure resource allocation and execution decisions are best aligned with National, Department of Homeland Security (DHS) and Coast Guard priorities, the Coast Guard uses the Planning, Programming, Budgeting, Execution and Evaluation (PPB&E) process. 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 using PPB&E and the rules it must live by in using the funding provided. This Manual addresses two major phases of the budget process:

1. Budget formulation (Chapter 4); and

2. Budget execution (Chapter 5).

1.4.1 Budget Formulation

Budget formulation begins with the preparation of estimated Coast Guard funding requirements as an operating administration of the 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 1.2 Timetable of the Congressional Budget Process

On or Before	Action to be Completed
First Monday in February	President submits 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 (Establishing Funding under a Continuing Resolution) and 5.5.2 (Managing Operations under a Continuing Resolution) 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. The following are some of the trademarks cited this Manual:

1. CheckFree is a trademark of Fiserv, Inc.
2. Cognos is a trademark of Cognos, Inc.
3. Dun & Bradstreet is a trademark of Dun & Bradstreet Corporation.
4. Oracle is a trademark of Oracle Corporation.
5. Microsoft Excel, Microsoft Office 2007, and Windows Vista are trademarks of Microsoft Corporation.
6. PRISM is a trademark of Compusearch Software Systems, Inc.
7. Sunflower is a trademark of Sunflower Systems.

All other trademarks are the property of their respective owners.

This page intentionally left blank.

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, permits an agency to incur obligations and expenditures. 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.

See the *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 2 (Coast Guard Budget Authority and Structure) for responsibilities and procedures detailing the Coast Guard’s authority to spend funds.

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. For some of these collections, Coast Guard has Budget Authority referred to as **Offsetting Receipts and Collections**. This permits the Coast Guard to obligate and expend some of the proceeds authorized by law as offsetting receipts and collections. 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 Office of Management and Budget (OMB), Circular A-11, *Preparation, Submission, and Execution of the Budget*):

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. Operations & Support (O&S).
2. Procurement, Construction, and Improvement (PC&I).
3. Research & Development (R&D).
4. Alteration of Bridges (AB).
5. Retired Pay (RP).
6. Oil Spill Liability Trust Fund (OSLTF). Amounts are derived from the OSLTF for the O&S, PC&I, and R&D appropriation. The President may apportion up to \$50 million per fiscal year from the OSLTF.
7. Boat Safety (BS). Amounts for Boat Safety are transferred to the Coast Guard from the Sport Fish Restoration and Boating Trust Fund through the Department of Treasury Governmentwide Accounting system.

These appropriations are described in the Subsections that follow.

2.2.1.1 Operations & Support (O&S)

The O&S 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, O&S is typically an annual appropriation that is available for obligations for one fiscal year.

2.2.1.1.1 Reserve Training (RT)

Effective FY 2019, RT is a PPA within the O&S appropriation that provides for the operation, recruiting, training, administration, and management of the Coast Guard Reserve Program.

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.

Per 14 USC 309, 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.

2.2.1.1.2 Environmental Compliance and Restoration (EC&R)

Effective FY 2019 EC&R is no longer a standalone appropriation but a part of O&S. EC&R 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. Prior to fiscal year 2012, EC&R funds were available until expended (no-year funds). However, recent appropriation language states that EC&R funds are to remain available for five years.

2.2.1.2 Procurement, Construction, and Improvement (PC&I)

The PC&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, Command, Control Communications, Computers and Information Technology (C4IT) systems and related equipment. PC&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: typically five fiscal years.
3. Acquisition, repair, renovation, and improvement of new aircraft and increases in aircraft capability: typically five fiscal years, but can be three fiscal years.
4. Acquisition, construction, replacement, or improvement of capital equipment related to the above categories or for other specific purposes: typically five fiscal years.
5. Personnel and administrative expenses: typically one fiscal year.

2.2.1.3 Research & Development (R&D)

The R&D 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. Prior to Fiscal Year 2012, R&D funds were typically available until expended (no-year funds). In Fiscal Years 2012 and 2013 R&D funds were appropriated to remain available for five years. In Fiscal Years 2014 through 2016, R&D funds were appropriated to remain available for three years.

2.2.1.4 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 O&S appropriation. AB funds are normally available until expended (no-year funds).

2.2.1.5 Retired Pay (RP)

The RP appropriation provides for the pay of former military members of the Coast Guard, the Coast Guard Reserve. 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. In other words, these funds are known as no-year funds as opposed to most annual appropriations that expire at the end of one year.

RP is also designated as a mandatory appropriation not subject to 31 U.S.C. § 1341 the Antideficiency Act. RP may make obligations in excess of available budget authority as this appropriation supports statutory entitlement programs. However, obligations made in excess of available budgetary authority may only be liquidated once new appropriations are enacted.

2.2.1.6 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.

2.2.1.6.1 OSLTF Spending

The Coast Guard uses the OSLTF for:

1. Operation & Support – Congress may appropriate not more than \$25 million dollars from the OSLTF for operations and support 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) – 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) – 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.

Note: Recent annual appropriation acts have provided funds derived from the OSLTF for R&D expenses. These funds are available for R&D administrative, operation, and personnel costs and other expenses necessary to carry out the purposes of Section 1012(a)(5) of the Oil Pollution Act of 1990.

2.2.1.6.2 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.

2.2.1.7 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 Boat Safety 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. The Boat Safety 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 Hurricane Sandy.

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 (Continuing Operations without Appropriations) 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 revolving funds (they are meant to be self-sufficient), though an appropriation may be made to increase the total capital structure, if necessary.

2.2.5.1 Supply Fund (SF)

The Coast Guard Supply Fund is authorized by 14 USC 941. It finances the procurement of uniform clothing, subsistence provisions, general stores, technical material, and fuel for 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 939. 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 and specific fines collected and recovery of expenses. 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. User fees from goods and services provided to the public (e.g., Marine Safety User Fees);
4. Fines and judgments collected (e.g., boating safety violations);
5. Miscellaneous fees collected (e.g., FOIA requests);
6. Recovery of Federal funds used to clean up oil spills;
7. Sales of excess property, including military housing and lighthouses; and
8. Collections for the repair or replacement of CG property damaged or destroyed by a private person.

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.

Note: Safeguarding collections means placing under lock and key in a secure location with limited access and, if cash or check, deposit into Coast Guard/U.S. Government Treasury accounts as soon as possible.

Establishing detailed policies and procedures for all types of funds collected by the Coast Guard (i.e., user fees, fines and penalties, etc.) is not included in this Manual. For detailed policy see References in Section 7.9 (Financial Policy for Revenue and Accounts Receivable) of this Manual.

2.2.8 Reimbursable Activities

1. Interagency Agreements (IAA): Reimbursable activities describe those activities wherein the Coast Guard acts as a seller (provider) of goods or services and is 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 and to ensure there is sufficient and anticipated reimbursable authority apportioned, the estimated costs of the reimbursable activities are included in the OMB and Congressional Stage budgets.
2. User Fees: The Coast Guard has specific legislated authority to be reimbursed for costs related to the collection of user fees and the annual costs of providing vessel documentation services to recreational vessel owners. Reimbursement of these costs related to collections are credited to the Appropriation from which originally expended.

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-81).

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 (PPMM)*, COMDTINST M4500.5 (series), and also in the directives governing the activity being conducted at the time that the property is recovered or seized.

2.2.12 Other Budget Authority

The basic forms of budget authority provided by federal law include appropriations, borrowing authority, contract authority, and authority to obligate and expend offsetting receipts and collections.

2.2.12.1 Overview

The Department of Homeland Security (DHS) receives the majority of its funding through the regular annual discretionary DHS appropriations act; however, a significant portion of its resources are obtained through other budget authority. These other funding mechanisms include fees, resources from the Treasury Forfeiture Fund (TFF), and National Intelligence Program funding. In addition, pursuant to 21 USC 173(b)(8), the Secretary of DHS is required to submit drug control budgets to the Office of National Drug Control Policy (ONDCP) for those DHS components that expend budgetary resources on counterdrug activities. This is referred to as the “drug control” budget and a description of that process is also included in this Subsection of policy.

The largest of these other sources is fees. For example, at DHS, approximately 97 percent of the U.S. Citizenship and Immigration Service’s (USCIS) budget is fee-funded. While the USCIS

budget is an anomaly within the Department, U.S. Customs and Border Protection (CBP), Transportation Security Administration, National Protection and Programs Directorate (NPPD), and U.S. Immigration and Customs Enforcement (ICE) also are resourced partially through the collection of fees.

Another source of funding is the TFF administered by the Treasury Executive Office for Asset Forfeiture (TEOAF). The TFF is the receipt account for deposit of nontax forfeitures (TFF is comprised of forfeited cash, proceeds from the sale of forfeited property and amounts remitted in lieu of forfeiture) made pursuant to laws enforced or administered by participating Treasury and DHS agencies (CBP, ICE, Coast Guard, and USSS). The availability of funds from the TFF varies from year to year based on the amount of forfeited funds recovered and priorities set by TEOAF. The TFF is available to reimburse participating agencies' costs of seizure and forfeiture of assets and other law enforcement-related expenses.

Policy covered in this Section includes;

1. DHS Fee Proposal Framework
2. Treasury Asset Forfeiture Fund
3. National Intelligence Program
4. Office of National Drug Control Policy

2.2.12.2 Purpose

The purpose of this Section is to provide guidance to the Coast Guard concerning other budget authorities that includes user fees, Treasury Asset Forfeiture Fund, National Intelligence Program, and Office of National Drug Control Policy.

2.2.12.3 Scope

All Coast Guard units that execute budget authority are subject to the provisions of this policy.

2.2.12.4 Modifications

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.

2.2.12.5 Definitions

appropriation – A provision of law authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority. An authorization by act of Congress to incur obligations for specified purposes and to make disbursements from the U.S. Treasury Department.

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.

Budget Justification - The documents that an agency submits to the appropriations committees in support of its budget request. OMB prescribes justification materials, which typically explain changes between the current appropriation and the amounts requested for the next fiscal year.

expenditure - A payment made to liquidate an obligation.

obligations - 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.

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.

Resource Allocation Decision - The Secretary's formal approval of component RAPs at the close of the Program Review. The RAD is issued after the Program Review Board deliberates on the RAP. RADs will set resource allocation guidance for components for the Future Years Homeland Security Program and become the basis for the budget submission to OMB.

Resource Allocation Plan - DHS components annually develop proposed programs consistent with the Integrated Planning Guidance. These programs, expressed in the RAP, reflect systematic allocation of resources required to achieve missions, objectives, and priorities, and potential alternative methods of accomplishing them. Resource requirements reflected in RAPs are translated into time-phased funding requirements. RAPs must account for long-term requirements and resources including human capital, construction and investments, operating and maintenance, and potential disposal or termination costs, and program performance goals. RAPs are submitted to PA&E in late March and initiate the annual Program Review.

Super Surplus - The Super Surplus Fund is available for obligations or expenditures in connection with law enforcement activities of any Federal agency or of a Department of the Treasury law enforcement organization.

User fee - A fee assessed to users for goods or services provided by the Federal Government. User fees generally apply to federal programs or activities that provide special benefits to identifiable recipients above and beyond what is normally available to the public. User fees normally are related to the cost of the goods or services provided. Once collected, they must be deposited into the general fund of the Treasury, unless the agency has specific authority to deposit the fees into a special fund of the Treasury. An agency may not obligate against fees collected without specific statutory authority.

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.

2.2.12.6 Authorities

1. The Public Law 101-576, *Chief Financial Officers Act of 1990*.
<https://www.congress.gov/bill/101st-congress/house-bill/5687/text>
2. Public Law 109-469, *ONDCP Reauthorization Act of 2006*.
<https://www.congress.gov/109/plaws/publ469/PLAW-109publ469.pdf>
3. Title 21, U.S. Code Section 1703, “Appointment and duties of Director and Deputy Directors”.
<https://www.law.cornell.edu/uscode/text/21/1703>
4. Title 31 U.S. Code Section 902, “Authority and functions of agency Chief Financial Officers”.
<https://www.law.cornell.edu/uscode/text/31/902>
5. Title 31, U.S. Code, Section 9703, “Department of the Treasury Forfeiture Fund”.
<https://www.law.cornell.edu/uscode/text/31/9705>
6. Government Accountability Office, *A Glossary of Terms Used in the Federal Budget Process* (GAO-05-734SP) (September 2005).
<http://www.gao.gov/new.items/d05734sp.pdf>
7. Office of Management and Budget (OMB), Circular A-19, *Legislative Coordination and Clearance*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
8. Office of Management and Budget (OMB), Circular A-25, *User Charges*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
9. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), Section 2.4, “Budget Execution”.
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%202.4%20Budget%20Execution.pdf>

2.2.12.7 Responsibilities

The following are the offices and their respective responsibilities for other budget authority.

2.2.12.7.1 DHS Budget Director

1. Coordinates, reviews, and approves the proposal with DHS counsel, budget, finance, policy legislative affairs, operational programs, public affairs, and industry engagement offices.
2. Prioritizes all DHS fee proposals department-wide.
3. Submits proposals to OMB and the necessary Congressional committees; DHS Budget Director will act as the liaison between the component, OMB, and Congressional committees to respond to any questions or arrange for required meetings.

4. Provides final resolution on the proposal to the component.
5. Ensures the proposals are reviewed and cleared by the Office of General Counsel, Office of Policy, and Office of the Chief Information Officer (OCIO) for information technology-related requests.
6. Officially submits material to TEOAF and providing copies of final submissions to the Components.
7. Maintains a list of proposals submitted to DHS Office of the Chief Financial Officer (OCFO) as part of the TEOAF Super Surplus process.

2.2.12.7.2 DHS Budget Division

Modifies all Congressional Justification table templates to ensure column headers do not inappropriately use the word “request”.

2.2.12.7.3 Department of Homeland Security (DHS)

Distributes guidance on the process and priorities for Super Surplus funding to the Components.

2.2.12.7.4 DHS OCFO

Compiles all components’ requests for Super Surplus funding into a consolidated package.

2.2.12.7.5 CFO, in coordination with the Office of Policy (PLCY)

Seeks guidance from the Office of the Secretary concerning specific DHS-wide priorities that should be considered in component submissions.

2.2.12.7.6 Steering Committee

1. Reviews, vets, and ranks Super Surplus proposals to ensure that the proposals are aligned with, and are grouped by, secretarial and departmental priorities.
2. Develops the criteria and assessment instrument used to review, vet, and rank Super Surplus proposals.
3. Provides the CFO Council with its recommended consolidated and prioritized package of Super Surplus proposals.

2.2.12.7.7 CFO Council

Provides its recommendations and, if necessary, identifying any outstanding issues that need to be taken to the Deputy Secretary for final resolution.

2.2.12.7.8 Office of the Chief Financial Officer (OCFO)

1. Submits the consolidated and prioritized package to OMB for review before submission to TEOAF.
2. Adjusts the proposals to the funding guidelines in the Super Surplus Plan and clearing the revised packet through DHS Clearance.

3. Ensures the revised packet of proposals conforms to articulated departmental priorities and operational need.

2.2.12.7.9 Treasury Executive Office for Asset Forfeiture (TEOAF)

Calculates the funds available for the Super Surplus and developing a Super Surplus Plan commensurate with the available funding.

2.2.12.7.10 DHS OCFO Budget Division

Distributes additional guidance and templates for specific drug budget deliverables to the relevant components.

2.2.12.8 Policy

2.2.12.8.1 DHS Fee Proposal Framework

Much of the DHS mission is accomplished with collections from user fees. DHS's Fiscal Year (FY) 2015 budget includes approximately \$9 billion in user fee collections to fund agency programs. There exists considerable variation across the Components relating to the authorities for user fees and the development and budgeting of user fees. With appropriate authorities, user fees may offer opportunities to leverage funding beyond that which Congress provides through the discretionary annual appropriations process to support critical Departmental operations.

For additional guidance on user fees policy, see Chapter 7, Section 7.9.5.5 (User Fees) of this Manual.

This framework is intended to allow components latitude in operations and recognizes the variations in authorities for user fee while also providing structure and guidance in future user fee efforts. The framework provides guidance to developing fee proposals while promoting information sharing Department-wide. It is a Department-wide attempt to establish governance policies for user fees.

Components should adopt the following standards in the development of fee proposals:

1. *Applicability*. This framework applies to any user fee proposals that will result in new or changes to existing fees.
2. *Timing of Proposals*. User fee proposals, including proposals to establish a new fee and revise or update an existing fee, should be submitted to DHS once the proposal is clearly defined and approved by the component head and, where feasible, at the same time as the Resource Allocation Plan (RAP) submission. Fee proposals must be in accordance with the requirements in OMB Circular A-19. The items in the checklist found in Section 5 (Fee Proposal Checklist) below should be submitted to the DHS OCFO Budget Division and Program Analysis and Evaluation (PA&E) as part of the RAP submission. This will allow for consideration with all the other new initiatives.
3. *Legislative Jurisdiction*.
 - a. In order to have the best chance of success for adoption, fee proposals that require legislative action should fully consider legislative jurisdiction and should include, in coordination with the component's office of congressional relations, the development

of an enactment strategy. When necessary, component and DHS resources should be engaged as part of this strategy in order to optimize the potential for success.

- b. When necessary, if legislative changes are part of the proposal, legislative language must be approved by the component's chief counsel office, coordinated with the component's office of congressional relations, and included with the fee proposal.
4. *Funding strategies.* When the authority exists to use fee revenue, user fees may allow DHS to increase performance or capacity, which is beneficial to DHS components, other federal agencies, the private sector, and the public at large. In many cases, specific user fees have their own budget submission requirements and Treasury Account Fund Symbols. Office of Management and Budget (OMB), Circular A-25, *User Charges* provides general policy on determining the amount of user charges to assess.
5. *Budget Presentation of Fees.* DHS develops justifications for most, but not all, of the Department's fee programs. Standard exhibits and templates must be used to ensure that there is consistency as to what information about the fee programs is included in Congressional Justifications.

The following Subsections detail policy for DHS Fee Proposal Framework.

1. Timing of Proposals

- a. *Purpose.* The purpose of this Section is to discuss the timing of when a component within DHS should submit a proposal to adjust its fees. User fee proposals should be submitted to DHS once the proposal is clearly defined and approved by the component head and at the same time as the RAP submission. The attached checklist details the information that must be included in the packet that is submitted to the DHS Budget Division and DHS PA&E as part of the RAP submission. This will allow for consideration with all the other new initiatives.
- b. *Background.* Any component within DHS that has user fees must conform to the requirements of the Chief Financial Officers Act of 1990 (CFO Act). Section 205 of the CFO Act, specifically 31 U.S.C. 902(a)(8), requires each agency's Chief Financial Officer to "review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the agency for services and things of value it provides, and make recommendations on revising those charges to reflect costs incurred by it in providing those services and things of value." If, after completing a review, the Component recommends adjusting user fees, the appropriate official must provide this information to the DHS Office of the Chief Financial Officer (OCFO) and the Office of General Counsel in sufficient time to introduce this adjustment into the federal budgeting process.
- c. *Discussion.* Components need to sufficiently plan to incorporate the impact of establishing a new fee or adjusting existing fees into the budget formulation process. The component must estimate when a new fee or fee adjustment is likely to occur, including any administrative and regulatory time required. Budget projections based on a current operating plan (or spending plan) also must be available for the time period. If the biennial period is FY 2018/2019, the component normally will use FY 2018 as the base for a 3-year budget projection. However, based on the particular fee program being analyzed, a zero-based budget for the 2-year biennium may be appropriate instead of using the year before the biennium as a base. The intent is to

inform DHS that a fee adjustment or establishment is being considered for its program. In some instances, the component may be required to show how much additional fee revenue is needed.

The component should utilize its existing processes to conduct fee reviews in order to determine how much additional revenue is needed or to what extent fees will change as a result of a biennial review. If the component is denied the request to propose a fee adjustment, its next request should reflect this decision. For example, if the adjustment is a critical need, but is denied in the FY 2018-2022 Resource Allocation Decision (RAD), the component should resubmit its request in the subsequent budget cycle.

The nature of a biennial fee review is to identify trends in anticipated workloads, costs to handle those workloads, and the anticipated necessary fee levels. Due to this nature, if a component is conducting a fee review, according to the requirements discussed in OMB Circular A-25, the fee review should be planned such that the review will be complete and the fee adjustment will be vetted with DHS, OMB, and Congress (as necessary) in time for DHS to publicize the fee adjustment (e.g., through a notice of proposed rulemaking) on the same day as the President's Budget is delivered to Congress. This will allow adequate time for public comment (if required) and implementation planning so that the new fee schedule will be in place on the first day of the appropriate fiscal year.

Fee proposals that require new or modified statutory authority should be submitted along with other DHS legislative proposals. Components should not include funds associated with new or modified fee proposals in their RAPs, OMB Submissions, or Congressional Justifications until statutory changes have been enacted into law.

2. Legislative Jurisdiction

- a. *Purpose.* The purpose of this Section is to establish a DHS-wide governance policy for user fee proposals that provides component latitude, Department-wide guidance, and promotes information sharing. Specifically this discussion will focus on providing DHS with an outline that may be used for implementing Department-wide policy for drafting user fee proposals. The discussion will only focus on legislative jurisdiction and legislative language aspects.
- b. *Background.* Currently, user fee proposals are developed mostly within respective DHS components. DHS has not established Department-wide user fee proposal guidance and thus, there is little information sharing across the Department regarding such proposals. Each DHS component has developed its own unique process to draft, prioritize, and implement user fee proposals.
- c. *Discussion.* In establishing Department-wide user fee proposal guidance, DHS can better leverage opportunities to attain the necessary fee resources to achieve important aspects of the DHS mission. Increased commonality and information sharing across the Department can help to fully integrate and prioritize user fee proposals consistent with the budget formulation process.

Legislative jurisdiction and legislative language are components of any DHS user fee proposal policy. Department-wide guidance in these areas is intended to provide components with sufficient latitude to promote a cohesive budget formulation process for both discretionary and mandatory resources.

DHS policy regarding legislative jurisdiction and legislative language is that:

- 1) Components are responsible for maintaining a detailed knowledge of existing user fee authorizations.
- 2) When possible, components should fully utilize existing fee authorizations to establish or maintain user fees.
- 3) When current authorizations are insufficient, components are responsible for identifying integrated internal teams to develop new or revised fee authorities. Subject matter experts from component counsel, budget, finance, policy legislative affairs, congressional relations, operational programs, public affairs, and industry engagement offices should be considered for team membership.
- 4) Components are responsible for full coordination and approval of each proposal within the component and submission to DHS.
- 5) At a minimum the proposal should include:
 - (1) legislative language that is necessary to impose a new fee or to alter an existing fee;
 - (2) Congressional committee(s) that are required (if applicable) to take action regarding the proposed legislation;
 - (3) integration into the budget formulation process as required.
- 6) DHS Budget Director is responsible for coordination, review, and approval of the proposal with DHS counsel, budget, finance, policy legislative affairs, operational programs, public affairs, and industry engagement offices.
- 7) DHS Budget Director is responsible for Department-wide prioritization of all DHS fee proposals.
- 8) DHS Budget Director is responsible for proposal submission to OMB.
- 9) DHS Budget Director is responsible for proposal submission to the necessary Congressional committees.
- 10) DHS Budget Director will act as the liaison between the component, OMB, and Congressional committees to respond to any questions or arrange for required meetings.
- 11) DHS Budget Director will provide final resolution on the proposal to the component.

3. Funding Strategies

- a. *Funding Sources.* The main source of funding that allows DHS to finance federal programs or activities is funding from annual and other appropriations. However, funding may be authorized in the form of user fees, user charges, or excise taxes. User fees recover part or all of the costs of these programs and activities – the cost of providing a benefit that is beyond what is normally available to or consumed by the general public – from the identifiable users/beneficiaries of those programs and activities. Since user fees represent a charge for a service provided by the government or for a benefit from a government program, payers expect and deserve a well-defined correlation between the fees imposed and the cost of providing the services or

benefits, and they have expectations about the quality of the related services or benefits.

Statutes dictate whether the user fee collections may be dedicated to a specific program or, alternatively, whether they must be deposited into the General Fund of the Treasury where the collections remain available to fund general Government expenditures. Where the governing statute is silent on the disposition of fee collections, they must be deposited as miscellaneous receipts into the general fund (see 31 U.S.C. 3302(b)).

User fees are collected either directly by DHS Components or by an outside party, such as a Department of Treasury lockbox service provider, and then are deposited in the appropriate Treasury account.

- b. *Use of Funding.* User fee operating plans include estimated collections and allocate these amounts to fund eligible expenses as defined by the fee's statutory authorities on use of the funding.

4. Budget Presentation of Fees

- a. *Purpose.* The purpose of this Section is to establish a DHS-wide governance policy for presenting user fees in budget documentation, such as Congressional Justifications. This Section focuses on what information should be included in budget documentation. In addition, this Section presents the factors that should be considered whether Congressional Justifications should be developed for individual fee programs.
- b. *Background.* DHS develops Congressional Justifications for most of the Department's fee programs. However, there are some significant fee programs for which DHS does not develop Congressional Justifications, such as the Merchandise Processing Fee.
- c. *Discussion.* At a minimum, the Congressional Justifications should include the following information for all fee programs:
 - 1) *Statutory authority.* The legislative language authorizing the fee along with a plain language description of what the legislative language authorizes.
 - 2) *Uses.* A description of what the statute authorizes in terms of activities and expenditures.
 - 3) *Change mechanism.* A discussion of how changes can be made to the fee program. If changes can be made through a regulatory process, the Congressional Justifications should provide details of the time frames and necessary stages associated with the regulatory process. If changes can be made only through the statutory process, provide the names of the congressional committees that would have jurisdiction over such legislation.
 - 4) *Previous changes.* A discussion of the last time that changes were made to the fee program and how that change was attained.
 - 5) *Recovery rate.* The Congressional Justification should include a discussion of whether or not the fee is designed to recover the full cost of the program services provided and whether or not those fees that are designed to achieve full-cost recovery actually are achieving it. Additionally, for those fee programs that are not

achieving full-cost recovery, an estimate should be provided of the actual recovery rate.

Congressional Justifications should be developed for all discretionary fee programs. Congressional Justifications also should be developed for all mandatory fee programs that generate more than \$10 million in revenue annually. In addition, components should consider developing Congressional Justifications for mandatory fee programs that generate less than \$10 million in revenue where the program could be considered of particular interest or priority to the congressional appropriations committees.

For mandatory fees or other fees over which the appropriations committees have no jurisdiction, Congressional Justifications should avoid the terminology “Budget Request.” The word “request” implies that the committee has jurisdiction in setting fee levels and is misleading and inaccurate. Use of the term “request” in mandatory fee budget documents has caused displeasure with members of the appropriations committee staffs in the past. Budget documents should use the terminology “Budget Estimate” in lieu of “Budget Request.” The DHS Budget Division will modify all Congressional Justification table templates to ensure that column headers do not inappropriately use the word “request.”

5. Fee Proposal Checklist

- a. At a minimum, any fee proposal should include the following information and provide answers to the following questions:
 - 1) Name of Fee
 - 2) Administration or DHS objective that fee supports
 - 3) Existing or proposed fee rate
 - 4) Proposed change (if any)
 - 5) Background on who currently is charged the fee and discussion of any proposed changes
 - 6) Are there any other DHS Fees charged to the same industry segment? (Have you done an economic impact analysis that factors in other fees assessed against the same user population?)
 - 7) What is the duration of the fee?
 - 8) What congressional committee will have (or has) jurisdiction?
 - 9) What is the problem/challenge that you are trying to address?
 - 10) What is the proposed legislation (if applicable)?
 - 11) What is your strategy for gaining support on behalf of the fee proposal?
 - 12) Has there been any OMB, congressional, or public feedback/support on the possibility of this fee increase?
 - 13) Coordination, if any, with other Executive Branch departments for free implementation matters (e.g., collection and reimbursement mechanisms)
 - 14) Contact person for further information

15) Nominating official

2.2.12.8.2 Treasury Asset Forfeiture Fund

The TEOAF oversees the TFF (See 31 U.S.C. § 9703), which is the receipt account for the deposit of nontax forfeitures made pursuant to laws enforced or administered by Department of the Treasury and DHS law enforcement agencies. The TFF was established in 1992 as the successor to what was then the Customs Forfeiture Fund. The TFF participating agencies are:

1. Internal Revenue Service Criminal Investigations Division (IRS-CI), U.S. Department of the Treasury;
2. ICE, DHS;
3. CBP, DHS;
4. U.S. Secret Service, DHS; and
5. Coast Guard, DHS.

The TFF is a special fund. Special funds are federal fund collections that are earmarked by law for a specific purpose. These funds can be allocated and used without the enactment of an annual appropriation by Congress. Expenses of the TFF are set in a relative priority so that unavoidable costs, known as mandatory expenses, are met first.

The enabling legislation for TFF (Title 31 U.S.C. § 9703) defines those purposes for which Treasury forfeiture revenue may be used. In addition to the agencies listed above, the funds can be allocated to other law enforcement entities that do not have forfeiture authority, such as the Financial Crimes Enforcement Network, Federal Law Enforcement Training Center (FLETC), and the Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau.

The statutory authority requires that available funding is used to meet mandatory expenses of the TFF, including:

1. Storing and maintaining seized and forfeited assets. Investigative expenses incurred in pursuing a seizure.
2. Certain costs of local police agencies incurred in joint law enforcement operations.
3. Following deposits of forfeited cash, proceeds from forfeited property sales, and amounts remitted in lieu of forfeiture, funds may be paid to:
 - a. reimburse participating agencies' costs of seizure and forfeiture of assets;
 - b. pay expenses to include costs of investigation and satisfaction of liens;
 - c. pay for training, promote cooperation among Federal, state, and local law enforcement agencies;
 - d. reimburse expenses related to expenses of sale/destruction of contraband;
 - e. pay informant awards and expert services;
 - f. reimburse persons for costs incurred in their cooperation; and
 - g. serve as a source of funding for international asset sharing.

The following Subsections detail policy for Treasury Asset Forfeiture Fund.

1. Super Surplus Fund

After mandatory expenses are accounted for, the remaining unobligated balance can be distributed through the Super Surplus process. Unlike the mandatory funding that is strictly designed to support forfeiture-related law enforcement activities, the Super Surplus Fund is available for obligations or expenditures in connection with law enforcement activities of any Federal agency or of a Department of the Treasury law enforcement organization.

- a. Components that wish to submit proposals for Super Surplus funding through the TFF must submit a package, including all of their proposals for the following fiscal year, no later than mid-April to DHS OCFO. DHS OCFO compiles all components' requests into a consolidated package that will be cleared internally and through OMB before submission to TEOAF on or before early June.
- b. Although the authority governing the use of Super Surplus funds is very broad, making Super Surplus funds available for obligations or expenditures in connection with law enforcement activities of any Federal agency, as a matter of policy, Treasury tends to support proposals that are likely to provide a return on investment to the fund. Super Surplus funds cannot be requested for programmatic activities or equipment appropriated by Congress.
- c. Other components (other than those identified in Section 3.2 of this Policy) may submit requests, as long as they fund law enforcement activities of U.S. Federal law enforcement agencies, have a law enforcement agency or component designated as fiscal agent, and address TEOAF and DHS priorities.
 - 1) Components may work together to develop joint proposals.
 - 2) Components requesting Super Surplus funding should work with the appropriate DHS Budget Division Desk Officer to ensure that proposals address TEOAF and DHS priorities.

2. Super Surplus Funding Proposal Process

The DHS process for preparing, reviewing, and submitting Super Surplus funding proposals is as follows:

- a. DHS distributes guidance on the process and priorities for Super Surplus funding to the Components. As part of preparing the guidance, the CFO, in coordination with the Office of Policy (PLCY), will seek guidance from the Office of the Secretary concerning specific DHS-wide priorities that should be considered in component submissions.
- b. The components send this information to the program offices along with submission deadlines and other elements that the component may require.
- c. Each component compiles its proposals into a prioritized submission that reflects the strategic and tactical priorities of the component, as well as DHS as a whole. Components are responsible for ensuring that proposals undergo a thorough internal clearance process including clearance from component headquarters budget, legal, policy, and information technology staff.
- d. The Component forwards the approved submission to the DHS CFO at least 6 weeks before the submission due date to TEOAF, with a written indication (email is

- acceptable) that the Component's senior leadership (Chief of Staff or higher) has cleared the submission. This should be received by DHS OCFO no later than mid-April based on the Request for Proposals sent by OCFO Budget Division.
- e. By late April, a Steering Committee made up of personnel from OCFO, PLCY, and relevant DHS Components will be convened to review, vet, and rank Super Surplus proposals to ensure that the proposals are aligned with, and are grouped by, secretarial and departmental priorities; this maximizes the impact of any funding received.
 - f. DHS Budget Director is responsible for ensuring that the proposals are reviewed and cleared by the Office of General Counsel, Office of Policy, and Office of the Chief Information Officer (OCIO) for information technology-related requests.
 - g. The Steering Committee develops the criteria and assessment instrument used to review, vet, and rank Super Surplus proposals.
 - h. By early May, the Steering Committee provides the CFO Council with its recommended consolidated and prioritized package of Super Surplus proposals and is prepared to discuss the methodology behind the recommendations.
 - i. By late May, the CFO Council, guided by a strategic priorities framework and any other applicable integrated planning guidance, provides its recommendations and, if necessary, identifies any outstanding issues that need to be taken to the Deputy Secretary for final resolution.
 - j. By early June, OCFO submits the consolidated and prioritized package to OMB for review before submission to TEOAF.
 - k. By late June, the DHS Budget Division officially submits the material to TEOAF and provides copies of final submissions to the Components.
 - l. The DHS Budget Division maintains a list of proposals submitted to DHS OCFO as part of the TEOAF Super Surplus process, and Components provide updates as needs, priorities, and costs change.
 - m. At the end of the fiscal year, TEOAF calculates the funds available for the Super Surplus and develops a Super Surplus Plan commensurate with the available funding.
 - n. DHS OCFO works with the Components to adjust the proposals to the funding guidelines in the Super Surplus Plan and clears the revised packet through DHS Clearance.
 - o. DHS OCFO works with Components and the CFO Council, as needed, to ensure that the revised packet of proposals conforms to articulated departmental priorities and operational need.
 - p. Once approved, the revised Super Surplus proposals are transmitted to OMB and then to the House and Senate Appropriations Committees for approval. Congressional approval often comes in March/April.
3. Timeline for Submission of Super Surplus Proposals to Congressional Appropriations Committees:

Table 2.1 Submission of Super Surplus Proposals to Congressional Appropriations Timeline

Month	Process Step
Mid-February	DHS CFO sends guidance to Components for Super Surplus proposals
Mid-March	Formal call for Super Surplus proposals from Components to their program offices
Early April	Super Surplus proposals due to Components from program offices
Mid-April	Super Surplus proposals due to DHS Budget Director from Components
Late April	DHS Budget Director convenes a Steering Committee made up of personnel from OCFO, PLCY, and relevant DHS Components to review, vet, and rank Super Surplus proposals
Early May	The Steering Committee provides the CFO Council with its recommended consolidated and prioritized package of Super Surplus proposals
Late May	The CFO Council provides its recommendations and, if necessary, identifies any outstanding issues that need to be taken to the Deputy Secretary for final resolution
Early-June	DHS Budget Director transmits consolidated package of proposals to OMB for clearance
Late June	Consolidated package of proposals submitted to TEOAF by DHS
September 30	Once the fiscal year is over, TEOAF calculates the funds available for the Super Surplus and develops a Super Surplus Plan
Late Fall-Early Spring	DHS Budget Director works with Components and CFO Council to adjust the proposals to the funding guidelines in the Super Surplus Plan The Budget Director puts the revised packet of proposals into DHS Clearance for final review and clearance Once the revised packet of proposals is cleared, the Budget Director sends it to OMB for clearance Once cleared by OMB, the Budget Director transmits the packet of proposals to the House and Senate Appropriations Committees for approval Congressional approval of the Super Surplus proposals often comes in March-April

2.2.12.8.3 National Intelligence Program

The U.S. intelligence budget has two major components: the National Intelligence Program (NIP) and the Military Intelligence Program. The NIP includes all programs, projects, and activities of the intelligence community as well as any other intelligence community-related programs designated jointly by the Director of National Intelligence (DNI) and the head of a department or agency, or the DNI and the President. The NIP provides authority to spend intelligence program funds for activities in several Federal departments, including DHS's Office of Intelligence and Analysis (I&A), Coast Guard, and OCIO.

The majority of I&A's budget and a small part of the Coast Guard and OCIO budgets are authorized to be funded in the NIP. As the Department's Chief Intelligence Officer, the Under Secretary for I&A works with the Office of the Director of National Intelligence (ODNI) to develop its annual NIP budget request. ODNI budget execution reporting requirements are described in FMPM 2.4, *Budget Execution*. See Chapter 5, Subsection 5.6.19.1.3 (Reprogramming of National Intelligence Program (NIP) Funding) of this Manual for guidance related to reprogramming requests of funding for the NIP.

2.2.12.8.4 Office of National Drug Control Policy

ONDCP advises the President on drug-control issues, coordinates drug-control activities and related funding across the Federal Government, and produces the annual National Drug Control Strategy, which outlines Administration efforts to reduce illicit drug use, manufacturing, and trafficking; drug-related crime and violence; and drug-related health consequences.

Pursuant to 21 U.S.C. § 1703, each fiscal year, the head of each department, agency, or program of the Federal Government with responsibilities under the National Drug Control Program Strategy shall transmit to the Director of National Drug Control Policy a proposed drug control budget request. The Secretary of DHS shall ensure timely development and submission of proposed drug control budget requests for those components who expend budget resources on counter-drug activities. The DHS Components that participate in this process are CBP, the Federal Emergency Management Agency (FEMA), FLETC, ICE, and Coast Guard. Under the authority of the ONDCP Reauthorization Act of 2006, ONDCP produced three budget circulars (similar to OMB Circulars). The following three budget circulars include:

1. *Budget Formulation*. Provides instructions in preparing drug control budget proposals for submission, certification, and inclusion in the National Drug Control Budget.
2. *Budget Execution*. This circular contains procedures for reprogramming requests, transfers, and the guidance for submission of the Annual Financial Plan.

See Chapter 5, Subsection 5.6.19.1.2 (Reprogramming of National Drug Control Policy (NDCP) Funding) in this Manual for guidance related to reprogramming of National Drug Control Policy funding.

3. *Drug Control Accounting and Performance*. Agencies are required to conduct an annual detailed accounting of all funds expended for National Drug Control Activities. The report is authenticated by the DHS Office of Inspector General (OIG) if the component's total drug budget exceeds \$50 million. If the Drug Budget is less than \$50 million, this falls under the unreasonable burden exception and the component produces the Accounting and Performance report directly.

The following Subsections detail policy for Office of National Drug Control Policy.

1. Content of Drug Control Budget Requests

Each year around June, the ONDCP Director sends a letter to the DHS Secretary stating ONDCP's priorities for the DHS Components as it relates to the drug budget. The DHS OCFO Budget Division will distribute additional guidance and templates for specific drug budget deliverables to the relevant components.

Components then will begin drafting their drug control budget requests. These shall include all requests for funds for any drug control activity undertaken, including demand reduction,

supply reduction, and any drug law enforcement activities. If an activity has both drug control and nondrug control purposes or applications, the program shall estimate by a documented calculation the total funds requested for that activity that would be used for drug control, and shall set forth in its request the basis and method for making the estimate.

Component drug budgets shall include a narrative summary and a table displaying detailed funding and personnel resources. The narrative program summary is a high-level overview of the agency's mission and a description of the agency's approach to counter-drug activities. Components shall populate a Resource Summary table that mirrors the 3-year budget profile of the Department's OMB submissions. The table details drug resources by function displayed for both appropriations and programs, projects, or activities. The table also should list the total amount of full-time equivalents dedicated to counter-drug activities.

After the submission of the Fall Drug Budget, the ONDCP Director will issue a letter to the DHS Secretary certifying the Department's Drug Budget for the coming President's Budget Submission.

2. Deliverables and Timeline

The following table displays the deliverable, timeline, and a brief description of the deliverable. Note that additional information regarding budget execution deliverables can be found in Department of Homeland Security, *Financial Management Policy Manual* (FMPM) Section 2.4 (Budget Execution).

Table 2.2 Deliverable Timeline

Deliverable Name	Timeline	Description
Summer Budget Submission	Due prior to the OMB Budget Submission	ONDCP reviews the requested topline funding levels and performance to determine if the request addresses the National Drug Control Strategy and the annual funding guidance.
Fall Budget Certification	With the OMB Budget Submission	Components submit funding levels and performance goals for counter-drug activities. ONDCP analyzes the submission and issues Fall Budget Certification Letter to the DHS Secretary.
Accounting and Performance Summary Reporting	Due around February 1st each year	Handled by OIG (with the exception of FEMA and FLETC because they are under the \$50 million unreasonable burden threshold).
Budget and Performance Summary	Late December/Early January	The Budget Summary presents resources and performance as part of the National Drug Control Strategy.
Financial/Execution Plan	45 days after enactment	A comparison of the request to enacted levels as it relates to the Drug Submission.
Reprogramming/Transfer Notification	Prior to Congressional Notification	ONDCP must approve reprogramming/transfers in excess of

Deliverable Name	Timeline	Description
		\$1,000,000 that are included as part of the Drug Budget methodology

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 typically divide the funds available for obligation by time periods (usually quarters for O&S) or lump sum for PC&I.

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.

Each appropriation (or project for PC&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 Operation Plan (FMOP), not to exceed the amounts apportioned by OMB.

2.3.1.2 *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. Examples of a PPA would be Military Pay and Allowances PPA in the Operations & Support or National Security Cutter PPA in the Procurement, Construction and Improvement (PC&I) appropriation.

2.3.1.3 Allowance Fund Control Code (AFC)

AFCs represent the next sub-division of funding below the sub-allotment level for O&S. AFCs represent administrative operating targets for specified purposes. PPAs are subdivided into one or more AFCs.

2.3.1.4 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. An ATU receives a funding allocation from an AFC.

2.3.1.5 Target (Funding)

Targets are amounts established at each level of funds distribution for the obligation of funds within program areas or projects.

2.3.1.6 Project Targets (PTs)

PTs represent the planned obligation ceilings for project-oriented efforts in the PC&I, AB, and R&D appropriations, in EC&R (a PPA within the O&S appropriation), 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.

2.3.1.7 Program Element (PE)

A program element represents a source of funds under the command or oversight of an ATU. PEs are used to fund a particular unit or effort. Allowance managers or ATU budget officers are authorized to distribute this funding.

2.4 Operations & Support (O&S) Allowance Fund Control Codes

The O&S allowance fund control codes (AFCs) are described in the Subsections that follow. For more detailed explanations of how to use the O&S AFCs refer to the *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 2, Appendices 2-1 through 2-20.

2.4.1 AFC-01 Military Pay

AFC-01 is a parent term that refers to the combination of AFC-10, AFC-11, and AFC-12. AFC-01 includes compensation, subsistence rations, and entitlements for active duty members, cadets. Specifically, AFC-10 is used for all payroll expenses such as basic pay, basic housing allowance, and basic subsistence allowances. AFC-11 is used for non-payroll direct expenditure expenses to include Auxiliary orders meal reimbursement, basic daily food allowance (BDFA), and recruit uniform issue. AFC-12 is used for other non-payroll expenses such as galley contracts, leased housing, and transit benefits.

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 and AFC 21 Permanent Change of Station (PCS)

Travel and transportation expenses incident to PCS orders for military personnel and their dependents. AFC-20 is used for advances and tax payments associated with PCS moves. AFC-21 includes the remainder of PCS costs, and non-standard travel for decedent affairs, dependent students, early return of dependents, and environmental morale leave.

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 segregate operating and maintenance expenses specific to the training and recruiting centers, and facilitates accurate reporting of that information. AFC-34 funds support the operating and maintenance expenses for

Coast Guard training and recruiting centers in the same way AFC-30 supports other units. Also, because AFC-34 funds are a subdivision of PPA #3 (Program Project and Activity) for Training and Recruiting, AFC-34 funds may be used for tuition, formal training, and other costs without reprogramming actions.

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, enterprise Cyber network defenses, 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). AFC-40 is also commonly used to centrally hold funds that are not restricted in use at a PPA level until they are distributed. A common example of unrestricted funding is Overseas Contingency Operations (OCO) funding.

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 Communications, Computers and Information Technology (C4IT) systems. General expenses related to inventory, repair, alteration, modification, services directly related to depot-level maintenance of support of Command, Control Communications, Computers and Information Technology (C4IT). These general expenses cannot significantly add to the underlying assets capacity or capability.

2.4.10 AFC-43 Civil Engineering

Depot-level maintenance expenses incurred in support of the Shore Infrastructure Logistics Center (SILC). General expenses related to the maintenance of real property (land, buildings, and structures) to preserve and maintain capability. Costs include nonrecurring major maintenance and repairs, alterations, code compliance, demolition, direct project support cost (i.e., travel, engineering design services, permits, inspections, etc.), and minor improvements within the minor construction authority.

2.4.11 AFC-45 Naval Engineering

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

2.4.12 AFC-56 Training

Formal training performed as a temporary assignment duty (TAD) for civilian, military personnel, reserve members, and auxiliaries.

Note: For reserve members, AFC-56 (later refunded through the Reserve Training (RT) to O&S refund process) is used for the costs of anticipated Class A and C School training quotas in support of Reserve Component readiness as well as to address training costs for personnel filling military and civilian Full Time Support (FTS) positions.

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 administered by the Office of Resource Management (CG-83) in conjunction with an associated AFC-80 parent account facilitates reimbursement for approved reimbursable activity which can occur outside of dedicated AFC-80 accounts (i.e., AFC-01, 08, 30, etc.). This account ensures the associated obligation and subsequent expenditure is captured within the parent AFC-80 reimbursement account and provides accounts receivable notification for a valid Uncollected Order Amount (UCO). (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 book value of such assets. 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 Account

This reimbursable budget authority account is managed by Commandant (CG-83). This account collects an administrative fee charged for processing reimbursable agreements.

2.4.16 AFC-80 Reimbursements

This general account is used for establishing and identifying reimbursable agreements and reimbursements from user fees for services to the public. A 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. The account is also used to manage user fee transactions in the Coast Guard’s accounting system both for budget execution and for reimbursement for allowable expenses associated with providing services to the public and 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.

2.4.16.2 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.dcms.uscg.mil/directives> and in the National Contingency Plan (40 CFR 300), located at http://www.access.gpo.gov/nara/cfr/waisidx_02/40cfr300_02.html.

2.4.16.3 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 O&S 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 recruiting, training, administration, and management of the reserve component. This includes compensation, commuted rations, and entitlements for all Reserve inactive duty and active duty including: active duty for operational Support-Reserve component (ADOS-RC); Reserve initial active duty training (IADT) (i.e. Reserve Officer Candidate Indoctrination (ROCI) program, Direct Entry Petty Officer Training (DEPOT) program and Selected Reserve (SELRES) Boot Camp attendance), and pay/travel requirements for Class A and C School attendance.
2. AFC-91 Full Time Support (FTS) Military Pay Reserve Training (RT) Personnel – used for compensation, subsistence rations, entitlements, and special and incentive pay for Reserve Training Full Time Support (FTS) active duty in the Operations & Support (O&S) appropriation.
3. AFC-92 Civilian Pay for Full Time Support (FTS) Reserve Training (RT) Personnel – used for compensation, benefits, and costs associated with RT civilian pay in the RT PPA within the O&S appropriation.
4. 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.
5. AFC-97 Reserve Training to Operations and Support (RT to O&S) – used to refund certain other program costs charged to AFC-20, AFC-30, AFC-56, and AFC-57. Such adjustments between/within appropriations are administered through the Coast Guard Refund Program under the authority of 31 USC 1534. (For Headquarters use only.)

For a more detailed explanation of how to use the RT AFCs refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 2, Appendix 2-18 through 2-20.

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 and their survivors.
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 941, the Supply Fund finances the procurement of uniform clothing, subsistence provisions, O&M stores, technical material, and fuel for 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 2.3 Supply Fund Accounts

Supply Account	Sub-Appropriation Short Code	Inventory Type
81.00xx	XU6	Clothing and accessories
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 selected shore facilities (i.e., Kodiak fuel farm).

2.7.1 Authorities

1. 14 USC Subtitle I, Chapter 9, Section 941, Coast Guard Supply Fund.
<http://uscode.house.gov/>
2. 37 USC 1011, Mess operation: reimbursement of expenses.
<https://www.gpo.gov/fdsys/search/pagedetails.action?collectionCode=USCODE&searchPath=Title+2&granuleId=USCODE-2011-title37-chap19-sec1011&packageId=USCODE-2011->

[title37&oldPath=Title+37%2FChapter+19%2FSec.+1011&fromPageDetails=true&collapse=true](http://www.fasab.gov/pdffiles/2016_fasab_handbook.pdf)

3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
http://files.fasab.gov/pdffiles/2016_fasab_handbook.pdf
4. *Coast Guard Food Service Manual*, COMDTINST M4061.5 (series).
<http://www.dcms.uscg.mil/directives>
5. *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series).
<http://www.dcms.uscg.mil/directives>
6. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
<http://www.dcms.uscg.mil/directives>
7. *Energy Management Policy*, COMDTINST M4100.2 (series).
<http://www.dcms.uscg.mil/directives>

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 (Formulating and Establishing the Financial Management Operation Plan (FMOP)) 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 supply accounts (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 the designated program manager for the 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 the 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).

2.8 PC&I Project Identification System

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

Table 2.4 Explanation of PC&I Product Identification Numbers

Budget Activity Number	Fiscal Year (Note 1)	Project Number (Note 2)	Major Category
1	X	XX	Vessels
2	X	XX	Aircraft
3	X	XX	Shore Facilities and Aids to Navigation
4	X	XX	Other Acquisition including 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 recapitalization investment portfolio, 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; and
3. Validated Agency Capital Plan.

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-81), (CG-DCO), and (CG-DCMS); 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.

2.11.2 Field Unit – Commanding Officers

As the end user of funding provided to the administrative operating target at an area (administrative target unit (ATU)), 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; and ensure adherence to obligation lifecycle management policies and procedures.

2.11.3 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.

2.11.4 Field Unit – Financial Managers

Like Headquarters units, field units are also aligned under one of the following RMOs: Commandants (CG-81), (CG-DCO), and (CG-DCMS); 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 (i.e., AFC-30, AFC-34, AFC-36, and others) distributed down to the unit level 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.

Chapter 3. Administrative Control of Funds

Note: The Coast Guard, as a component of DHS, follows DHS's Administrative Control of Funds policy. If there is any ambiguity or inconsistency between DHS funds control policy and the Coast Guard's policy, the DHS policy will control.

See the *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 3 (Administrative Control of Funds) for funds control definitions and procedures

3.1 Purpose

This Chapter prescribes funds control policy to follow in the execution of the budget. It includes an administrative control of funds policy 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 lesser of the amount apportioned by the Office of Management and Budget (OMB) and the amount made available in the appropriation language. 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 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.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
 - b. Sections 1101, 1104-1108, 3324 (part of the Budget and Accounting Act, 1921, as amended).
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
 - c. Sections 1501-1502 (part of the Supplemental Appropriations Act of 1950).
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
 - d. Sections 1112, 1531, 3511-3512, 3524 (part of the Budget and Accounting Procedures Act of 1950).
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
2. 2 USC 681-688 Public Law 93-344, Title X.
<https://www.gpo.gov/fdsys>
 3. OMB Circular A-11 and related guidelines.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
 4. *Organizational Elements*, DHS Delegation Number: 0160.1.
http://dhsconnect.dhs.gov/policies/Documents/0160.1_Organizational_Elements.pdf
 5. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), Section 2.5, “Administrative Control of Funds.”
<http://cfo-policy.dhs.gov/default.aspx>

3.3 Scope of Funds Control

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

3.4 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.

3.4.1 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).

3.4.2 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.

3.4.3 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.

3.4.4 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.

3.4.5 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.

3.4.6 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. Establish and maintain accounting systems and internal controls in accordance with DHS policies and procedures and Office of Management & Budget (OMB), Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
 - i. Monitor 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.

3.4.7 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.

3.4.8 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 Coast Guard accounting system of record supports the Coast Guard's funds control policy. The accounting system of record 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 accounting system of record, 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.

3.4.9 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 action, when necessary, to ensure the Coast Guard does not obligate in excess of available budgetary resources.

3.4.10 Funds Control 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 all Coast Guard allotments, suballotments, and allowances of amounts available in the following illustrative appropriation and fund accounts:
 - a. Operations & Support (O&S);
 - b. Procurement, Construction, and Improvement (PC&I);
 - c. Research & Development (R&D);
 - d. Alteration of Bridges (AB);
 - e. Retired Pay (RP);
 - f. Oil Spill Liability Trust Fund (OSLTF);
 - g. Boat Safety (BS);

- h. Coast Guard Gift Fund;
- i. Coast Guard Supply Fund;
- j. Yard Fund;
- k. Commissary Stores Surcharge Fund; and
- l. Medicare Eligible Retiree Health Care Fund.

Note: Commandant (CG-831) is also responsible for any appropriation and/or fund accounts not otherwise specifically assigned.

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, suballotment, and AFC managers when obligations and expenditures are approaching the amount available in their allotment or suballotment. However, allotment, suballotment, and AFC managers are 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 accounting system of record.
 - 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 (i.e., upward/downward adjustment).

3.4.11 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.

3.5 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 cancelled 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.

3.5.1 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 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).

3.5.2 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 5.6.4 (Reporting Violations of Informal Subdivisions of Budget Authority). 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.

3.5.3 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.

3.5.4 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."

3.5.5 Antideficiency Act Violations Discovered by Coast Guard Employees

Suspected ADA violations are initially investigated under the oversight of the Coast Guard Chief Financial Officer (CFO). The results of this investigation are presented in a preliminary report.

If the initial investigation indicates that an ADA violation has occurred, the preliminary report is forwarded to the Department of Homeland Security (DHS) for formal investigation by the DHS CFO.

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

3.5.6 ADA Violations Uncovered During Audits

If a GAO or OIG audit or investigation identifies an ADA violation, the Coast Guard will notify the DHS CFO and issue a preliminary report on the violation. The DHS CFO, in coordination with OGC, will review the notification letters prior to transmission to the DHS Secretary for signature.

3.5.7 Examples of ADA Violations

All Antideficiency Act violations must be reported. The 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 required 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 reappportionment.** 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 reappportionment described in an Apportionment and Reappportionment Schedule, Form SF 132, including any restrictions within the Apportionment and Reappportionment Schedule, 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.** 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.

3.5.8 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.

3.5.9 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.

3.6 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.

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

3.6.1 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.

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.

3.6.2 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.

3.7 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 3.4.10 (Funds Control Division) above. Quarterly apportionments are required to be designated as allotments or suballotments separately from annual apportionments.

3.7.1 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.

3.8 Administrative Control of Funds Policy

3.8.1 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.

3.8.2 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) subdivides budget authority into allotments, suballotments, and allowances. The following rules shall be used by the Coast Guard's budget office when subdividing appropriations:

1. All budget authority shall be formally 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 informal distribution.

3.8.3 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**.

3.8.4 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.

3.8.5 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 to reduce risk of error, misuse, or fraud. Certification of fund availability is the authority to assign proper funding citations on obligating documents before obligations are incurred and approve the validity and accuracy of the accounting information. 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.

3.8.6 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.

3.8.7 Allotment/Suballotment Managers

An allotment or suballotment is a formal delegation of the authority to incur obligations and make expenditures. This authority may be delegated in writing by an Allotment Manager to a Suballotment 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) 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 Operation 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**.

3.8.8 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 must be delegated in writing by an Allotment or Suballotment Manager. Allowance Managers have a shared responsibility with their Allotment/Suballotment 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.

3.8.9 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 Operation 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.

3.8.10 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**.

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.

3.8.11 Civilian Employee Financial Resource Official (CEFRO) formerly Performance Incentive Pay Officials (PIPO)

The Civilian Employee Financial Resource Official (CEFRO) responsibility resides at the Flag, (SES) Logistics/Service Center and Director, Commander or Commanding Officer level. A CEFRO cannot be less than a SES. The CEFRO appoints a dedicated CRC to facilitate their authority, oversees the CRC duties and approves CRC actions. A CEFRO's area of responsibility cannot be less than 20 employees.

3.8.12 Civilian Resource Coordinators (CRC)

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 backup 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. The funding delegation authority by Civilian Pay Manager (Commandant (CG-832)) to CEFROs and CRCs may be withdrawn at the discretion of the Civilian Pay Manager (Commandant (CG-832)).

For detailed procedures refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 3 (Administrative Control of Funds).

This page intentionally left blank.

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 9 appropriations (5 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.

Discretionary appropriations:

Operations & Support (O&S);

Procurement, Construction, and Improvement (PC&I);

Alteration of Bridges (AB);

Research & Development (R&D); and

Medicare-Eligible Retiree Health Care Fund (MERHCF).

Mandatory appropriations:

Retired Pay (RP);

Boating Safety (BS);

Oil Spill Liability Trust Fund (OSLTF); and

Gift Fund.

See Section 2.2 (Coast Guard Budget Authority) for information regarding these appropriations and funds.

See the *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 4 (Budget Formulation) for detailed responsibilities and procedures.

Note: Effective FY 2019, Reserve Training (RT) and Environmental Compliance and Restoration (EC&R) are within the O&S appropriation.

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

Budget formulation begins with the consideration of strategic plans, operational and supports requirements, planning inputs, and external influences. In essence, the process consists of the following stages:

1. Coast Guard Stage
2. DHS Stage
3. OMB Stage
4. Congressional Stage
5. Drug Budget Submission

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.

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.

4.4 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.

This page intentionally left blank

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 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 (GL) 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 (FY). 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 FY'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 FY – from the preparations needed to establish funds control objectives to the closing of appropriation accounts.

BRM is a critical set of policies designed to support a successful budget execution process. These policies 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.

Governmentwide Treasury Account Symbol Adjusted Trial-Balance System (GTAS) has replaced the Federal Agencies' Centralized Trial Balance System (FACTS) I and II.

For detailed responsibilities and procedures on the appropriate management controls and activities for the recording, distributing, and reporting of budgetary actions taken prior to, at the start of, during, and at the end of the FY, refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5 (Budget Execution).

5.1.1 Purpose

This Chapter defines Coast Guard funds control objectives and specifies the policies 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 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 FY 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.

These policies 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.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
2. Budget and Accounting Act of 1921, as amended. 31 USC 1101, 1104-1108, 3324.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
3. Budget and Accounting Procedures Act of 1950. 31 USC 1112, 1531-1533, 1536, 3511-3512, 3524.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
4. Chief Financial Officers Act of 1990.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
5. Department of Homeland Security Financial Accountability Act. PL 108-330.
<https://www.gpo.gov/fdsys/pkg/PLAW-108publ330/content-detail.html>
6. Economy Act of June 30, 1932. 31 USC 1535-1536.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleII-chap15-subchapIII-sec1535.pdf>
7. *Federal Financial Management Improvement Act of 1996* (FFMIA).
<https://www.gpo.gov/fdsys/pkg/PLAW-104publ208/pdf/PLAW-104publ208.pdf>
8. *Federal Managers' Financial Integrity Act of 1982* (FMFIA).
https://obamawhitehouse.archives.gov/omb/financial_fmfia1982
9. *Government Management Reform Act of 1994* (GMRA).
<https://govinfo.library.unt.edu/npr/library/misc/s2170.html>
10. *Government Performance and Results Act of 1993* (GPRA).
<https://www.whitehouse.gov/omb/information-for-agencies>
11. Impoundment Control Act of 1974. PL 93-344.
<https://www.gpo.gov/fdsys/pkg/STATUTE-88/pdf/STATUTE-88-Pg297.pdf>
12. Oil Pollution Act of 1990. 33 USC 2701-2761.
<https://www.gpo.gov/fdsys/pkg/STATUTE-104/pdf/STATUTE-104-Pg484.pdf>
13. Paperwork Reduction Act, as amended. 44 USC 3501-3520.
<http://www.gpo.gov/fdsys/pkg/USCODE-2008-title44/html/USCODE-2008-title44.htm>
14. Supplemental Appropriations Act of 1950. 31 USC 1501-1502.
<https://www.gpo.gov/fdsys/pkg/USCODE-2005-title31/pdf/USCODE-2005-title31-subtitleII-chap15-subchapI.pdf>
15. 10 USC 2601. General gift funds.

<https://www.gpo.gov/fdsys/pkg/USCODE-2012-title10/pdf/USCODE-2012-title10-subtitleA-partIV-chap155-sec2601.pdf>

16. 14 USC 712. Contracts with Government-owned establishments for work and material.

<http://uscode.house.gov/>

17. 14 USC 1901. Administration of Academy.

<http://uscode.house.gov/>

18. 14 USC 1927. Cadets; initial clothing allowance.

<http://uscode.house.gov/>

19. 14 USC 939. Accounting for industrial work.

<http://uscode.house.gov/>

20. 14 USC 941. Coast Guard Supply Fund.

<http://uscode.house.gov/>

21. 14 USC 2946. Coast Guard Housing Fund.

<http://uscode.house.gov/>

22. 31 USC 1551-1557. Appropriation Accounting -- Closing Accounts.

<https://www.gpo.gov/fdsys/pkg/USCODE-2010-title31/pdf/USCODE-2010-title31-subtitleII-chap15-subchapIV.pdf>

23. 41 USC Chapter 7. Public Contracts -- Office of Federal Procurement Policy.

<https://www.gpo.gov/fdsys/pkg/USCODE-2009-title41/html/USCODE-2009-title41-chap7.htm>

24. 48 CFR Chapter 1. *Federal Acquisition Regulation* (FAR).

<https://www.gpo.gov/fdsys/pkg/CFR-2003-title48-vol1/pdf/CFR-2003-title48-vol1.pdf>

25. Government Accountability Office, *Principles of Federal Appropriations Law*.

<http://www.gao.gov/legal/red-book/current-edition>

26. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

<http://www.gao.gov/greenbook/overview>

27. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, March 1993.

http://files.fasab.gov/pdf/2016_fasab_handbook.pdf

28. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*, July 1995.

http://files.fasab.gov/pdf/2016_fasab_handbook.pdf

29. 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*, May 1996.
http://files.fasab.gov/pdf/2016_fasab_handbook.pdf
30. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, Part 4, June 2015.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
31. Office of Management and Budget, Circular A-25, Transmittal Memorandum No. 1, *User Charges*, July 1993.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
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*, August 1969.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
33. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
34. Office of Management and Budget, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
35. Office of Management and Budget, Circular A-130, Transmittal Memorandum No. 4, *Management of Federal Information Resources*, November 2000.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
36. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
37. Office of Federal Financial Management, Federal Financial Management Systems Requirements (FFMSR), *Core Financial System Requirements*, OFFM-NO-0106, January 2006.
<https://www.whitehouse.gov/omb/information-for-agencies>
38. Financial Systems Integration Office (FSIO), *Financial Management Systems Standard Business Processes for US Government Agencies*, July 2008.
39. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*.
<http://tfm.fiscal.treasury.gov/>
40. Department of the Treasury, Bureau of the Fiscal Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* [series].
https://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm

41. Department of Homeland Security, *Department of Homeland Security Acquisition Manual (HSAM)*, October 2009.
https://www.dhs.gov/xlibrary/assets/opnbiz/cpo_hsam.pdf
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.”
<http://cfo-policy.dhs.gov/default.aspx>
44. Department of Homeland Security, Office of Financial Management, *Component Requirements Guide for Financial Reporting* (series).
<http://cfo-policy.dhs.gov/default.aspx>
45. *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
<http://www.dcms.uscg.mil/directives>
46. *Coast Guard Acquisition Procedures (CGAP)*.
<http://www.dcms.uscg.mil/directives>
47. *Management’s Responsibility for Internal Control*, COMDTINST 5200.10 (series).
<http://www.dcms.uscg.mil/directives>
48. *Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
<http://www.dcms.uscg.mil/directives>
49. U.S. Coast Guard, COCO Alert 08-48, “Quarterly Certification of Undelivered Orders (UDOs).”
<http://www.dcms.uscg.mil/directives>
50. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
<http://www.dcms.uscg.mil/directives>
51. *Major Systems Acquisition Manual (MSAM)*, COMDTINST M5000.10 (series).
<http://www.dcms.uscg.mil/directives>

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)/Chief Financial Officer (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.
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. 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.
5. Establishing configuration controls over data quality, data assurance, and data architecture for all Coast Guard financial performance data.
6. Implementing financial management policy, procedures, and internal controls, including the establishment of appropriate funds control limits and other budgetary transactions.

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.
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 Finance Center (FINCEN) budgetary accounting.

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

5.3.1.5 *FINCEN*

FINCEN is responsible for:

1. Compiling, developing, and reporting Coast Guard budgetary and proprietary accounting information.
2. Implementing budgetary and proprietary policies and establishing related procedures to carry out budgetary and accounting functions.
3. Providing accounting support for Coast Guard units and staff.
4. Documenting and maintaining the process for entering and supervising the processing of approved transactions into the Coast Guard's accounting system of record.

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. Planning and coordinating midyear pay, benefit, and entitlement legislative or policy changes with Commandant (CG-83).
2. Coordinating at each stage of the budget cycle with Commandant (CG-83) to identify the budgetary requirements of the Supply Fund.

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.
2. Executing Procurement, Construction, and Improvement (PC&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 the Coast Guard's Financial Management Operation Plan (FMOP).
2. Supporting funds control through the accurate and timely recording of commitments, obligations, and expenditures.
3. Verifying that appropriate and adequate funding is available before signing any contractual document.

5.3.2.5 Judge Advocate General (JAG) 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 (GAO), OMB, Department of Homeland Security Office of the Inspector General (DHS OIG), and other third parties.
3. Providing advice and counsel to Commandant (CG-00) in the identification, investigation, and reporting of potential ADA violations.
4. Providing advice and counsel to Commandant (CG-00) and the senior staff on the availability of appropriated and nonappropriated funds (NAFs).
5. Facilitating coordination and cooperation with the DHS Office of General Counsel (OGC).

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 GL, 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.

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, the Coast Guard 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 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 (Treasury), and the Congress.

Commandant (CG-84) shall exercise 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 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 FY, OMB requires DHS to request the apportionment of estimated resources to be carried forward in the ensuing FY 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 FY 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 FY;
2. TAFS with new budget authority that will become available in the ensuing FY 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 FY. 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 FY 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.

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 Operations & Support (O&S) account or the Acquisition, Construction, & Improvements (PC&I) 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 FY 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 FY, 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 FY 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 FY 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).

Commandant (CG-83) shall be prepared to advise Commandant (CG-8) well in advance of circumstances or events that provide advisory warnings that funds limitations will be breached.

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 FY, 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, DHS sends an allocation table 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 FY. Usually, continuing resolutions do not appropriate specific amounts. Instead, they provide guidance for the rate of operation 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 outlined in the bulletin. 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.

For mandatory appropriations under continuing resolutions, there is generally a provision requiring entitlement programs to continue operations at a rate necessary to maintain program levels under current law. A written exception apportionment may be necessary from OMB to ensure obligations during the period will not exceed the amount automatically apportioned.

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 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 FY; 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 FY, plus the total of unobligated budget authority carried over from prior years, less the total of unobligated budget authority carried over to the current FY. 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.

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 obligations causes greater utilization 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 FY 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 FY 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.

When Congress enacts the regular appropriation bill, Treasury will issue warrants for the amounts of the enacted appropriations. 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 FY, 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 FY, 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 120.48, 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 Operation Plan (FMOP), and its companion summary, the Monthly Execution Report, has served as the primary source of supporting information.

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 the applicable Treasury Financial Manual (TFM) as required by the Federal Financial Management Improvement Act of 1996 (FFMIA). 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. Under 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 O&S, PC&I, and Research & Development (R&D) 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.

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.

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 Operation Plan (FMOP)

The Coast Guard's FMOP defines its financial management objectives. The FMOP guides and informs senior managers at the start of each FY 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 FY's budget submission. Thus, the FMOP represents the bridge between the Budget Formulation and Budget Execution processes.

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 FY 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 FY reflects an accurate depiction of the budgetary resources obligated and spent for the various 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 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 120.42, 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.

The 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.

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 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 FY.

The DHS 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 PPA. Funding projections will include the planned carryover of funds into the current FY, 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. General Coast Guard policies for managing and controlling FMOP changes are provided in Subsection 5.6.24 (Managing Changes in the Application of Budgetary Resources within an Appropriation).

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.

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.

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, Page 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. 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.
2. Groupings of allowances may be used to define these limitations and other funds control entities required to improve the management of funds.

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 the 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 Operations 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 (HQ) 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., PPAs funded in specific amounts in language within the appropriation) that is subject to the ADA.
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 TAFS.
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.

As 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 the 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 ADA’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 TAFS 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 ADA.

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

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 ADA as discussed in Chapter 3 (Administrative Control of Funds). Allowance managers may be fully aware that they could be held responsible for an ADA 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 pertains 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 ADA 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 (Statutory and Administrative Ceilings – Ceilings in the Authorization Process) in this Manual for additional information on statutory and administrative ceilings.

5.5.11 Statutory and Administrative Ceilings – Ceilings in the Authorization Process

For example, the Coast Guard authorization acts generally contain specific levels for end-of-year active duty military strength as a statutory and administrative ceiling. 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. In addition, the Selected Reserve strength is also a statutory and administrative ceiling as enacted in the DOD authorization act and identified as 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 DHS issues this ceiling to the Programs Division. DHS and their Office of Personnel receive a monthly report detailing civilian employment.

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. 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.

Outlay ceilings are a subdivision of a statutory ceiling imposed on the executive branch by Congress.

5.5.11.3 *Other Ceilings in Appropriation Language – Passenger Vehicles*

Appropriation language limits the number of passenger vehicles the Coast Guard may purchase or lease each year. Recent appropriation language limited passenger motor vehicle purchase or lease to be for replacement only. 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.

5.5.11.4 Dependent Schooling Overseas – DOD Ceiling

14 USC 2946 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.

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 Operation 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 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 Reimbursables

The Reimbursables Section of the FMOP identifies the obligation authority anticipated for the entire year from reimbursement agreements that will be concluded with other Government agencies and from reimbursements from user fees for services provided to the public. A Reimbursable Section shall be provided in the plan for every appropriation that anticipates reimbursable funding. Estimates for anticipated reimbursements shall never be issued in the funds control system until a valid reimbursable agreement (RA) has been concluded or requirements for user fee anticipated reimbursements have been met. Thus, the FMOP related to reimbursables is divided into two parts:

1. The Realized Reimbursements Section identifies the amounts concluded in RAs 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 RAs 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 an RA is concluded.

Section 7.10 (Reimbursable Agreements) in this Manual 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 RA 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 RA.

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.

5.5.12.2 *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.

5.5.12.3 *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.

5.5.13 Revolving Funds

Managers of revolving funds shall prepare financial management operation plans (operating plans) 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.

The obligations established 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 operating plan 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 operating and business plans of these revolving funds.

For those business lines funded primarily from offsetting collections from Coast Guard personnel, the operating plan 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 FY 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 FY, **plus**

estimated recoveries of amounts obligated in prior FYs, **less**

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

The amounts contained in the reimbursables sections of the fund's operating plans may not be consistent with the related entries in the full-year apportionment request submitted prior to the start of the FY as provided in Subsection 5.4.2 (Preparing Apportionments Required Prior to the Start of the Year) above. These differences are due to the varied timing of final congressional action on appropriations. The level of obligations set forth in the operating plan shall be consistent with the obligational authority established in the revolving fund apportionments.

5.6 Actions Taken during the Fiscal Year

5.6.1 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 5.6.1.1.1 (Authorities) 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.

5.6.1.1 *Overview of the Proper Use of Coast Guard Funds*

5.6.1.1.1 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.
<https://www.congress.gov/bill/113th-congress/house-bill/5016>
2. Department of Homeland Security Appropriation Act.
Each year, 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.

<https://www.congress.gov/114/plaws/publ4/PLAW-114publ4.pdf>

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.
<http://www.gao.gov/legal/red-book/current-edition>
5. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM).
DHS provides guidance on budget execution. Included are DHS-wide policies and procedures.
<http://cfo-policy.dhs.gov/default.aspx>

In addition to the above sources, individual appropriations have legislation and authorities that guide in the proper and improper use of funds. Subsection 5.6.1.2 (General Purpose by Appropriation) in this Manual includes a breakdown by appropriation of the legislation that governs their use.

5.6.1.1.2 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.

5.6.1.1.2.1 “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.

5.6.1.1.2.2 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.

5.6.1.1.2.3 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.

5.6.1.2 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.

5.6.1.2.1 Appropriations and Related Allowances

1. **Operations & Support (O&S)** – The O&S 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). O&S is typically an annual

appropriation that is available for one year. O&S appropriations are broken down by PPA subdivisions and by the allowance. Definitions by allowance are provided below. *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 2, Appendix 2-4 (AFC-30 Operating and Maintenance/Commandant (CG-83)) and Appendix 2-5 (AFC-36 Central Accounts) provides additional detail on the uses of the O&S appropriation.

a. PPA 1 – Military Pay and Benefits

- 1) AFC-01 Military Pay – compensation, subsistence rations, and entitlements for active duty members, cadets.
- 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, legal settlements, temporary (detail) assignments on reimbursable basis and reimbursable positions in the Coast Guard.

c. PPA 3 – Training and Recruiting

- 1) AFC-56 Training – formal training performed as a temporary assignment duty (TAD) for civilian, military personnel, reserve members, and auxiliaries. AFC-56 is funded by Reserve Training (RT) for the cost of quotas for reserve personnel recruited with no prior military service through the RT-to-O&S refund.
- 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), 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, and Information Technology (C4IT) – 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 Infrastructure Logistics Center (SILC). General expenses related to the maintenance of real property (land, buildings, and structures) to preserve and maintain capability. Costs include nonrecurring major maintenance and repairs, alterations, code compliance, demolition, direct project support cost (i.e., travel, engineering design services, permits, inspections, etc.), and minor improvements within the minor construction authority.
 - 4) AFC-45 Naval Engineering – depot-level maintenance expenses incurred in support of the Naval Engineering Logistics Support Program.
- 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-90 Reserve Training Program – provides funding for recruiting, training, administration, and management of the reserve component. This includes compensation, commuted rations, and entitlements for all Reserve inactive duty and active duty including: active duty for operational Support-Reserve component (ADOS-RC); Reserve initial active duty training (IADT) (i.e. Reserve Officer Candidate Indoctrination (ROCI) program, Direct Entry Petty Officer Training (DEPOT) program and Selected Reserve (SELRES) Boot Camp attendance), and pay/travel requirements for Class A and C School attendance.
 - 5) AFC-91 Full Time Support (FTS) Military Pay Reserve Training (RT) Personnel – used for compensation, subsistence rations, entitlements, and special and incentive pay for Reserve Training Full Time Support (FTS) active duty in the Operations & Support (O&S) appropriation.

- 6) AFC-92 Civilian Pay for Full Time Support (FTS) Reserve Training (RT) Personnel – used for compensation, benefits, and costs associated with RT civilian pay in the RT PPA within the O&S appropriation.
 - 7) 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.
 - 8) AFC-97 Reserve Training to Operations and Support (RT to O&S) – used to refund certain other program costs charged to AFC-20, AFC-30, AFC-56, and AFC-57. Such adjustments between appropriations are administered through the Coast Guard Refund Program under the authority of 31 USC 1534. (For Headquarters use only)
2. **Procurement, Construction, and Improvement (PC&I)** – The PC&I appropriation provides for the acquisition, construction, renovation, and improvement of vessels, aircraft, shore facilities, aids to navigation (ATON) systems and facilities, Command, Control Communications, Computers and Information Technology (C4IT) systems, and related equipment. PC&I funds are typically available for obligation as follows:
 - a. Acquisition, repair, renovation, and improvement of vessels: typically five fiscal years.
 - b. Acquisition, repair, renovation, and improvement of shore facilities and ATON: typically five fiscal years but can be two or three fiscal years.
 - c. Acquisition, construction, renovation, and improvement of new aircraft and increases in aviation capability: typically five fiscal years but can be three fiscal years.
 - d. Acquisition, construction, replacement, or improvement of capital equipment not included in the above categories: typically five fiscal years but can be three fiscal years.
 - e. Personnel and administrative expenses: typically, one fiscal year.
 3. **Research & Development (R&D)** – The R&D appropriation provides funding for applied scientific research and development. This includes the maintenance, rehabilitation, lease, and operation of related facilities and equipment. Prior to Fiscal Year 2012, R&D funds were typically available until expended (no-year funds). In fiscal years 2012 and 2013, R&D funds were appropriated to remain available for five years. In fiscal years 2014 through 2016, R&D funds were appropriated to remain available for three years.
 4. **Environmental Compliance and Restoration (EC&R)** – The EC&R Program, Project, or Activity (PPA) 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. Prior to fiscal year 2012, EC&R funds were available until expended (no-year funds). However, recent appropriations have stated that EC&R funds are to remain available for five years.
 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 O&S 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 PPA is a PPA that provides for the operation, recruiting, training, administration, and management of the reserve program. Other administrative costs chargeable to RT are executed in O&S and are reimbursed through the RT to O&S refund program.
7. **Retired Pay (RP)** – The RP appropriation provides for the pay of former military members of the Coast Guard, the Coast Guard Reserve. 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 funds are available until expended (no-year funds).
8. **Boat Safety (BS)** – The BS appropriation provides funding for the development and implementation of a coordinated national recreational boating safety program. The 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).

5.6.1.3 Responsibilities for the Proper Use of Funds

5.6.1.3.1 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.

5.6.1.3.2 Allowance Managers

Allowance managers:

1. Distribute and manage subdivisions of allowance amounts.

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

5.6.1.3.3 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.

5.6.1.3.4 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.

5.6.1.3.5 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.

5.6.1.4 *Procedure for Questions on the Availability of Funds as to Purpose*

As questions arise on the appropriate use of funds, the following policy will 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 will resolve all questions prior to obligating funds on behalf of the Coast Guard. All questions and decisions will be thoroughly documented.
2. For questions on the purpose of an appropriation, procurement officials should seek counsel from the Office of Procurement Law or Legal Support Command.

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.

5.6.2 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.

5.6.2.1 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.

5.6.2.2 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).

5.6.2.2.1 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.

5.6.2.2.2 Funds Control 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. Implementing improvements to the commitment policy, procedures, and process, as needed.

5.6.2.2.3 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.

5.6.2.2.4 Certifying Official (Funds Manager)

Funds managers are responsible for:

1. Maintaining administrative control of funds.
2. Certifying the availability of funds by purpose, time, and amount before the transaction is recorded in the financial data system.
3. Supporting all required reviews and quarterly validations of open commitments.

5.6.2.3 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.
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. All individuals on the list must be current on all training as required by position and duties. This includes ADA training.

Note: Refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Section 5.6, Procedure No. 5.6.1 (Commitments – By Document Type and/or Object Class) for detailed procedures and guidelines related to the following:

<u>Step</u>	<u>Topic</u>
5.1	General
5.2	Initiating a Purchase Request (Requester)
5.3	Authorizing a Purchase Request (Supervisor)
5.4	Certifying Funds Availability (Funds Manager)
5.5	Recording Commitments
5.6	Monitoring Commitments

5.6.3 Recording, Monitoring, Validating, and Certifying Obligations

5.6.3.1 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 appropriation's existing obligations to be adjusted and liquidated. 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.

5.6.3.1.1 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.

5.6.3.1.2 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.

5.6.3.2 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
2. Budget and Accounting Act of 1921, as amended. 31 USC 1101, 1104-1108, 3324.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
3. Budget and Accounting Procedures Act of 1950, as amended. 31 USC 1112, 1531-1536, 3511-3512, 3524.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
4. Chief Financial Officers Act of 1990. PL 101-576.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
5. *Federal Financial Management Improvement Act of 1996* (FFMIA). PL 104-208.
<https://www.gpo.gov/fdsys/pkg/PLAW-104publ208/pdf/PLAW-104publ208.pdf>
6. Paperwork Reduction Act, as amended. 44 USC 3501-3520.
<http://www.gpo.gov/fdsys/pkg/USCODE-2008-title44/html/USCODE-2008-title44.htm>
7. 18 USC 286 and 641. Crimes and Criminal Procedures.
<https://www.gpo.gov/fdsys/pkg/USCODE-2011-title18/pdf/USCODE-2011-title18.pdf>
8. 31 USC 1501. Documentary Evidence Requirement for Government Obligations, January 2007.
<https://www.gpo.gov/fdsys/pkg/USCODE-2010-title31/pdf/USCODE-2010-title31-subtitleII-chap15-subchapI-sec1501.pdf>
9. 31 USC 1552, 1555, and 1557. Appropriation Accounting, as amended.
<https://www.gpo.gov/fdsys/pkg/USCODE-2010-title31/pdf/USCODE-2010-title31-subtitleII-chap15-subchapIV.pdf>

10. 41 USC Chapter 7. Public Contracts -- Office of Federal Procurement Policy.
<http://www.gpo.gov/fdsys/pkg/USCODE-2009-title41/html/USCODE-2009-title41-chap7.htm>
11. General Services Administration, *Federal Acquisition Regulation* (FAR), as amended.
<https://www.acquisition.gov/?q=browsefar>
12. Government Accountability Office, *Principles of Federal Appropriations Law*.
<http://www.gao.gov/legal/red-book/current-edition>
13. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.
<http://www.gao.gov/greenbook/overview>
14. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, June 2015.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
15. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
16. Office of Management and Budget, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
17. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
18. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*.
<http://tfm.fiscal.treasury.gov/>
19. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
<http://www.dcms.uscg.mil/directives>

5.6.3.3 Responsibilities

5.6.3.3.1 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.

5.6.3.3.2 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 system requirements and provides developmental guidance to ensure compliance with all applicable laws and Federal regulations.

5.6.3.3.3 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.

5.6.3.3.4 Allowance Managers and Administrative Target Units (ATUs)

Allowance managers and ATUs:

1. Ensure that all personnel authorized to obligate funds adhere to this policy.
2. Ensure that the total obligation balance is validated in accordance with this policy.
3. Provide training and support necessary to ensure compliance with this policy.

5.6.3.3.5 Program Element Managers (PEMs)

PEMs:

1. Ensure accurate entry of valid obligation and/or expenditure documents into the financial systems.
2. Validate all obligations within their respective PEs in accordance with this policy.
3. Continually monitor all obligations to ensure that the obligated balances recorded in the financial statements are accurate.
4. Certify each account in accordance with published schedules and applicable guidance.

5.6.3.3.6 Finance Center (FINCEN)

FINCEN personnel:

1. Establish and enforce procedures and practices necessary to comply with statutory and regulatory financial management and accounting requirements.
2. Execute statutory and regulatory financial reporting requirements and render financial statements.

5.6.3.3.7 Director of Contracting and Procurement (CG-91)

Commandant (CG-91):

1. Develops, implements, and maintains Coast Guard acquisition policy directives and procedures including *Coast Guard Acquisition Procedures (CGAP)* and *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
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. Coordinates alignment of procurement policies with the obligation policies.
4. Oversees the conduct of studies, pilots, and other analyses to improve business practices, internal controls, and effectiveness in Coast Guard contracting activities.

5.6.3.3.8 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.

5.6.3.3.9 Contracting Officers (KOs), Purchasing Agents, Cardholders, or Other Obligor 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. Ensure proper validation, execution, recording, and receipt of goods and services, and the proper liquidation of obligations.
6. Monitor and validate obligations as directed by the funds manager in accordance with this policy.

5.6.3.3.10 Management Review Officials (MROs)

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 5.6.3.3.5 (Program Element Managers (PEMs)) in this Manual).

5.6.3.3.11 Reconcilers

Reconcilers monitor obligations within their respective PEs in accordance with this policy.

5.6.3.3.12 Assistant Commandant for Engineering and Logistics (CG-4)

Commandant (CG-4) 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.

5.6.3.4 Policy

5.6.3.4.1 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 will consist of a complete record of the transaction, and will be in accordance with all Coast Guard policies and procedures before the obligation may be recorded.
3. All obligations shall be recorded promptly and accurately when incurred.

4. An obligation must satisfy a bona fide need during the period for which the appropriation is available.
5. All obligations shall be entered into the Coast Guard financial system prior to any disbursement being made against the obligation.

Note: For prize competitions, an obligation must be recorded at the time the competition is announced in accordance with 31 USC 1501(a)

5.6.3.4.2 General Requirements for the Monitoring of Obligations

All obligations shall be continually monitored to ensure that obligated balances are accurately reflected in the Coast Guard financial statements.

5.6.3.4.3 General Requirements for the Validation of Obligations

1. All obligations shall be validated and verified quarterly for all appropriations.
2. Funds shall be deobligated when it is determined that they are no longer needed for the purposes for which they were obligated.

5.6.3.4.4 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.

5.6.3.4.5 Other Requirements

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.

Note: Refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Section 5.6, Procedure No. 5.6.2, Step 5.4 (Internal Management Controls) for guidelines.

5.6.4 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 3.5, Antideficiency Act, for information about the Act and the reporting of statutory violations.

5.6.5 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.

5.6.5.1 Purpose

This Subsection establishes the internal control framework for BRM, providing reasonable assurance that the transactions within this financial process meet the general assertions outlined below:

Existence or occurrence: Recorded transactions and events occurred during the given period, are properly classified, and pertain to the Coast Guard's assets, liabilities, and net position exist at a given date.

Completeness: All transactions and events that should have been recorded are recorded in the proper period. All assets, liabilities, and net position that should have been recorded have been recorded in the proper period and properly included in the financial statements.

Rights and obligations: The Coast Guard holds or controls the rights to its assets; and its liabilities represent Coast Guard's valid obligations at a given date.

Accuracy/valuation or allocation: Amounts and other data relating to recorded transactions and events have been recorded appropriately. Assets, liabilities, and net position are included in the financial statements at appropriate amounts, and any resulting valuation or allocation adjustments are properly recorded. Financial and other information is disclosed fairly and at appropriate amounts.

Presentation and disclosure: The financial and other information in the financial statements is appropriately presented and described and disclosures are clearly expressed. All disclosures that

should have been included in the financial statements have been included. Disclosed events and transactions have occurred and pertain to the Coast Guard.

Key internal controls of BRM include:

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 and Occurrence – 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.

5.6.5.2 Responsibilities

5.6.5.2.1 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.

5.6.5.2.2 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.

5.6.5.2.3 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.

5.6.5.2.4 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.

5.6.5.2.5 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.

5.6.5.2.6 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).

5.6.5.3 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;
 - e. Frequent reporting of both budgetary resources information and information regarding the effectiveness of internal controls; and
 - 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 (UAP) for FPD – see Subsection 9.5.22.3.3 (Unit Approved Plan (UAP)/Separation of Duties) in this Manual).
 - 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.

5.6.6 Reimbursable Programs (Coast Guard as Seller)

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 except for services provided to the public. This Subsection does not apply to instances where the Coast Guard **procures** goods or services from other Federal agencies. Such situations involve Inter/intra Agency Acquisitions or Reimbursable Work and will be processed through procurement channels accomplished by warranted contracting officers or designated obligation officials.

1. The Economy Act (31 USC 1535) provides the basic authority for an agency or major organizational unit within an agency to place an order with a major organizational unit within the same agency or another agency for goods or services if (1) amounts are available, (2) it is in the best interest of the government, (3) the agency to fill the order is able to provide or get by contract the ordered goods and services, and (4) the agency determines goods or services cannot be provided by contract as conveniently or cheaply by commercial enterprise. Lacking a more specific statutory authority, the Economy Act will govern Interagency transactions. 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 Regulations (FAR)*, *Coast Guard Acquisition Procedures (CGAP)*, or *Revised Interagency Reimbursable Work (Financial Transactions) Agreements (IRWA)*.
2. 14 USC 701 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 701 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.

5.6.6.1 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.

5.6.6.1.1 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.

5.6.6.1.2 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.

5.6.6.1.3 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 5.6.6.1.5 (Waiver of Costs) below).

5.6.6.1.4 Identification of Costs

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.

5.6.6.1.5 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.

5.6.6.2 Preparation and Coordination of Agreements

All Coast Guard reimbursable agreements shall be guided by DHS and Coast Guard policies and procedures.

Note: Refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Section 5.6, Procedure No. 5.6.8, Step 5.5 (Preparation and Coordination of Agreements) for guidelines related to the draft and clearance of agreements.

5.6.6.3 Reimbursement to the O&S Appropriation

The reimbursable programs which are carried out under the O&S 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.

5.6.6.3.1 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)*, 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.

5.6.6.3.1.1 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).

5.6.6.3.1.2 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 *Civil Engineering Manual*, COMDTINST M11000.11 (series).

5.6.6.3.1.3 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.

5.6.6.3.1.4 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.

5.6.6.3.1.5 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.

5.6.6.3.2 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 O&S 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.

5.6.6.3.3 Budget Office Reimbursement

Commandant (CG-83) distributes the O&S reimbursements to the O&S AFCs, which will incur expenses in carrying out the reimbursable programs. Program managers may submit a Change in Financial Plan (CIFP) or Funds Transfer Authority (FTA) reflecting an AFC distribution when they establish a new reimbursable program. The apportionment request submitted to OMB by Commandant (CG-83) does not specifically itemize or identify the reimbursable portion of the quarterly apportionments. A copy of the signed, accepted reimbursable agreement must be on file in Commandant (CG-83) and be referenced on any related CIFP submitted for approval.

5.6.6.3.4 Reimbursement to AFC-80

Obligation authority for 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.

5.6.6.4 Reimbursements to Other Appropriations

The reimbursable programs under the PC&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.

R&D reimbursements usually represent cooperative research programs involving Government or nonprofit civil agencies.

5.6.6.4.1 PC&I Reimbursements

Commandant (CG-83) develops estimates for reimbursable programs under the PC&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.

5.6.6.4.2 Research and Development Staff

The research and development staff, Commandant (CG-926) for R&D and Commandant (CG-83) for PC&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.

5.6.6.4.3 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 (CIFP), or FTA 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 must be uploaded to the CIFP and/or FTA.

5.6.6.5 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.

5.6.6.5.1 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.

5.6.6.5.2 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.

5.6.6.5.3 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 via close out memo and/or agreement if applicable, 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.

5.6.6.6 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).

5.6.6.7 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. Program managers will review reimbursable MOAs/MOUs annually for accuracy. In addition, program managers shall renew MOAs and MOUs every five years and renegotiate, as required, with the partner agency.

5.6.6.8 FEMA Mission Assignments

5.6.6.8.1 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.

5.6.6.8.1.1 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.

5.6.6.8.1.2 Scope

This Subsection applies to all Coast Guard units of activities that receive and execute FEMA Mission Assignments.

5.6.6.8.2 Authorities

1. Robert T. Stafford Disaster Relief and Emergency Assistance Act, 1974, PL 93-288, as amended. 42 USC 5121-5207.
<http://www.fema.gov/robert-t-stafford-disaster-relief-and-emergency-assistance-act-public-law-93-288-amended>
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.
<https://www.gpo.gov/fdsys/pkg/USCODE-2010-title42/pdf/USCODE-2010-title42-chap68-subchapIII-sec5147.pdf>

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.
<https://www.gpo.gov/fdsys/pkg/USCODE-2010-title42/pdf/USCODE-2010-title42-chap68-subchapIV-sec5170a.pdf>
4. Homeland Security Act of 2002. PL 107-296, 116 Stat. 2135.
<https://www.gpo.gov/fdsys/pkg/PLAW-107publ296/pdf/PLAW-107publ296.pdf>
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).
<https://www.gpo.gov/fdsys/pkg/PLAW-109publ295/pdf/PLAW-109publ295.pdf>
6. 44 CFR 206.8. [Reimbursement of other Federal agencies]
<https://www.gpo.gov/fdsys/pkg/CFR-2011-title44-vol1/pdf/CFR-2011-title44-vol1-part206.pdf>
7. *Purchase Card Program*, Department of Homeland Security, Management Directive 0760.1.
https://www.dhs.gov/xlibrary/assets/foia/mgmt_directive_0760_1_purchase_card_program.pdf
8. *National Response Framework*, Department of Homeland Security, May 2013.
http://www.fema.gov/media-library-data/20130726-1914-25045-1246/final_national_response_framework_20130501.pdf
9. *Disaster Related Pollution Response Activities under the Federal Response Plan (FRP) and Cost Reimbursement from the Stafford Act*, COMDTINST 16451.1 (series).
<http://www.dcms.uscg.mil/directives>
10. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
<http://www.dcms.uscg.mil/directives>
11. *Marine Safety Manual, Volume VI, Ports and Waterways Activities*, COMDTINST M16000.11 (series).
<http://www.dcms.uscg.mil/directives>
12. *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
<http://www.dcms.uscg.mil/directives>
13. *Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
<http://www.dcms.uscg.mil/directives>

5.6.6.8.3 Responsibilities

Following are the offices and their respective responsibilities for FEMA-related reimbursements to the Coast Guard.

5.6.6.8.3.1 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.

5.6.6.8.3.2 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.

5.6.6.8.3.3 Funds Control Division (CG-831)

Commandant (CG-831) shall:

1. Request apportionments of reimbursable authority from the Office of Management and Budget (OMB).
2. Establish funds control: hard controls for all reimbursable program elements.
3. Serve as Headquarters liaison with the FEMA Finance Center and other Coast Guard elements regarding FEMA reimbursement policy issues.
4. Conduct periodic audits and reviews of Coast Guard unit reimbursement packages to monitor compliance with Coast Guard financial management policy.

5.6.6.8.3.4 Financial Analysis & Execution Division (CG-832)

Commandant (CG-832) shall:

1. Provide the current standard rates for resources per *Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
2. Determine which current Coast Guard accounts are appropriately credited with FEMA reimbursements using the *Reimbursable Standard Rates*, COMDTINST 7310.1 (series)

5.6.6.8.3.5 Finance Center (FINCEN)

FINCEN shall:

1. Certify in the billing to FEMA that the reimbursement request is in the correct accounting format.
2. Ensure that certifications made by the submitting organization (ATU or NPFC) are included in the billing to FEMA.

5.6.6.8.3.6 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.

5.6.6.8.3.7 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.

5.6.6.8.3.8 National Pollution Funds Center (NPFC)

National Pollution Funds Center (NPFC) shall:

1. Serve as manager for all ESF-10 funds provided to the CG for pollution responses by CG operational units.
2. Act as liaison with EPA for FEMA reimbursements related to oil spills or hazardous materials.
3. Determine when Stafford Act funding is to be used for oil spill or hazardous material responses.
4. Generate billings for cost recovery for oil spill or hazardous material responses.

5.6.6.8.4 Policy for FEMA Reimbursement**5.6.6.8.4.1 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 *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016 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 tasking under the Stafford Act.

5.6.6.8.4.2 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.

5.6.7 Refund Programs (Adjustments between Appropriations, 31 USC 1534)

5.6.7.1 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 R&D appropriation supports the Research and Development Center (RDC).

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 PC&I, BS, EC&R, O&S, R&D, and RT budgets will 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 will 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 O&S 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 will make onetime nonrecurring refunds to the O&S appropriation equal to the applicable SPC for newly acquired billets/positions

5.6.7.2 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-O&S 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 based on the encumbered Personnel Allowance List (PAL) 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 pay 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-831) in addition to the affected appropriation and AFC managers.
- b. Commandant (CG-831) will review all CIFPs to ensure consistency between their funding and O&S appropriations financial plans.
- c. Program managers should complete the process for pay and allowances adjustments for quarters one through three based on the estimate for encumbered PAL. A final CIFP based on updated encumbered PAL data should be completed in quarter four but no later than 1 August to record any remaining pay and allowances adjustments.

5.6.8 Operating Expenses – Military and Civilian Pay/Cost of Living (COL)

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).

5.6.8.1 Responsibilities

5.6.8.1.1 Financial Analysis and Execution Division (CG-832)

Commandant (CG-832) with respect to the civilian pay account (AFC-08) shall:

1. Set budget limits for civilian employees.
2. Establishes the necessary funding controls to fill civilian positions in the Coast Guard to include hires, accretions, reassignments, and conversion of students.
3. Develop innovative methods to improve management's access to information that will assist in the process of monitoring and controlling expenditures.
4. Support payroll transactions (PACS records at transitional level) transferred to and returned by NFC were properly processed, transactions returned and recorded in the general ledger actually occurred, and were complete and accurate.
5. Ensure errors are detected and are properly follow up on and worked to resolution.
6. Review and reconcile chargeback billings for Workers Compensation (FECA) payments made by the Department of Labor (DOL) to ensure that injured employees are former or current employee of the Coast Guard and that amounts charged for compensation costs are reasonable.

5.6.8.1.2 Civilian Resource Coordinators (CRCs)

Civilian Resource Coordinators (CRCs), as a part of internal controls, are considered the designated points of contact between Commandant (CG-832) and their respective units or areas of responsibility—generally an ATU. CRCs are responsible for pre-approving and authorizing non-centrally funded pay expenditures within budgetary constraints. Only the approved Civilian Pay Manager (Commandant (CG-832)) report is authorized for CRC use. ATUs must comply with annual AFC-08 overtime ceilings. Failure to comply will subject an ATU to ratification, a withdrawal, or reduction of funds. CRC should perform bi-weekly pay calculation for non-centrally managed overtime and address all related issues to Commandant (CG-832).

Note: Commandant (CG-121) Human Resource (HR) Specialist shall not process payments (such as awards, overtime) unless funds certified by the civilian pay manager (Commandant (CG-832)) or the appropriate CRC supporting the Civilian Employee Financial Resource Official (CEFRO).

5.6.8.2 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).

5.6.8.3 Overtime for Civilian Employees

Civilian Resource Coordinators (CRCs) are responsible for approving and authorizing non-centrally funded overtime within budgetary constraints, provided by the civilian pay manager.

Civilian personnel in reimbursable, revolving fund, or non-O&S appropriation positions (i.e., Boating Safety, EC&R, R&D, RT) are subject to overtime budget limitations established by the civilian pay manager.

ATUs must comply with annual AFC-08 overtime ceilings. Failure to comply will subject an ATU to a withdrawal or reduction of funds.

Fiscal year payroll expenditures are measured on the same basis as used by the Federal Government for reporting Full-Time Equivalency (FTE) consumption. The "FTE" fiscal year begins with the start of the first biweekly pay period closest to, but not later than 1 October. As a result, it may begin and end up to 13 calendar days earlier than the "standard" fiscal year.

5.6.8.4 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 O&S appropriation.

5.6.8.4.1 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 Operations & Support (O&S) – Adjustments and Miscellaneous

5.6.9.1 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 O&S 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 (Summary of Change in Financial Plan Signature Authority) provides the signature authorities necessary to approve a CIFP.

Note: A CIFP that shifts funds between AFCs within the same PPA is a “realignment”. If a CIFP shifts funds between AFCs within different PPAs, it is a “reprogramming” which is subject to Section 503 of the general provisions within appropriation acts; for further guidance see Section 5.6.19 (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).

5.6.9.2 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.

5.6.9.3 Adjustments between a Target

O&S 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).

5.6.9.4 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.

5.6.9.4.1 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, Fund Request Formats shows a sample funding request.

5.6.9.4.2 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.

5.6.9.5 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.

5.6.9.5.1 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.

5.6.9.5.2 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.

5.6.9.6 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.

5.6.9.6.1 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.

5.6.9.6.2 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.

5.6.9.6.3 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.

5.6.9.7 *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.

5.6.9.7.1 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.

5.6.9.7.2 Reallocating Funds between AFCs

If needed 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 reallocate funds between AFCs. All reallocations will be effected via a CIFP, approved as outlined earlier in this Subsection.

5.6.9.7.3 Unfunded O&S Requirements under \$10,000

ATU budgets have expanded in size to the point that unfunded O&S 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 O&S 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.

5.6.9.7.4 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.

5.6.9.8 *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.

5.6.9.8.1 *Recurring Base Changes*

Requested recurring base changes between AFCs will be treated as a nonrecurring change during the current and subsequent fiscal year. The RMO should submit a request to make the change permanent during the next technical adjustment cycle. If approved, it will be submitted to Commandant (CG-821) for inclusion in the budget request.

5.6.9.9 *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.

5.6.9.10 *Reporting Excess Funds in O&S*

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.

5.6.9.11 *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).

5.6.9.11.1 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.

5.6.9.11.2 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. Thirty five percent of the cumulative ATU's non-pay fiscal year funding level at the end of the second quarter;
3. Fifty five 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.

5.6.9.11.3 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.

5.6.9.12 *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 AFC. 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.

5.6.9.13 *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, 30, 34, and 36	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 the relevant AFC manager who will make a consolidated report to the respective appropriation managers in Commandant (GG-831). (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://www.dcms.uscg.mil/directives>.

5.6.9.14 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 Operations & Support (O&S) 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.

Based upon the frequency of field units requesting guidance from Headquarters regarding certain Use of O&S funds questions, Coast Guard has developed seven procedures that can be found in the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series) as follows:

Procedure No. 5.6.21.1: Use of O&S Funds General

Procedure No. 5.6.21.2: Use of O&S Funds for Awards and Recognition

Procedure No. 5.6.21.3: Use of O&S Funds for Command Coins

Procedure No. 5.6.21.4: Use of O&S Funds for Emergency Evacuations

Procedure No. 5.6.21.5: Use of O&S Funds for General Kitchen and Coffee Mess
Equipment and Supplies

Procedure No. 5.6.21.6: Use of O&S Funds for Organizational Clothing

Procedure No. 5.6.21.7: Use of O&S Funds for Traditional Ceremonies

In addition, the remainder of this Use of O&S Funds Subsection provides brief Coast Guard policy decisions on diverse procurement questions that do not require a formal procedure but simply list prohibitions and any related exceptions and requirements. Please note this Subsection is in no way meant to be all-inclusive. For any questionable procurement requests, members and employees should follow the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Procedure No. 5.6.21.1 (Use of O&S Funds General).

5.6.10.1 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.

5.6.10.2 Breastfeeding

5.6.10.2.1 Authorities

Pregnancy in the Coast Guard, COMDTINST 1000.9 (series).
<http://www.dcms.uscg.mil/directives>

5.6.10.2.2 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.

5.6.10.3 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).

5.6.10.3.1 In-House Produced Cards

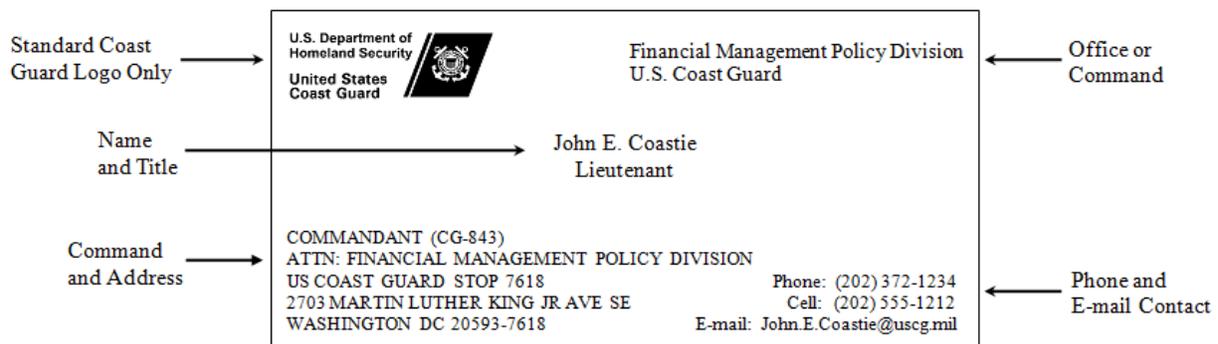
Business cards may be produced in-house when a CO has determined that the cards are necessary to perform official duties and to facilitate mission-related business communications (as distinct from social or business courtesy).

5.6.10.3.2 Locally Produced Cards

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.

All locally produced cards will 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.

5.6.10.3.3 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.

5.6.10.3.4 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.

5.6.10.4 Cable/Satellite Television Service and Satellite Radio Service

This Subsection specifies policy for the use of appropriated funds to purchase cable or satellite television services or satellite radio services.

5.6.10.4.1 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.

5.6.10.4.2 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 may only be installed in the following general access areas:
 - 1) Recreational decks
 - 2) Lounges
 - 3) Wardrooms (only those wardrooms that are general access spaces for all crew members)
 - 4) Crew mess decks

5) Medical waiting areas

All other areas are deemed individual spaces and not allowed to have televisions or related cable or satellite subscription feeds or service.

- 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.)

Note: General access areas must be accessible by all personnel not limited to an office or department spaces furnished as a lounge, not a formal conference room, and space has 24-hour accessibility except when bona fide meetings are being held.

2. The following stations/services are **not authorized** to be purchased with O&S 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).
4. The following are examples related to use of appropriated funds to pay for subscriptions to cable or satellite television service:
 - a. **Permitted** – an agreement with a cable provider for 265 basic channels plus HBO (7 channels), Starz (12 channels), and Sports Pack (35 channels).
 - b. **Permitted** – an agreement with a cable provider for 200 basic channels plus HBO, Starz, and Showtime.
 - c. **Not permitted** – an agreement with a cable provider for 200 basic channels plus HBO, Starz, Showtime, Cinemax, and Sports Pack.

5.6.10.4.3 Policy for 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 CG 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 will not be installed in any Government vehicles.
5. Advance payment for satellite radio service is not authorized, and units will exercise care to ensure compliance with 31 USC 3324(a). Payment will 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 (PPMM)*, COMDTINST M4500.5 (series).

5.6.10.5 Change of Command Expenses

See the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Procedure No. 5.6.21.7 (Use of O&S Funds for 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).

5.6.10.6 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.

5.6.10.7 Conference Planning

5.6.10.7.1 Authorities

The following are important conference planning authorities to consider:

1. 41 CFR 301-74, Conference Planning
<https://www.gpo.gov/fdsys/granule/CFR-2003-title41-vol4/CFR-2003-title41-vol4-part301-id488>
2. *Joint Travel Regulations (JTR)*.
<http://www.defensetravel.dod.mil/site/travelreg.cfm>
3. *Federal Travel Regulations (FTR)*.
<http://www.gsa.gov/portal/content/104790>
4. OMB Memorandum 11-35- *Eliminating Excess Conference Spending and Promoting Efficiency in Government*, issued 21 September 2011.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
5. OMB Memorandum 12-12- *Promoting Efficient Spending to Support Agency Operations*, issued 11 May 2012.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>

5.6.10.7.2 Policy

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 will 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-81) has created a webpage with the latest policy at <http://www.dcms.uscg.mil/directives>. Related forms and procedures are located online at <http://www.dcms.uscg.mil/directives>.

All conference planners will ensure that the following policies are adhered to:

1. Attendees at a conference held within the attendee's permanent duty station (PDS) are ineligible for per diem for lodging and meals.
2. The cost of Government-contracted meals (if any) shall not exceed the applicable per diem rate. See the *Joint Travel Regulations (JTR)* for military members or the *Federal Travel Regulation (FTR)* for civilian employees.
3. Document efforts to reduce costs by seeking less-costly facilities. See the *Joint Travel Regulations (JTR)* for military members or the *Federal Travel Regulation (FTR)* for civilian employees.
4. 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 the *Joint Travel Regulations (JTR)* for military members or the *Federal Travel Regulation (FTR)* for civilian employees. (See 40 USC 34.)

Note: See Subsection 5.6.10.10.3 (Internal Coast Guard Business Meetings and Conferences) in this Manual concerning internally organized meetings, conferences, and workshops.

5.6.10.8 Federal Executive Board (FEB)

Public Law 109-15 indirectly authorizes Federal agencies to use federally appropriated funds to support Federal Executive Boards (FEBs), 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.

5.6.10.9 Seasonal Decorations & Flowers

1. Seasonal decorations qualify as necessary expenses 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.

Note: 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).

2. Floral centerpieces may be purchased for traditional ceremonies. See Procedure No. 5.6.18 (Use of O&S Funds for Traditional Ceremonies) in the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series) for the

list of approved ceremonies. The purchase of a wreath for National Veteran Commemorations is also authorized.

3. 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.
4. *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.

5.6.10.10 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.

5.6.10.10.1 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 will be submitted via the chain of command to the appropriate authority listed below for prior approval. The justification will include all information necessary to determine compliance with this guidance.
 - a. Office chief at HQ;
 - b. Commander LANT-8/FORCECOM-8/PAC-8;
 - c. Base Comptroller;
 - d. Commanding Officer (CO) of HQ unit.

5.6.10.10.2 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 CG participant must be discussed during meal time; **and**
- b. The presence of the CG participant during mealtime is absolutely necessary if the purpose and goal of the CG for authorizing the participant to attend the meeting is to be realized by the CG; **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.

5.6.10.10.3 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 CG issues;
 - b. Meetings relating to CG operations; or
 - c. Meetings dealing with internal agency functions.
2. Refreshments may be provided to Federal conference attendees in a nontravel status if an authorizing official listed in Subsection 5.6.10.10.1 of this Manual 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.

3. 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 5.6.10.10.1 or a KO determines the amount to be unreasonably low based on local hotel or conference center rates. The authorizing official or KO will determine an allowable cost that is nominal and reasonable based on average local market rates.
4. Internal business meetings do not meet the criteria of training as described below (Comp Gen B-270199 8/06/1996).
5. 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.

6. Federal attendees in a nontravel status may not be provided with Government-funded meals.

5.6.10.10.4 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 CG units (31 USC 1345). If non-Federal employees will be present during CG conducted events, food and/or refreshments will not be procured (Comp Gen B-247966 6/16/1993).

5.6.10.10.5 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.

5.6.10.10.5.1 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 CG training session is authorized only under very limited circumstances (Comp Gen B-244473 1/13/92; also JTR C4552.H). 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 will 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.

5.6.10.10.5.2 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.

5.6.10.10.6 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 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 will 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”.

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.

5.6.10.10.7 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.

5.6.10.10.8 Uncompensated Volunteers

14 USC 504 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.

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, CG facilities, when their scheduled assignment extends over a meal period.

5.6.10.10.9 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.

5.6.10.11 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 the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST 7100.4 (series), Procedure No. 5.6.21.2 (Use of O&S Funds for Awards and Recognition). (Comp Gen B-260260 12/28/95)

5.6.10.12 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 or personnel.

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 Travel Regulations (JTR)* 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)* 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.

5.6.10.13 Kitchen and Coffee Mess Equipment and Supplies

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.

For 24 hour operations when no Coast Guard Dining Facilities are available and kitchen facilities are essential for the effective execution of Coast Guard missions, effective immediately, procurement of kitchen equipment and supplies to include pots, pans, cooking utensils and tableware with O&S funds, may be authorized if it is necessary for: 1) the efficient performance of agency activity, and 2) to ensure continual operational status of the Coast Guard.

See *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.21.5 (Use of O&S Funds for General Kitchen and Coffee Mess Equipment and Supplies) for proper implementation of this expanded authorized use of funds. Please note that units must meet a stringent three-part test and document the justification for these procurements.

5.6.10.14 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 O&S 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. If a lease is scored as a capital lease, the unit shall engage Commandants (CG-831) and (CG-845) for proper accounting and recording.

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 O&S 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 leasehold improvements (build-outs). Real property leases shall only be entered into by a warranted real property specialist. Any leasehold improvements (build-outs) must be submitted to the servicing CEU/SILC for endorsement and approved by Commandant (CG-43). Outside of the alternatives available in the GSA Lease Program, the availability of the O&S appropriation for leasehold build-outs is very limited.

See Section 10.6 (Financial Accounting and Reporting of Capital and Operating Leases) in this Manual for additional information on leases.

5.6.10.15 *Luggage*

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.

1. 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.
2. 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.
3. Examples of units that may be authorized under this provision are:
 - a. Training Teams;
 - b. SAT Teams;
 - c. STAN Teams.
4. The use of this authority will be certified by a member of the senior command staff and incorporated into the procurement file.

5.6.10.16 *Mascots*

While station and unit mascots are a great tradition within the CG, providing support for these animals does not qualify as a necessary expense that may be charged to O&S 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.

5.6.10.17 Membership Fees including recreational memberships

5.6.10.17.1 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 HQ office chiefs, district chiefs of staff, area chiefs of staff, or CO of HQ units, as applicable. The final approving authority will determine if the membership is necessary in support of the CG mission.

5.6.10.17.2 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).

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).

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.

Memberships will be approved in the same manner and using the same criteria as memberships to professional or civic organizations previously discussed in Subsection 5.6.10.17 (Membership Fees including recreational memberships) of this Manual.

Golf memberships will not be purchased with O&S funds, except as noted in Subsection 5.6.10.17 (Membership Fees including recreational memberships) of this Manual.

5.6.10.18 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 713). The requirements regarding distribution of micro-purchasing as outlined in FAR 13.202 must still be followed.

5.6.10.19 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.

5.6.10.20 *Promotional Items*

As a matter of Coast Guard Policy, the purchase of promotional items is prohibited with appropriated dollars except when Coast Guard has specific statutory authority to do so. For example, U.S Code Title 14 § 468 allows for the Coast Guard to expend O&S funds for recruiting activities in order to obtain recruits for the Service and cadet applicants. The general policy is that Coast Guard units cannot expend appropriated funds for promotional items and give these items to members of the public. This prohibition includes whistles, key rings, t-shirts, books, hats and other items even if they are marked with Coast Guard emblems safety messages and/or slogans.

5.6.10.21 *Savings Bonds*

Although Commandant (CG-0944) has determined that the purchase of savings bonds falls within the legal parameters of 14 USC 2747, recent guidance from DHS and the Department of Treasury’s new requirement to only allow savings bond purchases through Treasury Direct has required CG to rewrite the 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.

5.6.10.22 *Traditional Ceremonies*

Nonpersonal expenses that are customarily incurred incident to traditional ceremonies are payable from appropriated funds. 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.

5.6.11 *Research & Development (R&D) – Financial Management Operation Plan (FMOP)*

The R&D appropriation provides funding for applied scientific research & 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. Prior to Fiscal Year 2012, R&D funds were typically available until expended (no-year funds). In Fiscal Years 2012 and 2013, R&D funds were appropriated to remain available for five years. Starting in Fiscal Year 2014 R&D funds were appropriated to remain available for three years.

The R&D 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.

Since the obligation of significant amounts of R&D 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 end-of-year carryovers are minimized.

5.6.11.1 Function of the Research & Development (R&D) Program

The R&D Program is the Coast Guard resource for scientific knowledge and capabilities that provides adaptive research, development, testing, analysis, and technology solutions for the maritime environment to enhance asset acquisition and mission execution.

5.6.11.2 Research & Development (R&D) Appropriation

The R&D Appropriation was established and authorized by Congress as a specific appropriation for research & development of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's missions. The purpose of the R&D Program is to help identify and examine existing or impending problems in the Coast Guard's operational, regulatory, and support programs; and make improvements through solutions based on scientific and technological advances. R&D funding also supports risk-reduction expertise and services in the pre-acquisition process for acquisition projects. The majority of R&D funds are executed by the Research and Development Center (RDC).

It is important to distinguish between R&D and other more general appropriations because the R&D appropriation is a specific appropriation. Federal Appropriations Law specifies that if a federal agency has a specific appropriation (such as R&D) for a particular budget item and also has a general Appropriation (such as O&S), which is broad enough to cover the same budget item, the specific appropriation must be used exclusively. As provided for by Congress, R&D activities include the RDC's formulation and oversight of cooperative agreements (Cooperative Research Agreements, Academic Research Agreements, Interagency Agreements, and MOUs) with relevant professionals in the public and private sectors, such as University Affiliated Research Centers (UARC) and Federally Funded Research and Development Centers (FFRDC). R&D funding provides for all Coast Guard salaries associated with this type of work.

In addition to entering into reimbursable agreements with other agencies, the RDC can also execute projects in support of other Coast Guard appropriations when the specific R&D appropriation is not required. The RDC staff includes O&S, PC&I, and Reimbursable funded billets to support work benefiting these particular appropriations. This allows the Coast Guard enterprise to leverage the unique scientific and subject matter expertise that resides at the RDC for certain non-R&D projects. Table 5.2 (Appropriation Matrix) provides guidelines to ensure proper use of R&D funds and to assist in making the determinations of how projects should be funded. The appropriate use of funding is determined by RDC's Resource Board and is documented in a memo, and endorsed by a Commandant (CG-LGL) designated attorney for each project. This documentation is commonly referred to as a "Determination and Findings" memorandum.

Externally funded RDC projects require a technical and cost proposal be submitted to the non-R&D Sponsor. The Sponsor has to agree to the work to be completed and the amount of funding they will be required to provide. They are also required to certify the purpose of the funding being appropriate for the defined work. It is the responsibility of each of the fund managers to ensure the appropriate use (appropriation) for every project executed by the RDC. These non-R&D projects are considered reimbursable agreements and must follow the Economy Act and Commandant (CG-8) reimbursable guidance.

The table that follows is the guideline to be used by RDC’s Resource Board to recommend if R&D or another appropriation should fund a project. As stated above, the R&D appropriation is a specific appropriation and must be used if the project falls into the defined purpose for the appropriation. Therefore, the general approach to using the table is to determine if the project is appropriate for R&D funding first. If not, then the appropriate type of funds to be used is determined.

Table 5.2 Appropriation Matrix

Purpose of Work	Appropriation
Adding to general R&D knowledge base. Assessing state of technology in broad areas. Future technology investigation type activities. Knowledge for knowledge sake.	R&D
R&D research to gain fundamental knowledge of scientific/engineering principles & phenomena.	R&D
R&D exploratory development to evaluate/demonstrate feasibility & practicality of a technology to meet mission needs. Effort yields rudimentary “proof of concept” systems, methods to support decisions to pursue further development.	R&D
Research, development and testing of concepts, technology, analytical tools or methods for the purpose of determining potential for use as an improvement in addressing requirements.	R&D
Testing to support acquisition programs.	O&S or PC&I
Supporting Operational Requirements Development (ORD) for the purpose of identifying operational mission performance gaps.	O&S
Supporting Mission Analysis Report (MAR) development including modeling and simulation, metrics development, etc.	O&S or PC&I

Purpose of Work	Appropriation
Supporting acquisition document development such as Alternative Analyses, Independent Cost Estimates, etc.	PC&I

5.6.11.3 Administration of R&D Funds

R&D funds are administered by Commandant (CG-926) at two locations: Headquarters and the RDC.

The R&D program manager of resources at Headquarters oversees all R&D funds. The administration and execution of the funds are performed at the RDC.

5.6.11.4 Authorized Uses of R&D Funds

R&D funds, as elaborated in the Table 5.2 (Appropriation Matrix) above, may be used for the following specifically defined purposes:

1. **R&D technology-base building** – This involves technology scans, forecasts, or assessments that produce a base of agency knowledge to support applied R&D efforts 5-15 years hence. This category facilitates the R&D 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. **R&D applied research** – Applied science with the systematic expansion and application of knowledge to develop useful materials, devices, and systems or methods. It may be oriented, ultimately, toward the design, development, and improvement of prototypes and new processes to meet general mission areas. An example is research to determine the physiological effects leading to boat crew fatigue.
3. **R&D 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. **R&D 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. R&D 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. **R&D 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 R&D billets and positions** – This provides the support structure required to execute the entire Coast Guard R&D Program. It provides the strategic planning, programming, management, and support personnel, material, resources, and leased facilities for the execution of the Coast Guard R&D 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 R&D Funding Responsibilities

R&D Program authority for funding research areas is established as part of the budget formulation process. Once research areas are identified and included in DHS' Resource Allocation Plan (RAP) and placed in the DHS Stage R&D budget, they are deemed appropriate areas for use of R&D funding.

5.6.11.5.1 Completed R&D Products

Procedures for formal operational delivery of R&D products are contained in the Strategic Project Portfolio Alignment (SPPA) Standard Operating Procedure. Pending formal product delivery, R&D retains funding responsibility for the project. Funding shortfalls must be covered by R&D funds and may not be supplemented from other appropriations without a Congressionally approved transfer from another appropriation in accordance with the most recent appropriations act.

5.6.11.6 *Project Targets*

Project targets are provided to the RDC and any other administrative target field unit performing R&D support. Funds are transmitted for each effort assigned, or as needed to support ongoing field activity. Despite the multi-year character of prior year R&D funds, field ATU management of R&D resources shall ensure timely obligation of funds consistent with R&D 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 (RDC)

Funds earmarked for specific project efforts and administrative expenses are provided to the RDC by project targets, with modifications based on a yearly RDC allocation. Plans are approved by Commandant (CG-92) for funds budgeted toward RDC salaries and administrative expenses.

The RDC shall report to Commandant (CG-926) and Commandant (CG-831) on anticipated year-end unobligated balances, funds greater than needs, and additional funds needed for project (including administrative expenses). Accompanying each report shall be a brief explanation of the variance and corrective action recommended.

5.6.11.7 *Funding Basis for R&D*

For purposes of these guidelines, the R&D appropriation is considered one budget line item; however, the R&D Section of the Coast Guard Congressional Stage Budget may contain several project or performance areas.

5.6.11.8 *Shared Costs*

Coast Guard appropriations (e.g., O&S and PC&I) can fund common or shared requirements with the R&D appropriation. This includes mutually beneficial items like rental of equipment and procurement of materials.

5.6.11.9 *Billet/Positions Related to RDC Reimbursable Projects*

RDC has a detailed system that is used for project billing, accounting, and staff/workforce management that specifically includes member/employee's time spent per project (commonly referred to as labor costs). RDC shall manage total labor cost across all projects to ensure it approximately reflects the funding structure of all RDC billets. This allows personnel with specific expertise to work across all projects types without regard to billet/project funding

mismatches. For example, labor costs associated with reimbursable agreements shall make up approximately 10 percent of the total RDC labor costs if reimbursable funded billets make up 10 percent of the total RDC billets. When it is not initially evident, labor costs for determination and findings shall be counted as R&D funded work.

Actual labor cost and billet funding structure shall be reviewed periodically to ensure approximate alignment with anticipated workload.

R&D funded billets and positions at Coast Guard Headquarters are allowed to expend time on projects funded by other appropriations during their normal management oversight duties. If R&D funded members/employees have any concerns on the amount of time spent on a project funded by another appropriation they should contact Commandant (CG-83) and Commandant (CG-LGL) for advice.

5.6.12 Procurement, Construction, and Improvement (PC&I) – Purpose

The PC&I capital investment program provides funding for the procurement, construction, rebuilding, or improvement of the Coast Guard’s vessels; Command, Control Communications, Computers and Information Technology (C4IT); ATON; related equipment; and shore plant. The term “shore plant” includes real property under the control of another Federal agency. This Subsection outlines guidelines for the execution of the PC&I appropriation.

In the event that an urgent operational requirement project, which should be properly funded with PC&I, is deemed by Commandant (CG-00) to be higher in priority than projects in the current FY PC&I budget, the Commandants (CG-4), (CG-7), (CG-8), and (CG-9) staffs will explore all lawful means to fund this operational requirement. These strategies may include, but are not limited to: deferring other budgeted PC&I projects, requesting authority to reprogram funds within the PC&I appropriation, or requesting authority to transfer funds from another CG appropriation.

5.6.12.1 PC&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. Congress further makes specific appropriations within the PC&I lump sum based upon specific purpose, amount, and period of availability. The historic specific PC&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 PC&I appropriations made in recent appropriation acts have included amounts provided to:

1. Acquire, repair, renovate, or improve vessels, 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 PC&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 *PC&I Category Definitions*

PC&I category definitions (e.g., Vessels, Aircraft, Shore, and Other Equipment) are used to make correct PC&I – O&S funding determinations. O&S, to include AFC-30 and AFC-4X funding streams, fundamentally differs from PC&I funding. O&S 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 PC&I program primarily supports the acquisition of assets, or major construction and improvements that increase the capacity/capability of an asset.

Note: Refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.6 (Procurement, Construction, and Improvement (PC&I)) for detailed PC&I category definitions.

5.6.12.3 *General PC&I Terms*

The following terms provide general guidance when determining whether to use funds from the PC&I or the O&S appropriation. The Shore PC&I program provides more specific guidance, due to project complexities which require a detailed breakdown by work category. Where more specific definitions exist, PC&I/O&S funding determinations must reflect these more rigorous standards.

5.6.12.3.1 *Maintenance*

Maintenance is the act of keeping fixed assets in usable 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*.

Note: To determine if work expands an assets capability or capacity the asset recorded in the accounting system of record must be considered. For example, if the parent asset is a Coast Guard aircraft, then a \$1.4 million aircraft engine assembly is a spare part and used in maintenance, therefore the purchase of the engine would be classified as operating materials and supplies and could be properly procured with O&S funds.

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, C4IT higher level assemblies (HLA), or real property facility or other asset.

Note: Refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.6 (Procurement, Construction, and Improvement (PC&I)) for a breakdown of PC&I work categories and procedures and requirements related to the following:

Step	Topic
5.1	PC&I Work Categories – Vessels
5.2	PC&I Work Categories – Aircraft
5.3	PC&I Work Categories – Other Equipment Related to Vessels, Aircraft, Shore Facilities, ATON, and Electronic Systems
5.4	PC&I Work Categories – Shore Facilities/Aids to Navigation (ATON)

5.6.12.4 Concurrent PC&I and O&S Projects

In order to maintain a clear distinction between funding sources and avoid the mixing of appropriations, concurrent PC&I- and O&S 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 will obtain approval from Commandant (CG-8), or its designee, prior to execution. As a general rule, O&S improvement or renovation projects in shore facilities should not be started within the 12 month period following the completion of an PC&I project.

5.6.12.5 PC&I Payroll Expenses

PC&I has a specific annual appropriation to fund “personnel compensation and benefits and related costs.” For this reason, the annual PC&I personnel compensation appropriation, rather than multi-year project funds, must be used to fund all PC&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.

5.6.13 Reserve Training (RT) – General Responsibilities

RT funds (AFC-90) provide for the operation, recruiting, training, administration, and management of the Reserve Component in accordance with the *Reserve Policy Manual*, COMDTINST M1001.28 (series), to include costs associated with:

1. Active Duty for Training (pay and travel);
2. All Inactive Duty training to include berthing as required;
3. Active duty operational support in support of the reserve component (ADOS-RC);
4. All SELRES accession training (i.e. ROCI, DEPOT, and Boot Camp);
5. Reserve authorizations to receive health care (e.g. ADHC or NOE);
6. Short-term Medical Hold orders linked to Reserve Training orders;
7. Incapacitation pay (INCAP); and
8. Enlisted bonuses.

Administrative costs for RT-funded military and civilian Full-Time Support (FTS) positions are covered by Personnel Support Cost (PSCR) and Selected Reserve members are covered by Personnel Support Cost– Reserve (PSC-R) distributed via AFC-30. ATUs are provided PSCR funding by RT 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, and other inactive duty allowances for initial uniform issuance and benefit programs are administered at the Headquarters level. RT funds necessary to cover certain other program costs chargeable to AFC-01 and AFC-08 are charged to the RT appropriation while AFC-20, AFC-30, AFC-56, and AFC-57 are reimbursed to the O&S appropriation through the RT to O&S refund administered through the Coast Guard Refund Program under the authority of 31 USC 1534. The Reserve Training program will refund the O&S appropriation according to Non-Pay Refund policy and procedures.

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 318). The Consolidated Appropriations Act, 2019 (PL 116-6) changed EC&R from a standalone appropriation to a program/project/activity (PPA) within the Operations and Support (O&S) appropriation. The purpose of the EC&R PPA 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 318 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:

1. Identifying, investigating, and cleaning up contamination from hazardous substances and pollutants.
2. Correcting other environmental damage that poses an imminent and substantial danger to the public health or welfare or to the environment.
3. Demolishing and removing unsafe buildings and structures, including buildings and structures at former Coast Guard facilities.
4. 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 318 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 PPA but rather are properly charged to other PPAs within O&S. This is wholly consistent with the legislative history of the EC&R program which focused onshore facilities. However, although Congress recognized a "vessel" exclusion, 14 USC 318 specifically states that the Coast Guard must respond to releases of hazardous substances and pollutants on vessels.

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, groundwater, 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 SFFAS No. 6, *Accounting for Property, Plant, and Equipment*.

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, *Accounting for Property, Plant, and Equipment*, 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, *Accounting for Property, Plant, and Equipment*, 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 ED&R PPA is used for those actions 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 PPA is 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 PPA shall be used for:

1. Actions 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 the Comprehensive Environmental Response, Compensation, and Liability Act (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; the **sole purpose** of the demolition and removal actions is to meet or maintain environmental compliance and prevent pollution; and the demolition is not part of a larger Procurement, Construction, and Improvement (PC&I) appropriation funded action such as the demolition of a building to install a new building.
 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. Hard engineering fixes (physical changes) that encompass a four-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;
 - ii. The physical change must be driven by a new (less than 5 years old) Federal, State, or local environmental law, regulation, or executive order;
 - 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; and
 - iv. The hard engineering fix must not be part of or linked to a larger PC&I funded initiative, where EC&R funding is used to supplement the PC&I project funding
 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 actions (e.g., training, travel, regulatory agency review & support costs, and statutory/regulatory required reporting).
 7. TEST: What is the primary purpose of the action?

The foundation underlying Coast Guard EC&R policy is the distinction between expenses to bring Coast Guard facilities into compliance vice regular or routine expenses to maintain Coast Guard facility compliance with environmental laws, regulations, executive orders, and Departmental and Organizational environmental directives and policies. It is important to note that there are many recurring “compliance” activities that the Coast Guard performs on a regular or routine 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 solid waste, 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. However, there are similar environmental compliance actions that should be appropriately charged to the EC&R PPA and not to the O&S 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 action?

If it is a program, project or activity “solely” to achieve compliance with a new (less than five years old) Federal, State, tribal, territorial, or local environmental requirements it must be charged to the EC&R PPA. However, if the program, project or activity is to achieve compliance with a more than five-year-old Federal, State, tribal, territorial, or local environmental requirement or compliance with environmental requirements is incidental to the primary purpose of normal maintenance and repair (or lack of maintenance and repair) of real and personal property, and/or replacement of equipment, the EC&R PPA 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, or if an a Spill Prevention, Control, and Countermeasure (SPCC) plan is required because of the installation of a new storage tank, the PPA 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, the elimination of an ozone-depleting substance, or otherwise assist with meeting environmental regulatory requirements, the equipment replacement shall be funded from PC&I or another PPA within the O&S appropriation, depending on the requirements and costs. However, if the equipment is being replaced solely to meet new environmental regulatory requirements, it shall be funded from EC&R.

9. All Coast Guard offices and employees charged with managing appropriated funds shall adhere to this policy.
10. All Coast Guard units and personnel are responsible for proper stewardship of the public’s money. There are a wealth of resources for units unsure of the proper funding source for a particular action. Contact subject matter experts in the Shore Infrastructure Logistics Center Environmental Management Division, the Coast Guard Office of Environmental Management (CG-47), or the supporting legal office. If doubt still exists, a determination of funds request should be submitted to Commandant (CG-83, CG-84, CG-LGL).

5.6.14.3 Releases and Environmental Emergencies

1. Initial spill response and containment, including clean-up, disposal, and reporting requirements is a unit operational responsibility funded under an O&S PPA other than EC&R.
2. Emergency response/removal actions beyond the technical capabilities of the unit would be handled via Depot-Level mission support and would be funded with EC&R.
3. Any residual remediation and/or long-term management (LTM) resulting from spills and releases (i.e. additional or long-term soil remediation, groundwater monitoring) would be managed as depot-level activity funded with EC&R.

5.6.14.4 Contamination at PC&I Project Sites

1. For PC&I funded actions project work, all costs associated with determining whether a proposed project site may be potentially contaminated (e.g., borings, sampling, and analysis) shall be funded from PC&I Survey and Design (S&D) PPA as part of the normal PC&I project planning process. Upon receipt of the PC&I project funds, any non-time critical environmental remediation requirements shall then be funded as part of the project costs. This would include CERCLA remedial design and action requirements (or Resource Conservation & Recovery Act (RCRA) equivalent) within the project footprint shall then be funded as part of the project costs. Site remediation work funded by PC&I project funding shall be limited to the footprint of the PC&I project work (i.e., that remediation necessary to proceed with the project work). Any identified site contamination that extends beyond the footprint of the PC&I project work (i.e., not required to proceed with the PC&I project work) would be funded with EC&R funding, either concurrent with/in conjunction with the PC&I funded remediation work and/or via separate/ follow on remediation work funded with EC&R.
2. If PC&I project planning (survey & design initiatives) identifies site remediation that is time-critical or otherwise cannot be deferred (i.e., until PC&I project funding becomes available), then EC&R funding shall be utilized to address any required removal actions, provided that the site is a current or former Coast Guard site.
3. Any long term management (LTM) requirements resulting from site removal/site remediation at PC&I project sites discussed above (e.g., monitoring and sampling of groundwater, monitoring of in situ soil remediation), shall be funded with EC&R.
4. Any required site remediation discovered or encountered during the execution of Intermediate & Depot Level Maintenance PPA O&S (AFC-43) funded shore facilities or infrastructure project work (i.e., unforeseen conditions) would be funded with EC&R. This would typically be addressed via a modification to the existing AFC-43 project work if contractually allowable/possible. Alternatively, a new stand-alone EC&R scope of work could be developed to execute any required remediation work that may be impeding the progress of the Intermediate & Depot Level Maintenance PPA AFC-43 work.
5. 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 PC&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 *Policy on Environmental Compliance and Restoration Program*, COMDTINST 5090.12 (series) and *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 Conference 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 O&S 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 w

ill 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.

Note: Refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.14 (Standard Personnel Costs (SPC)) for a detailed discussion related to standard personnel costs (SPC) and guidelines for the following:

Step	Topic
5.1	General
5.2	Personnel Salary Costs
5.3	Distribution
5.4	Estimates

5.6.19 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. Reprogramming receive significant scrutiny both internally and externally.

Reprogramming guidelines for the Coast Guard are set forth by the DHS Appropriation Acts.

In the Consolidated Appropriations Act of 2016, the reprogramming guidance within Section 503 of Division F was amended by Congress. Under the new guidance, up to 10 percent can be programmed out of a PPA; however, only the lesser of \$5 million or 10 percent can be put into a PPA. This guidance is cited and explained below.

5.6.19.1 *General Provisions*

The 2016 DHS Appropriations Act includes the following general provision 503 which addresses reprogramming. General provision 503 states verbatim:

- (a) None of the funds provided by this Act, 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 2016, 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 that:
 - (1) creates a new program, project, or activity;
 - (2) eliminates a program, project, office, or activity;
 - (3) increases funds for any program, project, or activity for which funds have been denied or restricted by the Congress;
 - (4) proposes to use funds directed for a specific activity by either of the Committees on Appropriations of the Senate or the House of Representatives for a different purpose; or
 - (5) contracts out any function or activity for which funding levels were requested for Federal full-time equivalents in the object classification tables contained in the fiscal year 2016 Budget Appendix for the Department of Homeland Security, as modified by the report accompanying this Act, unless the Committees on Appropriations of the Senate and the House of Representatives are notified 15-days in advance of such reprogramming of funds.
- (b) None of the funds provided by this Act, 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 2016, or provided from any accounts in the Treasury of the United States derived by the collection of fees or proceeds 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 \$5,000,000 or 10 percent, whichever is less, that:
 - (1) augments existing programs, projects, or activities;

- (2) reduces by 10 percent funding for any existing program, project, or activity;
 - (3) reduces by 10 percent the numbers of personnel approved by the Congress; or
 - (4) results from any general savings from a reduction in personnel that would result in a change in existing programs, projects, or activities as approved by the Congress, unless the Committees on Appropriations of the Senate and the House of Representatives are notified 15-days in advance of such reprogramming of funds.
- (c) Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Department of Homeland Security by this Act or provided by previous appropriations Acts may be transferred between such appropriations, but no such appropriation, except as otherwise specifically provided, shall be increased by more than 10 percent by such transfers: Provided, That any transfer under this Section shall be treated as a reprogramming of funds under Subsection (b) and shall not be available for obligation unless the Committees on Appropriations of the Senate and the House of Representatives are notified 15 days in advance of such transfer.
- (d) Notwithstanding Subsections (a), (b), and (c) of this Section, no funds shall be reprogrammed within or transferred between appropriations based upon an initial notification provided after June 30, except in extraordinary circumstances that imminently threaten the safety of human life or the protection of property.
- (e) The notification thresholds and procedures set forth in this Section shall apply to any use of deobligated balances of funds provided in previous Department of Homeland Security Appropriations Acts.

Note 1: The O&S appropriation has an exemption to the deadline under 503 (d) written within the appropriation language.

Note 2: The baseline is based on the annual original appropriated amount less any prior internal reprogramming, Congressional reprogramming, and Congressional enacted across-the-board rescissions (i.e., it does not include cumulative multi-year or no-year money).

Note 3: Congressional reprogramming requires a 15-day advance notification to the committees, and identical responses are required from both the House and Senate committees in order for a reprogramming or transfer request to be considered approved. Reconciliation of differences between the House and Senate is the responsibility of Coast Guard/Department of Homeland Security.

5.6.19.1.1 Congressional Reprogramming Criteria

As shown above, 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, 2016).

In addition, 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 2016 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, reprogramming 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.**

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.11 (Congressional Transfers and Reprogramming Budgetary Resources within an Appropriation) for detailed procedures and requirements related to the following:

Step	Topic
5.1	Establishing Reprogramming Guidelines for Fund Transfers
5.2	Congressional Reprogramming Criteria
5.3	Justification for Reprogramming Requests
5.4	Reprogramming Decision

5.6.19.1.2 Reprogramming of National Drug Control Policy (NDCP) Funding

In accordance with the Office of National Drug Control Policy (ONDCP) circular, *Budget Execution*, released on January 18, 2013:

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. If prior reprogramming of less than \$1 million has been sent to the Congress, any additional reprogramming that brings the reprogramming sum total for a given appropriation over the \$1 million level shall be sent to ONDCP for approval, regardless of the individual total of that new reprogramming.

5.6.19.1.3 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.

5.6.19.2 *Sample Reprogramming Problems*

Problem 1: A program wants to reprogram \$900,000 from a FY2015 Fast Response Cutter acquisition project to a FY2016 Offshore Patrol Cutter acquisition project. Neither project has previously reprogrammed funds from the FY identified. Below are the appropriated amounts:

1. FY2015 vessel category
Fast Response Cutter: \$110 million
2. FY2016 vessel category
Offshore Patrol Cutter: \$89 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 FY2015 HH-65 Conversion & Sustainment project to a FY2015 Cutter Boat acquisition project. Neither project has previously reprogrammed funds from the FY identified. Below are the appropriated amounts:

1. FY2015 aircraft category
HH-65 Conversion & Sustainment: \$30 million
2. FY2015 vessel category
Cutter Boat: \$4 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 \$2,000,000 from a FY2015 HC-144 Conversion & Sustainment acquisition project to another FY2015 HC-27J Conversion & Sustainment acquisition project in the same specific appropriation for Aircraft. Neither project has previously reprogrammed funds from the FY identified. Below is the appropriated amount:

FY2015 aircraft category
HC-144 Conversion & Sustainment: \$15 million
HC-27J Conversion & Sustainment: \$20M

Solution: The reprogramming **cannot** be approved without congressional notification. The Coast Guard can only reprogram up to \$1,500,000 from the HC-144 Conversion & Sustainment project (no more than 10 percent).

Problem 4: A program wants to reprogram \$3,000,000 from the FY2016 C4ISR acquisition project into the FY2016 CG Logistics Information Management System (CG LIMS) acquisition project (both are projects under the Other Acquisitions appropriation). Neither project has previously reprogrammed funds from these categories in the FY identified. Below are the appropriated amounts:

FY2016 Other Acquisitions category
C4ISR: \$36.6 million
CG LIMS: \$8.5 million

Solution: The reprogramming **cannot** be approved without congressional notification. The CG LIMS project cannot be increased by more than 10 percent or \$850K without notifying Congress.

5.6.20 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.

Note: Refer to *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 2 (Coast Guard Budget Authority and Structure) Procedure No. 2.7.1, for detailed procedures on the Supply Fund; and Chapter 2 (Coast Guard Budget Authority and Structure) and Chapter 5 (Budget Execution), in this Manual for guidelines on the use of the Supply Fund 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.

5.6.20.1 *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.

5.6.20.2 *Surcharge Rates*

Commandant (CG-83) is charged with conducting an annual review of appropriate surcharge rates to be charged on Supply Fund commodities.

5.6.21 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.

5.6.22 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.

5.6.23 Managing Changes in the Amounts of Budgetary Resources in an Appropriation

5.6.23.1 Changes in Budget Authority – Appropriations, Rescissions, Deferrals, Appropriation Transfers, and Reimbursements

5.6.23.1.1 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 supplemental 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.

5.6.23.1.2 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 will be immediately notified that the Coast Guard is responding to the emergency. The Coast Guard will 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 will 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 will 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 will 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 will 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 will be immediately forwarded to DHS and OMB. While awaiting the receipt of the deficiency apportionment, Commandant (CG-83) will 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.

5.6.23.1.3 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. 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 will be taken, as appropriate:

1. A determination is made regarding the level of detail in the funds control system in which obligational authority will 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 PEs. This action obviates the need to modify numerous fund allocations made available in targets and PEs. 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 PEs 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 PEs 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 PE 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.

5.6.23.1.4 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 formally approved in writing. The written nonexpenditure transfer authorizations 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.

OMB policy in Circular A-11, Section 120.29, 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 PE amounts in the same manner as prescribed above for regular appropriations.

5.6.23.1.5 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 701 (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 Section 7.11 of this Manual. 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.

5.6.23.2 *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 PEs will remain in and be fully liquidated in those PEs. 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, PEMs 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 PE 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 will 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 PEs; 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.

5.6.24 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.

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.11 (Congressional Transfers and Reprogramming Budgetary Resources within an Appropriation) for procedures and guidelines

related to delegating the authority to move funds within the established funds control hierarchy of an appropriation.

5.6.24.1 *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 Subsection 5.6.24.1.4 (Policy). 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.

5.6.24.1.1 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.

5.6.24.1.2 Scope

This Subsection prescribes policies 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:

5.6.24.1.3 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. Funds Control Division, Commandant (CG-831):
 - a. Monitors downward adjustments to prior-year obligations and prepares requests for apportionment of recoveries of prior-year obligations from OMB.
 - b. Monitors and reports on the performance metrics established for tracking adjustments to prior-year obligations.
3. Allowance, Target, and Program Element Managers:
 - a. Implement, maintain, and monitor the execution of this policy for adjustments to prior-year obligations.
 - b. Review and monitor prior-year adjustments to obligations.
 - c. Ensure the monetary threshold for the Category II auto-reconciliation function in FD shall not exceed \$50.00 when conducting PES reconciliations.

5.6.24.1.4 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.

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.9 (Upward/Downward Adjustments to Prior-Year Obligations) for detailed procedures and requirements related to the following:

Step	Topic
5.1	Review and Validate Prior Year Obligations
5.2	Upward Adjustments to Prior-Year Obligations
5.3	Downward Adjustments to Prior-Year Obligations

Note 1: 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 (Managing Expired and Cancelled Accounts) of this Manual.

Note 2: 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 in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.9, Step 5.3 (Downward Adjustments to Prior-Year Obligations).

5.6.24.2 Adjustments between Appropriations

The Coast Guard uses adjustments between appropriations to procure central services through the O&S 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 O&S appropriation to receive certain core services (e.g., active-duty military payroll and benefits, IT workstations, and GSA rent) which are executed within the O&S appropriation. These accounting adjustments are supported by a documented, approved methodology that is consistently applied and monitored.

5.6.24.2.1 Purpose

This Subsection establishes policy for the use of adjustments between appropriations to provide central services from the O&S 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.

5.6.24.2.2 Scope

These policies do not apply to orders placed within the Supply Fund and the Yard Fund.

5.6.24.2.3 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. Assigns officials to monitor, execute, and report the business operations supporting central services.
2. Funds Control Division Commandant (CG-831):
 - a. Implements, maintains, and monitors the execution of this policy for adjustment between appropriations.
 - a. Implements improvements to the policy, procedures, and process for adjustment between appropriations, as needed.
3. Financial Analysis & Execution Division, Commandant (CG-832):
 - a. Establishes and maintains standard costs for the Coast Guard.
 - b. Reviews and approves cost methodologies as compliant with the principles of SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, for servicing program costs for which standard rates are not available.

5.6.24.2.4 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.
2. Program approval documentation shall be maintained in a central location and shall be readily available for review.

The Central Services Agreement (CSA)

Each CSA shall be developed by the servicing program appropriation, with input from the benefiting program appropriation and Commandants (CG-831) and (CG-832).

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.

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

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.

5.6.24.3 *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.

5.6.24.4 *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.

5.6.25 Monitoring the Status of Funds in Operating Plans and Financial Reporting

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.6.18 (Monitoring the Status of Funds in Operating Plans and Financial Reporting) for detailed procedures related to proactively managing, controlling, and maximizing the use of budgetary resources.

5.6.26 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.

5.6.26.1 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 400000 series accounts, and adjusting entries for the 400000 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 (Administrative Control Funds)) or monitoring of annual operating plans (which is discussed in Subsections 5.6.25 (Monitoring the Status of Funds in Operating Plans and Financial Reporting); 5.5.8 (Meeting DHS Operating Plan Requirements) and 5.5.9 (Establishing Operating Plans within the Coast Guard Funds Control Structure)).

5.6.26.2 *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.

5.6.26.3 *Responsibilities*

The following offices have designated responsibilities for reporting and monitoring BRM activities at the TAFS level.

5.6.26.3.1 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.

5.6.26.3.2 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. 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.

5.6.26.3.3 FINCEN

FINCEN personnel:

1. 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.
2. Take necessary steps to complete corrective actions to ensure that procedures are completed timely and accurately.

5.6.26.4 Policy

5.6.26.4.1 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 OMB, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, FFMIA); 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.

5.6.26.4.2 FINCEN

FINCEN personnel shall:

1. 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.

For detailed responsibilities and procedures for properly recording and reporting expired and cancelled appropriations, refer to the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 5, Procedure No. 5.7 (Actions Taken at the End of the Fiscal Year).

5.7.1.1 *Purpose*

This Subsection prescribes policies 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) provides staff the timely, accurate, and detailed information needed to fulfill their Constitutional duties.

5.7.1.3.2 Office of Resource Management (CG-83)

Commandant (CG-83):

1. Provides funds control for all current and expired appropriations.
2. Prepares requests for apportionment and reapportionment of funds.

5.7.1.3.3 Funds Control Division (CG-831)

Commandant (CG-831) ensures that appropriated funds are used in accordance with appropriations law, congressional intent, and Coast Guard policy.

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, Allowance, Target, and Program Element Managers

1. Monitor expired fund balances and take action to preclude Antideficiency Act violations for the appropriation and overobligation of funds.
2. Assist assigned Coast Guard financial managers in closing out all outstanding receivables, payables, and obligations in expired TAFSS.

5.7.1.3.6 FINCEN

FINCEN personnel:

1. Exercise direct supervision over the review, control, follow-up and reconciliation of documents in support of general ledger control account balances.
2. Maintain proper general ledger controls for expired and cancelled accounts.
3. 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.

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

Commandant (CG-913) provides expert procurement policy and organization advisement to senior level Coast Guard officials.

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.

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 5.6.24.1 (Upward/Downward Adjustments to Prior-Year Obligations) 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.

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

Coast Guard financial managers shall actively monitor expired accounts to ensure proper management of expired funds.

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.

5.7.1.5.8 Closing Expired Obligations

Status reports of the progress achieved in meeting the established targets shall be prepared 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. Coast Guard financial managers shall 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 are no longer needed shall be cancelled, and the funds deobligated. Refer to Subsection 5.7.1.5.2 (Extending the Period of Availability for Disbursements) in this Manual 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.

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 Subsection 5.7.1.5.2 (Extending the Period of Availability for Disbursements) in this Manual 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.

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.

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. Per OMB interpretation of the language we may only use appropriations made in current year appropriations acts, even if the Coast Guard activity that requested or funded the original order receives no benefit from the current appropriation being charged.

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.

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 (400000 series). Guidance is issued by OMB and the Bureau of the Fiscal 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 Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) 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. 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.
2. Establish and maintain budgetary and financial systems to close the fiscal year with accurate budgetary information and reporting.
3. Provide accounting support for Coast Guard units and staff that assist with year-end closeout.
4. 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.
5. 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

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).

For Unexpired Accounts

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.

For Expiring Accounts

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.

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. 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 the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) 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.

- b. **Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS)** – GTAS 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.
- 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 GTAS.

The Report on Budget Execution and Budgetary Resources, Form SF 133, is designed to show, on a consistent basis and in practical 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 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 Operations & Support (O&S) and General Funds (GF) appropriations, including:
 - a. Procurement, Construction, and Improvement (PC&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 (R&D);
 - 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. O&S reimbursable agreements:
 - a. Commandant (CG-83) may sign all O&S 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. Commandant (CG-83) may also sign all O&S reimbursable agreements listed in the FMOP (Undistributed Reimbursables), upon approval of the final FMOP and associated CIFPs. RMOs may approve reimbursable agreements under \$100,000.
 - c. The reimbursable agreement may require a CIFP if reimbursing any AFC outside of AFC 80.
3. Change in Financial Plan (CIFP):
The dollar threshold signature authority will be as follows:
 - a. \$1 to \$500K:
Reimbursable Budget Analyst, Commandant (CG-831) (O&S) (excludes reprogramming); and
Reimbursable Budget Analyst, Commandant (CG-831) (GF, less PC&I)
 - b. Up to \$1M:
Asst. O&S Appropriation Manager, Commandant (CG-831) (O&S);
O&S Appropriation Manager, Commandant (CG-831) (O&S);
Senior Budget Analyst, Commandant (CG-831) (GF);
General Funds Appropriation Manager, Commandant (CG-831) (GF); and
Reimbursable Program Team Lead, Commandant (CG-831).
 - c. Up to \$5M:
Commandant (CG-831)

COMDTINST M7100.3F

d. \$5M and over:

Commandants (CG-83D), (CG-83), (CG-8D), and (CG-8)

Note: (1) In the absence of Commandant (CG-83) and Commandant (CG-83) deputy, Commandant (CG-831) is delegated authority for CIFP's in excess of \$5 million. (2) In the absence of Commandant (CG-831) the Commandant (CG-831) deputy is delegated authority for CIFP's in up to \$5 million.

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 *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 (subject to personal identifiable information (PII) restrictions);

- 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 *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.

This page intentionally left blank.

Chapter 6. Continuing Operations without Appropriations

6.1 Situation

This document 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. (This funding hiatus is also referred to as a “lapse in appropriations”, or “shutdown”, and those terms are used interchangeably in this document.) 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 U.S. Attorney General and Office of Management and Budget (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 the orderly termination of an agency’s functions, but funds may not be disbursed.

To satisfy the provisions above, obligations for orderly termination must be fully documented to support a bona fide need and be directly tied to an exempt mission described in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 6, Procedure No. 6.2.1, Step 5.1.2 (Activity by Mission). The Finance Center (FINCEN) or any other Coast Guard payment office will not make payments during a funding hiatus related to the actions discussed in provisions 1 and 2 above.

Personnel and facility utilization shall be as outlined in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 6, Procedure No. 6.2.1, Steps 5.1.3 (Activity by Category of Personnel) and 5.1.4 (Activity by Facility), respectively. OMB Circular A-11 states that plans for agency actions during a lapse of appropriations should describe actions to be taken during a short lapse. This plan guides the Coast Guard for the duration of the funding hiatus not expected to be greater than seven calendar days. Any lapse longer than seven days in duration will require a modification of plans and will be the subject of additional Coast Guard Headquarters or Department of Homeland Security (DHS) direction.

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 6 (Continuing Operations without Appropriations) for detailed procedures on the actions taken by the Coast Guard to orderly terminate activities in the event of a lapse in appropriations.

This page intentionally left blank.

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.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm.

According to Office of Management & Budget (OMB), Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013, 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 6-digit USSGL accounts, plus any related attributes.

Since the 6-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.

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 10 of the policy that follows.

Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) has replaced FACTS I and FACTS II for reporting trial balance data.

See https://www.fiscal.treasury.gov/fsservices/gov/acctg/gtas/gtas_home.htm for additional information.

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.
<http://www.gpo.gov/fdsys/pkg/PLAW-104publ208/pdf/PLAW-104publ208.pdf>
2. Office of Management & Budget (OMB), Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
3. Department of the Treasury, Bureau of the Fiscal Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* [series], Part 1 and Part 2, “Fiscal 2015 and 2016 Reporting”.
http://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm

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. Surface Forces Logistics Center/Yard (SFLC/Yard);
3. Finance Center (FINCEN);
4. National Pollution Funds Center (NPFC); and
5. Pay and Personnel Center (PPC).

The Financial Reporting and Analysis Division Commandant (CG-842) general ledger desk officer shall be responsible for:

1. Utilizing and maintaining (including updates and changes) the master chart of accounts and transaction codes.
2. Filing all current Coast Guard charts of accounts.

3. At least annually, accessing the Coast Guard's GL systems and documenting a comparison of the GL systems' charts of accounts with the filed charts of accounts.
4. Researching any discrepancies found between the master chart of accounts and the financial systems' chart of accounts, and take all necessary corrective actions and document them to allow for the Coast Guard's assertion of compliance with the USSGL.
5. Performing 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 Coast Guard-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 Bureau of the Fiscal Service 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.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm.
6. Currently, Treasury's basic six-digit structure of the USSGL consists of:
 - 100000 Assets
 - 200000 Liabilities
 - 300000 Net Position
 - 400000 Budgetary
 - 500000 Revenue and other Financing Sources
 - 600000 Expenses

700000 Gains/Losses/Miscellaneous Items

800000 Memorandum

The standard USSGL account attributes required for the reporting of proprietary account information and budgetary account information are defined in USSGL TFM Supplement No. S2 Section IV of the USSGL, which can be found on Treasury's Bureau of the Fiscal Service website: http://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm.

7. 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.
8. The Coast Guard shall review and update its USSGL accounts whenever the Bureau of the Fiscal Service updates the USSGL. (USSGL updates are published by Treasury, which requires agencies to make any necessary changes to remain substantially compliant.)
9. 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.
10. 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.

7.2 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. Obligating the Government is an inherently Governmental activity/function and contract employees cannot legally obligate the Government. This includes all procurement documents that obligate the government, including contracts, MIPRs, MILSTRIPs, and purchase cards. 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 (Office of Management and Budget (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.

Identifying document types that require obligation of funds (see *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.2, Procedure No. 7.2.3, Figure 7.1 (Required Obligations by Document Type)).

Note: Accrual policy for budget execution is presented in Section 7.13 (Accrual Policy). For detailed responsibilities and procedures on the recording, processing, and monitoring of obligations, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.2 (Obligations – By Document Type and/or Object Class).

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)/Chief Financial Officer (CFO)*

Commandant (CG-8)/CFO:

1. Accurately reports obligated balances in the financial statements in accordance with Department of Homeland Security (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.

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

Commandant (CG-83) implements, maintains, and monitors the execution of this obligation policy.

7.2.2.3 *Finance Center (FINCEN)*

FINCEN personnel maintain finance and accounting requirements, systems, and functions for all appropriated, working capital, revolving, and trust fund activities, including security assistance funds.

7.2.2.4 *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)* and *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
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. 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.

Note: For additional detailed responsibilities on the recording, processing, and monitoring of obligations for the following Coast Guard personnel and personnel mentioned above, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.2 (Obligations – By Document Type and/or Object Class):

1. Assistant Commandant for Resources (CG-8)/CFO;
2. Office of Resource Management (CG-83);

3. Funds Control Division (CG-831);
4. Appropriation Managers;
5. Allowance Managers, Target Managers, and Program Element Managers;
6. FINCEN;
7. Office of Procurement Policy & Oversight (CG-913);
8. Chief of the Contracting Office (COCO);
9. Contracting Officers (KOs), Purchasing Agents, Cardholders, and Other Obligor Authorities;
10. Contracting Officer's Representatives (CORs);
11. Management Review Officials (MROs); and
12. Reconcilers.

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 Treasury Appropriation Fund Symbol (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.
 - 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 Government Accountability Office (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 before the appropriation expires.
 - 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.
- 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 the commitment policy, see Subsection 5.6.2 (Commitments – By Document Type and/or Object Class).

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:

COMDTINST M7100.3F

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 the 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 (SBA);
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 obligator 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 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 (i.e., a Contracting Officer);
 - 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 types are defined in the Federal Acquisition Regulation (FAR) Part 16. 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 of 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 SBA, made pursuant to Section 8(a) of the Small Business Act (15 USC 631 et. seq.) and in accordance with Federal Acquisition Regulation (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; and

- 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 the 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 reprocurement contract actions. A reprocurement 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; or
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 Department of Defense (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. Federal Insurance Contributions Act (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 7.13, Accrual Policy, 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 5.6.3 (Recording, Monitoring, Validating and Certifying Obligations) 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 (treated as an operating lease), an obligation amount shall be recorded that is sufficient to cover the lease payments for the first year plus an amount sufficient to cover the costs associated with the cancellation of the agreement upon its execution.
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 the 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 Federal Telecommunications System (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 7.13, Accrual Policy, 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 at the beginning of the following reporting period.
3. Miscellaneous obligating documents shall meet the same criteria stated in Section 7.2 (Obligations – By Document Type and/or Object Class), Subsection 7.2.3 (Policy) 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 General Services Administration (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 7.17, Contingent Legal Liabilities, 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; and
 - 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 except for document types 23, 24, 28 (other than financial transactions), 32, and 37:
 - 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 recorded using document types 23, 24, 28 (other than financial transactions), 32, and 37 in accordance with the FAR.
 5. Financial managers shall deobligate funds during regular reviews and validations. During these validations, the three criteria, purpose, time, and amount (see Subsection 5.6.3 (Recording, Monitoring, Validating, and Certifying Obligations)), 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.

7.2.3.2.13 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.

7.2.3.2.14 Performance Metrics

Commandant (CG-831) shall perform monitoring of obligations at the TAFS and subprocess level.

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.2, Procedure No. 7.2.3 (Monitoring and Certification Procedure) for detailed procedures relating to the monitoring, certification, validation, and document retention requirements for obligations.

7.3 Fund Balance with Treasury (FBWT)

7.3.1 Overview

In accordance with 31 USC 3513, Financial Reporting and Accounting System, 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 Fund Balance with Treasury (FBWT) accounts in a manner that is consistent with the Department of the Treasury (Treasury), Bureau of the Fiscal Service FBWT reconciliation guidelines.

The Governmentwide Accounting/Central Accounting Reporting System (GWA/CARS) is the central accounting system for the Bureau of the Fiscal Service. GWA/CARS replaces the former legacy system, and is the official system of record to capture and record Treasury Account Symbol (TAS)/Business Event Type Code (BETC) information for payments, deposits, and intragovernmental transactions.

Note: Agency requirements to submit the Statement of Transactions, Form FMS 224, and/or the Statement of Differences (SOD), Form FMS 6652, to Treasury as referenced in the *Financial Resource Management Manual (FRMM)*, COMDTINST M7100.3 (series), are no longer in effect.

Coast Guard policy is implemented to meet the required Treasury and Department of Homeland Security (DHS) guidance for GWA/CARS reconciliation and reporting. This Section specifies policy for the following topics, each of which is addressed in a separate Subsection:

7.3.4 Reconciliation of Fund Balance with Treasury (FBWT)

7.3.5 Edit Check Reconciliation

7.3.6 Analysis and Reconciliation of GL Account Relationships and Abnormal Balances

7.3.7 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 Treasury’s Bureau of the Fiscal Service in the GWA/CARS, 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 GWA System accounts statements, hereinafter referred to as “GWA reports,” and to the Treasury’s GWA/CARS FBWT reconciliation, 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 Office of Financial Management (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 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.

For detailed responsibilities and procedures for reporting monthly collections and disbursements to the Treasury's Bureau of the Fiscal Service, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3 (Fund Balance with Treasury (FBWT)).

7.3.2 **Authorities**

1. 31 USC 3513 Financial reporting and accounting system.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
2. *Federal Financial Management Improvement Act of 1996 (FFMIA)*.
<http://www.gpo.gov/fdsys/pkg/PLAW-104publ208/pdf/PLAW-104publ208.pdf>
3. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.
<http://www.gao.gov/products/GAO-14-704G>
4. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
5. Office of Management and Budget, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
6. Office of Management and Budget, Circular A-130, *Management of Federal Information Resources*, November 2000.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
7. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
8. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 2, Chapter 5100, "Reconciling Fund Balance with Treasury Accounts", March 2012.
<http://tfm.fiscal.treasury.gov/v1.html>
9. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Supplement to I TFM 2-5100, "Fund Balance with Treasury Reconciliation Procedures", March 2012.
<http://tfm.fiscal.treasury.gov/v1/supplements.html>
10. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Bulletin No. 2017-10, "Reporting Suspense Activity Using F3875 and F3885 and Using Default Accounts F3500 and F3502 as a Central Accounting Reporting System (CARS) Reporter", July 2017.
<http://www.fiscal.treasury.gov>
11. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Supplement I to Volume I, Bulletin No. 2017-05, "Federal Account Symbols and Titles

(FAST) Book I and II”, March 2017.

https://www.fiscal.treasury.gov/fsreports/ref/fastBook/fastbook_march_2017.pdf

12. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 6, Chapter 9500, “Revised Federal Financial Management System Requirements for Fiscal Reporting”.
<https://tfm.fiscal.treasury.gov/v1/p6/c950.html>
13. Department of Homeland Security, *Financial Management Policy Manual* (FMPM), Chapter 4: Financial Reporting, Section 4.3-Reconciling Fund Balance with Treasury.
<http://cfo-policy.dhs.gov/default.aspx>
14. Department of Homeland Security, Office of Financial Management, *Component Requirements Guide for Financial Reporting* (series).
<http://cfo-policy.dhs.gov/default.aspx>
15. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
<http://www.dcms.uscg.mil/directives>

7.3.3 Overall Policy

1. Finance Center (FINCEN), Aviation Logistics Center (ALC), Surface Forces Logistics Center (SFLC), Shore Infrastructure Logistics Center (SILC), and Pay and Personnel Center (PPC) shall develop standard operating procedures (SOPs) to meet the requirements of this policy and related Treasury and DHS guidance. The development of these SOPs will support FBWT reconciliations and reporting requirements (e.g., Suspense Accounts, TAS/BETCs) as mandated by Treasury.
2. Analyses and reconciliations of accounts 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 and the reliability of the receipt and disbursement data recorded and reported by the agency.
3. Any resulting reconciling items shall be adequately researched, identified, explained, supported, and/or corrected.
4. Coast Guard components shall certify all analyses and reconciliations, 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 accounts.
5. 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, ALC, PPC (military payroll), Yard/SFLC, and FINCEN.
6. Analyses and reconciliations shall be documented and made available to agency management, and all adjustments shall be researched and traceable to supporting documents.
7. Only authorized officials shall prepare, review, and approve analyses and/or reconciliations of accounts and the resulting adjustments.

8. 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.
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. Access to systems utilized in the analysis and/or reconciliation processes shall be limited to authorized personnel, relevant to their reconciliation responsibilities, in accordance with Coast Guard system access control policies.
11. All information supporting the analyses and reconciliations of 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.

7.3.4 Reconciliation of Fund Balance with Treasury (FBWT)

7.3.4.1 Responsibilities

Following are the offices and their respective responsibilities for the reconciliation of FBWT.

7.3.4.1.1 Financial Reporting Division (CG-842)

Commandant (CG-842):

1. Provides financial oversight and guidance to the program offices and field units.
2. Ensures the complete, accurate, and timely reporting of FBWT reconciliations.
3. Ensures that changes in personnel and duties are recorded.

7.3.4.1.2 Academy, Aviation Logistics Center, PPC (military payroll), Yard/SFLC

Personnel at these entities:

1. Ensure that the FBWT balances are complete and accurate.
2. Maintain supporting documentation.

7.3.4.1.3 FINCEN

FINCEN personnel:

1. Ensure that the Coast Guard's and Treasury's variances are reconciled.
2. Ensure that the Coast Guard unit's reconciliations are complete and submitted in a timely manner.

7.3.4.2 Policy for Reconciliation of FBWT

7.3.4.2.1 Reconciliation of FBWT in the GWA/CARS

It is Coast Guard policy to reconcile FBWT using GWA/CARS to capture and record TAS/BETC information for payments, deposits, and intragovernmental transactions. Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3, Procedure No. 7.3.1 (Reconciliation of Fund Balance with Treasury (FBWT)) for detailed procedures and guidelines.

7.3.4.2.2 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. All transactions that affect FBWT shall be posted to the USSGL 101000 account in the GL and reported in the GWA/CARS. On a monthly basis, the USSGL 101000 account balances for each TAS shall be reconciled with the following GWA reports:
 - a. Expenditure Transactions Report;
 - b. Expenditure Activity Report;
 - c. Available Receipt Account Report;
 - d. Unavailable Receipt Account Report; and
 - e. Unappropriated Receipt Account Report.
4. Corrections to the FBWT account shall be supported by appropriate documentation, and shall be approved, signed, and dated in accordance with the procedures in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3, Procedure No. 7.3.1 (Reconciliation of Fund Balance with Treasury (FBWT)).
5. 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.
6. All data transfers and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.
7. 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 the Bureau of the Fiscal Service upon request.

7.3.5 Edit Check Reconciliation

7.3.5.1 *Responsibilities*

Following are the offices and their respective responsibilities for edit check reconciliation.

7.3.5.1.1 Financial Reporting Division (CG-842):

Commandant (CG-842):

1. Provides financial oversight and guidance to the program offices and field units.
2. Ensures the complete, accurate, and timely reporting of edit check reconciliations.
3. Ensures that changes in personnel and duties are recorded.

7.3.5.1.2 Aviation Logistics Center; Yard/SFLC

Personnel at these locations:

1. Ensure that all applicable edit check reconciliations and analyses are complete and accurate.
2. Maintain supporting documentation.

7.3.5.1.3 FINCEN

FINCEN personnel:

1. Verify that all TAS edit checks are accurate, and prepare adjustments, if applicable.
2. Ensure that the Coast Guard's unit's edit check reconciliations and analyses are complete and submitted in a timely manner.

7.3.5.2 *Policy for Edit Check Reconciliation*

1. 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 *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3, Procedure No. 7.3.2, Tables 7.1 through 7.4 (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 for Financial Reporting*.

2. 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.
3. All extraction data and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.

4. 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.
5. 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.
6. 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*.
7. Corrections to the respective accounts shall be supported by appropriate documentation, and shall be approved, signed, and dated, in accordance with the procedures in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3, Procedure No. 7.3.2 (Edit Check Reconciliation).

7.3.6 Analysis and Reconciliation of GL Account Relationships and Abnormal Balances

7.3.6.1 Responsibilities

Following are the offices and their respective responsibilities for the analysis and reconciliation of GL account relationships and abnormal balances.

7.3.6.1.1 Financial Reporting Division (CG-842):

Commandant (CG-842):

1. Provides financial oversight and guidance to the program offices and field units.
2. Ensures the complete, accurate, and timely reporting of analyses and reconciliations of GL account relationships and abnormal balances.
3. Ensures that changes in personnel and duties are recorded.

7.3.6.1.2 Aviation Logistics Center; PPC (military payroll); Yard/SFLC

Personnel at these entities:

1. Ensure that all applicable abnormal balance reconciliations and analyses are complete and accurate.
2. Maintain supporting documentation.

7.3.6.1.3 FINCEN

FINCEN personnel:

1. Verify that all TAS account relationships and abnormal balance analyses are accurate, and prepare adjustments, if applicable.

2. Ensure that the Coast Guard unit's reconciliations and analyses are complete and submitted in a timely manner.

7.3.6.2 Policy for Analysis and Reconciliation

1. All GL account relationships specified in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3, Tables 7.5 through 7.9 (Reconciliation of GL Account Relationships and Abnormal Balances) shall be reconciled on a monthly basis in accordance with the schedule presented there.
2. 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 for Financial Reporting*.

3. 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.
4. All extraction data and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.
5. 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.
6. 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.
7. Corrections to the respective accounts shall be supported by appropriate documentation, and shall be approved, signed, and dated in accordance with the procedures in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3, Procedure No. 7.3.3 (Analysis and Reconciliation of GL Account Relationships and Abnormal Balances).

7.3.7 Analysis and Reconciliation of GL Control Accounts to Subsidiary and/or Supporting Records

7.3.7.1 Responsibilities

Following are the offices and their respective responsibilities for the analysis and reconciliation of GL control accounts to subsidiary and/or supporting records.

7.3.7.1.1 Financial Reporting Division (CG-842):

Commandant (CG-842):

1. Provides financial oversight and guidance to the program offices and field units.
2. Ensures the complete, accurate, and timely reporting of analyses and reconciliations of GL control accounts to subsidiary and/or supporting records.
3. Ensures that changes in personnel and duties are recorded.

7.3.7.1.2 Aviation Logistics Center; PPC (military payroll); Yard/SFLC

Personnel at these entities:

1. Ensure that all applicable analyses and reconciliations are complete and accurate.
2. Maintain supporting documentation.

7.3.7.1.3 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. Ensure that the Coast Guard unit's reconciliations and analyses are complete and submitted in a timely manner.

7.3.7.2 Policy for Analysis and Reconciliation

1. All GL control accounts specified in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3, Table 7.10 (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.
2. 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.
3. All extraction data, transfers, and downloads shall be verified to the original source data, and evidence of the verification shall be maintained.

Corrections to the respective accounts shall be supported by appropriate documentation, and shall be approved, signed, and dated in accordance with the procedures in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.3, Procedure No. 7.3.4 (Analysis and Reconciliation of GL Control Accounts to Subsidiary and/or Supporting Records).

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' Service Organization Controls (SOC) 1, Type II report prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16, *Reporting on Controls at a Service Organization* attestation report, also known as an SSAE 16 report. If this report is found to be inadequate, the Coast Guard is required to perform additional control testing.

See the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 7.4 (Reliance on Financial Data from Other Government Agencies) for detailed definitions, responsibilities, and procedures on obtaining reasonable assurance over key controls that are performed by a third-party provider.

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 Authorities

1. *Federal Managers' Financial Integrity Act (FMFIA)*. 31 USC 3512(c1), January 2001.

https://obamawhitehouse.archives.gov/omb/financial_fmfi1982

2. Office of Management and Budget (OMB), Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
3. 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".
<http://www.aicpa.org/Research/Standards/AuditAttest/Pages/SSAE.aspx>
4. *Management's Responsibility for Internal Control*, COMDINST 5200.10 (series).
<http://www.dcms.uscg.mil/directives>

7.4.5 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.

7.4.5.1 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 that are significantly outsourced and determines the level of assurance needed. During the documenting and testing phases, Commandant (CG-842) ensures that the PM's assessments are performed timely. During the evaluation phase, Commandant (CG-842) evaluates the PM's assessments, and reports the results to Commandant (CG-84).
3. Commandant (CG-85), Office of Internal Controls, has served as a subject matter expert in the authorities noted above and in internal control testing.

7.4.5.2 Service Organizations

1. Service organizations have responsibility for processing Coast Guard transactions. In addition, they share responsibility for documenting and testing both their subservice organization's and their own 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.

7.4.5.3 Service Auditor

A professional, typically a CPA firm, is 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.

7.4.5.4 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 roles 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*.

7.4.6 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 unmodified, and if there are any exceptions noted;
 - b. Determine and perform additional control testing (Test of Design/Test of Effectiveness) needed to provide that reasonable assurance controls can be relied upon to support financial statement line item assertions; and
 - c. Complete/forward SSAE 16 template and action plan (assessment) to Commandant (CG-842) 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 a SOC 1 Type II report (commercial company) exists and is sufficient in scope. If an annual assurance statement or SOC 1 Type II report does not exist, determine alternative procedures needed. Typically, Commandant (CG-842) works with the applicable PMs to perform these procedures and assess applicable reports.
 - d. 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.
 - e. Document the evaluation of the assessment.
 - f. Draft and forward evaluation results to Commandant (CG-84) for review.
3. Commandant (CG-85) shall serve as a subject matter expert in the authorities noted above and in internal control testing.

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 and improvements to land; buildings, structures, facilities (improvements/additions), and utility systems. (For the proper accounting treatment of real property acquired through construction projects and capital leases 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. Personal property includes equipment, machine tools, test equipment, vehicles, aircraft, watercraft, temporary improvements to land (e.g., trailers, garages, modular buildings, and generators). This Section also excludes internal use software, which is addressed in Section 7.8, Accounting for Coast Guard Internal Use Software, of this Manual.

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.

For detailed procedures and responsibilities on the accounting treatment of Real and Personal Property refer to the *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 7.5 (Financial Procedures for Real and Personal Property).

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 Managers Financial Integrity Act of 1982 (FMFIA)*.
https://obamawhitehouse.archives.gov/omb/financial_fmfi1982
3. *Federal Financial Management Improvement Act of 1996 (FFMIA)*.
https://obamawhitehouse.archives.gov/omb/financial_ffs_ffmia
4. *Government Management Reform Act of 1994 (GMRA)*.
<http://govinfo.library.unt.edu/npr/library/misc/s2170.html>
5. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
http://fasab.gov/pdf/2015_fasab_handbook.pdf
6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 8, *Supplementary Stewardship Reporting*, June 1996.
http://fasab.gov/pdf/2015_fasab_handbook.pdf

7. 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.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
8. 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*, January 2013.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
9. Federal Accounting Standards Advisory Board, Technical Release 14, *Implementation Guidance on the Accounting for the Disposal of General Property, Plant, & Equipment*, October 2011.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
10. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget, and Appendix B*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
11. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
12. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
13. 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://tfm.fiscal.treasury.gov/v1.html>
14. Department of the Treasury, *Treasury Financial Manual*, Volume I, Part 2, Chapter 5100, "Reconciling Fund Balance with Treasury Accounts", March 2012.
<http://tfm.fiscal.treasury.gov/v1.html>
15. Department of the Treasury, *Treasury Financial Manual*, "Fund Balance with Treasury Reconciliation Procedures, A Supplement to I TFM 2-5100".
<http://tfm.fiscal.treasury.gov/v1/supplements.html>
16. Department of Homeland Security (DHS), *Financial Management Policy Manual* (FMPM), Chapter 3, 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>
17. U.S. General Service Administration (GSA), *Federal Management Regulation (FMR)*.
<http://www.gsa.gov/portal/ext/public/site/FMR/file/FMRTOC.html/category/21856/hostUri/portal>

18. *Civil Engineering Manual*, COMDTINST M11000.11 (series).
<http://www.dcms.uscg.mil/directives>
19. *Coast Guard Acquisition Procedures (CGAP)*.
<http://www.dcms.uscg.mil/directives>
20. *Electronics Manual*, COMDTINST M10550.25 (series).
<http://www.dcms.uscg.mil/directives>
21. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
<http://www.dcms.uscg.mil/directives>
22. *Motor Vehicle Manual*, COMDTINST M11240.9 (series).
<http://www.dcms.uscg.mil/directives>
23. *U.S. Coast Guard Personal Property Management Manual (PPMM)*, COMDTINST M4500.5 (series).
<http://www.dcms.uscg.mil/directives>
24. *U.S. Coast Guard Real Property Management Manual (RPMM)*, COMDTINST M11011.11 (series).
<http://www.dcms.uscg.mil/directives>
25. *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
<http://www.dcms.uscg.mil/directives>

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 effective and efficient internal controls for the valuation and recognition of real and personal property assets 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 personal property and the financial accounting and reporting of both real and personal property assets.
2. Provides oversight for the development of financial policies and procedures for Coast Guard property in coordination with the Finance Center (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 Chief Financial Officer (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. Guides the Coast Guard toward meeting Federal Financial Management Standards and Policies such as Federal Accounting Standards Advisory Board (FASAB), Treasury and Office of Management and Budget (OMB) requirements.
4. Manages and oversee the Department of Homeland Security (DHS) corrective action process, ensuring close coordination between all CFO audit remediation stakeholders.
5. Monitors CFO audit corrective actions to ensure corrective action taken is consistent with DHS and CG-wide internal control standards.

6. 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 *Management's Responsibility for Internal Control*, COMDTINST 5200.10 (series);
 - b. Compliance with the Federal Financial Management Improvement Act (FFMIA);
 - c. Compliance with the Federal Managers Financial Integrity Act (FMFIA);
 - d. Compliance with the interpretation of OMB Circular A-123, "Management's Responsibility for Internal Control"; and
 - e. 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)

For detailed responsibilities related to FINCEN refer to the *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 7.5 (Financial Procedures for Real and Personal Property).

7.5.2.10 Headquarters Offices

Commandants (CG-6, CG-7, CG-84, CG-928, and DCMS-83) are responsible for 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.

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 and supported by the proper documentation.

For detailed responsibilities for the following CG personnel refer to the *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 7.5 (Financial Procedures for Real and Personal Property).

1. Area and District Commanders and HQ Managers
2. Commanders of the Civil Engineering Units (CEUs), Facility Design and Construction Centers (FD&CCs), and HQ Units (Real Property only)
3. Units (Personal Property only)
4. Acquisition Project Manager
5. Regional Boat Manager
6. Regional Motor Fleet Manager

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 if the NBV is unknown. 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 an 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.

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), Procedure No. 10.2.7 (Alternate Valuation and Alternate Date-In-Service Documentation (Real and Personal Property)). 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 5760.14 (series). Any gifts not approved for retention shall be reported to Commandant (CG-844) 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 (PPMM)*, COMDTINST M4500.5 (series), or the *U.S. Coast Guard Real Property Management Manual (RPMM)*, 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-PC&I Projects*

1. Acquisitions and improvements to capital assets procured with non-PC&I funds that meet capitalization thresholds shall be recorded directly into the designated fixed asset system by the procuring unit.
2. Non-PC&I capital asset additions shall be placed on a “hold” status pending receipt by FINCEN of all cost documentation to support capitalization and entry into the designated fixed asset system.

7.5.4 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. Assets permanently removed from service 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.

7.5.5 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 the 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.

7.5.6 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.

Oracle Projects does not include detailed costs incurred on the project by ICP activities or the Coast Guard Yard. These transactions appear in the Oracle FAM as a summary figure for ICP transactions.

7.5.7 Inventory – Capital Assets

Refer to Chapter 10, for detailed explanation of the annual inventory of Real and Personal property.

7.5.8 Real Property

The existence of real property assets shall be certified periodically, as determined by Commandant (CG-84).

7.5.9 Personal Property

1. 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 FAM.
2. 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, including requests for changes/corrections shall be submitted to Commandant (CG-844) in accordance with timeframes established by Commandant

(CG-844) and corrections will then be made in FAM. All requests for changes/corrections 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.

OM&S are 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).

For detailed responsibilities and procedures on the accounting and reporting of operating materials and Supplies refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.6 (Financial Procedures for Operating Materials and Supplies).

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://fasab.gov/pdffiles/2015_fasab_handbook.pdf
2. Federal Accounting Standards Advisory Board, *Interpretation 7, Items Held for Remanufacture*, March 2007.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
3. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
<http://www.dcms.uscg.mil/directives>

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 *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.

7.6.2.5 *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.

In addition to the responsibilities listed above, the Finance Center (FINCEN) is responsible for reviewing and monitoring field activities to ensure timely completion, resolution, and compliance with approved Coast Guard policy and procedures and exercising direct supervision over the review, control, follow up and reconciliation of documents in support of general ledger control accounts balances. For detailed responsibilities on the recognition, valuation, and disclosure of OM&S, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.6 (Financial Procedures for Operating Materials and Supplies).

7.6.3 Policy

7.6.3.1 *Recognition*

OM&S purchased and maintained by 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.
Note: 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 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 (GLs), 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; Operations & Support (O&S) funds; reimbursable funds; and Procurement, Construction, and Improvement (PC&I) funds.

For definitions and detailed responsibilities and procedures relating to the management of recorded stock items values and related transactions in the appropriate accounts by ICPs refer to the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.7 (Financial Accounting and Reporting of INV and OM&S for Coast Guard Inventory Control Points (ICPs)).

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 GL 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, 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 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 of 1982 (FMFIA)*. P.L. 97-255.
https://obamawhitehouse.archives.gov/omb/financial_fmfia1982
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://fasab.gov/pdffiles/2015_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://fasab.gov/pdffiles/2015_fasab_handbook.pdf
6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*, November 1995.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
7. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 48, *Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials*, January 2016.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
8. Federal Accounting Standards Advisory Board, *Interpretation 7, Items Held for Remanufacture*, March 16, 2007.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
9. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
10. Office of Management and Budget, *Memorandum M-13-23, Appendix D to Circular No. A-123, Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
11. American Institute of Certified Public Accountants (AICPA), SAS No. 106, *Statement of Auditing Standards, Audit Evidence*, December 2006.
<http://www.aicpa.org/research/standards/auditattest/pages/sas.aspx>
12. *Coast Guard Uniform Supply Operations Manual*, COMDTINST M4121.4 (series).
<http://www.dcms.uscg.mil/directives>
13. *U.S. Coast Guard Personal Property Management Manual (PPMM)*, COMDTINST M4500.5 (series).
<http://www.dcms.uscg.mil/directives>

7.7.5 Responsibilities

Following are the offices and their respective responsibilities for financial accounting and reporting of INV and OM&S at the ICPs.

7.7.5.1 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.

7.7.5.2 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.

7.7.5.3 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.

7.7.5.4 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. Ensures that physical inventories conducted at the ICPs are in accordance with this policy.
3. Ensures that all ICP reporting (e.g., inventories, financial) is executed in accordance with this policy.

7.7.5.5 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.

7.7.5.6 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. 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.
4. All documentation must be retained in accordance with *Information and Life Cycle Management Manual*, COMDINST M5212.12 (series).

7.7.5.7 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.

7.7.5.8 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.

7.7.5.9 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 Chief Financial Officer (CFO) reporting requirements.

7.7.5.10 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 (SOPs) 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.

7.7.5.11 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 Office of Management and Budget (OMB) bulletins, Department of the Treasury (Treasury) bulletins, Department of Homeland Security (DHS) directives, and Federal Accounting Standards Advisory Board (FASAB) rules and regulations.

7.7.5.12 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.

7.7.5.13 SLFC/Yard and ALC Financial Officer

The SFLC/Yard and ALC senior Financial Officers (comptrollers) ensure that all SFLC/Yard and ALC reporting is timely, accurate, and in accordance with this policy.

7.7.6 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.

7.7.6.1 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 GL accounts.

ICPs shall classify each stock item in one of the categories shown in Table 7.1 (Classification of ICP Stock Items) below.

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) including inventory held in the Supply Fund and Industrial Fund; 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

Classification Category	Description – Classification	General Ledger Account Series	Financial Statement Line Item
Operating Materials and Supplies	Consumable 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

7.7.6.2 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.

7.7.6.3 Acquisition of Stock Items at ICPs (Non-ICP Acquisitions)

Stock items are occasionally acquired for the ICPs by Headquarters (HQ) or other entities, using formal contracts (major acquisitions) or other methods. Advance ICP approval is required before items are delivered to the ICPs. 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. 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. ICPs shall work with Commandant (CG-9), HQ acquisition project managers (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.
2. 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 (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 7.7.6.8 (Valuation of Stock Items at ICPs).
3. Stock items lacking complete documentation shall be accepted as frustrated stock items (see description in Subsection 7.7.6.5 (Frustrated Receipt of Stock Items at ICPs) below).

7.7.6.4 Receiving of Stock Items at ICPs

Initial physical control begins when title passes to an entity or when the items are delivered and accepted. 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.

7.7.6.5 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 GL account. Consequently, frustrated receipt stock items are not reflected in Coast Guard financial statements.

7.7.6.6 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 GLs. 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.

7.7.6.7 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, or prepared for delivery as needed. As these items become warehouse stock, the warehouse records are updated, noting the warehouse shelf or other location that is reflected in the ICP stock system.

7.7.6.8 Valuation of Stock Items at ICPs

Financial transactions are recorded in the ICP GL and the ICP sub-systems are updated as stock items are receipted and accepted (passing of title).

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

Acquisition Type	Documentation Required for Valuation
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

7.7.6.9 *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.

7.7.6.10 *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, Navy type/Navy owned (NTNO) items need special consideration to determine applicable 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.

7.7.6.11 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 GL. Certain key processes, such as the statistical-based physical inventories, rely heavily on the accuracy of both the stock ledger and the GL. For these reasons, it is imperative that the two ledger systems remain in balance.

7.7.6.12 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.

7.7.6.13 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.

ICPs shall ensure that reclassifications are executed and documented in accordance with Subsection 7.7.6.1 (Classification of Newly Acquired Stock Items at ICPs) and that all financial records are updated to reflect the reclassification.

7.7.6.14 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 GLs.

7.7.6.15 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.

7.7.6.16 *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.

7.7.6.17 *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 Department of Defense (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.

7.7.6.18 *Disposals, Transfers, and Retirement of Stock Items at ICPs*

Stock items considered EOU are routinely issued to an authorized disposal activity, transferred, or issued to an authorized recipient (e.g., foreign military sale).

7.7.6.19 *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.

7.8 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).

7.8.1 Overview

This Section implements the requirements of the 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.

For definitions, detailed responsibilities and procedures on capitalizing material cost of software, refer to the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.8 (Accounting for Coast Guard Internal Use Software).

7.8.2 Authorities

1. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*, July 1995.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
2. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*, November 1995.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 10, *Accounting for Internal Use Software*, October 1998.
http://fasab.gov/pdffiles/2015_fasab_handbook.pdf
5. Federal Accounting Standards Advisory Board, Technical Release 16, *Implementation Guidance for Internal Use Software*, January 2016.
http://files.fasab.gov/pdffiles/handbook_tr_16.pdf
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/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.1%20Property,%20Plant%20and%20Equipment.pdf>

7.8.3 Responsibilities

The Subsections that follow list the offices and their respective responsibilities for internal use software accounting.

7.8.3.1 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.

3. Oversees the capitalization of internal use software, and preparation and submission of financial statements and reports for internal use software.

7.8.3.2 Finance Center (FINCEN)

FINCEN personnel ensure that internal use software assets meeting capitalization requirements are accurately recorded in the correct property, plant, and equipment (PP&E) accounts.

7.8.3.3 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.

Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.8 (Accounting for Coast Guard Internal Use Software) for detailed responsibilities for the following Coast Guard personnel:

1. Commanders of Logistics and Service Center Commands and HQ Units; HQ Program Managers
2. Software Project Managers
3. Software Program Managers

7.8.4 Recognition and Valuation

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.
3. Costs incurred after final acceptance testing has been successfully completed should be expensed. Where the software is to be installed at multiple sites, capitalization should

cease at each site after testing is complete at that site. The Coast Guard should identify a pre-determined agency milestone such as the go-live or in-service date which is equivalent to a final acceptance test for capitalization cut off purposes.

7.8.4.1 Accounting for Internal Use Software Cost Incurred

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.
Post Implementation/Operational	Training Data conversion Maintenance Enhancement Impairment/Discontinued	Expense. Expense. Expense. See Subsection 7.8.4.7. See Subsection 7.8.4.8. Remove asset.

7.8.4.2 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.

7.8.4.3 Software Purchased from Vendors

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.

7.8.4.4 *Software Licenses*

1. If the term of software license(s) is 2 years or more with periodic payments, the license should be evaluated against lease criteria as stated in SFFAS No. 5, Accounting for Liabilities of the Federal Government, Paragraphs 43-46 and SFFAS No. 6, Accounting for Property, Plant, and Equipment, Paragraph 20 to determine if it is a capital or operating lease. If the license(s) is perpetual with an upfront cost to use the software for its entire lifetime, then the entity is purchasing IUS and should apply its existing policy for capitalization thresholds to determine if the license should be capitalized or expensed.
2. A license agreement may include executory costs for maintenance and technical support. Agency judgment should apply in determining what portions of license fees are attributable to software capitalizable costs versus executory costs. Assuming lease capitalization criteria and thresholds are met, software license capitalization amounts may be derived from the payment schedule contained in the license agreement. As stated in SFFAS No. 5, Accounting for Liabilities of the Federal Government, if the portion of the minimum lease payments representing executory cost is not determinable from the lease provisions, the amount should be estimated. Agencies may also want to consider having each license agreement specifically identify the various costs throughout the license lifecycle, for example, initial license, maintenance, and enhancement.

7.8.4.5 *Shared Services*

1. Shared Service means a mission or support function provided by one business unit to other business units within or between organizations. The funding and resourcing of the service is shared and the providing entity effectively becomes an internal/external service provider. There are three types of shared service structures in the federal government: intra-agency, interagency and commercial. Intra-agency shared services include those provided within the boundaries of a specific organization such as a federal department or agency, to that organization's internal units. Interagency shared services are those provided by one federal organization to other federal organizations that are outside of the provider's organizational boundaries. Commercial shared services are those provided by private vendors.
2. For intra-agency shared services, a cost allocation methodology could be developed in accordance with SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, Paragraphs 120 through 125. For interagency shared services and commercial shared services, the service provider entity that owns (receives funding/responsible for maintaining) the software should account for the software in accordance with SFFAS No. 10, *Accounting for Internal Use Software*. In the event that the entity receiving the service (the customer) has the contractual right to take possession of the software at any time during the hosting period without significant penalty, and it is feasible for the customer to either run the software on its own hardware or contract with another party unrelated to the vendor to host the software, then the customer should account for the software in accordance with SFFAS No. 10, *Accounting for Internal Use Software*.
3. If the shared service arrangement includes a software license, the customer should account for the software license element of the arrangement consistent with the acquisition of their other software licenses, as discussed above.

Note: SFFAS No. 10, *Accounting for Internal Use Software*, is not applicable to a shared service arrangement that does not convey a contractual right to the IUS or to ones that do not include an IUS license.

7.8.4.6 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. Likewise, when an enhancement is made that extends the life of the software; the established life must be extended for amortizing the remaining costs.
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.

7.8.4.7 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. Significant additional capabilities are modifications to existing IUS that result in additional functionality—that is, modifications to enable the software to perform tasks that it was previously incapable of performing.
2. If one module is dependent upon another to function, then those modules should be evaluated together as one enhancement. All costs of an enhancement, including any costs carried over or allocated from the original software, should be amortized over the enhancement's estimated useful life.
3. 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 for a nominal cost. Also, the purchase of enhanced versions of software for a nominal charge shall be expensed in the period purchased.
4. 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.

7.8.4.8 Impairment

Coast Guard will recognize impairment when discontinuing or removing a portion of the software from use. The impairment of software requires the following process:

1. Recognize impairment when discontinuing 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 a developmental software project is suspended pending management's evaluation as to whether to resume or terminate the project, the software development cost may remain capitalized as long as it is more likely than not that the developmental software project will eventually be completed and the cost incurred or expected to be incurred meets the capitalization threshold. The status of the project should be reevaluated periodically and the capitalized cost should be written off if management concludes that it is more likely than not that the software will not be placed into service in the future.
4. When discontinuing 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.

7.8.4.9 *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.

7.8.4.10 *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). If purchased separately, these items would not be significant or material.

1. Bulk purchases of internal use software and modules/components of a total software system that meet the capitalization threshold of \$750,000 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 a bulk purchase does not meet the capitalization threshold, it shall be expensed in the month acquired.
3. Bulk purchases held in the Supply Fund shall be treated as inventory, until sold (e.g., Oracle Fixed Assets, Entrust Digital Signature).

7.8.4.11 *Post Implementation Cost*

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.
3. See Subsection 7.8.4.8 (Impairment) in this Manual for treatment of post implementation costs related to impairments.

7.9 Financial Policy for Revenue and Accounts Receivable

7.9.1 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 SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, 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, *Accounting for Selected Assets and Liabilities*, 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.

For definitions, detailed responsibilities and procedures relating to the recording, maintaining, and reporting of revenue and receivable values, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.9 (Revenue and Accounts Receivable).

7.9.1.1 *Purpose*

The purpose of this Section is to establish compliant policies in support of the revenue and accounts receivable life cycle.

7.9.1.2 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).

7.9.2 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.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. *Debt Collection Improvement Act of 1996* (DCIA). PL 104-134, Chapter 10, Section 31001.
http://fiscal.treasury.gov/fsservices/gov/debtColl/rsrsrcTools/debt_dca.htm
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.
https://obamawhitehouse.archives.gov/omb/financial_fmfia1982
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. 14 USC 946, "User Fees".
<http://uscode.house.gov/>
9. 46 USC 2110, "Fees".
<https://www.gpo.gov/fdsys/granule/USCODE-2011-title46/USCODE-2011-title46-subtitleII-partA-chap21-sec2110/content-detail.html>
10. Department of Homeland Security Appropriation Act.
<https://www.congress.gov/114/plaws/publ4/PLAW-114publ4.pdf>

11. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, March 1993.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
12. 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*, May 1996.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
13. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, June 2015.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
14. Office of Management and Budget, Circular A-25, Transmittal Memorandum No. 1, *User Charges*, July 1993.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
15. Office of Management and Budget, Circular A-76, *Performance of Commercial Activities*, May 2003 and revision of Oct 2006.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
16. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
17. Office of Management and Budget, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
18. Office of Management and Budget, Circular A-129, *Policies for Federal Credit Programs and Non-Tax Receivables*, January 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
19. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
20. Department of the Treasury, Bureau of the Fiscal Service, *Managing Federal Receivables*, March 2015.
http://fiscal.treasury.gov/fsservices/gov/debtColl/rsrsrcTools/debt_guidance_mfr.htm
21. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Parts 2, 4, and 6.
<http://tfm.fiscal.treasury.gov/v1.html>
22. Department of Homeland Security, Chief Financial Officer, *Component Requirements Guide for Financial Reporting* (series).
<http://cfo-policy.dhs.gov/default.aspx>

23. 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>
24. 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>
25. *Coast Guard Claims and Litigation Manual*, COMDTINST M5890.9 (series).
<http://www.dcms.uscg.mil/directives>
26. *Finance Center Standard Operating Procedures*, Chapter 9, “Procedures for Receivables, Collections and Lockbox”.
<http://www.dcms.uscg.mil/directives>
27. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
<http://www.dcms.uscg.mil/directives>

7.9.3 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.

7.9.3.1 *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.

7.9.3.2 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.

7.9.3.3 Office of Financial Systems Business Requirements (CG-86)

Commandant (CG-86) ensures that financial systems comply with applicable external requirements, including effective internal controls.

7.9.3.4 Office of Resource Management (CG-83)

Commandant (CG-83) monitors receivables established under reimbursable agreements (RAs) and user fee reimbursement authority, concurrent with budget execution and other duties.

7.9.3.5 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.

7.9.3.6 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.

7.9.3.7 Academy, ALC, FINCEN, NPFC, SILC, PPC, and SFLC/Yard

The Coast Guard Academy, Aviation Logistics Center (ALC), Finance Center (FINCEN), National Pollution Funds Center (NPFC), Shore Infrastructure Logistics Center (SILC), 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.

7.9.3.8 *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.

7.9.3.9 *National Pollution Funds Center (NPFC)*

In addition to the responsibilities noted in Subsection 7.9.3.7 (Academy, ALC, FINCEN, NPFC, PPC, and SFLC/Yard) 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 (NRF).

7.9.3.10 *FINCEN*

FINCEN personnel:

1. Maintain GL balances for accounts receivable in CAS.
2. Require reconciliation of subsidiary records to controlling GL accounts.
3. Maintain receivables/collections for assigned programs.

7.9.3.11 *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.

For additional responsibilities on maintaining, recording, and accounting for revenue and receivables, please refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.9 (Revenue and Accounts Receivable).

7.9.4 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 7.9.4.3);
2. Entity Exchange Revenue (see Subsection 7.9.4.4); and
3. Non-Entity Custodial Revenue (see Subsection 7.9.4.5).

All documentation used to support entity non-exchange, entity exchange, non-entity custodial revenue values, reconciliations and adjustments, intragovernmental receivable values, and MILSTRIP messages, receiving reports, and invoices shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.9.4.1 Authorities

In addition to the general authorities listed in Subsection 7.9.2, the following authorities apply specifically to revenue:

1. 14 USC 946, "User fees."
<http://uscode.house.gov/>
2. 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>
3. 46 USC 2110, "Fees."
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title46/pdf/USCODE-2011-title46-subtitleII-partA-chap21-sec2110.pdf>
4. 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*, September 2001.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf

7.9.4.2 Responsibilities

7.9.4.2.1 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.

7.9.4.2.2 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.

7.9.4.2.3 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.

7.9.4.2.4 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.

7.9.4.2.5 Academy, ALC, FINCEN, NPFC, PPC, and SFLC/Yard

The Coast Guard Academy, ALC, FINCEN, NPFC, PPC, and 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.

7.9.4.3 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 the contribution.

7.9.4.3.1 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 (SBR) and the Statement of Net Cost (SNC) 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.

7.9.4.4 *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.

7.9.4.4.1 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 Account Fund Symbol. The values of entity exchange revenue are then reported in the SNC and the SBR.
2. All values recorded in the CAS, ALMIS, and NESSS GLs shall be supported by proper documentation, such as RAs 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.

7.9.4.5 *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.

7.9.4.5.1 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 TAF S 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 131000 (Accounts Receivable), 134000 (Interest Receivable), 136000 (Penalties and Fines Receivable), and 137000 (Administrative Fees Receivable) less the corresponding Allowances for Loss (USSGL 131900, 134700, and 136700) equals the Custodial Liability (USSGL 298000) 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.

7.9.5 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.

7.9.5.1 *Authorities*

In addition to the general authorities listed in Subsection 7.9.2, the following authorities apply specifically to accounts receivable:

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>
3. Treasury Financial Manual, Volume I, Part 3, Chapter 7000
<https://tfm.fiscal.treasury.gov/v1/p3/c700.html>

7.9.5.2 *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, *Accounting for Selected Assets and Liabilities*, 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, except when waived as allowed by law. See Subsection 7.9.5.8 (Invoicing and Billing Policy) 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 7.9.5.8 (Invoicing and Billing Policy) 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 Subsection 7.9.5.11 (Allowance for Doubtful Accounts (AFDA)).
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 Subsection 7.9.5.11 (Allowance for Doubtful Accounts (AFDA)).
12. The Coast Guard shall transfer all public receivables over 120 days delinquent to Treasury's Bureau of the Fiscal Service 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 OMB in consultation with Treasury. See Subsection 7.9.5.12 (Write-offs).
14. The Coast Guard shall recognize foreign military sales and NAFIs as transactions with the public, and shall include them in the Treasury Report on Receivables (TROR).

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, 91-120 days, and over 120 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 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.

7.9.5.3 *Intragovernmental Receivables*

Receivables due from DHS components or OGAs are "intragovernmental receivables" and are reported separately from receivables due from public entities or individuals. Intragovernmental receivables also include those receivables related to RAs 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 (AFDA) for receivables between Federal entities.

7.9.5.3.1 *Authorities*

In addition to the general authorities listed in Subsection 7.9.2, 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://tfm.fiscal.treasury.gov/v1.html>
2. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), Chapter 3, Section 3.7, “Intragovernmental Actions, Transactions, and Reporting”.
<http://cfo-policy.dhs.gov/default.aspx>

7.9.5.3.2 Policy

1. The Coast Guard, like all U.S. Government departments and agencies, must follow the “Intragovernmental Transaction (IGT) Guide” promulgated by 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 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. U.S. Treasury Central Accounting Reporting System (CARS) introduced new requirements for all Government agencies’ financial data elements, including classification of activities that is reinforced using two key components: an improved Component Treasury Accounting Symbol (TAS) format and a newly introduced Business Event Type Code (BETC). These financial data elements requirements and required funding document are to be used for all intra/interagency agreements, from both the

buyer and seller perspective, to meet CARS implementation requirements for intra-governmental transactions. These identifiers, and other required accounting data elements, include, at a minimum, the Agency Location Code (ALC) and Business Partner Network (BPN) Number, specific accounting line data, effective dates, trading partner codes, 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 the 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 Bureau of the Fiscal Service website at: <https://www.fiscal.treasury.gov/fsservices/gov/acctg/ipac/Chapter4700Appendix10Buy-Sell.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 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 DHS CFO for assistance; and
 - 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, Bureau of the Fiscal Service - Governmentwide Accounting (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.

7.9.5.4 *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, electronic and buoy items; and
2. Yard Fund (which includes the Industrial Fund) – provides services such as construction, repair, and alteration of vessels, and fabrication of buoys and other special items for the Coast Guard and OGAs. 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 SF 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 related to revenue and receivables of revolving funds.

7.9.5.4.1 Authorities

In addition to the general authorities listed in Subsection 7.9.2, the following authorities apply specifically to revolving funds:

1. 14 USC 939, “Accounting for industrial work.”
<http://uscode.house.gov/>
2. 14 USC 941, Coast Guard Supply Fund.
<http://uscode.house.gov/>
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://tfm.fiscal.treasury.gov/v1.html>
5. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
<http://www.dcms.uscg.mil/directives>

7.9.5.4.2 Responsibilities

In addition to the overall responsibilities listed in Subsection 7.9.3, the following specific responsibilities apply to revolving funds:

7.9.5.4.2.1 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 OGAs.

7.9.5.4.2.2 Funds Control Division (CG-831)

Commandant (CG-831):

1. Performs the program manager function for the SF.
2. Establishes procedures for SF units.
3. Facilitates apportionment of SFs with OMB and FINCEN.
4. Facilitates reporting of SF transactions.

7.9.5.4.3 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 shall not incur costs from the SF or the Yard Fund until it receives an RA, Military Interdepartmental Procurement Request (MIPR), or purchase request (PR) 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 SF 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 PR 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 Department of Defense's (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. Units with SF accounts are responsible for the establishment, review, revision, and publication of standard sales prices for SF items stocked within their particular segment of the Coast Guard Supply System.
10. SF managers shall review standard sales prices a minimum of once per year.
11. All SF units with a surcharge shall review all Operations & Support (O&S) annually to ensure that the surcharge is sufficient to cover operation costs.
12. All SF units shall submit analyses of surcharge rates and recommendations for changes to Commandant (CG-831) no later than 31 July of each year.
13. All SF units shall submit Capital Authorization (CA) requests/recommendations for changes to Commandant (CG-831) no later than 31 July 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.

7.9.5.5 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 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 Units that collect fees, including Regional Examination Centers, the National Vessel Documentation Center, and Overseas Vessel Inspection Units. Guidelines for user fees collection audits are set forth in *User Fee Collection Policies and Procedures*, COMDINST M7042.1 (series).

7.9.5.5.1 Authorities

In addition to the general authorities listed in Subsection 7.9.2, the following authorities apply specifically to user fees:

1. 14 USC 946, "User fees".
<http://uscode.house.gov/>
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. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual (TFM)*, Volume 1, Part 5, “Deposit Regulations”.
<http://tfm.fiscal.treasury.gov/>
8. *Title 46 User Fee Collection Policies and Procedures*, COMDTINST M7042.1 (series).
<http://www.dcms.uscg.mil/directives>

7.9.5.5.2 Responsibilities

In addition to the overall responsibilities listed in Subsection 7.9.3, the following specific responsibilities apply to user fees:

7.9.5.5.2.1 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 (CFO Act), 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.

7.9.5.5.2.2 Office of General Law (CG-0944)

1. Advises Commandant (CG-8) and Coast Guard component officials on matters regarding the interpretation of user fee laws.
2. Works with programs to draft language for new laws and regulations or changes to laws and regulations.

7.9.5.5.2.3 Director of Operations Resource Management (CG-DCO-8)

1. Oversees the development and management of Coast Guard user fees for DCO programs.
2. Provides guidance to FINCEN, Officers in Charge of Marine Inspection, and vessel owners, including any waivers and exemptions of vessel inspection user fees.
3. Reviews the user charges for DCO programs biennially to include: (1) assurance that full costs of providing services are known and that appropriate actions are taken by DCO program offices to adjust fees as needed; and (2) a review of all other DCO programs to determine whether fees should be assessed for Government services or the user of Government goods or services.
4. 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.
5. 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.
6. Institutes user fee charges through the promulgation of regulations or submits revisions to legislation as appropriate.

7.9.5.5.2.4 Finance Center (FINCEN)

1. Manages the user fee collection process.
2. Serves as the primary contact for responding to questions related to the collection process audits conducted by FINCEN.
3. Maintains *Title 46 User Fee Collection Policies and Procedures*, COMDTINST M7042.1 (series), audit checklists, cash register operations, credit card processing equipment, and check scanners.
4. Procures all equipment that is used in the user fee collection process. 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.

7.9.5.5.3 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 14 USC 946, 31 USC 9701, 46 USC 2110, 46 USC 3317, and 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, 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. For certain user fees, e.g., vessel inspections, Coast Guard follows 14 USC 946 and 46 USC 2110, which requires user fee collections to be deposited in the general fund of the Treasury as proprietary receipts or as offsetting receipts (if using 46 USC 2110) of the department in which the Coast Guard is operating and ascribed to Coast Guard activities.
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. Programs and Units collecting fees are responsible for ensuring amounts deposited and posted match those sent for deposit and that the amounts are correct for services provided.
15. Programs and Units collecting fees are responsible for following all appropriate DHS, CG, Treasury, GAO, OMB laws, regulations and policies for handling cash.

7.9.5.6 Fines and Penalties

Civil fine and penalty action (including the NOV 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 OSLTF will be addressed in Subsection 7.9.5.7.3.1 (OSLTF Fines and Penalties).

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 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 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.

7.9.5.6.1 Authorities

In addition to the general authorities listed in Subsection 7.9.2, authorities to collect civil fines and penalties are covered under various titles of the United States Code (USC) and Code of Federal Regulations (CFR). These specific authorities are outlined in the various enforcement instructions and guides, including:

1. *Civil Penalty Procedures and Administration*, COMDTINST 16200.3 (series).
<http://www.dcms.uscg.mil/directives>
2. *Notice of Violation User's Guide*, COMDTINST M5582.1 (series).
<http://www.dcms.uscg.mil/directives>
3. *Coast Guard Hearing Officer Procedures*, COMDTINST 16200.5 (series).
<http://www.dcms.uscg.mil/directives>
4. *United States Coast Guard Civil Penalty Case Guide*.
<http://www.dcms.uscg.mil/directives>

5. Finance Center Standard Operating Procedures (SOP).
<http://www.dcms.uscg.mil/directives>

7.9.5.6.2 Responsibilities

In addition to the overall responsibilities listed in Subsection 7.9.3, the following specific responsibilities apply to user fees:

7.9.5.6.2.1 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.

7.9.5.6.2.2 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.

7.9.5.6.2.3 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.

7.9.5.6.2.4 Area and District Commanders

Ensure that subordinate unit commanders process civil fine and penalty cases in a timely manner.

7.9.5.6.2.5 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.

7.9.5.6.2.6 Hearing Officers (LSC-West)

Ensure enforcement activities are properly completed and processed in a timely manner.

7.9.5.6.3 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 (DOJ) for criminal proceedings.

7.9.5.7 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 (OPA) authorized the 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 GL. 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.

7.9.5.7.1 Authorities

In addition to the general authorities listed in Subsection 7.9.2, 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>

7.9.5.7.2 Responsibilities

In addition to the overall responsibilities listed in Subsection 7.9.3, the following specific responsibilities apply to OSLTF receivables:

7.9.5.7.2.1 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 (EPA).
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.

7.9.5.7.2.2 Finance Center (FINCEN)

Processes financial transactions related to the OSLTF fines, penalties, and cost recoveries.

7.9.5.7.3 Policy

7.9.5.7.3.1 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.

7.9.5.7.3.2 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 DOJ or 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.

7.9.5.8 Invoicing and Billing Policy

A bill is a statement of demand for money due from individuals, commercial vendors, and 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 ALC, Coast Guard Academy (Academy), FINCEN, LSC-West, NPFC, PPC, and 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 OPA and to better protect the Federal Government's assets and minimize losses.

7.9.5.8.1 Authorities

In addition to the general authorities listed in Subsection 7.9.2, 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. *Title 46 User Fee Collection Policies and Procedures*, COMDTINST M7042.1 (series).
<http://www.dcms.uscg.mil/directives>

7.9.5.8.2 Policy

1. The Coast Guard shall be responsible for the preparation of invoices to individuals, 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.

7.9.5.9 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, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, 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.

7.9.5.10 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 120 days delinquent to Treasury’s Bureau of the Fiscal Service for offset and cross-servicing, according to the 1996 Debt Collection Improvement Act and related Bureau of the Fiscal Service 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 120 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 GL;
8. Processing remittances in accordance with applicable regulations. Timely entry shall be made to accounts receivable; and
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*.

7.9.5.11 Allowance for Doubtful Accounts

The 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.

7.9.5.11.1 Authorities

In addition to the general authorities listed in Subsection 7.9.2, 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>

7.9.5.11.2 Responsibilities

In addition to the overall responsibilities listed in Subsection 7.9.3, the following specific responsibilities apply to the AFDA:

7.9.5.11.2.1 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.

7.9.5.11.2.2 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.

7.9.5.11.2.3 Accounts Receivable Managers

Accounts receivable managers at ALC, FINCEN, LSC-West, NPFC, PPC, and 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 is 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.

7.9.5.11.3 Policy

AFDA balances are recorded and maintained in the CAS, NESSS, and ALMIS 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; and
6. All reconciliation packages shall be reviewed and submitted with the appropriate approval signatures and dates. The packages shall be properly stored.

7.9.5.12 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.

7.9.5.12.1 Authorities

In addition to the general authorities listed in Subsection 7.9.2 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”.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
3. Internal Revenue Service, “Instructions for Forms 1099-A and 1099-C”.
<http://www.irs.gov/instructions/i1099ac/index.html>

7.9.5.12.2 Responsibilities

In addition to the overall responsibilities listed in Subsection 7.9.3, the following specific responsibilities apply to write-offs:

7.9.5.12.2.1 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. Ensures financial information is in 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.

7.9.5.12.2.2 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 CNC) 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 TROR, and the Debt Collection Improvement Act (DCIA) Annual Report.

7.9.5.12.3 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 DOJ 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. 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 (IRS) 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 Cancellation of Debt, IRS Form 1099-C. (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 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 a Cancellation of Debt, 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 receivables 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 the 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.

7.9.5.13 *Accounts Receivable Reporting Requirements*

Accounts receivable represent amounts due to the Coast Guard from other Federal agencies and the public. Intragovernmental accounts receivable arises 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 results from user fees, fines and penalties, and the provision of goods and services. Public accounts receivable is presented net of an AFDA, 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.

7.9.5.13.1 Responsibilities

In addition to the overall responsibilities listed in Subsection 7.9.3, the following specific responsibilities apply to accounts receivable reporting requirements:

7.9.5.13.1.1 *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. Ensures accounts receivable financial information is in compliance with applicable Federal accounting standards, policies, laws, and regulations.

7.9.5.13.1.2 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.

7.9.5.13.1.3 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.

7.9.5.13.1.4 Office of Resource Management (CG-83)

Commandant (CG-83) performs all program management functions relating to receivables established under reimbursable and refund programs.

7.9.5.13.1.5 Office of Information Management (CG-61)

Commandant (CG-61) ensures compliance with governmental regulations relating to accounts receivable financial records retention.

7.9.5.13.1.6 Finance Center (FINCEN)

FINCEN executes all pertinent policies, procedures, and internal controls related to receivables.

7.9.5.13.1.7 Director of Contracting & Procurement (CG-91)

Commandant (CG-91) 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 RAs.
4. Forwards copies of all established agreements to applicable units (ALC, FINCEN, NPFC, SFLC/Yard).

For additional guidance on the requirements for recognizing, recording, reporting, and documenting accounts receivable amounts, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.9 (Revenue and Accounts Receivable).

7.9.5.13.2 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 AFDA 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 (DOD).
 - b. Non-Federal (due from the public) receivables – Claims against non-Federal entities such as State or local governments, businesses, individuals, including NAFIs.
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.

7.9.5.13.2.1 Accounts Receivable Reports

FINCEN and other accounting units shall generate monthly accounting reports and perform reconciliations through GL and subsidiary ledger systems. The reports produced include:

1. Accounting system reports; and
2. TROR.

7.9.5.13.2.2 Accounting System Reports/General Reports

FINCEN and other accounting units shall utilize the reports generated in the accounting system to perform monthly reconciliation between the receivable subsidiary ledgers and the GL. Reconciliations shall 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.

7.9.5.13.2.3 Treasury Report on Receivables (TROR)

In accordance with *Treasury Financial Manual*, Volume 1, Part 3, Chapter 7000, 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. The consolidated TROR balances must reconcile to the Coast Guard's financial statement balances. If any installment is delinquent more than 120 days, FINCEN shall report the debt on the TROR as delinquent more than 120 days.

If any part of a debt has been delinquent more than 120 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. 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. 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 Reimbursable Agreements

Note: This Manual predominantly covers reimbursable agreements (RA) where Coast Guard is the seller of goods and services. When Coast Guard is the buyer of goods and services from other Government agencies it can be an assisted acquisition requiring contracting officer review and approval or it can be a “financial transaction” RA that can be obligated by certain financial managers without contracting officer participation. These financial transaction type RAs are covered in Subsection 7.10.1 (Reimbursable Agreements – Coast Guard as Buyer) of this Manual.

7.10.1 Reimbursable Agreements – Coast Guard as Buyer

The Economy Act of 1932, as amended, and codified in 31 USC 1535, permits the head of an agency or major organizational unit within an agency to place an order with a major organizational unit within the same agency or another agency for goods or services if:

1. the amounts are available;
2. the head of the ordering agency or unit decides the order is in the best interest of the United States Government;
3. the agency or unit to fill the order is able to provide or get by contract the ordered goods or services; and
4. the head of the agency decides ordered goods or services cannot be provided by contract as conveniently or cheaply by a commercial enterprise.

Reimbursable Agreements (RAs) between Federal agencies are called “interagency agreements” (IAAs), while those between components of the same agency are called “intra-agency agreements.” Interagency Reimbursable Work Agreements (IRWAs), which are deemed financial transactions, must be properly established and document a formal relationship between the parties prior to requesting goods or services. An agreement must be developed and approved under the appropriate legal authorities with necessary reviews, coordination, and clearances. No informal arrangements shall be used to request supplies or services, resulting in any kind of financial commitment or obligation. A written agreement is required by law to record an obligation per Title 31 U.S.C. § 1501.

U.S. Treasury Central Accounting Reporting System (CARS) introduced new requirements for all Government agencies’ financial data elements, including classification of activities that is reinforced using two key components; an improved Component Treasury Accounting Symbol (TAS) format and a newly introduced Business Event Type Code (BETC). These financial data elements requirements and required funding document are to be used for all intra/interagency agreements, from both the buyer and seller perspective, to meet CARS implementation requirements for intra-governmental transactions. These identifiers, and other required accounting data elements, include the Agency Location Code (ALC) and Business Partner Network (BPN) Number.

For definitions, responsibilities and procedures for the recording, processing, and reporting of Coast Guard intra-governmental transactions, including Military Interdepartmental Purchase Requests (MIPR) with the Department of Defense (DOD), refer to *Financial Resource*

Management Manual – Procedures (FRMM-P), COMDTINST M7100.4 (series), Chapter 7, Section 7.10.1 (Reimbursable Agreements – Coast Guard as Buyer).

7.10.2 Reimbursable Agreements – Coast Guard as Seller

7.10.2.1 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 Department of Homeland Security (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 (Establishing and Recording Apportionments, Allotments, and Suballotments) of this Manual reflect a combination of direct and reimbursable funding authority. There is only limited exposure to the Antideficiency Act (ADA) for exceeding reimbursable authority. For example, there is increased exposure for ADA violations when Office of Management and Budget (OMB) apportions the reimbursable resources as a separate Category B apportionment. In this situation, overobligation or overexpenditure of reimbursable resources may result in an ADA violation. In the absence of a separate Category B apportionment of reimbursable resources, overobligation and overexpenditure of reimbursable authority would only cause a possible ADA 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 ADA, 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.

For definitions, detailed responsibilities and procedures relating to reimbursable programs and reimbursable agreement requirements, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.10.2 (Reimbursable Agreements – Coast Guard as Seller).

7.10.2.1.1 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 for Federal Emergency Management Agency (FEMA) Mission Assignments (MAs) are found in Subsection 5.6.6.8 (FEMA Mission Assignments).

7.10.2.1.2 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 nor do they apply to transactions between the various Coast Guard appropriations and the Supply Fund and Yard Fund.

7.10.2.2 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. 14 USC 701, “Cooperation with other agencies, States, territories, and political subdivisions”.
<http://uscode.house.gov/>
5. *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>
6. *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>
7. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*, July 1995.
http://fasab.gov/pdf/2015_fasab_handbook.pdf
8. Office of Management and Budget, *Improving the Management and Use of Interagency Acquisitions*, June 2008.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
9. Department of the Treasury, *Treasury Financial Manual*, Volume I, Part 2, Chapter 4700, Appendix 10, “Intragovernmental Transaction (IGT) Guide”.
<http://tfm.fiscal.treasury.gov/v1.html>
10. Financial Management Service (FMS) 7600A, United States Government Interagency Agreement (IAA) – Agreement Between Federal Agencies General Terms and Conditions (GT&C) Section.
<https://www.opm.gov/>
11. Financial Management Service (FMS) 7600B, United States Government Interagency Agreement (IAA) – Agreement Between Federal Agencies Order Requirements and Funding Information (Order) Section.
<https://www.opm.gov/>
12. *Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
<http://www.dcms.uscg.mil/directives>
13. *United States Coast Guard Reimbursable Management Process Guide*, Version 2.0.
<http://www.dcms.uscg.mil/directives>

7.10.2.3 Responsibilities

7.10.2.3.1 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. Advises Assistant/Deputy Commandant for Resources (CG-8/8D) on the execution of their authority to sign funded and unfunded reimbursable agreements.
3. Delegates authority to sign funded and unfunded reimbursable agreements to the following Coast Guard officials:
 - a. Assistant Commandants of Headquarters Programs;
 - b. Commanding Officers of Headquarters Units; and
 - c. Office of Resource Management (CG-83) staff, as required.
4. Reviews and approves FEMA MAs. Refer to Subsection 5.6.6.8.3 of this Manual for additional responsibilities for FEMA MAs.
5. Delegates the authority for signing funding documents as shown in Table 7.4 below.

Note: The limits of reimbursable authority identified in Table 7.4 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 7.4 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
Administrative Target Unit (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 (NPFC)	\$10 million

7.10.2.3.2 Judge Advocate General (JAG) & Chief Counsel (CG-094)

JAG and Commandant (CG-094) review all interagency agreements (IAAs), MOAs, MOUs and letters of offer and acceptance (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.

7.10.2.3.3 Finance Center (FINCEN)

FINCEN personnel establish lines of accounting (LOA), approved by the responsible RMO, to be consistent with the policies prescribed in OMB Circular A-11.

The Funds Control Division (CG-831) manages reimbursable agreements (where Coast Guard provides goods or services) and designates a reimbursable program manager who oversees the overall program and appropriations managers who oversee the reimbursable program within their respective appropriations. The Financial Analysis & Execution Division (CG-832) performs analyses to calculate standard rates used to provide goods and services under reimbursable agreements. The Allowance Fund Code (AFC) managers (including ALC and Yard/SFLC) coordinate the execution of the reimbursable programs within their organization; the ATU managers designate program element managers (PEMs) to carry out the responsibilities for executing reimbursable agreements; and the PEMs monitor approved funding to the program elements (PE). For additional detailed responsibilities relating to reimbursable programs and reimbursable agreement requirements refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.10.2 (Reimbursable Agreements – Coast Guard as Seller).

7.10.2.4 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. The Coast Guard is required to use the Treasury Standard Interagency Agreement (IAA) forms (U.S. Department of Treasury Financial Management Service (FMS) Form 7600A and 7600B) for all Coast Guard interagency agreements where the Coast Guard is the servicing component.

Note: The use of U.S. Department of Treasury Financial Management Service (FMS) Form 7600A and 7600B for all Interagency Reimbursable Work Agreements (Financial Transactions) is required except in rare instances where a Federal agency attempts to impose the use of another form for the agreement (MOA, MOU, or DoD or other agency specific forms). Should a prospective Federal trading partner initially refuse to use Coast Guard recommended forms to develop the agreement, every effort should be made to remind the partner agency of current Coast Guard policy and procedure in using the forms. Should another form be used (as a last resort) you must ensure all required data elements from the U.S. Department of Treasury Financial Management Service (FMS) Form 7600A and 7600B are properly captured within the agreement form used.

7.10.2.5 FEMA Mission Assignments (MAs)

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 Emergency Support Functions (ESFs) for multiple MAs in each State affected by the natural disaster. For additional policies on FEMA MAs, please refer to Subsection 5.6.6.8 (FEMA Mission Assignments) of this Manual.

7.11 Accounts Payable and Disbursements

7.11.1 Overview

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 provides Coast Guard policy for recording, updating, and maintaining all transactions related to purchasing, payables, and disbursements within the Coast Guard major financial management systems.

For detailed procedures and responsibilities refer to the *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.11 (Accounts Payable and Disbursements).

7.11.1.1 Purpose

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.

7.11.1.2 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 7.11.3 through 7.11.16.

7.11.2 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
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.
https://obamawhitehouse.archives.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).
<https://www.acquisition.gov/>
10. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, March 1993.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
11. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*, July 1995.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
12. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
13. Office of Management and Budget, Circular A-123, *Management’s Responsibility for Internal Control*, July 2016.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
14. Office of Management and Budget, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
15. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
16. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual* (TFM), Volume I, “Federal Agencies”.
<http://tfm.fiscal.treasury.gov/v1.html>
17. *Chief Financial Officer (CFO) Technical Authority*, COMDTINST 5402.3 (series).
<http://www.dcms.uscg.mil/directives>
18. *Management’s Responsibility for Internal Control*, COMDTINST 5200.10 (series).
<http://www.dcms.uscg.mil/directives>

7.11.3 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.

7.11.3.1 *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.

7.11.3.2 *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.

7.11.3.3 *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.

7.11.3.4 *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.

7.11.3.5 *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.

For detailed responsibilities for Coast Guard Field Units and Offices refer to the *Financial Resource Management Manual-Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.11 (Accounts Payable and Disbursements).

7.11.4 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.

7.11.4.1 *Authorities*

General authorities relevant to the accounts payable process are listed in Subsection 7.11.2. 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/>

6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Concepts (SFFAC) No. 1, *Objectives of Federal Financial Reporting*, September 1993.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
7. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, March 1993.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf

7.11.4.2 Responsibilities

Responsibilities relevant to accounts payables and disbursements may be found in Subsection 7.11.3.

7.11.4.3 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 7.11.6 (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.

7.11.5 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 delivered orders-obligations paid (GL 490200) 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 7.13 (Accrual Policy) of this Manual for a more detailed discussion of accruals.

7.11.6 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. In addition, SFLC/Yard uses NESSS to record certain IPAC payments as well as travel disbursement transactions made on SFLC/Yard's behalf 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.

7.11.6.1 *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-2011-title31/pdf/USCODE-2011-title31-subtitleV-chap65-sec6503.pdf>
2. Debt Collection Improvement Act of 1996. PL 104-134 Section 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. Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87).
<https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part225/content-detail.html>
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. *Federal Acquisition Regulation* (FAR), Subpart 32.11, “Electronic Funds Transfer”.
<http://www.acquisition.gov/>
15. *Federal Acquisition Regulation* (FAR), Subpart 13.4, “Fast Payment Procedure”.
<http://www.acquisition.gov/>
16. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 2, Chapter 3300 “Statement of Transactions (FMS 224) Reporting by Agencies for Which the Treasury Disburses”.
<http://tfm.fiscal.treasury.gov/v1/p2/c330.html>
17. Department of the Treasury, Bureau of the Fiscal 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://tfm.fiscal.treasury.gov/v1.html#Part4A>
18. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 5, Chapter 7500, “Fedwire and Automated Clearing House (ACH) Credit Deposits to the Account of the Bureau of the Fiscal Service”.
<http://tfm.fiscal.treasury.gov/v1/p5/c750.html>
19. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 6, Chapter 4000, “Intra-Governmental Payment and Collection (IPAC) System”.
<http://tfm.fiscal.treasury.gov/v1/p6/c400.html>
20. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 6, Chapter 8000, Section 8040, “Disbursements”.
<http://tfm.fiscal.treasury.gov/v1/p4/c800.pdf>
21. Department of Homeland Security, *Financial Management Policy* (FMP) 011, “General Disbursements”, September 24, 2007.
<http://cfo-policy.dhs.gov/Documents/Superseded%20Policies%20Archive/FMP%20011%20General%20Disbursements.pdf>

7.11.6.2 Responsibilities

7.11.6.2.1 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.

7.11.6.2.2 FINCEN/ALC/SFLC/NPFC

Personnel at FINCEN, ALC, SFLC, and NPFC:

1. 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.
2. Ensure 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.

7.11.6.3 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 the *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 Bureau of the Fiscal Service 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.
- 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. 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. Supporting documentation for vouchers and/or recurring schedules of payment, or other comparable documentation 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 and Smart 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) Monthly receipts and disbursements information/data via CWA/CARS;
 - 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).

7.11.6.4 *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.

7.11.6.5 *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 \$35,000, 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.

7.11.6.6 *Smart Pay Program*

Under the Smart Pay Program, the Coast Guard is authorized to make approved Purchase Order (document type 23) invoice payments that are \$35,000 or less prior to FINCEN receiving a certified receiving report instead of holding payments that result to the unit's funds being charged with an interest penalty. All units are still required to transmit receiving reports promptly in the Financial and Procurement Desktop (FPD) system to confirm receipt of goods or services. FINCEN (FI) conducts a post-payment audit to ensure the units received and the proper amount of goods or services match the payment. The post-payment audit serves as an internal control process to verify payments without certified receiving reports are valid for goods and services confirmed received. The units have a responsibility to protect the integrity of this program.

7.11.7 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.

7.11.7.1 *Authorities*

General authorities relevant to purchasing and payables are listed in Subsection 7.11.2. 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/>
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, March 1993.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
4. Department of the Treasury, Bureau of the Fiscal 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 (FMPM)*, Section 3.9, “Cash Management”.
<http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.9%20Cash%20Management.pdf>

7.11.7.2 Responsibilities

Overall responsibilities relevant to accounts payables, disbursements, and purchases may be found in Subsection 7.11.3. The following components have additional duties relating to advances and prepayments.

7.11.7.2.1 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.

7.11.7.2.2 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)*, Subchapter 3032.4, and are supported by the contracting officer’s determination in accordance with the Federal Acquisition Regulation (FAR), Subpart 32.4.

7.11.7.3 Policy

7.11.7.3.1 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.

7.11.7.4 *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 2943, “Leasing and hiring of quarters; rental of inadequate housing” – Advance payment for rent of housing facilities in foreign countries.
<http://uscode.house.gov/>
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>

7.11.8 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.

7.11.8.1 Authorities

General authorities relevant to purchasing and payables are listed in Subsection 7.11.2. 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://www.fiscal.treasury.gov/fsservices/gov/pmt/promptPayment/promptPayment_home.htm
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, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 4A, Chapter 3000, “Requirements for Scheduling Payments Disbursed by the Bureau of the Fiscal Service”.
<http://fms.treas.gov/tfm/vol1/v1p4ac300.html>
7. Department of the Treasury, Bureau of the Fiscal 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 Manual* (FMPM) Section 3.4, Payables and Disbursements.
<http://cfo-policy.dhs.gov/default.aspx>

7.11.8.2 Responsibilities

Responsibilities relevant to designating officials, ACOs, PAOs, and SPS data entry operations

may be found in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.11 (Accounts Payable and Disbursements).

7.11.8.3 Policy

7.11.8.3.1 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.

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.11, Procedure No. 7.11.1 (Disbursement Procedures) for detailed procedures related to PCC and FINCEN designations.

7.11.8.3.2 Certification of Payments

Note: Nominees are prohibited from certifying vouchers prior to designation approval.

1. 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.
2. 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.
3. 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.
4. 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.
5. ACOs must be redesignated every two years from the last Treasury acceptance date.

6. Current authority to act as an ACO or PAO remains in effect until it expires or is revoked.
7. 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.
8. FINCEN and PPC shall be notified when their respective ACO/PAOs are transferred or terminated for any reason by commanding officers.

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.11, Procedure No. 7.11.1, Step 5.3 (Certification of Payments) for detailed procedures.

7.11.8.3.3 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.

7.11.9 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 Section 7.10 (Reimbursable Agreements). Policies related to travel cards may be found in Subsection 7.11.12 (Government Travel Charge 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.

7.11.9.1 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, Acquisition Workforce Policy Number: 064-04-011, Revision Number: 00, “Contracting Officer Warrant Program”.
https://www.dhs.gov/xlibrary/assets/foia/mgmt_directive_0740_2_contracting_officer_warrant_program.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://dhsconnect.dhs.gov/org/comp/mgmt/cpo/paw/Documents/AWF%20Training%20Docs/Certification-Related%20Docs/COR%20Policy%2006-04-003%20\(updated%20version\).pdf](http://dhsconnect.dhs.gov/org/comp/mgmt/cpo/paw/Documents/AWF%20Training%20Docs/Certification-Related%20Docs/COR%20Policy%2006-04-003%20(updated%20version).pdf)
5. *Coast Guard Acquisition Procedures (CGAP)*.
<http://www.dcms.uscg.mil/directives>
6. *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
<http://www.dcms.uscg.mil/directives>

7.11.9.2 Responsibilities

7.11.9.2.1 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.

7.11.9.3 Policy

1. The contracting officer (KO) shall ensure that vendor invoices and supporting documentation for which they are responsible are captured in the financial system using centralized invoicing, where the vendor uploads the invoice electronically (see <http://www.dcms.uscg.mil/directives>) 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".

7.11.10 Purchase Cards

The Governmentwide commercial purchase card is the preferred method for purchases and payments that do not exceed the micro-purchase threshold of \$3,500, 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) Email.

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.

7.11.10.1 *Authorities*

General authorities relevant to purchasing and payables are listed in Subsection 7.11.2. 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".
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
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.
https://www.dhs.gov/xlibrary/assets/foia/mgmt_directive_0740_2_contracting_officer_warrant_program.pdf
6. *Coast Guard Acquisition Procedures (CGAP)*.
<http://www.dcms.uscg.mil/directives>
7. *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
<http://www.dcms.uscg.mil/directives>

7.11.10.2 Responsibilities

7.11.10.2.1 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).

7.11.10.2.2 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.

7.11.10.2.3 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.

7.11.10.2.4 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.

7.11.10.3 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 and/or other applicable guidance.
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).

7.11.10.3.1 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.

7.11.10.3.2 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.

7.11.11 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.

7.11.11.1 *Authorities*

General authorities relevant to purchasing and payables are listed in Subsection 7.11.2. 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.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
3. *Federal Acquisition Regulation* (FAR), Subpart 13.003, “Policy”.
<http://www.acquisition.gov/>
4. *Federal Acquisition Regulation* (FAR), Subpart 13.2, “Actions At or Below the Micro-Purchase Threshold”.
<http://www.acquisition.gov/>
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”.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
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>

7.11.11.2 Responsibilities

7.11.11.2.1 Office of Procurement Policy and Oversight (CG-913)

Commandant (CG-913):

1. Ensures that the guidelines stated in the FAR and the *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016, 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).

7.11.11.2.2 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.

7.11.11.2.3 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.

7.11.11.2.4 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.

7.11.11.2.5 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.

7.11.11.3 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.

7.11.12 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 avoid 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 Travel Regulations (JTR) 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.

7.11.12.1 Authorities

General authorities relevant to purchasing and payables are listed in Subsection 7.11.2. 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".
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
3. Department of Defense, Per Diem, Travel and Transportation Allowance Committee, *Joint Travel Regulations (JTR)*, 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.dcms.uscg.mil/directives>
7. *Government Travel Charge Card (GTCC) Program Policies and Procedures*, COMDTINST M4600.18 (series).
<http://www.dcms.uscg.mil/directives>
8. *Government Travel Charge Card (GTCC) Policies*, COMDTINST 4600.14 (series).
<http://www.dcms.uscg.mil/directives>

7.11.12.2 Responsibilities

Commandant (PSC-BOPS-r) has overall program management responsibility for the Coast Guard travel charge card program.

7.11.12.3 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.

7.11.13 Coast Guard Investigative Service (CGIS) Debit Cards

Title 14, United States Code, Section 944 provides that "not more than \$45,000 per annum appropriated for the operation of the Coast Guard shall be available for investigative expenses of a confidential character, to be expended on the approval or authority of the Commandant, and payment to be made on his certificate of necessity for confidential purposes, and his determination shall be final and conclusive upon the accounting officers of the government."

These confidential investigative (CI) expenses are unique to law enforcement and allow for CGIS to gather information and evidence during investigations that could not otherwise be obtained. The following policy and procedures provide a new CI process using debit cards that

allows for a clear and repeatable process, providing needed financial and management (internal) controls, and auditable documentation to properly account for and use this statutory authority.

7.11.13.1 Authorities

General authorities relevant to purchasing and payables are listed in Subsection 7.11.2. The following authorities relate specifically to CGIS Debit Cards:

1. Title 14 USC § 944 “Confidential investigative expenses”.
<http://uscode.house.gov/>
2. *Coast Guard Investigations Manual*, COMDTINST M5527.1 (series).
<http://www.dcms.uscg.mil/directives>
3. Department of the Treasury, Bureau of the Fiscal Service, U.S. Debit Card Program
https://www.fiscal.treasury.gov/fsreports/ref/ussgl/approved_scenarios/approved_scenarios.htm
4. Title 31 USC § 3524 “Auditing expenditures approved without vouchers”.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31-subtitleIII-chap35-subchapIII-sec3524.pdf>
5. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, Section 140 “Reports on Unvouchered Expenditures”.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
6. Memorandum of Understanding between U.S. Department of Treasury, Bureau of the Fiscal Service, and the U.S. Department of Homeland Security regarding the U.S. Debit Card Program, dated NOV 2011.

7.11.13.2 Responsibilities

Responsibilities relevant to CGIS Debit Cards may be found in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.11, Procedure No. 7.11.2 (CGIS Debit Card Procedures).

7.11.13.3 Policy

CGIS Debit Card Program will only be utilized in accordance with these policies and procedures—including those authorities incorporated by reference - for approved Confidential Informant (CI) expenses.

This document is applicable to all of CGIS; including CGIS staff members, debit cardholders, Debit Card Program administrators and managers.

No debit cards will be funded without confirmation of fund availability, a valid obligation and an approved and documented CI fund request.

CI-related debit card transactions may only be performed by debit card holders issued the JP Morgan Chase (JPMC) debit card and authorized to use it.

7.11.14 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.

7.11.14.1 *Authorities*

General authorities relevant to purchasing and payables are listed in Subsection 7.11.2. 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, Bureau of the Fiscal Service, “Imprest Funds Policy Directive”, November 9, 1999.
<http://www.fms.treas.gov/imprest/regulations.html>
3. Department of the Treasury, Bureau of the Fiscal 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, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 4A, Chapter 3000, “Requirements for Scheduling Payments Disbursed by the Bureau of the Fiscal Service”.
<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.dcms.uscg.mil/directives>
7. *Coast Guard Acquisition Procedures (CGAP)*.
<http://www.dcms.uscg.mil/directives>
8. *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
<http://www.dcms.uscg.mil/directives>

7.11.14.2 Responsibilities

7.11.14.2.1 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.

7.11.14.3 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, OF 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 Advance of Funds Application and Account, Form 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).

7.11.15 Grant 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 fuel excise taxes on motorboats, small engines and fishing equipment. 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.

Funds for the Boating Safety program are appropriated annually by Congress and transferred from the Sport Fish Restoration and Boating Trust Fund account. Commandant (CG-831) prepares and Apportionment and Reapportionment Schedule, Form, SF 132 to make the trust funds available for obligation. 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.

The Code of Federal Regulations (CFR) 2 CFR Part 200, Grants and Agreements, is the primary guidance for the Coast Guard Boating Safety Grant Program. This Subsection is meant to supplement, not replace this guidance by emphasizing important policies and procedures for financial managers."

7.11.15.1 *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 200 Uniform Administrative Requirements, Cost Principles, And Audit Requirements For Federal Awards.
<https://www.law.cornell.edu/cfr/text/2/part-200>

3. 2 CFR 225 Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87).
<https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part225/content-detail.html>
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/2015_fasab_handbook.pdf
5. Office of Management and Budget, Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, August 1997.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
6. Office of Management and Budget, Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>

7.11.15.2 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.

7.11.15.3 Policy

Commandant (CG-831) prepares for DHS and OMB review and approval an Apportionment and Reapportionment Schedule, Form SF 132, for the Boating Safety appropriation. 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. 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.

7.11.16 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 7.10 (Reimbursable Agreements) of this Manual. Also see *United States Coast Guard Reimbursable Management Process Guide*, Version 2.0, at the following link: <http://www.dcms.uscg.mil/directives>.

7.11.16.1 *Authorities*

General authorities relevant to payables and disbursements are listed in Subsection 7.11.2. 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”.
<https://www.acquisition.gov/sites/default/files/current/far/pdf/FAR.pdf>
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*, July 1995.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
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*, August 2005.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
6. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume 1, Part 2, Chapter 4700, Appendix 10, “Intragovernmental Transaction (IGT) Guide”.
<http://tfm.fiscal.treasury.gov/v1.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)*, Subchapter 3017.5, “Interagency Agreements under the Economy Act”.
<http://www.dcms.uscg.mil/directives>
9. *Reimbursable Standard Rates*, COMDTINST 7310.1 (series).
<http://www.dcms.uscg.mil/directives>
10. *United States Coast Guard Reimbursable Management Process Guide*, Version 2.0.
<http://www.dcms.uscg.mil/directives>

7.11.16.2 Responsibilities

7.11.16.2.1 Office of Resource Management (CG-83)

Commandant (CG-83) delegates the authority for signing reimbursable agreements.

7.11.16.2.2 Funds Control 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).

7.11.16.2.3 Financial Analysis & Execution 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.

7.11.16.3 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.

Note: Some supply orders such as MILSTRIPs are reimbursable, although MILSTRIPs are generally not treated as formal RAs or IAAs; however, program managers must still ensure that the requested supplies are appropriate and in line with Coast Guard authorities.

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. Each ATU involved in RAs shall establish procedures that account for and properly manage all direct and indirect costs.
7. Any re-delegation of responsibility shall be in writing.
8. All documentation used to support RAs shall be maintained in accordance with *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).

7.11.17 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 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.)

7.11.17.1 Authorities

The following authorities relate specifically to revolving funds:

1. 14 USC 939, “Accounting for industrial work”.
<http://uscode.house.gov/>
2. 14 USC 941, “Coast Guard Supply Fund”.
<http://uscode.house.gov/>
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, Bureau of the Fiscal 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/dlms/elib/manuel/dlm/dlm_pubs.asp#MILSTRIP
6. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
<http://www.dcms.uscg.mil/directives>

7.11.17.2 Responsibilities

The following offices and personnel have specific responsibilities related to revolving funds.

7.11.17.2.1 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.

7.11.17.2.2 Funds Control 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.

7.11.17.3 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), MILSTRIP (see number 8 below), 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, MILSTRIP, United States Coast Guard Yard Program Order, Form CGY-75, 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 *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
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).

7.11.18 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.

7.11.18.1 *Authorities*

General authorities relevant to purchasing and payables are listed in Subsection 7.11.2. 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>

7.11.18.2 Responsibilities

Overall responsibilities relevant to accounts payables, disbursements, and purchases are found in Subsection 7.11.3.

7.11.18.3 Policy

7.11.18.3.1 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.

7.11.18.3.2 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). Upon payment, FINCEN applies to Treasury for reimbursement transfer of budget authority from OSLTF (70X8185) to OSLTF Claims account (70X8312). The budget authority transfer is documented with a CIFP.
 - 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.

7.11.18.3.3 Sport Fish Restoration and Boating Trust Fund

Policy for the Sport Fish Restoration and Boating Trust Fund is discussed in Subsection 7.11.15 (Grant Liabilities).

7.12 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.

7.12.1 Authorities

1. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Transmittal Letter No. 619.
<http://www.fms.treas.gov/tfm/vol1/tl.html>
2. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 6, Chapter 4000, Intra-Governmental Payment and Collection (IPAC) System.
<http://tfm.fiscal.treasury.gov/v1/p6/c400.pdf>
3. Department of the Treasury, Bureau of the Fiscal 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”.
<https://www.fms.treas.gov/tfm/vol1/06-09.html>
4. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume 1, Part 2, Chapter 4700, Appendix 10, “Intragovernmental Transaction (IGT) Guide”.
<http://tfm.fiscal.treasury.gov/v1/p2/c470.pdf>
5. Department of the Treasury, Bureau of the Fiscal 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”.
<http://www.fms.treas.gov/tfm/vol1/07-06.html>

7.12.2 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) or other supporting documentation including Interagency Reimbursable Work Authorizations (IRWAs), Claims, and/or Interagency Agreements (IAAs) 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 or other approved authorizing official. 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. Reimbursable Agreements and MIPRs 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 appropriate ALC (typically FINCEN) 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 the appropriate ALC. For FINCEN, these documents should be forwarded to the following address:

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.

All incoming IPACs undergo a **daily quality review process**. Any IPAC that does not contain the data required as outlined in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.12, Procedure No. 7.12.1 (Intragovernmental Payment and Collection (IPAC) Procedures) will be immediately charged back to the initiating agency.

7.13 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 7.5 below.

Table 7.5 Transaction Life Cycle for the Use of Budgetary Resources

Commitment	Obligation	Accrual	Payment
Procurement Request	Obligation Document	Receipt of Goods/Services	Invoice
USSGL 470000	USSGL 480100	USSGL 490100	USSGL 490200

Commitment	Obligation	Accrual	Payment
	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 a 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 to the Government.

See *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.13 (Accrual Policy) for the document types that require an accrual based on the transaction and the timing of the events.

Note: Refer to Section 7.13 (Accrual Policy) of this Manual for additional information on accruals.

For detailed responsibilities and procedures for recording accruals of budgetary resources, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.13 (Accrual Policy).

7.13.1 Purpose

This Section specifies policy for recording accruals of budgetary resources for all Coast Guard (CG) 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.

7.13.2 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”.
<http://www.gpo.gov/fdsys/pkg/STATUTE-70/pdf/STATUTE-70-Pg782.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/pdffiles/2015_fasab_handbook.pdf
7. Department of the Treasury, Bureau of the Fiscal 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://tfm.fiscal.treasury.gov/v1/p2/c420.html>

7.13.3 Responsibilities

7.13.3.1 *Assistant Commandant for Resources (CG-8)/Chief Financial Officer (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.

7.13.3.2 *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.

7.13.3.3 *Finance Center (FINCEN)*

FINCEN maintains the CG accrual accounting principles, standards, and procedures prescribed by the Assistant Commandant for Resources (CG-8) to reflect the currency, accuracy and completeness of the fiscal activities.

7.13.3.4 *Allowance, Target, and Program Element 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.

7.13.3.5 *Program Offices*

Program offices implement the proper procedures and ensure reliable computation of accrued expenses.

For detailed responsibilities on recording accruals of budgetary resources for all Coast Guard funds, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.13 (Accrual Policy).

7.13.4 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 *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.13 (Accrual Policy).
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 7.6 Reporting Periods for Financial Events Requiring Accruals

Financial Transaction	Quarterly	Year-End
Receipt of Goods or Services	X	X
Pay and Benefits	X	X
Travel	X	X
Transportation of Things	X	X
Rents; Communications; Utilities	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 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.
6. Estimates shall be received in time to be entered into the system of record for each reporting period (quarterly and year-end).
7. Use of government purchase cards (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.
8. Documentation of the accuracy of estimates and the results of performance metrics shall be made available to the independent financial auditors.

7.13.4.1 *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 Government Accountability Office (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 Imputed Costs

SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, 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.

7.15 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.

7.15.1 Authority

Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 6, Chapter 3000, "Payment of Unclaimed Moneys and Refund of Moneys Erroneously Received and Covered", September 2000.

<http://tfm.fiscal.treasury.gov>

7.15.2 Responsibilities

The following office and personnel have specific responsibilities related to unclaimed monies.

7.15.2.1 Finance Center (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.

7.15.3 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; and
 - d. A named individual, business, or other entity can be identified with the monies.

Refer to the Department of the Treasury, Bureau of the Fiscal Service, Treasury Financial Manual (TFM), Volume I, Part 6, Chapter 3000, Section 3020 for policy regarding the quarterly review of Unclaimed Money Accounts.

7.16 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.

7.16.1 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.

SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, 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, *Managerial Cost Accounting Standards and Concepts*, and Office of Management and Budget (OMB) Circular A-25, Transmittal Memorandum #1, User Charges, 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 that remain available until expended (no-year funds). 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. Currently, there are no plan assets or employee contributions required, so the accrued liability is the present value of future benefits expected to be paid, less the present value of future employer normal costs. 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, *Accounting for Liabilities of the Federal Government*, 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 unless the DoD has released the following year's MERHCF rates.

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.

For definitions, detailed responsibilities and procedures regarding the calculation, recording, and reporting of actuarial accrued liabilities, contributed actuarial accrued liability amounts to the Military Retirement System (MRS) and Military Health System (MHS) programs, and selection of discount rates and valuation dates, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.16 (Actuarial Liabilities).

7.16.2 Authorities

7.16.2.1 *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).
<https://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).
<https://www.dhs.gov/sites/default/files/publications/HSAM%20through%20Notice%202016-01.pdf>
This regulation provides uniform procedures for the acquisition of supplies and services within DHS.
4. *Coast Guard Acquisition Procedures (CGAP)*.
<http://www.dcms.uscg.mil/directives>
This regulation provides procurement policy and guidance specific to the Coast Guard.

7.16.2.2 *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).
www.congress.gov/public-laws
PL 114-92 is the NDAA for Fiscal Year 2016. 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://uscode.house.gov/>
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.

7.16.2.3 *Guidance for Preparing Actuarial Data Files*

The following provides technical guidance for preparing data files for the actuary and the consultant.

Medical Funds Execution Desk Guide, U.S. Coast Guard.

[\\hqs-nas-t-001\DCMS\DCMS-8\DCMS-83\DCMS-831\AFC-57\SOP Desk Guide](\\hqs-nas-t-001\DCMS\DCMS-8\DCMS-83\DCMS-831\AFC-57\SOP_Desk_Guide)

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.

Note: Actuary will coordinate with the Pay and Personnel Center (PPC) who are owners of Coast Guard’s military payroll system Direct Access to ensure actuarial data files are prepared in accordance with this guidance and meets laws and regulations.

7.16.2.4 *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*, December 1995.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.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*, October 2008.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.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. In practice, a single discount rate is used that generates the exact same present value of discounted cash flows as the full yield curve, separately for MRS and MHS.

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. Coast Guard is not bound by IRS rules but the Revenue Ruling provides useful guidance.
4. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, December 2013.
http://www.actuarialstandardsboard.org/wp-content/uploads/2013/12/asop004_173-3.pdf
5. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, May 2014.
http://www.actuarialstandardsboard.org/wp-content/uploads/2015/04/asop006_177-3.pdf
6. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 23, *Data Quality*, December 2004.
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*, September 2013.
http://www.actuarialstandardsboard.org/wp-content/uploads/2014/02/asop027_172.pdf
8. Actuarial Standards Board, Actuarial Standard of Practice (ASOP) No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations* September 2014.
http://www.actuarialstandardsboard.org/wp-content/uploads/2014/02/asop035_1781.pdf

7.16.2.5 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*, December 1995.
http://www.fasab.gov/pdf/files/2015_fasab_handbook.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*, October 2008.

http://www.fasab.gov/pdffiles/2015_fasab_handbook.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*, August 1997.

http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf

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*.

<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>

This circular provides form and content guidance for agency and Governmentwide financial statement reporting.

5. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 2, Chapter 4700, "Agency Reporting Requirements for the *Financial Report of the United States Government*."

<http://tfm.fiscal.treasury.gov/v1.html#Part%202>

This Section details the reporting requirements using Treasury's Governmentwide Financial Report System (GFRS) and the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS).

6. Department of the Treasury, Bureau of the Fiscal Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* (series).

https://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm

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 1-6, "Actuarial Liabilities."

[http://cfo-](http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.5%20-%20Liabilities.pdf)

[policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.5%20-%20Liabilities.pdf](http://cfo-policy.dhs.gov/FMPM%20Table%20of%20Contents%20for%20PDFs/Section%203.5%20-%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.dcms.uscg.mil/directives>

This Manual prescribes policies and procedures for the lifecycle management of paper and electronic documents and data.

7.16.3 Responsibilities

7.16.3.1 *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.

7.16.3.2 *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.

7.16.3.3 *Actuary*

The actuary serves as the Coast Guard Chief Financial Officer's (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.

7.16.3.4 *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.

7.16.3.5 *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.

7.16.3.6 *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.

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

Commandant (CG-83) oversees the execution of the retired pay appropriation.

7.16.3.8 *Budget Formulation Division (CG-822)*

Commandant (CG-822) formulates congressional budget requests.

7.16.3.9 *Financial Reporting and Analysis Division (CG-842)*

Commandant (CG-842) approves the actuarial liabilities for entry into the GL.

7.16.3.10 *Personnel Service Center (PSC)*

Provides personnel support services to Coast Guard military personnel, including active duty and retirement payroll.

7.16.3.11 *Pay and Personnel Center (PPC)*

Provides responsive personnel and compensation services for all Coast Guard military personnel.

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

Provides the diverse, effective, force to meet current and future work needs of the Coast Guard.

Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.16 (Actuarial Liabilities) for detailed responsibilities regarding the calculation, recording, and reporting of actuarial accrued liabilities, contributed actuarial accrued liability amounts to the Military Retirement System (MRS) and Military Health System (MHS) programs, and selection of discount rates and valuation dates.

7.16.4 Policy

7.16.4.1 *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 first day of the fiscal year, but results are then projected to the last day of the fiscal year, using standard actuarial roll-forward techniques.
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.

7.16.4.2 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. Currently, there are no plan assets or employee contributions required, so the accrued liability is the present value of future benefits expected to be paid, less the present value of future employer normal costs.
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. Effective January 1, 2018, NDAA 2016 eliminated the \$30,000 lump sum bonus and corresponding benefit reductions. In addition, the benefit formula changes from 2.5 percent to 2.0 percent for members who join on or after January 1, 2018. They also receive a Savings Plan contribution that is *not* part of the MRS liability. Members with under 12 years of service may opt-into the new "blended" retirement plan.
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 2.0 percent for members of the "blended" retirement plan); 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 mortality decrement, with a projection scale applied that assumes future mortality improvements;
 - b. Actual Coast Guard experience is used for the retirement, withdrawal and disability assumptions;
 - c. Salary increases are projected until retirement for all active members;
 - d. Cost of living increases are projected after retirement; and
 - e. Projected future payments are discounted to the valuation date, using the discount rate.

7.16.4.3 Reporting Requirements

As an 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 each year in the future, beginning with the valuation date.
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 results shall be rolled forward to 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. 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 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.

7.17.1 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 adjustors 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.

For detailed procedures on the recording and disclosure of contingent legal liabilities, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.17 (Contingent Legal Liabilities).

7.17.2 Authorities

1. 44 USC 3101. [Records management by agency heads; general duties]
<http://www.gpo.gov/fdsys/>
2. Federal Accounting Standards Advisory Board, Interpretation No. 2, *Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5*, March 1997.
http://files.fasab.gov/pdf/2016_fasab_handbook.pdf
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*, July 1995.
http://files.fasab.gov/pdf/2016_fasab_handbook.pdf

4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
http://files.fasab.gov/pdf/2016_fasab_handbook.pdf
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, Accounting for Liabilities of the Federal Government*, February 1999.
http://files.fasab.gov/pdf/2016_fasab_handbook.pdf
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.
<https://www.whitehouse.gov/omb/information-for-agencies/bulletins/>
7. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
8. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 6, Chapter 3100, “Certifying Payments and Recording Corresponding Intragovernmental Receivables in the Federal Government’s Judgment Fund”.
<http://tfm.fiscal.treasury.gov/v1.html>

7.17.3 Responsibilities

Following are the offices and their respective responsibilities for CLL accounting.

7.17.3.1 *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.

7.17.3.2 *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.

7.17.3.3 *Financial Reporting and Analysis Division (CG-842)*

Commandant (CG-842):

COMDTINST M7100.3F

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 *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.17, Procedure No. 7.17.1, Step 5.2 (Internal Controls) to support management’s assertions on CLLs.

7.17.3.4 Judge Advocate General (CG-094)

Commandant (CG-094):

1. Quarterly, determines whether submitted estimates for pending cases appear reasonable, ensures the completeness and accuracy of the data, and develops and submits to Commandant (CG-842) a CLL report in preparation for the ending quarterly financial statements.
2. Follows up with the submitter and the attorneys or claim adjustor’s knowledgeable in the case area to determine if estimates need to be adjusted.

7.17.3.5 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.

7.17.4 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 Environmental Liabilities

7.18.1 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.

For detailed procedures on the accounting and reporting requirements for Coast Guard shore facility and vessel environmental liability estimation and documentation, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.18 (Environmental Liabilities).

7.18.1.1 Purpose

This Section specifies standards for Coast Guard shore facility and vessel environmental liability estimation and documentation. Policies 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.

7.18.1.2 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).

7.18.2 Authorities

1. Chief Financial Officers Act of 1990. PL 101-576.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). 42 USC 103.
<http://www.gpo.gov/fdsys/search/home.action>
3. Resource Conservation and Recovery Act (RCRA). 42 USC 82.
<http://www.gpo.gov/fdsys/search/home.action>
4. Toxic Substances Control Act (TSCA) of 1977. 15 USC 53.
<http://www.gpo.gov/fdsys/search/home.action>
5. 40 CFR 761, "Polychlorinated Biphenyls (PCBs) Manufacturing, Processing, Distribution in Commerce, and Use Prohibitions".
<http://www.gpo.gov/fdsys/>
6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
http://files.fasab.gov/pdf/2016_fasab_handbook.pdf
7. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant & Equipment (PP&E)*, November 1995.
http://files.fasab.gov/pdf/2016_fasab_handbook.pdf

8. Federal Accounting Standards Advisory Board, Technical Bulletin No. 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, September 2006.
http://files.fasab.gov/pdffiles/2016_fasab_handbook.pdf
9. 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.
http://files.fasab.gov/pdffiles/2016_fasab_handbook.pdf
10. Office of Management and Budget, Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*, August 2006.
<https://www.whitehouse.gov/omb/information-for-agencies/bulletins/>
11. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
12. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), Section 3.5, "Other Liabilities".
<http://cfo-policy.dhs.gov/default.aspx>
13. *Policy on Management of Environmental Liabilities*, COMDTINST 5090.11 (series).
<http://www.dcms.uscg.mil/directives>

7.18.3 Responsibilities

Following are the offices and their respective responsibilities for environmental liabilities accounting.

7.18.3.1 *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.

7.18.3.2 *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. Reviews and submits (quarterly) the Environmental Liabilities Report to FINCEN 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.

7.18.3.3 *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. Reviews and submits (quarterly) the environmental liability estimate to FINCEN 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 *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.18, Procedure No. 7.18.1 (Environmental Liability Process) to provide a basis for management’s assertions on environmental liabilities.

7.18.3.4 *Office of Naval Engineering (CG-45)*

Commandant (CG-45):

1. Determines the reasonableness (quarterly) of the Coast Guard’s estimates for vessels, ensures the accuracy and completeness of the data, and develops and submits to Commandant (CG-842) an Environmental Liability Report for vessels in preparation for the quarterly financial statements.
2. Follows up with the Coast Guard subject matter experts as needed to determine if estimates need to be adjusted.

7.18.3.5 *Office of Environmental Management (CG-47)*

Commandant (CG-47):

1. Quarterly, gathers EC&R project information from SILC-EMD places into consolidated EL quarterly report. Reviews information for reasonableness and accuracy.
2. Quarterly, gathers UDO project information from SILC-EMD and places into consolidated EL quarterly report. Performs QA/QC of data to ensure the accuracy and completeness of quarterly data.
3. Quarterly, performs query of the real-property database of record to determine estimated EL associated with asbestos-containing materials, lead-based paint, and lighthouses. Develops estimate based on queried data and instructions in EL Process Guide (current version).
4. Quarterly, gathers the multiple sections of the EL report into consolidated EL report. Performs validation steps described in EL Process Guide (current version) and coordinates with various CG offices as appropriate to ensure an accurate EL is recorded. Completes quarterly report checklist and develops submittal memorandum for delivery of the consolidated report to Commandant (CG-842).

7.18.3.6 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.

7.18.4 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 Treasury Information Maintenance Process

7.19.1 Overview

The Treasury Information Maintenance subfunction is a FSIO Core Financial System Requirement for Federal agencies which ensures that classification structures and valid data element relationships are in place, in an agencies system, to use, classify, and identify transactions that affect the Fund Balance with Treasury (FBWT). The future state of Coast Guard's Treasury Information Maintenance procedures will align with this FSIO structure for Federal financial management operations.

7.20 Treasury Payment Confirmation Process

7.20.1 Overview

The Coast Guard disburses payments for the purchase of goods and services from agencies (Federal and non-federal), organizations, and individuals.

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) are discussed in this Subsection as the Treasury payment confirmation process. Following the processing of payments, vendors receive payments disbursed by Treasury. Agencies download agency confirmation reports (ACRs) from the Central Accounting Reporting System (CARS) website after the payment confirmations are posted by Treasury. Agencies visit the CARS website to download the RFC support listing, which contains all agency payments made by the RFC.

For detailed responsibilities and procedures on the verification and reconciliation of payment schedules submitted to Treasury, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.20 (Treasury Payment Confirmation Process).

7.20.2 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.

7.20.2.1 *Scope*

The Treasury payment confirmation process applies to all Coast Guard agency location codes (ALCs) that submit payment data to Treasury via the RFCs.

7.20.3 Authorities

The Financial Accounting Standards Advisory Board (FASAB), the Office of Management and Budget (OMB), 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.
http://fiscal.treasury.gov/fsservices/gov/debtColl/rsrscTools/debt_dca.htm
2. 5 CFR 1315 [Prompt Payment – replaces OMB Circular A-125].
http://www.fiscal.treasury.gov/fsservices/gov/pmt/promptPayment/promptPayment_home.htm
3. 31 CFR 205 [Cash Management Improvement Act (CMIA)].
<http://www.gpo.gov/fdsys/pkg/CFR-2011-title31-vol2/pdf/CFR-2011-title31-vol2-part205.pdf>
4. *Federal Acquisition Regulation (FAR)*, Part 51, Use of Government Sources by Contractors.
<https://acquisition.gov/>
5. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
6. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
7. Office of Management and Budget, Office of Federal Financial Management, *Core Financial System Requirements*, OFFM-No-0106, January 2006.
<https://www.whitehouse.gov/omb/information-for-agencies>
8. Department of the Treasury, Bureau of the Fiscal Service, Central Accounting Reporting System (CARS).
http://www.fiscal.treasury.gov/fsservices/gov/acctg/cars/cars_home.htm
9. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 4, Chapter 4500, "Government Purchase Cards".
<http://tfm.fiscal.treasury.gov/v1.html>
10. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 4, Chapter 8000, "Designated Depository Checking Accounts".
<http://tfm.fiscal.treasury.gov/v1.html>
11. *U.S. Coast Guard Certifying and Disbursing Manual*, COMDTINST M7210.1 (series).
<http://www.dcms.uscg.mil/directives>
12. *Supply Policy and Procedures Manual (SPPM)*, COMDTINST M4400.19 (series).
<http://www.dcms.uscg.mil/directives>

7.20.4 Responsibilities

7.20.4.1 *Assistant Commandant for Resources (CG-8)/Chief Financial Officer (CFO)*

Commandant (CG-8) is responsible for accounting for all Coast Guard financial management and resource activities including planning, programming, budgeting, and execution of the Coast Guard's appropriations.

7.20.4.2 *Finance Center (FINCEN)*

FINCEN personnel:

1. Implement and operate accounting systems and fiscal processes.
2. Exercise direct supervision over the maintenance of formal detailed accounting records for fiscal accounting transactions.
3. Review, reconcile and appraise the accuracy and validity of financial accounting information to better assist all financial management activities.
4. Review and monitor field activities to ensure timely completion, resolution, and compliance with approved Coast Guard policy and procedures.
5. Exercise direct supervision over the review, control, follow up, and reconciliation of documents in support of general ledger control account balances.
6. Maintain a continuing review of procedures utilized in existing accounting systems.

For additional detailed responsibilities on the Treasury payment confirmation process, including IPAC payment confirmation processes, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.20 (Treasury Payment Confirmation Process).

7.20.5 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 GWA System that are confirmed (ACR) 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 ACR payment confirmation data is imported from the GWA "TDO Payments Reporting Module".

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 GWA “TDO Payments Reporting Module”.
6. The Coast Guard shall liquidate disbursements-in-transit transactions and record confirmed disbursements upon receipt of payment confirmation.
7. The Coast Guard shall assign check numbers to individual payments, based upon the payment schedule’s check range received from the GWA “TDO Payments Reporting Module”.
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 GLs (CAS, NESSS, and Asset Logistics Management Information System (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 in the GWA/CARS, 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 Difference (SOD) information in GWA/CARS, 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.

7.21 Management of the CAS Outbox Holding Queue in FPD

7.21.1 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 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 accurate management of these obligations and

transactions is paramount to budget execution, financial reporting, future mission capabilities, and sustainment.

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.

7.21.2 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. In addition, the offices below have these specific responsibilities dealing with Management of the CAS Outbox Holding Queue in FPD.

7.21.3 Authorities

1. Chief Financial Officers Act of 1990. PL 101-576.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. *Federal Financial Management Improvement Act of 1996* (FFMIA). PL 104-208.
<http://www.gpo.gov/fdsys/pkg/PLAW-104publ208/pdf/PLAW-104publ208.pdf>
3. 31 USC 1501, “Documentary Evidence Requirement for Government Obligations”.
<http://www.gpo.gov/fdsys/>
4. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.
<http://www.gao.gov/>
5. Office of Management and Budget, Circular A-123, *Management’s Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
6. Office of Management and Budget, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>

7.21.4 Responsibilities

7.21.4.1 *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.

7.21.4.2 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 administrative target units (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.

7.21.4.3 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. 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.

Individuals shall strictly adhere to the requirements for performing their assigned roles and responsibilities, and managers shall perform all oversight functions with due diligence.

Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.21 (Management of the CAS Outbox Holding Queue in FPD) for detailed responsibilities for Allowance Managers, Administrative Target Unit Managers, Program Element Managers, and Reconcilers.

For detailed procedures and requirements for ensuring that processed obligations are accurate, timely and complete in FPD and CAS, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 7, Section 7.21 (Management of the CAS Outbox Holding Queue in FPD).

Appendix 7-1 Reconciliation of Fund Balance with Treasury

Table 7.7 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	101000	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	101000	FOB	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's USSGL 101000 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	101000	N/A	N/A	N/A	N/A
Reconciliation of the monthly and annual activity in the GL 101000 accounts to Form FMS 224	101000	FOB	ALC	Monthly	20 business days after month-end
GL Account 101000 Civilian Payroll Activity vs. Treasury Activity	101000	N/A	N/A	N/A	N/A
GL Account 101000 Military Payroll Activity vs. Treasury Activity	101000	N/A	N/A	N/A	N/A
GL Account 112000 Imprest Funds vs. Treasury Activity	1120	FOB	ALC	Monthly	20 business days after month-end

FOB = Fiscal Operations Branch

Table 7.8 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	101000	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	101000	N/A	N/A	N/A	N/A
Reconciliation of the Agency's USSGL 101000 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	101000	N/A	N/A	N/A	N/A
Reconciliation of the monthly and annual activity in the GL 101000 accounts to Form FMS 224	101000	N/A	N/A	N/A	N/A
GL Account 101000 Civilian Payroll Activity vs. Treasury Activity	1010	N/A	N/A	N/A	N/A
GL Account 101000 Military Payroll Activity vs. Treasury Activity	101000	N/A	N/A	N/A	N/A
GL Account 112000 Imprest Funds vs. Treasury Activity	112000	N/A	N/A	N/A	N/A

Table 7.9 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	101000	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	101000	OGQ	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's USSGL 101000 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	101000	FF	TAS	Monthly	20 business days after month-end
Reconciliation of the monthly and annual activity in the GL 101000 accounts to Form FMS 224	101000	OGQ	ALC	Monthly	20 business days after month-end
GL Account 101000 Civilian Payroll Activity vs. Treasury Activity	101000	SA	TAS & Approp. Code	Monthly	20 business days after month-end
GL Account 101000 Military Payroll Activity vs. Treasury Activity	101000	OGQ	TAS & Approp. Code	Monthly	20 business days after month-end
GL Account 112000 Imprest Funds vs. Treasury Activity	112000	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 7.10 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	101000	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	101000	RD	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's USSGL 101000 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	101000	N/A	N/A	N/A	N/A
Reconciliation of the monthly and annual activity in the GL 101000 accounts to Form FMS 224	101000	RD	ALC	Monthly	20 business days after month-end
GL Account 101000 Military Payroll Activity vs. Treasury Activity	101000	N/A	N/A	N/A	N/A

RD = Resources Division

Table 7.11 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	101000	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	101000	RRB	ALC	Monthly	20 business days after month-end
Reconciliation of the Agency's USSGL 101000 accounts to Treasury's Form FMS 6653 and Form FMS 6655 reports	101000	N/A	N/A	N/A	N/A
Reconciliation of the monthly and annual activity in the GL 101000 accounts to Form FMS 224	101000	RRB	ALC	Monthly	20 business days after month-end
GL Account 101000 Civilian Payroll Activity vs. Treasury Activity	101000	N/A	N/A	N/A	N/A
GL Account 101000 Military Payroll Activity vs. Treasury Activity	101000	N/A	N/A	N/A	N/A
GL Account 112000 Imprest Funds vs. Treasury Activity	112000	RRB	ALC	Monthly	20 business days after month-end

RRB = Reports, Reconciliations, and Budget Division

Appendix 7-2 Edit Check Reconciliation

Table 7.12 Edit Check Reconciliation – ALC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations - Cumulative (GL 310000): Beginning balance = Ending balance (pre-close from current year)	310000	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Unexpended Appropriations - Cumulative (GL 310000): Prior year post-close balance = Current year beginning balance	310000	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cumulative Results of Operations (GL 331000): Beginning balance = Current year pre-close ending balance	331000	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cumulative Results of Operations (GL 331000): Prior year post-close ending balance = Current year beginning balance	331000	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Actual Resources Collected (GL 420100): Beginning balance = Current year pre-close ending balance	420100	FOB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Actual Resources Collected (GL 420100): Prior year post-close ending balance = Current year beginning balance	420100	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 7.13 Edit Check Reconciliation – CG TIER

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations - Cumulative (GL 310000): Beginning balance = Ending balance (pre-close from current year)	310000	FF	Summary TAS	Monthly	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Unexpended Appropriations - Cumulative (GL 310000): Prior year post-close balance = Current year beginning balance	310000	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Cumulative Results of Operations (GL 331000): Beginning balance = Current year pre-close ending balance	331000	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Cumulative Results of Operations (GL 331000): Prior year post-close ending balance = Current year beginning balance	331000	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Total Actual Resources Collected (GL 420100): Beginning balance = Current year pre-close ending balance	420100	FF	Summary TAS	Annually	60 - 90 days after 1st day of fiscal year, then by the 15th or 30th
Total Actual Resources Collected (GL 420100): Prior year post-close ending balance = Current year beginning balance	420100	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 7.14 Edit Check Reconciliation – FINCEN

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations - Cumulative (GL 310000): Beginning balance = Ending balance (pre-close from current year)	310000	N/A	N/A	N/A	N/A
Unexpended Appropriations - Cumulative (GL 310000): Prior year post-close balance = Current year beginning balance	310000	N/A	N/A	N/A	N/A
Cumulative Results of Operations (GL 331000): Beginning balance = Current year pre-close ending balance	331000	N/A	N/A	N/A	N/A
Cumulative Results of Operations (GL 331000): Prior year post-close ending balance = Current year beginning balance	331000	N/A	N/A	N/A	N/A
Total Actual Resources Collected (GL 420100): Beginning balance = Current year pre-close ending balance	420100	N/A	N/A	N/A	N/A
Total Actual Resources Collected (GL 420100): Prior year post-close ending balance = Current year beginning balance	420100	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 7.15 Edit Check Reconciliation – Yard/SFLC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations - Cumulative (GL 310000): Beginning balance = Ending balance (pre-close from current year)	310000	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Unexpended Appropriations - Cumulative (GL 310000): Prior year post-close balance = Current year beginning balance	310000	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cumulative Results of Operations (GL 331000): Beginning balance = Current year pre-close ending balance	331000	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Cumulative Results of Operations (GL 331000): Prior year post-close ending balance = Current year beginning balance	331000	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Actual Resources Collected (GL 420100): Beginning balance = Current year pre-close ending balance	420100	RRB	Summary TAS	Monthly	Prior to submitting Trial Balance
Total Actual Resources Collected (GL 420100): Prior year post-close ending balance = Current year beginning balance	420100	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 7-3 Reconciliation of GL Account Relationships and Abnormal Balances

Table 7.16 Reconciliation of GL Account Relationships and Abnormal Balances – ALC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	141000 vs. 480200, 483200, 487200, 488200	FOB	Summary TAS	Monthly	15 business days after month-end
Accounts Payable = Delivered Orders – Unpaid	211000, 212000, 213000, 214000, 219000, 221000, 221100, 221300, 221500 vs. 490100, 493100, 497100, 498100	FOB	Summary TAS	Monthly	15 business days after month-end
Advances from Others = Unfilled Customer Orders with Advance	231000 vs. 422200, 423100	FOB	Summary TAS	Monthly	15 business days after month-end
Accounts Receivable Federal = Budgetary Receivables	131000F vs. 425100, 428700, 423300, 423400	FOB	Detail TAS	Monthly	15 business days after month-end
Revenue = Reimbursements and Other Income Earned	425100, 425200 vs. 510000, 520000	FOB	Detail TAS	Monthly	15 business days after month-end
Expenditures = Budgetary Expenditures	490100, 490200, 497100, 497200, 498100, 498200, vs. 570000	FOB	Detail TAS	Monthly	15 business days after month-end
Receivables for Invested Balances = Budgetary Invested Balances	133000 vs. 408100, 408300, 417100, 412600, 412700	FOB	Summary TAS	Monthly	15 business days after month-end
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	171900, 173900, 174900, 175900, 181900, 182900, 183900, 184900, 189900 vs. 671000	FOB	Summary TAS	Monthly	20 business days after month-end
Unfilled Customer Orders = Undelivered Orders – Reimbursable	422100, 422200, vs. 480100R, 480200R	N/A	N/A	N/A	N/A
Appropriation Used = Delivered Orders	490100D, 490200D vs. 310700	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)	151100-152900, 171100-189900; 199000, 222000, 222500, 229000, 26xxxx, 292000, 294000, 299000, 299500 vs. 500000s, 600000s, 700000s, 331000	FOB	Summary TAS	Monthly	15 business days after month-end
Budgetary Cash = Proprietary Cash	101000 vs. 4xxxxx	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	310100 vs. 411900	N/A	N/A	N/A	N/A
Net Position Analysis - Unexpended Appropriation	300000 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 310700) to Expended Appropriations (GL 570000)	310700 vs. 570000	FOB	Detail TAS	Monthly	15 business days after month-end
Delivered Orders-Obligations, Unpaid (GL 490100) & Delivered Orders-Obligations, Paid (GL 490200) to Expended Appropriations (GL 570000)	490100, 490200 vs. 570000	N/A	N/A	N/A	N/A
Accounts Receivable (GL 131000) to Other Expenses Not Requiring Budgetary Resources (GL 679000)	131000 vs. 679000	N/A	N/A	N/A	N/A
Net Position Accounts (GL 310100-310900) = zero	Only after post-close	N/A	N/A	N/A	N/A

COMDTINST M7100.3F

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Revenue and Other Financing Sources (GL 5XXXXX) & Expenses (GL 6XXXXXX) & Gains/Losses/Miscellaneous Items (GL 7XXXXX) = zero	Only after post-close	N/A	N/A	N/A	N/A

FOB = Fiscal Operations Branch

**Table 7.17 Reconciliation of GL Account Relationships and Abnormal Balances – CG
TIER**

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	141000 vs. 480200, 483200, 487200, 488200	FF	Summary TAS	Monthly	Prior to producing F/S
Accounts Payable = Delivered Orders – Unpaid	211000, 212000, 213000, 214000, 219000, 221000, 221100, 221300, 221500 vs. 490100, 493100, 497100, 498100	FF	Summary TAS	Monthly	Prior to producing F/S
Advances from Others = Unfiled Customer Orders with Advance	231000 vs. 422200, 423100	FF	Summary TAS	Monthly	Prior to producing F/S
Accounts Receivable Federal = Budgetary Receivables	131000F vs. 425100, 428700, 423300, 423400	FF	Summary TAS	Monthly	Prior to producing F/S
Revenue = Reimbursements and Other Income Earned	425100, 425200 vs. 510000, 520000	FF	Summary TAS	Monthly	Prior to producing F/S
Expenditures = Budgetary Expenditures	490100, 490200, 497100, 497200, 498100, 498200, vs. 570000	FF	Summary TAS	Monthly	Prior to producing F/S
Receivables for Invested Balances = Budgetary Invested Balances	133000 vs. 408100, 408300, 417100, 412600, 412700	FF	Summary TAS	Monthly	Prior to producing F/S
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	171900, 173900, 174900, 175900, 181900, 182900, 183900, 184900, 189900 vs. 671000	FR	Summary TAS	Monthly	Prior to producing F/S
Unfiled Customer Orders = Undelivered Orders – Reimbursable	422100, 422200, vs. 480100R, 480200R	FF	Summary TAS	Monthly	Prior to producing F/S
Appropriation Used = Delivered Orders	490100D, 490200D vs. 310700	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)	151100-152900, 171100-189900: 199000, 222000, 222500, 229000, 26xxxx, 292000, 294000, 299000, 299500 vs. 500000s, 600000s, 700000s, 331000	FF	Summary TAS	Monthly	Prior to producing F/S
Budgetary Cash = Proprietary Cash	101000 vs. 4xxxxx	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	310100 vs. 411900	FF	Summary TAS	Monthly	Prior to producing F/S
Net Position Analysis - Unexpended Appropriation	300000 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 310700) to Expended Appropriations (GL 570000)	310700 vs. 570000	FF	Summary TAS	Monthly	Prior to producing F/S
Delivered Orders-Obligations, Unpaid (GL 490100) & Delivered Orders-Obligations, Paid (GL 490200) to Expended Appropriations (GL 570000)	490100, 490200 vs. 570000	N/A	N/A	N/A	N/A
Accounts Receivable (GL 131000) to Other Expenses Not Requiring Budgetary Resources (GL 679000)	131000 vs. 679000	N/A	N/A	N/A	N/A
Net Position Accounts (GL 310100-310900) = zero	Only after post-close	N/A	N/A	N/A	N/A

COMDTINST M7100.3F

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Revenue and Other Financing Sources (GL 5XXXXX) & Expenses (GL 6XXXXXX) & Gains/Losses/Miscellaneous Items (GL 7XXXXX) = 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 7.18 Reconciliation of GL Account Relationships and Abnormal Balances –
FINCEN**

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	141000 vs. 480200, 483200, 487200, 488200	OG	Detail TAS	Monthly	15 business days after month-end
Accounts Payable = Delivered Orders – Unpaid	211000, 212000, 213000, 214000, 219000, 221000, 221100, 221300, 221500 vs. 490100, 493100, 497100, 498100	OG	Detail TAS	Monthly	15 business days after month-end
Advances from Others = Unfiled Customer Orders with Advance	231000 vs. 422200, 423100	OG	Detail TAS	Monthly	15 business days after month-end
Accounts Receivable Federal = Budgetary Receivables	131000F vs. 425100, 428700, 423300, 423400	OG	Detail TAS	Monthly	15 business days after month-end
Revenue = Reimbursements and Other Income Earned	425100, 425200 vs. 510000, 520000	OG	Detail TAS	Monthly	15 business days after month-end
Expenditures = Budgetary Expenditures	490100, 490200, 497100, 497200, 498100, 498200, vs. 570000	OG	Detail TAS	Monthly	15 business days after month-end
Receivables for Invested Balances = Budgetary Invested Balances	133000 vs. 408100, 408300, 417100, 412600, 412700	FF	Summary TAS	Monthly	15 business days after month-end
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	171900, 173900, 174900, 175900, 181900, 182900, 183900, 184900, 189900 vs. 671000	FR	Summary TAS	Monthly	20 business days after month-end
Unfiled Customer Orders = Undelivered Orders – Reimbursable	422100, 422200, vs. 480100R, 480200R	OG	Detail TAS	Monthly	15 business days after month-end
Appropriation Used = Delivered Orders	490100D, 490200D vs. 310700	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)	151100-152900, 171100-189900: 199000, 222000, 222500, 229000, 26xxxx, 292000, 294000, 299000, 299500 vs. 500000s, 600000s, 700000s, 331000	OGQ	Summary TAS	Monthly	15 business days after month-end
Budgetary Cash = Proprietary Cash	101000 vs. 4xxxxx	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	310100 vs. 411900	N/A	N/A	N/A	N/A
Net Position Analysis - Unexpended Appropriation	300000 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

COMDTINST M7100.3F

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Unexpended Appropriations Used (GL 310700) to Expended Appropriations (GL 570000)	310700 vs. 570000	OG	Detail TAS	Monthly	15 business days after month-end
Delivered Orders-Obligations, Unpaid (GL 490100) & Delivered Orders-Obligations, Paid (GL 490200) to Expended Appropriations (GL 570000)	490100, 490200 vs. 570000	OG	Detail TAS	Monthly	15 business days after month-end
Accounts Receivable (GL 131000) to Other Expenses Not Requiring Budgetary Resources (GL 679000)	131000 vs. 679000	OG	Detail TAS	Monthly	15 business days after month-end
Net Position Accounts (GL 310100-310900) = zero	Only after post-close	OG	Summary TAS	Annually	15 business days after month-end
Revenue and Other Financing Sources (GL 5XXXXX) & Expenses (GL 6XXXXXX) & Gains/Losses/Miscellaneous Items (GL 7XXXXX) = 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 7.19 Reconciliation of GL Account Relationships and Abnormal Balances – PPC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	141000 vs. 480200, 483200, 487200, 488200	N/A	N/A	N/A	N/A
Accounts Payable = Delivered Orders – Unpaid	211000, 212000, 213000, 214000, 219000, 221000, 221100, 221300, 221500 vs. 490100, 493100, 497100, 498100	N/A	Summary TAS	Monthly	15 business days after month-end
Advances from Others = Unfiled Customer Orders with Advance	231000 vs. 422200, 423100	N/A	Summary TAS	Monthly	15 business days after month-end
Accounts Receivable Federal = Budgetary Receivables	131000F vs. 425100, 428700, 423300, 423400	N/A	Detail TAS	Monthly	15 business days after month-end
Revenue = Reimbursements and Other Income Earned	425100, 425200 vs. 510000, 520000	N/A	Detail TAS	Monthly	15 business days after month-end
Expenditures = Budgetary Expenditures	490100, 490200, 497100, 497200, 498100, 498200, vs. 570000	N/A	Detail TAS	Monthly	15 business days after month-end
Receivables for Invested Balances = Budgetary Invested Balances	133000 vs. 408100, 408300, 417100, 412600, 412700	N/A	N/A	N/A	N/A
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	171900, 173900, 174900, 175900, 181900, 182900, 183900, 184900, 189900 vs. 671000	N/A	N/A	N/A	N/A
Unfiled Customer Orders = Undelivered Orders – Reimbursable	422100, 422200, vs. 480100R, 480200R	N/A	N/A	N/A	N/A
Appropriation Used = Delivered Orders	490100D, 490200D vs. 310700	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)	151100-152900, 171100-189900; 199000, 222000, 222500, 229000, 26XXxx, 292000, 294000, 299000, 299500 vs. 500000s, 600000s, 700000s, 331000	N/A	N/A	N/A	N/A
Budgetary Cash = Proprietary Cash	101000 vs. 4xxxxx	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	310100 vs. 411900	N/A	N/A	N/A	N/A
Net Position Analysis - Unexpended Appropriation	300000 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 310700) to Expended Appropriations (GL 570000)	310700 vs. 570000	N/A	Detail TAS	Monthly	15 business days after month-end

COMDTINST M7100.3F

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Delivered Orders-Obligations, Unpaid (GL 490100) & Delivered Orders-Obligations, Paid (GL 490200) to Expended Appropriations (GL 570000)	490100, 490200 vs. 57000	N/A	N/A	N/A	N/A
Accounts Receivable (GL 131000) to Other Expenses Not Requiring Budgetary Resources (GL 679000)	131000 vs. 679000	N/A	N/A	N/A	N/A
Net Position Accounts (GL 310100-310900) = zero	Only after post-close	N/A	N/A	N/A	N/A
Revenue and Other Financing Sources (GL 5XXXXX) & Expenses (GL 6XXXXXX) & Gains/Losses/Miscellaneous Items (GL 7XXXXX) = zero	Only after post-close	N/A	N/A	N/A	N/A

**Table 7.20 Reconciliation of GL Account Relationships and Abnormal Balances –
Yard/SFLC**

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Advances and Prepayments = Undelivered Orders – Paid	141000 vs. 480200, 483200, 487200, 488200	RRB	Summary TAS	Monthly	15 business days after month-end
Accounts Payable = Delivered Orders – Unpaid	211000, 212000, 213000, 214000, 219000, 221000, 221100, 221300, 221500 vs. 490100, 493100, 497100, 498100	RRB	Summary TAS	Monthly	15 business days after month-end
Advances from Others = Unfilled Customer Orders with Advance	231000 vs. 422200, 423100	RRB	Detail TAS	Monthly	15 business days after month-end
Accounts Receivable Federal = Budgetary Receivables	131000F vs. 425100, 428700, 423300, 423400	RRB	Detail TAS	Monthly	15 business days after month-end
Revenue = Reimbursements and Other Income Earned	4251000, 425200 vs. 510000, 520000	RRB	Detail TAS	Monthly	15 business days after month-end
Expenditures = Budgetary Expenditures	490100, 490200, 497100, 497200, 498100, 498200, vs. 570000	RRB	Detail TAS	Monthly	15 business days after month-end
Receivables for Invested Balances = Budgetary Invested Balances	133000 vs. 408100, 408300, 417100, 412600, 412700	N/A	N/A	N/A	N/A
Change in Accumulated Depreciation = Depreciation, Amortization, and Depletion Expense	171900, 173900, 174900, 175900, 181900, 182900, 183900, 184900, 189900 vs. 671000	RRB	Summary TAS	Monthly	20 business days after month-end
Unfilled Customer Orders = Undelivered Orders – Reimbursable	422100, 422200, vs. 480100R, 480200R	RRB	Detail TAS	Monthly	15 business days after month-end
Appropriation Used = Delivered Orders	490100D, 490200D vs. 310700	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)	151100-152900, 171100-189900: 199000, 222000, 222500, 229000, 26xxxx, 292000, 294000, 299000, 299500 vs. 500000s, 600000s, 700000s, 331000	RRB	Summary TAS	Monthly	15 business days after month-end
Budgetary Cash = Proprietary Cash	101000 vs. 4xxxxx	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	310100 vs. 411900	N/A	N/A	N/A	N/A
Net Position Analysis - Unexpended Appropriation	300000 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 310700) to Expended Appropriations (GL 570000)	310700 vs. 570000	RRB	Detail TAS	Monthly	15 business days after month-end
Delivered Orders-Obligations, Unpaid (GL 490100) & Delivered Orders-Obligations, Paid (GL 490200) to Expended Appropriations (GL 570000)	490100, 490200 vs. 570000	N/A	N/A	N/A	N/A
Accounts Receivable (GL 131000) to Other Expenses Not Requiring Budgetary Resources (GL 679000)	131000 vs. 679000	N/A	N/A	N/A	N/A
Net Position Accounts (GL 310100-310900) = zero	Only after post-close	N/A	N/A	N/A	N/A
Revenue and Other Financing Sources (GL 5XXXXX) & Expenses (GL 6XXXXXX) & Gains/Losses/Miscellaneous Items (GL 7XXXXX) = zero	Only after post-close	N/A	N/A	N/A	N/A

RRB = Reports, Reconciliations, and Budget Division

Appendix 7-4 Reconciliation of GL Control Accounts to Subsidiary Records

Table 7.21 Reconciliation of GL Control Accounts to Subsidiary Records – ALC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Accounts Receivable subsidiary records to the GL	134000 - 136900 133000 - 133500	FOB	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	214000 & 219000	FOB	Transaction level	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	215000 & 215500	FOB	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	261000 - 292000	FOB	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	298000 & 299000	FOB	Transaction level	Monthly	15 business days after month-end
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	610000	N/A	N/A	N/A	N/A
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	161000 - 161100	N/A	N/A	N/A	N/A
Advances from Others and Deferred Revenue subsidiary records to the GL	231000 - 232000	N/A	N/A	N/A	N/A
Revenue subsidiary records to the GL	510000, 510900, 520000, 531000, 531100, 532000	FOB	Transaction level	Monthly Quarterly	20 days after month-end or quarter-end
Revenue subsidiary records to the GL	575000, 575500, 576000, 576500, 578000	FOB	TAS & Approp. Code	Quarterly	20 days after quarter-end
Revenue subsidiary records to the GL	590000, 599000, 599100	FOB	Transaction level	Quarterly	20 days after quarter-end
Environmental and Disposal Liability subsidiary records to the GL	299500	N/A	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the GL	141000	FOB	Transaction level	Monthly	20 days after month-end
Allotments subsidiary record to the GLs	FINCEN: 411900 ALC: 461000 Yard: 461000	FOB	Transaction level	Quarterly	20 days after quarter-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	221000 - 221100 - 221300	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	222000	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	222500 - 229000	N/A	N/A	N/A	N/A
Detail Aging of Suspense Accounts versus Suspense Accounts GL control account balances and Treasury balances	240000	FOB	TAS & Approp. Code	Monthly	20 business days after month-end
Unexpended Appropriation - Cumulative and Cumulative Results of Operations	310000 & 331000	FOB	TAS & Approp. Code	Annually	20 business days after year-end
Anticipated Reimbursements and Other Incomes & Appropriation Trust Fund Expenditure Transfer - Receivable	421000 & 422500	FOB	TAS & Approp. Code	Annually Quarterly	20 business days after year-end or quarter-end
Expenditures Accounts	610000, 633000, 650000, 672000	FOB	Transaction level	Quarterly	20 business days after quarter-end
Expenditures Accounts	640000, 673000, 680000	FOB	TAS & Approp. Code	Quarterly	20 business days after quarter-end
Gains and Losses	721000, 760000	FOB	Transaction level	Quarterly	20 business days after quarter-end

FOB = Fiscal Operations Branch

Table 7.22 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	134000 - 136900 133000 - 133500	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	214000 & 219000	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	215000 & 215500	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	261000 - 292000	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	298000 & 299000	N/A	N/A	N/A	N/A
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	610000	N/A	N/A	N/A	N/A
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	161000 - 161100	N/A	N/A	N/A	N/A
Advances from Others and Deferred Revenue subsidiary records to the GL	231000 - 232000	N/A	N/A	N/A	N/A
Revenue subsidiary records to the GL	510000, 510900, 520000, 531000, 531100, 532000	N/A	N/A	N/A	N/A
Revenue subsidiary records to the GL	575000, 575500, 576000, 576500, 578000	N/A	N/A	N/A	N/A
Revenue subsidiary records to the GL	590000, 599000, 599100	N/A	N/A	N/A	N/A
Environmental and Disposal Liability subsidiary records to the GL	299500	N/A	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the GL	141000	N/A	N/A	N/A	N/A
Allotments subsidiary record to the GLs	FINCEN: 411900 ALC: 461000 Yard: 461000	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	221000 - 221100 - 221300	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	222000	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	222500 - 229000	N/A	N/A	N/A	N/A
Detail Aging of Suspense Accounts versus Suspense Accounts GL control account balances and Treasury balances	240000	N/A	N/A	N/A	N/A
Unexpended Appropriation - Cumulative and Cumulative Results of Operations	310000 & 331000	N/A	N/A	N/A	N/A
Anticipated Reimbursements and Other Incomes & Appropriation Trust Fund Expenditure Transfer - Receivable	421000 & 422500	N/A	N/A	N/A	N/A
Expenditures Accounts	610000, 633000, 650000, 672000	N/A	N/A	N/A	N/A
Expenditures Accounts	640000, 673000, 680000	N/A	N/A	N/A	N/A
Gains and Losses	721000, 760000	N/A	N/A	N/A	N/A

Table 7.23 Reconciliation of GL Control Accounts to Subsidiary Records – FINCEN

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Accounts Receivable subsidiary records to the GL	134000 - 136900 133000 - 133500	OG	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	214000 & 219000	SA	Transaction level	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	215000 & 215500	FF	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	261000 - 292000	FF	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	298000 & 299000	SA OP	Transaction level	Monthly	15 business days after month-end
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	610000	SA	TAS & Approp. Code	Quarterly	20 days after quarter-end
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	161000 - 161100	FF	TAS & Approp. Code	Monthly	20 days after month-end
Advances from Others and Deferred Revenue subsidiary records to the GL	231000 - 232000	OGB	Transaction level	Monthly	20 days after month-end
Revenue subsidiary records to the GL	510000, 510900, 520000, 531000, 531100, 532000	SA	Transaction level	Monthly Quarterly	20 days after month-end or quarter-end
Revenue subsidiary records to the GL	575000, 575500, 576000, 576500, 578000	FF	TAS & Approp. Code	Quarterly	20 days after quarter-end
Revenue subsidiary records to the GL	590000, 599000, 599100	SA	Transaction level	Quarterly	20 days after quarter-end
Environmental and Disposal Liability subsidiary records to the GL	299500	FF	TAS & Approp. Code	Monthly	20 days after month-end
Advance and Prepayments subsidiary records to the GL	141000	SA	Transaction level	Monthly	20 days after month-end
Allotments subsidiary record to the GLs	FINCEN: 411900 ALC: 461000 Yard: 461000	SA	Transaction level	Quarterly	20 days after quarter-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	221000 - 221100 - 221300	Civ: SA Mil: SA	TAS & Approp. Code	Monthly	20 business days after month-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	222000	Civ: SA Mil: SA	TAS & Approp. Code	Monthly	20 business days after month-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	222500 - 229000	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	240000	OG/SA	TAS & Approp. Code	Monthly	20 business days after month-end
Unexpended Appropriation - Cumulative and Cumulative Results of Operations	310000 & 331000	SA	TAS & Approp. Code	Annually	20 business days after year-end
Anticipated Reimbursements and Other Incomes & Appropriation Trust Fund Expenditure Transfer - Receivable	421000 & 422500	SA FF	TAS & Approp. Code	Annually Quarterly	20 business days after year-end or quarter-end
Expenditures Accounts	610000, 633000, 650000, 672000	SA	Transaction level	Quarterly	20 business days after quarter-end
Expenditures Accounts	640000, 673000, 680000	SA FF	TAS & Approp. Code	Quarterly	20 business days after quarter-end
Gains and Losses	721000, 760000	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 7.24 Reconciliation of GL Control Accounts to Subsidiary Records – PPC

Reconciliation	USSGL Account No.	Office	Level	Freq	Due
Accounts Receivable subsidiary records to the GL	134000 - 136900 133000 - 133500	RD	TAS & Approp. Code	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	214000 & 219000	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	215000 & 215500	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	261000 – 292000	N/A	N/A	N/A	N/A
Accounts Payable subsidiary records to the GL	298000 & 299000	N/A	N/A	N/A	N/A
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	610000	N/A	N/A	N/A	N/A
Advances from Others and Deferred Revenue subsidiary records to the GL	231000 - 232000	N/A	N/A	N/A	N/A
Environmental and Disposal Liability subsidiary records to the GL	299500	N/A	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the GL	141000	RD	Transaction level	Monthly	20 days after month-end
Allotments subsidiary record to the GLs	FINCEN: 411900 ALC: 461000 Yard: 461000	RD	Transaction level	Quarterly	20 days after quarter-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	221000 - 221100 - 221300	RD	TAS & Approp. Code	Monthly	20 days after month-end
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	222000	N/A	N/A	N/A	N/A
Payroll Subsidiary ledger to payroll liabilities and withheld accounts	222500 - 229000	N/A	N/A	N/A	N/A
Detail Aging of Suspense Accounts versus Suspense Accounts GL control account balances and Treasury balances	240000	RD	TAS & Approp. Code	Monthly	20 business days after month-end
Expenditures Accounts	610000, 633000, 650000, 672000	RD	Transaction level	Quarterly	20 business days after quarter-end
Expenditures Accounts	640000, 673000, 680000	RD	TAS & Approp. Code	Quarterly	20 business days after quarter-end

RD = Resources Division

Table 7.25 Reconciliation of GL Control Accounts to Subsidiary Records – Yard/SFLC

Reconciliation	USSGL Account No.	Office	Freq	Due
Accounts Receivable subsidiary records to the GL	13xxxx	RRB	Monthly	15 business days after month-end
Accounts Payable subsidiary records to the GL	2xxxxx	RRB	Monthly	15 business days after month-end
Payroll subsidiary records (NFC and JUMPS data) to payroll expense in the GL	610000	N/A	N/A	N/A
Investment activities and balance to the appropriate provider (Treasury, non-governmental institution, etc.)	161000 - 161100	N/A	N/A	N/A
Deferred Revenue subsidiary records to the GL	232000	RRB	N/A	N/A
Revenue subsidiary records to the GL	5xxxxx	RRB	Monthly	20 days after month-end
Environmental and Disposal Liability subsidiary records to the GL	299500	N/A	N/A	N/A
Advance and Prepayments subsidiary records to the GL	141000	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	101000	RRB	Monthly	20 days after month-end
PP&E subsidiary records to the GL	17xxxx, 18xxxx	RRB	Monthly	20 days after month-end
Inventory subsidiary records to the GL	15xxxx	RRB	Monthly	20 days after month-end

RRB = Reports, Reconciliations, and Budget Division

Appendix 7-5 Required Accruals by Document Type

Table 7.26 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
22	Purchase Order Invoice Voucher for Nonsubsistence	Yes

COMDTINST M7100.3F

Document Type Code	Document Title	Accrual
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
34	Reimbursable Work Authorization	Yes
35	Transfer Between Coast Guard Units	Yes
35	ARMS/Milstrip	Yes

Document Type Code	Document Title	Accrual
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
39	Payments over Cancellation and Limited Payability. 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

COMDTINST M7100.3F

Document Type Code	Document Title	Accrual
45	Commercial Telephone Bill	Yes
46	Utilities – Water	Yes
48	GSA Vehicle Billings	Yes
49	Utilities – Natural Gas	Yes
68	Debit Voucher	Yes
78	Travelers Checks	Yes
	Military Payroll	Yes
	Civilian Payroll	Yes
	Reserve Payroll	Yes

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

As required by the Department of Homeland Security (DHS), Components Requirements Guide for Financial Reporting, the Coast Guard is required to report sufficient, reliable, and timely data to ensure that DHS meets the financial statement submission deadlines, which are required by the DHS Financial Accountability Act of 2004. The financial statements are prepared in accordance with the Office of Management and Budget (OMB), Circular No. A-136, Financial Reporting Requirements.

To meet the requirements of OMB A-136, Coast Guard and DHS use the Treasury Information Executive Repository (TIER). The following financial reporting topics must be addressed to ensure complete and accurate financial data is maintained. The following financial reporting topics are addressed in *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 8 (Financial Reporting).

1. Period-End Close of CAS Submodules and General Ledger
2. Reconciliation of GL Control Accounts to GL Submodules
3. Manual Journal Voucher/CG TIER On-Top Adjustments
4. Creation of the CG TIER Unadjusted Trial Balance
5. Preparation of the Reconciliation of Net Cost to Budget
6. Analysis of Cumulative Results of Operations
7. Preparation of Automated and Manual Footnotes
8. Submission of Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) Data
9. Chief Financial Officer Certifications
10. Preparation of the Annual Performance and Accountability Report and the Data for the Financial Report of the U.S. Government
11. DHS TIER Analytical Analysis and Report
12. DHS TIER Abnormal Balances
13. DHS TIER Intra-Departmental Eliminations

14. Financial Statement Checklist
15. Reconciling the Statement of Budgetary Resources (SBR)

For detailed responsibilities, procedures, and definitions on the period-end financial reporting, refer to the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 8 (Financial Reporting).

8.1.1.1 Purpose

This Section 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 uses the Treasury Information Executive Repository (CG TIER), and DHS uses the Treasury Information Executive Repository (DHS TIER).

8.1.1.2 Scope

This Section applies to all Coast Guard components that are involved in period-end financial reporting.

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://www.gpo.gov/fdsys/pkg/STATUTE-118/pdf/STATUTE-118-Pg1275.pdf>
3. *Federal Managers Financial Integrity Act of 1982* (FMFIA). (PL 97-255).
https://obamawhitehouse.archives.gov/omb/financial_fmfi1982
4. *Federal Financial Management Improvement Act of 1996* (FFMIA). (PL 104-208).
https://obamawhitehouse.archives.gov/omb/financial_ffs_ffmia
5. Office of Management and Budget, Circular A-123, *Management’s Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
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.
<https://www.whitehouse.gov/omb/information-for-agencies>
8. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, June 2015.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>

9. Office of Management and Budget, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
10. Office of Management and Budget, Circular A-130, *Management of Federal Information Resources*, November 2000.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
11. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
12. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, (TFM) Volume I, Part 2, Chapter 4700, “Agency Reporting Requirements for the *Financial Report of the United States Government*.”
<http://tfm.fiscal.treasury.gov/v1.html>
13. Department of the Treasury, Bureau of the Fiscal 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*, (series).
<http://cfo-policy.dhs.gov/default.aspx>
15. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.
<http://www.gao.gov/>
16. *Information and Life Cycle Management Manual*, COMDTINST M5212.12 (series).
<http://www.dcms.uscg.mil/directives>
17. *Financial Resource Management Manual - Procedures (FRMM-P)*, COMDTINST M7100.4 (series).
<http://www.dcms.uscg.mil/directives>

8.1.3 Responsibilities

8.1.3.1 *Assistant Commandant for Resources (CG-8)*

Commandant (CG-8) personnel provide oversight for all Coast Guard financial management and resource activities including planning, programming, budgeting, and execution of the service’s appropriations.

8.1.3.2 *Director, Financial Operations/Coast Guard Comptroller (CG-8C)*

Commandant (CG-8C) personnel:

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), and other finance/accounting service centers, 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.
4. Provide general guidance and direct oversight of the Coast Guard Finance (Center FINCEN) as well as other service centers that conduct finance and accounting operations.
5. Oversee financial management and accounting policy development, approvals, and implementation.
6. Assess and maintain appropriate financial management and accounting policies applicable to all Coast Guard operations.
7. Oversee and direct financial reporting (internal and external).
8. Ensure that accurate, concise, and timely information, including financial reports are available to the CFO, DHS, and independent auditors. Review all submissions for substance, conformance with instructions, completeness, accuracy, and authorizations.

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

Commandant (CG-84) personnel:

1. Develop, publish, and monitor compliance with standards and requirements for the transmission of financial data.
2. Monitor the integrity of the Coast Guard's financial data. Initiates management controls or corrective action when necessary/appropriate.
3. Develop, implement, oversee, and evaluate financial management policy, directives, and procedures.
4. Provide oversight and support to the journal voucher/on-top adjustment approval process and reporting of financial data.

8.1.3.4 Financial Reporting and Analysis Division (CG-842)

Commandant (CG-842) personnel:

1. Provide data or information when requested, to assist Coast Guard elements in responding to financial audits.
2. Coordinate and monitor the preparation/certification of Coast Guard's financial statements and related disclosures, and providing financial oversight and guidance to the program offices and field units.
3. Provide a high level review of all Coast Guard Financial Statements submitted to external agencies.

4. Coordinate and prepare verbiage for related manual footnotes for the quarterly and annual financial statements and reports.
5. Monitor the Finance Center (FINCEN) financial management performance measures and coordinate development of plans and corrective actions for improvement within Commandant (CG-842).

8.1.3.5 *Finance Center (FINCEN)*

FINCEN personnel:

1. Exercise direct supervision over the maintenance of formal detailed accounting records for fiscal accounting transactions.
2. Based on Commandant (CG-8) policy implementation direction, develop technical operating procedures. Promulgate as manuals, handbooks, forms, web pages, etc. Provide training in new systems and techniques.
3. Develop Coast Guard-wide consolidated operating results for all Coast Guard and service DHS agencies appropriations and funds. Analyze accounting data and obligational trends.
4. Review, reconcile and appraise the accuracy and validity of financial accounting information to better assist all financial management activities.
5. Maintains appropriate supporting documentation for all reconciliation activities.

8.1.3.6 *Office of Performance Management and Assessment (CG-DCO-81)*

Commandant (CG-DCO-81) personnel lead and oversee the Coast Guard's operational performance management and assessment processes across the Coast Guard mission set.

8.1.3.7 *Aviation Logistics Center (ALC)*

ALC personnel:

1. Leads the reconciliation of GL accounts and certify the ALMIS GL data.
2. Maintains appropriate supporting documentation for all reconciliation activities.

8.1.3.8 *Yard/Surface Forces Logistics Center (SFLC)*

SFLC personnel:

1. Leads the reconciliation of GL accounts and certify the NESSS GL data.
2. Maintains appropriate supporting documentation for all reconciliation activities.

8.1.3.9 *Coast Guard Academy*

CG Academy personnel:

1. Certify the Academy GL data.
2. Maintains appropriate supporting documentation for all GL data.

8.1.4 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.

For detailed procedures on ensuring the accuracy, completeness, and appropriate presentation of financial statements, footnotes and other reports and closing and reporting processes, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 8 (Financial Reporting).

8.2 Adjustments, Eliminations, and Other Special Intragovernmental Reconciliations

8.2.1 Overview

The overview outlined for Section 8.1 regarding financial reporting requirements also applies to the adjustments, eliminations, and other special intragovernmental reconciliations. In addition, the following roles and responsibilities are described below.

8.2.2 CG TIER Adjustments Responsibilities

8.2.2.1 *Aviation Logistics Center (ALC)*

ALC personnel:

1. Submit an electronic copy of the ALMIS trial balance to the FINCEN Financial Reports and Analysis Branch on a monthly basis.
2. Submit an electronic copy of the trading partner data to the FINCEN Financial Reports and Analysis Branch on a monthly basis.

8.2.2.2 *Coast Guard Yard/Surface Forces Logistics Center (SFLC)*

Yard/SFLC personnel:

1. Submit an electronic copy of the NESSS trial balance to the FINCEN Financial Reports and Analysis Branch on a monthly basis.

2. Submit an electronic copy of the trading partner data to the FINCEN Financial Reports and Analysis Branch on a monthly basis.

8.2.2.3 *Financial Center (FINCEN)*

FINCEN personnel:

1. Prepare the intragovernmental and intergovernmental elimination journal entries.
2. Record all approved TIER adjustments, to include intragovernmental and intergovernmental eliminations, into the CG-TIER database.
3. Report Posting Logic Issues to the System Division of FINCEN.
4. CG TIER Change Requests.
5. Access to CG TIER.
6. DHS TIER Change Requests.
7. Access to DHS TIER.

8.2.2.4 *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.

8.2.2.5 *Scope*

This Section applies to all personnel who process or oversee adjustments, eliminations, and other special reconciliations required for accurate financial reporting.

8.2.3 Authorities

1. Chief Financial Officers Act of 1990.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. *Federal Financial Management Improvement Act of 1996 (FFMIA)*.
https://obamawhitehouse.archives.gov/omb/financial_ffs_ffmia
3. Federal Information Security Management Act of 2002 (PL107-347).
<http://csrc.nist.gov/drivers/documents/FISMA-final.pdf>
4. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.
<http://www.gao.gov>

5. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
6. Office of Management and Budget, Circular A-130, Transmittal Memorandum #4, *Management of Federal Information Resources*, November 2000.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
7. Department of Homeland Security, Office of Financial Management, *Component Requirements Guide for Financial Reporting* (series).
<http://cfo-policy.dhs.gov/>

8.2.4 Responsibilities

8.2.4.1 *Aviation Logistics Center (ALC)*

ALC personnel:

1. Submit an electronic copy of the ALMIS trial balance to the FINCEN Financial Reports and Analysis Branch on a monthly basis.
2. Submit an electronic copy of the trading partner data to the FINCEN Financial Reports and Analysis Branch on a monthly basis.

8.2.4.2 *Coast Guard Yard/Surface Forces Logistics Center (SFLC)*

Yard/SFLC personnel:

1. Submit an electronic copy of the NESSS trial balance to the FINCEN Financial Reports and Analysis Branch on a monthly basis.
2. Submit an electronic copy of the trading partner data to the FINCEN Financial Reports and Analysis Branch on a monthly basis.

8.2.4.3 *Finance Center (FINCEN)*

FINCEN personnel:

1. Prepares the intragovernmental and intergovernmental elimination journal entries.
2. Records all approved TIER adjustments, to include intragovernmental and intergovernmental eliminations, into the CG TIER database.

8.2.5 Access to CG TIER

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. 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 a monthly 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.

8.2.5.2 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 a monthly 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.

Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 8 (Financial Reporting), for detailed procedures on adjustments, eliminations, and other special Intragovernmental reconciliations.

This page intentionally left blank.

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 Office of Management and Budget (OMB), Federal Accounting Standards Advisory Board (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 Key Legislation and Regulations provides a summary of key legislation and regulations.

The Director of Finance and Procurement and Internal Security/Chief Financial Officer (CFO), the Director of Information and Technology/Chief Information Officer (CIO), 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 for 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 Government Performance and Results Act (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, Resource, Financial, and Asset Management (RFAM) Task Group, summarizes the goals and functions of the RFAM Task Group.

For detailed responsibilities and procedures related to the design, integration, use, maintenance, training, and security of Coast Guard financial and mixed systems, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 9 (Coast Guard Financial and Mixed Systems).

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-123, Appendix D, Compliance with the Federal Financial Management Improvement Act of 1996, 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 management system – an agency’s overall financial operation, reflecting the people, processes, and technology to capture, classify, summarize, and report data in a meaningful manner to support business decisions. It includes hardware, applications and system software, personnel, procedures, data, and reporting functions. The financial management system can be fully integrated with other management information systems (i.e., mixed systems) where transactions automatically flow into an accounting general ledger. The financial management system could also include manual processes to post transactions from other management systems into the accounting general ledger.

financial system – an information system or set of applications that comprise the accounting portion of the financial management system that maintains all summary or detailed transactions resulting from budgetary and proprietary financial activity. The financial system encompasses processes and records that:

1. Identify and record all valid transactions;
2. Describe on a timely basis the transactions in sufficient detail to permit proper classification of transactions for financial reporting;
3. Measure the value of transactions in a manner that permits recording their proper monetary value in the financial statements; and
4. Determine the time period in which transactions occurred to permit recording of transactions in the proper accounting period.

mixed system – a hybrid of financial and non-financial portions of the overall financial management system. The following are examples of mixed systems: payment and invoice systems, procurement systems, receivable systems, loan systems, grants systems, payroll systems, budget formulation systems, billing systems, property management systems, travel systems, or other mission operational systems that impact a financial system.

9.2 Authorities

1. Chief Financial Officers (CFO) Act of 1990.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
2. *Federal Financial Management Improvement Act of 1996* (FFMIA).
https://obamawhitehouse.archives.gov/omb/financial_ffs_ffmia
3. *Government Performance and Results Act of 1993* (GPRA).
<https://www.whitehouse.gov/omb/information-for-agencies>

4. Information Technology Management Reform Act (ITMRA) of 1996 (now known as the Clinger-Cohen Act).
<http://govinfo.library.unt.edu/npr/library/misc/itref.html>
5. *Chief Financial Officer (CFO) Technical Authority*, COMDTINST 5402.3 (series).
<http://www.dcms.uscg.mil/directives>
6. *Coast Guard and Department of Homeland Security Chief Information Officer (CIO) Review and Approval of Command, Control, Communications, Computers, and Information Technology (C4&IT) Acquisitions*, COMDTINST 5230.77 (series).
<http://www.dcms.uscg.mil/directives>
7. *Command, Control, Communications, Computers and Information Technology (C4&IT) Configuration Management (CM) Policy*, COMDTINST 5230.69 (series).
<http://www.dcms.uscg.mil/directives>
8. *Command, Control, Communications, Computers and Information Technology (C4&IT) Enterprise Architecture (EA) Policy*, COMDTINST 5230.68 (series).
<http://www.dcms.uscg.mil/directives>
9. *Command, Control, Communications, Computers and Information Technology (C4&IT) Infrastructure Management Policy*, COMDTINST 5230.70 (series).
<http://www.dcms.uscg.mil/directives>
10. *Command, Control, Communications, Computers and Information Technology (C4&IT) Investment Management Policy*, COMDTINST 5230.71 (series).
<http://www.dcms.uscg.mil/directives>
11. *U.S. Coast Guard Cybersecurity Manual*, COMDTINST M5500.13 (series) (FOUO).
<http://www.dcms.uscg.mil/directives>

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 Financial and Procurement Desktop (FPD), Fleet Logistics Systems (FLS), 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 a broad portfolio of financial operations support functions, including policy development and approval; definition of financial and mixed systems functional requirements, and related systems acquisition and maintenance.
2. Serves as a final approving official for all system change requests (SCRs), and other system configuration management (SCM) tasks and modifications that have a financial impact on the financial statements or reports.
3. Serves as a final approving official for all quarterly script lists.
4. Serves as a 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, Commander, 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;
 - c. Ensure script development and execution adhere to Coast Guard configuration management policies and procedures;
 - d. Serve as first-level approving official for all script requests (SRs), SCRs, and SCM requests;
 - e. Review and, where appropriate, recommend approval or disapproval to the Office of Financial Policy, Reporting, and Property (CG-84) of (including mixed systems) script requests;
 - f. Serve as first-level approving official for pre-approved scripts that have a financial impact on the financial statements or reports;
 - g. Serve as first-level approving official for quarterly scripts list; and
 - h. Review and where appropriate, recommend approval or disapproval to Commandant (CG-8C) of (including mixed systems) quarterly script list, reports and SCRs.
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 based on the analysis and interpretation of statutory, as well as Department of Homeland Security (DHS), Office of Management and Budget (OMB), Government Accountability Office (GAO), and Department of the Treasury requirements.

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

Commandant (CG-84):

1. Leads the Coast Guard toward a clean audit opinion on the Financial Statement Audit, overseeing the CFO audit remediation planning and implementation. Ensures that corrective actions are tracked and that follow-up analysis is conducted.
2. Oversees the transformation of Coast Guard financial management necessary to achieve and sustain future clean CFO Act audit statements. Provides organizational recommendations to the CFO for ongoing sustainment of the transformation.
3. Develops, implements, oversees, and evaluates financial management policy, directives, and procedures.

4. Monitors the integrity of the Coast Guard's financial data. Initiates management controls or corrective action when necessary.
5. Monitors and furnishes input for external audit/review activities as they relate to Coast Guard accounting/financial systems.
6. Serves as a final approving official for all SRs that have a financial impact.

9.3.2.4 Office of Internal Controls (CG-85)

Commandant (CG-85):

1. Serves as the Coast Guard's single point of contact responsible for internal control within all Coast Guard directorates, communicating with all applicable external and internal customers.
2. Develops, implements, and maintains a management control program in accordance with the Federal Managers' Financial Integrity Act (FMFIA), OMB Circular A-123, GAO Internal Control Standards, and DHS Internal Control guidance.
3. Oversees, manages, and integrates management accountability by:
 - a. Monitoring results from the Coast Guard's Compliance Inspection Program.
 - b. Maintaining the management accountability and control systems process per OMB Circular A-123.

9.3.2.5 Finance Center (FINCEN)

FINCEN:

1. Serves as the data center for finance and procurement information for the Coast Guard and the conduit/contact point to the U.S. Treasury, unless waived.
2. Monitors and reports to Commandant (CG-8C) on the performance of finance and procurement systems (e.g., the accuracy and timeliness of FPD).
3. Develops, publishes, implements, and conducts finance and procurement system certifications and recertification's 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).
4. Establishes the standards for the Unit Approved Plan (UAP).

9.3.3 Assistant Commandant for Command, Control, Communications, Computers and Information Technology (C4IT) (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 lifecycle 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. Hosts FPD Training Team which conducts “C” school for FPD training.
2. Integrates, through SK “A” school, most of the Basic FPD functions and other courses as needed (e.g., Oracle training for Fixed Assets, FLS, etc.) into their school curriculum as it applies to an SK3.

9.3.6 Coast Guard Training Center Yorktown

Subject to the availability of funding, TC Yorktown hosts the FPD “C” school training conducted by the FPD Training Team.

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.dcms.uscg.mil/directives>, and *Standard Workstation III Configuration Management Policy*, COMDTINST 5200.16 (series), located online at <http://www.dcms.uscg.mil/directives>, as guides to determine the quantity of SWS equipment necessary to create, store, and transmit finance and procurement data.

For additional responsibilities related to the design, integration, use, maintenance, training, and security of Coast Guard financial and mixed systems, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 9 (Coast Guard Financial and Mixed Systems).

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 financial policy, procedures, processes, and requirements for systems, including instances serving other bureaus such as the Transportation Security Administration (TSA). 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.

For detailed responsibilities and procedures on requesting and approving scripts and system changes to financial management and mixed-use systems that result in a financial impact to statements or reports, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 9, Section 9.5.1 (Financial Management Data Integrity).

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 a 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 for maintaining 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. The financial impact is defined as a SC or SCR, 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 Office of Financial Policy, Reporting, and Property (CG-84) or preapproved by the Director of Financial Operations/Comptroller, Commandant (CG-8C) as part of the quarterly review process. Coast Guard will only implement system change requests that have a financial statement impact when authorized by Commandant (CG-8C).

1. Commandant (CG-8C) shall approve all 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. Commandant (CG-84) shall approve all script requests (SRs) with financial impact.
3. 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 provides financial services to TSA using CAS. 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. However, Coast Guard Headquarters (CGHQ) will no longer approve scripts that only impact TSA. TSA will be responsible for review and approval of all scripts that impact their organization and maintain the proper internal controls, documentation and management controls over their script approval process. CGHQ will continue to approve TSA SCRs.

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 and the Transportation Security Agency (TSA), which hosts a suite of applications at the Coast Guard FINCEN in Chesapeake, VA. The CAS suite includes the following applications:

- a. Oracle Federal Financials (OFF) – Oracle Corporation’s commercial off-the-shelf (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 SFLC/Yard. 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 Department of Homeland Security (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. NPFC Case Information Management System (NPFC-CIMS); and
6. 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 purchasing, funds management, reconciliation, reports, requisitions, and travel capabilities.

9.5.5 Inventory of Finance and Procurement Systems

OMB Circular A-123 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 the 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 the 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 (USSGL), 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 the 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 the 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 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 Cybersecurity Manual*, COMDTINST M5500.13 (series) (FOUO).

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. Helpdesk;
 - 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), (CG-84) and (CG-86).

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 Standard Operating Procedures (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), (CG-86), 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-86).

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 UAP and separation of duties.

For detailed responsibilities and procedures for the creation, verification, and maintenance of user accounts within the FPD, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 9, Section 9.5.22 (Centralized User Administration of the Finance and Procurement Desktop).

9.5.22.1 Authorities

1. *Federal Financial Management Improvement Act of 1996 (FFMIA)*.
https://obamawhitehouse.archives.gov/omb/financial_ffs_ffmia
2. Federal Information Security Management Act of 2002.
<http://csrc.nist.gov/drivers/documents/FISMA-final.pdf>
3. *Federal Managers' Financial Integrity Act of 1982 (FMFIA)*.
https://obamawhitehouse.archives.gov/omb/financial_fmfi1982
4. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
5. Office of Management and Budget, Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
6. *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
<http://www.dcms.uscg.mil/directives>

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 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

FPD Local Account Manager's role shall contain all of the essential privileges to perform account manager functions at the local or field unit level.

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.

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://www.dcms.uscg.mil/directives>.
3. Supervisors shall certify that the requested job description requirements present no known "separation of duties" conflicts with the access to be granted. The assignment of roles shall be based upon the selected job description, as validated by the supervisor.

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.
3. Password maintenance

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. 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 user's account shall be disabled upon the transfer, termination, or reassignment of the user.

6. Locking/disabling inactive user accounts

- a. All accounts shall be locked after 45 days of inactivity.
- b. All accounts shall be disabled after 90 days of inactivity.

7. User account maintenance priorities

The online Automated Access Request system shall provide users with priority levels.

9.5.22.3.3 Unit Approved Plan (UAP)/Separation of Duties

Per Office of Management and Budget (OMB), Circular A-123, key duties and responsibilities in authorizing, processing, recording, and reviewing official agency transactions should be separated among individuals. Managers should exercise appropriate oversight to ensure individuals do not exceed or abuse their assigned authorities.

This policy addresses the internal controls to ensure that segregation of duties exists within the role-based assignment of privileges in the Core Accounting System (CAS) suite of financial and mixed systems.

1. Each Coast Guard unit, HQ directorate/division, and staff component shall develop and promulgate a UAP for the management and operation of CAS suite at its location.
2. UAPs shall be specifically designed to address adequate segregation of duties to ensure that standards for internal controls are designed in accordance with Federal standards for internal controls contained within OMB Circular A-123.
3. These controls, at a minimum, shall emphasize adequate segregation of duties. Different roles have various abilities to affect a transaction or business event, such as making purchases, authorizing purchases and payments, certifying funding, and reviewing and auditing. No one individual should control all key aspects of a transaction, so it is vital that proper segregation of duties is established in the UAP and adhered to by all CAS users of that respective unit (see Subsections 5.6.3.3 (Policy) and 3.8.5 (Segregation of Duties)). 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), the Office Chief (for HQ directorates, areas, and logistics/service center commands), or the Resource Division Chief or equivalent O-5 in the financial chain of command (for Districts or other units not captured above). The signature authority may be delegated in writing to an Executive Officer, Deputy, Logistics Department Head, or equivalent O-5 in the financial chain of command. The written delegation of signature authority must accompany the signed submission of the UAP. Delegated signature on the UAP shall not have privileges/roles assigned in the CAS suite of financial and mixed systems. Submission of the signed UAP validates that the UAP is designed to ensure adequate segregation of duties as described in this Subsection. The UAP must be digitally signed and submitted to FINCEN as a PDF

- document via CGFIXIT. Underway cutters without access to CGFIXIT may submit their UAPs via email to FIN-SMB-CustomerService@USCG.MIL. Emailed UAPs from shore based units will not be accepted. UAPs will be stored in Coast Guard Common Core (CGCC) portal site for a period of at least six years and three months.
- b. The UAP shall be updated whenever UAP personnel change duties. At a minimum, an updated copy of the UAP will be submitted each fiscal year. UAPs shall be retained by the Unit for three years.
 - c. The UAP shall be utilized to ensure proper assignment of roles in the CAS suite based on current duties and responsibilities. UAPs shall be updated whenever an individual leaves a unit or CAS suite access requirements change.
 - d. Users shall be removed from financial systems in the CAS suite when determined that access is no longer required. Removal must be done through the Automated Access Request (AAR) system as removal from the UAP does not initiate removal from the system.
 - e. No user shall be granted access to the CAS suite if they are not current on all training as required by position and duties, including Antideficiency Act (ADA) training (see Subsection 5.6.3.3 (Policy)). The UAP signature authority shall verify that ADA training was completed by all individuals listed in the UAP and include a statement as such on the UAP submission. FINCEN shall reject all UAPs without this statement. Signature authorities shall ensure ADA training remains current for all individuals listed in the UAP and shall update the UAP and initiate AAR action to remove user access for those individuals with lapsed ADA training.
 - f. FINCEN shall review UAP submissions upon receipt of any user access request for that Unit and shall reject any UAP that does not have required signatures.
 - g. Users shall be assigned the minimum roles necessary to carry out their unit responsibilities. FINCEN will maintain a crosswalk between member position responsibilities and corresponding FPD roles.
4. UAPs shall include all CAS suite roles as well as the following minimum elements: OPFAC, FPD local account manager name, rank/rate, phone number, e-mail address, and unit mailing address.
 5. Although the CAS suite 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 incumbent upon the unit to design internal controls at the unit level to ensure adequate segregation of duties for all accounts under their control (See Subsections 5.6.3.3 (Policy) and 3.8.5 (Segregation of Duties)).
 6. It is recognized that a single user may be a funds manager, buyer or reconciler to perform other roles for one or more accounts at a unit. However, a single user may not fill multiple roles on the same transaction. If a unit is unable to meet the segregation of duties standards with the personnel in their unit, they must utilize their financial chain of command.
 7. All CAS suite users who approve commitments, or who create or approve obligations, shall be documented on the UAP for each field unit, HQ directorate, area, or logistics/service center command. CAS suite users who only create and submit

COMDTINST M7100.3F

procurement requests shall not be included on the UAP. These users will receive partial Basic User privileges.

8. An incident specific UAP, meeting the requirements of this Section, will be created and submitted for major incident responses that are supported by personnel from multiple units.

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 USSGL at the transaction level.

Additional information may be found at the following web address:

https://obamawhitehouse.archives.gov/omb/financial_ffs_ffmia.

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.

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:

<https://www.whitehouse.gov/omb/information-for-agencies>.

Appendix 9-1.9 OMB Circular No. A-123, Appendix D

Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 20, 2013, prescribes policies and standards for executive departments and agencies to follow concerning their financial management systems. It also defines new financial management system requirements for determining compliance with the FFMIA.

Additional information may be found at the following web address:

<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>.

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:

<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>

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.

This page intentionally left blank.

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, internal use software (IUS), constructed assets, Construction in Progress (CIP), 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. Operations & Support (O&S) – one-year funds designated for minor acquisitions used in the purchasing, improvement, rebuilding, and maintenance of assets.

Note: Coast Guard’s 2017 Appropriation language (and presumably all subsequent appropriations) specifically allows the use of Operations & Support (O&S) funding ONLY for the purchase, lease, or improvement of other equipment (at a unit cost of no more than \$250,000). Other equipment with a unit cost of greater than \$250,000 shall be purchased with Acquisition, Construction and Improvements (PC&I) funding. This new authority does not apply to operating materials and supplies or “equipment” items that are part of a larger asset. These items are not subject to this \$250,000 threshold. Other equipment excludes inventory, operating materials and supplies, and stockpile items as defined by the Federal Accounting Standards Advisory Board.

2. Procurement, Construction, and Improvement (PC&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.

4. 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 7.5 through 7.8 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.

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 asset delivery/acceptance, 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 or constructed by the Coast Guard. This policy is effective for all new real property projects initiated on or after 1 October 2005. In addition, this policy details the requirements for all life cycle events within the acquisition, sustainment, and disposition phases of real property. It requires all real 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).

For detailed procedures and responsibilities regarding the financial accounting and reporting of capitalizable real property assets acquired or CIP recorded and reported costs, refer to *Financial*

Resource Management Manual – Procedures (FRMM-P), COMDTINST M7100.4 (series), Chapter 10, Section 10.2 (Financial Accounting and Reporting of Capitalized Real Property).

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, CIP, or another method (e.g., donations, gifts, or transfers) so that recorded and reported amounts 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 Scope

Real property includes all land, buildings, and structures, as outlined in the General Services Administration (GSA) Guidance from the Federal Real Property Council (FRPC) rules. Real property does not include personal property, which is defined as all expendable and non-expendable, tangible assets including aircraft, vessels, boats, vehicles (including trailers), and other mobile assets.

This policy is applicable to all real property owned, leased, under easement, permit, license or other types of use, or in the "custody and control" of the Coast Guard. Real property may be US Government-owned real property acquired on behalf of the Coast Guard; lands reserved or withdrawn from the public domain for Coast Guard purposes; real property permitted from/to other Federal agencies; Federal properties assigned to Coast Guard; non-US Government-owned real property leased by or for the Coast Guard using delegated authorities from the GSA or authorities issued to the Coast Guard by Congress. Similarly, this Manual applies to real property interests by gift, bequest, or otherwise acquired.

10.2.3 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 Standards and Concepts*, July 1995.
http://www.fasab.gov/pdffiles/2015_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*, December 1995.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
http://www.fasab.gov/pdffiles/2015_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>

10.2.4 Responsibilities

The following Subsections list the offices and their respective responsibilities for real property CIP project accounting.

10.2.4.1 *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.

10.2.4.2 *Funds Control Division (CG-831)*

Commandant (CG-831) provides centralized management of the Procurement, Construction, and Improvement (PC&I) appropriation.

10.2.4.3 *Office of Financial Policy, Reporting & Property (CG-84)*

Commandant (CG-84):

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. 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; and
 - e. Commandant (CG-831) representative.
5. Requires that all project managers (PMs) are designated in writing.
6. Requires consistency between HQ program offices in the treatment of costs and the application of labor overhead.

7. 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.
8. Develops high-level standard operating procedures (SOP) for the creation, monitoring, and closeout of CIP projects.

10.2.4.4 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.

10.2.4.5 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.
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 (when applicable to Real Property projects).

10.2.4.6 Finance Center (FINCEN)

FINCEN:

1. Maintains general ledger balances and supporting documentation for valuation of CIP projects and real property.
2. Monitors construction and improvement projects to ensure that timely capitalization of completed assets occurs.
3. Assists Commandant (CG-84) in developing a high-level SOP for the creation, monitoring, and closeout of CIP projects.
4. Creates additional detailed SOPs for CIP processes conducted within FINCEN.
5. Provides financial information and reports pertaining to CIP projects to HQ program offices.

10.2.4.7 *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-84) for each project that can potentially meet the Coast Guard capitalization thresholds.
2. Acts as POC for FINCEN and Commandant (CG-84) for the related financial status of CIP projects.
3. Ensure that PMs timely, completely, and accurately record capitalized assets.
4. Manage and monitor the distribution of project funds.

10.2.4.8 *Districts, FD&CCs, CEUs, and Field Units through SILC*

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.

10.2.4.9 *The assistant P/RM at the districts, FD&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. Coordinates with Commandant (CG-43) to notify FINCEN/Commandant (CG-84) of upcoming Real Property CIP Projects & submits the Project Management Data Sheet (PMDS) via SharePoint.
5. Ensures the timely and accurate recording of assets from CIP projects into the appropriate system, with FINCEN staff as appropriate.
6. Provides the financial status of CIP projects to Commandant (CG-84).
7. Acts as POC for Commandant (CG-43) and Commandant (CG-84) for the related financial status of CIP projects.
8. Develops any necessary office-level SOPs to support the standardized CIP SOP.

10.2.5 Recognition and Valuation of Real Property (including CIP)

Real Property 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 asset delivery/acceptance, 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., a 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.

However, in many large Coast Guard capital projects, there are support-type costs incurred after the asset has been placed "in service/accepted." 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, Cost Decision Table and Notes, 4if they are incurred after the asset is in service/accepted.

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.

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

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:

1. Salaries and other benefits for employees who work directly on the project;
2. Materials and supplies used in the work;
3. Various costs associated with office space, equipment, facilities, and utilities, that are used exclusively to produce the asset; and

4. Costs of goods and services received from other segments or entities that are used to produce the asset.

10.2.7.2 Indirect Costs

1. One type of indirect cost is PC&I labor costs, which pay for the Coast Guard personnel who provide project oversight and support services (PC&I project and core billets). In order to ensure that PC&I labor is adequately allocated to all PC&I-funded projects during the capitalization process, a Coast Guard-wide PC&I labor rate is developed during the 4th quarter of each fiscal year for the subsequent fiscal year by Commandant (CG-845) and applied to projects on a monthly basis based on direct costs.
2. Typical examples of indirect costs/cost pools are:
 - a. General administrative services (PC&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

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 10, Section 10.2 (Financial Accounting and Reporting of Capitalized Real Property) for detailed procedures related to Indirect Rates and Estimates.

10.2.7.4 Expense Costs

See Cost Decision Table and Notes in Section 10.5 for multiple examples of types of costs that are expensed.

In addition, refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 10.2 (Financial Accounting and Reporting of Capitalized Real Property) for detailed procedures related to Expense Costs.

10.2.8 Project Establishment

1. A separate six-digit program element shall be established for the direct cost associated with each type/class of asset.
2. A separate six-digit program element shall be established for the indirect costs associated with each type/class of asset (other than PC&I labor, which has a yearly allocation rate for all PC&I expenditures).

10.2.9 Project Execution

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 10.2, Financial Accounting and Reporting of Capitalized Real Property, Procedure No. 10.2.1 (Establishment of Real Property Projects) for detailed procedures related to Project Execution.

10.2.10 Asset Receipt, Acceptance, and Enrollment - Real Property (CIP)

Note 1: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 10.2, Financial Accounting and Reporting of Capitalized Real Property, Procedure No. 10.2.1 (Establishment of Real Property Projects) for detailed procedures related to Real Property Asset Receipt, Acceptance, and Enrollment.

Note 2: 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.

Note 3: Full and complete assets are those that meet the Coast Guard’s initial project requirements.

Note 4: 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.

Note 5: “Third-party” documentation, such as contractor sign-offs (releases), internal Coast Guard memorandum, and for real property improvements third party documentation, such as, 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, nonthird-party documents (e.g., military messages, internal Coast Guard memoranda, test plan results, beneficial use documentation) will suffice as support for in-service dates.

10.2.11 Capitalization of Real Property Assets

10.2.11.1 Capitalization Standards – Thresholds

The Coast Guard capitalizes the procurement, 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

Note: Fixed ATON are treated as real property structures above.

10.2.11.2 Project Management Data Sheet (PMDS)

The PMDS is a document that gathers information about the projects for establishment of CIP Project and Capitalization of assets. For example, Line of Accounting information and project name is required on the PMDS to ensure all project costs are accounted for in the appropriate account.

10.2.11.3 Useful and Service Lives of Real Property Assets

Coast Guard has previously used “service life” and “useful life” interchangeably in the 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.

service life – The formal determination of an asset’s expected life based upon the 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 the amendment of the service life.

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 bring the asset to its intended use. The Material Inspection and Receiving Report, Form DD 250, Beneficial Use Documentation, 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 or when a specific date is stated in the acceptance document. For self-constructed assets or assets without a Material Inspection and Receiving Report, 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 acceptance document DIS. A copy of the signed acceptance document must be forwarded to FINCEN (FR).

All 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 improvement is complete. The base asset will continue to be depreciated during the improvement period since the asset is technically available for use.

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).

10.2.11.3.1 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 10.2 Useful Life of Real Property

Property Type	Useful Life
Land	Indefinite
Buildings	40 years
Structures	20 years

10.2.12 Asset Identification

FINCEN (FR) ensures that all real property assets are identified as either land, buildings, or structures; and entered into the designated fixed asset system.

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 10.2, Financial Accounting and Reporting of Capitalized Real Property, Procedure No. 10.2.3 (Capitalization of Real Property CIP Assets) for detailed procedures related to Asset Identification.

10.2.13 CIP Project Closeout

FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained to support the closeout of a CIP project. This documentation includes financial decisions, reporting requirements, and certifications for a period of three fiscal years.

Note: Refer to *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Chapter 10.2, Financial Accounting and Reporting of Capitalized Real Property, Procedure No. 10.2.4 (Closeout and Abandonment of CIP Projects) for detailed procedures related to PC&I Project Closeout.

10.2.14 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.

10.2.14.1 *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, *Managerial Cost Accounting Standards and Concepts*.

10.2.14.2 *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, *Managerial Cost Accounting Standards and Concepts*.

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. Operations & Support (O&S) – one-year funds designated for minor acquisitions used in the purchasing, improvement, rebuilding, and maintenance of assets.

Note: Coast Guard’s 2017 Appropriation language (and presumably all subsequent appropriations) specifically allows the use of Operations & Support (O&S) funding ONLY for the purchase, lease, or improvement of other equipment (at a unit cost of no more than \$250,000). Other equipment with a unit cost of greater than \$250,000 shall be purchased with Acquisition, Construction and Improvements (PC&I) funding. This new authority does not apply to operating materials and supplies or “equipment” items that are part of a larger asset. These items are not subject to this \$250,000 threshold. Other equipment excludes inventory, operating materials and supplies, and stockpile items as defined by the Federal Accounting Standards Advisory Board.

2. Procurement, Construction, and Improvement (PC&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. Vessels;
3. Electronic systems;
4. Electronic equipment;
5. General-purpose property (GPP);
6. Industrial equipment managed in two designated fixed asset applications, Oracle and NESSS; and
7. Vehicles/Trailers.

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 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
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 and 31 USC 3512 (c)(1).
https://obamawhitehouse.archives.gov/omb/financial_fmfi1982
5. 41 CFR 102-37. FMR Amendment 2006-02, "Donation of Surplus Personal Property," July 2008.
http://www.gsa.gov/graphics/ogp/FMR_Amnd_2006-02_FR_R2-vRB-d_0Z5RDZ-i34K-pR.pdf

6. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 1, *Accounting for Selected Assets and Liabilities*, March 1993.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
7. 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/2015_fasab_handbook.pdf
8. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
9. 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/2015_fasab_handbook.pdf
10. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 8, *Supplementary Stewardship Reporting*, June 1996.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
11. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 14, *Amendments to Deferred Maintenance Reporting*, April 1999.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
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*, May 2011.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
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.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
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.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
15. Federal Accounting Standards Advisory Board, Technical Release No. 14, *Implementation Guidance on the Accounting for the Disposal of General Property, Plant, & Equipment*, October 2011.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf

16. Office of Management and Budget, Circular A-11, *Preparation, Submission, and Execution of the Budget*, June 2015.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
17. Office of Management and Budget, *Capital Programming Guide*, Supplement to OMB Circular A-11, June 2015.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
18. Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, December 2004.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
19. Office of Management & Budget (OMB), Memorandum M-13-23, Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*, September 2013.
<https://www.whitehouse.gov/omb/information-for-agencies/memoranda/>
20. Office of Management and Budget, Circular A-130, *Management of Federal Information Resources*, November 2000.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
21. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
22. Department of the Treasury, Bureau of the Fiscal Service, *Treasury Financial Manual*, Volume I, Part 2, Chapter 4700, "Agency Reporting Requirements for the Financial Report of the United States Government".
<http://tfm.fiscal.treasury.gov/v1.html>
23. Department of the Treasury, Bureau of the Fiscal Service, *U.S. Government Standard General Ledger, Supplement No. S2 Treasury Financial Manual* [series].
https://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm
24. 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>
25. General Services Administration, *Federal Management Regulation (FMR)*, Amendment 2008-04, "Disposition of Excess Personal Property," Part 102-36, February 2008.
<http://www.gsa.gov/graphics/ogp/FMR2008-04.pdf>
26. *Annual AFC-3X Budget Execution and Development Process*, COMDTINST 7132.6 (series).
<http://www.dcms.uscg.mil/directives>
27. *U.S. Coast Guard Personal Property Management Manual* (PPMM), COMDTINST M4500.5 (series).
<http://www.dcms.uscg.mil/directives>

10.3.5 Responsibilities

The following Subsections list the offices and their respective responsibilities for financial accounting and reporting of capitalized personal property.

10.3.5.1 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-43) and Commandant (CG-84) for asset capitalization acquisition projects.
2. Require timely and accurate review of the PC&I and O&S 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-84) 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 labor overhead rates to Commandant (CG-84) as outlined in this policy.
6. Ensure that PMs assist with interfacing CIP-associated costs to capitalized asset accurately and in a timely manner.
7. Ensure all data and supporting documents for capitalizable projects are available to FINCEN (FR) within 15 calendar days of establishing the line of accounting. 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 Commandant (CG-84) by the end of the month when the report is received.
10. Review and provide the final CIP Capitalization Package information to Commandant (CG-84) within 45 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.

10.3.5.2 *Project Manager (PM)*

The project manager shall:

1. Contact and coordinate with Commandant (CG-84) 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-84) as changes occur.
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 Commandant (CG-43) and Commandant (CG-84) for the related financial status of CIP projects.
6. Prepare and forward labor 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 Commandant (CG-43) and to Commandant (CG-84).
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 Commandant (CG-84) and FINCEN (FR) by the end of the month for reports received during the month.
10. Report asset delivery schedule changes to Commandant (CG-43) and Commandant (CG-84) as they occur.
11. Prepare, analyze, and provide the completed CIP Capitalization Package to Commandant (CG-84) and the accepting unit's APO/RPSO, as applicable, within 45 calendar days of asset receipt/acceptance.
12. Forward the final approved CIP Package to the accepting unit's APO/RPSO, as applicable, once it is received from FINCEN

13. 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.

10.3.5.3 *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 service life of new categories of aircraft and report this information to Commandant (CG-84) and FINCEN (FR) at the time of capitalization of the first asset within that category.
3. Conduct a formal annual review to document the service lives of aircraft and report this information to Commandant (CG-84) 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-84) 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.

10.3.5.4 *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 service life of new categories of vessels and report this information to Commandant (CG-84) and FINCEN (FR) at the time of capitalization of the first asset within that category.
3. Conduct a formal annual review to document the service lives of vessels and report this information to Commandant (CG-84) 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-84) 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.

10.3.5.5 *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 service life of new categories of electronics and report this information to Commandant (CG-84) and FINCEN (FR) at the time of capitalization of the first asset within that category.
3. Conduct a formal annual review to document the service lives of electronics and report this information to Commandant (CG-84) 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-84).
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.

10.3.5.6 *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 service life of newly capitalized aviation assets and report this information to Commandant (CG-84).
3. Work collaboratively with Commandant (CG-41), to conduct a formal annual review to document the service lives of existing capitalized aviation assets and report this information to Commandant (CG-84) 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-84).
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.

10.3.5.7 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 service life of newly capitalized cutter assets and report this information to Commandant (CG-84).
3. Work collaboratively with Commandant (CG-45), to conduct an annual review of service lives of existing capitalized cutter assets and report this information to Commandant (CG-84) 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-84).
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.

10.3.5.8 Office of Boat Forces (CG-731)

Commandant (CG-731) shall:

1. Plan, program, and budget for the acquisition and/or replacement of all boats as needed to meet service-wide mission requirements.
2. Determine the service life of newly capitalized categories of boats and report this information to Commandant (CG-84) and FINCEN (FR).
3. Conduct a formal review of the service lives of existing capitalized boats and report this information to Commandant (CG-84) 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-84).
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.

10.3.5.9 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.

10.3.5.10 *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-84), 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 the 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.

10.3.5.11 *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.

10.3.5.12 *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.
4. Ensure that CIP establishment packages are completed for new projects and that they contain the appropriate approval signatures and dates.
5. Develop all CIP standard forms, such as PMDS project establishment and PMDS asset capitalization.
6. Ensure that CIP standard forms are distributed and available to PMs.
7. Review and approve PMDS capitalization plans and ensure that they are capitalized timely and accurately within 90 days of asset receipt/acceptance.
8. Develop, review, approve, and distribute PC&I labor rate cost allocations to CIP projects.
9. Review, approve, and distribute labor overhead cost allocations to CIP projects.
10. Monitor and validate the recording of PC&I labor overhead in CAS Project Accounting (PA) module for CIP projects.
11. Review, analyze, and approve CIP capitalization packages.
12. Stipulate GAAP-compliant financial accounting and reporting requirements along with internal controls relative to CIP personal property assets to ensure alignment with this policy.
13. Provide guidance as necessary relating to personal property procedures and their implementation, along with testing of internal controls.
14. Assist PMs in the preparation of CIP capitalization packages, as requested.
15. Coordinate with PMs the review of CIP project transactions to ensure accuracy and alignment with policy.
16. Plan and assist with the execution of physical inventories of capitalized personal property.
17. Provide oversight and review to FINCEN (FR) for the preparation, review, and analysis of monthly, quarterly, and annual financial statements.
18. Develop and implement project accounting training on a semi-annual basis.
19. Ensure that audit-compliant evidential documentation is maintained at appropriate levels to support Commandant (CG-84) financial decisions, approvals, reporting requirements, and certifications for the life cycle of the asset plus three fiscal years.

10.3.5.13 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 *Coast Guard Acquisition Procedures (CGAP)*, *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.

10.3.5.14 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.

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

Commandant (CG-913) shall:

1. Implement the policy and procedures prescribed in *Coast Guard Acquisition Procedures (CGAP)*, 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*.

10.3.5.16 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-43) and Commandant (CG-84) 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.

10.3.5.17 *Accountable Property Officer (APO)/Regional Property Support Officer (RPSO)*

The APOs/RSPOs, as applicable, 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 8 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.

10.3.5.18 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 link the line of accounting to CAS PA via SharePoint.
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. Update the general ledger balances in CAS as necessary and maintain appropriate documentation to support the valuation of capitalized personal property assets.
6. Distribute accurate and timely CIP project accounting reports to the PMs on a monthly basis.
7. Initiate reconciliation of personal property subsidiary records to the accounting system.
8. Review PES reports to determine if all costs are reflected in the appropriate projects.
9. Review CIP capitalization packages received from Commandant (CG-84) to ensure that all capital and expense transactions are posted accurately and completely within the time standards outlined in this policy.
10. Update Oracle FAM with the in-service date, useful life, and acquisition cost to calculate asset depreciation.
11. Monitor CIP projects to ensure timely capitalization of completed projects and retain key documentation supporting the transactions.
12. Publish Coast Guard financial statements and footnotes containing fixed asset disclosures.
13. Retain procurement, acquisition, transfer, and retirement documentation for capitalized personal property assets in an audit-ready status.
14. Ensure that assets are entered into Oracle FAM from documentation received from APOs/RPSOs, as applicable.
15. 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 Policy

Headquarters program offices, acquisition offices, APO/RPSO (as applicable), 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.

10.3.6.1 *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-84) 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.

10.3.6.2 *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-84) 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., PC&I, O&S, 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-84).
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.

10.3.6.3 Capitalization Thresholds

1. Capitalize procured, constructed, or improved personal property using the following table for individual assets, regardless of the appropriation in which the asset was funded:

Table 10.3 Capitalization Thresholds – Personal Property

Asset Category	Per-Asset Threshold
Internal Use Software (IUS)	\$750,000
Aircraft Electronic systems (i.e., HLA) 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 1: Capitalization thresholds are for accounting purposes. Please note determination of proper appropriation by dollar amount is a separate question.

Note 2: 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.

Note 3: ATON above are floating ATON. For fixed ATON see Table 10.1 Capitalization Thresholds – Real 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.

10.3.6.4 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.

10.3.6.4.1 Direct Costs

Per Paragraph 90 of SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, 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.

10.3.6.4.2 Indirect Costs

Per Paragraph 91 of SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, 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. An example includes PC&I labor overhead. Indirect costs shall be allocated using either the cause-and-effect method or another documented method that is reasonable and repeatable.

10.3.6.4.3 PC&I Program Overhead

Prior to the fiscal year 2013, PC&I (then known as AC&I) program overhead costs consisted mainly of contract expenditures that applied to Construction in Progress (CIP) projects (e.g., systems engineering, program management). These costs could not be directly traced to a given project or asset and therefore were allocated to the applicable CIP projects down to the assets the projects produced. The allocation methodology was applied to assets in a consistent, rational, and repeatable manner, in accordance with GAAP.

However, beginning in the fiscal year 2013, PC&I program overhead costs remaining in Commandant (CG-9) legacy overhead balances including any allocations made to CIP projects not yet capitalized were expensed, as a result Commandant (CG-9) overhead is no longer allocated to projects and assets. All Commandant (CG-9) PC&I program overhead costs are expensed as incurred. In addition, 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 the fiscal year 2012 and prior.

10.3.6.4.4 PC&I Labor Overhead

PC&I labor consists of Coast Guard civilian and military personnel costs which support all PC&I projects within a particular appropriation year. These labor costs are pooled throughout the year into a distinct project account. When a CIP project is completed and transferred to its appropriate property account, the completed asset is burdened with the appropriate proportional amount of this labor pool. Specifically, PC&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 PC&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-84) receives all documents pertaining to Apportionment and Reapportionment Schedule, Form SF-132, along with approved PC&I financial plans, including all updates based on rescissions and supplemental appropriations.
2. Commandant (CG-83) shall ensure that positions associated with PC&I projects are identified as such on the Personnel Allowance List (PAL) when they are created. When vacant positions are reprogrammed, Commandant (CG-83) shall ensure changes are made to PAL to reflect their association with PC&I projects.
3. Commandant (CG-83) shall ensure that positions identified on PAL as being associated with PC&I projects have an associated line of accounting (LOA) that identifies them as such for the purposes of pooling costs for financial reporting.
4. Commandant (CG-84) shall calculate PC&I labor allocation rates and determine allocation amounts as part of the capitalization package.
5. Commandant (CG-84) shall prepare journal vouchers for the allocation of approved PC&I labor costs to specific CIP projects upon capitalization and forward to FINCEN(FR) via CAP package submitted via SharePoint.
6. FINCEN (FR) shall prepare, review, approve, and record the journal transactions in CAS PA. FINCEN (FR) shall report the results via SharePoint to Commandant (CG-84), once the journal voucher transactions are recorded. Signatures and dates shall be evident for all preparation, reviews, approvals, and recordings.
7. Commandant (CG-84) shall annually review and adjust the PC&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.
8. Commandant (CG-84) and FINCEN (FR) shall ensure that audit-compliant evidential documentation for PC&I labor allocations is maintained at appropriate levels for the life cycle of the asset plus three fiscal years

10.3.6.5 *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.
2. PMs shall ensure that the project team prepares and approves a CIP Establishment Package.
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-84) 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.
6. FINCEN (FR) shall establish the project, relate it to a unique program element (six characters) in CAS and communicate the information via SharePoint to, the PM, the Commandant (CG-84) ICP Comptroller, and Yard Financial Operations.
7. PMs shall maintain and update the line of accounting information contained in the CIP Establishment Package and shall promptly forward changes to the contract specialist, Commandant (CG-84), FINCEN (FR), ICP Comptroller, and Yard Financial Operations.
8. PMs, contracting officers, PM/resource managers, Commandant (CG-84), 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.

10.3.6.6 *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 PRs are prepared and forwarded to the applicable resource office approval and to the applicable contracting office to execute so that the applicable costs can accumulate in the CIP project account and are traceable to each specific asset.
3. The applicable PM Resource Office 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.

4. The applicable project Contracting Officer (KO) and Contracting Officer Representative (COR) shall ensure that audit-compliant and *Coast Guard Acquisition Procedures (CGAP)* 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.

10.3.6.7 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. The applicable project Resource Office and Contracting Office 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. The applicable project Resource Office and Contracting Office 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. The applicable project Resource Office and Contracting Office shall ensure that audit-compliant and *Coast Guard Acquisition Procedures (CGAP)* 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.

10.3.6.8 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, including all costs incurred to bring the personal property to a location suitable for intended use.
2. Commandant (CG-84) shall ensure that labor 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 Public Voucher for Purchases and Services Other Than Personal, Form SF 1034 and MIPR payment detail.

5. PMs shall ensure that personal property (CIP) project costs are valued accurately and classified in accordance with the Cost Decision Table and Notes shown in Section 4.
6. PMs and Commandant (CG-84) 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.

10.3.6.9 *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, it is Coast Guard policy for PMs to conduct periodic reviews of CIP project costs. See *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 10.3, Procedure No. 10.3.10 (Periodic Reviews of CIP Project Costs by PM) for detailed procedures of this review.

10.3.6.10 *Periodic Reviews of CIP Project Costs by Commandant (CG-84) 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. Therefore, it is Coast Guard policy for Commandant (CG-84) and FINCEN to conduct periodic reviews of CIP project costs. See *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 10.3, Procedure No. 10.3.11 (Periodic Reviews of CIP Costs by FINCEN and CG-8) for detailed procedures of this review.

10.3.6.11 *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 are 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-84) and the accepting unit's APO within 30 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 of rights and obligations. The required documentation for various asset classes is shown in Table 10.4 below.

Note: All documents shall have clear signatures and dates, where applicable, with receipt/acceptance dates noted.

Table 10.4 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
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-84) 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.

10.3.6.12 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-84) and the accepting unit’s APO for review within 30 days of asset acceptance.
3. Commandant (CG-84) shall review the CIP Capitalization Package within 10 business days to ensure that the documentation is complete and accurate. In the event that additional documentation is required, Commandant (CG-84) shall communicate their requirements to the PM for action.
4. PMs shall provide any additional information requested by Commandant (CG-84) within three business days of the request, unless otherwise agreed upon.
5. FINCEN (FR) shall record the assets in Oracle FAM within 30 days of receipt of the approved CIP Capitalization Package from Commandant (CG-84).
6. FINCEN (FR) shall sign the CIP Capitalization Package, and upload into SharePoint and advance the CIP Capitalization Package to the next queue. Copies of the CIP Capitalization Package are retained in the CIP project folder at FINCEN.
7. PMs shall review, approve, and provide to Commandant (CG-84) and the accepting unit’s APO a supplemental CIP Capitalization Package containing any costs incurred after the original submission.
8. Commandant (CG-84) 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.
9. FINCEN (FR) shall record all costs captured in the CIP Capitalization Package.
10. PMs shall ensure that asset costs are not combined to meet capitalization thresholds.
11. PMs shall ensure that capitalization thresholds are applied to individual assets.
12. PMs shall ensure that activity resulting in a total unit cost below specified thresholds is expensed.
13. PMs shall ensure that supporting documentation is available at FINCEN (FR) to support CIP transaction (expenditure level) costs in accordance with Table 10.5 below.
14. PMs, Commandant (CG-84), 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 10.5 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
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.

Note: Documentation above also applies to assets acquired via direct acquisition. See 10.3.7.18 for more information on direct purchasing of assets.

10.3.6.13 Abandonment of a CIP Project

Abandonment of a CIP project due to the 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-84) of project abandonment and shall forward the documentation needed to relieve the CIP account.
3. Commandant (CG-84) 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-84) 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-84) 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.

10.3.6.14 *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.
2. PMs shall verify all assets are accepted, final CIP Capitalization Package is submitted, no invoices are expected, and no obligations remain.
3. PMs shall notify Commandant (CG-84) 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, working in conjunction with Commandant (CG-84) and FINCEN, shall deobligate any open obligations not required for project completion.
5. 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.
6. PMs shall report the review results to Commandant (CG-84) within 30 days of completion of the review.
7. PMs, in conjunction with Commandant (CG-84), shall document closed projects by preparing a CIP Project Closeout memorandum for inclusion in the asset file.
8. 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.

10.3.6.15 *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 10.4 above. When third-party documentation is not available, PMs shall contact Commandant (CG-84) for alternative documentation authorization.
3. PMs, Commandant (CG-84), 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.

10.3.6.16 *Useful and Service Lives of Assets*

Coast Guard has previously used “service life” and “useful life” interchangeably in the 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 the 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 the manufacturer, engineering analysis, asset’s use, or congressional mandates. The service life does not generally change unless there is an external driver such as a service life extending improvement project occurs or a follow-on engineering analysis is conducted that supports the 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 initial useful life is calculated using the useful life tables in this chapter.
2. PMs shall ensure that complete documentation to support useful life extension of assets is included in all CIP capitalization packages, 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.

3. Headquarters program offices shall periodically review the useful lives of all personal property assets and shall provide Commandant (CG-84) the results of useful life reviews. Reviews shall be fully documented with approval signatures and dates.
4. Commandant (CG-84) shall analyze the reviews and determine whether asset service lives and asset tables in policy are affected and need to be updated.
5. Commandant (CG-84) 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.
6. FINCEN (FR) shall ensure that useful life changes are recorded promptly and accurately, and shall notify Commandant (CG-84) once the changes are made to the accounting records.
7. PMs, Headquarters program offices, Commandant (CG-84), 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.

10.3.6.16.1 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 10.6 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	44 years	Jan 2014
HC-130J Super Hercules	37 years	Oct 2012
HC-144A Ocean Sentry	29 years	Oct 2012
HH-60 Jayhawk	35 years	Oct 2012
MH-65 Dolphin	39 years	Oct 2017
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
C-27J	24 years	Jul 2014

2. PMs shall report changes in useful lives resulting from improvement of existing assets upon receipt and acceptance of the improved assets.
3. Any updates to Coast Guard aircraft useful lives will be promulgated via memorandum from Commandant (CG-8C). Changes in useful life will be incorporated in future revisions of this Manual.
4. 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.

10.3.6.16.2 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 10.7 below.
2. PMs shall report changes in useful lives resulting from improvement of existing assets upon receipt and acceptance of the improved assets.
3. Any updates to Coast Guard vessels useful lives will be promulgated via memorandum from Commandant (CG-8C). Changes in useful life will be incorporated in future revisions of this Manual.
4. 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 10.7 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

Vessel Type	Useful Life	Effective Date
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
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
WIX 327 USCGC Eagle	87 years	Oct 2012

10.3.6.16.3 Useful Life of Boats

1. 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 10.8 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
BUSL	25					May 2004
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			57			July 2008
SPC-SW			12			May 2004
SKF			12			May 2004
SPC-AIR		8				May 2004
SPC-LE		8	12			May 2004
SPC-NLB		8				May 2004
TPSB	10					May 2004
UTB (41)	30					Aug 2006
UTL		8	12	5	10	May 2004
UTM		8	12			May 2004

- 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.
4. Any updates to Coast Guard boat useful lives will be promulgated via memorandum from Commandant (CG-8C). Changes in useful life will be incorporated in future revisions of this Manual.
5. The following table shall be used for estimating the useful life of boats that are not listed in Table 10.8 above:

Table 10.9 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

10.3.6.16.4 Useful Life of Electronics

1. 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 10.10 Initial Useful Life of New Electronics Assets

Asset Class	Useful Life	Effective Date
Systems, Stand-alone, Test Equipment	8 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. Any updates to Coast Guard electronics useful lives will be promulgated via memorandum from Commandant (CG-8C). Changes in useful life will be incorporated in future revisions of this Manual.
4. 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.

10.3.6.16.5 Useful Life of Other Personal Property

1. 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 10.11 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

- 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 other personal property for the life cycle of the asset plus three fiscal years.

10.3.6.17 Tagging and Identification of Assets

- 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).
- PMs shall ensure that the data identified in this Subsection are included in CIP capitalization packages for each asset.
- Where applicable, PMs shall ensure that barcode labels are affixed to each asset that is traced by tagging in accordance with the following table:

Table 10.12 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./ Barcode label	Commandant (CG-64)
Electronic Equipment (Stand-alone, Test Equip.)	Mfg serial no.	System-generated no./ Barcode label	Commandant (CG-64)

Asset Type	Serial No. Field	Tag No. Field	HQ Program Office
Vehicles	VIN no.	License plate no./ Barcode label	Commandant (CG-43)
General-purpose	Mfg serial no.	System-generated no./ Barcode label	Commandant (CG-84)
Shipbuilding Equipment/ Machinery	Mfg serial no.	System-generated no./ Barcode label	Yard

4. PMs shall ensure that APOs/RPSOs, as applicable, 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.

10.3.6.18 *Direct Purchase of Assets*

APOs/RPSOs, as applicable, 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, the direct purchase also includes donations and transfers-in from various sources. For consistency and increased internal control rigor, direct purchase of assets will be treated as a CIP project as outlined below.

1. Units 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. APOs/RPSOs, as applicable, 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 APO/RPSO, as applicable, of any discrepancies; or
 - b. Record the assets in Oracle FAM timely and accurately within seven calendar days of receipt of the documentation.
4. APOs/RPSOs, as applicable, 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-84).
6. Commandant (CG-84) shall approve the capitalization of all direct purchases of personal property assets.
7. APOs/RSPOs, as applicable, shall ensure that assets are recorded and properly reflected in fixed asset systems (NESSS for Yard assets; Oracle for all others).
8. APOs/RSPOs, as applicable, and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the APO's/RSPO's, as applicable, 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. APOs/RSPOs, as applicable, 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.

10.3.6.19 *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 (see Section 10.3.6.16, Useful and Service Lives of Assets. for detailed discussion of Coast Guard property's useful/service lives). 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-84) 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-84) 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.

10.3.6.20 *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 (Responsibilities). 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 online 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-84) 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.

10.3.6.21 *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/APOs/RSPOs (as applicable), 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. APOs/RSPOs, as applicable, shall ensure that documentation is complete, in proper format, and reported to HQ program offices, Commandant (CG-84), and FINCEN (FR) within 20 calendar days after the removal of the reutilized/cannibalized items.
3. HQ program offices, Commandant (CG-84), 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. APOs/RSPOs, as applicable, 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. APOs/RSPOs, as applicable, 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.

10.3.6.22 *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. APOs/RSPOs, as applicable, 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. APOs/RSPOs, as applicable, shall document the decision and retire equipment beyond economic repair in the ALMIS/Oracle system. The APO/RSPO, as applicable, 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. APOs/RSPOs, as applicable, 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 APO/RSPO, as applicable, and forwarded to FINCEN (FR).
 - b. The form will be signed and dated by both parties, reviewed by the property officer, and forwarded to FINCEN (FR) along with the approved Report of Excess and Evidence of Internal Screening, Form CG-4501 via the Agency Asset Management System.
 - 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 APO/RSPO (as applicable), and forwarded to FINCEN (FR) within 10 calendar days after receipt of the repair activity.
3. FINCEN (FR) shall periodically reconcile all procurement transactions and supporting documentation to obligation balances recorded in CAS.
4. APOs/RSPOs, as applicable, 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.

10.3.6.23 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 the 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/APO/RSPO, as applicable, 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/APOs/RSPOs, as applicable, 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. APOs/RSPOs, as applicable, 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.

10.3.6.24 *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-84), 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.

10.3.6.25 Periodic Review and Reporting of Asset Records

Periodic reviews of asset records are conducted to determine if critical data contained in the asset records are 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.

10.3.6.25.1 Oracle Fixed Asset Periodic Review

It is Coast Guard policy to perform a monthly review of the Oracle Fixed Asset (OFA) records to support existence and completeness of Coast Guard assets recorded in subsidiary ledgers. The Coast Guard performs a monthly reconciliation of OFA property record identifiers (e.g., RPUID, Tag Number, Asset Number) to the following subsidiary systems: Shore Asset Management (SAM), Housing Management Information System (HMIS), Integrated (IATONIS), Commandant (CG-43) Shore Divestiture Plan (SDP), Finance Center (FINCEN) Asset Tracker, Coast Guard Business Intelligence (CGBI) Assignment and Hours Reports, CIP SharePoint, and Real Property Sustainment Site. The monthly reconciliation of OFA with these subsidiary systems promotes the Coast Guard’s assertions of completeness and accuracy.

For detailed procedures of this quarterly review see *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 10.3 (Personal Property (Including CAP, Non-CAP, and CIP)).

10.3.6.25.2 NESSS Yard Asset Extracts – Quarterly

It is Coast Guard policy to perform a quarterly review of the NESSS Yard Asset extracts to support existence and completeness of Coast Guard assets recorded in subsidiary ledgers. For detailed procedures of this quarterly review see *Financial Resource Management Manual –*

Procedures (FRMM-P), COMDTINST M7100.4 (series), Section 10.3 (Personal Property (Including CAP, Non-CAP, and CIP)).

10.3.6.25.3 Environmental Liability Master List (Vessels and Boats) – Annually

It is Coast Guard policy to perform an annual review of the assets on the environmental liability list against the fixed assets in Oracle to ensure the completeness of the fixed asset listing which, in turn, supports the completeness assertion. For detailed procedures of this annual review see *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 10.3, Procedure No. 10.3.28 (Year-End Certifications).

10.3.6.25.4 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) for completeness.

10.3.6.25.5 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 lifecycle 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.

10.3.6.25.6 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 10.13 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 the 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 10.3.6.31 (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 in the financial statements, depending on the remaining NBV. Depreciation does not accumulate during storage/retirement. See also Subsection 10.3.6.32 (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 10.3.6.33 (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 10.3.6.34 (Retirement of Personal Property Assets).

10.3.6.25.7 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.

10.3.6.26 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. APOs/RSPOs, as applicable, shall inform FINCEN (FR) of GFE transactions within 30 calendar days of their occurrence.
3. APOs/RSPOs/FINCEN (FR), as applicable, shall record all GFE transactions affecting personal property assets in Oracle FAM.
4. APOs/RSPOs, as applicable, 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. APOs/RSPOs, as applicable, 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. APOs/RSPOs, as applicable, shall approve the transfer and disposition of GFE during and upon completion of contract performance in accordance with the *Personal Property Management Manual*, COMDTINST M4500.5 (series).
7. APOs/RSPOs, as applicable, shall ensure that a copy of each contractor inventory report and each transfer/disposition document is gathered, verified for accuracy, and appropriate approvals were obtained in accordance with the *Personal Property Management Manual*, COMDTINST M4500.5 (series), and retained at appropriate levels.
8. APOs/RSPOs, as applicable, 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. APOs/RSPOs, as applicable, shall provide a certified copy of each contractor inventory report to FINCEN (FR) via Commandant (CG-84) on an annual basis.
10. FINCEN (FR) shall reconcile contractor inventory reports on an annual basis.
11. APOs/RSPOs, as applicable, 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.

10.3.6.27 *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. Physical inventories are generally scheduled for the fourth quarter of each fiscal year.

1. Commandant (CG-84) shall plan and execute 100 percent physical inventories of all capitalized assets 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 boats).
2. Commandant (CG-84) shall ensure that physical inventories include existence and completeness testing.
3. Commandant (CG-84) shall develop and submit a physical inventory plan for the upcoming year to Commandant (CG-84), no later than 30 September.
4. Commandant (CG-84) shall monitor the progress of all physical inventories and shall ensure their completion within 30 calendar days of the end of the count phase.
5. Commandant (CG-84) 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.
6. Commandant (CG-84) 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.
7. 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-84) for action. Commandant (CG-84) shall resolve these discrepancies and shall return corrected documentation to FINCEN (FR) and Coast Guard Units within five business days.
8. FINCEN (FR) and Coast Guard Units shall report to Commandant (CG-84) when all adjustments have been made to the Oracle and subsidiary systems.
9. Commandant (CG-84), FINCEN (FR), and Coast Guard Units shall ensure that the inventory date is updated in the Oracle and subsidiary systems.
10. Commandant (CG-84) shall review Oracle to ensure that all asset records are verified as updated, all adjustments have been recorded, and the physical inventory dates have been updated.
11. Commandant (CG-84) shall prepare and submit a physical inventory report to Commandant (CG-84) for review and approval.
12. Commandant (CG-84) 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.

10.3.6.28 *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. The applicable project Contracting Office shall ensure that a physical inventory is completed for each contract that includes Government-furnished property, in accordance with *Coast Guard Acquisition Procedures (CGAP)*.
2. The applicable project Contracting Office 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. The applicable project Contracting Office 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)* compliant evidential documentation is maintained at appropriate levels to support physical inventories for three fiscal years.

10.3.6.29 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. Coast Guard uses its annual physical inventory to provide this assurance and certification.

1. APOs/RSPOs, as applicable, 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. APOs/RSPOs, as applicable, 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. APOs/RSPOs, as applicable, 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.

10.3.6.30 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-84) and FINCEN (FR) shall ensure that all asset record corrections are analyzed, reconciled, and supported by auditable documentation.
2. Commandant (CG-84) and FINCEN (FR) shall ensure that all documentation contains the dated signatures of the preparer, reviewer, and approver.

3. The Commandant (CG-84) approver shall be either the property accountant or the division chief.
4. FINCEN (FR) must record all corrections received by Commandant (CG-84) within 30 calendar days of receipt.
5. Commandant (CG-84) and FINCEN (FR) shall review the corrections for financial statement impact and ensure that they are recorded timely and accurately.

10.3.6.31 *Storage of Assets with Intent to Use*

Assets in storage continue to be depreciated and are not removed from the general ledger accounts. See Subsection 10.3.6.19 (Depreciation of Assets). 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 Commandant (CG-84) within 20 calendar days of the decision. Commandant (CG-84) shall forward to FINCEN (FR).
3. FINCEN (FR) shall update the asset status in Oracle FAM within 10 calendar days of receipt of the documentation from Commandant (CG-84).
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 lifecycle of the asset plus three fiscal years.

10.3.6.32 *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 the intent to dispose, and shall forward copies to Commandant (CG-84) within 20 calendar days of the decision. Commandant (CG-84) shall forward to FINCEN (FR).
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 Commandant (CG-84).
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.

10.3.6.33 *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 Commandant (CG-84) 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 Commandant (CG-84) within 20 days of the decision. Commandant (CG-84) shall determine the amount of any impairment loss and forward documentation supporting the loss to FINCEN (FR).
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 Commandant (CG-84).
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.

10.3.6.34 *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 in accordance with the *Personal Property Management Manual*, COMDTINST M4500.5(series), supporting the decision to retire an asset and shall forward copies to Commandant (CG-84) within 20 calendar days of the decision. Commandant (CG-84) will forward retirement documentation to FINCEN (FR).
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 Commandant (CG-84).
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.

10.3.6.35 *Disposing of Personal Property Assets through Transfers, Exchanges, and Donations*

Units that have personal property no longer needed by a Coast Guard activity shall follow the disposal process in the *Personal Property Management Manual*, COMDTINST M4500.5(series), in accordance with Federal Accounting Standards Advisory Board, Technical Release No. 14, *Implementation Guidance on the Accounting for the Disposal of General Property, Plant, & Equipment*, October 2011.

10.3.6.36 *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 APOs/RSPOs, as applicable, 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. The applicable project Contracting Office shall notify unit APOs/RSPOs, as applicable, when the transfer and disposition of Government-furnished property is authorized 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 Commandant (CG-84).
3. FINCEN (FR) shall ensure that prior to disposal 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, APOs/RSPOs (as applicable), 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, *Definitional Changes Related to Deferred Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant, and Equipment*, as maintenance that was not performed when it should have been, or was scheduled to be, and was 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 Property, Plant, and Equipment (PP&E) 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.

The Coast Guard must report material amounts of DM&R on general PP&E as required supplementary information (RSI) in the financial statements. Per the Department of Homeland Security (DHS) Financial Management Policy Manual (FMPM), effective FY 2015, the below must be provided as required supplementary information:

1. Policies for ranking and prioritizing maintenance and repair activities.
2. Whether DM&R related solely to capitalized general PP&E and noncapitalized stewardship PP&E or also to amounts relating to noncapitalized or fully depreciated general PP&E.
3. Capitalized general PP&E, and non-capitalized heritage assets and stewardship land for which you do not measure and/or report DM&R and the rationale for the exclusion.
4. If applicable, explanation of any significant changes to the policies and factors subject to the reporting requirements established.

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.

For definitions, detailed procedures, and responsibilities regarding the accounting process used to determine, evaluate, and record deferred maintenance on capital and non-capital accountable personal and real property refer to the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 10.4 (Deferred Maintenance and Repairs).

10.4.1 **Purpose**

This Section prescribes the accounting policies used to determine, evaluate, and record deferred maintenance on capital and non-capital accountable personal and real property.

10.4.2 **Scope**

This policy applies to capitalized and non-capitalized accountable personal and real property. Personal and real property is capitalized, recorded in the general ledger (GL), and depreciated if the acquisition cost is at or above the applicable capitalization threshold. Refer to the *U.S. Coast Guard Personal Property Management Manual* (PPMM), COMDTINST M4500.5 (series), and the *U.S. Coast Guard Real Property Management Manual* (RPMM), COMDTINST M11011 (series), for the capitalization thresholds.

10.4.3 **Authorities**

1. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*, November 1995. This standard provides accounting standards for federally owned PP&E. http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
2. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 8, *Supplementary Stewardship Reporting*, June 1996. This standard establishes the requirements for reporting on the Federal Government's stewardship over certain resources entrusted to it, and certain responsibilities assumed by it. http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 14, *Amendments to Deferred Maintenance Reporting Amending SFFAS 6, Accounting for Property, Plant and Equipment and SFFAS 8, Supplementary Stewardship Reporting*, June 1999. As amended, the standards require that deferred maintenance information be included as RSI. Thus, a line item for "deferred maintenance" would no longer be required on the statement of net costs with a reference to a note disclosed. http://www.fasab.gov/pdffiles/2015_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*, May 2011. This standard requires agencies to include deferred repairs in the deferred maintenance terminology and in the accounting and reporting of deferred maintenance and repairs. http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
5. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 42: *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32*, April 2012. This standard establishes the definitions and requirements for the measurement and reporting of deferred maintenance and repairs. The standard amends the required

supplementary information (RSI) presentation requirements in SFFAS 6, 14, 29, and 32.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf

6. Office of Management and Budget (OMB), Circular A-123, *Management's Responsibility for Internal Control*, including *Appendix A-Internal Control over Financial Reporting*, December 2004. This Circular requires agencies to establish, maintain, and annually evaluate and report on controls for their program and administrative activities.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
7. Office of Management and Budget (OMB), Circular A-136, *Financial Reporting Requirements*. This Circular establishes a central point of reference for all Federal financial reporting guidance for executive departments, agencies, and entities required to submit audited financial statements, interim financial statements, and Performance and Accountability Reports (PAR) under the Chief Financial Officers Act of 1990.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
8. Department of Homeland Security Financial Accountability Act of 2004 (Public Law 108-330). The Act gives specific instructions to the DHS regarding Federal financial management, performance management, and subsequent reporting requirements.
<http://www.gpo.gov/fdsys/pkg/STATUTE-118/pdf/STATUTE-118-Pg1275.pdf>
9. Department of Homeland Security (DHS) Office of Financial Management (OFM), *Component Requirements Guide for Financial Reporting*, (series). This Guide gives DHS components detailed instructions for financial reporting procedures.
<http://cfo-policy.dhs.gov/default.aspx>
10. Department of Homeland Security, *Financial Management Policy Manual* (FMPM), Section 3.1 Property, Plant, and Equipment.
<http://cfo-policy.dhs.gov/default.aspx>

10.4.4 Responsibilities

10.4.4.1 *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.

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

Commandant (CG-84):

1. Provides oversight for developing methodology and conducting analysis for Coast Guard deferred maintenance reporting.
2. Coordinates with DCMS-83 for the proper gathering of deferred maintenance data.

3. Ensures programmatic concurrence from the Office of Programs, Commandant (CG-82), and reports required supplementary information on deferred maintenance to the Finance Center (FINCEN) for inclusion in the annual consolidated financial statements.

For detailed responsibilities on the accounting process used to determine, evaluate, and record deferred maintenance on capital and non-capital accountable personal and real property refer to the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 10.4 (Deferred Maintenance and Repairs).

10.4.5 General Policy

10.4.5.1 *Method for Measuring Deferred Maintenance and Repairs*

The method used to determine the estimated amounts of DM&R must be reported in the narrative statement to the required supplementary information. The federal-wide accounting standard permits the use of:

1. Condition assessment surveys;
2. Life cycle cost forecasts; and
3. Other methods that are similar to the condition assessment survey or life-cycle costing methods.

10.4.5.2 *Required Supplementary Information (RSI)*

At a minimum, DM&R will be presented in the financial statements as required supplementary information for all general PP&E. The following shall be included for each category of PP&E (e.g., general PP&E) as established in SFFAS No. 6, *Accounting for Property, Plant, and Equipment*:

- a. Identification of each major class of asset for which maintenance and repairs have been deferred. The Component will determine the “major classes” of general PP&E. Major classes include but are not limited to buildings and structures, furniture and fixtures, equipment, vehicles, and land.
- b. Method of measuring deferred maintenance and repairs for each major class of PP&E.
 1. If the condition assessment survey method of measuring deferred maintenance and repairs is used, the following shall be presented for each major class of PP&E:
 - a) Description of requirements or standards for the acceptable operating condition.
 - b) Any changes in the condition requirements, or standards.
 - c) Asset condition and a range or a point estimate of the dollar amount of maintenance and repair needed to return assets above, at, or in acceptable operating condition. Examples of condition information include, but are not limited to averages of standardized condition rating codes, the percentage of assets above, at or acceptable-condition, or narrative information.
 2. If the total life cycle method is used, the following shall be presented for each major class of PP&E:

- a) The original date of the maintenance and repair forecast and an explanation of any changes to the forecast.
 - b) The prior-year balance of the cumulative DM&R amount.
 - c) The dollar amount of the maintenance and repair requirement estimated for the reporting period.
 - d) The dollar amount of the maintenance and repair actually performed during the period.
 - e) The difference between the forecast and actual maintenance and repair.
 - f) Any adjustments to the scheduled amounts deemed necessary.
 - g) The ending cumulative balance for the reporting period for each major class of asset experiencing DM&R.
3. Other methods may be used to estimate the amount of DM&R and shall be accompanied by information that describes the method.

10.4.6 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-84) 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.

10.4.7 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.

10.4.8 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.

10.4.9 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.

10.4.10 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.

For detailed procedures regarding the accounting process used to determine, evaluate, and record deferred maintenance on capital and non-capital accountable personal and real property refer to the *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 10.4 (Deferred Maintenance and Repairs).

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 10.14 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
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 O&S 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.)

	Type of Cost	Treatment
8.	Contractor logistics support and contractor depot logistics support after completion. Normally associated with normal maintenance, and typically funded with O&S 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
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

	Type of Cost	Treatment
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): Underground storage tanks, asbestos removal, soil removal, and restoration (as part of a new facility construction or cleanup after construction/decommissioning).	Capitalize (See Note 2.) (See Note 3.) (See Note 4.)
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

	Type of Cost	Treatment
29.	Interest payments Prompt-payment interest	Capitalize Expense
30.	Labor costs <u>during</u> construction: a) Technical support services contract. b) Logistics support services contract <u>before</u> project completion. Note: Logistics services <u>after</u> a project is completed are considered a normal maintenance activity and must be expensed. c) PC&I billets (core and project management). d) Contractor support to program offices (program management, systems engineering and testing).	Capitalize Capitalize Capitalize Capitalize
31.	Land acquisition costs (e.g., survey, title services, appraisals, fees, razing existing structures acquired from others, environmental due diligence, and purchase price)	Capitalize
32.	Lease payments for equipment (e.g., PP&E used to facilitate project completion): a) Capital lease. b) Operating lease.	Capitalize (See Note 7.) Expense
33.	Lease payments for land, where the Coast Guard will not receive title to the land	(See Note 7.)
34.	Leasehold improvements to non Coast Guard-owned assets (e.g., major renovations, rewiring buildings, rehabilitating/enlarging piers)	Capitalize
35.	Legal fees incurred to bring the project to its intended use (e.g., title and recording costs)	Capitalize
36.	Legal fees – external (non Coast Guard - incurred legal costs to bring the project to its intended use)	Capitalize

	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 PC&I labor costs see Labor.	Capitalize
47.	Prototypes and first articles	Capitalize (See Note 5.)
48.	Real estate costs incurred to place the project into operation (See also Land acquisition costs.)	Capitalize

	Type of Cost	Treatment
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 the 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 the site was selected for lease or purchase. b) If the site was not selected for lease or purchase.	Capitalize Expense
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

	Type of Cost	Treatment
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 or publications	Capitalize (See Note 15.)
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 (e.g., on the operation, use, or maintenance of acquired property)	Expense
68.	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
69.	Training courses , both refresher and follow-on training given to Coast Guard personnel	Expense

	Type of Cost	Treatment
70.	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, airfare, car rental.	Expense (See Note 12.) Expense Expense
71.	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 PC&I funds).	Capitalize Expense
72.	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: Capitalize all environmental remediation and cleanup costs required to bring an asset to a form and location suitable for its intended use. This includes all costs, including remediation and cleanup costs, incurred to dispose of an asset when the disposal is required to construct a new asset. Expense all costs associated with decommissioning or disposing of an asset when the disposal is not required for the construction of a new asset. **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: When an asset is placed in service (commissioned), the estimated environmental cleanup costs must be recorded. Commandant (CG-47) will assist in calculating the estimated total environmental cleanup cost and recognizing it as an unfunded liability.

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, *Accounting for Property, Plant, and Equipment*.

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, *Managerial Cost Accounting Standards and Concepts*, indicates that direct costs are costs that can be specifically identified with an output, and SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, calls for capitalization of the

“direct costs of inspection, supervision, and administration 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 that covers multiple accounting periods (i.e., crosses fiscal years) it constitutes by definition a prepaid expense and the applicable future benefit should be recorded as a prepaid asset on the balance sheet. The current year’s portion is an expense at the time the invoice is paid. See Section 7.12.7, Advances and Prepayments for a more detailed discussion.

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.

Note 15: Capitalize all new Manuals or Publications. Reproductions or modifications to manuals will be expensed. Modifications to manuals, include editing a manual to conform to Coast Guard terminology or processes, shall be expensed. Copies of the initial manual or publication, such as manuals for the project residence office, are expensed.

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 in 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 Purpose

The purpose of this Section is to prescribe policies for the accounting of Coast Guard real and personal property leased assets.

10.6.3 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 the 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 the real and personal property.

10.6.4 Authorities

1. Antideficiency Act, as amended. 31 USC 1341-1342, 1349-1351, 1511-1519.
<http://www.gpo.gov/fdsys/pkg/USCODE-2011-title31/pdf/USCODE-2011-title31.pdf>
2. Chief Financial Officers Act of 1990. PL 101-576.
<http://govinfo.library.unt.edu/npr/library/misc/cfo.html>
3. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, December 1995.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
4. Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
http://www.fasab.gov/pdffiles/2015_fasab_handbook.pdf
5. Federal Accounting Standards Board, Statement of Financial Accounting Standards No. 13, *Accounting for Leases*, November 1976.
http://www.fasb.org/pdf/aop_FAS13.pdf
6. Office of Management and Budget, Circular A-11, *Preparation, Submission and Execution of the Budget*, June 2015.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
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 for OMB Circular No. A-94", December 2014.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>
8. Office of Management and Budget, Circular A-136, *Financial Reporting Requirements*.
<https://www.whitehouse.gov/omb/information-for-agencies/circulars/>

9. Department of Homeland Security, Chief Financial Officer, *Financial Management Policy Manual* (FMPM), Section 3.1, “Property, Plant and Equipment”.
<http://cfo-policy.dhs.gov/>
10. *Civil Engineering Manual*, COMDTINST M11000.11 (series).
<http://www.dcms.uscg.mil/directives>
11. *Major Systems Acquisition Manual (MSAM)*, COMDTINST M5000.10 (series).
<http://www.dcms.uscg.mil/directives>
12. *U.S. Coast Guard Personal Property Management Manual*, COMDTINST M4500.5 (series).
<http://www.dcms.uscg.mil/directives>
13. *U.S. Coast Guard Real Property Management Manual*, COMDTINST M11011.11 (series).
<http://www.dcms.uscg.mil/directives>
14. *Head of Contracting Activity Governance Memorandum (HCA-GM 13.0-0) Purchases Using Simplified Acquisition Procedures*, October 2016.
<http://www.dcms.uscg.mil/directives>

10.6.5 Responsibilities

10.6.5.1 *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-84) 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.

10.6.5.2 *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-84), Commandant (CG-431), and FINCEN (FR).
 - c. Ensure that the lease POC timely and accurately executes the responsibilities outlined in this policy.

10.6.5.3 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. 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.
4. Review accounting transactions, including budgetary, in the financial system of record to ensure that lease costs are recorded timely and accurately.
5. Gather and provide the documentation required to record all leases, including leasehold improvements, within the timeframes established in this policy.
6. Work with HQ program offices, Commandant (CG-84), and FINCEN (FR) to record all leases timely and accurately.
7. Provide HQ program offices, Commandant (CG-84), and FINCEN (FR) with timely, accurate lease closeout information within the timeframes established in this policy.
8. Ensure that the data in the local leased asset application, if used, ties to Oracle FAM.
9. Develop local desktop processes as necessary.
10. 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.

10.6.5.4 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.

10.6.5.5 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.

10.6.5.6 Financial Reporting and Analysis Division (CG-84)

Commandant (CG-84):

1. Monitors and assists lease POCs with the execution of their responsibilities as outlined in this policy.
2. Develops and implements training in the 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-84) decisions, reporting requirements, and certifications relating to each lease, for the period of the lease term plus three fiscal years.

10.6.5.7 *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, upload proper recording information via SharePoint.
4. Provide financial information and reports for all capital leases to the lease POCs and other Coast Guard offices, as required.
5. Ensure that all capital leases are properly reflected in the financial statements and that all footnote information is both properly disclosed and accurate.
6. 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.

10.6.6 Policy

10.6.6.1 *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.

Note: Certain leasehold improvements may also be part of the accounting for leases, see Section 10.6.7.5 below for a detailed discussion of accounting for lease costs.

10.6.6.2 *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 determination is referred to as scoring the lease, see *Financial Resource Management Manual – Procedures (FRMM-P)*, COMDTINST M7100.4 (series), Section 10.6, Procedure No. 10.6.1 (Classification of Lease Assets (Capital and Operating) and Identifying Criteria for Real Property Leased Assets) and 10.6.2 (Classification of Lease Assets (Capital and Operating) and Identifying Criteria for Personal Property Leased Assets). 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 life 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.

10.6.6.3 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-84), 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-84), 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-84) 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.

10.6.6.4 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 the 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 the 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-84) 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.

10.6.6.5 Accounting for Lease Costs

The proper accounting for lease costs is essential to ensure the accuracy of asset records and financial statements. Commandant (CG-84) 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, similar to other fixed asset acquired by the Coast Guard
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.

10.6.6.6 Recording Lease Costs

Timely and accurate recording of lease transactions is critical to ensuring the accuracy of financial statements and disclosures.

1. Commandant (CG-84) 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-84) 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 Paragraph 45 of SFFAS No. 5, *Accounting for Liabilities of the Federal Government*. 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.

10.6.6.7 Accounting and Recording of Lease Costs - Non-Level Rents

SFFAS No. 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, provides "the sources of accounting principles and the framework for selecting the principles used in the

preparation of general purpose financial reports of federal reporting entities that are presented in conformity with general accepted accounting principles (the GAAP hierarchy).” SFFAS No. 34, Paragraph 7 provides for the use of other accounting literature, “If the accounting treatment for a transaction or event is not specified by a pronouncement” in the FASAB Standards. Currently, the accounting treatment for leases with fluctuating rents is not specified in the FASAB standards. Therefore, in accordance with SFFAS No. 34, the Coast Guard considers the treatment specified by the Financial Accounting Standard Board (FASB).

Per the FASB Accounting Codification Standard (ASC) 840-20-25-1, “If rental payments are not made on a straight-line basis, rental expense nevertheless shall be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis shall be used”.

10.6.6.8 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-84) 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-84) 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-84) and FINCEN (FR) shall ensure that lease POCs perform reviews to ensure that estimated future costs are inflated per OMB guidance.

10.6.6.9 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-84) 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-84), 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.

10.6.6.10 *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-84) and FINCEN (FR) when reviews of capital leases have been completed.
3. Lease POCs shall provide to Commandant (CG-84) 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-84), 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.

10.6.6.11 *Financial Statement Presentation and Disclosure*

1. Commandant (CG-84) 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-84) shall prepare and submit footnote disclosure information, as applicable, for all capital and operating leases per OMB guidance
3. Commandant (CG-84) 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 (Stewardship Land) below). A heritage asset is unique because it is a 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.

http://www.fasab.gov/pdf/2015_fasab_handbook.pdf

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 the 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) 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 No. 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) and the Curator's Office 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.

This page intentionally left blank.

Glossary

accreditation	<p>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).</p>
accrual basis of accounting	<p>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.</p>
acquisition	<p>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.</p> <p>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.</p>
acquisition cost	<p>The cost to the Government of putting the 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.</p>

acquisition project manager (APM)

The person responsible for documenting the status of PC&I 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:

1. A common database;
2. Common data element definitions;
3. Standardized processing for similar types of transactions; and
4. Common version control over the 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 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.

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)	<p>There are two basic purposes for FPD certification:</p> <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	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.
Coast Guard 298	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.
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.
condemnation	The legal process in which the United States exercises its power of eminent domain and takes legal ownership or control of the non-Federal property for Federal use. The owner of the property must receive "just compensation" for the property, determined through the appraisal process.
contracting officer	A person with the authority to enter into, administer, and terminate contracts, and to make related determinations and findings.
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.
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 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 access	Direct Access is the human resource management system for the Coast Guard.
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 the 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. 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	<p>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:</p> <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	A cost that substantially increases the capability, capacity, or useful/service life of an asset. Improvements meeting capitalization thresholds are capitalized and charged against the periods in which the improvement is used.
indirect cost	A cost that cannot be identified with a specific function, or that requires some type of allocation of cost over different activities.
information technology	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.
information system	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.
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> <p>Similarly, for real property, whether acquired, constructed, or an improvement project, the condition where the Coast Guard accepts delivery of real property assets is supported by signed documentation evidencing delivery. This is sometimes referred to as “asset acceptance”.</p>

in-service date	For personal property, the date of final inspection/acceptance. For real property, the date of beneficial occupancy.
integrated financial management system	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.
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	Routine recurring work that is required to minimize the effects of deterioration and to keep the property in a condition fit for its intended use. Maintenance costs include preventative maintenance, normal maintenance, and replacement of similar structural components, and are charged to the period incurred. Maintenance is not considered an improvement because it does not increase existing capability, capacity, or service life.
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; and5. 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:

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.
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 R&D 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 Unique Identifier (RPUID)

A unique identifier of a real property facility (land, building, or structure).

reapportionment

A revision of a previous apportionment of budgetary resources for an appropriation or fund account. The revision must be approved by OMB.

rebuilding

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.

renovation

This term has been used generally in Coast Guard for years and has included both major and minor renovations. Similar to improvements, if a renovation substantially increases the capability, capacity, or useful/service life of an asset that renovation meets capitalization thresholds and is charged against the period in which the improvement is used. Renovations are deemed major maintenance and repairs to an RPUID that exceed 50 percent of plant replacement value (PRV) and over \$1 million.

**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.

This page intentionally left blank.

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

COMDTINST M7100.3F

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
APO	accountable property officer
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]
C4IT	Command, Control, Communication, Computers, and Information Technology
CA	Capital Authorization
CAMS	communications area master station
CAS	Core Accounting System
CASREP	casualty report

CBP	U.S. Customs and Border Protection
CFO	Chief Financial Officer
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

COMDTINST M7100.3F

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
DNI	Director of National Intelligence
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

COMDTINST M7100.3F

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
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]
FLETC	Federal Law Enforcement Training Center
FLS	Fleet Logistics System
FMAOB	Financial Management Accounting Oversight Board
FMFIA	Federal Managers' Financial Integrity Act
FMOP	Financial Management Operation Plan
FMPM	DHS <i>Financial Management Policy Manual</i>
FMS	Financial Management Service [Form]
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
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
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System
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
I&A	Office of Intelligence & Analysis [DHS]
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

COMDTINST M7100.3F

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]
IRS-CI	Internal Revenue Service Criminal Investigation Division
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
JTR	<i>Joint Travel Regulations</i>
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

COMDTINST M7100.3F

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
NPPD	National Protection and Programs Directorate
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
OCIO	Office of the Chief Information Officer
OCONUS	outside the continental United States
OCS	1. Officer Candidate School 2. Outer Continental Shelf
ODNI	Office of the Director of National Intelligence
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
OIG	Office of Inspector General
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
O&S	Operations and Support
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
PA&E	Program Analysis and Evaluation [within DHS OCFO]
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
PLCY	DHS Office of Policy
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
RAD	Resource Allocation Decision
RAN	reimbursable agreement number
RAP	Resource Allocation Plan
RBS	Recreational Boating Safety
RCRA	Resource Conservation Recovery Act
RDC	Research and Development Center
RDD	required delivery date
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	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

RPSO	regional property support officer
RPUID	Real Property Unique Identification Number
RR&B	Reports, Reconciliations, and Budget
RRCC	Regional Resource Coordination Center [FEMA]
RWG	Resource Work Group
SA	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
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
TEOAF	Treasury Executive Office for Asset Forfeiture
TFF	Treasury Forfeiture Fund
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

COMDTINST M7100.3F

USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services
USF	Universal Service Fund
USM	Under Secretary for Management
USSGL	United States Standard General Ledger
USSS	United States Secret Service
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

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 DoD 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 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' Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS). For illustrative formats of these forms and their proper use, see OMB Circular A-11, Sections 121 and 130, at the following website: <https://www.whitehouse.gov/omb/information-for-agencies/circulars/>. In addition, GTAS is also used for the Year-End Closing Statement, Form FMS 2108. Procedures for completing and submitting this form can be found at: https://www.fiscal.treasury.gov/acctg/gtas/gtas_home.htm.

This page intentionally left blank.