

U.S. Department of
Homeland Security

United States
Coast Guard



OSLTF Disbursements

Internal Controls and Audits



November 2004

OSLTF DISBURSEMENTS INTERNAL CONTROLS AND AUDITS

- Ref:
- (a) Property Management Manual, COMDTINST M4500.5 (series)
 - (b) Supply Policy & Procedures Manual, COMDTINST M4400.19A (Ch-2)
 - (c) Coast Guard Acquisition Procedures, COMDTINST M4200.19F
 - (d) Simplified Acquisition Handbook (SAP), COMDTINST M4200.13E
 - (e) FINCEN Standard Operating Procedures, FINCENINST M7000.1 (Ch-2A)
 - (f) Federal Acquisition Regulations (FAR), Title 48 Federal Acquisition Regulation System
 - (g) Financial Resource Management Manual, COMDTINST M7100.3
 - (h) Department of Homeland Security Acquisition Manual (HSAM)
 - (i) Department of Homeland Security Acquisition Regulations (HSAR)
 - (j) Personnel and Pay Procedures Manual, M1000.2A, Change 10
 - (k) Travel Claim Quick Reference Guide
 - (l) UTS Quick Reference Guide
 - (m) Information and Life Cycle Management Manual, COMDTINST M5212.12A

Overview

In an effort to reinforce documentation and approval requirements for disbursements from the OSLTF, the NPFC has established a system of internal controls over OSLTF funding and disbursements. All OSLTF expenditures are now subject to random audits. NPFC audits will focus on the following areas:

1. Obtaining funding,
2. Funds availability certification,
3. Use of OSLTF Funds,
4. Documentation and file retention requirements, and
5. Disposition of equipment/supplies obtained using OSLTF monies.

We note this audit could be viewed as the same review conducted by MLC compliance teams. MLC compliance audits do not focus on OSLTF disbursements; however they do fulfill the general procurement requirements under various laws (i.e., file requirements and file retention), and their efforts will speed up our auditing efforts.

Realizing the audit might be perceived as an added burden to field units, rest assured we are taking the necessary steps to minimize your involvement. For example, we will conduct the audits within the NPFC Case Management Division. Refer to the following pages for an expanded view of the audit requirements.

1. Obtaining Funding

Pre-designated USCG FOSCs can open Federal Project Numbers (FPNs) for the removal of oil using the Ceiling and Number Assignment Processing System (CANAPS). CANAPS automates and centralizes the creation and management of these project numbers and assigns ceilings.

CANAPS is a Web-based tool available at:

www.npfc.gov/canaps

CANAPS allows field units to request:

1. New FPN and initial project ceilings,
2. FPN ceiling amendments (increases or decreases),
3. FPN cancellations, and
4. Current ceiling status of existing FPN.

CANAPS collects basic incident information via a user-friendly, Internet “wizard” and immediately assigns a project number and the requested spending ceiling (up to a preset limit). Access to CANAPS is controlled by use of user IDs and passwords, which are administered by the NPFC and are specific to the FOSC's unit or region. Access keys are changed quarterly.

An email confirmation of the project number and ceiling is sent to the requesting FOSC. **The unit should retain this document and any amendments as documentation of authority to spend OSLTF resources on a particular incident.** CANAPS then creates the required official message and releases it through the Coast Guard Messaging System (CGMS).

The need to manage the respective funds requires limits to the amount of money that can be obligated automatically by the CANAPS system before having to speak to the NPFC. The USCG can open FPNs up to \$500K. This threshold is subject to change based on the availability of funds. If the project is going to grow beyond these limits, contact the NPFC to request additional funding.

Coast Guard users are also reminded that CANAPS does not alter existing emergency contracting authorities or limitations already in place for both the USCG Atlantic and Pacific Maintenance and Logistics Commands (MLCLANT and MLCPAC).

2. Funds Availability Certification

The FOSC must ensure the unit follows guidelines for funds availability certification as is required by references (c) and (e). As is common practice at the field unit level, certification can be obtained by:

- use of the procurement request form (brown sheet), block 5,
- a stamp on the document with signature and date attached, or
- use of a locally produced form.

FOSCs may designate subordinate personnel to certify OSLTF funds availability for response purchases. Should the unit have an instruction commonly referred to as “assignment of collateral duties” wherein the signatures are listed and the duties of Funds Certifying Officer are

assigned to individuals, this instruction will suffice to document this designation. Individual letters designating Funds Certifying Officer authority may also be used.

If a procurement request (DOT 4200) is not used to document Funds Certifying Officer approval, the following statement can be stamped, hand written, or typed onto the funding document:

“I certify that funds are available from the OSLTF as assigned to FPN _____.”

3. Use of OSLTF Funds

OSLTF purchases are subject to the same acquisition requirements as normal unit operating funds. Therefore, applicability of the same discretion is required by the FOSC when leading an OSLTF funded response.

There are several contracting vehicles the FOSC can use to assist in the response effort. However, the dollar amount of the purchase will dictate which mechanism to use.

- For credit card purchases, adhere to the rules and regulations found in reference (d).
- For all purchases less than \$100,000, the FOSC must follow the guidelines set forth in reference (d) and (f). For purchases over \$100,000, follow the guidelines set forth in reference (f).
- For use of Basic Ordering Agreements (BOA), units shall follow the appropriate MLC guidance.

4. Documentation and Records Retention

As listed elsewhere in the NPFC User Reference Guide (URG), documentation requirements are a little different than a field unit might be accustomed to when using OSLTF resources. The difference may seem trivial at the field level, but there is a difference.

The NPFC maintains a record of the case file documents received either by email or as part of the FOSC report. The FOSC is ultimately responsible to ensure that records of *all* transactions authorized are retained in the unit case file.

In finance, the procurement file has items within the file that must be included (e.g., signatures, receipts, etc.) as described in references (c) and (d). However, when OSLTF funds are used, the requirement is a little more stringent. The procurement file is but one part of the entire case file.

The case file differs from the procurement file in that the case file must contain all paperwork (e.g., procurement and credit card information paperwork, POLREPS, news clips, travel documentation, etc.) relevant to the response effort.

While travelers are personally responsible for retaining their travel records for 6 years, 3 months, travel records for all travel on a Federal Project Number (FPN) must also be retained in the case file. Consistent with references (j)-(l), the case file travel claims package will consist of:

- Copy of signed original orders (all original travel orders **MUST** be signed by an approving official and Funds Certifying Officer (FCO) including those generated by Direct Access);
- Copy of all signed amendments;
- Copy of travel claim (1351-2 electronically signed by traveler and UAO);

- Copy of itemized receipt(s) for all lodging;
- Copy of airfare itinerary(s), which must reflect the cost of airfare;
- Copy of rental vehicle contract(s) (estimate receipts are not acceptable); and
- Copy of receipts for all reimbursable expenses of \$75 or more.

In accordance with reference (m), the case file is considered a permanent record for “major” spills and is sent to the National Archives and Records Administration (NARA) after ten years. For “medium” and “minor” spills, case files should be retained for twenty years unless the command is given specific direction by NPFC to retain the record for a longer period. The reason for these extended retention periods is that once the unit has completed the case, the NPFC or Department of Justice might have a need for the case file to support cost recovery or other litigation requirements. If the unit forwards case files to an archive or records center, it is very important that the archive information be retained and readily available for immediate retrieval should the need arise.

5. Property Accountability

Property requirements found in reference (a) must be adhered to when procuring items using OSLTF resources. In addition to reference (a), **all** non-consumable property (regardless of cost) purchased for the response using OSLTF money is considered excess to the unit and must be disposed of in accordance with reference (a) upon completion of the response. If property is purchased to replace unit property that was surveyed (lost, stolen, damaged, etc.), a copy of the survey shall be included in the case file.

Audit Procedures

The NPFC will randomly pick OSLTF financial transactions for audit. The unit will be notified via email or memo with specific instructions of what to provide to support the documentation history. Upon notification, the unit must obtain the case file and have it ready for any documentation required by the audit. The NPFC will try to conduct the audit with the case paperwork already at the NPFC, but in some cases the unit will need to provide additional input. NPFC will advise units by memo of the audit results.