

U.S. Department of
Homeland Security

United States
Coast Guard



Commandant
United States Coast Guard

2703 Martin Luther King Jr Ave SE
Washington, DC 20593-7118
Staff Symbol: CG-8
Phone: (202) 372-3470

20 January 2022

Dear Sir or Madam:

The Coast Guard transitioned to a new financial management and procurement system in the first quarter of Fiscal Year 2022. The integrated master schedule estimated the completion of legacy data migration and commissioning of the new system to occur in mid-November, 2021. Due to challenges with non-standard data and complex federal financial reporting requirements, the cutover lasted 30 days longer than anticipated. Consequently, the system was not made available to Coast Guard users until 17 December 2021. There were a number of system defects that prevented payment from being transmitted to the U.S. Treasury which were not resolved until early January 2022.

During the cutover period, the Coast Guard was left without a system to pay more than 6,000 monthly commercial invoices. A small quantity of payments were made manually through a U.S. Treasury system, but there is now a significant backlog of invoices. The Coast Guard has begun to process commercial invoice payments in the new system. However, it is anticipated to take several weeks until we are processing payments at a full rate of production.

I fully understand that the delay in making payments has caused a significant cash flow concern for all Coast Guard vendors, for both small businesses and larger enterprises. The Coast Guard could not perform its broad mission sets without the support of our vendor partners. We are working as quickly as possible to ramp up payment efficiency.

The Prompt Payment Act requires federal agencies to pay a daily interest penalty for any payments not made within 30 days of receipt of valid invoice. I recognize that cash flow issues may place question on a vendor's desire to continue to provide services or ship goods to Coast Guard units. I hope that you have in the past considered the Coast Guard a reliable and trustworthy client. As we overcome the challenges we have faced with this once in a generation financial system transformation, I hope we can rebuild the trust with timeliness in future payments. In the meantime, I request your patience with our staff which is working overtime to resolve issues and make payments to reduce the backlog. For questions or concerns about the status of your invoice payment, please contact your Contracting Officer. The Coast Guard will pay all valid invoices as soon as we can.

Thank you very much for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. J. Fedor".

M. J. FEDOR

Chief Financial Officer

Rear Admiral, United States Coast Guard