

U.S. Department of
Homeland Security

United States
Coast Guard



FINANCIAL RESOURCE MANAGEMENT MANUAL – PROCEDURES (FRMM-P)



COMDTINST M7100.4

June 2010



COMDTNOTE 7100
02 Nov 2011

CANCELLED
01 Nov 2012

COMMANDANT NOTICE 7100

Subj: CH-1 to FINANCIAL RESOURCE MANAGEMENT MANUAL – PROCEDURES (FRMM-P)

1. PURPOSE. This Notice promulgates change 1 to the Financial Resource Management Manual – Procedures (FRMM-P), adding and updating procedures for financial management within the Coast Guard.
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. DIRECTIVE(S) AFFECTED. None.
4. DISCLAIMER. This document is intended to provide operation requirements for Coast Guard personnel and is not intended nor does it impose legally-binding requirements on any party outside the Coast Guard.
5. PROCEDURE. Remove and insert the following pages:

<u>Remove</u>	<u>Insert new</u>
Table of Contents	Table of Contents
List of Figures	List of Figures
List of Tables	List of Tables
1-1 to 1-2	1-1 to 1-2
7-3 to 7-154	7-3 to 7-246
10-115 to 12-1	10-115 to 10-180

6. MAJOR CHANGES. From its inception FRMM-P was designed to be the companion to the Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

DISTRIBUTION – SDL No. 159

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

NON-STANDARD DISTRIBUTION:

COMDTINST M7100.4

Consequently, the revisions in this change preserve the correlation between the procedure numbers in FRMM-P and the corresponding policy numbers in the FRMM.

- a. Section 7.5.7-SFLC, Procedures for the Surface Forces Logistics Center, has been added, specifying SFLC procedures relative to the accounting and reporting of inventory; operating materials and supplies; and property, plant, and equipment.
 - b. Procedure 7.5.7.6, Rejected Receipt of Stock Items, has been deleted. This procedure, pertaining to the Aviation Logistics Center (ALC), is no longer applicable.
 - c. Subsection 10.3.7.20, Alternate Valuation Methods for Assets, has been added.
 - d. See Enclosure (1) to COMDTINST M7100.4 for a detailed listing of changes.
7. REQUEST FOR CHANGES. Units and individuals may recommend changes by writing via the chain of command to: Commandant (CG-843); U.S. Coast Guard; 2100 2ND ST SW STOP 7245; WASHINGTON DC 20593-7245.
8. RECORDS MANAGEMENT CONSIDERATIONS. This Manual has been thoroughly reviewed during the directives clearance process, and it has been determined there are no further records scheduling requirements, in accordance with Federal Records Act, 44 U.S.C. 3101 et seq., NARA requirements, and Information and Life Cycle Management Manual, COMDTINST M5212.12 (series). This policy does not have any significant or substantial change to existing records management requirements
9. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS.
- a. The development of this directive and the general policies contained within it have been thoroughly reviewed by the originating office and are categorically excluded under current USCG categorical exclusion (CE) # 33 from further environmental analysis, in accordance with Section 2.B.2 and Figure 2-1 of the National Environmental Policy Act Implementing Procedures and Policy for Considering Environmental Impacts, COMDTINST M16475.1 (series).
 - b. This directive 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 policies in this Manual must be individually evaluated for compliance with the National Environmental Policy Act (NEPA), Council on Environmental Policy NEPA regulations at 40 CFR Parts 1500-1508, DHS and Coast Guard NEPA policy, and compliance with all other environmental mandates.
 - c. Environmental considerations were examined in the development of this Manual and have been determined not to be applicable.

10. FORMS/REPORTS. The forms referenced in this Manual are available in USCG Electronic Forms on the Standard Workstation or on the Internet: <http://www.uscg.mil/forms/>; CGPortal at <https://cgportal.uscg.mil/delivery/Satellite/uscg/References>; and Intranet at <http://cgweb.comdt.uscg.mil/CGForms>.

S. P. METRUCK /s/
Assistant Commandant for Resources

Encl. CH-1 to Financial Resource Management Manual – Procedures (FRMM-P),
COMDTINST M7100.4.

Commandant
Coast Guard Headquarters

2100 2ND ST SW STOP 7245
Washington, DC 20593-7245
Staff Symbol: CG-8
Phone: 202 372-3650
Fax: (202)-372-3948

U.S. Department of
Homeland Security



United States
Coast Guard

COMDTINST M7100.4

June 28, 2010

COMMANDANT INSTRUCTION M7100.4

Subj: FINANCIAL RESOURCE MANAGEMENT MANUAL - PROCEDURES
(FRMM-P)

1. PURPOSE. This Manual is the authority that prescribes the procedures for financial management within the Coast Guard.
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. None.
4. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATION: Environmental considerations were examined in the development of this Manual and have been determined not to be applicable.
5. REQUESTS FOR CHANGES. Units and individuals may recommend changes by writing via the chain of command to:
COMMANDANT (CG-843)
ATTN FINANCIAL POLICY & INTERNAL RESOURCES
US COAST GUARD
2100 2ND ST SW, STOP 7245
WASHINGTON DC 20593-7245

DISTRIBUTION – SDL No. 156

	a	b	c	d	e	f	g	h	i	i	k	l	m	n	o	p	q	r	s	t	u	v	w	x	v	z
A																										
B	*		*		1				1		1															
C																										
D																										
E																										
F																										
G																										
H																										

NON-STANDARD DISTRIBUTION: COMDT (CG-48), COMDT (CG-41), COMDT (CG-45), COMDT (CG-44),
COMDT (CG- 842)

6. DISCUSSION.

A. This Manual is written in the prescriptive form; meaning that this Manual describes financial management procedures that must be followed to ensure proper internal controls, accounting and oversight. It is neither intended nor possible to describe the wide variety of procedures that must be followed in every day operations. In some cases, unit-level procedures may be promulgated to supplement these Coast Guard-wide procedures. No deviations from the procedures described in this Manual are authorized without the explicit permission of the Chief Financial Officer (CFO).

B. In order to connect policy and procedures, this Manual shall align to the chapter and sub-section format of the Financial Resource Management Manual, COMDTINST M7100.3 (series). There may be occasions when more granular and/or local level guidance is needed. This Manual has been initially promulgated with the existing financial management procedures. It does not include placeholders for future procedural sections, as they align to the COMDTINST M7100.3 (series). As additional procedures are approved, they will be compiled by the Office of Financial Policy and systems Commandant (CG-84) and introduced into this Manual using the established COMDTINST change process.

5. PROCEDURES. No paper distribution will be made of this instruction. Official distribution will be via the Coast Guard Directive (CGD) DVD. An electronic version will be located on <http://cgweb.comdt.uscg.mil/CGDirectives/Welcome.htm>, Internet: <http://www.uscg.mil/directives/>, and CGPortal: <https://cgportal.uscg.mil/delivery/Satellite/CG612>.

6. ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS. Environmental considerations were examined in the development of this Manual and have been determined not to be applicable.

7. FORMS/REPORTS. None.

K. A. TAYLOR /s/
Rear Admiral, U. S. Coast Guard
Assistant Commandant for Resources

Financial Resource Management Manual – Procedures (FRMM-P)

Change Summary for CH-1 - FRMM-P

CH-1 Section	CH-1 Page	Category	Change
List of Figures	iv	Revision	Added page numbers of figures.
List of Tables	vi	Revision	Added page numbers of tables.
List of Enclosures	vii	New	Added list of enclosures.
1.3	1-1	New	Legal disclaimer.
7.5	7-1 – 7-246	Revision	Embedded flowcharts replaced by links to corresponding jpeg images stored on the CG-84 share.
7.5.7-ALC	7-4	Revision	Section renumbered with “-ALC” suffix and rewritten to distinguish existing ALC procedures from new SFLC procedures.
7.5.7.1-ALC – 7.5.7.20-ALC	7-5 – 7-149	Revision	Procedure titles now indicate that these are ALC procedures. Procedure numbers modified by addition of “-ALC” suffix.
[7.5.7.6 in the original version]	N/A	Revision	Deleted section 7.5.7.6, Rejected Receipt of Stock, because it is no longer applicable. All subsequent procedures, figures, and tables renumbered.
7.5.7.15-ALC	7-97	New	Introductory section for the three procedures that follow.
7.5.7.17-ALC	7-116	New	Introductory section for the two procedures that follow.
7.5.7-SFLC	7-150	New	Introduction to new SFLC procedures.
7.5.7.1-SFLC – 7.5.7.20-SFLC	7-151 – 7-246	New	SFLC procedures relating to accounting policies at inventory control points (ICPs).
10.3	10.1 – 10.180	Revision	Most embedded flowcharts replaced by links to corresponding jpeg images stored on the CG-84 share.
10.3.7.20	10-116 – 10-131	New	Procedures relating to alternate valuation methods for assets.
[10.4 in the original version]	N/A	Revision	Deleted placeholder for section 10.4, Leases, because it has not yet been developed.
[10.5 in the original version]	N/A	Revision	Deleted placeholder for section 10.5, Accounting for Software, because it has not yet been developed.
[Chap 11 in the original version]	N/A	Revision	Deleted placeholder for chapter 11, Risk Management Procedures, because it has not yet been developed.
[Chap 12 in the original version]	N/A	Revision	Deleted placeholder for chapter 12, Travel Management Procedures, because it has not yet been developed.

Table of Contents

Chapter 1	Introduction to Financial Resource Management.....	1-1
1.1	Alignment to the FRMM.....	1-1
1.2	Promulgation Timeline.....	1-1
1.3	Disclaimer	1-1
Chapter 2	Coast Guard Funding Authority and Structure (TBD).....	2-1
Chapter 3	Funds Control (TBD)	3-1
Chapter 4	Budget Formulation (TBD)	4-1
Chapter 5	Budget Execution (TBD).....	5-1
Chapter 6	Continuing Operations Without Appropriations (TBD).....	6-1
Chapter 7	Accounting Policies and Standards	7-1
7.5	Inventory Control Points (ICPs).....	7-1
7.5.1	Purpose	7-1
7.5.2	Scope	7-1
7.5.3	Modifications and Changes	7-1
7.5.4	Definitions.....	7-2
7.5.5	Authorities.....	7-4
7.5.6	Responsibilities	7-4
7.5.7-ALC	Procedures for the Aviation Logistics Center	7-4
7.5.7.1-ALC	Classification of Newly Acquired Stock Items.....	7-5
7.5.7.2-ALC	Acquisition of Stock Items (ICP Acquisitions)	7-10
7.5.7.3-ALC	Acquisition of Stock Items (Non-ICP Acquisitions)	7-23
7.5.7.4-ALC	Receiving of Stock Items.....	7-30
7.5.7.5-ALC	Frustrated Receipt of Stock Items.....	7-37
7.5.7.6-ALC	Receipt of Stock Items.....	7-41
7.5.7.7-ALC	Stowing of Stock Items.....	7-46
7.5.7.8-ALC	Valuation of Stock Items	7-50
7.5.7.9-ALC	Valuation of Stock Items (WAP Testing).....	7-55
7.5.7.10-ALC	Capitalization and Depreciation of Depot-Level Repairable Spare Parts (PP&E)	7-60
7.5.7.11-ALC	Physical Inventories of Stock Items	7-64
7.5.7.11.1-ALC	Quarterly Floor-to-Record Physical Inventory.....	7-65
7.5.7.11.2-ALC	Quarterly Record-to-Floor Physical Inventory.....	7-71
7.5.7.12-ALC	Periodic Reconciliation of the Stock Ledger to the GL.....	7-79
7.5.7.13-ALC	Periodic Review of Classification and EOU.....	7-85

7.5.7.14-ALC	Changes in Classification of Stock Items	7-92
7.5.7.15-ALC	Loans, Redistributions, and Mandatory Turn-in of Stock Items	7-97
7.5.7.15.1-ALC	Receipt of Mandatory Turn-In Stock Items.....	7-98
7.5.7.15.2-ALC	Loan of Stock Items	7-102
7.5.7.15.3-ALC	Tracking of ACMS Stock Items.....	7-106
7.5.7.16-ALC	Issue and Sale of Stock Items	7-111
7.5.7.17-ALC	Pick-Pack-Ship	7-116
7.5.7.17.1-ALC	Pick-Pack-Ship of Stock Items.....	7-117
7.5.7.17.2-ALC	Pick-Pack-Ship Report Reconciliation.....	7-125
7.5.7.18-ALC	Reutilization of Stock Items	7-129
7.5.7.19-ALC	Disposals, Transfers, and Retirement of Stock Items.....	7-135
7.5.7.20-ALC	Financial Reporting	7-143
7.5.7-SFLC	Procedures for the Surface Forces Logistics Center.....	7-150
7.5.7.1-SFLC	Classification of Newly Acquired Stock Items	7-151
7.5.7.2-SFLC	Acquisition of Stock Items (ICP Acquisitions).....	7-157
7.5.7.4-SFLC	Receiving of Stock Items	7-167
7.5.7.5-SFLC	Frustrated Receipt of Stock Items	7-174
7.5.7.6-SFLC	Receipt of Stock Items	7-178
7.5.7.7-SFLC	Stowing of Stock Items	7-182
7.5.7.8-SFLC	Valuation of Stock Items.....	7-186
7.5.7.10-SFLC	Capitalization and Depreciation of Depot-Level Repairable Spare Parts (PP&E).....	7-192
7.5.7.12-SFLC	Periodic Reconciliation of the Stock Ledger to the GL	7-197
7.5.7.13-SFLC	Periodic Review of Classification and EOU	7-201
7.5.7.14-SFLC	Changes in Classification of Stock Items.....	7-209
7.5.7.15-SFLC	Loans, Redistributions, and Mandatory Turn-in of Stock Items	7-213
7.5.7.15.1-SFLC	Receipt and Tracking of Mandatory Turn-In Stock Items.....	7-214
7.5.7.15.4-SFLC	Loan of Stock Items.....	7-219
7.5.7.16-SFLC	Issue and Sale of Stock Items.....	7-222
7.5.7.17-SFLC	Pick-Pack-Ship.....	7-226
7.5.7.17.1-SFLC	Pick-Pack-Ship of Stock Items	7-227
7.5.7.17.2-SFLC	Pick-Pack-Ship Report Reconciliation	7-231
7.5.7.18-SFLC	Reutilization of Stock Items.....	7-234
7.5.7.20-SFLC	Financial Reporting.....	7-239
Chapter 8	Financial Reporting (TBD).....	8-1
Chapter 9	Coast Guard Financial and Mixed Systems (TBD).....	9-1
Chapter 10	Property, Plant, and Equipment (PP&E)	10-1
10.3	Personal Property (Including CAP, Non-CAP and CIP).....	10-1
10.3.1	Purpose	10-1

10.3.2	Scope	10-1
10.3.3	Modifications.....	10-2
10.3.4	Definitions.....	10-2
10.3.5	Authorities.....	10-8
10.3.6	Responsibilities	10-8
10.3.7	Financial Management Procedures.....	10-8
10.3.7.1	Resource Proposals	10-9
10.3.7.2	Budget Review.....	10-14
10.3.7.3	Capitalization Thresholds	10-18
10.3.7.4	Cost Categorization for Personal Property Projects.....	10-23
10.3.7.5	Establishment of Personal Property Projects	10-35
10.3.7.6	Initiation of CIP Projects	10-43
10.3.7.7	Acquisition of Assets	10-47
10.3.7.8	Accounting for Project Costs	10-51
10.3.7.9	Periodic Reviews of CIP Project Costs by PMs	10-64
10.3.7.10	Periodic Reviews of CIP Costs by FINCEN and CG-8	10-68
10.3.7.11	Asset Receipt and Acceptance	10-75
10.3.7.12	In-Service Dates.....	10-79
10.3.7.13	Service Lives of Assets.....	10-85
10.3.7.14	Tagging, Marking, and Identification of Assets.....	10-94
10.3.7.15	Capitalization of CIP Assets	10-98
10.3.7.16	Abandonment of CIP Projects.....	10-109
10.3.7.17	Project Close-out.....	10-109
10.3.7.18	Direct Purchase of Assets (TBD).....	10-114
10.3.7.19	Depreciation of Assets (TBD).....	10-115
10.3.7.20	Alternate Valuation Methods for Assets.....	10-116
10.3.7.21	Reutilization and Cannibalization of Assets (TBD).....	10-132
10.3.7.22	Conversion in Lieu of Procurement of Assets (TBD).....	10-133
10.3.7.23	Acquiring Assets through Transfers, Exchanges, and Donations (TBD).....	10-134
10.3.7.24	Improvements to Personal Property Assets	10-135
10.3.7.25	Periodic Review and Reporting of Asset Records (TBD)	10-141
10.3.7.26	Government Furnished Equipment (TBD)	10-142
10.3.7.27	Heritage Personal Property Assets (TBD)	10-143
10.3.7.28	Multi-Use Heritage Assets (TBD)	10-144
10.3.7.29	Physical Inventories of Assets	10-145
10.3.7.29.1	Capitalized Personal Property Complete Physical Inventory Procedures (TBD)	10-169
10.3.7.29.2	Capitalized Personal Property Physical Inventory Sampling Procedures (TBD)	10-170
10.3.7.29.3	Non-Capitalized Personal Property Physical Inventory Procedures (TBD).....	10-171

10.3.7.30 Physical Inventories of Government Furnished Property (GFP) (TBD).....	10-172
10.3.7.31 Year-End Certifications (TBD).....	10-173
10.3.7.32 Correction of Asset Records (TBD).....	10-174
10.3.7.33 Storage of Assets with Intent to Use (TBD)	10-175
10.3.7.34 Storage of Assets with Intent to Dispose (TBD).....	10-176
10.3.7.35 Impairment of Assets (TBD).....	10-177
10.3.7.36 Retirement of Assets (TBD)	10-178
10.3.7.37 Disposing of Assets through Transfers, Exchanges, and Donations (TBD).....	10-179
10.3.7.38 Disposition of Assets (TBD).....	10-180

List of Figures

Figure 7.1	Classification of Newly Acquired Stock Items at ALC	7-9
Figure 7.2	Acquisition of Stock Items at ALC.....	7-17
Figure 7.3	Acquisition of Stock Items at ALC (continued)	7-18
Figure 7.4	Acquisition of Stock Items at ALC (continued)	7-19
Figure 7.5	Acquisition of Stock Items at ALC (continued)	7-20
Figure 7.6	Acquisition of Stock Items at ALC (continued)	7-21
Figure 7.7	Acquisition of Stock Items at ALC (continued)	7-22
Figure 7.8	Acquisition of Stock Items at ALC.....	7-28
Figure 7.9	Acquisition of Stock Items at ALC (continued)	7-29
Figure 7.10	Receiving Stock Items at ALC	7-35
Figure 7.11	Receiving Stock Items at ALC (continued).....	7-36
Figure 7.12	Frustrated Receipt of Stock Items at ALC.....	7-40
Figure 7.13	Receipt of Stock Items at ALC	7-45
Figure 7.14	Stowing of Stock Items at ALC.....	7-49
Figure 7.15	Valuation of Stock Items at ALC.....	7-54
Figure 7.16	Valuation of Stock Items at ALC (continued).....	7-59
Figure 7.17	Capitalization and Depreciation of PP&E at ALC.....	7-63
Figure 7.18	Floor to Record Physical Inventory for ALC.....	7-70
Figure 7.19	Record-to-Floor Physical Inventory at ALC.....	7-78
Figure 7.20	Periodic Reconciliation of the Stock Ledger to the General Ledger at ALC.....	7-84
Figure 7.21	Periodic Reviews of Classification and EOU Stock Items at ALC	7-91
Figure 7.22	Changes in Classification of Stock Items at ALC.....	7-96
Figure 7.23	Mandatory Turn-in of Stock Items at ALC.....	7-101
Figure 7.24	Loans of Stock Items at ALC.....	7-105
Figure 7.25	Tracking of ACMS Stock Items at ALC.....	7-110
Figure 7.26	Issues and Sales of Stock Items at ALC	7-115
Figure 7.27	Pick-Pack-Ship of Stock Items at ALC	7-122

Figure 7.28	Pick-Pack-Ship of Stock Items at ALC (continued)	7-123
Figure 7.29	Pick-Pack-Ship of Stock Items at ALC (continued)	7-124
Figure 7.30	Pick-Pack-Ship Report Reconciliation at ALC.....	7-128
Figure 7.31	Reutilization of Stock Items at ALC.....	7-134
Figure 7.32	Disposals, Transfers, and Retirements of Stock Items at ALC.....	7-140
Figure 7.33	Disposals, Transfers, and Retirements of Stock Items at ALC (continued)	7-141
Figure 7.34	Disposals, Transfers, and Retirements of Stock Items at ALC (continued)	7-142
Figure 7.35	Financial Reporting at ALC.....	7-148
Figure 7.36	Financial Reporting at ALC (continued)	7-149
Figure 7.37	Classification of Newly Acquired Stock Items at SFLC	7-155
Figure 7.38	Acquisition of Stock Items at SFLC	7-164
Figure 7.39	Receiving of Stock Items at SFLC.....	7-171
Figure 7.40	Frustrated Receipt of Stock Items at SFLC	7-177
Figure 7.41	Receipt of Stock Items at SFLC.....	7-181
Figure 7.42	Stowing of Stock Items at SFLC	7-185
Figure 7.43	Valuation of Stock Items at SFLC	7-190
Figure 7.44	Capitalization and Depreciation of PP&E at SFLC.....	7-195
Figure 7.45	Periodic Reconciliation of the Stock Ledger to the GL at SFLC.....	7-200
Figure 7.46	Periodic Review of Classification and EOU at SFLC	7-208
Figure 7.47	Changes in Classification of Stock Items at SFLC	7-212
Figure 7.48	Receipt of Mandatory Turn-in Stock Items at SFLC.....	7-218
Figure 7.49	Loan of Stock Items at SFLC.....	7-221
Figure 7.50	Issue and Sale of Stock Items at SFLC.....	7-225
Figure 7.51	Pick-Pack-Ship of Stock Items at SFLC	7-230
Figure 7.52	Pick-Pack-Ship Report Reconciliation at SFLC	7-233
Figure 7.53	Reutilization of Stock Items at SFLC	7-238
Figure 7.54	Financial Reporting at SFLC	7-245
Figure 10.1	Determining if Personal Property Projects Meet Capitalization Criteria.....	10-22
Figure 10.2	Development and Approval of AC&I Program Overhead Rates.....	10-31
Figure 10.3	Development and Approval of AC&I Labor Rates	10-32
Figure 10.4	Quarterly Allocation of AC&I Labor and Program Overhead to Personal Property Projects.....	10-33
Figure 10.5	Cost Categorization and Capitalization of Personal Property Projects.....	10-34
Figure 10.6	Procedures for the Establishment of Personal Property Projects	10-42
Figure 10.7	FINCEN (FR) Monthly Reviews and Reporting	10-73
Figure 10.8	Procedures for Periodic Reviews of CIP Project Costs by CG-842 and FINCEN (FR)	10-74
Figure 10.9	Procedures for In-Service Dates	10-84
Figure 10.10	Procedures for Service Lives of Assets	10-93
Figure 10.11	Procedures for Capitalization of CIP Assets.....	10-107
Figure 10.12	Procedures for Capitalization of CIP Assets (continued)	10-108

Figure 10.13	Fiscal Year Certification Package Cover Sheet	10-125
Figure 10.14	Example of Reasonable Estimate Cost Allocation Based on Budgetary Documentation.....	10-127
Figure 10.15	Diagram of CGC OBION Plaque	10-128
Figure 10.16	Diagram of CGC HATCHET Plaque	10-128
Figure 10.17	Diagram of CGC OBION’s Barge Plaque	10-129
Figure 10.18	Diagram of CGC EAGLE Plaque	10-129
Figure 10.19	Boat HIN Number Format	10-130
Figure 10.20	Procedures for Improvements to Personal Property	10-139
Figure 10.21	Procedures for Improvements to Personal Property (continued)	10-140
Figure 10.22	Annual Physical Inventory of Capitalized Personal Property Memorandum	10-161
Figure 10.23	Annual Physical Inventory of Capitalized Personal Property and Year-End Certification	10-165
Figure 10.24	Annual Physical Inventory of Capitalized Personal Property and Year-End Certification (continued).....	10-166
Figure 10.25	Annual Physical Inventory of Capitalized Personal Property and Year-End Certification (continued).....	10-167
Figure 10.26	Annual Physical Inventory of Capitalized Personal Property and Year-End Certification (continued).....	10-168

List of Tables

Table 7.1	Documentation Required by Acquisition Type	7-51
Table 7.2	Spreadsheet of Outstanding Loans and Stock Ledger	7-81
Table 7.3	Spreadsheet with Totals by SACs and CCs	7-81
Table 10.1	Personal Property Capitalization Thresholds.....	10-19
Table 10.2	PMDS Project Establishment.....	10-41
Table 10.3	Allowable Support Documentation for Asset Receipt and Acceptance.....	10-77
Table 10.4	Support Documentation for Asset Receipt and Acceptance	10-81
Table 10.5	Reporting Initial Service Life of Existing Classes of Aircraft.....	10-89
Table 10.6	Reporting Initial Service Life of Existing Classes of Vessels	10-90
Table 10.7	Reporting Initial Service of Existing Classes of Boats	10-91
Table 10.8	Reporting Initial Service Life of New Electronics Assets	10-92
Table 10.9	Reporting Initial Service Life of New Assets of Other Personal Property	10-92
Table 10.10	Tagging and Identification Requirements for Various Asset Types.....	10-95
Table 10.11	Final PMDS Template	10-104
Table 10.12	Capitalization of Assets Checklist	10-105
Table 10.13	Project Summary Sheet (PSS) Template	10-106
Table 10.14	Program Offices by Asset Type.....	10-118
Table 10.15	Personal Property Capitalization Thresholds.....	10-146
Table 10.16	Asset Attributes.....	10-152

Table 10.17	Operational Assets – Supporting Documentation	10-154
Table 10.18	Asset Additions – Supporting Documentation	10-154
Table 10.19	Operational Asset – Supporting Documentation	10-155
Table 10.20	Asset Deletions – Supporting Documentation	10-155
Table 10.21	Physical Inventory Procedure Checklist	10-164

List of Enclosures

Enclosure (1)	Change Summary for CH-1 - FRMM-P	ii
---------------	--	----

This Page Intentionally Left Blank

Chapter 1. Introduction to Financial Resource Management

1.0 Overview

The Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series) is the highest level of financial management policy for the Coast Guard. Though the FRMM has existed for some time, there have never been enterprise-level procedures promulgated to provide standardization across the Service. This has led to the absence of documented procedures in some locations, or misalignment where procedures do exist across the Coast Guard.

1.1 Alignment to the FRMM

In order to connect policy and procedures, the FRMM-P shall align to the chapter and sub-section format of the FRMM. There may be occasions when more granular and/or local level guidance is needed. This Manual does not alleviate the responsibility of lower level entities from creating subordinate procedures or desk guides that are aligned with FRMM-P.

1.2 Promulgation Timeline

The FRMM-P was initially promulgated with the existing financial management procedures. The FRMM-P does include placeholders for future procedural sections, as they align to the FRMM. As additional procedures are approved, they will be compiled by Office of Financial Policy and Systems Commandant (CG-84) and introduced into the FRMM-P using the established COMDTINST change process.

This Page Intentionally Left Blank

Chapter 2. Coast Guard Funding Authority and Structure

(TO BE DEVELOPED)

This Page Intentionally Left Blank

Chapter 3. Funds Control

(TO BE DEVELOPED)

This Page Intentionally Left Blank

Chapter 4. Budget Formulation

(TO BE DEVELOPED)

This Page Intentionally Left Blank

Chapter 5. Budget Execution

(TO BE DEVELOPED)

This Page Intentionally Left Blank

Chapter 6. Continuing Operations Without Appropriations

(TO BE DEVELOPED)

This Page Intentionally Left Blank

Chapter 7. Accounting Policies and Standards

7.5 Inventory Control Points (ICPs)

The Coast Guard manages and maintains financial accountability for a variety of stock items classified as Inventory, Operating Materials and Supplies (OM&S), and Property Plant and Equipment (PP&E). 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 the Inventory, OM&S, and PP&E held at the central warehouses and at authorized remote locations are reflected on the ALC and SFLC stock ledgers, general ledgers, and financial reports. The ICPs are responsible for the proper safeguarding, management, accounting, and reporting of stock items at both the ICP and authorized remote locations. ICPs shall ensure that their accounting records provide accurate and timely financial information for all of the USCG's financial statements and support the financial assertions associated with the Inventory and Related Materiel line items as well as the category of the PP&E line item associated with Depot Level Repairable Spare Parts. The ICPs use various funding sources to acquire and manage the stock items they support. The funding sources are Supply Funds, Operating Expense Funds (OE), Reimbursable Funds, and Acquisition, Construction, and Improvement Funds (AC&I).

7.5.1 Purpose

This policy requires ICPs to manage transactions and recorded values relating to the acquisition, receipt, sustainment, improvement, usage, and disposition of Inventory, OM&S, and PP&E owned or controlled by the Coast Guard. This policy ensures stock items and the associated transactions are recorded timely and accurately in the appropriate general ledger accounts and are properly reflected in the Coast Guard's financial statements, notes, and disclosures in accordance with generally accepted Accounting Principles (GAAP).

7.5.2 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 Inventory (Supply Fund and Industrial Fund) Operating Materials and Supplies, and Depot Level Repairable Spare Parts that are managed (but not necessarily kept) at Inventory Control Points. Real Property, Personal Property, fuel, uniforms, buoys, retail commissary items are not covered by this policy.

7.5.3 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.

7.5.4 Definitions

The section defines terms which are critical in the understanding and implementation of the policies presented. A complete glossary will be included as a separate section of the FRMM.

Audit-Ready – An assertion as to the validity and reliability of information contained in the financial statements providing reasonable assurance that the statements are free of material error and an assertion that a system of internal controls exist and operate as intended.

End Item (EI) - Items that can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly rehabilitated to a fully serviceable condition for a period of time approximating the life of the parent asset (e.g. HH60J, WLB) to which it is related. EIs will be capitalized at historical cost, and will be depreciated over the estimated useful life of the EI parent asset. EIs will be reflected in the 17xx series of general ledger accounts and will be included on the *Property, Plant and Equipment* financial statement line item and notes.

Evidential Matter (Supporting Documentation) – Evidential Matter consists of documents that are both valid and relevant, regardless of form, used to support transactions, reviews, accounting entries, and financial statement adjustments. Evidential matter obtained from independent sources outside the Coast Guard provides a greater assurance of reliability for purposes of an independent audit than evidential matter secured solely within the Coast Guard.

Fair Market Value – An estimate of what a willing buyer would pay to a willing seller, both in a free market, for an asset where both parties have reasonable knowledge of relevant facts.

Inventory (INV) - Items that are held for sale, held in reserve for future sale, or items held for repair or are classified as excess, obsolete and unserviceable. Inventory (Inventory consumed would be an expense/revenue) will be recorded at the moving average value or some other method that reflects historical cost and will be reflected in the 152x series general ledger accounts. INV items will be included in the Inventory and Related Property line item on the financial statements and disclosed in related footnotes.

Life Cycle of the Stock Item - The life cycle of the stock item addresses three major life phases which are defined as: 1) acquisition (acquiring the asset); 2) sustainment (operating, maintaining and improving an asset); and, 3) disposal (retirement, demolition, or final disposition of the asset).

Management Assertions – Management Assertions are representations by Coast Guard management that are embodied in financial statements. They can be either explicit or implicit and are classified according to the following categories:

Existence or occurrence – Addresses whether assets or liabilities exist at a given date and whether recorded transactions have occurred during a given period.

Completeness – Addresses whether transactions and accounts that should be represented on Coast Guard financial statements are so included.

Rights and obligations – Addresses whether assets are the rights of the Coast Guard at a given date.

Valuation or allocation – Addresses whether assets have been included on Coast Guard financial statements in appropriate amounts.

Presentation and disclosure – Addresses whether particular components of Coast Guard financial statements are properly classified, described, and disclosed.

Navy Type Navy Owned (NTNO) - NTNO equipment is Navy owned and maintained equipment installed on Coast Guard Vessels and Aircraft. Examples are communication, ordnance, ESM, ASW, avionics, navigation and radar systems. By agreement, the Navy provides maintenance and support funds for all NTNO equipment in use by the Coast Guard. The Coast Guard will manage these items and exclude them from Coast Guard financial statement reporting.

Net Realizable Value (NRV) –NRV is an estimate of the amount that can be recovered from selling or any other method of disposing of an item less the estimated costs of completion, holding and disposal. ICPs need to record the cost of the Ending Inventory at the lower of cost or NRV, to ensure that the inventory and the amounts in the financial statements are not overstated.

Operating Materiels and Supplies (OM&S) – Tangible personal property consumed in normal operations that is held for use, held in reserve for future use, excess, obsolete or unserviceable. OM&S will be recorded at the moving average value that reflects historical cost and will be reflected in the 151x series of general ledger accounts. OM&S are included in the Inventory and Related Property section of the financial statements and the accompanying explanatory footnotes.

Parent Asset – Asset classification resulting from the parent/child hierarchical relationship or key dependencies among end items established to allow cross reference of one asset to another, where one asset is a subcomponent of another asset. The parent asset is an existing asset/major system that has an integral relationship with one or more child assets, (e.g. sub components), which when taken together become a single asset. Parent assets and associated sub components support one or more end items and, when installed in an end item, become an integral part of the end item in which they are installed. In such case the parent asset is depreciated along with the end item (e.g. HH60J, WLB).

Periodic Review – Reviews that are set to occur at regular intervals to ensure that controls are in place and operating effectively, transactions are adequately supported, and local procedures support management assertions.

Depot Level Repairable Spare Parts – A category of Property, Plant, and Equipment (PP&E) that consists of repair parts that can be economically restored to a serviceable condition and, in the normal course of operations, can be repeatedly rehabilitated to a fully serviceable condition for a period of time approximating the life of the end items to which it is related. Depot level Repairable Spare Parts will be capitalized at historical cost, and will be depreciated over the estimated useful life of the end item. These items will be reflected in the 17xx series of the general ledger accounts and will be included on the Property, Plant and Equipment line item in the financial statements and associated footnotes. Also reflected in the financial statements will be the accompanying contra-asset account for any accumulated depreciation.

Received – Received items are items delivered to a warehouse or designated location awaiting inspection and acceptance.

Received - Received items are items accepted at the warehouse or designated location and are deemed accurate in quantity and condition and are ready to be

processed and stowed. Receipted items will be recorded in the GL accounts as an issue able asset in either a temporary or final storage location.

Stock Items – A term used to identify Inventory, OM&S, and Depot Level Repairable Spare Parts (PP&E).

Timely and Accurately – Effective and efficient procedural steps resulting in transaction processing that occurs at the appropriate time or when scheduled; and the values or assessments are free from errors and conforms to established standards.

Third Party Documentation – Documentation associated with a transaction that is provided by a person or entity outside the Coast Guard. An invoice or shipping documentation received from an outside vendor supplying materiel to the Coast Guard would be considered a third-party document. Any financial documentation, such as an invoice, between an external vendor and the Coast Guard would be considered third-party documentation. They may also be called “arms-length transaction” documents.

7.5.5 Authorities

For a full listing of authorities, see the Financial Resources Management Manual, COMDTINST M7100.3 (series).

7.5.6 Responsibilities

The following are the offices and their respective responsibilities for the financial accounting and reporting of Coast Guard Inventory, Operating Materials and Supplies (OM&S), and Depot Level Repairable Spare Parts (PP&E) at the ICPs. See the Financial Resource Management Manual, COMDTINST M7100.3 (series) for detailed responsibilities.

7.5.7-ALC Procedures for the Aviation Logistics Center

The following subsections detail procedures for the management of inventory at the Aviation Logistics Center (ALC). Similar procedures for the Surface Forces Logistics Center (SFLC) begin on page 7-150. All procedures are numbered to align with the corresponding policy subsections of the Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

Classification of Newly Acquired Stock Items (ALC)

Procedure No. 7.5.7.1-ALC

1.0 Overview

1.1 Procedure Summary

1.1.1 Stock items managed by Aviation Logistics Center (ALC) shall be properly classified when introduced into the ICP's financial accounting system, Asset Maintenance Management Information System (AMMIS). As new stock items are introduced into AMMIS, timely and accurate classification is essential to ensure that lifecycle transactions recorded during the acquisition, receipt, sustainment, improvement and disposal phases are maintained in the proper series of general ledger accounts. Classification of new items of supply is determined through the processing of a Supply Item Change Record (SICR) form. The SICR process is the means by which Product Line Engineering notifies Aviation Logistics Division (ALD) of changes or additions to aircraft component parts. The SICRs are managed by the Engineering Officer or the designated representative, and forwarded to ALD to effect changes in the logistics data. This form is used to establish and track an item of supply that will be managed by ALC. The critical data elements that are required entries on the form and factor into the classification of inventory related materiel and equipment include the following codes:

1.1.2 Source, Maintenance and Recovery Code; and

1.1.3 Reparability Code

The accuracy of these management codes, together with assigning the proper product line to be loaded against the inventory records, is a critical factor in ALC financial reporting and in the selection of the proper depreciation schedule for inventory assets. Newly acquired items will be classified as Operating Materials and Supplies (OM&S) or Property, Plant and Equipment (PP&E). New items get inducted into stock as either repairable or consumable and that ultimately determines its initial classification.

Repairable items are considered Property, Plant and Equipment (PP&E), while consumable items are classified as Operating Materiel and Supplies (OM&S).

1.2 Inputs

1.2.1 A requirement for a new item of stock

1.2.1 Supply Item Change Record

1.3 Outputs

1.3.1 National Stock Number or Activity Control Number

1.3.2 Inventory Record in AMMIS

1.4 Applications

1.4.1 AMMIS

1.5 Financial Statement Assertions

1.5.1 Presentation and Disclosure

1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3E, Section 5.4.8.1.
- 2.4 Uniform Supply Operations Manual, COMDTINST M4121.4, Chapters 10, 11

3.0 Document Retention

- 3.1 Supply Item Change Records and any documents that pertain to the item record will be maintained in the NIIN folder for the life of the equipment plus three (3) years.

4.0 Responsibilities

- 4.1 Engineering, Item Managers, ALC shops, and Equipment Specialists identify requirements for new items of stock to be added, submit requests to obtain new stock in a manner that provides effective and efficient supply.
- 4.2 Item Managers are assigned the primary responsibility for the management of assigned items of supply. Item Managers are responsible for maintaining current supply data to ensure components are available to operating field units and ALC Program Depot Maintenance (PDM).
- 4.3 Item Managers and Supply Technicians have responsibility for establishing new items in inventory.
- 4.4 The Product Line Engineering Cell designated SICR Manager will manage all SICRs pertaining to their particular product line.
- 4.5 Individual Product Line Engineering Cells are responsible for executing and updating this procedure. Individual Product Line Engineering Cells are responsible for supporting this procedure for the internal and external review of this procedure.
- 4.6 The ALC Compliance Division is responsible for internal reviews of this procedure and identifying their frequency.

5.0 Procedure

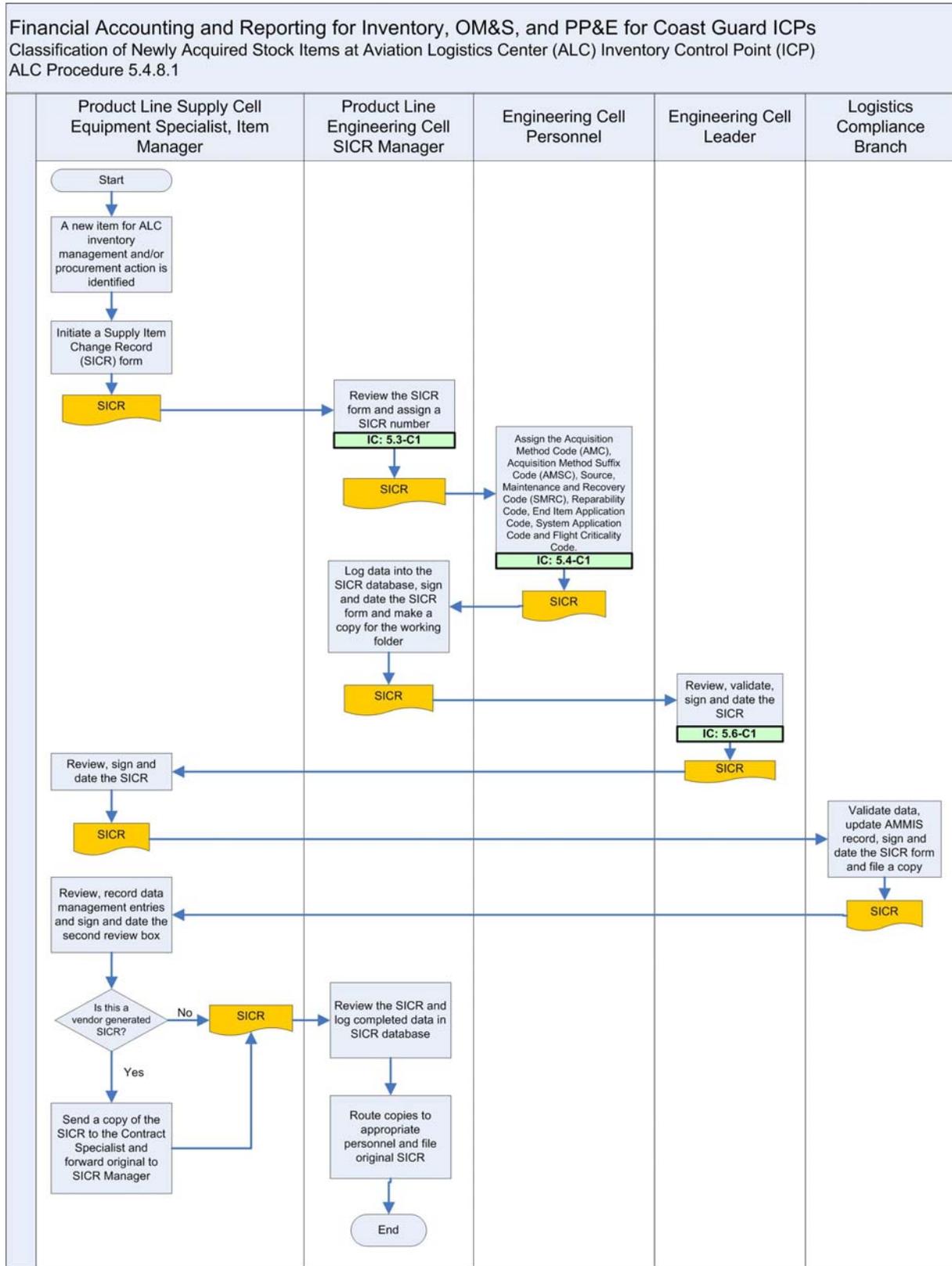
- 5.1 A new item for ALC inventory management and/or procurement action is identified. Engineering Cells, Item managers, ALC shops, or Equipment Specialists will submit requirements for new items based on:
 - a) Headquarters acquisition program needs;
 - b) Engineering Change; or
 - c) ALC internal decision

- These requirements are submitted by Product Line Equipment Specialists, Item Managers, Engineering Cells or ALC shops to the appropriate Supply Cell Equipment Specialist based on the type of materiel being requested.
- 5.2 The Product Line Supply Cell Equipment Specialist initiates a Supply Item Change Record form (ALC Form 3200-3) and forwards the form along with any supporting documentation to the Product Line Engineering Cell SICR Manager. The initial classification and assignment of end item application is addressed with the completion of the SICR form.
 - 5.3 The SICR Manager will review the SICR form and assign a SICR number **(IC: 5.3-C1)**.
 - 5.4 Designated personnel in the Engineering Cell will assign the Acquisition Method Code (AMC), Acquisition Method Suffix Code (AMSC), Source, Maintenance and Recovery Code (SMRC), Reparability Code, and Flight Criticality Code. When making the reparability code determination for an item of supply, reparability shall be based on Original Equipment Manufacturer (OEM) or Other Government Agency (OGA) Source Maintenance and Recoverability recommendations. In the event the ICP reparability determination differs from OEM or OGA, it shall be noted in the item's stock record file (electronic or hard copy) **(IC: 5.4-C1)**.
 - 5.5 The SICR manager will log this data into the SICR database, sign/date the form, make a copy for the working folder, and forward to the Engineering Cell Leader or designated representative.
 - 5.6 The Engineering Cell Leader or designated representative will review and validate the SICR. If approved, the Engineering Cell Leader will sign/date the SICR and route to the Supply Cell Item Manager/Equipment Specialist **(IC: 5.6-C1)**.
 - 5.7 The Item Manager or Equipment Specialist will review, sign and date the SICR and then route the form to the Logistics Compliance Branch.
 - 5.8 The Logistics Compliance Branch will validate the data, update the AMMIS record, sign/date the SICR form, file a copy and return to the Supply Cell LMS/Equipment Specialist.
 - 5.9 The Supply Cell Item Manager/Equipment Specialist will review/record data management entries, sign/date the second review box. If processing a vendor-generated SICR, the form will be forwarded to the Contract Specialist. The copy forwarded to the Contract Specialist will be used for the procurement files and forwarded to the vendor. The original is forwarded to the SICR manager. The allowance list is also reviewed for adjustments and changes are completed as needed. The Item Manager/Equipment Specialist will forward the SICR to the Engineering Cell SICR Manager.
 - 5.10 The SICR Manager will review the SICR, log completed data in SICR database and route copies to appropriate personnel and file the original SICR.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMC	Acquisition Method Code
AMSC	Acquisition Method Suffix Code
AMMIS	Asset Maintenance Management Information System
ICP	Inventory Control Point
NIIN	National Item Identification Number
NSN	National Stock Number
OEM	Original Equipment Manufacturer
OGA	Other Government Agency
OM&S	Operating Materiel and Supplies
PDM	Program Depot Maintenance
PP&E	Property, Plant and Equipment
SICR	Supply Item Change Record
SMRC	Supply Maintenance Recoverability Code

Figure 7.1 Classification of Newly Acquired Stock Items at ALC



**Acquisition of Stock Items (ICP Acquisitions)
(ALC)**

Procedure No. 7.5.7.2-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items are acquired by the Aviation Logistics Center using various methods such as Formal Contracts (Major Acquisitions), Small Purchases (Simplified Acquisitions), Military Interdepartmental Purchase Request (MIPR), Federal Supply System (FSS) MILSTRIP, Credit Card purchases, donations and transfers from various sources. The acquisition method used to obtain stock items should identify the item purchased and tie to the Asset Maintenance and Management Information System (AMMIS) line item of accounting so that line item accounting as well as proper valuation data can be processed and stored.

1.2 Inputs

- 1.2.1 Buy or Repair Recommendation
- 1.2.2 Procurement Request (PR)
- 1.2.3 Buy Package

1.3 Outputs

- 1.3.1 Commitment
- 1.3.2 Obligation
- 1.3.3 Purchase Order (PO)
- 1.3.4 Formal Contract
- 1.3.5 MIPR
- 1.3.6 MILSTRIP Requisition
- 1.3.7 Credit Card Purchase

1.4 Applications

- 1.4.1 AMMIS
- 1.4.2 CLICK

1.5 Financial Statement Assertions

- 1.5.1 Rights and Obligations
- 1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.

- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 General Services Administration, Federal Acquisition Regulation (FAR) Volume 1, March 2005.
- 2.4 Department of Homeland Security, Homeland Security Acquisition Manual (HSAM), October 2006.
- 2.5 Department of Homeland Security, Homeland Security Acquisition Regulation (HSAR), June 2006.
- 2.6 Department of Homeland Security, Management Directive 125-02, "Interagency Agreements," August 2008.
- 2.7 Department of Homeland Security, Instruction Supplement 125-02-001, "Instruction Guide on Interagency Agreements," August 2008.
- 2.8 Coast Guard Acquisition Procedures (CGAP), COMDTINST M4200.19 (series).
- 2.9 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.10 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 ALC shall ensure that audit-ready documentation is retained to support all acquisitions of stock items received for the lifecycle of the stock item plus three (3) years.

4.0 Responsibilities

- 4.1 The Comptroller shall ensure that any acquisition method used identifies the stock item purchased on the acquisition document and it ties to the ALC stock system line of accounting so that line accounting as well as proper valuation data can be processed and stored. The Comptroller shall ensure that all evidential matter which supports the acquisition of stock items is audit-compliant third-party documentation supporting the receipt date and valuation of the stock item.
- 4.2 The Chief of the Logistics Procurement Cell Branch monitors the procurement process within the Business Management System and controls the purchase limits and authorization levels allowed. The Chief, Logistics Procurement Cell Branch, manages the overall activity on a broad basis, monitoring trends and conditions.
- 4.3 Inventory Managers are responsible for initiating procurement request documents when a stock item requirement is identified.
- 4.4 Supply Cell Leaders, Deputy Division Chiefs or delegates are responsible for approving procurement requests. Each Branch Chief is responsible for promulgating criteria for the level of approval authority given to each authorized delegate.
- 4.5 Program Element (PE) Managers are appointed by the Division Chief and are responsible for approving procurement requests based on funds availability.
- 4.6 The Contracting Officer (KO) shall review all solicitations and contractual actions. The KO shall ensure that funds are available, and that action is taken in accordance

- with applicable laws, regulations and policies. KOs are also responsible for assuring that all actions are submitted for the appropriate review, and that the solicitation or contract file is fully documented with respect to any review findings.
- 4.7 Contract Specialists and purchasing personnel are assigned to manage details of division-specific procurement actions. Supplier evaluation and selection criteria are established and utilized within each division in a manner that is consistent with quality, prevention of pollution, or other specified authoritative requirements. Contract Specialists and procurement personnel shall maintain complete information on products and services to be purchased. This information includes, where appropriate, the requirements for approval of a product, processes, procedures, equipment, and qualification of personnel. Adequacy of these requirements is ensured prior to communication with suppliers. The purchase of any new or replacement industrial machines, equipment, or office copiers that will require space, electrical power, emit volatile organic compounds (VOCs) / hazardous air pollutants (HAPs), house HAZMAT, or could impact personnel safety, requires prior approval. Approvals will be recorded on form ALC ESD-17 "Procurement Checklist for New/Replacement Machinery and Equipment".
- 4.8 Quality Assurance or other technical personnel throughout the organization typically perform the necessary verification of product and services to ensure all requirements are met. In the event verification of a product and/or service is needed at the supplier's premises or another location, the verification arrangements, methods, and acceptance will be determined and recorded within the procurement documentation. The Investigative Section of ALC manages activity relating to flight safety, critical parts and counterfeit (bogus) parts investigations.
- 4.10 Legal Counsel shall review all proposed solicitations and contractual actions valued at \$500,000 or more (including options). KOs shall use legal counsel to the maximum extent possible consistent with regulatory requirements.
- 4.11 Procurement Management Branch shall perform an independent review of all contracting actions that exceed the simplified acquisition threshold. This comprises all contract actions exceeding \$500,000 including Inter/Intra-Agency Agreements, Blanket Purchase Agreements (BPAs), and Letter Contracts; such as:
- 4.11.1 Proposed solicitations, contracts, and contract modifications issued and awarded pursuant to Federal Acquisition Regulation (FAR) Parts 12, 13.5, 14 or 15;
 - 4.11.2 Proposed solicitations, BPAs, orders, and modifications to such orders issued and awarded pursuant to FAR Part 8.4, when using Statement of Work, Statements of Objectives or requiring licenses;
 - 4.11.3 Proposed solicitations, orders and modifications to such orders issued and awarded against a multiple award indefinite delivery contract;
 - 4.11.4 Letter contracts in accordance with HSAM Subchapter 3016.603; Proposed intra/inter-agency agreements;
 - 4.11.5 Pre-negotiation objectives and the documentation of negotiation (FAR 48 CFR 15.406-3) for actions using FAR Part 15; and
 - 4.11.6 Any action requiring submittal to G-APO shall be subject to review. Specific exceptions to the review and approval requirements are provided for in

HSAM Subchapters 3004.7002 and 3004.7003.

- 4.12 The Chief of the Contracting Office (COCO) shall serve as the final arbiter in the event a consensus cannot be reached between the contracting officer and any cognizant review element. Additionally, any award action exceeding \$500,000 shall require implementation of FAR 52.204-1, Approval of Contract, for which the COCO shall serve as the designated agency official unless a higher level official is designated by the HSAM, HSAR, CGAP or other related orders or instructions. The COCO shall review all actions described in the Procurement Management Branch responsibilities above. In addition to those actions, the COCO may review and approve any action as deemed appropriate.

5.0 Procedure

- 5.1 IM receives a buy recommendation from the “CLICK” inventory management software tool that pulls demand data from AMMIS. The “CLICK generated Economic Order Quantity (EOQ) buy recommendation is based on the stock item reaching its reorder point. Other sources include requests for new stock items or from the identification of expected increased demand for stock items.
- 5.2 IM either accepts or deviates from the buy recommendation. A deviation includes actions where more buys, fewer buys, or no buys are made. Some factors that may require varying from the EOQ include:
- 5.2.1 Need to include scheduled maintenance requirements that increase the quantity required.
 - 5.2.2 Receipt of unscheduled projects from other operational support commands.
 - 5.2.3 Changes in manufacturing techniques that alter the economical production run of items manufactured.
 - 5.2.4 Changes in technology that extends an item’s lifecycle.
 - 5.2.5 Lack of rights and data from procurement limiting the procurement frequency.
 - 5.2.6 Changes in the business environment of the company’s manufacturing an item, such as notice of an item being discontinued, bankruptcy, recalls due to defects, a company going out of business or merger activity.
- 5.3 IM or PR originator will determine the proper purchase vehicle (commercial buy, project order, work order, MIPR, MILSTRIP, Credit Card Purchase) and prepares the appropriate procurement request document in AMMIS.
- 5.4 If the stock item can be purchased through Other Government Sources (OGA) via MILSTRIP, the PR is submitted to the OGA section.
- 5.4.1 The OGA section will enter the PR into the “Create OGA Requisition” screen in AMMIS.
 - 5.4.2 A direct obligation is an obligation that is created without prior commitment of funds. MILSTRIPs are usually recorded as direct obligations, though MILSTRIPs can be preceded by a commitment. AMMIS performs a funds availability check before MILSTRIP transactions are processed (**IC: 5.4-C1**).

- 5.4.3 The requisition is submitted to the Federal Supply System through the Defense Automatic Addressing System (DAAS).
- 5.5 Credit Card Purchases are recorded as direct obligations. The PRs are used to directly obligate funds. Prior to making a credit card purchase, the Requestor prepares an offline hardcopy PR and routes it to the Funds Administrator.
 - 5.5.1 The Funds Administrator will approve or reject the transaction. No aircraft parts can be procured using the credit card as a purchase method. If approved, the Funds Administrator will sign the PR and route to the Credit Card **Holder (IC: 5.5-C1)**.
 - 5.5.2 The Credit Card Holder places the order and enters the purchase information into AMMIS. AMMIS automatically records the following journal entry:
 - Record New Obligation – No Previous Commitment (46AX)
 - Record New Obligation – No Previous Commitment (48AX)
- 5.6 For PRs to be procured by means other than MILSTRIP or Credit Card Purchases, AMMIS automatically sends the PR for funds approval to the appropriate Funds Administrator based on the PE.
 - 5.6.1 The Funds Administrator will either approve or reject the PR **(IC: 5.6-C1)**. If approved, the Funds Administrator will forward to the Authorizing Official for final approval.
 - 5.6.2 The Authorizing Official will either approve or reject the PR **(IC: 5.6-C2)**. The Authorizing Official is generally the Supply Cell Leader. Following this approval, the commitment is automatically recorded with the following journal entry:
 - Record New Commitment – Current Quarter (46AX)
 - Record New Commitment – Current Quarter (47AX)AMMIS will not allow funds to be committed in excess of the allotment amount **(IC: 5.6-C3)**.
 - 5.6.3 Approved PRs are automatically routed to the appropriate Contract Specialist in the Procurement Office. AMMIS automatically assigns the Contract Specialist based on the product line. When corrections and modifications must be made, the commitment must be unrouted by the procurement office and sent to the Requestor to make the change. The Requestor is the only individual permitted to make changes to PRs **(IC: 5.6-C4)**.
 - 5.6.4 Procurement Contract Specialists and Purchasing Agents initiate obligations. The Contract Specialist receives a hard copy PR that is signed and routed by the Requestor and the Authorizing Certification Officer. The hard copy PR must be present to create and obligation **(IC: 5.6-C5)**.
 - 5.6.5 The Contract Specialist logs into the procurement module within AMMIS to create the PO, delivery order (DO) or contract. The Contract Specialist opens the obligation screen in AMMIS. The obligation screen displays both the commitment and obligation information. The document number from the PR is used to create the PO, DO, or contract. The Contract Specialist enters the following information in the obligation screen: quantity, unit price, vendor, delivery date, and approver.

- 5.6.6 Approved POs, DOs and contracts result in the recording of obligation transactions in AMMIS. When a PO is approved, AMMIS automatically records the following entry when the obligation amount equals the commitment amount:
- Record New Obligation – Obligation = Commitment (47AX)
 - Record New Obligation – Obligation = Commitment (48AX)
- When a PO is approved, AMMIS automatically records the following entry when the obligation amount is less than the commitment amount:
- Record New Obligation – Obligation < Commitment (47AX)
 - Record New Obligation – Obligation < Commitment (46AX)
 - Record New Obligation – Obligation < Commitment (48AX)
- When a PO is approved, AMMIS automatically records the following entry when the obligation amount is greater than the commitment amount:
- Record New Obligation – Obligation > Commitment (46AX)
 - Record New Obligation – Obligation > Commitment (47AX)
 - Record New Obligation – Obligation > Commitment (48AX)
- 5.6.7 When the obligation is saved, the Contract Specialist prints the obligation and a screenshot of the AMMIS Obligation.
- 5.6.8 The Contract Specialist submits the obligation, screenshot, and PR to the KO for review and approval.
- 5.6.9 The KO accepts or rejects the purchase action. If accepted, the KO signs the hard copy obligation document indicating approval (**IC: 5.6-C6**). Hardcopy PO/DO's are forwarded to the IM, Vendor, Receiving and Fiscal.
- 5.6.10 If changes need to be made to the obligation, the Contract Specialist must make a modification to the original obligation. AMMIS prevents the Contract Specialist from obligating funds in excess of the commitment (**IC: 5.6-C7**).
- 5.7 To create a contract with another Government Agency, the Inventory Manager/Requestor creates a MIPR.
- 5.7.1 The KO will review the MIPR and forward to the legal department if the obligation amount is greater than \$500,000 (**IC: 5.7-C1**).
 - 5.7.2 The KO approves or rejects the MIPR (**IC: 5.7-C2**).
 - 5.7.3 The MIPR is forwarded to the other government agency and the funds are not obligated until the MIPR is accepted and returned by the other agency.
 - 5.7.4 The KO forwards the accepted MIPR to ALD Fiscal ALD Fiscal records the obligation for the accepted MIPR (**IC: 5.7-C3**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance and Materiel Information System
BPA	Blanket Purchase Agreement
CGAP	Coast Guard Acquisition Procedures
COCO	Chief of the Contracting Office
DAAS	Defense Automatic Addressing System
DO	Delivery Order
EOQ	Economic Order Quantity
FAR	Federal Acquisition Regulation
FSS	Federal Supply System
HAP	Hazardous Air Pollutants
HSAM	Homeland Security Acquisition Manual
HSAR	Homeland Security Acquisition Regulation
ICP	Inventory Control Point
IM	Inventory Manager
KO	Contracting Officer
MIPR	Military Interdepartmental Purchase Request
NIIN	National Item Identification Number
OGA	Other Government Agency
PE	Program Element
PO	Purchase Order
PR	Procurement Request
VOC	Volatile Organic Compound

Figure 7.2 Acquisition of Stock Items at ALC

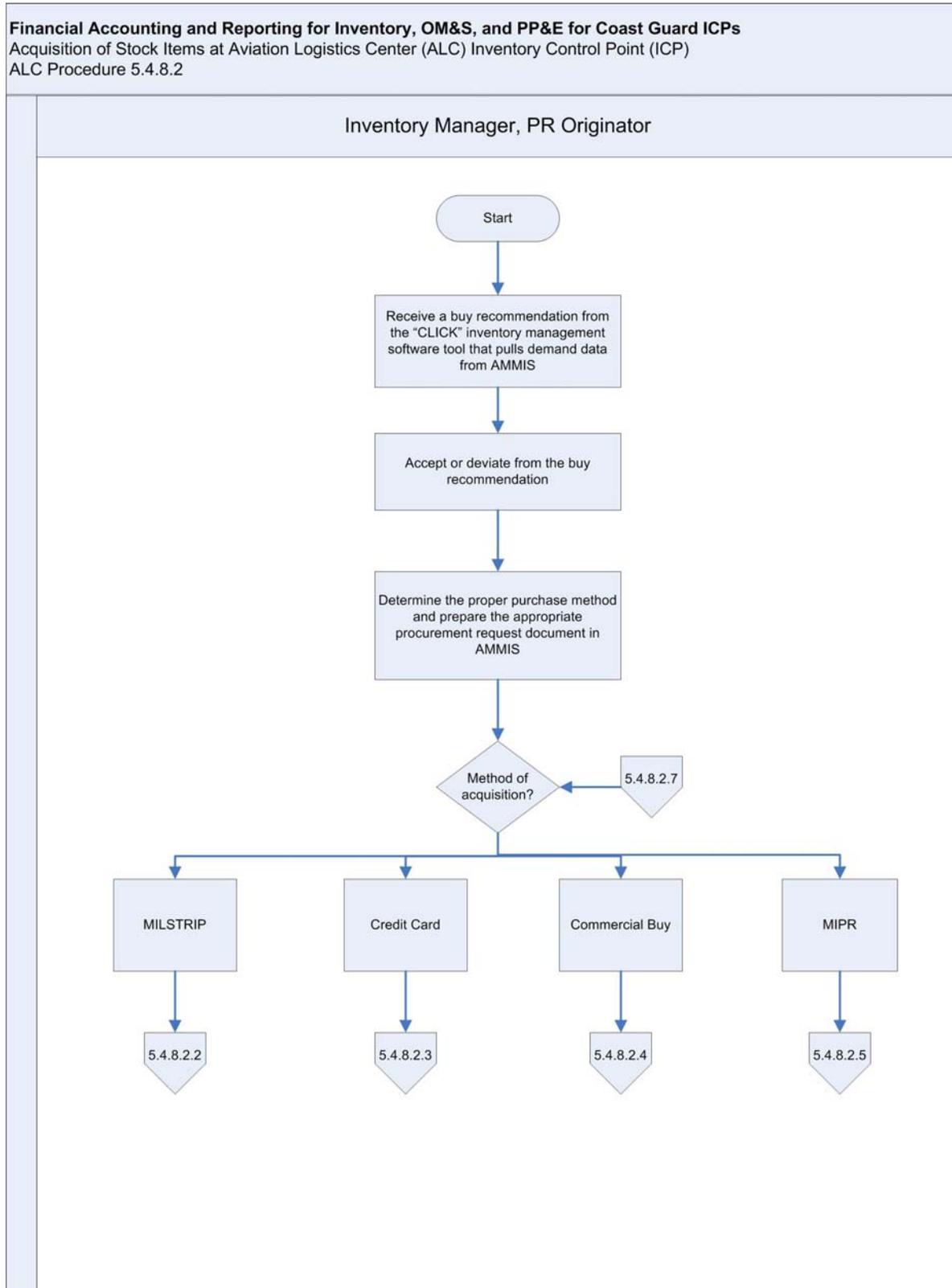


Figure 7.3 Acquisition of Stock Items at ALC (continued)

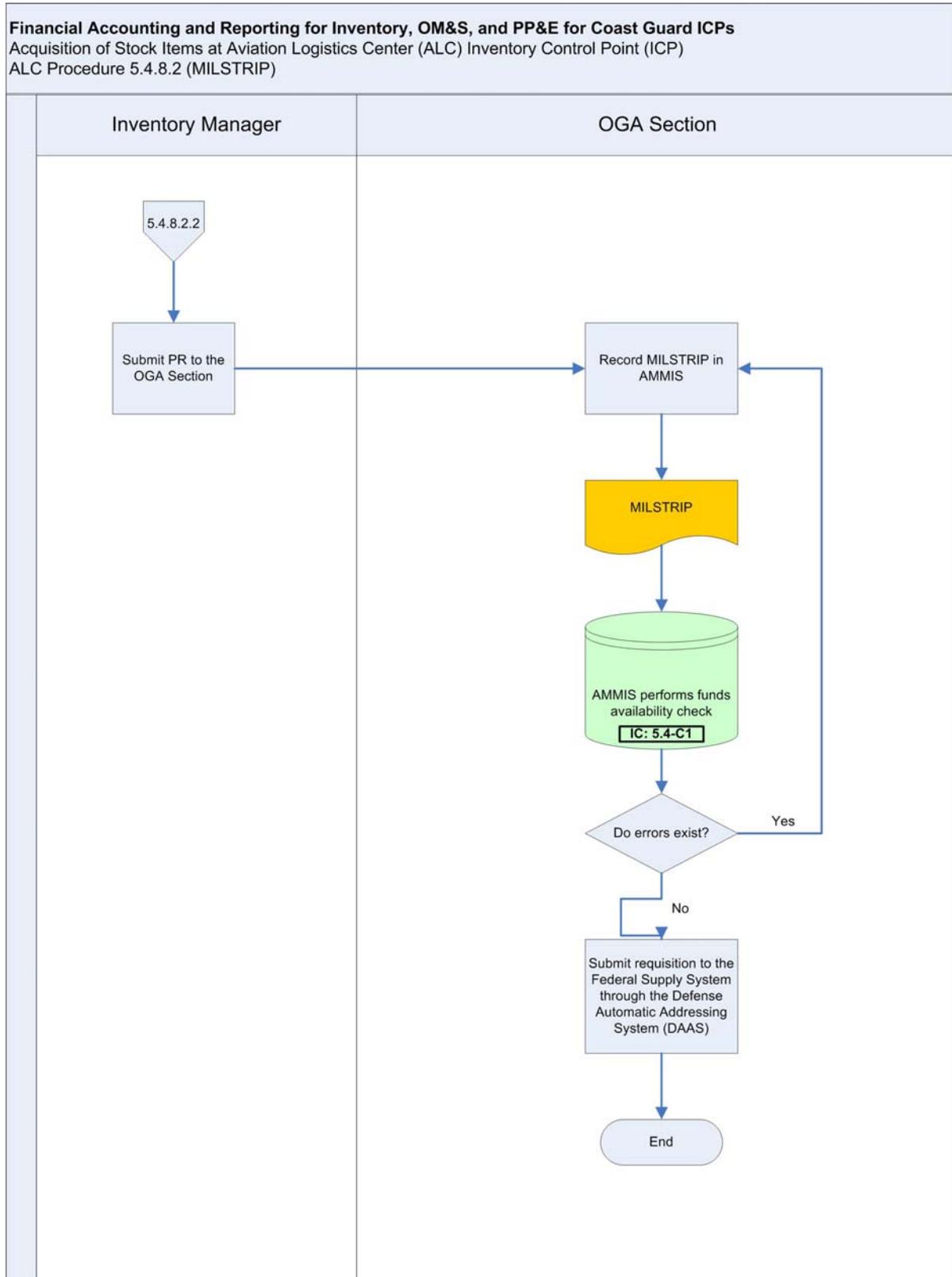


Figure 7.4 Acquisition of Stock Items at ALC (continued)

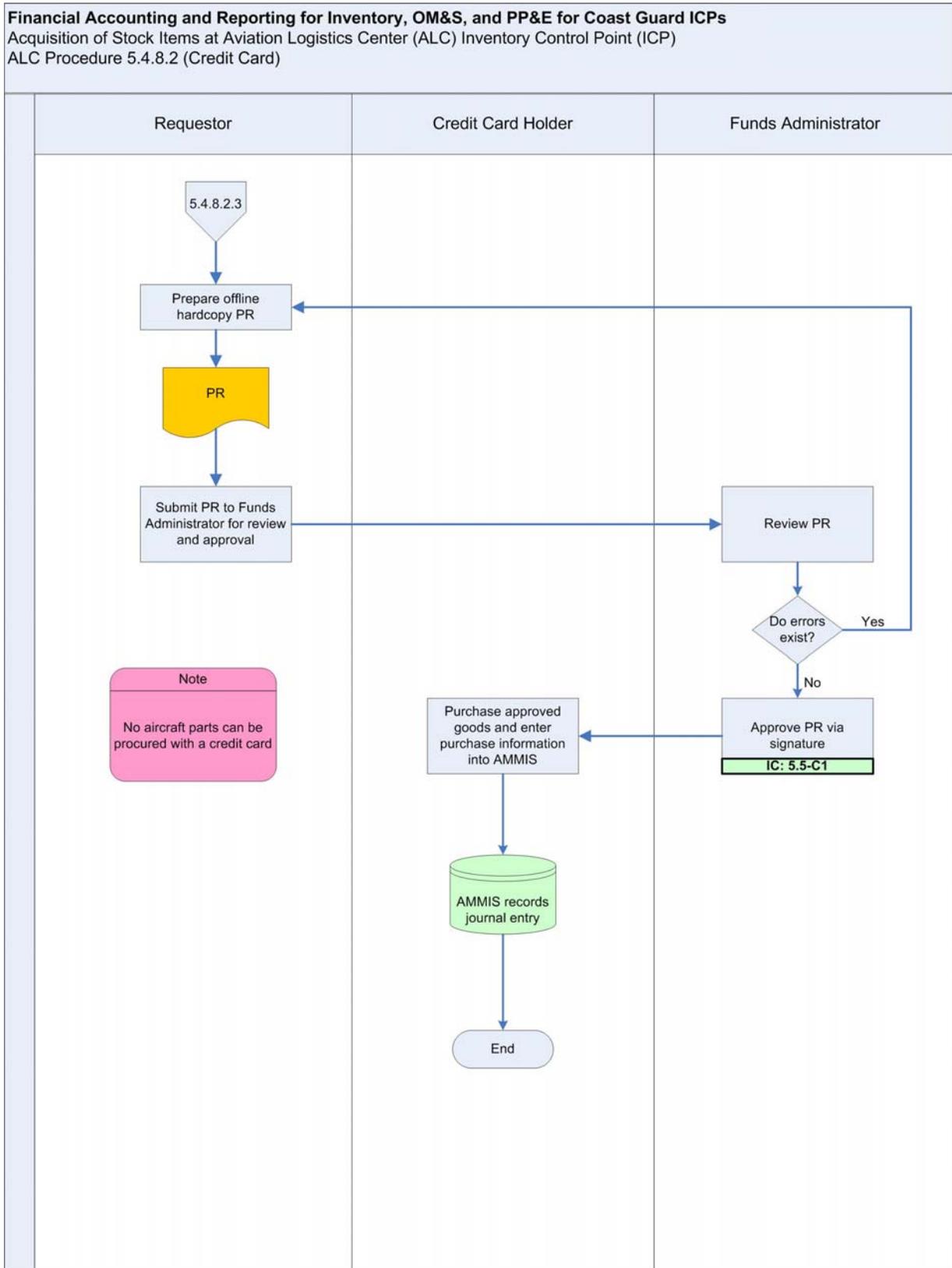


Figure 7.5 Acquisition of Stock Items at ALC (continued)

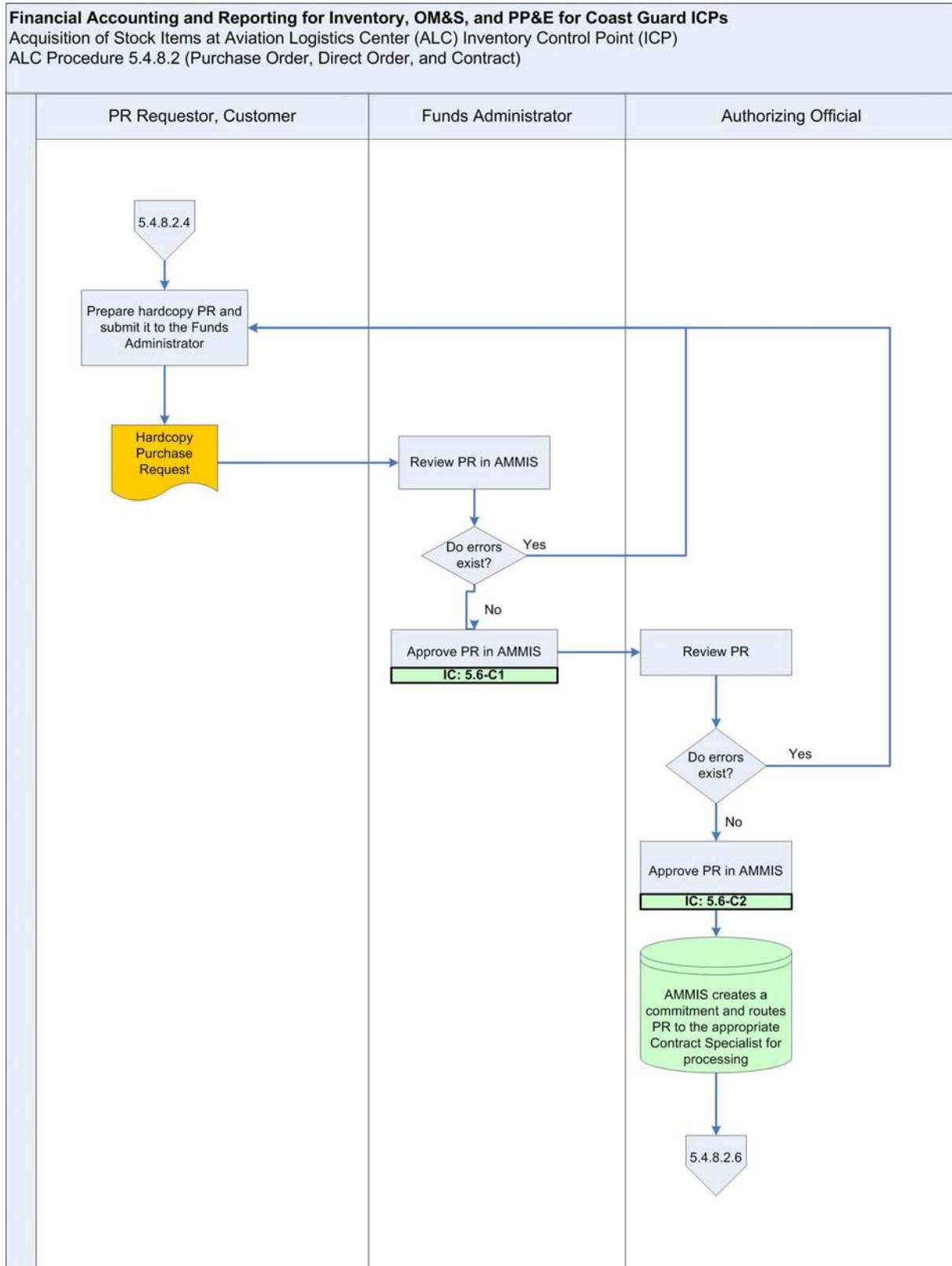


Figure 7.6 Acquisition of Stock Items at ALC (continued)

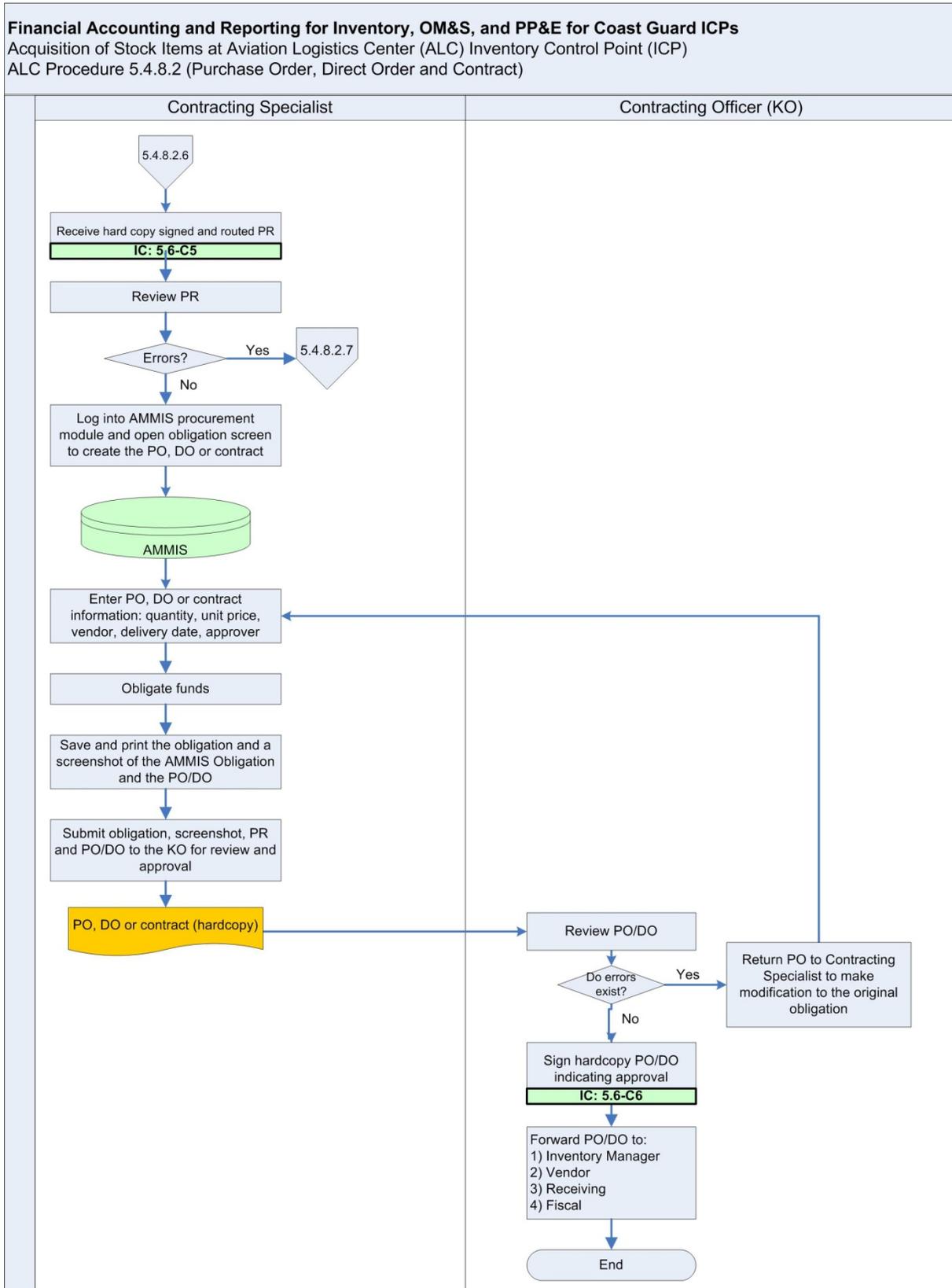
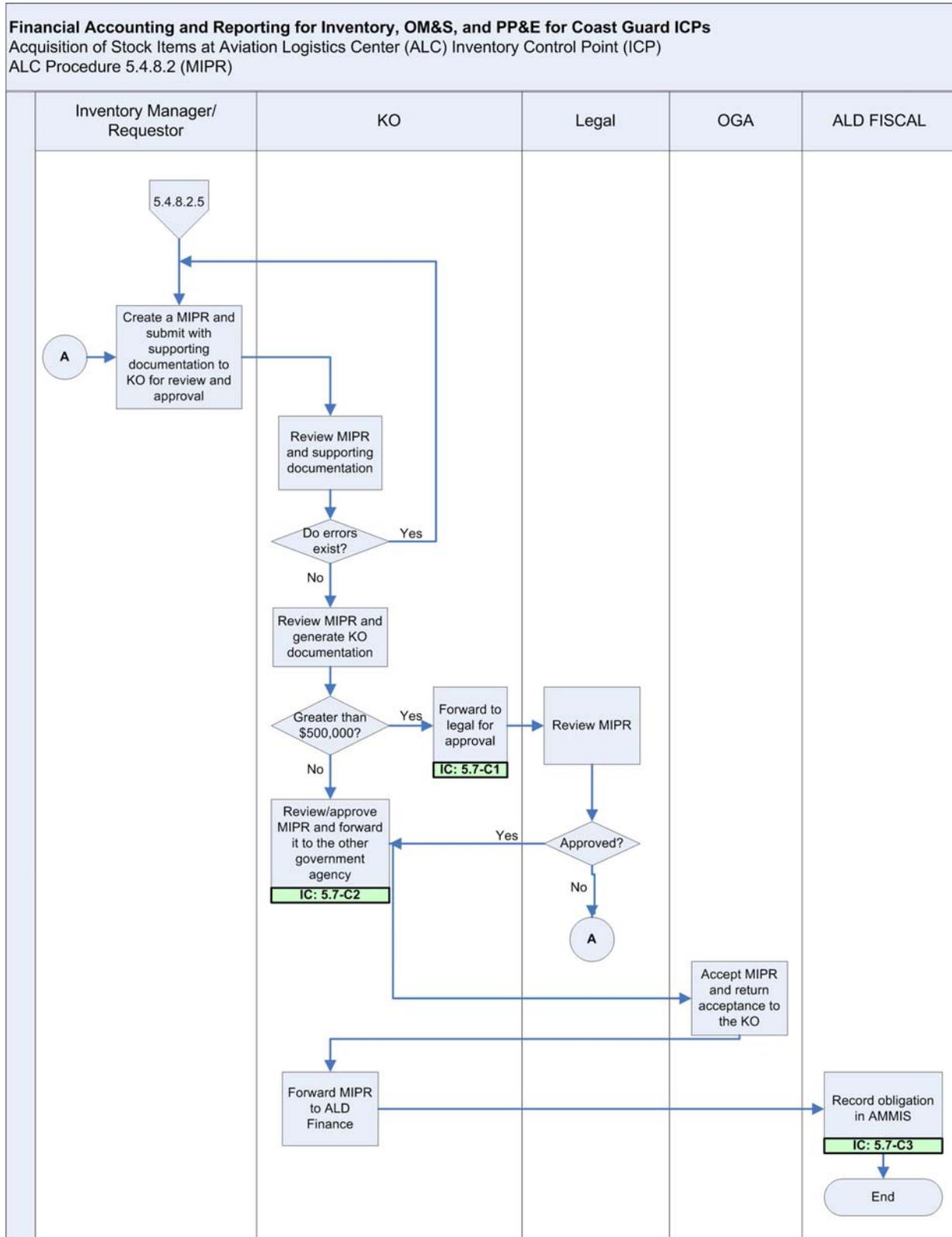


Figure 7.7 Acquisition of Stock Items at ALC (continued)



**Acquisition of Stock Items (Non-ICP Acquisitions)
(ALC)**

Procedure No. 7.5.7.3-ALC

1.0 Overview

1.1 Procedure Summary

1.1.1 The Aviation Logistics Center (ALC) Inventory Control Point (ICP) occasionally receives stock items that are acquired on their behalf by Headquarters (HQ), Maintenance and Logistics Command (MLC), or other acquisition entities. These items are purchased for stocking at ALC in support of parent assets (e.g. HC-130J aircraft) where stock items are normally maintained for such equipment. Non-ICP acquisitions primarily occur as a result of the initial outfitting for a new asset or a major modification to existing assets. ALC shall be provided advance copies of procurement documentation such as the signed contract 30 days prior to the first part being shipped. Upon receipt of the procurement documentation, a due-in will be established in the Asset Materiel Management Information System (AMMIS) to allow for the accurate and timely receipt and valuation of the expected stock items.

1.2 Inputs

- 1.2.1 Advance copies of procurement documentation from Headquarters, MLC, and other acquisition entities
- 1.2.2 Vendor listings
- 1.2.3 Reconciliations

1.3 Outputs

- 1.3.1 Inventory record in AMMIS
- 1.3.2 Establishment of due-in record in AMMIS
- 1.3.3 Supply Item Change Record (SICR)

1.4 Applications

- 1.4.1 Asset Materiel Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.

- 2.3 Department of Homeland Security, Management Directive 125-02, "Interagency Agreements," August 2008.
- 2.4 Department of Homeland Security, Instruction Supplement 125-02-001, "Instruction Guide on Interagency Agreements," August 2008.
- 2.5 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

3.0 Document Retention

- 3.1 SICRs and all supporting documentation such as contracts, vendor listings and reconciliations that pertain to non ICP acquisitions shall be maintained for the life of the asset plus three (3) years.

4.0 Responsibilities

- 4.1 Commandant (CG-9), HQ Acquisition Project Managers (APM), and other acquisition entities shall ensure all HQ contracts cite a separate Contract Line Item Number (CLIN) for stock items at a unique NIIN level basis. These non ICP acquisition entities shall require the vendor to provide a listing of stock items that will be shipped to the ICP or other intermediate destinations. These vendor listings, any reconciliations and procurement documents are to be forwarded to the ICP Commanding Officer no later than 30 days prior to the estimated shipment of these stock items. Commandant (CG-9) and APMs shall resolve any valuation discrepancies arising from HQ contracts for delivery to ICPs. APMs shall provide applicable contract numbers and Capital Project Numbers (CIP Project Numbers) to tie to receipt of project materiel for ICP stock.
- 4.2 The ALC Comptroller is responsible for routing all supporting documentation for non- ICP acquisitions to the ALC Logistics Compliance Branch Chief and ensuring the inventory records are updated in an accurate and timely manner.
- 4.3 The ALC Logistics Compliance Branch Chief is responsible for ensuring that all required cataloging actions are performed, NIIN folders are created for newly stocked items and SICRs are requested from the appropriate product line. The ALC Logistics Compliance Branch Chief shall ensure that all supporting valuation documentation is sufficient to meet CFO requirements and is retained in the NIIN folder.
- 4.4 Product Line Supply Cell Equipment Specialists and SICR Managers will ensure that SICRs are created and forwarded to ALC Logistics Compliance Branch for newly acquired stock items and that due-in records are created in AMMIS for the pending delivery and receipt of non- ICP acquisitions.
- 4.5 The ALC Logistics Compliance Branch Chief is responsible for ensuring that all required cataloging actions are performed, NIIN folders are created for newly stocked items and SICRs are requested from the appropriate product line. The ALC Logistics Compliance Branch Chief shall ensure that all supporting valuation documentation is sufficient to meet CFO requirements and is retained in the NIIN folder.

- 4.6 Product Line Supply Cell Equipment Specialists and SICR Managers will ensure that SICRs are created and forwarded to ALC Logistics Compliance Branch for newly acquired stock items and that due-in records are created in AMMIS for the pending delivery and receipt of non ICP acquisitions.
- 4.7 Materiel Handlers and the ALC Warehouse receiving office shall ensure that non ICP acquisitions are not inducted into inventory unless a due-in has been properly established.

5.0 Procedure

HQ, MLC, or other Non ICP acquisition entities procure materiel for delivery and inventory management at ALC. Contracting Officers at these entities shall ensure that contracts cite a separate CLIN for stock items at a unique NIIN level basis and require the vendor to provide a listing of stock items that will be shipped to the ICPs or other intermediate destinations (**IC: 5.1.C1**). These entities will ensure the vendor listing ties to the CLIN total reflected on the contract document (**IC: 5.1.C2**). Copies of the contract, vendor listing and any reconciliations will be forwarded to the ICP Commanding Officer, Commandant (CG-842), and FINCEN 30 days prior to the first part being shipped. This 30 day requirement allows the ICPs time to establish the due-ins for the pending receipt of stock items.

- 5.1 There may be times when contracts are awarded to fill urgent requirements where delivery may occur less than 30 days after the contract award. In these cases, the 30 day requirement does not apply.
- 5.2 The ALC Comptroller receives all advance copies of HQ, MLC and other acquisition entities' procurements via the ALC Commanding Officer. The Comptroller will route these advance copies to the ALC Logistics Compliance Branch Chief.
- 5.3 The ALC Logistics Compliance Branch Chief screens advance copies of these contracts, vendor listings and reconciliations for the following information:
 - 5.3.1 Noun name;
 - 5.3.2 Manufacturer part number;
 - 5.3.3 National Stock Number (NSN), if available;
 - 5.3.4 Class of asset spare part supports;
 - 5.3.5 Quantity to be delivered;
 - 5.3.6 Unit price;
 - 5.3.7 Extended price;
 - 5.3.8 Estimated shipping date;
 - 5.3.9 Contract number; and
 - 5.3.10 Capital Project Number(CIP Project Number), if applicable.If any of this information cannot be resolved, the Logistics Compliance Branch will contact the originating acquisition entity to request this information (**IC: 5.3-C1**).
- 5.4 The Logistics Compliance Branch will determine if any stock item expected to be delivered is already established in AMMIS and has a National Item Identification Number (NIIN) folder maintained. The ALC Logistics Compliance Branch will ensure that all supporting valuation documentation is sufficient to meet CFO

- requirements and is retained in the NIIN folder and a due-in is established. All originating acquisition entity documentation will be filed in the appropriate NIIN folder to support valuation **(IC: 5.4-C1)**. If an inventory record is required to be established in AMMIS, the cognizant product line will be contacted to initiate the Supply Item Change Record (SICR) process. All supporting documentation will be forwarded to the Product Line Supply Cell Equipment Specialist. The Logistics Compliance Branch will retain copies of supporting documentation in a tickler file until all required action (i.e. SICR, establishment of due-in) has been completed **(IC: 5.4-C2)**.
- 5.5 The cognizant product line will complete the SICR process and establish due-ins for all materiel expected to be delivered.
 - 5.6 The product line will notify the Logistics Compliance Branch once all required action is completed. The Logistics Compliance Branch will validate and update the inventory record, noting action completed in the tickler file **(IC: 5.6-C1)**.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Materiel Management Information System
APM	Acquisition Project Manager
CLIN	Contract Line Item Number
ICP	Inventory Control Point
MLC	Maintenance and Logistics Command
NIIN	National Item Identification Number
NSN	National Stock Number
SICR	Supply Item Change Record

Figure 7.8 Acquisition of Stock Items at ALC

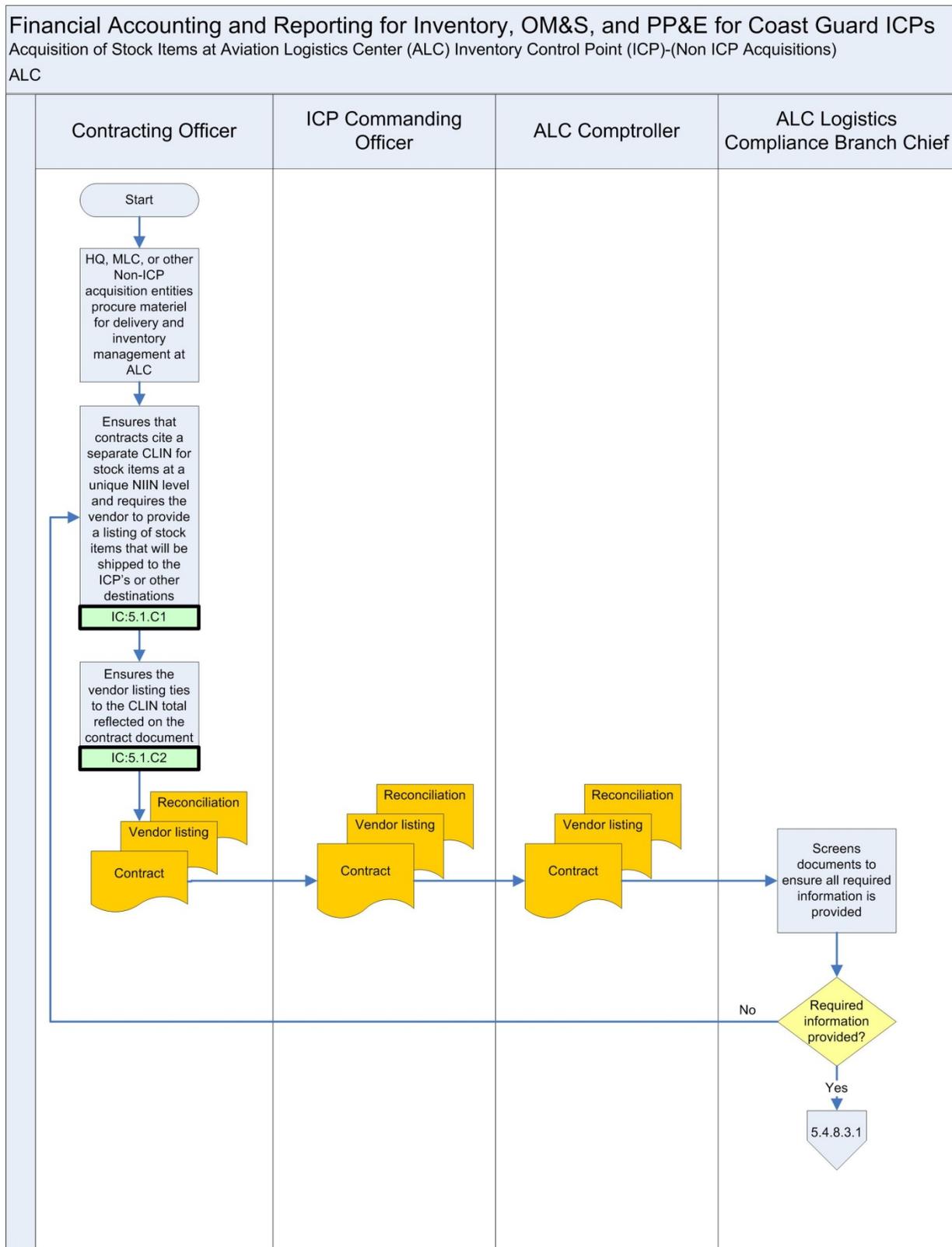
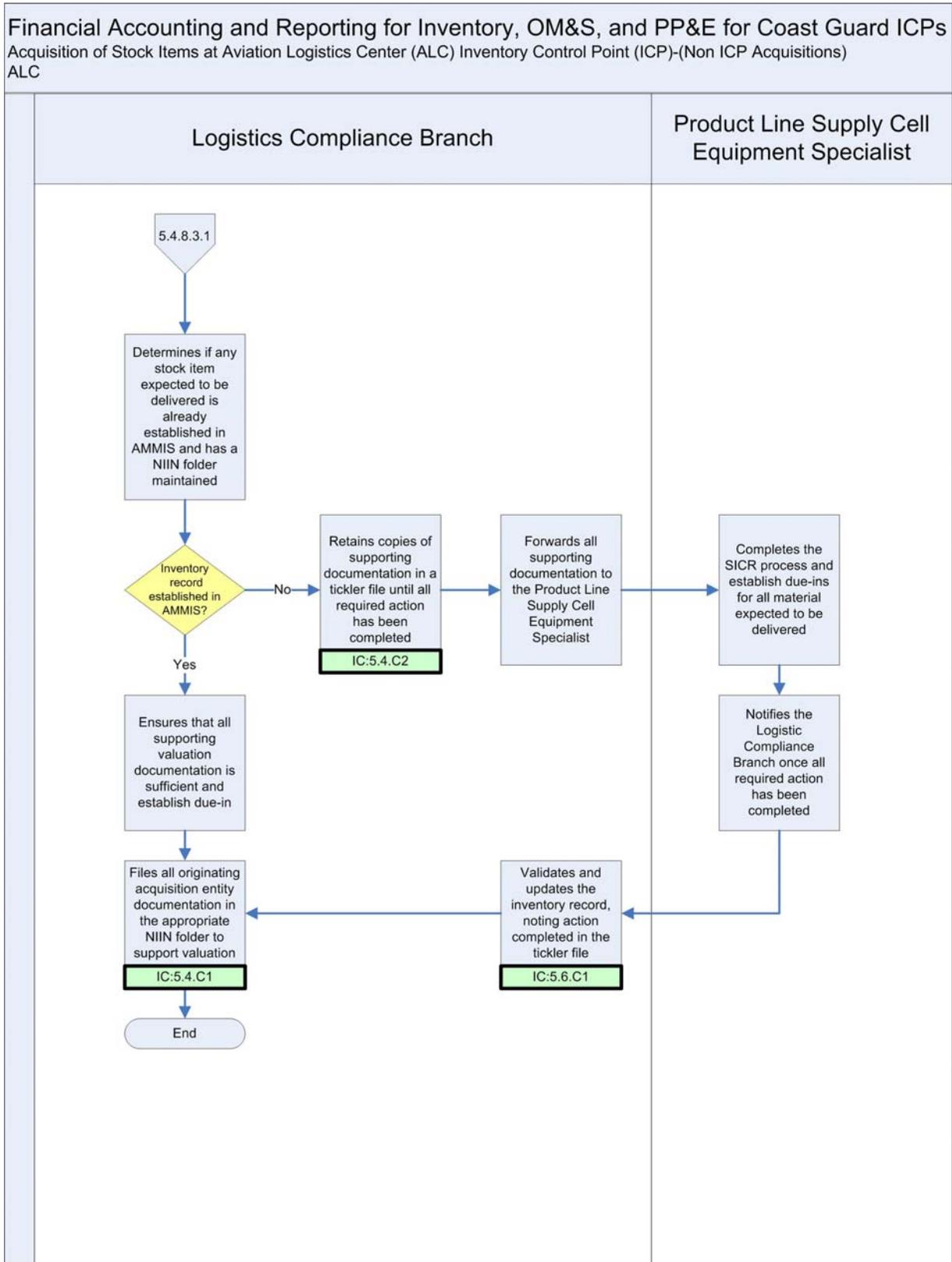


Figure 7.9 Acquisition of Stock Items at ALC (continued)



Receiving of Stock Items (ALC)

Procedure No. 7.5.7.4-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 This procedure applies to all items received at the Aviation Logistics Center (ALC) warehouse such as turn-ins, transfers, and new items. As part of the receiving process, ALC inspects all items delivered for quantity, quality, condition, and any special specifications as indicated on the purchase order. Quality inspections are performed to validate the count, condition, packaging, marking and to identify any obvious damage of all materiel received at the door. ALC identifies and segregates the stock items received as receipted, frustrated, or held for Policy and Quality Assurance (PQA) approval.

1.2 Inputs

- 1.2.1 Incoming materiel at the ALC warehouse or remote locations
- 1.2.2 Receipt documentation such as packing lists, DD 1348-1A's, Bills of Lading, etc.

1.3 Outputs

- 1.3.1 Segregation of incoming materiel into receipted, awaiting PQA, or frustrated categories.

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy
- 1.5.2 Rights and Obligations
- 1.5.3 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007. United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).

- 2.5 United States Coast Guard, Aviation Logistics Center, Supply Policy and Procedures Manual, ALCINST M4400.19A, October 2008.
- 2.6 United States Coast Guard, Aviation Logistics Center, Proper Identification and Marking of Aviation Parts and Components, ALCINST 4440.1, August 2008.

3.0 Document Retention

- 3.1 ALC shall ensure audit-ready documentation is retained to support all stock items received for three (3) fiscal years after the receiving date is recorded.

4.0 Responsibilities

- 4.1 Materiel Handlers are responsible for receiving all materiel that is delivered to the ALC Warehouse. Materiel Handlers shall inspect the materiel for quantity, condition and correctness, making note all obvious damage and any special requirements specified in the purchase order. Materiel Handlers shall ensure all aviation parts and components entering the receiving lines are identifiable by marking (i.e., nameplate, etching).
- 4.2 The Receiving Office personnel verify that the receipt document matches the requisition in the system, posts the receipt and forwards the documents with notifications for proper disposition of materiel.
- 4.3 Policy and Quality Assurance (PQA) personnel shall inspect all “QA required” components received from outside vendors. PQA has the authority to either accept the materiel or place it in frustrated status. PQA personnel are responsible for performing materiel inspections to validate conformance of incoming materiel with contract specifications. PQA personnel will verify or correct data plates where confirmation is needed for the identification of aviation parts and components. PQA personnel will coordinate the research needed to resolve unidentified parts. PQA Investigative Services personnel will process all parts that are unidentifiable as Suspected Unapproved Parts (SUP).
- 4.4 Warehouse supervisors conduct random inspections to ensure proper procedures are being followed.

5.0 Procedure

- 5.1 When materiel arrives at the warehouse, the Materiel Handler performs the following actions before the truck leaves:
 - 5.1.1 Verifies the delivery address is correct and unloads truck (**IC: 5.1-C1**).
 - 5.1.2 Checks crates for visible signs of damage, and if damaged, annotate the damage on the GBL/CBL and routes it to Traffic for preparation of an SF-361 Transportation Discrepancy Report (TDR) in AMMIS (**IC: 5.1-C2**). The materiel is then held for resolution.
 - 5.1.3 Validates quantity (qty of crates, not qty of items in the crates) listed on the government bill of lading (GBL)/commercial bill of lading (CBL). If a

- shortage or other discrepancy exists, annotates the shortage on the GBL/CBL and turns the materiel over to the Reconciliation Office **(IC: 5.1-C3)**.
- 5.2 The type of materiel being received is determined and the materiel is sorted to the appropriate receipt process area (e. g., Inventory, Direct Turnover (DTO), Air Station Receipts, Component Repair/Program Depot Maintenance (PDM) Receipts). If there are any questions regarding the origin of materiel, they are referred to the Receiving Office **(IC: 5.2-C1)**.
 - 5.3 The Materiel Handler will validate materiel against the receipt documentation to verify quantity, condition and National Stock Number (NSN)/part number. If any of this information is incorrect, the materiel must be turned over to The Reconciliation Office **(IC: 5.3-C1)**.
 - 5.4 The Materiel Handlers will circle the quantity, date stamp and attach a color-coded identification sticker to the packing slip or other receipt documentation **(IC: 5.4-C1)**. The sticker is used to identify the materiel handler working the specific materiel. The Materiel Handler will attach one copy of the receipt documentation to the materiel **(IC: 5.4-C2)**.
 - 5.5 The Materiel Handler then places the part on designated rollers or in a bulk area if the materiel is too large for the rollers.
 - 5.6 The Materiel Handler will place a five (5) digit code on the receipt documentation that identifies the location where the materiel is staged **(IC: 5.6-C1)**. The format of the code is as follows:
 - 5.6.1 First digit is the first letter of the last name of the Materiel Handler.
 - 5.6.2 Second digit indicates roller (R) or floor (F).
 - 5.6.3 Third through fifth digits are the three (3) digit serial numbers that are preprinted on the color-coded identification stickers.
 - 5.7 The receipt documents are then forwarded to the Receiving Office for processing. If the Receiving Office cannot match the receipt documentation with a due in, the materiel is frustrated and the documentation is routed to the Reconciliation Office.
 - 5.8 The Receiving Office will identify those items that require a QA inspection, provide a copy of the shipping invoice and notify the Materiel Handler **(IC: 5.8-C1)**.
 - 5.9 The Materiel Handler will move the materiel and accompanying paperwork to the PQA workspace and notify PQA personnel that the materiel is awaiting inspection **(IC: 5.9-C1)**.
 - 5.10 QA inspectors will perform the following checks of the materiel **(IC: 5.10-C1)**
 - 5.10.1 Shipping damage, serviceability and quantity of each item.
 - 5.10.2 Configuration of each item matched contract requirements.
 - 5.10.3 Verify each part with the accompanying documentation. Ensure that both the documentation and the part have the same part number, serial number, manufacture name or manufacturing identification code.
 - 5.10.4 Ensure receipt of contractually required or FSCAP documentation, including Airworthiness Certification, DD-250 or Certificate of Conformance (CoC).
 - 5.10.5 Ensure packaging, packing, and markings conform to contract requirements.

- 5.10.6 Verify shelf life and cure dates if applicable.
- 5.10.7 Parts may require inspection for conformance to approved technical data.
- 5.11 Noncompliance with any inspection requirement will cause the entire order to be placed in frustrated status (**IC: 5.11-C1**). If the materiel fails inspection, the QA inspector will not sign or stamp the receipt documentation. The documentation will be annotated to indicate why the materiel failed inspection.
- 5.12 If the materiel passes inspection, the PQA inspector will apply their QA stamp imprint on the receipt documentation (**IC: 5.12-C1**).
- 5.13 The PQA office will retain one copy of the documentation and forward another copy to the Receiving Office (**IC: 5.13-C1**). Both passed and frustrated inspection records will include at a minimum, the date, part or stock number, serial numbers, contract or purchase order numbers, and the quantity (**IC: 5.13-C2**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance and Management Information System
CBL	Commercial Bill of Lading
DTO	Direct Turnover
GBL	Government Bill of Lading
ICP	Inventory Control Point
NSN	National Stock Number
PDM	Program Depot Maintenance
PQA	Policy and Quality Assurance
QA	Quality Assurance
SUP	Suspected Unapproved Parts
TDR	Transportation Discrepancy Report

Figure 7.10 Receiving Stock Items at ALC

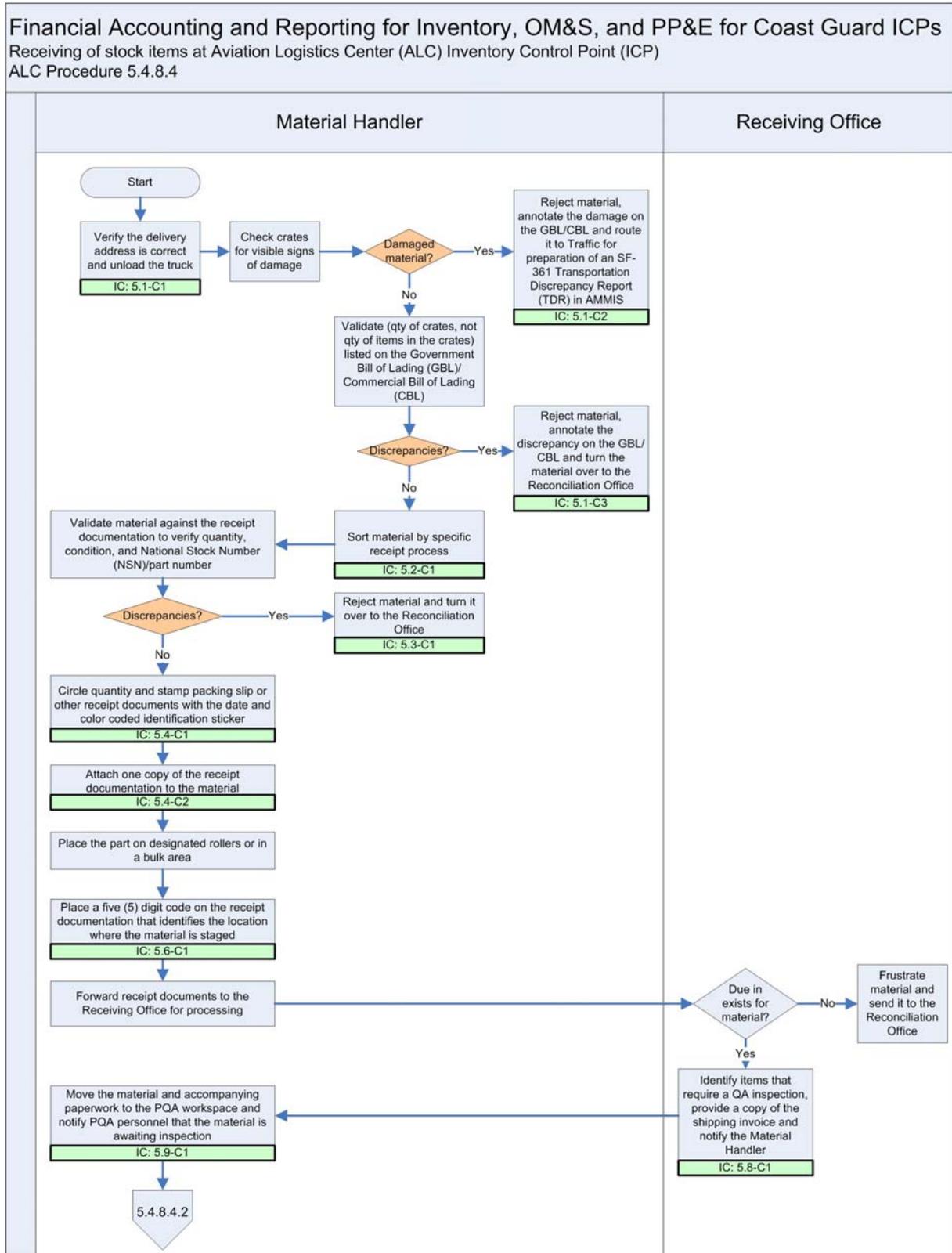
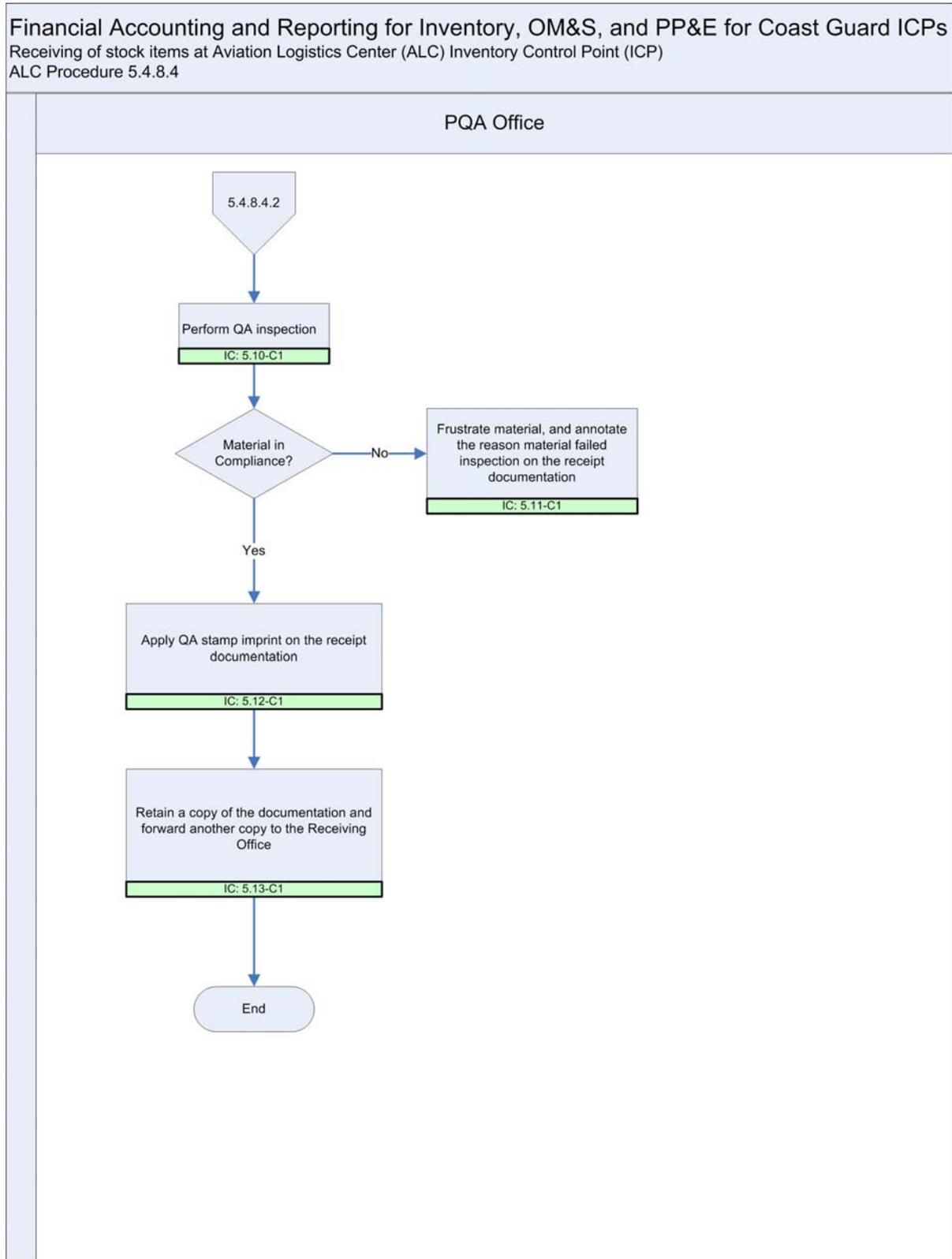


Figure 7.11 Receiving Stock Items at ALC (continued)



**Frustrated Receipt of Stock Items
(ALC)**

Procedure No. 7.5.7.5-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 This procedure applies to items arriving at the Aviation Logistics Center (ALC) with little or no documentation that would identify the stock item to an outstanding order. In these cases, the materiel is frustrated, cannot be receipted for, and is temporarily stowed in a warehouse location while research is conducted to determine appropriate disposition. While in a frustrated status, the valuation of this materiel is not recorded in a general ledger account, and therefore is not reflected on United States Coast Guard financial statements.

1.2 Inputs

- 1.2.1 Incoming materiel at the ALC warehouse or remote locations.
- 1.2.2 Receipt documentation such as packing lists, DD-1348-1A's, Bills of Lading, etc.

1.3 Outputs

- 1.3.1 Discrepancy Report (DR)
- 1.3.2 Resolution of frustrated items to determine appropriate disposition

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy
- 1.5.2 Rights and Obligations
- 1.5.3 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.5 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).
- 2.6 United States Coast Guard, Aviation Logistics Center, Supply Policy and Procedures Manual, ALCINST M4400.19 (series).

3.0 Document Retention

- 3.1 ALC shall ensure that documentation is retained for frustrated receipts to provide substantiation of date received and all associated resolution actions for three (3) fiscal years after resolution.

4.0 Responsibilities

- 4.1 The Reconciliation team shall ensure that frustrated receipt stock items are separately stored and identified as such in warehouse locations. They shall ensure DRs are processed and frustrated receipts are resolved within 30 calendar days of the original receipt date.
- 4.2 The Other Government Agency (OGA) section shall research and reconcile all frustrated receipts of materiel under their cognizance within 30 calendar days of the original receipt date.
- 4.3 Inventory Managers shall research and reconcile all frustrated receipts of materiel under their cognizance within 30 calendar days of the original receipt date.

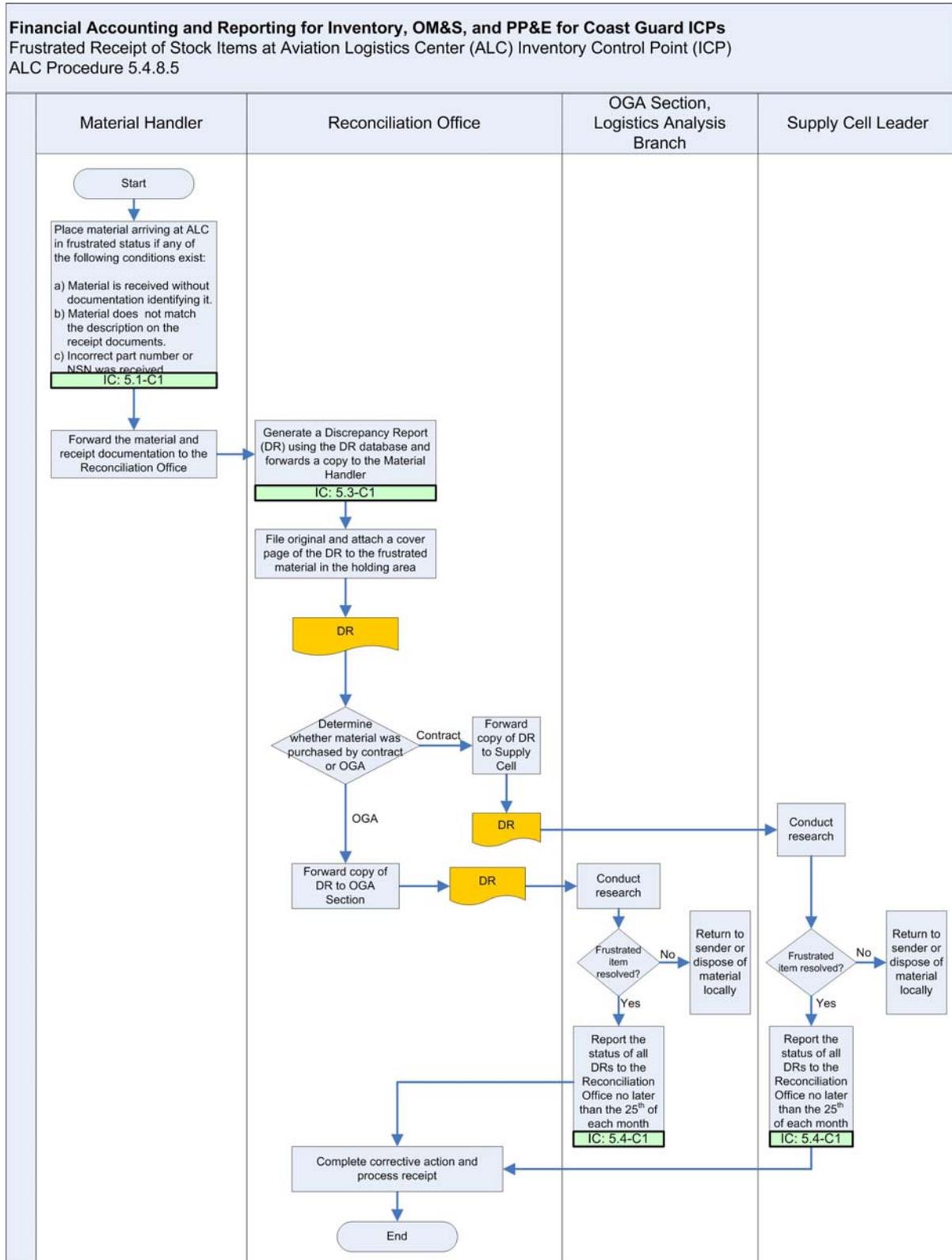
5.0 Procedure

- 5.1 The Materiel Handler shall place materiel arriving at ALC in a frustrated status if any of the following conditions exist **(IC: 5.1-C1)**:
 - 5.1.1 Materiel is received without documentation identifying it.
 - 5.1.2 Materiel does not match the description on the receipt documents.
 - 5.1.3 Incorrect part number or NSN was received.
- 5.2 The Materiel Handler forwards the materiel and receipt documentation to the Reconciliation Office.
- 5.3 The Reconciliation Office generates a DR using the DR database, files the original and attaches a cover page of the DR to the frustrated materiel in the holding area **(IC: 5.3-C1)**.
- 5.4 The Reconciliation Office will determine whether the materiel was purchased through contract or through the OGA section. The Reconciliation Office will forward another copy of the DR to either the OGA section or the appropriate Supply Cell Leader to research the discrepancy. The responsible group conducts research to identify the materiel and determine disposition. These groups are to report the status of all outstanding DRs to the Reconciliation Office no later than the 25th of each month **(IC: 5.4-C1)**.
- 5.5 The Reconciliation Office takes corrective action and determines the appropriate disposition. If the item is resolved, the appropriate receiving process is completed. If the item cannot be resolved, a determination will be made to either return the materiel to sender or dispose of locally.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance and Management Information System
DR	Discrepancy Report
OGA	Other Government Agency

Figure 7.12 Frustrated Receipt of Stock Items at ALC



Receipt of Stock Items (ALC)

Procedure No. 7.5.7.6-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Once incoming materiel has passed thorough inspection by the Materiel Handlers, the documents are forwarded to the receiving office for receipt. The receiving office personnel enter the document into Asset Maintenance and Management Information System (AMMIS) verifying it matches the outstanding requisition in the system. The items are receipted into AMMIS in order to update the on-hand stock quantities, and are recorded in the general ledger. Evidential matter is retained at ALC to support valuation of the stock items. Materiel that cannot be receipted is placed in frustrated status.

1.2 Inputs

- 1.2.1 Incoming materiel at the ALC warehouse or remote locations
- 1.2.2 Receipt documentation such as packing lists, DD-1348-1A's, Bills of Lading, etc.

1.3 Outputs

- 1.3.1 Update of on-hand quantities of stock items
- 1.3.2 Transaction recording in the general ledger (GL)

1.4 Applications

- 1.4.1 AMMIS
- 1.4.2 Workflow Imaging Network System (WINS)

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy
- 1.5.2 Rights and Obligations
- 1.5.3 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.

- 2.5 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).
- 2.6 United States Coast Guard, Aviation Logistics Center, Supply Policy and Procedures Manual, ALCINST M4400.19 (series).

3.0 Document Retention

- 3.1 ALC shall ensure audit-compliant supporting documentation is retained to support all acquisitions and valuations of stock items for the lifecycle of the stock item plus three (3) years.

4.0 Responsibilities

- 4.1 Receiving Office personnel shall ensure stock items received at the ALC warehouse are recorded in AMMIS in a timely and accurate manner. They shall ensure that all evidential matter is gathered and retained to support stock items that have been receipted. The receiving office will scan the contract receipt documents into the system. The Receiving Office batch files all receipt documentation by date for any future review. Receiving office personnel shall ensure that stock item receipts are not recorded without audit-compliant evidential matter supporting the receipt date and valuation of the stock item. The recording of asset receipts and providing asset visibility from the point of inspection and/or acceptance shall be accomplished in a timely manner. Receipts shall be processed within ten (10) calendar days of vendor or carrier delivery.

5.0 Procedure

- 5.1 All incoming materiel receipts are forwarded to the Receiving Office for receipt processing.
- 5.2 The Receiving Office reconciles the receiving documents to the original purchase orders or contracts to ensure that the item's National Item Identification Number (NIIN) and quantity match. The Receiving Office notes the date and stamp number from the receiving documentation on the original purchase order to evidence this review **(IC: 5.2-C1)**.
- 5.3 The Receiving Office enters into AMMIS the five (5) digit location code as annotated on the receipt documentation indicating the staged location of the materiel **(IC: 5.3-C1)**.
- 5.4 The Receiving Office then posts the receipt information into AMMIS. AMMIS runs edit checks for completeness and generates an error message if errors are identified **(IC: 5.4-C1)**.
- 5.5 AMMIS automatically updates the quantity and the value of the item **(IC: 5.5-C1)**.
- 5.6 Upon entering the receipt in AMMIS, the system automatically posts journal entries to the GL **(IC: 5.6-C1)**. The accounting transaction differs depending on the type of

materiel purchased. A variation of the following transaction is automatically processed within AMMIS when the Receiving Office enters the receipt:

Receipt from new procurement.

- 1) 15AW Stores Inventory (USSGL-1511)
- 2) 1750 Equipment Receipt
- 3) 21A_ Accounts Payable (USSGL-2110)

Receipt from Donations/Transfers In:

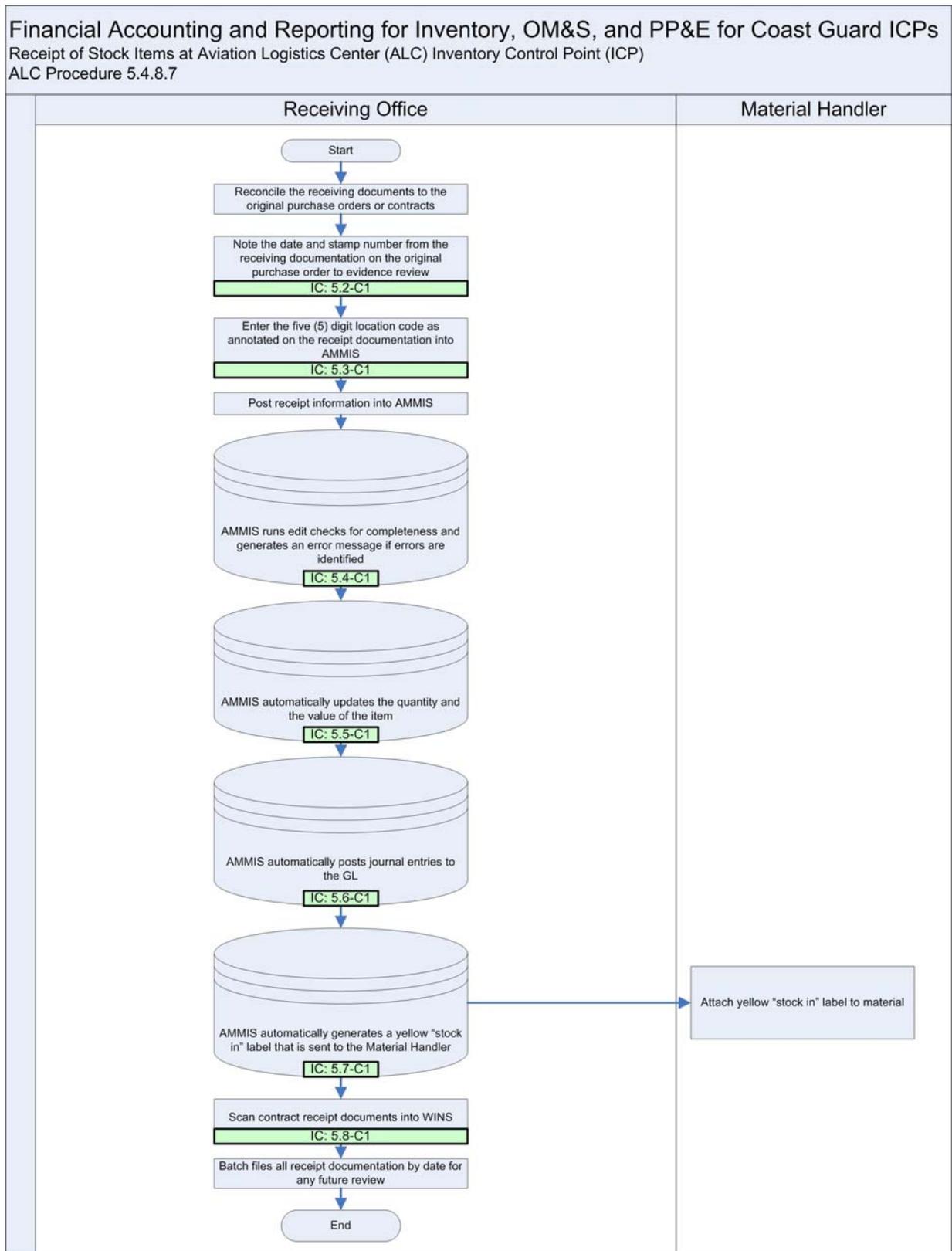
- 1) 15AW Stores Inventory (USSGL-1511)
- 2) 1750 Equipment Receipt
- 3) 32BX Capital Assets Transferred-in from other apropos (USSGL-3310)

- 5.7 Upon entering the receipt in AMMIS, the system automatically generates a yellow “stock in” label that is sent to the Materiel Handler, to be attached to the materiel to assist in stowing and future identification of the materiel **(IC: 5.7-C1)**.
- 5.8 The Receiving Office scans contract receipt documents into WINS **(IC: 5.8-C1)**.
- 5.9 The Receiving Office batch files all receipt documentation by date for any future review.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance and Management Information System
GL	General Ledger
ICP	Inventory Control Point
NIIN	National Item Identification Number
RO	Receiving Office
WINS	Workflow Imaging Network System

Figure 7.13 Receipt of Stock Items at ALC



Stowing of Stock Items (ALC)

Procedure No. 7.5.7.7-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Once the receiving-receipting process is completed at the Aviation Logistics Center (ALC), the items are stowed in a pre-assigned Inventory Control Point (ICP) location. For items with no prior location, Asset Maintenance and Management Information System (AMMIS) records are updated with the new warehouse location.

1.2 Inputs

- 1.2.1 Yellow (RFI) Stocking Label
- 1.2.2 White (NRFI) 265 Stocking Label

1.3 Outputs

- 1.3.1 Stowage location for stock items

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.6 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).
- 2.5 United States Coast Guard, Aviation Logistics Center, Supply Policy and Procedures Manual, ALCINST M4400.19A, October 2008.

3.0 Document Retention

- 3.1 ALC shall ensure all documentation is retained to support warehouse stock items including receipt dates and is audit-ready for a period of the current year and three (3) fiscal years after the item stow date.

4.0 Responsibilities

- 4.1 Aviation Logistics Division (ALD) shall ensure that received-receipted stock items are stowed in their assigned locations in a timely and accurate manner. All stock items receipted shall be stowed prior to a physical inventory.
- 4.2 Materiel Handlers are responsible for consolidating materiel and rotating stock on a first-in first-out basis with their locations.

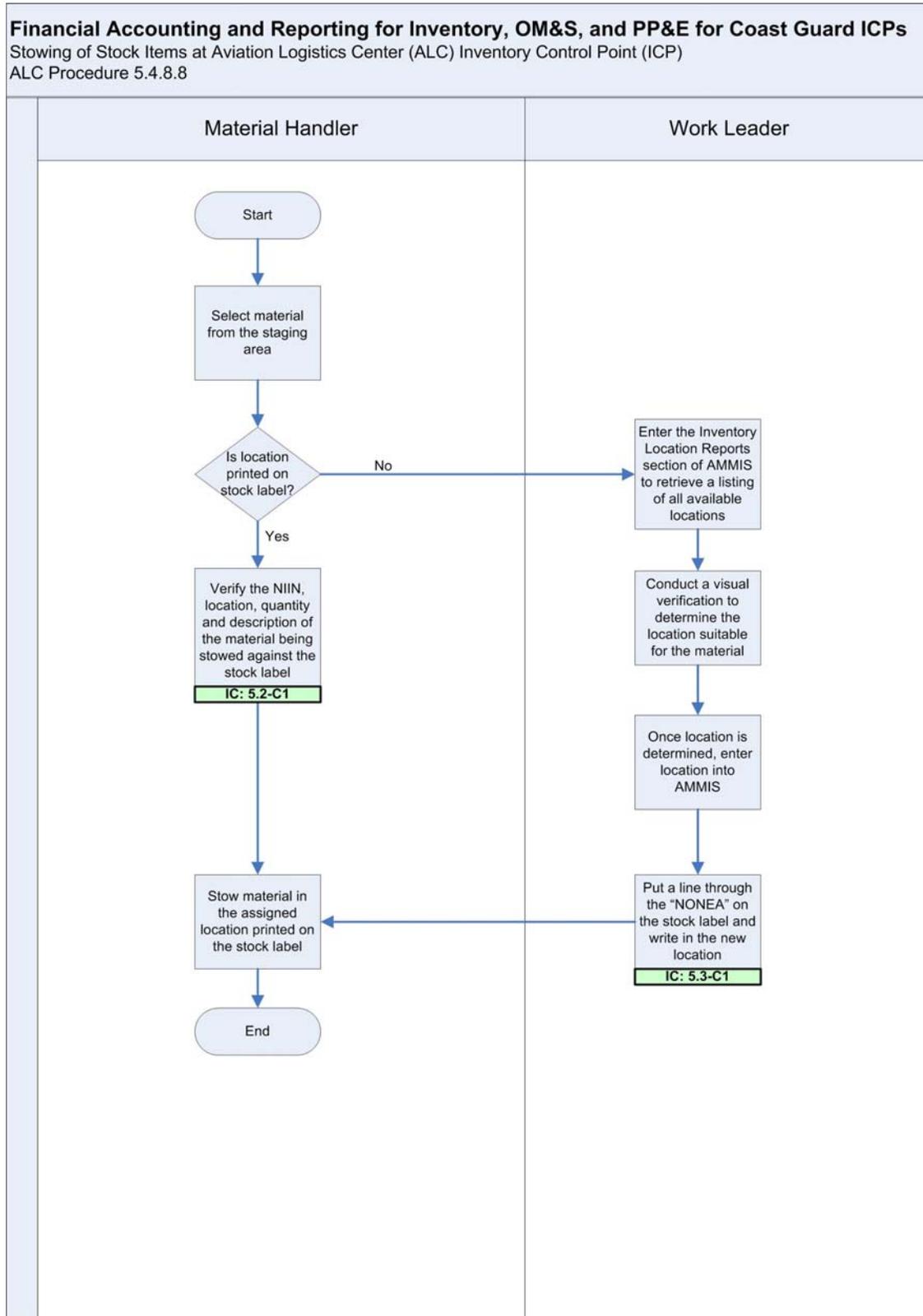
5.0 Procedure

- 5.1 Once the materiel has been properly receipted in AMMIS and the receiving Materiel Handler has attached the stocking label to the materiel, the materiel is placed in the Stowing Staging area for the stowing Materiel Handler.
- 5.1 The stowing Materiel Handler will select the materiel from the Staging Area. All materiel in the staging area will have a stocking label identifying the NIIN, location, quantity and description of the materiel being stowed **(IC: 5.2-C1)**.
- 5.2 Materiel that has no location in AMMIS will have "NONEA" printed in the location area on the stocking label identifying it as materiel without a location assigned. The work leader will process these items in AMMIS to assign them locations as follows:
 - 5.3.1 The work leader will enter the Inventory Location Reports section of AMMIS to retrieve a listing of all available locations in the warehouse.
 - 5.3.2 The work leader will then conduct a visual verification to determine which location is suitable to stow the materiel.
 - 5.3.3 The determined location is entered into AMMIS as the permanent location for the materiel.
 - 5.3.4 The "NONEA" is lined through on the Stocking Label and the new location is written-in **(IC: 5.3-C1)**.
 - 5.3.5 The materiel is stowed in the new location.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
ALD	Aviation Logistics Division
AMMIS	Asset Maintenance and Management Information System
ICP	Inventory Control Point

Figure 7.14 Stowing of Stock Items at ALC



Valuation of Stock Items (ALC)

Procedure No. 7.5.7.8-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 The Aviation Logistics Center (ALC) Inventory Control Point (ICP) maintains the value of stock items in the Asset Maintenance Management Information Support System (AMMIS) using a moving average cost flow assumption. As the values of the stock items are updated in the supply module of AMMIS, the associated general ledger transactions are also recorded within the financial module of AMMIS. Inventory Control Points shall ensure that all evidential matter supporting valuation of stock items are complete and retained for audit purposes.

1.2 Inputs

- 1.2.1 Receipts of stock items

1.3 Outputs

- 1.3.1 Supporting source documents from the procurement or transfers in of stock items

1.4 Applications

- 1.4.1 Asset Maintenance Management Information Support System (AMMIS)
1.4.2 Workflow Imaging Network System (WINS)

1.5 Financial Statement Assertions

- 1.5.1 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, *Financial Resource Management Manual (FRMM)*, COMDTINST M71003. (series)
- 2.4 United States Coast Guard, *Uniform Supply Operations Manual (USO)*, COMDTINST M4121.4 (series).

3.0 Document Retention

- 3.1 ICPs shall ensure that audit-compliant third party evidential matter is available at the ICPs to support all valuations of stock items, ICP stock system transaction values, and associated general ledger transactions, for the lifecycle of the asset plus three (3) years.

4.0 Responsibilities

- 4.1 Inventory Managers (IMs) are responsible for ensuring that due-ins are set up in AMMIS reflecting the correct quantity and condition and that the obligation is at the correct unit price.
- 4.2 Program Managers are responsible for providing complete supporting documentation for the transfer-in of program materiel, or of materiel from acquisition projects.

5.0 Procedure

- 5.1 Contracting personnel, logistics managers and other personnel involved in furnishing documentation to support valuation from various acquisition sources must ensure availability of timely and accurate supporting documentation. The following table summarizes the supporting documentation required for valuation by acquisition type:

Table 7.1 Documentation Required by Acquisition Type

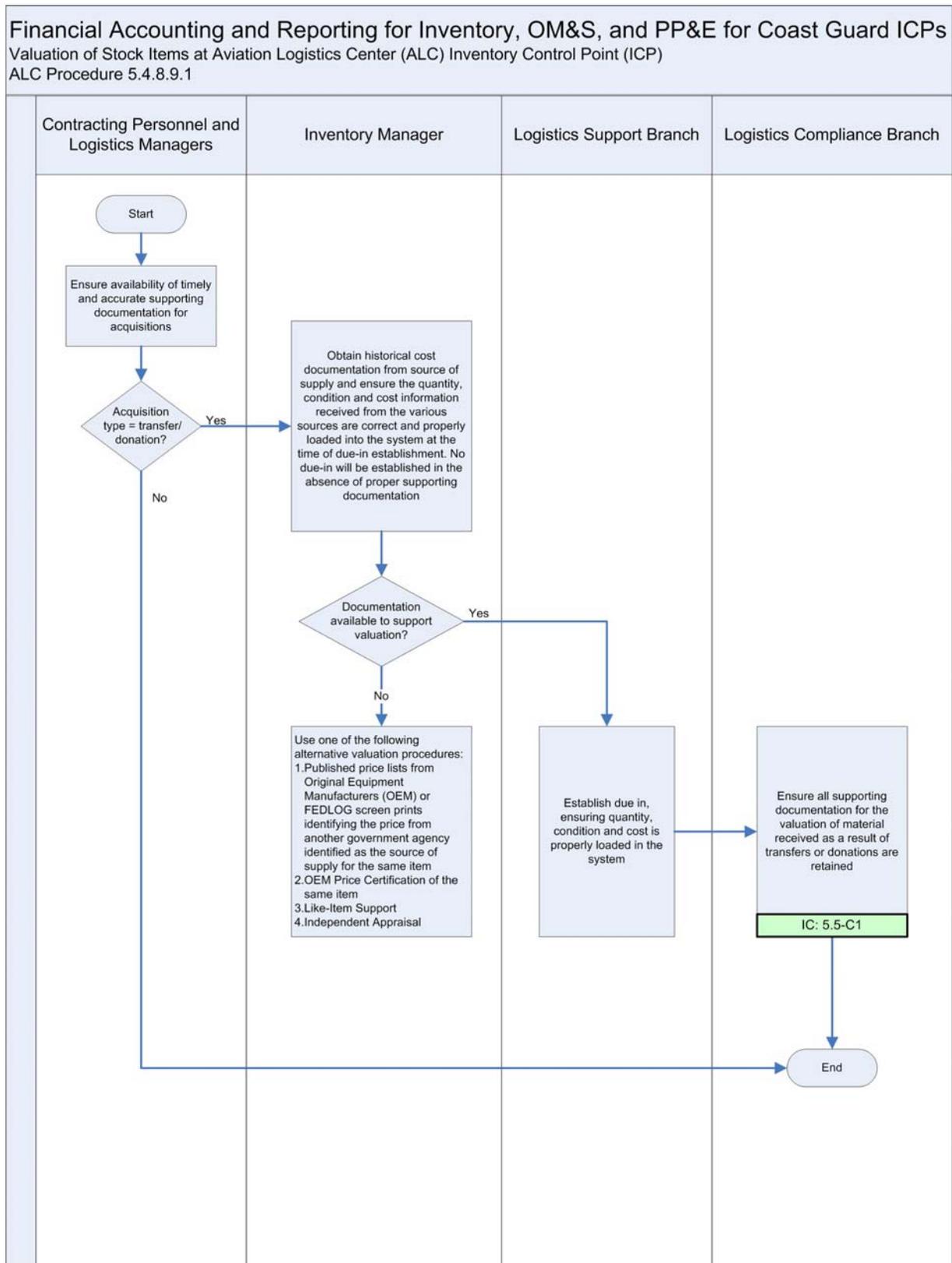
Acquisition Type	Documentation Required for Valuation
Commercial	<ol style="list-style-type: none"> 1. Signed Contract (itemizing the stock item) 2. Receipt Document 3. Invoice 4. Proof of Payment
Military Interdepartmental Purchase Request (MIPR)	<ol style="list-style-type: none"> 1. Signed MIPR (itemizing the stock item) 2. Receipt Document 3. Invoice 4. Proof of Payment/IPAC
MILSTRIP	<ol style="list-style-type: none"> 1. Receipt Document (DD-1348-1 signed/dated) (or current FEDLOG screen print) 2. Proof of Payment/IPAC
Transfer-in (without ICP reimbursement)	<ol style="list-style-type: none"> 1. Transfer Document (itemizing stock item showing fair market value - e.g., DD-1149)

- 5.2 As materiel is receipted in AMMIS, the system automatically updates the quantity and value of the item. The system automatically debits the 1511 or 1750 account of the general ledger (GL) based on the repair code.
- 5.3 For materiel expected as a result of a donation or transfer-in, IMs request due-ins to be setup by the Logistics Support Branch. IMs shall ensure that due-ins are set up at the correct quantity, condition and unit price.
- 5.4 The required documentation to support valuation is a complete set of historical documentation (order, receipt, invoice, payment). Alternative valuation methods should be employed as a last resort only after exhausting all practical methods to obtain the necessary historical documentation. If documentation lacks sufficient data to support valuation, inventory managers shall employ one of the alternative valuation procedures.
 - 5.4.1 Published price lists from Original Equipment Manufacturers (OEM) or FEDLOG screen prints identifying the price from another government agency identified as the source of supply for the same item. In cases where the date of the published price differs by more than 1 year from the acquisition date, the IMs will adjust the price for inflation by using the appropriate consumer price index (CPI) values derived from the US Department of Labor, Bureau of Labor Standards. All OEM/FEDLOG pricing documentation, including a copy of the CPI deflation, will be kept as supporting documentation in the NIIN or central file including Price Certification of the same item. The certification may be obtained via email or letter.
 - 5.4.2 Like-Item Support. Identifying a more recent supported purchase of an item that can be used to support a prior unsupported purchase.
 - 5.4.3 Independent Appraisal. Engaging the services of an Independent Appraisal organization (e.g. American Appraisal Associates, Morten Beyer & Agnew) to perform desktop or on-site appraisals, applying standard industry-compliant methods, and describing the methodologies used incorporated into a concise report which, additionally, will contain the valuation of the item. All appraisal documentation will be kept as supporting documentation in the NIIN or central file.
 - 5.4.4 Prices obtained from alternate valuation methods can be deflated by using the appropriate consumer price index (CPI) values derived from the US Department of Labor, Bureau of Labor Standards.
 - 5.4.5 All OEM/FEDLOG pricing documentation, including a copy of the CPI deflation, will be kept as supporting documentation in the NIIN or central file. The Logistics Compliance Branch will ensure that all supporting documentation for the valuation of materiel received as a result of transfers or donations from outside activities, are retained in the applicable NIIN file. This does not apply to routine transactions coded as transfers and donations within the depot pipeline (i.e. transfers between the air station and ICP). Supporting documents for these types of transfers shall be retained in warehouse receipt files. The Logistics Compliance Branch will verify that all supporting documentation is sufficient for valuation and all indexing is applied properly (**IC: 5.5.C1**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance Management Information System
CPI	Consumer Price Index
FASAB	Federal Accounting Standards Advisory Board
ICP	Inventory Control Point
IM	Inventory Manager
IPAC	Intra-Governmental Payment and Collection
MIPR	Military Interdepartmental Purchase Request
NIIN	National Item Identification Number
OEM	Other Equipment Manufacturer
QAS	Quality Assurance Supply
WINS	Workflow Imaging Network System

Figure 7.15 Valuation of Stock Items at ALC



Valuation of Stock Items (WAP Testing) (ALC)

Procedure No. 7.5.7.9-ALC

1.0 Overview

1.1 Procedure Summary

1.1.1 The Aviation Logistics Center (ALC) Inventory Control Point (ICP) maintains the value of stock items in the Asset Maintenance Management Information System (AMMIS) using a moving average cost flow assumption. The moving average cost methodology in practice at the ICPs is verified on a monthly basis. The United States Coast Guard completed a revaluation effort for the top 80% of the stock population by extended dollar value at the end of fiscal year (FY) 2008. This 80% stock population is tested every month to verify the accuracy of the current valuation. All NIINs within the 80% valuation population having transactions that affect its weighted average price (WAP) are tested. Supporting source documentation is tested as well as the moving average cost calculation.

The remainder of the population is considered the 20% population and is made up of NIINs currently on hand or due in (not from procurement) which were not included in the analysis of the 80% valuation. Testing of these items will occur on a random sample basis after the implementation of AMMIS system changes that will resolve system WAP calculation errors.

1.2 Inputs

- 1.2.1 Monthly data pull from AMMIS of all transactions affecting moving average cost.
- 1.2.2 Supporting source documents from the procurement or transfers in of stock items.
- 1.2.3 Invoices and payment records.

1.3 Outputs

- 1.3.1 Sustainment of Baseline Weighted Average Price (WAP) Worksheet
- 1.3.2 Monthly 80% Valuation Sustainment Report

1.4 Applications

- 1.4.1 Asset Maintenance Management Information System (AMMIS)
- 1.4.2 Workflow Imaging Network System (WINS)

1.5 Financial Statement Assertions

- 1.5.1 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.

- 2.3 United States Coast Guard, *Financial Resource Management Manual (FRMM)*, COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, *Uniform Supply Operations Manual (USO)*, COMDTINST M4121.4 (series).

3.0 Document Retention

- 3.1 ICPs shall ensure that audit-compliant third party evidential matter is available at the ICPs to support all valuations of stock items, ICP stock system transaction values, and associated general ledger transactions, for the lifecycle of the asset plus three (3) years.

4.0 Responsibilities

- 4.1 Aviation Logistics Division (ALD), Fiscal Operations Branch is responsible for performing monthly testing of all NIINs within the 80% valuation population having transactions that affect its weighted average price (WAP).

5.0 Procedure

ALD Fiscal Operations Branch will perform a monthly review of the previous month's transactions to ensure the accurate WAP is sustained for the 80% population NIINs. This monthly review is accomplished as follows:

- 5.1 A data pull is obtained from Information Systems Division (ISD) for all transactions occurring in the previous month which affect the WAP of wholesale stock items. These transactions include all receipts with action codes 14, 20 and 88 and all WAP recalculations for the previous month.
- 5.2 ALD Fiscal Operations Branch compares the data to the 80% population NIINs to determine which NIINs in the 80% population were affected by the previous month's transactions.
- 5.3 ALD Fiscal Operations Branch will run various reports from AMMIS to evaluate the WAP calculation. These reports include a WAP table, receipt tracker for the NIIN under review, and invoice trackers for all documents numbers for the various transactions which affect the stock items WAP.
- 5.4 ALD Fiscal Operations Branch will obtain substantiating documentation (Contracts, Invoices, IPAC/OPAC Tracker, etc) and verify agreement with the AMMIS data.
- 5.5 ALD Fiscal Operations Branch will calculate the weighted average price as follows:
$$[(\text{Previous QOH} \times \text{old WAP}) + (\text{Receipt Qty} \times \text{Invoice unit price})] \div \text{New QOH} = \text{New WAP}$$

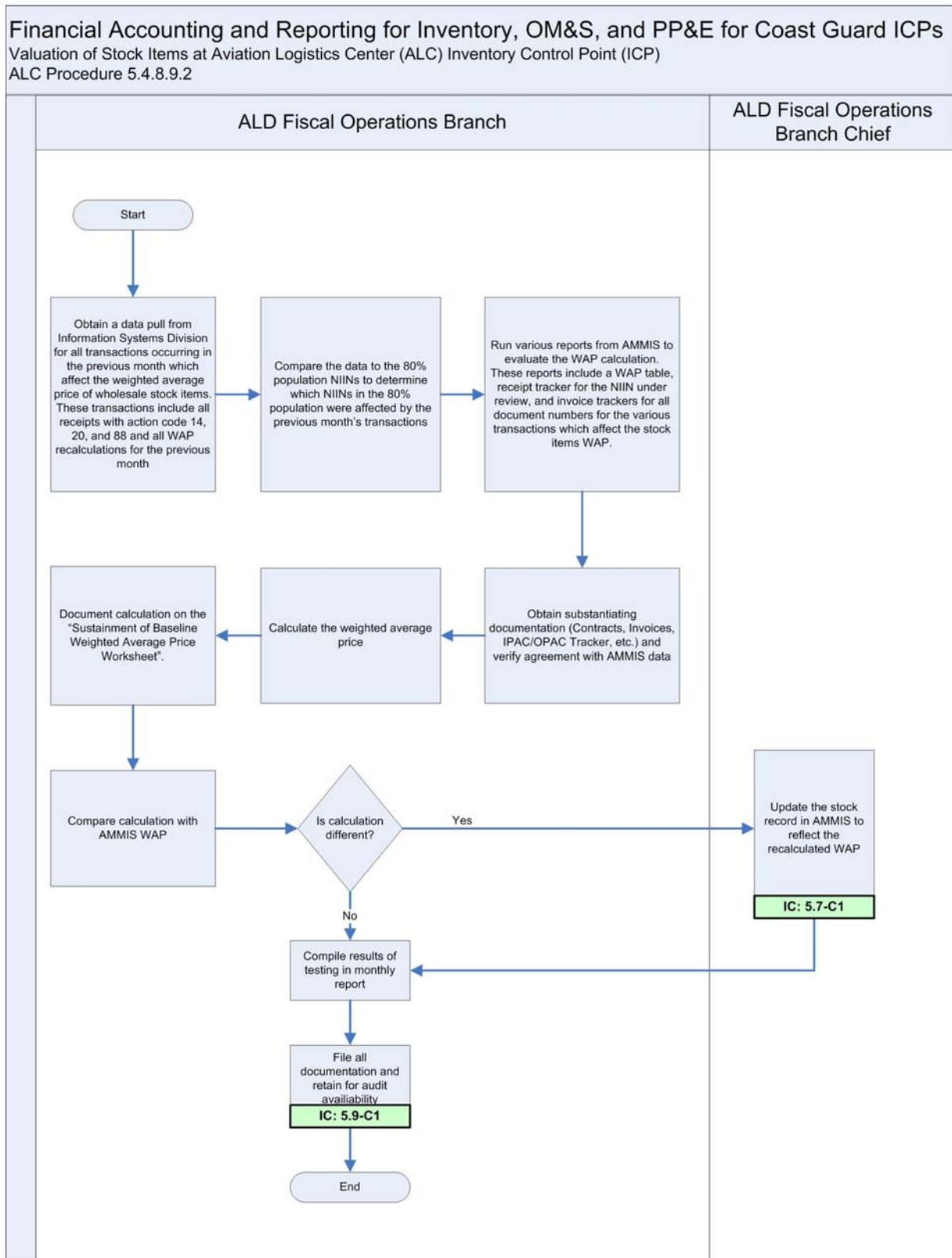
This calculation is documented on either a hardcopy worksheet or an electronic version and printed for audit availability.
- 5.6 ALD Fiscal Operations Branch compares this calculation with the AMMIS WAP. If the calculations differ, an update of the stock record in AMMIS should be made to reflect the recalculated WAP.
- 5.7 ALD Fiscal Operations Branch Chief updates the stock record in AMMIS.

- 5.8 ALD Fiscal Operations Branch compiles all results of testing and documents in a monthly report. The report and all supporting documentation are filed and retained for audit availability (IC: 5.9-C1).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
ALD	Aviation Logistics Division
AMMIS	Asset Maintenance Management Information System
FEDLOG	Federal Logistics
ICP	Inventory Control Point
IM	Inventory Manager
IPAC	Intra-Governmental Payment and Collection
ISD	Information Systems Division
NIIN	National Item Identification Number
OPAC	Online Payment and Collection (IPAC replaced this program but name remains in AMMIS)
QOH	Quantity on Hand
SFFAS	Statement of Federal Financial Accounting Standards
WAP	Weighted Average Price
WINS	Workflow Imaging Network System

Figure 7.16 Valuation of Stock Items at ALC (continued)



**Capitalization and Depreciation of Depot-Level Repairable Spare Parts (PP&E)
(ALC)**

Procedure No. 7.5.7.10-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 The Aviation Logistics Center shall apply the appropriate logistics definition and criteria to identify those items that are to be classified, maintained and reported as PP&E. Stock items classified as Property, Plant and Equipment (PP&E) are required to be capitalized. Repairable spares owned by ALC are reported as PP&E on the financial statements. Depreciation of these repairable spares shall be periodically expensed in conjunction with their associated end item.

1.2 Inputs

- 1.2.1 United States Coast Guard Finance Center Quarterly Depreciation Report

1.3 Outputs

- 1.3.1 Journal Voucher (JV) for Recognition of Depreciation

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure
1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

3.0 Document Retention

- 3.1 ALC shall ensure audit-ready documentation is retained to support capitalization, depreciation, and the reporting of PP&E transaction values, accumulated depreciation values, associated general ledger transactions, and periodic reporting for the lifecycle of the item plus three (3) years.

4.0 Responsibilities

- 4.1 The Comptroller shall ensure that items meeting the logistics criteria are classified as PP&E, and all costs are capitalized and depreciated over the useful life of the parent

- asset/end item using the straight-line method with no salvage value. All Depot Level Repairable spares shall be recorded at historical cost.
- 4.2 FINCEN shall ensure that PP&E group depreciation rates are recomputed, updated, kept current and provided to ICPs on a quarterly basis.
 - 4.3 The ALC Fiscal Operations Branch Chief shall update accumulated depreciation accounts for PP&E quarterly using depreciation rates supplied by USCG Finance Center (FINCEN). All capitalized and depreciation costs for PP&E shall be recorded in the general ledger account series 17XX.

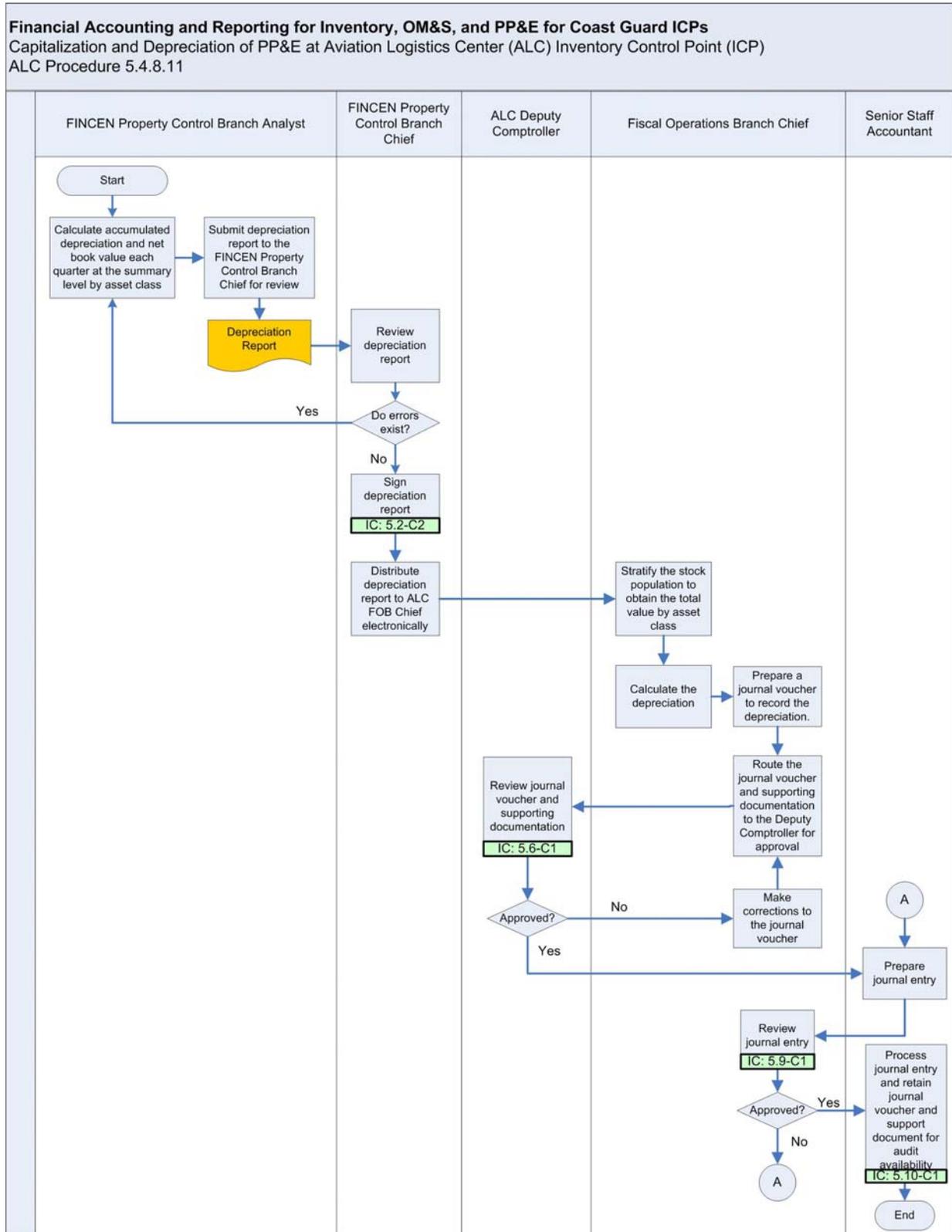
5.0 Procedure

- 5.1 The FINCEN Property Control Branch Analyst calculates the accumulated depreciation and net book value (NBV) each quarter for financial statement reporting. The net book rate is calculated by dividing the cost in the net book value at the summary level. All depreciation calculations are at a summary level by asset class.
- 5.2 The FINCEN (FR) Property Control Branch Chief reviews and signs the depreciation report prior to distribution (**IC: 5.2-C2**).
- 5.3 FINCEN distributes the depreciation report to the ALC Fiscal Operations Branch Chief electronically.
- 5.4 The Fiscal Operations Branch Chief stratifies the stock population to obtain the total value by asset class. The previous quarter's depreciation (prior accumulated depreciation balance) is taken into account when determining the current quarter ending adjustment. The current value of spare parts that support multiple assets (from here on out referred to as MULTI) is spread among the specific asset classes in direct proportion to each class's percentage of value with respect to the value of the entire population.
- 5.5 The Fiscal Operations Branch Chief calculates the depreciation based on the depreciation rates by asset class provided on the depreciation report.
- 5.6 The ALC Fiscal Operations Branch Fiscal Operations Branch Chief prepares a journal voucher to record the depreciation. The journal voucher (JV) and supporting documentation is routed to the Deputy Comptroller for review and approval (**IC: 5.6-C1**).
- 5.7 The Deputy Comptroller reviews the JV, either approves or rejects, and routes back to the Fiscal Operations Branch Chief.
- 5.8 If rejected, the Fiscal Operations Branch Chief makes the correction(s) and forwards the corrected journal voucher to the Deputy Comptroller for review and approval.
- 5.9 If approved, the Senior Staff Accountant prepares the journal entry and the Fiscal Operations Branch Chief reviews and approves/disapproves (**IC: 5.9-C1**).
- 5.10 The Senior Staff Accountant processes the journal entry and the JV and supporting documentation are retained for audit purposes (**IC: 5.10-C1**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance and Management Information System
FINCEN	United States Coast Guard Finance Center
ICP	Inventory Control Point
JV	Journal Voucher
NBV	Net Book Value
PP&E	Property, Plant and Equipment

Figure 7.17 Capitalization and Depreciation of PP&E at ALC



**Physical Inventories of Stock Items
(ALC)**

Procedure No. 7.5.7.11-ALC

This procedure is divided into two parts, each of which is described in a separate subprocedure in the pages that follow:

7.5.7.11.1-ALC Quarterly Floor-to-Record Physical Inventory

7.5.7.11.2-ALC Quarterly Record-to-Floor Physical Inventory

Quarterly Floor-to-Record Physical Inventory (ALC)

Procedure No. 7.5.7.11.1-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Physical inventories at the Aviation Logistics Center (ALC) are planned and conducted in accordance with the schedules and guidance outlined in the Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series). Quarterly floor to record testing of random locations is conducted to physically verify that stock items and their quantities are accurately and completely reflected on ALC stock records. This testing is designed and performed to support the completeness assertion of United States Coast Guard financial statements.

1.2 Inputs

- 1.2.1 Listing of all inventory locations

1.3 Outputs

- 1.3.1 Completeness Testing Results

1.4 Applications

- 1.2.1 Asset Maintenance Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Completeness

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.2 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.3 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).

3.0 Document Retention

- 3.1 The Aviation Logistics Center (ALC) shall ensure that all physical inventories are fully documented, and that audit-ready documentation is available for a period of the current year and three (3) fiscal years after the inventory is conducted.

4.0 Responsibilities

- 4.1 The Warehousing and Distribution Section shall ensure that all issue transactions processed in AMMIS are picked and reflected as such in AMMIS. All issue movement of stock inventory items should be held to an absolute minimum while the physical inventory is conducted. All receipt transactions processed in AMMIS are properly shelved and stowed. All receipt movement of stock inventory items shall be held to an absolute minimum while the physical inventory is conducted.
 - 4.1.1 The Business Operations Division (BOD) is responsible for creating the data file of random locations.
 - 4.1.2 Information Systems Division (ISD) is responsible for restricting user access to AMMIS while the physical inventory is being conducted.
- 4.2 The Financial Management Branch shall ensure inventory stock ledger balances have been reconciled to the general ledger balances prior to the commencement of each physical inventory. Evidential matter must be maintained and kept in an audit-ready status.
- 4.3 The Comptroller shall assign the following ALC responsibilities in writing: Inventory Control Officer (ICO), Count Team personnel, and Reconciliation personnel. The comptroller or delegate shall collect remote warehouse and remote stock location inventory team assignments from the appropriate commands.
- 4.4 The ICO shall review changes in inventory policies and procedures with personnel conducting counts and reconciliation actions. Conduct training, as necessary, for inexperienced personnel and document that the training was received in their individual development plan or personnel record. The ICO shall ensure any changes in inventory policy and procedures are communicated with personnel outside of the ICP's direct chain of command (i.e., Remote Stock Warehouses, and Remote Stock Locations). In the event that personnel responsible for maintaining the inventory (i.e., warehouse personnel, Asset Materiel Manager) are used as counters, the ICO shall assign someone that has not been involved in the count as a "Verifier" in writing.
- 4.5 Warehouse personnel shall make the following preparations prior to an inventory count is to take place:
 - 4.5.1 Stow stock items that have been receipted for in the ICP inventory management system.
 - 4.5.2 Ensure items that have been issued from the ICP inventory management system are placed in the shipping process.
 - 4.5.3 To the maximum extent possible, reduce multiple open containers, packages, or boxes of the same materiel to one.
 - 4.5.4 To the maximum extent possible, pallet loads of large quantities of the same items should be shrink wrapped and clearly marked on a standard size piece of paper with the names of the personnel verifying the contents of the pallet, signatures, quantity counted, content description (i.e., NSN), condition, and date. The paper should be placed under the plastic in such a way as it can be easily seen.
 - 4.5.5 Clearly mark areas or locations that contain no inventory on stock records.

5.0 Procedure

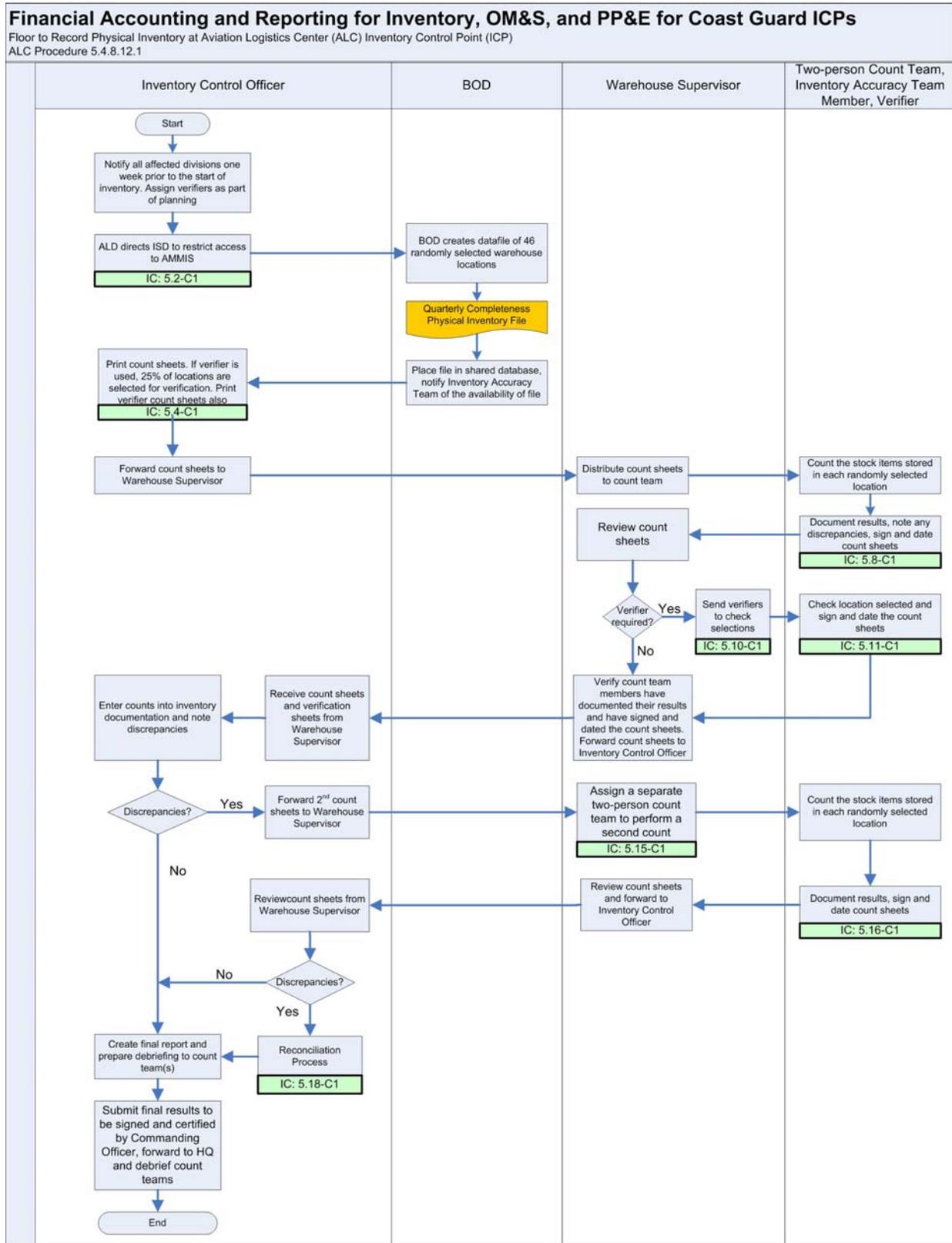
- 5.1 The Quarterly Physical Inventories are scheduled by ALC Inventory Accuracy Team before the beginning of each fiscal year and posted on an AIRLOG. The schedule may be adjusted to accommodate unanticipated workload or other extenuating circumstances. The Inventory Accuracy Team is responsible for notifying all affected divisions and observers of any schedule change. One week before the start of each quarterly physical inventory, the Inventory Accuracy Team will notify ALC Divisions, procurement branches, and other Coast Guard units of the scheduled inventory. Verifiers are assigned as part of inventory planning.
- 5.1 ALD directs ISD to restrict access to AMMIS (with the exception of designated personnel) except for query functions up until the inventory is completed **(IC: 5.2-C1)**.
- 5.3 BOD will provide the data file of 46 randomly selected warehouse locations. This file will then be placed in a shared database and the Inventory Accuracy Team is notified of its availability.
- 5.4 Floor to Record count sheets are printed void of any descriptive data information as to what may be in location **(IC: 5.4-C1)**. If a verifier is used, the ICO shall randomly select a minimum of 25% of the line item counts for verification. Verifier count sheets are also printed.
- 5.5 External observers from Headquarters program offices shall sign and date any documentation related to their observations, i.e., count sheets **(IC: 5.5-C1)**.
- 5.6 Count sheets are forwarded to the Warehouse Supervisor. The Warehouse Supervisor distributes the count sheets to the count teams.
- 5.7 The count teams shall independently count the stock items stored in each randomly selected location.
 - 5.7.1 The touch method of counting (e.g. physically touching the part/box being counted) shall be used to count inventory not factory sealed or previously sealed by the ALC.
 - 5.7.2 The count quantity on manufacturer or ICP sealed containers, packages, boxes, or shrink wrapped pallets shall be recorded, unless the container has been opened, or there are multiple labels with conflicting information.
 - 5.7.3 In the event the container has been opened, or there are multiple labels with conflicting information, the count team shall inform the Inventory Control Officer (ICO). Personnel responsible for the care and handling of the stocked item shall verify the contents and apply the appropriate labels. Upon completion of this activity the count team may then complete the count.
 - 5.7.4 In the event the item to be counted is in large containers requiring mechanical assistance to move, i.e., forklift, or the containers appear to be neatly stacked, and of standard size the counters shall not be required to physically touch each container. The counters shall, however, visually inspect the stack of containers for the detection of any voids. If all of those requirements are met, the counters may simply count the item visually.
- 5.8 Count team members shall complete the count sheets and note any discrepancies, i.e. unexpected items found in the location, damaged items, or unsafe conditions. An

- unsafe condition warrants immediate management attention and the count shall not be completed until the condition is resolved or a randomly selected substitute item is selected. If a randomly selected substitute item is selected, it must be noted on the original and substitute item's count sheets. Count team members shall sign and date the sheets assigned to them upon completion of each count **(IC: 5.8-C1)**.
- 5.9 Count teams turn over count sheets to the Warehouse Supervisor for review.
- 5.10 If Verifiers are required, the Warehouse Supervisor sends the Verifiers to check their selections **(IC: 5.10-C1)**.
- 5.11 The Verifiers sign, date and return count sheets to the Warehouse Supervisor **(IC: 5.11-C2)**.
- 5.12 The Warehouse Supervisor reviews and forwards all count sheets to the ICO.
- 5.13 The ICO maintains positive control of the count sheets as they are turned in. The ICO verifies that the count team members have signed and dated the count sheets, and have entered their count quantities. The counts are entered into the inventory documentation received from BOD to determine if counts are accurate. If the first count does not match the BOD inventory documentation, a second count shall be conducted. The ICO forwards second count sheets to the Warehouse Supervisor.
- 5.15 The second count team shall be assigned by the Warehouse Supervisor and consist of two personnel, one of which was not on the first count team **(IC: 5.15-C1)**.
- 5.16 Both team members will sign and date the inventory sheets as they complete each phase of the count and forward the count sheets to the Warehouse Supervisor **(IC: 5.16-C1)**.
- 5.17 The Warehouse Supervisor reviews the count sheet and checks signatures. The Warehouse Supervisor forwards the second count sheets to the ICO.
- 5.18 If the second count still does not match the record, the ICO will forward the count sheets to research personnel to begin investigating the cause of the discrepancy as the first step in the count reconciliation phase **(IC: 5.18-C1)**. Any item without a matching count will be designated a variance and will require causative research before the results are posted to the inventory records.
- 5.19 Once all reconciliation action is completed, the final report is prepared and the count teams are debriefed by the Inventory Accuracy Team Leader.
- 5.20 The accuracy goal for the Floor-to-Record is 95% of the sampled locations extended line item value prior to the count. The preliminary report will be sent via e-mail within five (5) days to the Office of Logistics Commandant (CG-44) for review **(IC: 5.20-C1)**. The final results will be certified by signature of the Commanding Officer and forwarded to the ALC's program manager within 20 business days of the start of the physical inventory, unless a written extension has been granted by the ALC's program manager **(IC: 5.20-C2)**. Final count results shall include:
- 5.20.1 Number of locations counted
 - 5.20.2 Number of line items with variances after the post count
 - 5.20.3 Recorded extended value of line items in sample
 - 5.20.4 Extended value of line item adjustments
 - 5.20.5 Dollar value accuracy

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance Management Information System
BOD	Business Operations Division
IAT	Inventory Accuracy Team
ICO	Inventory Control Officer
ICP	Inventory Control Point
ISD	Information Systems Division
NSN	National Stock Number

Figure 7.18 Floor to Record Physical Inventory for ALC



Quarterly Record-to-Floor Physical Inventory (ALC)

Procedure No. 7.5.7.11.2-ALC

1.0 Overview

1.1 Procedure Summary

1.1.1 Physical inventories at the Aviation Logistics Center (ALC) are planned and conducted in accordance with the schedules and guidance in the Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series). The record-to-floor testing is designed and conducted to support the existence assertion of the financial statements and verifies that assets that are recorded in AMMIS and are properly accounted for. Quarterly random statistical sample inventories, using constant population cycle counting, shall be conducted for all stock items under the direct control of the ICP including those at remote stock locations. The classification of materiel subject to physical inventory is alternated each quarter. Plant, Property and Equipment (PP&E) inventories are conducted in the 1st and 3rd quarters, while Operating Materiel and Supplies (OM&S) inventories are conducted during the 2nd and 4th quarters each fiscal year. The statistical sampling at ALC is accomplished by dividing the targeted stock population (OM&S or PP&E) into relatively equal groups or strata by total dollar value. Random samples are then selected from each of the strata and evaluated for quantity and condition.

1.2 Inputs

- 1.2.1 Listing of Plant, Property and Equipment (PP&E) stock population by net book value.
- 1.2.2 Listing of Operating Materiel and Supplies (OM&S) stock population by total extended dollar value.

1.3 Outputs

- 1.3.1 Stratified random sample of PP&E stock population
- 1.3.2 Stratified random sample of OM&S stock population
- 1.3.3 Statistical sample physical inventory results

1.4 Applications

- 1.4.1 Asset Maintenance Management Information System (AMMIS)
- 1.4.2 Statistical Analysis System (SAS)

1.5 Financial Statement Assertions

- 1.5.1 Existence
- 1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.

- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.5 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).
- 2.6 Government Accounting Office Financial Audit Manual, July 2008.

3.0 Document Retention

- 3.1 The Aviation Logistics Center (ALC) shall ensure that all physical inventories are fully documented, and documentation is audit-ready and is available for a period of the current year and three (3) fiscal years after the inventory is conducted.

4.0 Responsibilities

- 4.1 The Aviation Logistics Division (ALD) shall ensure that all issue transactions processed in AMMIS are picked and reflected as such in AMMIS. All issue movement of stock inventory items should be held to an absolute minimum while the physical inventory is conducted. All receipt transactions processed in AMMIS are properly shelved and stowed. All receipt movement of stock inventory items shall be held to an absolute minimum while the physical inventory is conducted.
- 4.2 The Information Systems Division (ISD) is responsible for restricting user access to AMMIS while the physical inventory is being conducted.
- 4.3 The ALD shall, to the maximum extent possible, perform transaction clean-up including, but not limited to, frustrated receipts, error files/queues, and in-transit activity.
The Business Operations Division (BOD) shall make the following data management preparation prior to an inventory count is to take place:
 - 4.3.1 Extract the inventory universe file from AMMIS.
 - 4.3.2 Build the Quarterly Physical Inventory sample file.
 - 4.3.3 Identify the items to be inventoried.
 - 4.3.4 Provide the inventory files to the Inventory Accuracy Team (IAT) on the scheduled inventory date.
- 4.4 The IAT is responsible notifying ISD to freeze access to all NIINs in AMMIS, and reconciling all on-hand inventory variances in accordance with established time standards.
- 4.5 The Financial Management Branch shall ensure that inventory stock ledger balances have been reconciled to the general ledger balances prior to the commencement of

- 4.6 The Comptroller shall assign the following ALC responsibilities in writing: Inventory Control Officer (ICO), Count Team Personnel, and Reconciliation personnel. The Comptroller, or delegate, shall collect remote warehouse and remote stock location inventory team assignments from appropriate commands.
- 4.7 The Inventory Control Officer (ICO) shall review changes in inventory policies and procedures with personnel conducting counts and reconciliation actions. Conduct training, as necessary for inexperienced personnel and document the training was received in their individual development plan or personnel record. The ICO shall ensure any changes in inventory policy and procedures are communicated with personnel outside of the ICP's direct chain of command (i.e., Remote Stock Warehouses, and Remote Stock Locations). In the event personnel responsible for maintaining the inventory (i.e., warehouse personnel, Asset Materiel Manager) are used as counters, the ICO shall assign someone that has not been involved in the count as a "verifier" in writing.
- 4.8 Warehouse personnel shall make the following preparations prior to when an inventory count is to take place:
 - 4.8.1 Stow stock items that have been receipted for in the ICP inventory management system.
 - 4.8.2 Ensure items that have been issued from the ICP inventory management system are placed in the shipping process
 - 4.8.3 To the maximum extent possible, reduce multiple open containers, packages, or boxes of the same materiel to one.
 - 4.8.4 To the maximum extent possible, pallet loads of large quantities of the same items should be shrink wrapped and clearly marked on a standard size piece of paper with the names of the personnel verifying the contents of the pallet, signatures, quantity counted, content description (i.e., NSN), condition, and date. The paper should be placed under the plastic in such a way as it can be easily seen.
 - 4.8.5 Clearly mark areas or locations that contain no inventory on stock records.
- 4.10 Inventory Managers (IM) are responsible for validating their respective Due-In categories and providing all requested information for reconciling variances and errors between inventory records and the validated line item. At a minimum, the validation shall include the National Stock Number (NSN), Due-In quantity, condition code, location, applicable document number, and point of contact at the validating source. The validation must be conducted on or after the inventory activation date.

5.0 Procedure

- 5.1 The Quarterly Physical Inventories are scheduled by the IAT before the beginning of each fiscal year and posted on an AIRLOG. The schedule may be adjusted to accommodate unanticipated workload or other extenuating circumstances. The IAT

- is responsible for notifying all affected divisions and observers of any schedule change. Fifteen to thirty days before the start of each quarterly physical inventory, the IAT will notify all divisions, procurement branches, and other Coast Guard units of the scheduled inventory. Verifiers are assigned as part of inventory planning.
- 5.2 The Aviation Logistics Division (ALD) will direct the Information Systems Division (ISD) to restrict access to AMMIS (with the exception of designated personnel) except for query functions during the extraction of the Quarterly Physical Inventory file and up until the inventory is completed (**IC: 5.2-C1**). This process must be done in the presence of the observers (if inventory is being observed by Headquarters personnel) on the day of the scheduled inventory (inventory start date begins with data extraction) (**IC: 5.2-C2**). The file for the inventory method selected must include on hand quantities and associated managed due-Ins.
 - 5.3 The BOD will stratify the stock population and determine sample sizes using SAS software. NIINs are randomly chosen within the strata to make up the sample population to be tested.
 - 5.4 The BOD will provide the Quarterly Physical Inventory file electronically to the IAT. Upon receipt of the file, the IAT will activate the physical inventory and forward a detailed listing of the selected Due-Ins to the appropriate personnel for validation.
 - 5.5 The ICO shall randomly select a minimum of 25% of the line item counts for the verifiers (**IC: 5.5-C1**). Record to Floor count sheets are printed with descriptive data information and not the current quantity recorded in AMMIS. Count sheets are populated with only descriptive data and not the current quantity recorded in AMMIS. Count sheets shall include the following data:
 - 5.6 A header noting “Record –to-Floor”
 - 5.6.1 The date the sheet counts are prepared
 - 5.6.2 Item descriptions (i.e., National Item Identification Number (NIIN) or other ICP managed number).
 - 5.6.3 Unit of issue.
 - 5.6.4 Location(s).
 - 5.6.5 Count sheet control number (e.g., #35 of 98)
 - 5.6.6 Space for the dated signatures of count team members, verifiers, observers, and reconciliation personnel (**IC: 5.5-C2**).
 - 5.6.7 The ICO forwards the count sheets to the Warehouse Supervisor. The Warehouse Supervisor distributes the count sheets to the count teams.
 - 5.6.8 The count teams shall independently count the selected NIINs identified on the count sheet.
 - 5.6.9 The touch method of counting (e.g. physically touching the part/box being counted) shall be used to count inventory not factory sealed or previously sealed by the ALC.
 - 5.6.10 The count quantity on manufacturer or ICP sealed containers, packages, boxes, or shrink-wrapped pallets shall be recorded unless, the container has been opened, or there are multiple labels with conflicting information.
 - 5.6.11 In the event the container has been opened, or there are multiple labels with

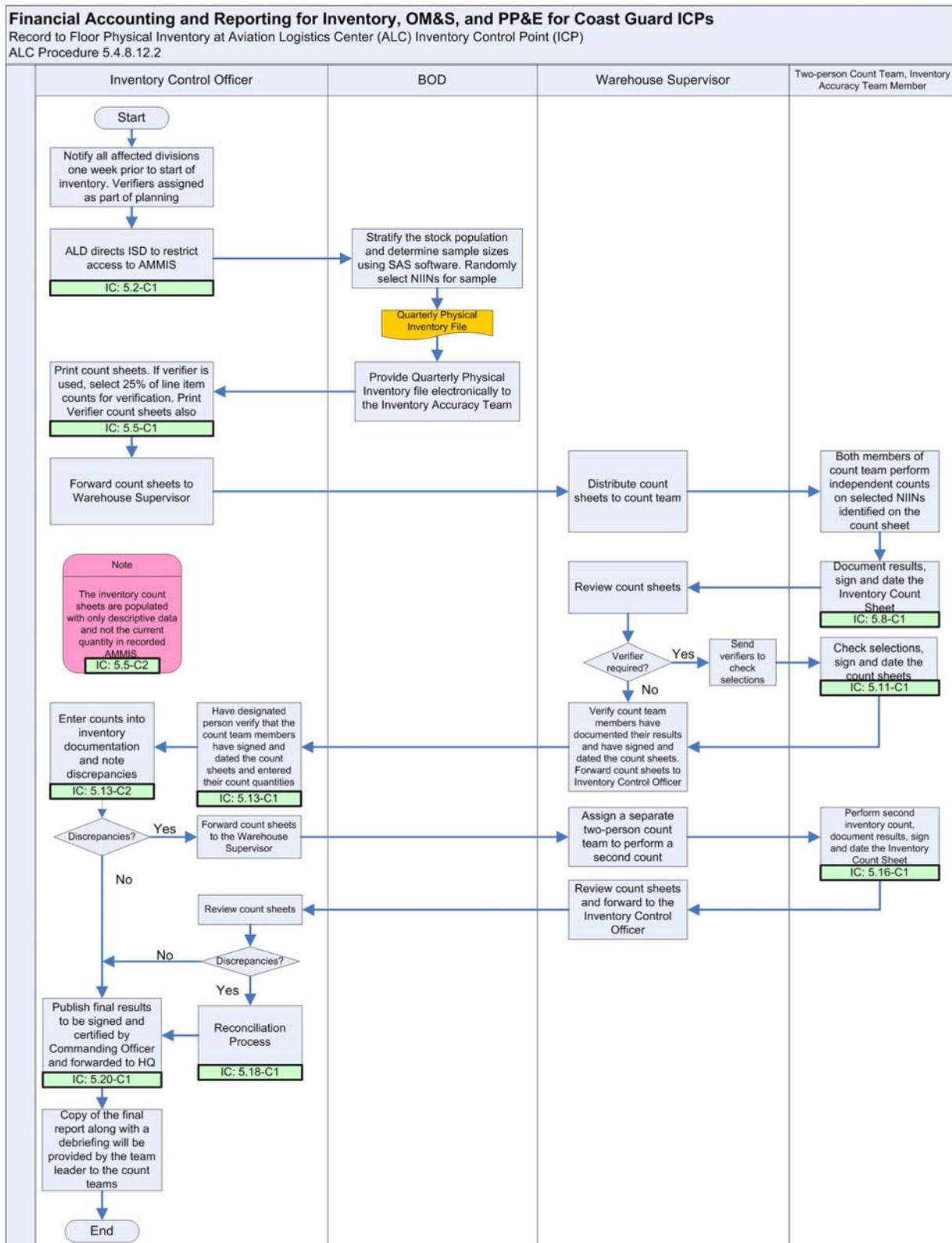
- conflicting information, the count team shall inform the ICO. Personnel responsible for the care and handling of the stocked item shall verify the contents and apply the appropriate labels. Upon completion of this activity, the count team may then complete the count.
- 5.6.12 In the event the item to be counted is in large containers requiring mechanical assistance to move, i.e., forklift, or the containers appear to be neatly stacked, and of standard size, the counters shall not be required to physically touch each container. The counters shall, however, visually inspect the stack of containers for the detection of any voids. If all of those requirements are met, the counters may simply count the item visually.
- 5.6.13 Count team members shall complete the count sheets and note any discrepancies, (i.e., unexpected items found in the location, damaged items, and unsafe conditions). An unsafe condition warrants immediate management attention and the count shall not be completed until the condition is resolved or a randomly selected substitute item is selected. If a randomly selected substitute item is selected, it must be noted on the original and substitute items' count sheets. Count team members shall sign and date the sheets assigned to them upon completion of each count sheet **(IC: 5.8-C1)**.
- 5.6.14 Count teams turn over count sheets to the Warehouse Supervisor for review.
- 5.6.15 The Warehouse Supervisor reviews all count sheets. If a Verifier is required, the Warehouse Supervisor will send the Verifiers to check their selections **(IC: 5.10-C1)**.
- 5.6.16 The Verifier shall sign, date and return count sheets to the Warehouse Supervisor **(IC: 5.11-C1)**.
- 5.6.17 The Warehouse Supervisor will review and forward all count sheets to the ICO.
- 5.6.18 The ICO shall maintain positive control of the count sheets as they are turned in. The ICO shall have a designated person to verify that the count team members have signed and dated the count sheets, and have entered their count quantities **(IC: 5.13-C1)**. The designated person shall also compare the count sheet quantities against AMMIS system records **(IC: 5.13-C2)**.
- 5.19 If a first count does not match the AMMIS record, a second count shall be conducted. The ICO forwards second count sheets to the Warehouse Supervisor.
- 5.20 The second count team shall be assigned by the Warehouse Supervisor and consist of two personnel, one of which was not on the first count team **(IC: 5.15-C1)**.
- 5.21 Both team members will sign and date the inventory sheets as they complete each phase of the count **(IC: 5.16-C1)**.
- 5.22 The Warehouse Supervisor reviews the second count sheets and forwards to the ICO.
- 5.23 The ICO reviews the count sheet. If the second count still does not match the record, research personnel shall begin investigating the cause of the discrepancy as the first step in the count reconciliation phase **(IC: 5.18-C1)**. Any item without a matching count will be designated a variance and will require causative research before the results are posted to the inventory records.
- 5.24 Validation of the managed Due-Ins will be conducted in accordance with processes developed by the ICO for their specific category and include all information required.

- Normally, an electronic file of each type of managed Due-In will be forwarded to the appropriate personnel for review and validation.
- 5.24.1 The designated person may request information from the validating source by phone, fax, or electronic mail. The response must be documented in writing by a signed fax, traceable electronic mail or telephone record log, and include all information as required. The validation request and response must be retained with the Due-In records for auditing purposes.
- 5.24.2 Validation responses from the designated person are due to the IAT within five (5) workdays of request. The IAT will request a second validation if no response is received or if the information does not match the inventory record for the Due-In item. Validation response for second request is due to the IAT within one (1) workday.
- If the response from the designated person does not match the record, the Due-In item will be designated as a variance and will require causative research by the IAT **(IC: 5.19-C1)**.
- 5.24.3 The designated person must respond to any request for causative research information within five (5) workdays. Validation response by electronic mail is considered “official certification.”
- 5.24.4 After receiving the managed Due-In certifications, the IAT may conduct a random review of the information received from the designated person for accuracy.
- 5.25 The accuracy goal for random statistical sample inventories is 95% of the sample weighted average price. The confidence level shall be 95% and the desired precision is set at 5%. The final results will be certified by signature of the Commanding Officer and forwarded to Headquarters within 20 days of the start of the physical inventory, unless a written extension has been granted by the ALC Program Manager **(IC: 5.20-C1)**. Final count results shall include:
- 5.25.1 Total line items in universe
 - 5.25.2 Extended value of universe
 - 5.25.3 Number of line items in sample
 - 5.25.4 Number of line item adjustments
 - 5.25.5 Extended value of line item adjustments (Net)
 - 5.25.6 Percent of total line items sampled
 - 5.25.7 Percent of extended value sampled
 - 5.25.8 Dollar value accuracy
- 5.26 A copy of the final report along with a debriefing will be provided by the team leader to the count teams.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance Management Information System
BOD	Business Operations Division
FINCEN	U.S. Coast Guard Financial Center
FUIRP	Field Unit Inventory Repositioning Program
IAT	Inventory Accuracy Team
ICCP	Inventory Control and Compliance Program
ICP	Inventory Control Point
IM	Inventory Manager
NIIN	National Item Identification Number
NSN	National Stock Number
OM&S	Operating Materiel and Supplies
PP&E	Property, Plant and Equipment
SAS	Statistical Analysis System

Figure 7.19 Record-to-Floor Physical Inventory at ALC



**Periodic Reconciliation of Stock Ledger (Stock Record) to the General Ledger
(ALC)**

Procedure No. 7.5.7.12-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Since inventory transactions are recorded both to the inventory stock subsidiary ledger and the general ledger, it is imperative for these two systems to be in balance. Certain key processes, such as the statistical-based physical inventories, rely heavily on the accuracy of both the stock ledger and the general ledger so it is critical that the two systems remain in balance.

1.2 Inputs

- 1.2.1 ARSC_INVENSL_SUM.SQL
- 1.2.2 SUPPLY_DETAIL_TOTAL.SQL
- 1.2.3 LOAN_(FY).SQL
- 1.2.4 Various Transaction Ledgers

1.3 Outputs

- 1.3.1 Reconciliation of Stock Ledger to General Ledger
- 1.3.2 Stock Ledger – General Ledger Comparison by Category Totals
- 1.3.3 Stock Ledger – General Ledger Comparison by Stores Account Code / Condition Code

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure
- 1.5.2 Valuation

2.0 References

3.0 Document Retention

- 3.1 ALC shall ensure auditable documentation is retained to support reconciliations for a period of three (3) fiscal years after completion of the reconciliation.

4.0 Responsibilities

- 4.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 4.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.

- 4.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 4.4 The Fiscal Operations Branch Chief shall execute reconciliations of the subsidiary stock ledger and general ledger on a quarterly basis at minimum. The Branch Chief shall ensure that stock ledgers and general ledgers are in balance for periodic financial reporting and prior to conducting physical inventories.

5.0 Procedure

- 5.1 Prior to each quarterly financial closeout, the Fiscal Operations Branch Chief clears all inventory rejects before running scripts.
- 5.2 The Branch Chief runs three (3) scripts from AMMIS ISQL:
 - 5.2.1 ARSC_INVENSL_SUM.SQL changing the fiscal month to the current month;
and
 - 5.2.2 SUPPLY_DETAIL_TOTAL.SQL
 - 5.2.3 LOANS_(FY).SQL
- 5.3 The Fiscal Operations Branch Chief populates a spreadsheet with totals by category to compare the outstanding loans and stock ledger with the general ledger as shown below:

Table 7.2 Spreadsheet of Outstanding Loans and Stock Ledger

Category	Depot Supply	Fiscal Accounting	Difference
Value of QOH - Depot Supply	\$	\$	\$
Value of QOH - Air Stations	\$	\$	\$
Intransit	\$	\$	\$
Repair Division	\$	\$	\$
OGA	\$	\$	\$
Loans	\$	\$	\$
Navy Type - Navy Owned	\$	\$	\$
Commercial	\$	\$	\$
Total	\$	\$	\$

- 5.4 If a variance exists, the Branch Chief will further breakdown the categories by stores account code (SAC) and condition code (CC) using the ARSC_INVENSL_SUM.SQL, SUPPLY_DETAIL_TOTAL.SQL, and LOANS_(FY).SQL reports.
- 5.5 The Fiscal Operations Branch Chief populates another spreadsheet with totals by SACs and CCs to compare outstanding loans and stock ledger balances to the general ledger balance as shown below:

Table 7.3 Spreadsheet with Totals by SACs and CCs

SAC	CC	Fiscal Accounting	Depot Supply	Difference	Adjustments	Difference
1	A	\$	\$	\$		\$
1	F	\$	\$	\$		\$
2	A	\$	\$	\$		\$
2	F	\$	\$	\$		\$
3	A	\$	\$	\$		\$
3	F	\$	\$	\$		\$
4	A	\$	\$	\$		\$
4	F	\$	\$	\$		\$
5	A	\$	\$	\$		\$
5	F	\$	\$	\$		\$
6	A	\$	\$	\$		\$
6	F	\$	\$	\$		\$
X	A	\$	\$	\$		\$
X	F	\$	\$	\$		\$
		\$	\$	\$		\$

- 5.6 The Branch Chief identifies and investigates all variances observed within the breakdown of SACs and CCs.
- 5.7 The Branch Chief prints reports as required to reconcile the variances. Reports must detail issues, receipts, backorders, gains, and losses covering the time period since the last reconciliation. The Branch Chief may drill into transactions at the SAC/CC level

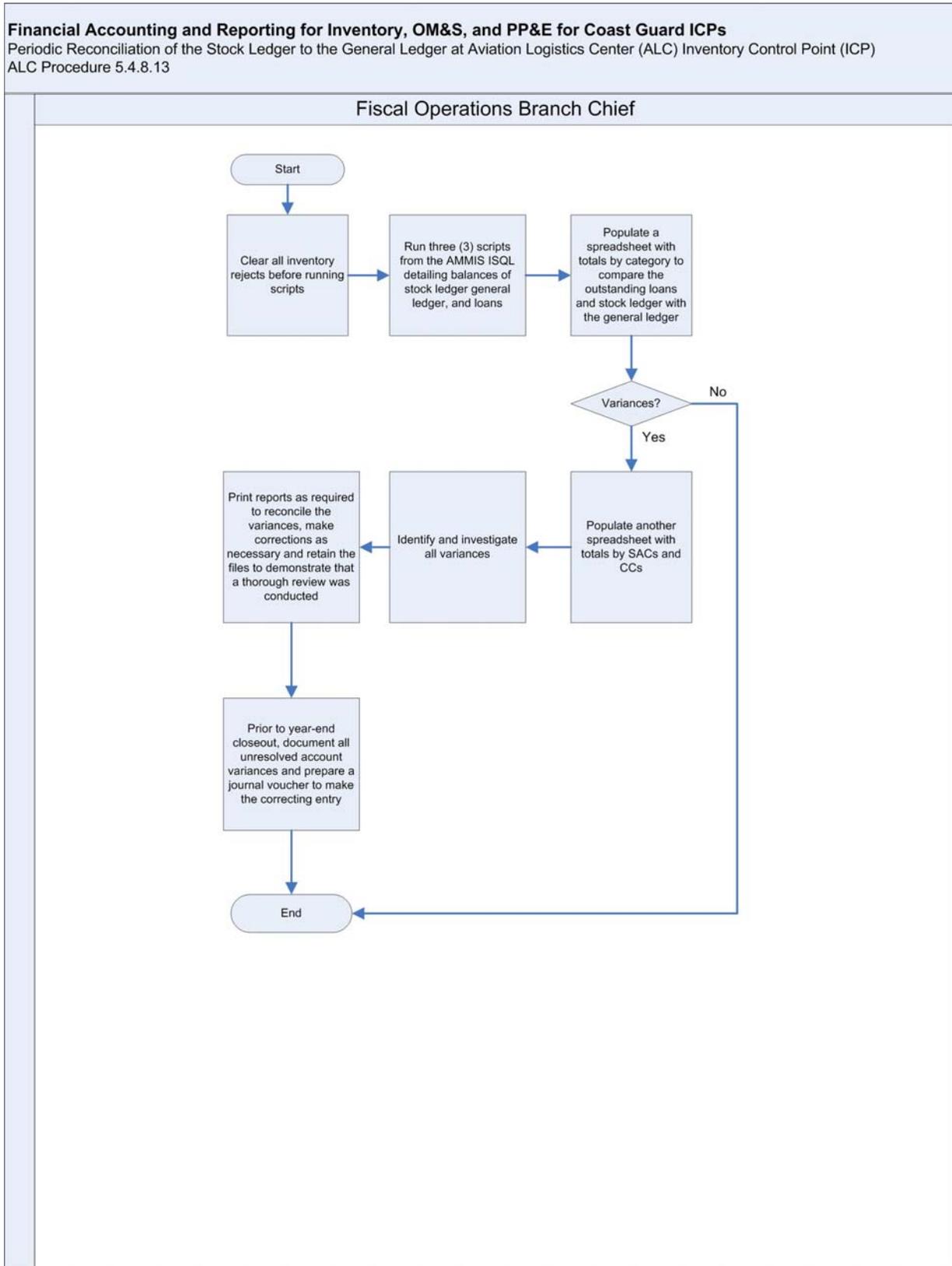
to find incorrect transactions for the in transit and Repair Division. The Branch Chief may look at individual air stations by SAC/CC, looking for duplicate turn-ins/issues. The Branch Chief will make corrections as necessary and retain these files to demonstrate that a thorough review was conducted (**IC: 5.7-C1**).

- 5.8 Erroneous transactions are corrected in AMMIS upon discovery. These erroneous transactions are reversed within AMMIS and reposted if necessary.
- 5.9 At year-end closeout, the Fiscal Operations Branch Chief documents all unresolved account variances and prepares a journal voucher to make the correcting entry. Year-end closeout procedures are addressed in procedure no. 7.5.7.20-ALC, "Financial Reporting."

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance and Management Information System
CC	Condition Code
ICP	Inventory Control Point
SAC	Stores Account Code

Figure 7.20 Periodic Reconciliation of the Stock Ledger to the General Ledger at ALC



**Periodic Review of Classification and Excess, Obsolete, & Unserviceable (EOU)
(ALC)**

Procedure No. 7.5.7.13-ALC

1.0 Overview

1.1 Procedure Summary

1.1.1 As stock items are maintained in the sustainment phase, periodic reviews must be made to ensure that inventory items are properly classified and valued in order to guarantee the integrity of the financial statements. Reviews shall be conducted on stock items to ensure they are still appropriately classified as either Operating Materiel or Supplies (OM&S) or as Property, Plant and Equipment (PP&E); and, also to determine if excess, obsolete, or unserviceable stock items exist. Timely and accurate categorization of Inventory Control Point (ICP) stock items at induction, and during lifecycle management, is essential to logistics support, valuation, and financial reporting.

ALC shall stratify and document long supply and insurance item stock quarterly. The review of inventory is essential to maintaining appropriate inventory levels in the aviation logistics pipeline. Properly applied, it minimizes costs and space requirements. Items determined not to be economical to stock, or, that due to configuration changes, is being phased out, shall be considered for coding as excess or obsolete and processed for disposal.

Periodic assessments of reparability codes shall be conducted through normal ICP activities, i.e. procurement and long supply reviews unless otherwise requested by a higher authority. In the event a change occurs impacting the reparability classification of a spare part as a result of an engineering change or logistics decision, or error in the item's stock record the following policy applies:

1.1.2 The reason for the change shall be documented in the item's stock record.

1.1.3 The ICP Comptroller or designate shall be notified of instances where an item's repair classification is changed from consumable to repairable or vice-versa.

1.1.4 The stock record or NIIN folder must show evidence the ICP Comptroller or designate received notification.

1.1.5 Classification changes from depot-level repairable to field-level repairable or consumable shall also be reflected in updated source, maintenance, and recoverability codes (SMRC) to ensure that the classification of an item continues to provide the most economical support throughout the life of the item.

The ICP financial report footnotes must reflect any changes in financial classification.

1.1.6 The Federal Logistics Information System (FLIS) shall be updated for items that have been catalogued.

The decision to maintain a supply item as repairable can be based on several factors:

- 1.1.6.1 Preventive and corrective maintenance support plans
- 1.1.6.2 Product availability
- 1.1.6.3 Economic Repair Quantity (ERQ)
- 1.1.6.4 Operational requirements
- 1.1.6.5 Quantity on hand
- 1.1.6.6 Demand requirements
- 1.1.6.7 Economic principles

1.2 Inputs

- 1.2.1 Quarterly listing of all stock held in ALC AMMIS database

1.3 Outputs

- 1.3.1 List of NIINs with potential excess or obsolete quantities
- 1.3.2 Materiel Review Form
- 1.3.3 Repair Code Classification Decision Tree
- 1.3.4 Determination of proper stock position for potential excess stock items
- 1.3.5 Determination of proper repair code for NIINs with potential excess quantities.

1.4 Applications

- 1.4.1 Asset Materiel Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure
- 1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3E, Section 5.4.8.1.
- 2.4 Uniform Supply Operations Manual, COMDTINST M4121.4, Chapter 10 & 11.

3.0 Document Retention

- 3.1 ICPs shall ensure auditable documentation is retained to support periodic reviews of reclassifications for the life cycle of the stock item plus three (3) fiscal years.
- 3.2 ICPs shall ensure auditable documentation is retained to support periodic reviews of excess, obsolete, and unserviceable for a period of three (3) fiscal years after completion of the review.
- 3.3 The results and documentation of the repairable support determination reviews, such as the Repair Code Classification Decision Tree, shall be maintained by ALC in the NIIN/item folder.

4.0 Responsibilities

- 4.1 Business Intelligence Branch (BIB), Business Operations Division (BOD) shall perform a quarterly review of all stock held in the ALC database to determine if the classification of the stock is correct.
- 4.2 Logistics Compliance Branch (LCB), Aviation Logistics Division (ALD) shall:
 - 4.2.1 Review NIIN lists from the Logistics Support Branch and distribute to respective product lines.
 - 4.2.2 Review completed NIIN evaluations and appropriately code materiel in AMMIS.
 - 4.2.3 Maintain results of periodic reviews in the NIIN history files.
- 4.3 Product Line Item Mangers shall:
 - 4.3.1 Evaluate NIINs identified for classification review and recommend action to be taken.
 - 4.3.2 Manage the review process to ensure the reviews of all NIINs under their control are completed within the time line.
 - 4.3.3 Assigned the primary responsibility for the management of assigned items of supply.
- 4.4 Product Line Supply Cell Leaders shall:
 - 4.4.1 Examine materiel review forms for completeness.
 - 4.4.2 Ensure the recommended action is supported.
- 4.5 Product Line Manager/Deputy shall:
 - 4.5.1 Examine the materiel review form to confirm the recommended action aligns with the logistics support plan for the aircraft.
- 4.6 The Comptroller or designated personnel shall ensure all stock items coded as excess, obsolete, and unserviceable and are valued at their estimated net realizable value, and properly reported on financial reports and statements.

5.0 Procedure

- 5.1 The BIB shall commence the quarterly review of all stock held in the ALC database to determine if the classification of the stock is correct. The methodology for the selection of NIINs for review is as follows:
 - 5.1.1 Select all materiel types 1, 2, 3, 4, 5, and 6. Types 7 and 8 are not candidates. Shipping containers (Federal Supply Class 8145) are not candidates.
 - 5.1.2 Forecast demand for each NIIN using single exponential smoothing on previous years demand. All demand and stock-position data will be rolled to Head of Family.
 - 5.1.3 Classify the stock position of each NIIN into one of the following categories:
 - 5.1.3.1 Current Use – Items currently being used by Coast Guard assets. Also known as “Held for Sale/Use”.
 - 5.1.3.2 Future Use – The following types of materiel are considered “Held in Reserve for Future Use”:
 - 1) Project Materiel – Items of supply that are held for a specific purpose, with a specific start and end date, and a specific authorized recipient.

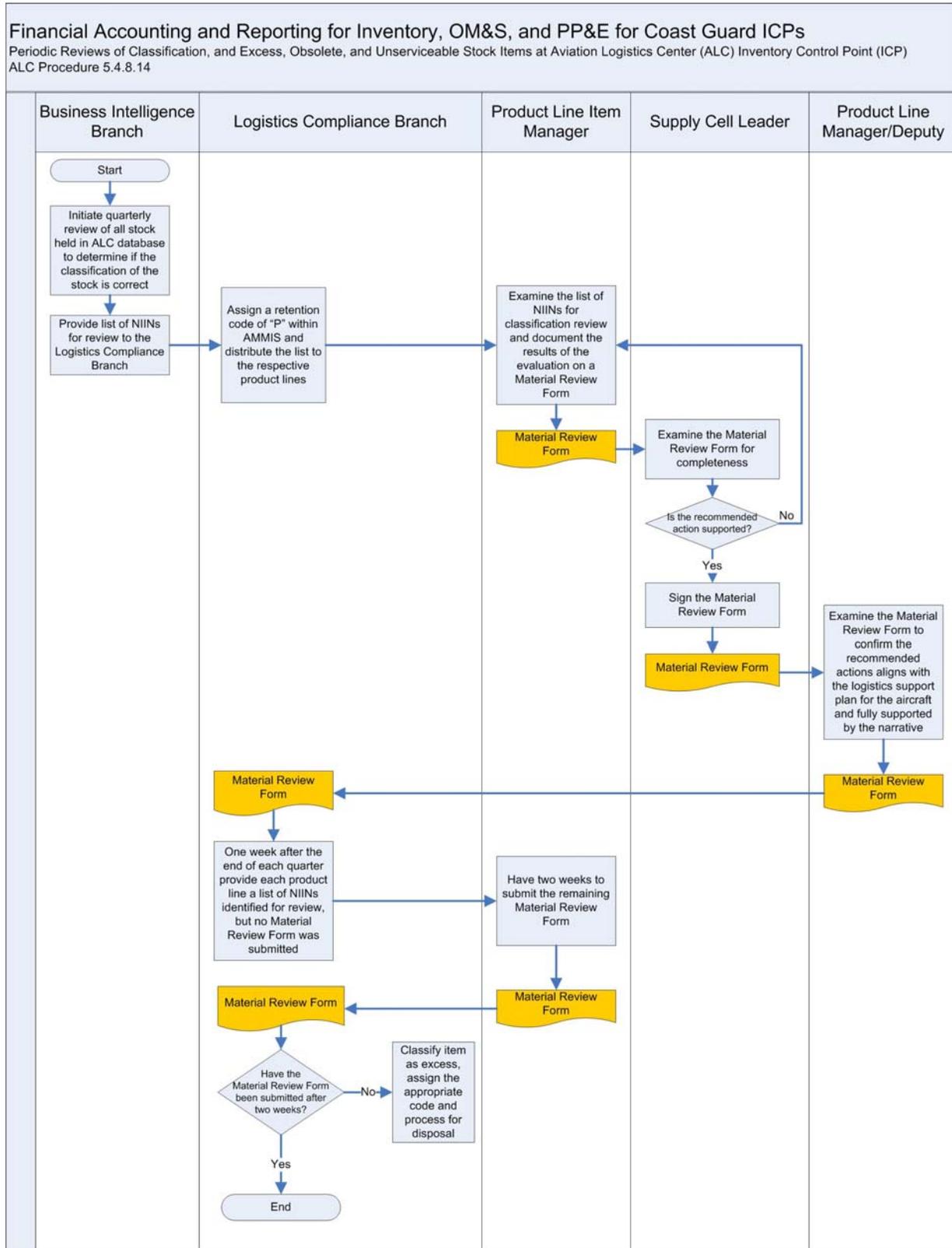
- 2) Government Furnished Materiel (GFM) – Items of supply that are issued and consumed in the manufacturing or repair process. This item is not returned to the ICP.
 - 3) Government Furnished Equipment (GFE) – Items of supply that are used to assist in the manufacture or repair process. The item is loaned and is returned to the ICP after completion of repair or manufacture.
- 5.14 *Insurance* – Also referred to as life-of-system materiel. Items held that have no forecasted demand in the course of normal operations, but long lead-time, diminishing source of supply, mission criticality or other engineering reason make retention necessary.
- 5.15 Potential Excess (Long Stock) - The quantity of demand based stock that is above the economic retention limit or insurance level and must be reviewed to determine if economic retention factors can be applied. Because supply requirements usually fluctuate over a period of time, a long supply quantity which is 10 percent or less of the total stock quantity of the item is considered marginal and need not be reviewed or reduced. Any item with a quantity greater than 110% of 2 years worth of demand, including safety stock, must be evaluated as potential excess, as long as the item is no longer in the demand development period.
- 5.16 Provide the list of NIINs for review to the Logistics Compliance Branch (LCB) Aviation Logistics Division to assign retention code “P” and forward to the appropriate product lines. Retention code “P” signifies that an item is pending line item review. This code is entered in the surf_orders field of the as_ds_invnt table within AMMIS to signify that it is pending line item review **(IC: 5.1-C1)**.
- 5.17 Upon receipt of the review lists from the BIB, the Logistics Compliance Branch (LCB) will distribute the lists to the respective product lines.
- 5.18 Product Line Item Managers will examine the list of NIINs for classification review and document the results of their evaluation on a Materiel Review Form. This evaluation includes the determination of whether the item is to be classified as a repairable or a consumable. Evaluation of end item application is conducted by entering the end item application on the Materiel Review Form.
- 5.19 If the Item Manager recommends retention of quantities exceeding two (2) years historical demand, plus safety stock, the appropriate engineering and procurement cell personnel will be consulted to support the recommended action. Recommended action should specify quantities to retain (if applicable), recommended repair code, recommended stock position (insurance, excess, obsolete, etc.) and/or recommended disposal actions.
- 5.20 The Item Manager will forward the Materiel Review Form to the Supply Cell Leader. The Supply Cell Leader will examine the form for completeness and to ensure the recommended action is supported prior to signing and forwarding to the Product Line Manager/Deputy for approval **(IC: 5.5-C1)**.

- 5.21 The Product Line Manager/Deputy shall examine the Materiel Review Forms to confirm the recommended action aligns with the logistics support plan for the aircraft and is fully supported by the narrative **(IC: 5.6-C1)**.
- 5.22 Copies of the approved Materiel Review Forms will be forwarded to the LCB.
- 5.23 One week after the end of each quarter the LCB will provide each product line
 - a List of NIINs identified for review, but for which no Materiel Review Form has been submitted.
- 5.24 The product line will have two weeks to submit the remaining Materiel Review Forms. Items without Materiel Review Forms after the two weeks have elapsed will be classified as excess, assigned the appropriate code and processed for disposal.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
ALD	Aviation Logistics Division
AMMIS	Asset Materiel Management Information System
BIB	Business Intelligence Branch
BOD	Business Operations Division
ERQ	Economic Repair Quantity
FLIS	Federal Logistics Information System
FRMM	Financial Resource Management Manual
GFE	Government Furnished Equipment
GFM	Government Furnished Materiel
ICP	Inventory Control Point
LCB	Logistics Compliance Branch
NIIN	National Item Identification Number
OEM	Original Equipment Manufacturer
OM&S	Operating Materiel and Supplies
PP&E	Property, Plant and Equipment
SMRC	Supply Maintenance Recoverability Code

Figure 7.21 Periodic Reviews of Classification and EOU Stock Items at ALC



Changes in Classification of Stock Items (ALC)

Procedure No. 7.5.7.14-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items occasionally require a classification change due to factors such as long procurement lead time, unavailability through procurement, excess on hand quantities, increased repair cost, or imminent obsolescence. When these circumstances arise, a review of the stock item will be completed for possible reclassification. The review process shall consider the maintenance support plan, resource requirements, materiel availability, on hand quantities, production lead time, Economic Retention Quantity (ERQ) and operational readiness. Stock item classification is also evaluated during the quarterly Long Supply Review. As required by the Uniform Supply Operations Manual (USO), a review must be conducted annually to confirm the accuracy of the repair codes and end item application codes loaded against wholesale inventory items. Any changes in the classification can have an impact on the valuation of the ICP stock items as well as impacting the financial statements.

1.2 Inputs

- 1.2.1 Long Supply Review Program
- 1.2.2 Periodic Review of Stock Item Classification

1.3 Outputs

- 1.2.2 Repair Code Classification Tree
- 1.2.3 Materiel Review Form
- 1.3.3 Reclassification of Stock Item

1.4 Applications

- 1.2.4 Asset Maintenance Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.2.5 Presentation and Disclosure
- 1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.5 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4, May 21, 2007.

3.0 Document Retention

- 3.1 ALC Materiel Review Forms, Repair Code Classification Trees and any documents that pertain to the reclassification of the stock item will be maintained in the NIIN folder for the life of the stock item plus three (3) years.

4.0 Responsibilities

- 4.1 Item Managers (IM) have responsibility for reviewing and recommending the reclassification of stock items.
- 4.2 Supply Cell Leaders and Product Line Managers shall review all reclassification recommendations and determine disposition.
- 4.3 The Financial Operations Branch Chief shall ensure that reclassifications are identified and summarized in the ICP PP&E classification summary (end item) report so that the cumulative financial impact can be evaluated by FINCEN.
- 4.4 FINCEN shall ensure that the valuation impact from reclassification is evaluated each period to determine if a top level financial statement adjustment (i.e., catch up depreciation, write-up, write-down) shall occur.

5.0 Procedure

- 5.1 Stock items are periodically reviewed to validate the repair classification. These reviews can arise through normal ALC activities such as procurement and Long Supply Reviews or through one of the following:
 - 5.1.1 A quarterly random review is conducted by Commandant (CG-4) as part of the statistical sample observation where a minimum of five (5) existing repairable items are selected from the sample population (**IC: 5.1-C1**).
 - 5.1.2 A repairable review shall be conducted when the associated asset or end item component is identified for logistics update or disposal.
- 5.2 As a result of circumstances requiring a repairable review, Item Managers will complete a Materiel Review Form (Enclosure 2 to ALCINST 4442.1) and annotate a Repair Code Classification Tree for each National Item Identification Number (NIIN) to document the review as follows:

AMMIS information current at the time of the review will be used to complete the top section of the review form.

The narrative section of the review form will be used to document item information (lead time data, diminishing sources of supply, engineering changes, etc.) supporting the recommended course of action.

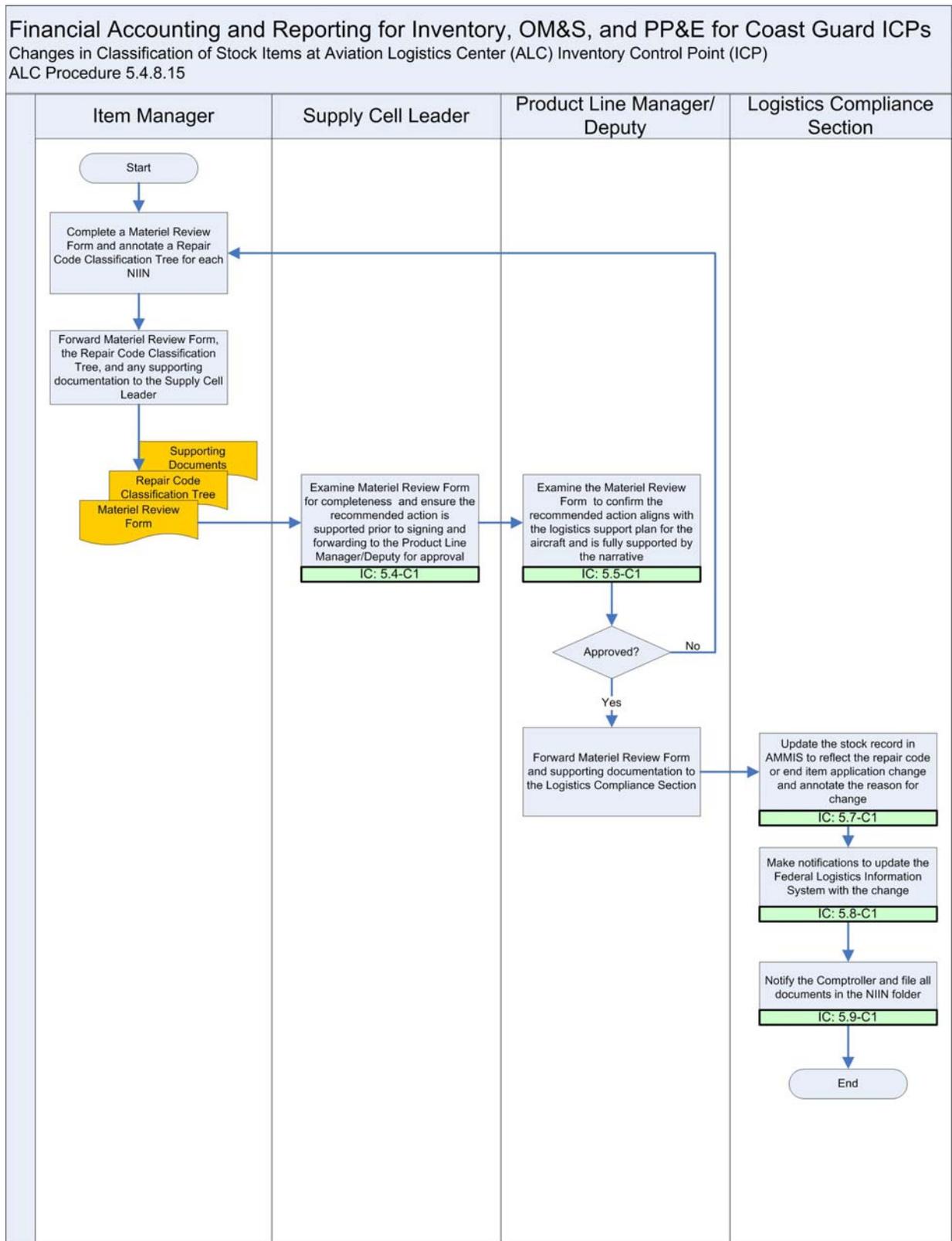
The recommended action should specify quantities to retain, recommended item classification (insurance, excess, obsolete, etc), repair code classification and/or recommended disposal actions.
- 5.3 IMs will forward the Materiel Review Form, the Repair Code Classification Tree, and any supporting documentation to their respective Supply Cell Leader.

- 5.4 The Supply Cell Leaders examines the Materiel Review Form for completeness and ensures the recommended action is supported prior to signing and forwarding to the Product Line Manager/Deputy for approval **(IC: 5.4-C1)**.
- 5.5 The Product Line Manager/Deputy examines the Materiel Review Forms to confirm the recommended action aligns with the logistics support plan for the aircraft and is fully supported by the narrative **(IC: 5.5-C1)**.
- 5.6 If the review results in an approved recommendation to change the Repair Code, the Materiel Review Form and supporting documentation is forwarded to the Logistics Compliance Section for update of the stock record.
- 5.7 The Logistics Compliance Section will update the stock record in AMMIS to reflect any repair code or end item application change and annotate the reason for the change **(IC: 5.7-C1)**.
- 5.8 The Logistics Compliance Section will make notifications to update the Federal Logistics Information System with any repair code changes **(IC: 5.8-C1)**.
- 5.9 The Comptroller or designated personnel will also be notified of any repair code changes and all documents will be filed in the NIIN folder **(IC: 5.9-C1)**.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics System
AMMIS	Asset Maintenance Management Information System
ERQ	Economic Retention Quantity
FINCEN	United States Coast Guard Financial Center
ICP	Inventory Control Point
IM	Item Manager
NIIN	National Item Identification Number

Figure 7.22 Changes in Classification of Stock Items at ALC



**Loans, Redistributions, and Mandatory Turn-in of Stock Items
(ALC)**

Procedure No. 7.5.7.15-ALC

This procedure is divided into three parts, each of which is described in a separate subprocedure in the pages that follow:

- 7.5.7.15.1-ALC Receipt of Mandatory Turn-In Stock Items
- 7.5.7.15.2-ALC Loan of Stock Items
- 7.5.7.15.3-ALC Tracking of ACMS Stock Items

**Receipt of Mandatory Turn-In Stock Items
(ALC)**

Procedure No. 7.5.7.15.1-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1. A Mandatory Turn-in (MTI) is typically a depot level repairable (DLR) “F” condition asset that is being returned from a unit when an “A” condition asset is issued. In some cases, analysis has determined that carcass value and depot level repairs are more cost effective than disposal and asset renewal. In other cases, the materiel involved is obsolete on the open market and must be repaired due to the unavailability of new “A” condition assets. Under the MTI Program, when requisitioning “A” condition assets that are considered DLRs, units are expected to return the “F” condition carcass to the Aviation Logistics Center (ALC) for repair. It is essential to ensure the “F” condition materiel is returned to the ALC in a timely manner in order to initiate repair orders to ensure the assets are available for future requisitions.

1.2 Inputs

- 1.2.1 Incoming freight classified as turn-in materiel

1.3 Outputs

- 1.3.1 Receipting in AMMIS

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)

1.5 Financial Assertions

- 1.5.1 Completeness and Accuracy
1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).
- 2.5 United States Coast Guard, Aviation Logistics Center (ALC), Unsatisfactory Reports (UR) and Quality Deficiency Reports (QDR) Processing Procedures, August 2008.

3.0 Document Retention

- 3.1 ALC shall ensure that auditable documentation is retained to support the reviews of mandatory turn-in transactions for a period of three (3) years after the recording of the transaction.

4.0 Responsibilities

- 4.1 Materiel Handlers are responsible for timely and accurate processing of MTI receipts. Materiel Handlers shall validate quantity, part number and condition code of all MTI materiel received.
- 4.2 The Receiving Office is responsible for receipting MTI materiel into AMMIS. The Receiving Office will maintain all MTI receipt documentation and track resolution of frustrated MTI items.

5.0 Procedure

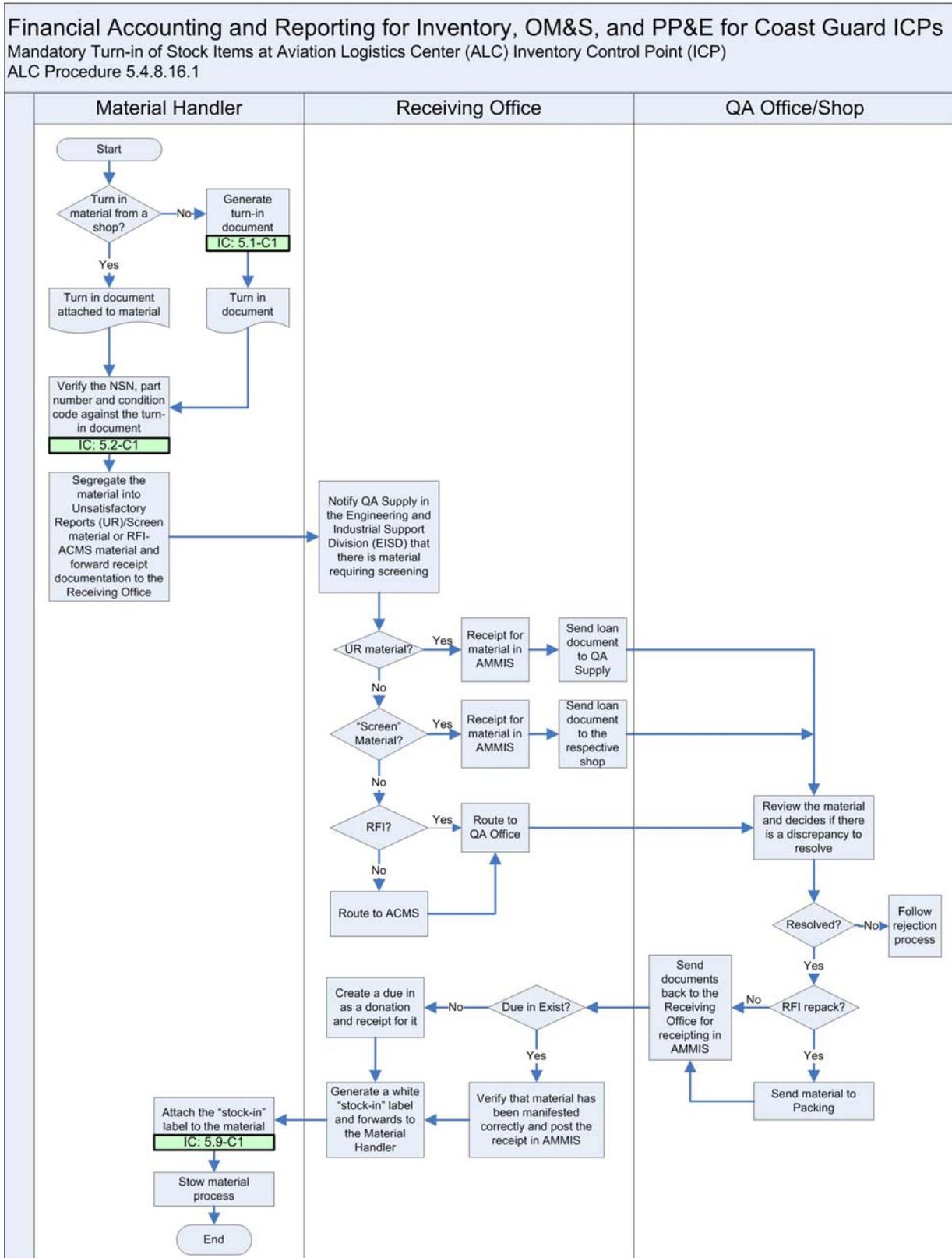
Once turn-in materiel is received at the warehouse, the following procedures are applied:

- 5.1 If the item is from a shop, the Materiel Handler generates a turn-in document **(IC: 5.1-C1)**. If the item is not from a shop, the Turn-in document should be with the Materiel.
- 5.2 The Materiel Handler checks the turn-in document against the manifest. The Materiel Handler verifies the National Stock Number (NSN), part number and condition code against the turn-in document received with the Materiel **(IC: 5.2-C1)**.
- 5.3 The Materiel Handler segregates the Materiel into Unsatisfactory Reports (UR)/Screen Materiel or RFI-ACMS Materiel and forwards receipt documentation to the Receiving Office.
- 5.4 The Receiving Office processes UR/Screen Materiel as follows:
 - 5.4.1 Notifies Quality Assurance (QA) Supply in the Engineering and Industrial Support Division (EISD) that there is Materiel requiring screening.
 - 5.4.2 Receipts for the Materiel in AMMIS.
 - 5.4.3 If the item is UR, the Receiving Office sends a loan document to QA Supply.
 - 5.4.4 If the item is Screen materiel, the Receiving Office sends a loan document to the respective shop.
- 5.5 The QA office reviews the documents and decides if there is a discrepancy to resolve, if the materiel needs to be scrapped, or other action is needed.
- 5.6 QA will send the documents back to the Receiving Office for receipting in AMMIS. If the materiel is an RFI repack, QA sends the materiel to Packing and then the receipt documentation is submitted to the Receiving Office for receipting in AMMIS.
- 5.7 The Receiving Office will verify that a due in exists. If there is no due in, the item is considered an excess due in. The Receiving Office will create a due in as a donation and the receipt for it. If a due in does exist, the Receiving Office verifies that it has been manifested correctly and posts the receipt in AMMIS.
- 5.8 The Receiving Office generates a white “stock-in” label and forwards to the Materiel Handler.
- 5.9 The Materiel Handler attaches the “stock-in” label to the materiel to assist in stowing and future identification of the materiel **(IC: 5.9-C1)**.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ACMS	Aviation Computerized Maintenance System
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance and Management Information
DLR	Depot Level Repairable
EISD	Engineering and Industrial Support Division
ICP	Inventory Control Point
MTI	Mandatory Turn-in
NSN	National Stock Number
QA	Quality Assurance
QDR	Quality Deficiency Reports
RFI	Ready for Issue
UR	Unsatisfactory Reports

Figure 7.23 Mandatory Turn-in of Stock Items at ALC



**Loan of Stock Items
(ALC)**

Procedure No. 7.5.7.15.2-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items are occasionally loaned out to shops to assist in the manufacture or repair process and also temporarily loaned to Quality Assurance (QA) for inspection. Loans of materiel may also be issued to vendors, product lines, and for Aviation Computerized Maintenance System (ACMS) tracking. The temporary transfer of materiel is routinely accounted with loan documents. These stock items are loaned and then returned to the Aviation Logistics Center (ALC) after completion of the work.

1.2 Inputs

- 1.2.1 Repair or manufacture requirement with a need to provide Government Furnished Equipment (GFE) to the repair or manufacturing shops
- 1.2.2 Quality Assurance requirement
- 1.2.3 Periodic Inventory Statistical Sample

1.3 Outputs

- 1.3.1 DD-1348-1A loan document
- 1.3.2 Validation of loaned materiel
- 1.3.3 Receipt of loaned materiel

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)
- 1.4.2 Aviation Computerized Maintenance System (ACMS)

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy
- 1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.4 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.5 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).

3.0 Document Retention

- 3.1 ALC shall ensure that auditable documentation is retained to support the review of loan transactions for a period of three (3) years after the recording of the transaction.

4.0 Responsibilities

- 4.1 The Receiving Office is responsible for timely and accurate entry of loan transactions within AMMIS.
- 4.2 The Warehousing and Distribution Section shall ensure that stock items identified for loans are processed in an accurate and timely manner. The Warehouse and Distribution Section shall ensure the movement of stock items is accurately reflected in AMMIS.
- 4.3 IMs, Quality Assurance, ALC shops and all others in possession of loaned materiel shall keep the Receiving Office informed of any transaction adjustments that might compromise the inventory validity. IMs shall ensure the timely return of loaned stock items after work is completed.

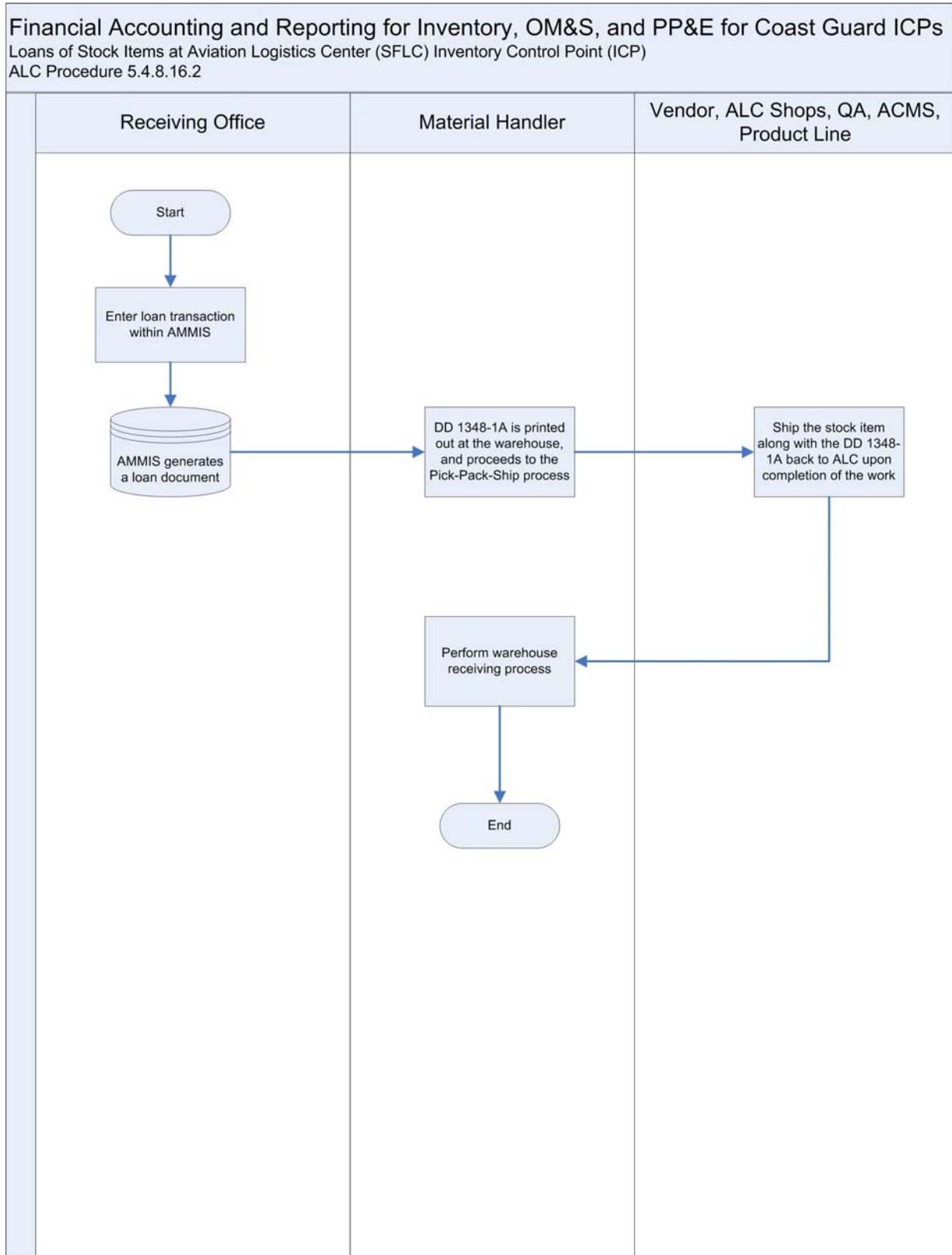
5.0 Procedure

- 5.1 ALC shops, QA inspectors, Inventory Managers, vendors and ACMS personnel often require the temporary possession of stock items to conduct various work projects. The temporary transfer of custody is accomplished with a loan document processed as follows:
- 5.2 The Receiving Office generates a loan document in AMMIS.
- 5.3 A DD-1348-1A is printed out at the warehouse and proceeds to the pick-pack-ship procedure.
- 5.4 The stock item is delivered to the customer.
- 5.5 The customer will return the stock item with the DD-1348-1A back to the ALC warehouse upon completion of the work.
- 5.6 The materiel then goes through the ALC Warehouse receiving process.
- 5.7 All loan due-ins are validated annually in conjunction with the physical inventory statistical sample (**IC: 5.6-C1**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ACMS	Aviation Computerized Maintenance System
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance and Management Information System
GFE	Government Furnished Equipment
ICP	Inventory Control Point
IM	Inventory Manager
QA	Quality Assurance

Figure 7.24 Loans of Stock Items at ALC



**Tracking of ACMS Stock Items
(ALC)**

Procedure No. 7.5.7.15.3-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 An Aviation Computerized Maintenance System (ACMS) part is identified by the Inventory Manager (IM) as requiring special tracking. The ACMS database keeps track of all individual parts installed on individual aircraft, flags the required maintenance, and records the history of repairs for each part by tracking individual parts by their unique serial numbers. Parts can be identified for special tracking for maintenance-driven reasons such as Materiel Turn In (MTI), Flight Critical, life limit, or other indicators as identified by the IM. Under the ACMS Program, when requisitioning an “A” condition asset, units are expected to return the “F” condition carcass to the Aviation Logistics Center (ALC) for repair. Inventory Managers and ACMS custodians shall review all pending ACMS returns as required to ensure their location is correctly stated in the ACMS.

1.2 Inputs

- 1.2.1 ACMS Component Summary Report

1.3 Outputs

- 1.3.1 Returned ACMS parts
1.3.2 Power By-The-Hour Notice

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)
1.4.2 Aviation Computerized Maintenance System (ACMS)

1.5 Financial Statement Assertions

- 1.3.3 Completeness and Accuracy
1.3.4 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).

3.0 Document Retention

- 3.1 ALC shall ensure that auditable documentation is retained to support the reviews of mandatory turn-in transactions for a period of the current year and three (3) fiscal years after the recording of the transaction. All ACMS documentation is maintained and archived for the life of the type of aircraft.

4.0 Responsibilities

- 4.1 ALC is responsible for funding the freight charges for the return shipment of all ACMS items. Air Stations contact ESD Traffic Division to request a Commercial Bill of Lading (CBL) for returning all Not Ready for Issue (NRFI) ACMS shipments.
- 4.2 The Storage and Distribution Branch is responsible for inputting a proper shipping date into AMMIS for all Dynamic/Avionics items that are issued from ALC on the day the items are shipped. The Storage and Distribution Branch is responsible for inputting a proper receiving date into AMMIS for all Dynamic/Avionics items that are shipped to ALC on the day the items are received.
- 4.3 The Engineering Services Division (ESD) is responsible for the development and management of the ACMS program. The ESD is responsible for inputting a proper shipping date into ACMS for all Dynamic/Avionics items that are issued from ALC on the day the items are shipped. The ESD is responsible for inputting a proper ship date in ACMS for all Dynamic/Avionics shipments from remote stock locations. The ESD is responsible for inputting a proper receiving date into ACMS for all Dynamic/Avionics items that are shipped to ALC on the day the items are received. The ESD is responsible for inputting a proper ship date in ACMS for all "Power by the Hour" direct shipments to and from Rockwell Collins contractor sites.
- 4.4 Inventory Managers (IMs) have responsibility for tracking all parts under their cognizance, and use the ACMS as a tool to track the parts under the system.

5.0 Procedure

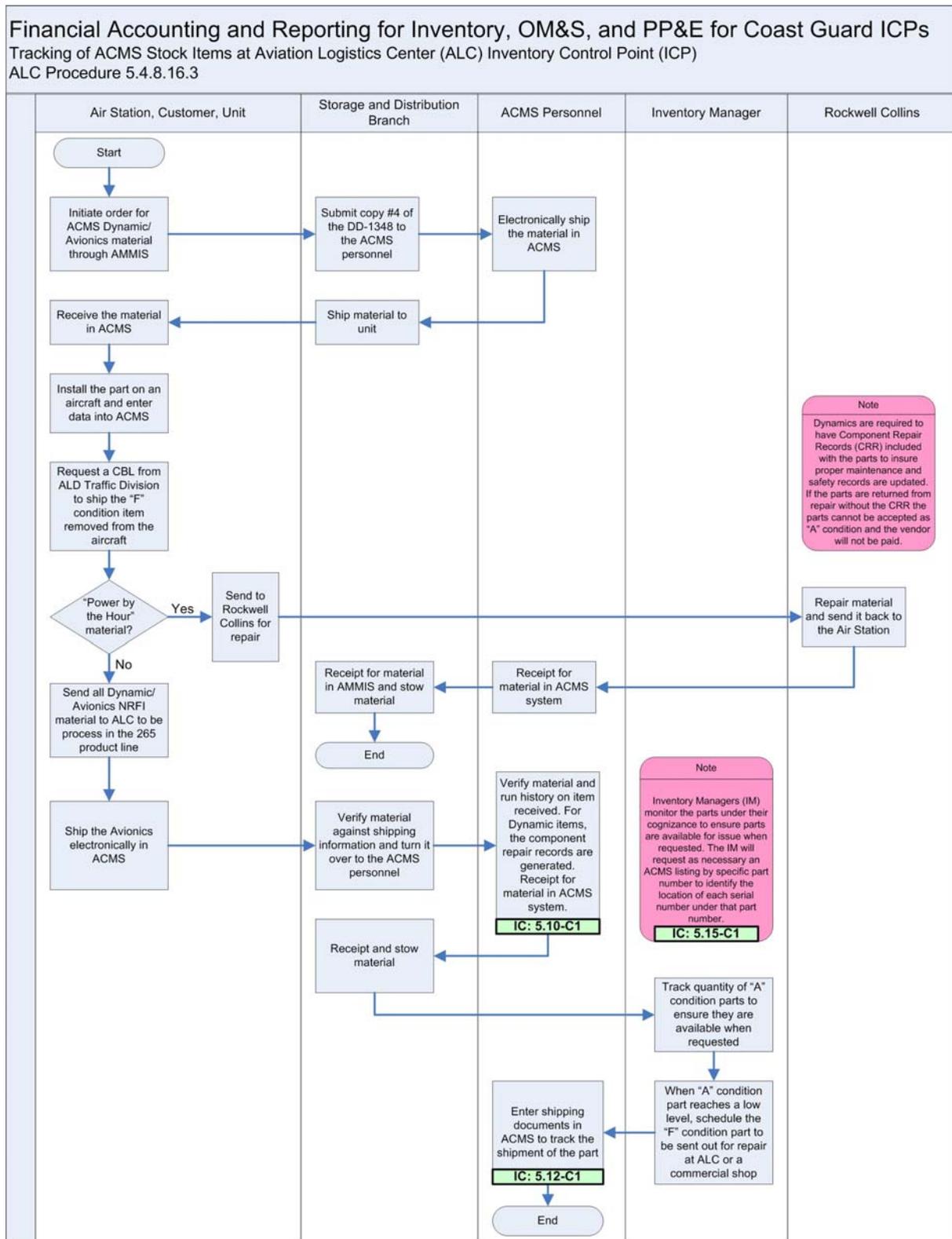
- 5.1 Customers initiate orders for ACMS Dynamic/Avionics materiel electronically through AMMIS; these transactions are received via automated means and are process
- 5.2 The packing and shipping personnel will submit copy # 4 of the DD-1348-1A to the ACMS personnel to electronically ship the materiel in the ACMS.
- 5.3 Upon receipt of the part, the receiving unit will electronically receive the part in the ACMS system, recording that the part is now in their custody.
- 5.4 When ready, the unit will install the part on an aircraft and enter the data into ACMS to track the hours on the part, and the aircraft it is installed on. The "F" condition part that was removed from the aircraft is held in the Air Station's inventory until shipped.

- 5.5 When ready to ship the “F” condition part, the Air Station requests a commercial bill of lading (CBL) from the ALD Traffic division.
- 5.6 If the part is a Dynamic/Avionics item it is sent to ALC for processing in the 265 product line. Once shipped, the Air Station electronically ships avionics to ALC electronically in ACMS.
- 5.7 The NRFI materiel received at ALC is routed to the 265 product line for receiving.
- 5.8 After the materiel is verified against the shipping information it is turned over to the ACMS personnel to be received back into the ACMS system.
- 5.9 ACMS personnel will verify materiel and run history on the item received. For Dynamic items, the component repair records are generated.
- 5.10 ACMS personnel receipt for materiel in the ACMS system (**IC: 5.10-C1**). After receipt in the ACMS system the part is returned to the incoming parts system for receipt and stowage.
- 5.11 If materiel falls under the “Power by the Hour” program, the parts are drop shipped directly to Rockwell Collins for repair from the air station. These parts are required to be at Rockwell Collins within 7 days of being identified as “F” condition per the contract.
- 5.12 After repair, “Power by the Hour” parts are sent to ALC for receipt into AMMIS and ACMS as an “A” condition asset. When received these parts are sent direct to the Program Depot Maintenance (PDM) line.
- 5.13 The IM will track the quantity of “A” condition parts to ensure they are available when requested. When a part reaches a low level the IM will schedule the part to be sent out for commercial repair. The shipping document sending the part out is entered into ACMS to track the shipment of the part (**IC: 5.13-C1**) For parts being repaired internally at the ALC the loan document will be used as the ACMS tracking number to record the location of the part.
- 5.14 When the “A” condition parts are received back from the vendor or the shops, they are received back under the repair or loan document as appropriate.
 - 5.1.5 Parts identified as Dynamics parts are required to have Component Repair Records (CCR) included with the parts to insure proper maintenance records are updated. If the parts are returned from repair without the CRR, the parts cannot be accepted as “A” condition and the vendor will not be paid.
- 5.16 IMs monitor the parts under their cognizance to ensure parts are available for issue when requested. The IM will request as necessary an ACMS listing by specific part number to identify the location of each serial number under that part number (**IC: 5.16-C1**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ACMS	Aviation Computerized Maintenance System
ALC	Aviation Logistics Center
ALD	Aviation Logistics Division
AMMIS	Asset Maintenance and Management Information System
CBL	Commercial Bill of Lading
CRR	Component Repair Records
ESD	Engineering Services Division
ICP	Inventory Control Point
IM	Inventory Manager
MTI	Materiel Turn-in
NRFI	Not Ready For Issue
NSN	National Stock Number
PDM	Program Depot Maintenance
RFI	Ready for Issue

Figure 7.25 Tracking of ACMS Stock Items at ALC



Issue and Sale of Stock Items (ALC)

Procedure No. 7.5.7.16-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items are commonly issued at the Aviation Logistics Center (ALC). Issues occur as a result of requisitions submitted to ALC and the subsequent filling of these orders. The majority of requisitions received by ALC are submitted by USCG Air Stations through Asset Maintenance and Management Information System (AMMIS).

1.2 Inputs

- 1.2.1 Incoming requisitions received via AMMIS
- 1.2.2 Air station issues
- 1.2.3 Sale of materiel to other government agencies (OGAs)

1.3 Outputs

- 1.3.1 DD-1348, Issue, Release/Receipt Document

1.4 Applications

- 1.4.1 AMMIS

1.5 Financial Statement Assertions

- 1.5.1 Rights and Obligations
- 1.5.2 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).

3.0 Document Retention

- 3.1 ALC shall ensure that auditable documentation to support issues and sales is kept in an audit-ready status for a period of the current year and three (3) fiscal years after the issue or sale is complete.

4.0 Responsibilities

- 4.0 The Aviation Logistics Division (ALD) is responsible for maintaining accurate issue records to ensure all issues are authorized.
- 4.2 The Storage and Distribution Branch shall ensure that stock items identified for issues are processed in an accurate and timely manner.
- 4.3 Inventory Managers (IMs) are responsible for screening all restricted materiel requisitions for corrective action or materiel release.

5.0 Procedure

To request materiel from ALC, Air Station inventory personnel initiate the request directly in AMMIS. During times when periodic inventories are being conducted, customers will contact the Inventory Control Officer directly to requisition high priority items. Materiel requests can also originate from the Aviation Technical Training Center (ATTC), and as sales to OGA.

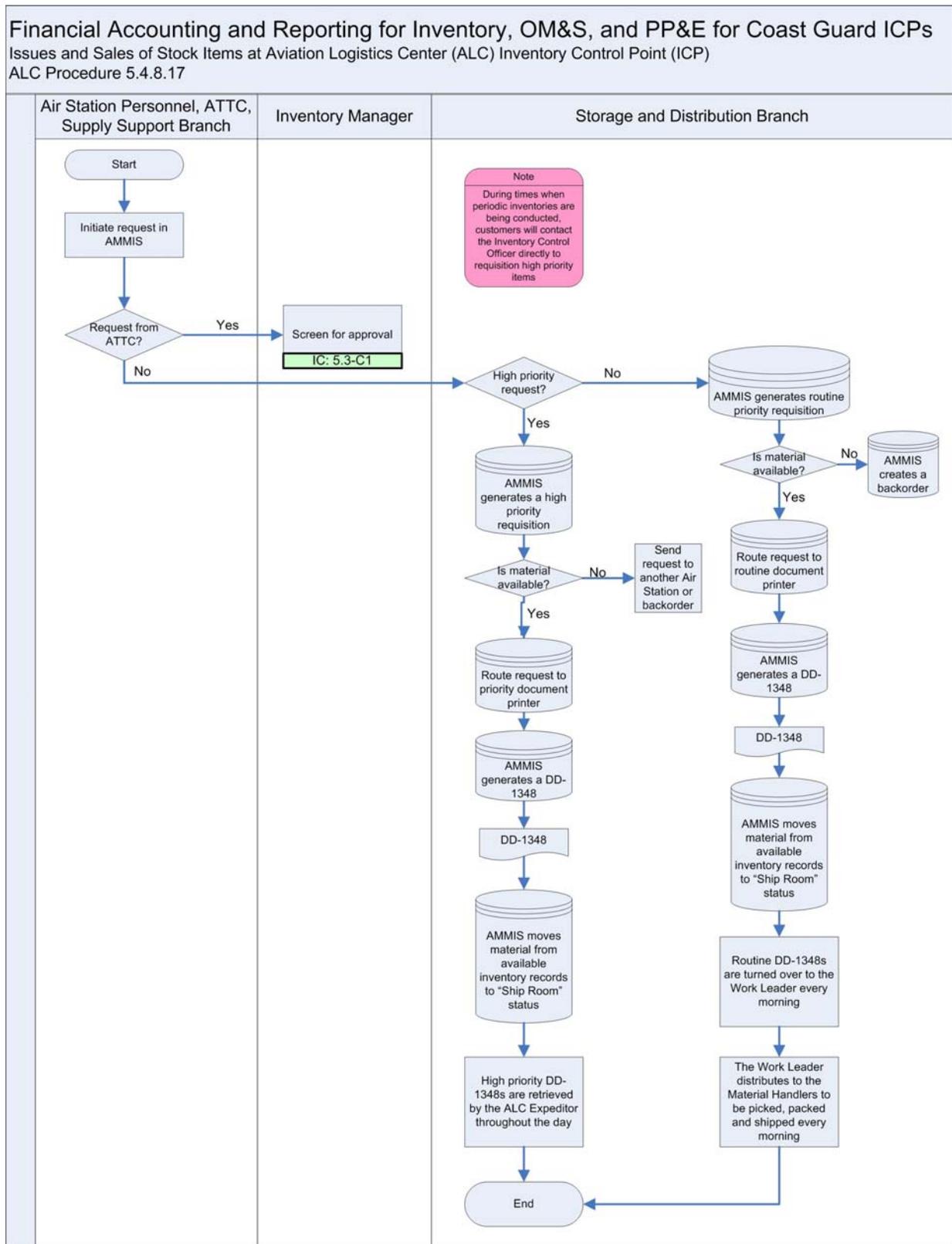
- 5.1 The Supply Support Branch will process sales to OGA as miscellaneous requisitions with a reason code "SO" (sale to OGA) and an appropriate condition code.
- 5.2 Upon entry of a materiel request, AMMIS automatically generates either a priority 02 or a priority 05 requisition. Air station issues of materiel from stock automatically generate a priority 12 requisition. Priority 02 requisitions for air stations are normally associated with a "not mission capable" aircraft status. Priority 05 requisitions for the air stations are normally associated with upcoming or planned maintenance. Priority 12 requisitions are normally for stock replenishment at the air stations.
- 5.3 The ATTC generates priority 05 requisitions. These requisitions must be approved by the Inventory Manager at ALC (**IC: 5.3-C1**).
- 5.4 The incoming requisitions are sorted in the system by priority. If the materiel is not available for issue, the requisition is backordered. If the materiel request is urgent, the request may be sent to another air station.
- 5.5 High priority requests (priorities 02 and 03 "999") are routed to the priority document printer and print continuously throughout the day as they are received. Two pages consisting of four copies are printed, (copies 1 & 2 on page one, copies 3 & 4 on page two) on yellow paper so it is easy to identify them as high priority requests (**IC: 5.5-C1**). If the materiel request is urgent, the request may be sent to another air station.
- 5.6 Routine transactions (priorities 05 and 12) are printed during the night and are sent to the routine document printer. Two pages consisting of four copies are printed, (copies 1 & 2 on page one, copies 3 & 4 on page two) on white paper to differentiate them from high priority requisitions and are picked the next morning after they are printed (**IC: 5.6-C1**).
- 5.7 Upon the generation of the DD-1348, AMMIS automatically moves the materiel from ALC's available inventory records to a "Ship Room" status within AMMIS. Placing the inventory in the Ship Room status designates the item as pending shipment and ensures that a duplicate request for the item cannot be received by another air station

(IC: 5.7-C1). The routine document turned over to the work leader every morning to be issued out to the materiel handlers to be picked, packed and shipped. High priority requisitions are picked, packed and shipped throughout the day as they are received.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
ALD	Aviation Logistics Division
AMMIS	Asset Maintenance and Management Information System
ATTC	Aviation Technical Training Center
FASAB	Federal Accounting Standards Advisory Board
FRMM	Financial Resource Management Manual
ICP	Inventory Control Point
IM	Inventory Manager
OGA	Other Government Agencies

Figure 7.26 Issues and Sales of Stock Items at ALC



**Pick-Pack-Ship
(ALC)**

Procedure No. 7.5.7.17-ALC

This procedure is divided into two parts, each of which is described in a separate subprocedure in the pages that follow:

7.5.7.17.1-ALC Pick-Pack-Ship of Stock Items

7.5.7.17.2-ALC Pick-Pack-Ship Report Reconciliation

**Pick-Pack-Ship of Stock Items
(ALC)**

Procedure No. 7.5.7.17.1-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Issues of stock items must be picked from warehouse shelf locations, packed in an acceptable manner, and shipped to customers within designated timelines. A timely and accurate pick-pack-ship process is essential in order to reflect an accurate account of on-shelf inventory.

1.2 Inputs

- 1.2.1 DD-1348 – Warehouse materiel picking document form

1.3 Outputs

- 1.3.1 Shipping Documentation

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)
- 1.4.2 Global Freight Management System (GFM)

1.5 Financial Statement Assertions

- 1.5.1 Completeness
- 1.5.2 Rights and Obligations
- 1.5.3 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST
- 2.5 United States Coast Guard, Uniform Supply Operations Manual (USO) M4121.4 (series).

3.0 Document Retention

- 3.1 The Aviation Logistics Center (ALC) shall ensure documentation to support pick-pack-ship transactions is retained in an audit-ready status for a period of the current year and three (3) fiscal years after the pick-pack-ship transaction date of the item.

4.0 Responsibilities

- 4.1 The Storage and Distribution Branch shall ensure that all stock items are picked from warehouse locations in an accurate and timely manner so that on-shelf quantities and stock records are in balance during physical inventories and other scheduled testing by internal or external entities.
- 4.2 Inventory Managers shall ensure timely reviews of warehouse denials of materiel under their cognizance are reviewed for resolution or replenishment.

5.0 Procedure

- 5.1 The Pick-Pack-Ship process differs for requisitions depending on the priority assigned. Requisitions are considered high priority if assigned priority codes 02 or 03 "999". Requisitions are considered routine if assigned priority codes 05 or 12.
The following steps apply to high priority requisitions:
 - 5.1.1 The ALD Expeditor retrieves DD-1348s for high priority requisitions continuously throughout the day.
 - 5.1.2 The Expeditor locates the materiel in the warehouse and validates the National Stock Number (NSN)/ part number, quantity, condition and description of the materiel on the shelf to the DD-1348 **(IC: 5.1-C1)**.
 - 5.1.3 The Expeditor annotates copy 2 of the DD-1348 by circling the quantity, location, quantity pulled, verifying the remaining balance, initialing and date stamping **(IC: 5.1-C2)**.
 - 5.1.4 The Expeditor places ALC requested materiel in the requesting shop's holding bin along with the documentation to await pickup.
 - 5.1.5 The Expeditor forwards Air Station requested materiel along with the documentation to the Priority Packing table for priority packing and shipment.
 - 5.1.6 If necessary, packing personnel repack the materiel to prepare the items for shipping.
 - 5.1.7 Packing personnel submit DD-1348 copy # 2 to the Traffic office to have the manifest generated in AMMIS and the file another copy **(IC: 5.1-C3)**. Additionally the Traffic Branch personnel will generate a Fed-Ex shipping form for the package. Both the manifest and the Fed-Ex label will be returned to the packing personnel.

- 5.1.8 If shipping Aviation Computerized Maintenance System (ACMS) tracked materiel, packing personnel submit copy # 4 of the DD-1348 to the Aviation Computerized Maintenance System (ACMS) Coordinator to be electronically shipped in ACMS for tracking purposes **(IC: 5.1-C4)**.
- 5.1.9 Packing personnel place copies 1 and 3 inside the package with the manifest and the materiel.
- 5.1.10 Packing personnel then seal the package and attach the Fed-Ex shipping documents to the outside of the package.
- 5.1.11 The package is then staged for pickup by Fed-Ex.
- 5.1.12 Tracking reports are run every three (3) days with Fed-Ex to determine status of every shipment sent using them. Materiel shipped using Fed-Ex air should provide receipt verification within four (4) days of its leaving ALC. For materiel that was shipped via Fed-Ex ground, the receipt verification should become available within ten (10) days of its leaving ALC **(IC: 5.1-C5)**. Out-CONUS, shipping times will be longer.
- 5.2 The following steps apply to routine requisitions:
 - 5.2.1 The Work Leader retrieves all routine documents every morning and issues out to the Materiel Handlers.
 - 5.2.2 The Materiel Handler locates the materiel in the warehouse and validates the National Stock Number (NSN)/ part number, quantity, condition and description of the materiel on the shelf to the DD-1348 **(IC: 5.2-C1)**.
 - 5.2.3 The Materiel Handler annotates copy 2 of the DD-1348 by circling the quantity, location, quantity pulled, verifying the remaining balance, initialing and date stamping **(IC: 5.2-C2)**.
 - 5.2.4 The Materiel Handler places ALC requested materiel in the requesting shop's holding bin along with the documentation to await pickup.
 - 5.2.5 The Materiel Handler places Air Station requested materiel along with the documentation in the corresponding Air Station's staging bin to await processing for shipping.
 - 5.2.6 The packing and shipping personnel empty the air stations staging bins on the day scheduled and will combine all the materiel for shipment. The use of Multi-pack shipments will be used when possible to ensure the greatest cost savings possible to the Coast Guard.
 - 5.2.7 If necessary, packing personnel repack the materiel to prepare the items for shipping. When feasible they will create Multi-pack containers to include all materiel requested.
 - 5.2.8 The packing personnel submit copy # 2 of the DD-1348 to the Traffic office to have the manifest generated in AMMIS and file another copy of the DD-1348.
 - 5.2.9 Traffic Branch personnel input the materiel information into the GFM and review a list of shippers that are provided by the system. From the list they will make their determination for the most efficient vendor and generate the CBL.
 - 5.2.10 Traffic personnel will then contact the shipper to notify them of the required pickup of materiel. After materiel is picked up by the carrier, the requirement for tracking the shipment stays with the Traffic Branch.

- 5.2.11 Using the Global Freight Management System (GFM) the Traffic Branch personnel generate a Commercial Bill of Lading (CBL) for the materiel shipment. Both the manifest and the CBL will be returned to the packing personnel.
- 5.2.12 If shipping ACMS tracked materiel, packing personnel submit copy # 4 of the DD- 1348 to the ACMS Coordinator to be electronically shipped in ACMS for tracking purposes **(IC: 5.2-C3)**.
- 5.2.13 Packing personnel place documents 1 and 3 inside the package with the manifest and the materiel.
- 5.2.14 Packing personnel then seal the package and attach the CBL to the outside of the package.
- 5.2.15 The package is then staged for pickup by the designated commercial carrier.
- 5.2.16 The GFM system is used to track materiel shipped with a CBL. Once delivery is verified the delivery confirmation documents are attached to the CBL and placed into a history file for retention purposes **(IC: 5.2-C4)**.
- 5.3 The following steps apply when the materiel to be picked cannot be located initially:
 - 5.3.1 If the Materiel Handler or Expeditor cannot locate the requested, the DD-1348 is forwarded to the Work Leader for further research.
 - 5.3.2 The Work Leader conducts research to locate the materiel. If the Work Leader forwards the DD-1348 to the Reconciliation Office if the materiel is still not located.
 - 5.3.3 The Reconciliation Office researches the problem and contacts the Inventory Manager (IM) if unresolved.
 - 5.3.4 The IM will conduct additional research if necessary and will determine the disposition of the requisition. The IM can release the materiel to the customer if found or place the materiel on backorder.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ACMS	Aviation Computerized Maintenance System
ALC	Aviation Logistics Center
ALD	Aviation Logistics Division
AMMIS	Asset Maintenance and Management Information System
CBL	Commercial Bill of Lading
GFM	Global Freight Management System
ICP	Inventory Control Point
IM	Inventory Manager
NSN	National Stock Number

Figure 7.27 Pick-Pack-SHIP of Stock Items at ALC

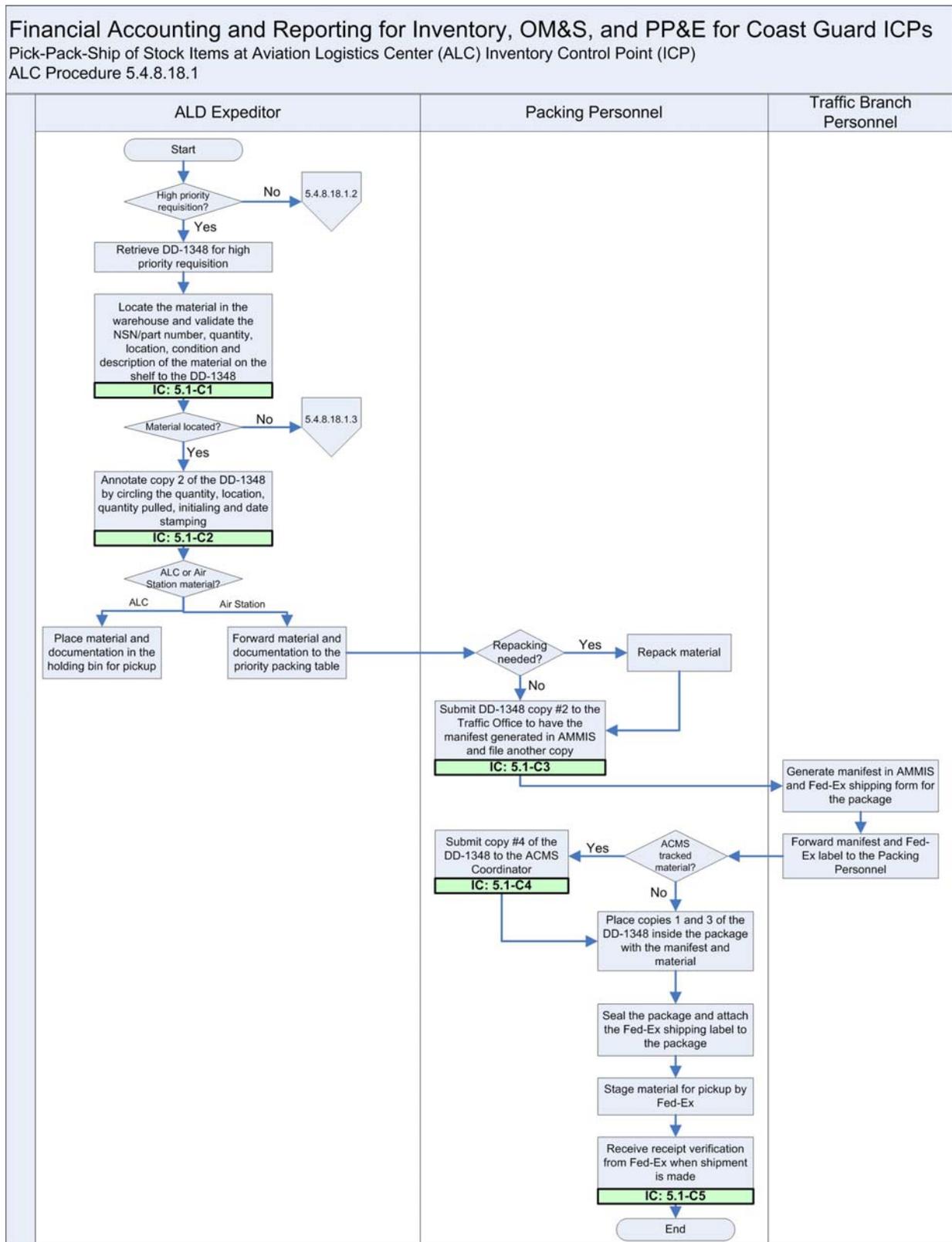


Figure 7.28 Pick-Pack-SHIP of Stock Items at ALC (continued)

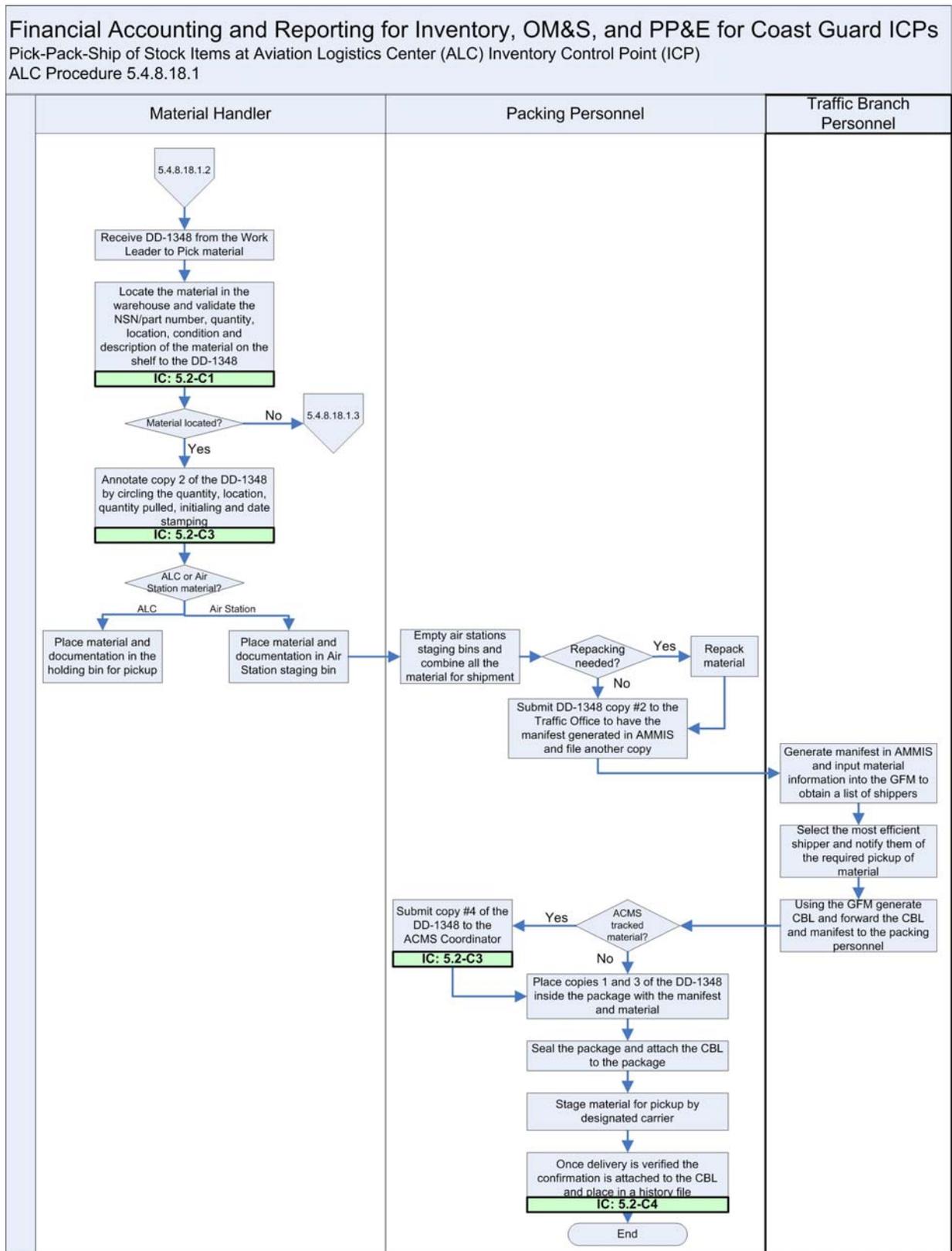
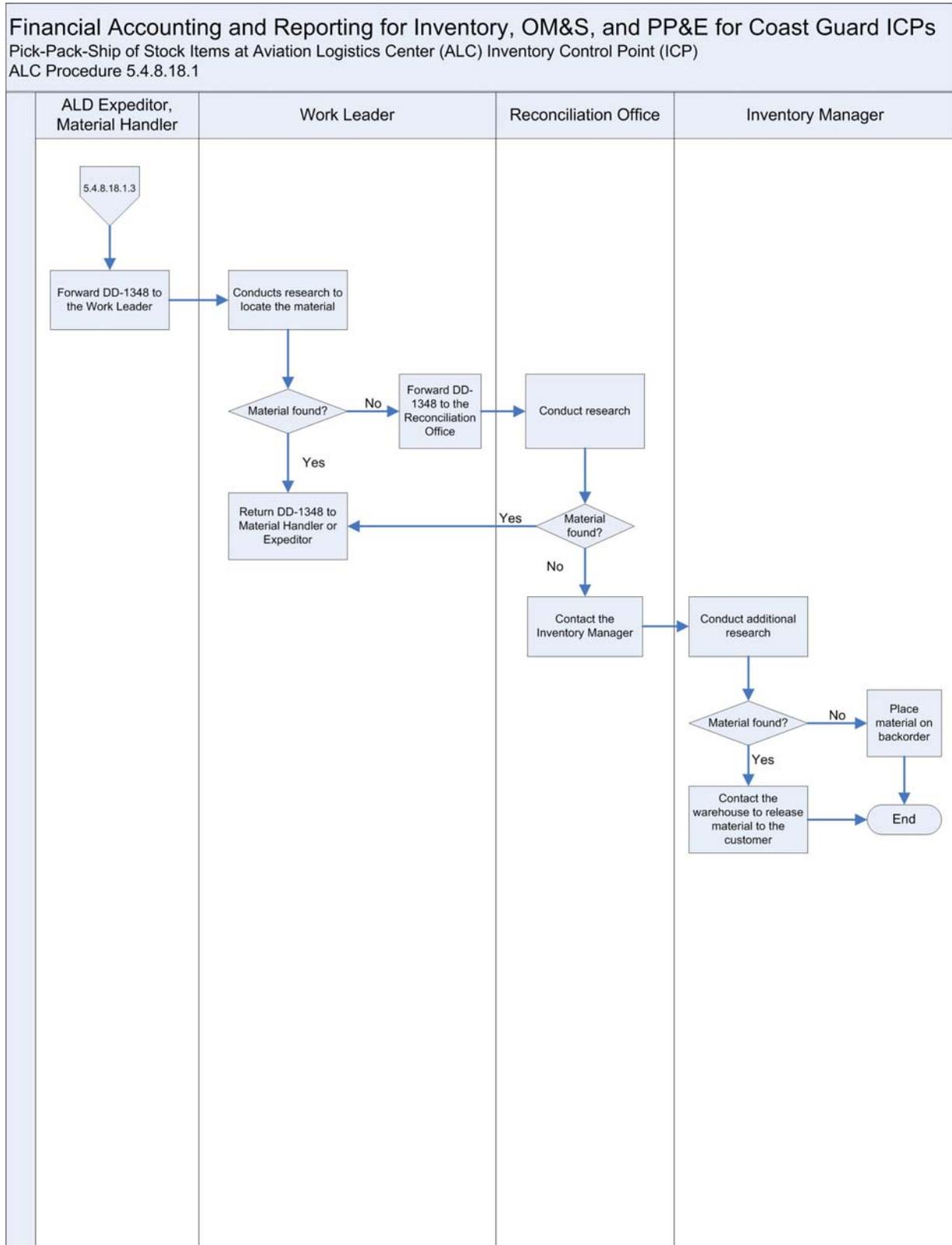


Figure 7.29 Pick-Pack-SHIP of Stock Items at ALC (continued)



Pick-Pack-Ship Report Reconciliation
(ALC)

Procedure No. 7.5.7.17.2-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Issues of stock items must be picked from warehouse shelf locations, packed in an acceptable manner, and shipped to customers within designated timelines. A timely and accurate pick-pack-ship process is essential in order to reflect an accurate account of on-shelf inventory. On a weekly basis, the Compliance Branch Supervisor will run the Pick-Pack-Ship Report in AMMIS for review and resolve aged transactions. This report details materiel that has been identified for disbursement, but has not yet been shipped. If an order has been on the Pick-Pack-Ship Report for more than seven days, the Warehouse Supervisor performs an investigation to determine the cause of the delay.

1.2 Inputs

- 1.2.1 Pick-Pack-Ship Report

1.3 Outputs

- 1.3.1 Resolution of Aged Transactions

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Completeness
1.5.2 Rights and Obligations
1.5.3 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series).

3.0 Document Retention

- 3.1 The Aviation Logistics Center (ALC) shall ensure documentation to support reviews of pick-pack-ship transactions is retained in an audit-ready status for a period of the current year and three (3) fiscal years after the review is conducted.

4.0 Responsibilities

- 4.1 The Aviation Logistics Division (ALD) shall conduct periodic reviews of pick-pack-ship transactions to ensure open transactions are researched and resolved in a timely manner.

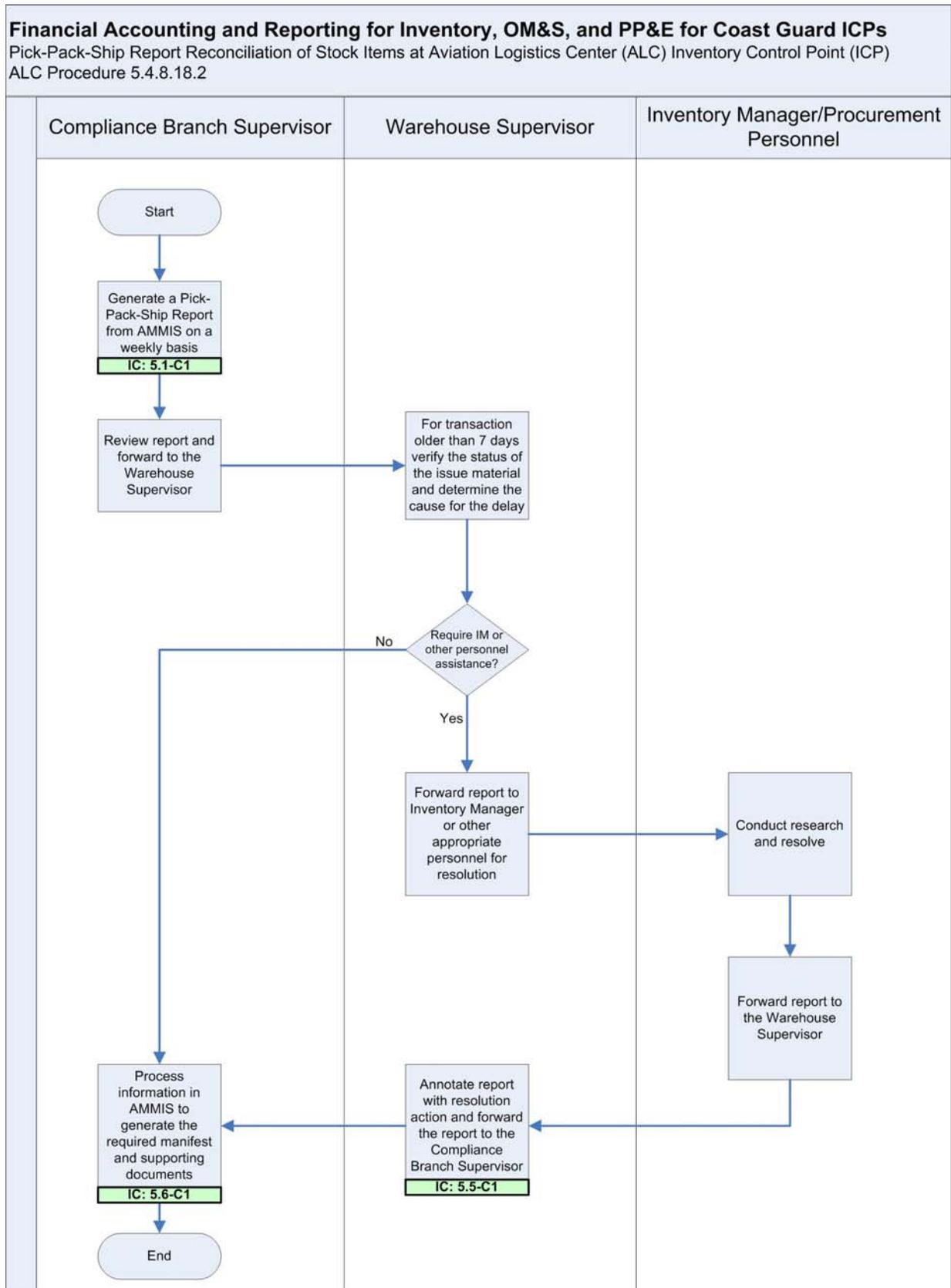
5.0 Procedure

- 5.1 The Compliance Branch Supervisor will generate a Pick-Pack-Ship Report from AMMIS on a weekly basis **(IC: 5.1-C1)**.
- 5.2 After reviewing the report, the Compliance Branch Supervisor will forward the report to the Warehouse Supervisor for review and processing of aged transactions.
- 5.3 If the transaction is older than seven days, the Warehouse Supervisor will verify the status of the issued materiel and determine the cause for the delay.
- 5.4 The Warehouse Supervisor will forward sections of the report to the Item Manager (IM) or other appropriate personnel for reconciliation and resolution.
- 5.5 After receiving written confirmation of the resolution back from the IM or other appropriate personnel, the Warehouse Supervisor annotates report with resolution action and forwards the documentation to the Compliance Branch Supervisor **(IC: 5.5-C1)**.
- 5.6 Compliance or Reconciliation personnel will process the information in AMMIS to generate the required manifest and supporting document to clear the item from the report as appropriate **(IC: 5.6-C1)**.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
ALD	Aviation Logistics Division
AMMIS	Asset Maintenance and Management Information System
ICP	Inventory Control Point
IM	Inventory Manager
MRO	Materiel Release
WS	Warehouse supervisor Order

Figure 7.30 Pick-Pack-Ship Report Reconciliation at ALC



Reutilization of Stock Items (ALC)

Procedure No. 7.5.7.18-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items (spare parts) are occasionally reclaimed from end items (e.g., Cutters, Aircraft) and are refurbished and restocked for reutilization at the United States Coast Guard (USCG) Inventory Control Points (ICPs), USCG units, or other authorized recipients within the DHS or DoD. Parts that are removed from end items must be clearly identified and accurately valued so that the end item valuation and spare parts valuation may be supported and executed in a Generally Accepted Accounting Principles (GAAP) compliant manner in order to sustain key financial statement assertions.

1.2 Inputs

- 1.2.1 Incoming transfers of excess materiel from cannibalization or salvage
- 1.2.2 Identification of part requirement

1.3 Outputs

- 1.3.1 Wholesale inventory items
- 1.3.2 Spare part for immediate use

1.4 Applications

- 1.4.1 Aviation Maintenance Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Valuation

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

3.0 Document Retention

- 3.1 ALC Property Office shall ensure that audit-ready documentation is retained to support all receipts of stock items from reutilization/reclamation for the life-cycle of the stock item plus three (3) years.

4.0 Responsibilities

- 4.1 The Property Branch shall ensure that the end item (e.g., OPFAC, Name, Tail Number, and Hull Number) is identified on all documentation from which stock items are removed from, for reutilization or reclamation. The stock items shall be fully identified including quantity and supported unit price for valuation purposes. When practical, historical documentation shall be gathered to support each stock item removed from end items for reutilization/reclamation from USCG end items. If historical documentation is not available, alternative valuation methods (e.g., OEM, Appraisals) shall be used to substantiate historical cost. The Property Branch shall ensure that full and complete documentation is compiled to support the devaluation of the end item (e.g., Cutter, Aircraft) from which the reutilized item is removed. All valuations for reutilized items are supported by third party documentation when available. The Property Branch shall ensure that reutilized/reclaimed stock items from other government sources are fully documented and valued at fair market value at time of receipt. If documentation is not provided to support fair market value, alternative valuation methods shall be used.
- 4.2 The Logistics Compliance Branch shall ensure that a copy of the documentation is kept in the appropriate location to support the induction (receipt) of any stock items into ICP stock. Full documentation shall be provided to external entities (e.g., USCG Units, DHS, and DoD) for any parts provided as a result of cannibalization and/or reutilization.
- 4.3 The Comptroller or designate shall review and approve all valuation documentation arising from the cannibalization and/or reutilization of stock items. The Comptroller or designate shall ensure that FINCEN (FR) receives a full documentation package supporting the devaluation of the end item from which reutilized items were removed within 10 days of ICP Comptroller approval.
- 4.4 FINCEN (FR) shall review the documentation, determine if a cost adjustment is necessary, and execute the cost adjustment to the identified end item (e.g., Cutter, Aircraft) within 30 calendar days of receipt of the documentation. FINCEN (FR) management shall review and approve (sign and date) the cost adjustment prior to execution.

5.0 Procedure

- 5.1 The opportunity to reclaim or reutilize spare parts arises from a variety of circumstances including:
 - 5.1.1 Periodic reviews of stock items to screen for excess, obsolete or unserviceable items. Some end items fall into this category of materiel.
 - 5.1.2 The modification or upgrade of equipment where subcomponents are removed from the end item.

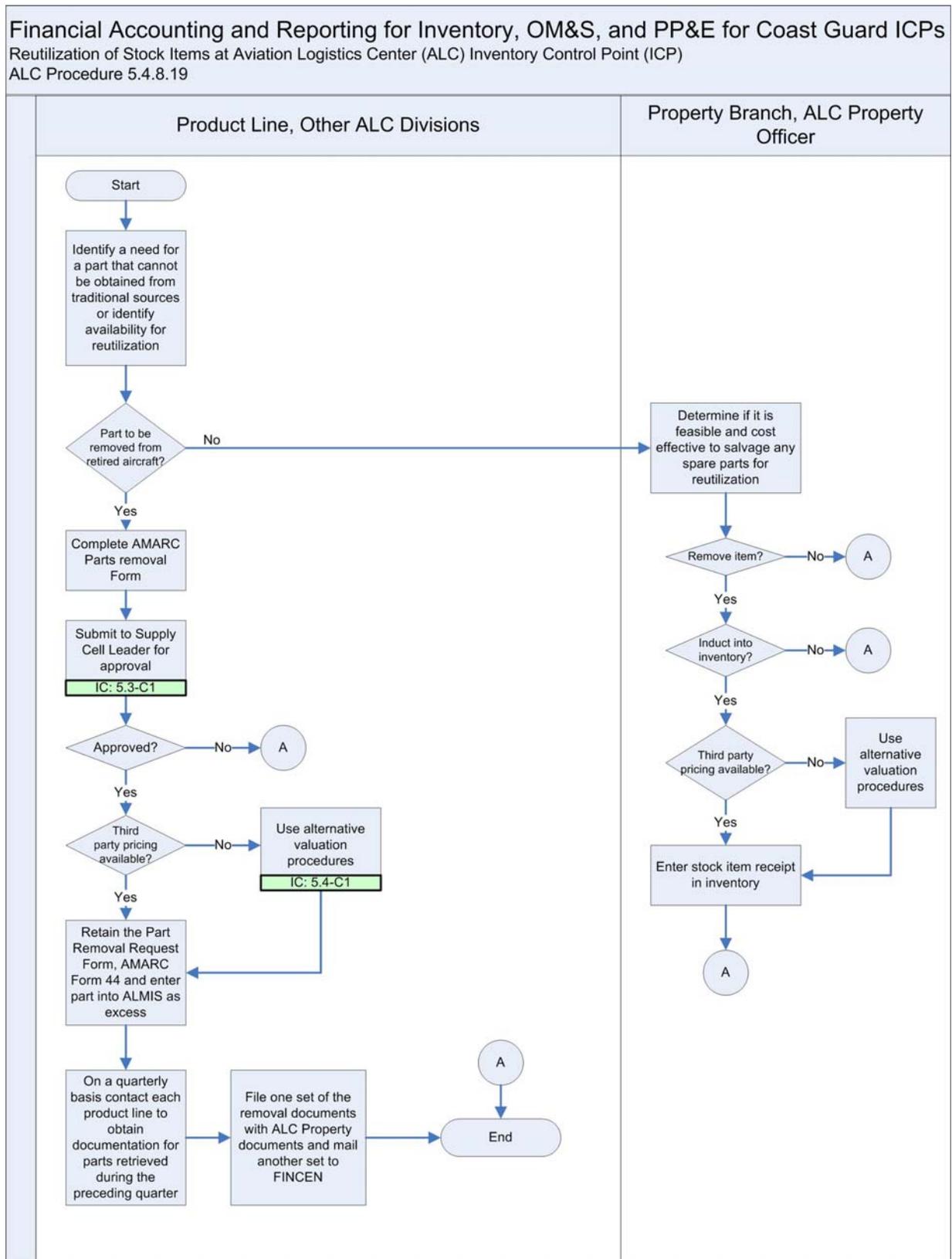
- 5.1.3 Lack of availability from traditional sources for a required part where the part may be retrieved from Aerospace Maintenance and Regeneration Center (AMARC) or ALC retired aircraft.
- 5.2 As candidates for reclamation or reutilization are identified, the Property Branch shall determine if it is feasible and cost effective to salvage any spare parts for reutilization.
- 5.3 The product line Supply Cell Leader approves the retrieval of the required part from Aerospace Maintenance and Regeneration Center (AMARC) or a retired aircraft at ALC **(IC: 5:3-C1)**.
- 5.4 In the absence of third party pricing, any spare parts salvaged from a larger end item for reutilization shall will be valued utilizing alternative valuation procedures described as follows **(IC: 5.4-C1)**:
 - 5.4.1 Cannibalization of end items result in the acquisition of smaller parts and valuation is often determined from the current system (AMMIS) unit price. The current system unit price alone is not sufficient for valuation determination. Valuation must be based on supporting documentation, in this case, the availability of third party cost documents for the same stock numbered items can be indexed to arrive at the approximated historical cost of the reclaimed items.
 - 5.4.2 Occasionally, a percentage of the end item's cost is the basis for the cannibalized part's value. Unless third party substantiation is obtained to corroborate this cost determination, alternative valuation procedures must be used. In this case, OEM certification or appraisal opinion might be required to support the cost determination.
 - 5.4.3 Published price lists from Original Equipment Manufacturers (OEM) or FEDLOG screen prints identifying the price from another government agency identified as the source of supply for the same item. The price will be deflated by using the appropriate consumer price index (CPI) values derived from the US Department of Labor, Bureau of Labor Standards. All OEM/FEDLOG pricing documentation, including a copy of the CPI deflation, will be kept as supporting documentation in the National Item Identification Number (NIIN) or central file.
 - 5.4.4 OEM Price Certification of the same item. The certification may be obtained via email or letter.
 - 5.4.5 Like-Item Support. Identifying a more recent supported purchase of an item that can be used to support a prior unsupported purchase.
 - 5.4.6 Independent Appraisal. Engaging the services of an Independent Appraisal organization (e.g. American Appraisal Associates, Morten Beyer and Agnew) to perform desktop or on-site appraisals, applying standard industry-compliant methods, and describing the methodologies used incorporated into a concise report which additionally will contain the valuation of the item. All appraisal documentation will be kept as supporting documentation in the NIIN or central file.
- 5.5 Prices obtained from alternate valuation methods can be deflated by using the appropriate consumer price index (CPI) values derived from the US Department of Labor, Bureau of Labor Standards.

- 5.6 If the part was obtained from AMARC, copies of the Part Removal Request form, AMARC Form 44 are retained by the product line.
- 5.7 Parts removed retired aircraft are entered into ALMIS as excess to gain part visibility and capture costing data.
- 5.8 Any item to be retained on the property records of the ALC where cannibalization has resulted in the devaluation of the end item, either as a fixed asset or as a stock item, shall be properly adjusted in value and reflected as such in the accountable record. This adjustment in value must be supported with substantiating documentation **(IC: 5.8-C1)**.
- 5.9 On a quarterly basis, the ALC Property Officer contacts each product line to obtain documentation for parts retrieved during the preceding quarter.
- 5.10 The Property Officer copies the removal documents, filing one set with ALC Property documents and mailing the other to FINCEN for entry in to the USCG Oracle Property database.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMARC	Aerospace Maintenance and Regeneration Center
AMMIS	Asset Materiel Management Information System
CPI	Consumer Price Index
DHS	Department of Homeland Security
DoD	Department of Defense
FASAB	Federal Accounting Standards Advisory Board
FINCEN	United States Coast Guard Financial Center
FRMM	Financial Resource Management Manual
GAAP	Generally Accepted Accounting Principles
ICP	Inventory Control Point
IM	Inventory Manager
NIIN	National Item Identification Number
OEM	Other Equipment Manufacturer
OPFAC	Operating Facility
SFFAS	Statement of Federal Financial Accounting Standards
USCG	United States Coast Guard

Figure 7.31 Reutilization of Stock Items at ALC



Disposals, Transfers, and Retirement of Stock Items
(ALC)

Procedure No. 7.5.7.19-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items that are considered to be excess, obsolete, or unserviceable are routinely issued to an authorized disposal activity, transferred or issued to an authorized recipient. In the case of PP&E, those stock items considered to be excess, obsolete, or unserviceable are retired and reutilized for lower level stock items (e.g., lower level components or spare parts).

1.2 Inputs

- 1.2.1 Excess, obsolete or unserviceable stock items

1.3 Outputs

- 1.3.1 DD-1348-1A Disposal document

1.4 Applications

- 1.4.1 Asset Maintenance and Management Information System (AMMIS)

1.5 Financial Statement Assertions

- 1.5.1 Valuation

2.0 References

- 2.1 Federal Management Regulation, FMR Amendment 2008-04, *Disposition of Excess Personal Property*, Part 102-36, February 20, 2008.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.3 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.4 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.5 United States Coast Guard, Property Management Manual, COMDTINST M4500.5A, July 1998.
- 2.6 United States Coast Guard, Uniform Supply Operations Manual (USO), COMDTINST M4121.4 (series)
- 2.7 United States Coast Guard, Aviation Logistics Center, Aviation Logistics Center Materiel Disposal Procedures, CG ALCINST 4100.1, August 2008

3.0 Document Retention

- 3.1 The Aviation Logistics Center (ALC) shall ensure documentation to support disposal, transfer, and retirement transactions are retained in an audit-ready status for a period of three (3) fiscal years after the review is conducted.

4.0 Responsibilities

- 4.1 The Supply Support Section shall maintain accurate files to ensure that all disposal, transfer, and retirement transactions are for authorized recipients and are processed in a timely and accurate manner. Supply Support Section shall periodically review disposal, transfer and retirement transactions in order to ascertain that they were properly authorized.
- 4.2 The Financial Management Branch shall adjust the accounting records to ensure that Plant, Property and Equipment (PP&E) items are appropriately recognized upon retirement or cannibalization.

5.0 Procedure

Materiel found to be excess, obsolete or unserviceable is processed as follows:

ALC personnel shall use the following procedures for disposing of repairable and consumable aviation materiel.

- 5.1 Notify the Inventory Manager (IM) of the item prior to any disposal action **(IC: 5.1-C1)**.
- 5.2 If disposing of PDM or Component Repair materiel use the following procedures:
 - 5.2.1 Send all scrap and scrap recommended (SR) materiel (inventory and non inventory) to the warehouse. This materiel must have a Materiel Condition Tag (Form DD-1577-2) and a Significant Component History Report (SCHR) attached, if tracked **(IC: 5.2-C1)**.
 - 5.2.2 The Receiving Section receipts for the item and issues a loan document (RD reason code) with a project code of Other Government Agencies (OGA) and places materiel in the Property Section container for review.
- 5.3 If the item's shelf life has expired or cannot be extended, the warehouse will issue a scrap document to the Property Section for disposal action.
- 5.4 The following procedures are used if disposing of materiel identified by the Inventory Manager/Equipment Specialist as obsolete materiel, materiel no longer in use as a result of Time Compliance Technical Order (TCTO), or excess:
 - 5.4.1 The Inventory Manager/Equipment Specialist notifies the OGA/Property Section via email when they have identified materiel for disposal with the part number, National Item Identification Number (NIIN), quantity and condition code A (Ready for Issue (RFI)) or F (Not Ready for Issue (NRFI)).

- 5.4.2 The OGA/Property Section processes the materiel for screening or disposal.
- 5.5 If the disposing of Beyond Economic Repair (BER) items in possession of civilian/commercial repair facilities, use the following procedures:
- 5.5.1 If the part/component is a Flight Safety Critical Aircraft Part (FSCAP) and a Defense Contract Management Area Operations (DCMA) or other government representative is available onsite, the parts can be scrapped at the repair facility in accordance with the Demilitarization (DEMIL) code assigned.
- 5.5.2 The Contract Specialist must modify the contract/purchase order whether scrapped at the facility or returned to ALC for disposal **(IC: 5.5-C1)**.
- 5.5.3 The Contract Specialist will have the vendor submit a letter to ALC on corporate letterhead stating that the parts have been mutilated. This letter shall include the serial number, NIIN, part number and quantity and must be dated and signed by the DCMA or government representative **(IC: 5.5-C2)**.
- 5.5.4 The Receiving Section must issue confirmation of a receipt or credit issue to receive the part back to AMMIS, then issue to scrap **(IC: 5.5-C3)**.
- 5.5.5 The Receiving Section will forward copy 6 of the scrap document to Aviation Computerized Maintenance System (ACMS) personnel for disenrollment within ACMS for tracked items **(IC: 5.5-C4)**.
- 5.5.6 If the part is FSCAP and there is not a DCMA or government representative available onsite, the FSCAP must be marked BER and returned to ALC for proper disposal **(IC: 5.5-C5)**. The property section of ALD will dispose of the part in accordance with (IAW) the demilitarization (DEMIL) code and complete form CG-5598. Destruction will be witnessed by the Office of Unapproved Parts **(IC: 5.5-C6)**.
- 5.5.7 If the part is not FSCAP and a DCMA or government representative is or is not available, the contract specialist will modify the contract and have the vendor submit a letter stating the part has been scrapped or disposed of **(IC: 5.5-C7)**. The letter will be signed by a DCMA or government representative if available **(IC: 5.5-C8)**. A copy will be forwarded to the ALC Property Officer for reporting purposes. The Receiving Section must issue confirmation or a receipt or credit issue to receive the part back in AMMIS **(IC: 5.5-C9)**. Copy 6 of the scrap document issued will be forwarded to ACMS for tracked items **(IC: 5.5-C10)**.
- 5.6 Materiel disposed of by the Property Section will be subject to the following procedures:
- 5.6.1 The Property Section screens the materiel identified for disposal to determine if it is tracked in ACMS **(IC: 5.6-C1)**.
- 5.6.2 The Property Section screens the materiel identified for disposal to determine if it is hazardous **(IC: 5.6-C2)**.
- 5.7 If the materiel identified for disposal is consumable, the Property Section uses the following procedures:
- 5.7.1 The Property Section screens the materiel as a FTE (Materials Return Program) candidate if the extended value is greater than \$500. The materiel is

- shipped to the Primary Inventory Control Activity (PICA) if accepted for the Materiel Return Program.
- 5.7.2 If the item is not an FTE candidate, the Property Section processes the materiel for transfer to the Defense Reutilization and Marketing Office (DRMO), or disposes of the materiel locally. RFI flight critical materiel will be processed for DRMO turn-in.
 - 5.7.3 If item is NRFI flight critical, the Property Section mutilates the part and forwards it to the Quality Recycling Center. The Office of Unapproved parts witnesses the mutilation (**IC: 5.7-C1**). The Property Section completes form CG-5598 and retains for a period of three (3) years after disposal.
- 5.8 If the materiel identified for disposal is an RFI repairable, the following procedures are used:
- 5.8.1 The OGA Section makes the final determination for processing the item as an FTE. The OGA Section processes all stock that does not meet the minimum FTE requirement for transfer to DRMO “A” condition.
 - 5.8.2 The OGA Section processes all commercial materiel as DRMO “A” condition. This includes RFI flight critical materiel.
 - 5.8.3 The Property Section notifies Falls Church Business Systems (FCBS) if ACMS is tracked (**IC: 5.8-C1**).
- 5.9 If the materiel identified for disposal is an NRFI Non-flight critical repairable, the following procedures are used:
- 5.9.1 The OGA Section makes the final determination for processing the item as an FTE.
 - 5.9.2 The Property Section forwards the serial numbers of materiel tracked by ACMS to FCBS for update (**IC: 5.9-C1**). The Property Section removes all Avionics Tracking System labels from materiel before destruction or processing as FTE.
 - 5.9.3 The Property Section processes the materiel for transfer to DRMO “F” condition or destroys locally.
- 5.10 If the materiel identified for disposal is an NRFI flight critical repairable, the following procedures are used:
- 5.10.1 The OGA Section makes the final determination for processing the item as an FTE.
 - 5.10.2 The Property Section mutilates all stock that does not meet the minimum FTE requirement and forwards it to the Quality Recycling Center. The Office of Unapproved parts witnesses the mutilation (**IC: 5.10-C1**). The Property Section completes and signs form (CG-5598) and retains for a period of three (3) years after disposal.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ACMS	Aviation Computerized Maintenance
BER	Beyond Economical repair
DCMA	Defense Contract Management Agency
DEMIL	Demilitarization
DRMO	Defense Reutilization & Marketing
FACAP	Flight Safety Critical Aircraft Parts
TCTO	Time Compliance Technical Order

Figure 7.32 Disposals, Transfers, and Retirements of Stock Items at ALC

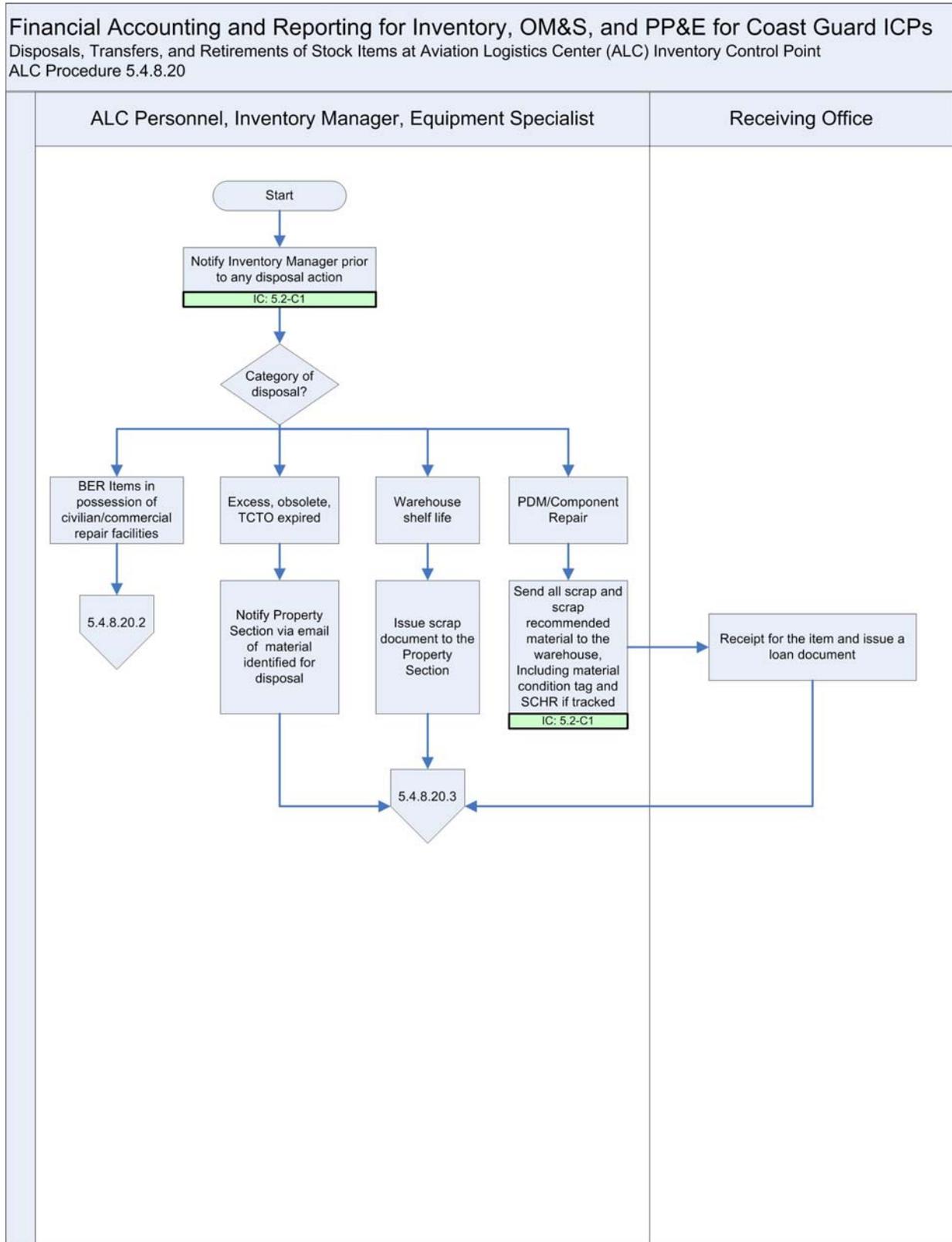


Figure 7.33 Disposals, Transfers, and Retirements of Stock Items at ALC (continued)

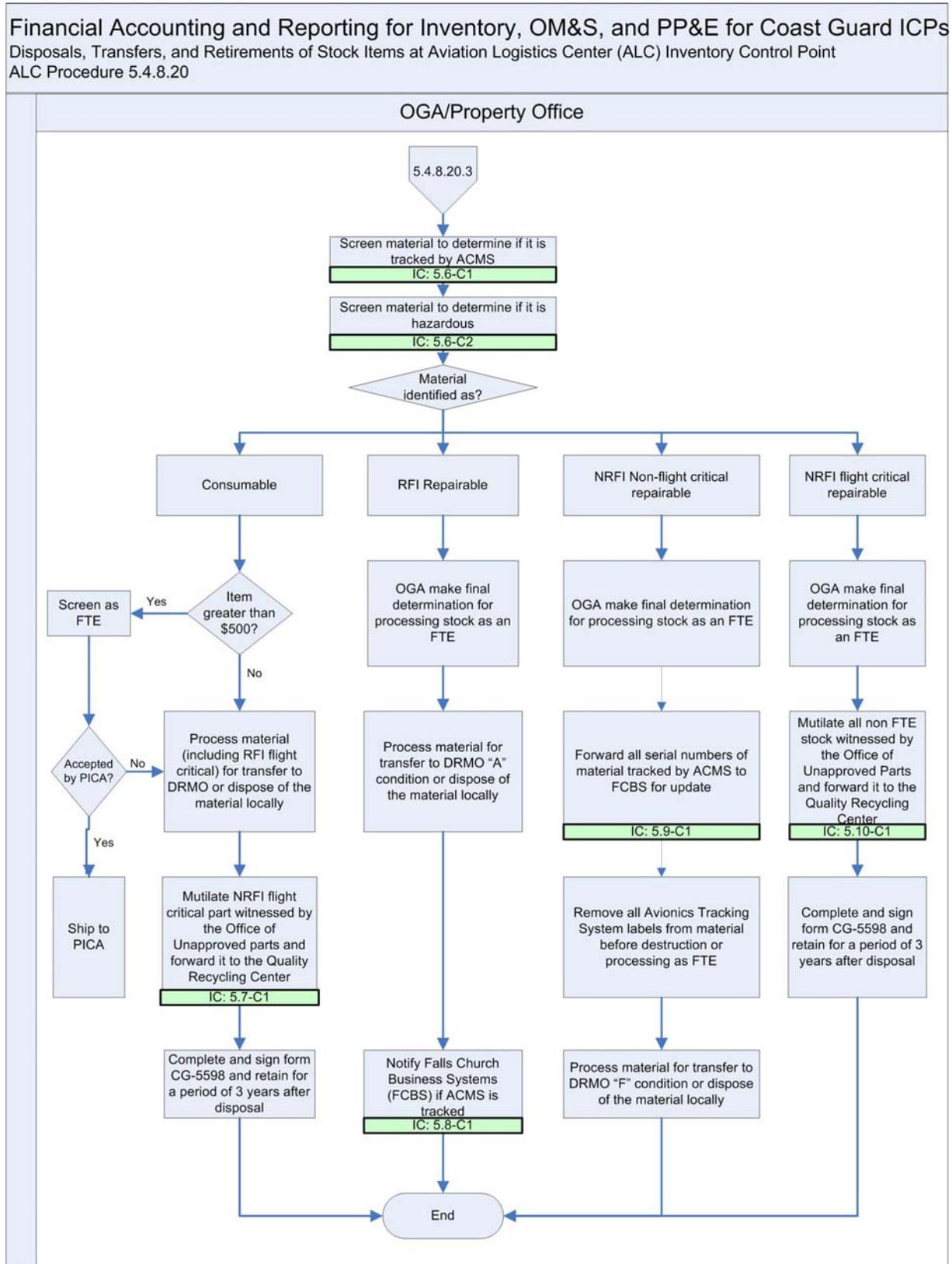
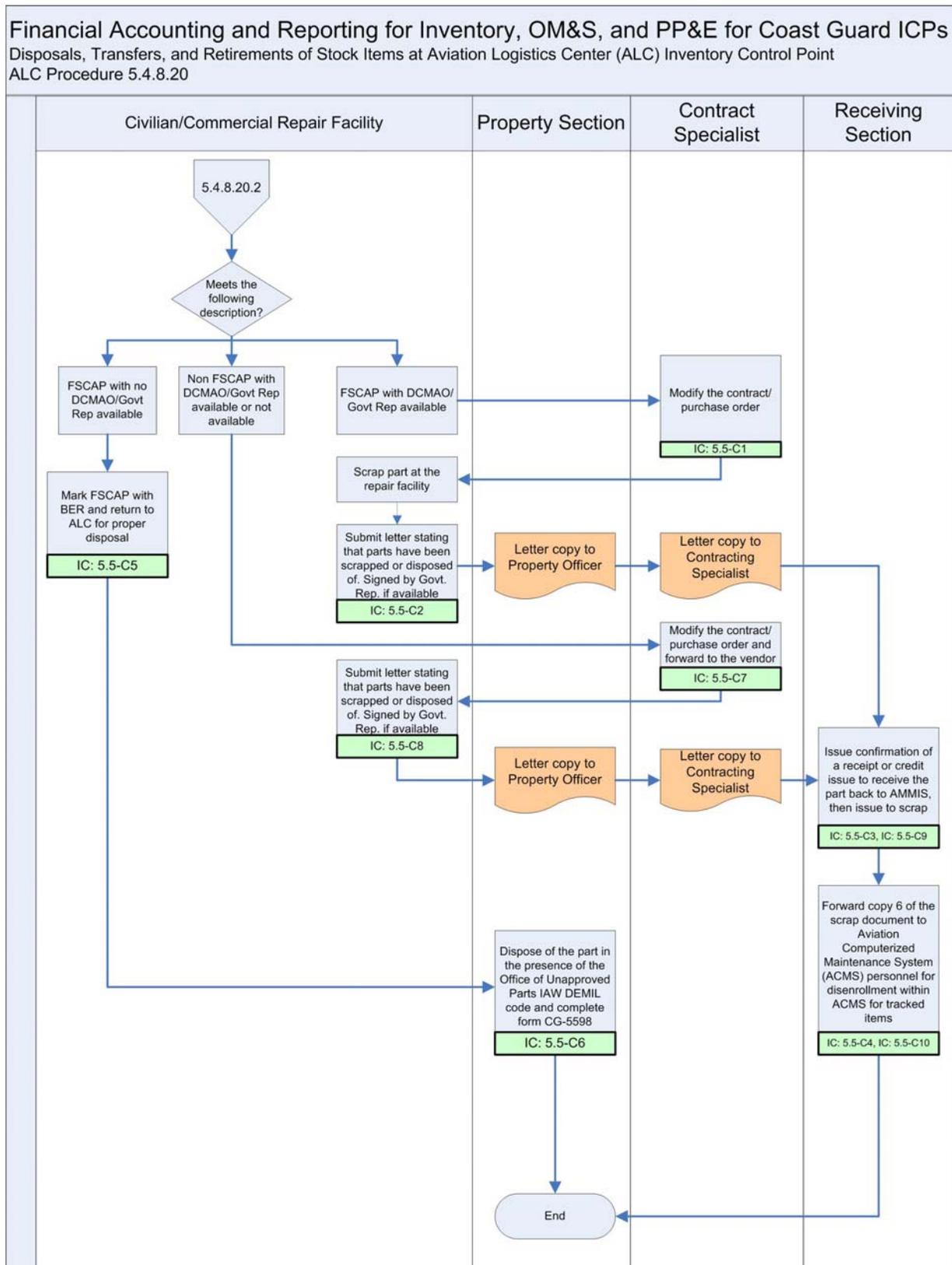


Figure 7.34 Disposals, Transfers, and Retirements of Stock Items at ALC (continued)



Financial Reporting (ALC)

Procedure No. 7.5.7.20-ALC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 The three general ledger (GL) systems: the Core Accounting System (CAS), the Asset Maintenance Management Information System (AMMIS), and the Naval and Electronics Supply Support System (NESSS) are consolidated into the Coast Guard Treasury Information Executive Repository (CG TIER) Microsoft Access database on a monthly basis. The primary purpose of CG TIER is to consolidate GL data from the Inventory Control Points (ICPs) and provide the Department of Homeland Security (DHS) TIER with the required financial information. AMMIS is the GL system for the Aviation Logistics Center (ALC). AMMIS GL data are imported into CG TIER in a text file format.
- 1.1.2 The USCG records accounting transactions in the three general ledger systems throughout the month. Adjustments are required to correct any erroneously posted transactions. Adjustments are processed within AMMIS to arrive at a periodic closing ALC trial balance.
- 1.1.3 Accurate and timely reporting of ICP balances to USCG Financial Center (FINCEN) is required to ensure that all financial information and transactions are properly reported in the USCG consolidated financial statements. The ALC shall ensure the following financial reports, and any required reconciliation listings/reports are provided to FINCEN each month:
 - 1. Certification Letter
 - 2. Allotment Ledger
 - 3. General Ledger Trial Balance
 - 4. Trading Partner Report (Summary)
 - 5. Abnormal Balance Report
 - 6. Analytics Report
- 1.1.4 The ALC shall ensure that financial reports and any additional required reconciliation listings/reports are provided to FINCEN each fiscal quarter. Various reports are required to be submitted to FINCEN each quarter. Of the required reports, the following relate to spare parts management:
 - 1. Inventory Reconciliation OM&S
 - 2. Navy Type-Navy Owned (NTNO) Report
 - 3. Property, Plant and Equipment (PP&E) Classification Summary (end item)

1.2 Inputs

- 1.2.1 Daily Accounting Transactions
- 1.2.2 Monthly Reconciliation of Stock Ledger to General Ledger
- 1.2.3 Quarterly Depreciation Adjustment

1.3 Outputs

- 1.3.1 Monthly Reports
- 1.3.2 Quarterly Reports

1.4 Applications

- 1.4.1 AMMIS

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure
- 1.5.2 Existence and Occurrence
- 1.5.3 Rights and Obligations
- 1.5.4 Completeness
- 1.5.5 Valuation

2.0 References

- 2.1 United States Code Title 31 Para. 3512, Sec. (c 1), *Federal Managers Financial Integrity Act (FMFIA)*, January, 2001.
- 2.2 United States Public Law P.L. 101-576, *The Chief Financial Officers Act of 1990*, (“CFO Act”), September, 1990.
- 2.3 Treasury Financial Manual (TFM), Part 2, Chapter 4700, *Agency Reporting Requirements for the Financial Report of the United States Government*.
- 2.4 Department of Homeland Security (DHS) *Accountability Act of 2004*, November, 2003
- 2.5 United States Coast Guard, *Financial Resource Management Manual (FRMM)*, COMDTINST M7100.3 (series).

3.0 Document Retention

- 3.1 ALC shall ensure that all financial reports, and any required reconciliation listings/reports are retained for a period of ten (10) fiscal years after submission of reports.

4.0 Responsibilities

- 4.1 The Financial Operations Branch (FOB) Chief shall ensure the stock ledger balances are reconciled to the general ledger and all account balances are in the correct relationships for financial reporting. The FOB Chief shall ensure financial reports are transmitted to FINCEN (FF) with a copy to Commandant (CG-842) no later than the reporting due dates as prescribed by FINCEN (FF). The FOB Chief shall ensure that financial reports, and any required reconciliation listings/reports are provided to

FINCEN for 30 June and 30 September in accordance with FRMM COMDTINST M7100.3 (series), Selected Deliverables for FY Financial Statements.

5.0 Procedure

- 5.1 Prior to each quarterly financial closeout, the FOB Chief conducts the Stock Ledger to General Ledger Reconciliation procedure to ensure that account balances are accurately reflected for financial reports. Prior to each quarterly closeout, the FOB Chief performs the procedure for depreciation of PP&E.
- 5.2 Prior to each monthly closeout, a verification process is initiated by running the Transaction Error Report (TER). This report details any transactions that did not process correctly through the AMMIS accounting system. The FOB Chief ensures that the report is run and reviewed by the Staff Accountant each month.
- 5.3 The Senior Staff Accountant, Procurement personnel, and the FOB Chief run the report towards month-end at a minimum. Based on the transaction type, different groups have the responsibility to clear entries identified on the TER.
 - 5.3.1 The Staff Accountant researches and clears all cash disbursement rejects.
 - 5.3.2 The Procurement personnel researches and clears all commercial receipts, and disbursement rejects; and, corrects errors due to contracting restrictions.
 - 5.3.3 The FOB Chief researches and clears all inventory, obligation, and allotment rejects, and approves cash errors.
 - 5.3.4 The Cash Clerk researches and assists with clearing cash errors.
- 5.4 The FOB Chief reviews all corrections as evidenced on the TER. The FOB Chief initials the hard copy of the spreadsheet if approved. If rejected, the FOB Chief routes to the appropriate personnel for correction **(IC: 5.4-C1)**.
- 5.5 After all necessary corrections have been entered, each group runs the TER again to verify that all entries posted correctly and clear previous rejects.
- 5.6 Before all adjusting entries are posted to the GL, the FOB Chief will print a GL summary report.
- 5.7 The FOB Chief reviews, approves and posts final journal entries **(IC: 5.7-C1)**.
- 5.8 The FOB Chief prints another GL summary report. The FOB Chief compares the before and after printouts of the GL summary as a final check to ensure all necessary changes are posted to the correct account and no erroneous entries are created. Errors are corrected as necessary. Copies of the printout comparison are maintained as evidence of the review **(IC: 5.8-C1)**.
- 5.9 In addition to the comparison, the FOB Chief also runs an Abnormal Balance and Edit Check Report to assist in identifying erroneous balances in the GL. The Abnormal Balance and Edit Check Report is a report generated out of AMMIS. If any abnormal balances are discovered through the review, the FOB Chief researches and determines the adjustments needed to correct the GL balances.
- 5.10 The FOB Chief posts the correcting journal entries and retains all appropriate supporting documentation for further review by auditors including source codes, before and after GL screen shots and other details as deemed necessary **(IC: 5.10-C1)**.

- 5.11 After all corrections have been entered and verified, the Cash Clerk reconciles the Cash Accounts in AMMIS to the Treasury report to verify that the balances are the same.
- 5.12 The FOB Chief runs a query comparing the general ledger monthly detail to the monthly sub-ledger detail. The FOB Chief runs a second query that compares the sub-ledger to the GL automatically, reporting only those accounts not in balance. If there are any balances that do not match, the FOB Chief adjusts the balances using automated source codes in AMMIS.
- 5.13 After all transactions are entered and processed, another Abnormal Balance report is reviewed to ensure that the adjustments are complete and abnormal balances are corrected. An Analytics report is also run to ensure that the account relationships are still correct.
- 5.14 The FOB Chief retains all appropriate supporting documentation for further review by auditors **(IC: 5.14-C1)**.
- 5.15 Once all processes have been identified as being completed, and reports have been reconciled, the FOB Chief and the Senior Staff Accountant run the process in AMMIS to close the GL for the current period.
- 5.16 The day after the GL closes, the Cash Clerk verifies that the AMMIS GL opens in the correct period. The Cash Clerk prints and signs a screen shot of the parameters table and forwards to the FOB Chief to include with month end documentation. If AMMIS is not in the correct period, the Cash Clerk notifies the Senior Staff Accountant and the FOB Chief to determine what error occurred and to correct the error.
- 5.17 The FOB Chief runs month-end reports and prepares the TIER file after the period is closed. The TIER file is an extract of the GL data that is used to upload financial information to FINCEN. Depending on whether the period being closed is a month-end, quarter-end or year-end, the additional reports provided to FINCEN will differ.
- 5.18 The FOB Chief performs a final review of reports and the TIER file to verify that all balances are correct and reports are accurate.
- 5.19 The FOB Chief sends a certification letter and all reports to the Deputy Comptroller or designate for review and signature **(IC: 5.19-C1)**.
- 5.20 Once approved, the signed certification letter and all reports are forwarded to the FOB Chief via the Senior Staff Accountant.
- 5.21 All reports files are submitted to FINCEN by the FOB Chief.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALC	Aviation Logistics Center
AMMIS	Asset Maintenance Management Information System
CAS	Core Accounting System
DHS	Department of Homeland Security
ERISA	Employment Retirement Income Security Act
FASAB	Federal Accounting Standards Advisory Board
FINCEN	United States Coast Guard Finance Center
FOB	Fiscal Operations Branch
FRMM	Financial Resource Management Manual
GL	General Ledger
ICP	Inventory Control Point
NESSS	Naval and Electronics Supply Support System
NTNO	Navy Type-Navy Owned
OE	Operating Expense
PP&E	Property, Plant and Equipment
SFFAS	Statement of Federal Financial Accounting Standards
TER	Transaction Error Report
TIER	Treasury Information Executive Repository
USSGL	United States Standard General Ledger

Figure 7.35 Financial Reporting at ALC

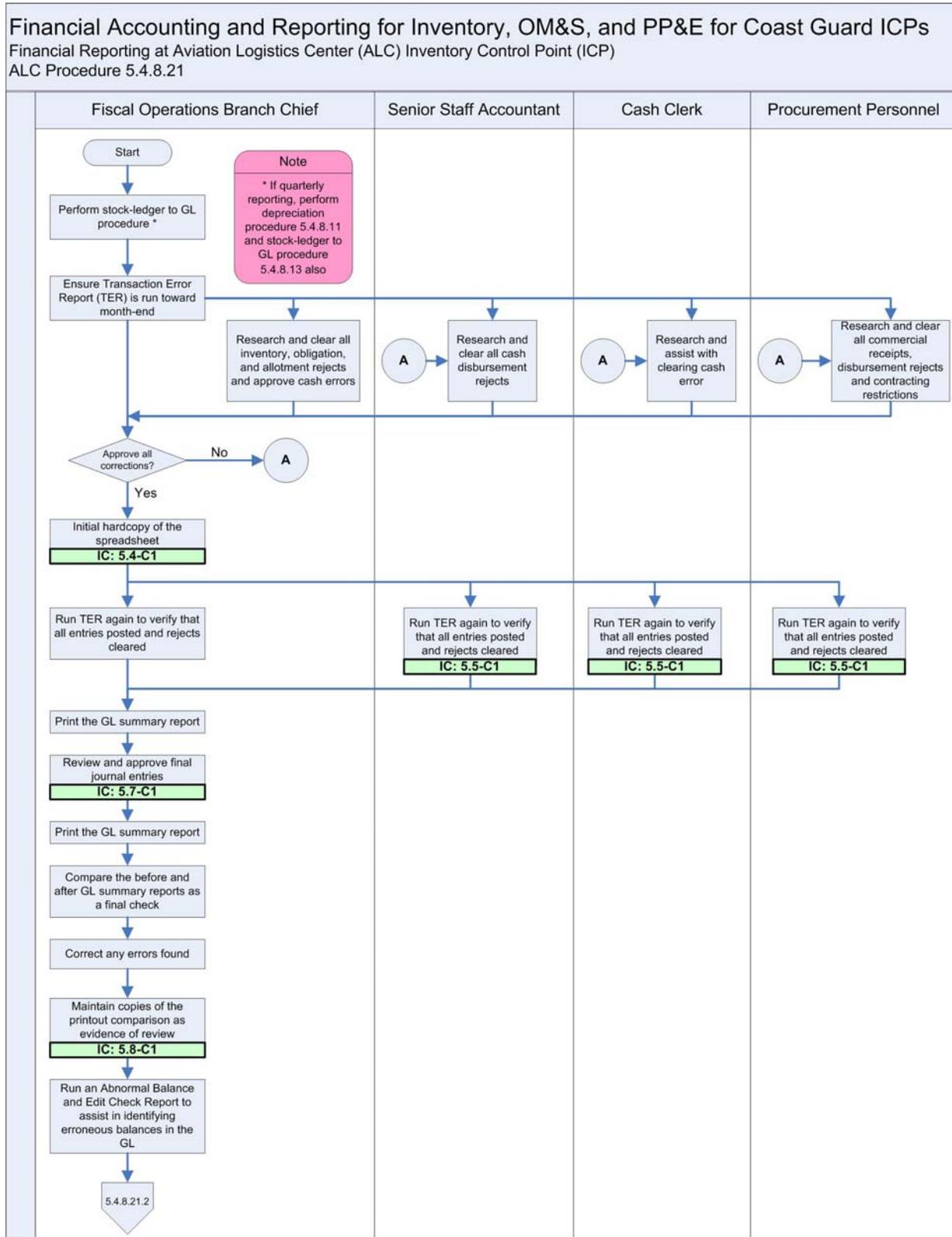
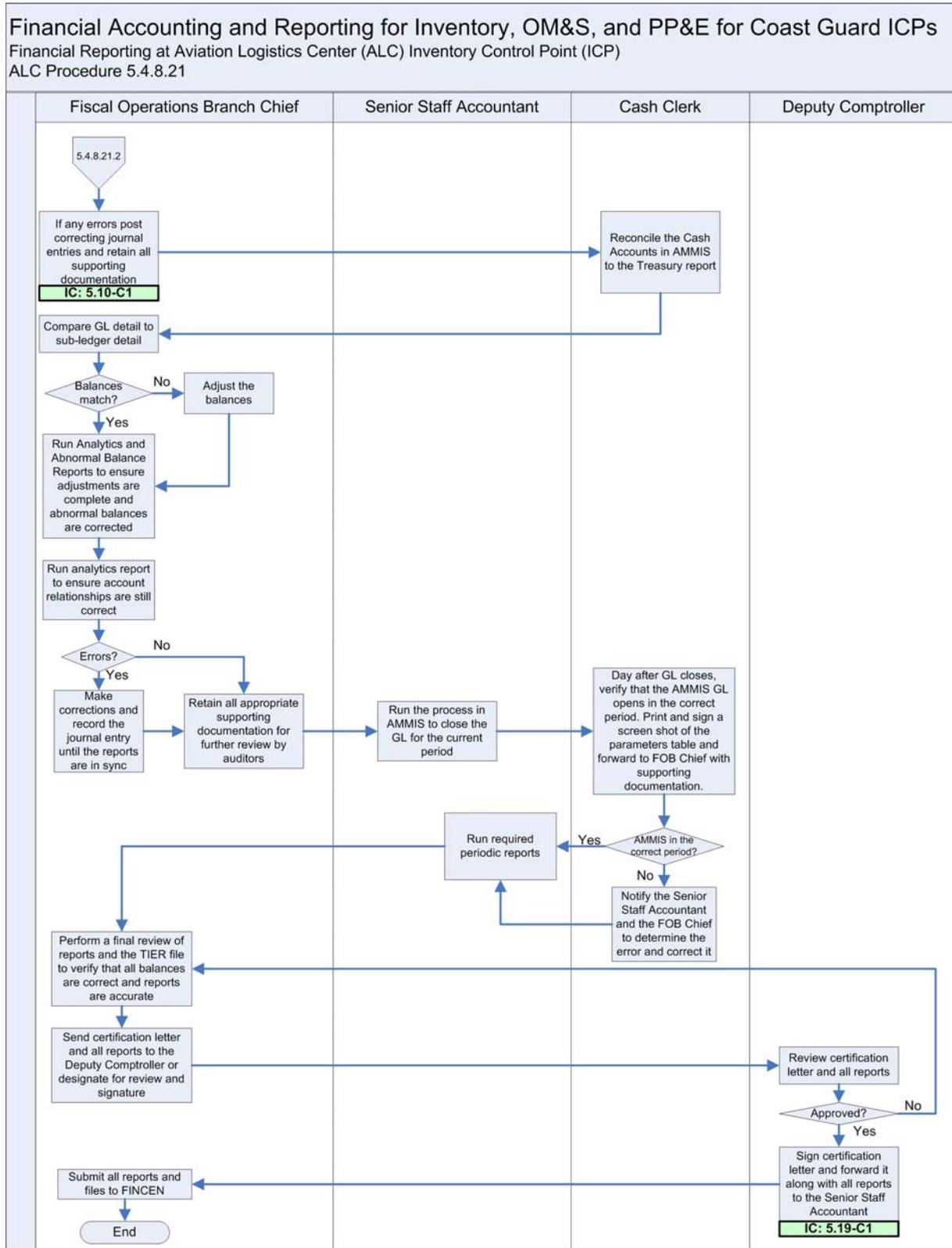


Figure 7.36 Financial Reporting at ALC (continued)



7.5.7-SFLC Procedures for the Surface Forces Logistics Center

The following subsections detail procedures for the management of inventory at the Surface Forces Logistics Center (SFLC). Similar procedures for the Aviation Logistics Center (ALC) begin on page 7-4. All procedures are numbered to align with the corresponding policy subsections of the Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

Classification of Newly Acquired Stock Items (SFLC)

Procedure No. 7.5.7.1-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items managed by the Surface Forces Logistics Center (SFLC) shall be properly classified when introduced into the ICP's financial accounting system, Naval and Electronics Supply Support System (NESSS). As new stock items are introduced into NESSS, timely and accurate classification is essential to ensure that lifecycle transactions recorded during the acquisition, receipt, sustainment, improvement and disposal phases are maintained in the proper series of general ledger accounts. Newly acquired items will be classified as either Operating Materials and Supplies (OM&S) or Property Plant and Equipment (PP&E). Inventory items are inducted into stock as either repairable or consumable and that ultimately determines its classification. Repairable items are considered Property, Plant and Equipment (PP&E), while consumable items are initially classified as Operating Material and Supplies (OM&S). Supply Fund managed items are classified as Inventory. Consumable OE items or OM&S experiencing four (4) or more demands within one (1) year may become candidates for transfer to SF management. Consumable OE managed items experiencing eight (8) demands within a two (2) year period may be considered for transfer to SF management. It is important that assets are classified accurately in NESSS as it is a critical factor in SFLC financial reporting and in the selection of the proper depreciation schedule. All new items are inducted into the SFLC stock system by undergoing the Item Entry Proposal (IEP) process. During this process, new items will be assigned a repair code using a Repair Code Determination form which should indicate a valid repair code of "C" (consumable), "R" (repairable) or "O" (organizational user level). Every Coast Guard unique item shall be subject to the repairable program candidate review process. Before entering a candidate into the repairable program, the review process shall consider the following:
- 1.1.1.1 Maintenance support plan;
 - 1.1.1.2 Resource requirements;
 - 1.1.1.3 Material availability;
 - 1.1.1.4 On-hand quantities;
 - 1.1.1.5 Production lead and/or repair turnaround time; and
 - 1.1.1.6 ERQ and the customer's operational readiness requirements before entering a candidate into the repairable program.

1.2 Inputs

- 1.2.1 A requirement for a new item of stock.

- 1.2.2 Item Entry Proposal Form.
- 1.2.3 Repair Code Determination Form, EMDIVINST 5235.1B Enclosure 2.

1.3 Outputs

- 1.3.1 National Stock Number or Activity Control Number.
- 1.3.2 Inventory Record in NESSS.

1.4 Applications

- 1.4.1 Naval and Electronics Supply Support System (NESSS).
- 1.4.2 Logistic On-Line Access (LOLA).
- 1.4.3 Naval Engineering Technical Information Management System (NE-TIMS).

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure.
- 1.5.2 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.2 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.3 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series), chapters 10, 11.
- 2.4 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 Item Entry Proposal form, Repair Code Determination form, and any documents (not otherwise electronically available online in NESSS) that pertain to the item record will be maintained in the NIIN folder in electronic format (NE-TIMS) for the life of the equipment plus three (3) years.

4.0 Responsibilities

- 4.1 Inventory Managers and Supply Technicians are responsible for establishing new items for wholesale inventory.
- 4.2 The Product Lines and Support Divisions that manage inventory items are responsible for ensuring adherence, periodic procedure reviews and updates, and providing adequate support for internal control testing and when requested, auditing from external sources.

- 4.3 The Logistics Compliance Branch of the Asset Logistics Division (ALD) is responsible for internal control testing and reporting.
- 4.4 The Equipment Specialists are responsible for determining whether to stock parts for wholesale inventory.

5.0 Procedure

- 5.1 A new item for SFLC wholesale inventory management is identified. The Product Line, Support Division or Headquarters will submit requirements for new items based on:
 - 5.1.1 Headquarters acquisition program needs;
 - 5.1.2 Engineering changes / Time Compliance Technical Orders (TCTOs);
 - 5.1.3 SFLC internal decisions; or
 - 5.1.4 Allowance Change Requests.These requirements are submitted to the appropriate Product Line / Support Division Equipment Specialist based on the type of material being requested.
- 5.2 The Equipment Specialist generates the Item Entry Proposal (IEP) form via NESSS and completes section I of the IEP form. This form now resides in NESSS as a pending IEP.
- 5.3 The appropriate Inventory Manager will review the pending IEP. If there are any discrepancies, the Inventory Manager will return the IEP to the Equipment Specialist via NESSS to make the necessary corrections (**IC: 5.3-C1**).
- 5.4 If no discrepancies exist, the Inventory Manager completes section II of the IEP and electronically forwards the IEP, via NESSS, to the Cataloging Section of the Logistics Supply and Support Branch (LSSB) for National Stock Number (NSN) assignment, if applicable.
- 5.5 The Equipment Specialist initiates a Repair Code Determination. The initiator will annotate the Repair Code Determination form with the appropriate Repair Code. When making the repair code determination for an item of supply, repairability shall be based on Original Equipment Manufacturer (OEM) or Other Government Agency (OGA) Source Maintenance and Recoverability recommendations, if applicable. In the event the ICP repairability determination differs from OEM or OGA, it shall be noted in the item's stock record file (electronic hard copy) (**IC: 5.5-C1**). The Equipment Specialist then routes the form to the designated approver for their Product Line.
- 5.6 The Repair Code Determination form approving official reviews the form to determine the validity and will approve and forward to ESD-TIMB for inclusion into the NE-TIMS NIIN folder (**IC: 5.6-C1**).
- 5.7 The LSSB Cataloging Section reviews the IEP and completes section III. Cataloging will retain until final disposition is determined. If the item does not have an NSN previously assigned, Cataloging will submit the item for NSN assignment through the Defense Logistics Information Service (DLIS).

- 5.8 Once the LSSB Cataloging Section receives notification through Logistics Online Access (LOLA) that the NSN has been established at DLIS, Cataloging will announce the NSN, and forward the IEP to ESD-TIMB.
- 5.9 The LSSB Cataloging Section will annotate the FSC and NIIN blocks on the Repair Code Determination form, create a NIIN folder for the item and forward a copy of the IEP to the Inventory Manager **(IC: 5.9-C1)**.
- 5.10 The Inventory Manager creates an inventory record for the item, entering the NIIN in NESSS and assigning an acquisition advice code (AAC) **(IC: 5.10-C1)**.
- 5.11 The Inventory Manager determines where the initial stock will come from and creates a purchase request to purchase stock.
- 5.12 ESD-TIMB scans all documents in the NIIN folder and creates an electronic NIIN folder for the item to be tracked in NE-TIMS **(IC: 5.12-C1)**.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ALD-FOB	Asset Logistics Division, Fiscal Operations Branch
DLIS	Defense Logistics Information Service
ESD-TIMB	Engineering Services Division, Technical Information Management Branch
FOB	Fiscal Operations Branch
IEP	Item Entry Proposal
LOLA	Logistic On-Line Access
LSSB	Logistics Supply and Support Branch
NESSS	Naval and Electronics Supply Support System
NE-TIMS	Naval Engineering Technical Information Management System
NIIN	National Item Identification Number
NSN	National Stock Number
OM&S	Operating Material and Supplies
PP&E	Property, Plant and Equipment
SFLC	Surface Forces Logistics Center
TIMB	Technical Information Management Branch

Figure 7.37 Classification of Newly Acquired Stock Items at SFLC

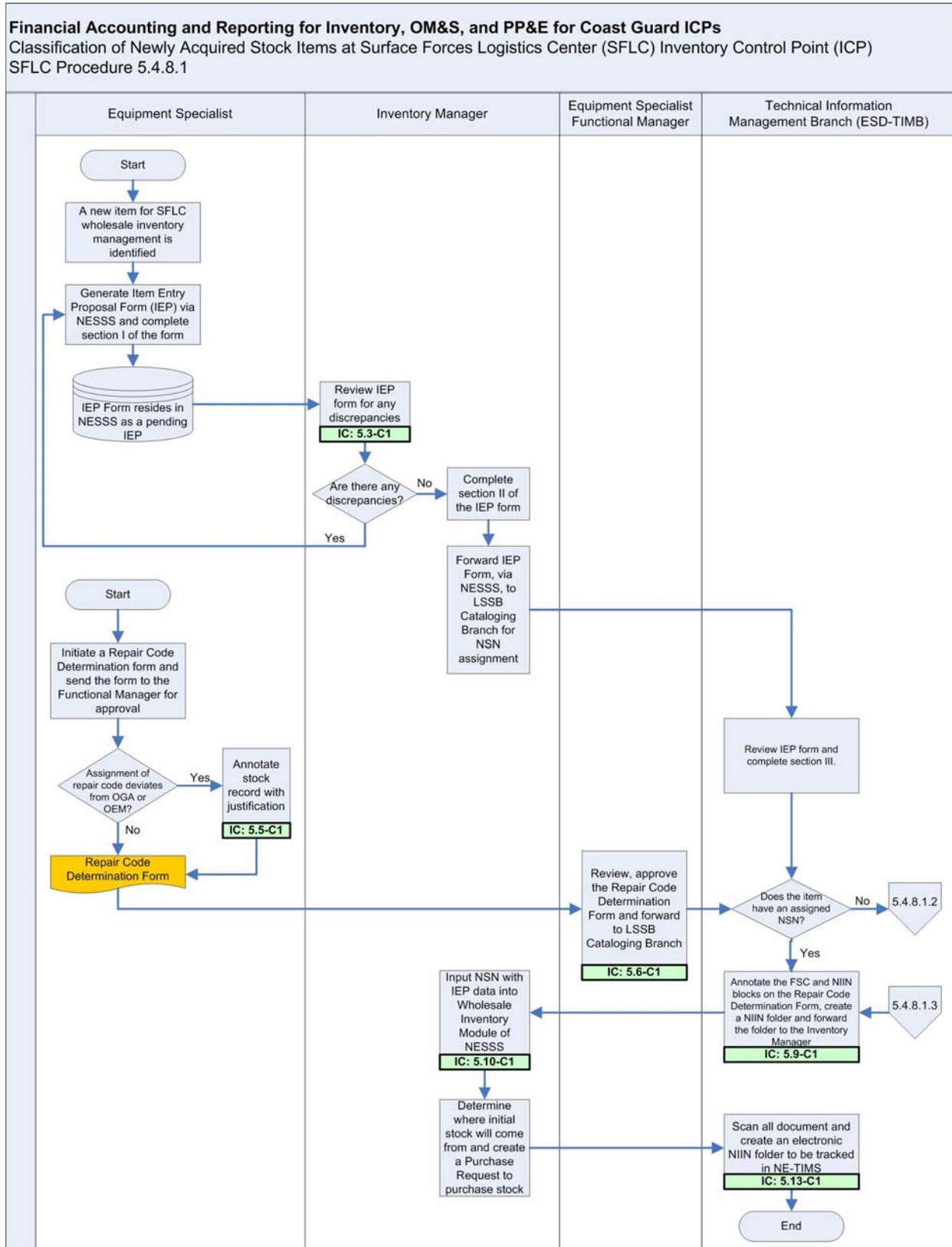
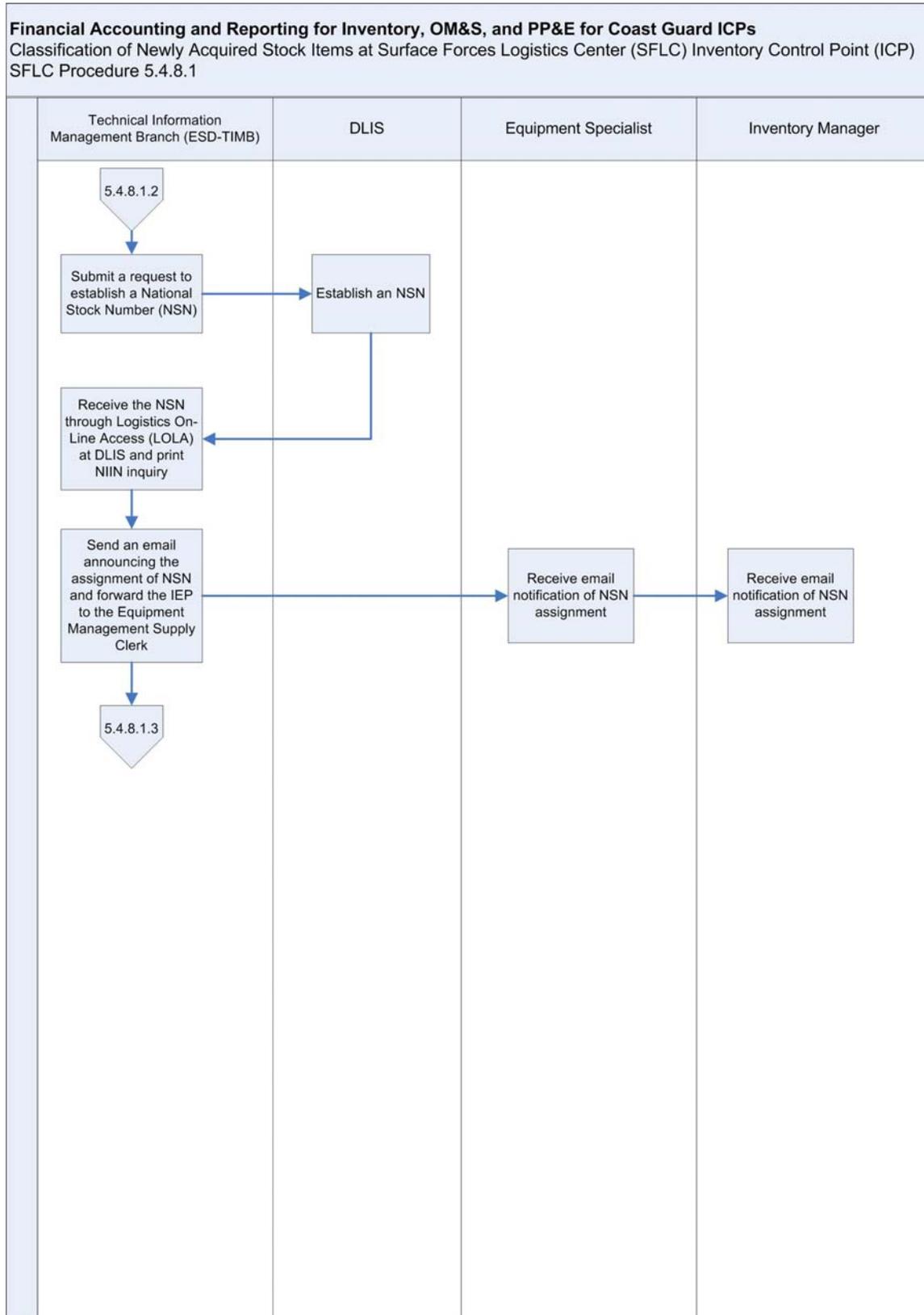


Figure 7.37 (continued) Classification of Newly Acquired Stock Items at SFLC



**Acquisition of Stock Items (ICP Acquisitions)
(SFLC)**

Procedure No. 7.5.7.2-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items are acquired by the Surface Forces Logistics Center (SFLC) using various methods such as Formal Contracts (Major Acquisitions), Small Purchases (Simplified Acquisitions), Military Interdepartmental Purchase Request (MIPR), Federal Supply System (FSS) MILSTRIP, Credit Card purchases, donations and transfers in from various sources. The acquisition method used to obtain stock items should identify the item purchased and tie to NESSS line item of accounting so that line item accounting as well as proper valuation data can be processed and stored.

1.2 Inputs

- 1.2.1 Buy or Repair Recommendation.
1.2.2 Procurement Request (PR).
1.2.3 Buy Package.

1.3 Outputs

- 1.3.1 Commitment.
1.3.2 Obligation.
1.3.3 Purchase Order (PO).
1.3.4 Formal Contract.
1.3.5 MIPR.
1.3.6 MILSTRIP Requisition.
1.3.7 Credit Card Purchase.

1.4 Applications

- 1.4.1 Naval and Electronics Supply Support System (NESSS).
1.4.2 Naval Engineering Technical Information Management System (NE-TIMS).

1.5 Financial Statement Assertions

- 1.5.1 Rights and Obligations.
1.5.2 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.

- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 General Services Administration, Federal Acquisition Regulation (FAR) Volume 1, March 2005.
- 2.4 Department of Homeland Security, Department of Homeland Security Acquisition Manual (HSAM), October 2006.
- 2.5 Department of Homeland Security, Homeland Security Acquisition Regulation (HSAR), June 2006.
- 2.6 Department of Homeland Security, Management Directive 125-02, "Interagency Agreements," August 2008.
- 2.7 Department of Homeland Security, Instruction Supplement 125-02-001, "Instruction Guide on Interagency Agreements," August 2008.
- 2.8 Department of Homeland Security, United States Coast Guard, Budgetary Resource Management Process Documentation, May 2007.
- 2.9 Coast Guard Acquisition Procedures (CGAP), COMDTINST M4200.19 (series).
- 2.10 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.11 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure audit-ready documentation is retained to support all acquisitions of stock items received for the life cycle of the stock item plus three (3) years.

4.0 Responsibilities

- 4.1 The Comptroller shall ensure that any acquisition method used identifies the stock item purchased on the acquisition document and it ties to the SFLC stock system line of accounting so that line accounting as well as proper valuation data can be processed and stored. The Comptroller shall ensure that all evidential matter which supports the acquisition of stock items is audit-compliant third-party documentation supporting the receipt date and valuation of the stock item.
- 4.2 Equipment Specialists and Inventory Managers are responsible for initiating procurement request documents when a stock item requirement is identified.
- 4.3 Branch Chiefs or delegates are responsible for approving procurement requests. Each Branch Chief is responsible for promulgating criteria for the level of approval authority given to each authorized delegate.
- 4.4 Point Account Managers are appointed by the Division Chief and are responsible for approving procurement requests based on funds availability.

- 4.5 The cognizant Contracting Officer (KO) shall review all solicitations and contractual actions. The KO shall ensure that funds are available, and that action is taken in accordance with applicable laws, regulations and policies. KOs are also responsible for assuring that all actions are submitted for the appropriate review, and that the solicitation or contract file is fully documented with respect to any review findings.
- 4.6 Legal Counsel shall review all proposed solicitations and contractual actions valued at \$500,000 or more (including options). Legal counsel shall be used by KOs to the maximum extent possible consistent with regulatory requirements.
- 4.7 Procurement Management Branch shall perform an independent review of all contracting actions that exceed the simplified acquisition threshold. This comprises all contract actions exceeding \$500,000 including Inter/Intra-Agency Agreements, Blanket Purchase Agreements (BPAs), and Letter Contracts; such as:
- 4.7.1 Proposed solicitations, contracts, and contract modifications issued and awarded pursuant to Federal Acquisition Regulation (FAR) Parts 12, 13.5, 14 or 15;
 - 4.7.2 Proposed solicitations, BPAs, orders, and modifications to such orders issued and awarded pursuant to FAR Part 8.4, when using Statement of Work, Statements of Objectives or requiring licenses;
 - 4.7.3 Proposed solicitations, orders and modifications to such orders issued and awarded against a multiple award indefinite delivery contract;
 - 4.7.4 Letter contracts in accordance with HSAM Subchapter 3016.603;
 - 4.7.5 Proposed intra/inter-agency agreements;
 - 4.7.6 Pre-negotiation objectives and the documentation of negotiation (FAR 48 CFR 15.406-3) for actions using FAR Part 15; and
 - 4.7.7 Any action requiring submittal to G-APO shall be subject to review.
- Specific exceptions to the review and approval requirements are provided for in HSAM Subchapters 3004.7002 and 3004.7003.
- 4.8 The Chief of the Contracting Office (COCO) shall serve as the final arbiter in the event a consensus cannot be reached between the contracting officer and any cognizant review element. Additionally, any award action exceeding \$500,000 shall require implementation of FAR 52.204-1, Approval of Contract, for which the COCO shall serve as the designated agency official unless a higher level official is designated by the HSAM, HSAR, CGAP or other related orders or instructions. The COCO shall review all actions described in the Procurement Management Branch responsibilities above. In addition to those actions, the COCO may review and approve any action as deemed appropriate.

5.0 Procedure

- 5.1 IM receives a buy/repair recommendation from NESSS or other source. The NESSS generated Economic Order Quantity (EOQ) buy/repair recommendation is based on the stock item reaching its reorder point. Other sources include requests

- for new stock items or from the identification of expected increased demand for stock items.
- 5.2 IM either accepts or deviates from the buy/repair recommendation. A deviation includes actions where more buys, fewer buys, or no buys are made. Some factors that may require varying from the EOQ include:
 - 5.2.1 Need to include scheduled cutter maintenance requirements that increase the quantity required.
 - 5.2.2 Receipt of unscheduled projects from other operational support commands.
 - 5.2.3 Changes in manufacturing techniques that alter the economical production run of items manufactured.
 - 5.2.4 Changes in technology that extends an item's lifecycle.
 - 5.2.5 Lack of rights and data from procurement limiting the procurement frequency.
 - 5.2.6 Changes in the business environment of the companies manufacturing an item, such as notice of an item being discontinued, bankruptcy, recalls due to defects, a company going out of business or merger activity.
 - 5.3 When the recommended replenishment quantity requires modification, the IM documents the reason in the remarks field of the "Review Replenishment Recommendations", SUP 17210 screen within NESSS (**IC: 5.3-C1**).
 - 5.4 IM or PR originator prepares the appropriate procurement request document as follows:
 - 5.4.1 PR number, if applicable, is NESSS generated.
 - 5.4.2 Determines proper purchase vehicle (commercial buy, project order, work order, etc.).
 - 5.4.3 Provides recommended sources of supply.
 - 5.4.4 Determines the required delivery date, priority, and delivery address.
 - 5.4.5 Assigns applicable accounting data, including dollar amount.
 - 5.4.6 Prepares Annual Procurement Plan (APP) if the buy is over \$150,000.
 - 5.4.7 Provides sole source justification if the buy is over \$2,500 and is either a brand name or sole source (**IC: 5.4-C1**).
 - 5.4.8 Provides purchase/repair description, specifications/drawings, last procurement/repair history, if required.
 - 5.4.9 Provides market research and vendor quotes if available.
 - 5.4.10 Documents the purchase in the electronic National Item Identification Number (NIIN) folder with the EOQ buy/repair recommendation, if required.
 - 5.5 NESSS automatically sends the PR to the appropriate Point Account Manager for funds approval. NESSS will not allow the same user to enter and approve a PR (**IC: 5.5-C1**).
 - 5.6 The Point Account Manager forwards a hardcopy PR to the Branch Chief to approve or reject. The Branch Chief returns the hardcopy PR to the Point Account Manager with approval signature if approved (**IC: 5.6-C1**).

- 5.7 The Point Account Manager will enter approval or rejection in NESSS based on the Branch Chief's decision. If the PR is not approved, the Point Account Manager enters comments describing why the PR was not approved and returns PR to the PR originator. NESSS has overrun checks that restrict the amount of funds available for commitment. NESSS will not permit the approval of a PR if funds are not available (**IC: 5.7-C2**). NESSS will not allow a PR to be created using expired funds (**IC: 5.7-C3**).
- 5.8 NESSS emails the approval or disapproval status to the PR originator. Approval of the PR creates a commitment posted in NESSS. NESSS automatically reduces available funds by the amount of the commitment (**IC: 5.8-C1**). NESSS creates the following journal entry:
 - 5.8.1 Allotments-Realized Resources (4610)
 - 5.8.2 Commitments (4610)
- 5.9 If the stock item is dual managed and can be purchased through Other Government Sources (OGA) via MILSTRIP, a requisition is submitted through the Defense Automatic Addressing System (DAAS). Otherwise, the PR is forwarded to the Procurement Division.
- 5.10 The Procurement Division assigns the PR to the appropriate contracting branch via NESSS.
- 5.11 The Branch Chief distributes the PR to a Contract Specialist for procurement action.
- 5.12 The Contract Specialist will review the buy package to determine the appropriate method of acquisition (i.e. Government Agency or commercial vendor).
- 5.13 To create a contract with another Government Agency, the Contracting Specialist creates a MIPR. The KO approves or rejects the MIPR (**IC: 5.13-C1**). The MIPR is forwarded back to the Contract Specialist who will record the obligation in NESSS and forward the MIPR to the other government agency. The KO records the obligation in Finance and Procurement Desktop (FPD) when the approved MIPR is received (**IC: 5.13-C2**).
- 5.14 To create contracts or POs with commercial sources, the Contracting Specialist forwards the buy package to the KO.
- 5.15 The KO reviews the buy package and distributes to a Buyer for procurement action.
- 5.16 The Buyer will prepare the appropriate solicitation or contractual document as well as all the supporting documentation to assure the solicitation or contract file represents an independent record of action (**IC: 5.16-C1**).
- 5.17 The Buyer logs onto the PO screen in NESSS and enters Source of Supply information for the applicable purchase. The Buyer submits the PO to the KO for approval.
- 5.18 The KO reviews and either accepts or rejects the PO (**IC: 5.18-C1**). KOs are able to obligate funds up to \$1,000 over the commitment amount for any PO. KOs require a PR amendment if the obligation amount exceeds \$1,000 of the committed amount. An obligation is recorded upon the approval of the PO using transaction code P006

in NESSS (**IC: 5.18-C2**). NESSS records the following budgetary accounting entry when an obligation is recorded:

5.18.1 Allotments-Realized Resources (4610)

5.18.2 Undelivered Orders (4810)

5.19 After the KO's review and incorporation of the KO's comments, any purchase action requiring additional review shall be forwarded with its accompanying file, to those levels of review so designated (**IC: 5.19-C1**).

5.20 Upon receipt of any reviews, a written response to the review comments shall be prepared for inclusion in the solicitation or contract file with the review. The response shall be signed and dated (**IC: 5.20-C1**). A copy of the response is forwarded through the KO to the reviewing element. Written responses shall be completed at each level of review prior to subsequent reviews. In the event the KO disagrees with any review comment, the KO shall provide the basis for the disagreement.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
APP	Annual Procurement Plan
BPA	Blanket Purchase Agreement
CGAP	Coast Guard Acquisition Procedures
COCO	Chief of the Contracting Office
DAAS	Defense Automatic Addressing System
EOQ	Economic Order Quantity
FAR	Federal Acquisition Regulation
FPD	Finance and Procurement Desktop
FSS	Federal Supply System
HSAM	Homeland Security Acquisition Manual
HSAR	Homeland Security Acquisition Regulation
ICP	Inventory Control Point
IM	Inventory Manager
KO	Contracting Officer
MIPR	Military Interdepartmental Purchase Request
NESSS	Naval and Electronics Supply Support System
NIIN	National Item Identification Number
OGA	Other Government Agency
PO	Purchase Order

PR Procurement Request
SFLC Surface Forces Logistics Center

Figure 7.38 Acquisition of Stock Items at SFLC

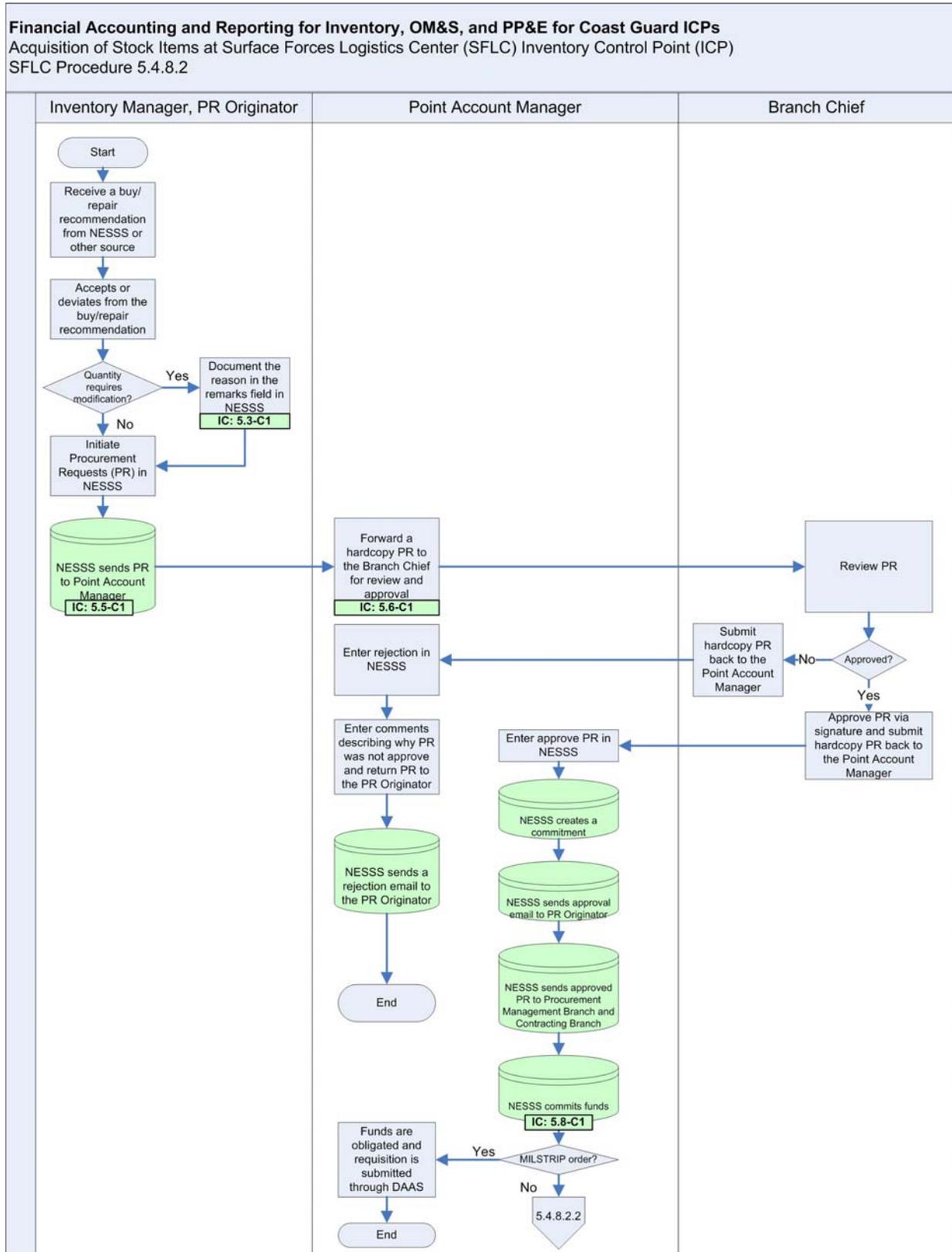


Figure 7.38 (continued) Acquisition of Stock Items at SFLC

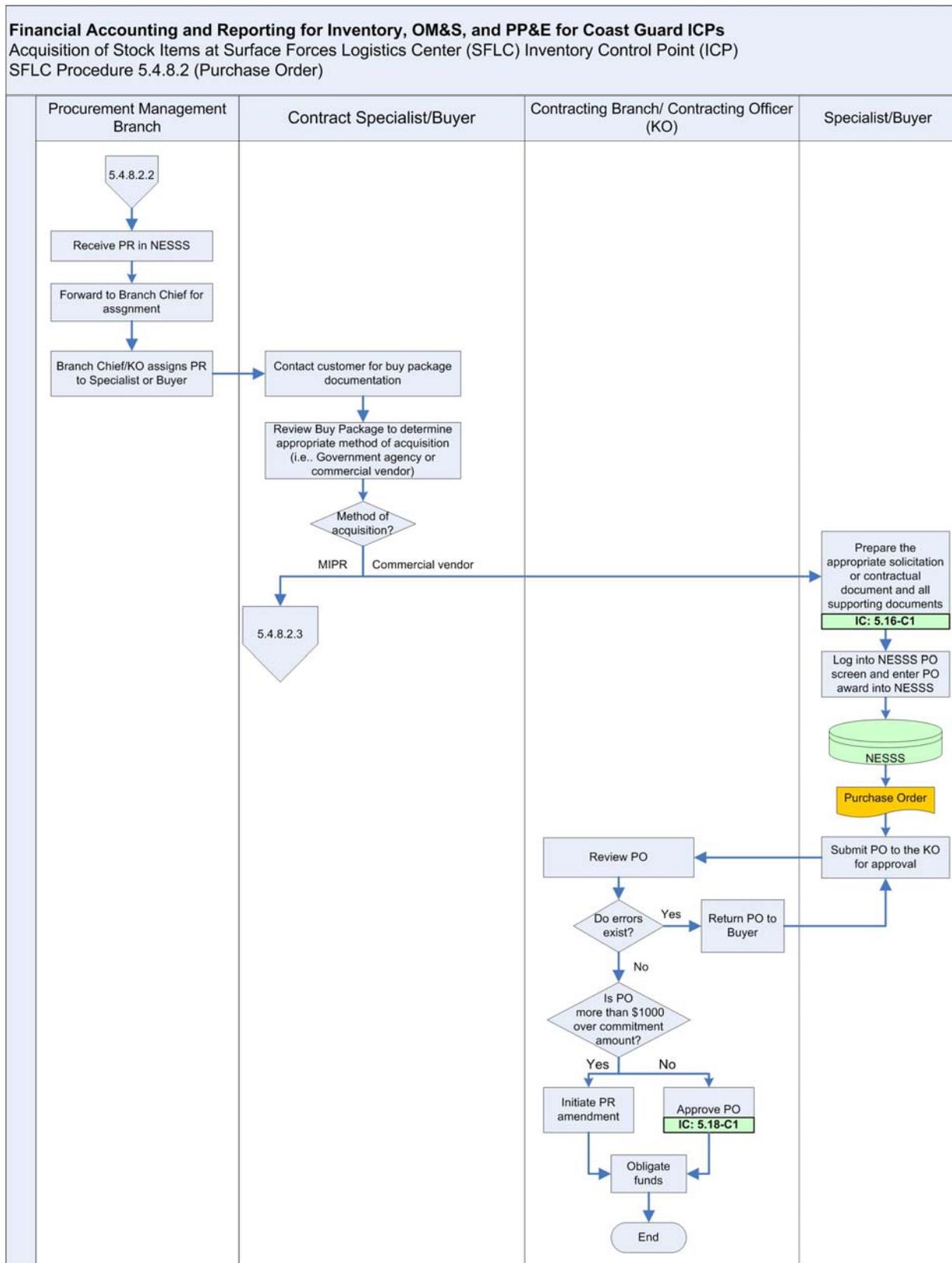
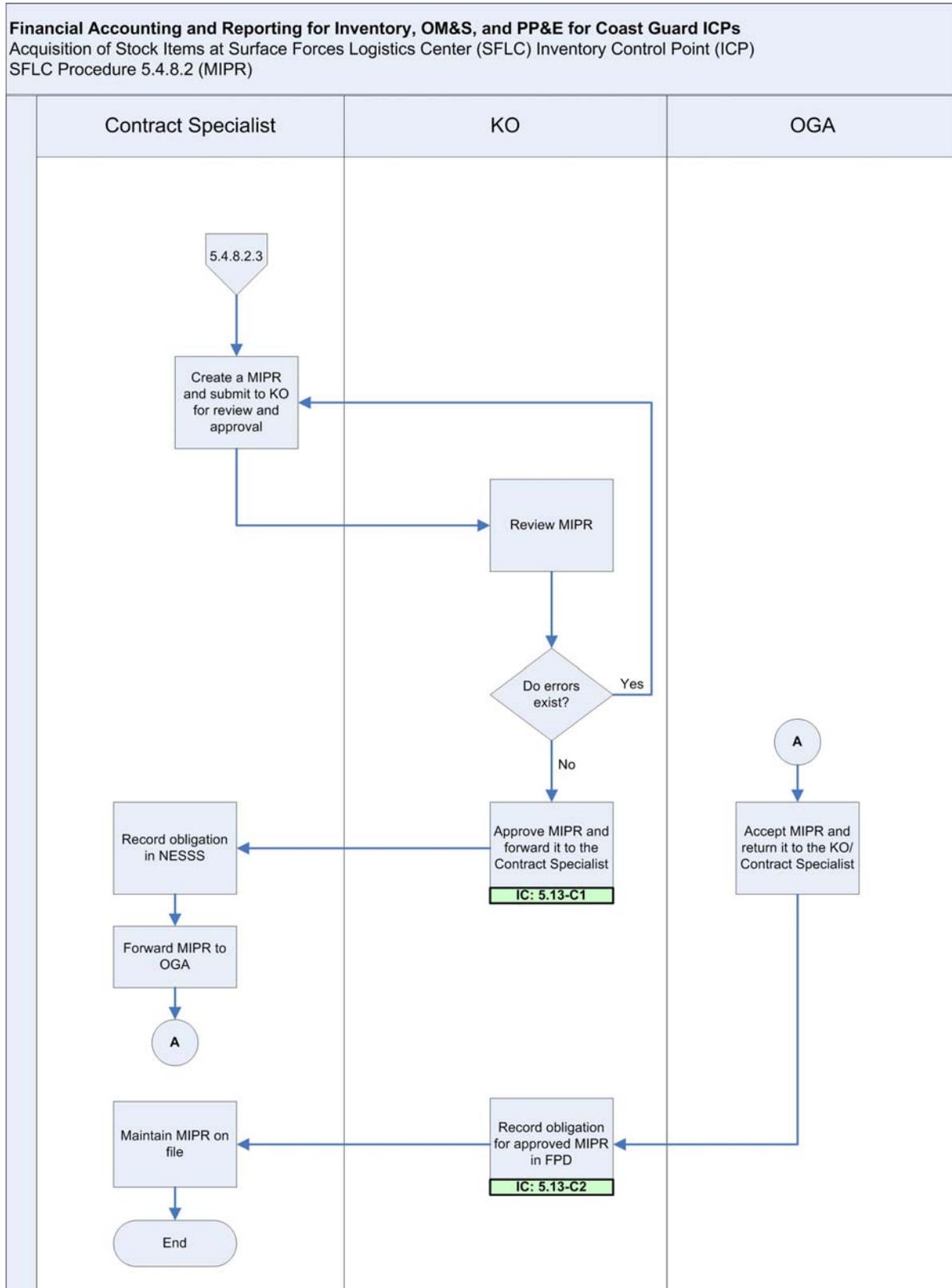


Figure 7.38 (continued) Acquisition of Stock Items at SFLC



Receiving of Stock Items (SFLC)

Procedure No. 7.5.7.4-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 This procedure applies to all stock items received at the Surface Forces Logistics Center (SFLC) such as turn-ins, transfers, and new items. As part of the receiving process, SFLC inspects all items delivered for quantity, quality, condition, and any special specifications as indicated on the purchase order. Quality inspections are performed to validate the count, condition, packaging, marking and to identify any obvious damage of all material received at the door. SFLC identifies and segregates the stock items received as receipted or frustrated. Approximately 95% of material managed by SFLC arrives at the SFLC warehouse. The remaining material arrives at other USCG stock points, contractor sites, and field units. The process at the other locations may differ slightly, but the basic process to manage and account for the receipt for material is similar.

1.2 Inputs

- 1.2.1 Incoming material at the SFLC warehouse or remote locations.
- 1.2.2 Receipt documentation, such as packing lists; bills of lading; and Issue Release/Receipt Document, DD 1348-1A.
- 1.2.3 Quality Assurance (QA) stickers.

1.3 Outputs

- 1.3.1 Segregation of incoming material into receipted or frustrated categories.

1.4 Applications

- 1.4.1 COGNOS.
- 1.4.2 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy.
- 1.5.2 Rights and Obligations.
- 1.5.3 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.

- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.5 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).
- 2.6 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure audit-ready documentation is retained to support all stock items received for three (3) fiscal years after the receiving date is recorded.

4.0 Responsibilities

- 4.1 Material Handlers are responsible for receiving all material that is delivered to the SFLC Warehouse. Material Handlers shall inspect the material for quantity, condition, and correctness, noting all obvious damage, separate material on the receiving floor, date and time stamp receipt documentation, and make all notifications for proper disposition of material.
- 4.2 Material Inspectors are responsible for validating conformance of incoming material with contract specifications.
- 4.3 Gatekeepers verify that the receipt documentation matches the due-in in the system, post the receipt, and forward the documents with notifications for the proper disposition of the material.
- 4.4 Warehouse Supervisors conduct random inspections to ensure that proper procedures are being followed.

5.0 Procedure

- 5.1 When material arrives at the warehouse, the Material Handler performs the following actions before the truck leaves:
 - 5.1.1 Verify that the delivery address is correct and unload the truck.
 - 5.1.2 Validate quantity (qty of crates, not qty of items in the crates) listed on the government bill of lading (GBL) / commercial bill of lading (CBL). If a shortage exists, annotate the shortage on the GBL/CBL and place a "SHORTAGE" sticker on the GBL/CBL (**IC: 5.1-C1**).
 - 5.1.3 Check crates for visible signs of damage, and if damaged, inform the Material Inspector. The Material Inspector will photograph the damaged material and annotate the damage on the GBL/CBL (**IC: 5.1-C2**).
 - 5.1.4 If applicable, place a "DAMAGE" sticker on the GBL/CBL (**IC: 5.1-C3**).
 - 5.1.5 Sign the GBL/CBL and place it in the Traffic Office box.
- 5.2 Material is separated on the Receiving Floor into one of the following categories:

- 5.2.1 MILSTRIP;
- 5.2.2 Contracts;
- 5.2.3 Mandatory Turn Ins (MTI); or
- 5.2.4 Direct Turn Over (DTO).

DTO receipts do not apply to the receipt of stock items and are not covered. MTI receipts are covered under a separate procedure in the directive.

- 5.3 Date and time stamp the receipt documentation that was attached to the items **(IC: 5.3-C1)**.
- 5.4 The following tasks are required to process MILSTRIP material received:
 - 5.4.1 Validate material against the Issue Release/Receipt Document, DD 1348-1A, to verify quantity, condition and National Stock Number (NSN). If any of this information is incorrect, the material must be placed in frustrated status **(IC: 5.4-C1)**.
 - 5.4.2 Ensure packaging is marked with the NSN. If not marked, annotate the NSN on the box.
 - 5.4.3 Review the COGNOS “Open MILSTRIP Due In” report to determine the originator of the requisition. Annotate originator information on the Issue Release/Receipt Document, DD 1348-1A.
 - 5.4.4 If the MILSTRIP is not on the “Due In” report, the item will be frustrated **(IC: 5.4-C2)**.
 - 5.4.5 If a YARD/SFLC employee ordered the item, DTO procedures are followed.
 - 5.4.6 A copy of the DD 1348-1A is forwarded to the Gatekeeper for receipt processing.
- 5.5 The following tasks are required to process Contract material received:
 - 5.5.1 The Material Handler will store the material in a temporary location in the Receiving area of the warehouse. The temporary location is then written on the packing list or Receipt Inspection Report (RIR).
 - 5.5.2 The Material Handler will send the packing list or RIR to the Gatekeeper.
 - 5.5.3 The Gatekeeper creates a folder for each Contract, Delivery Order or Purchase Order to include a copy of the order and a copy of the packing list or RIR.
 - 5.5.4 The Gatekeeper will submit folder to the Material Inspector.
 - 5.5.5 The Material Inspector will perform the following tasks:
 - 5.5.5.1 Validate the quantity.
 - 5.5.5.2 Validate the part number/NSN.
 - 5.5.5.3 Check material for QA sticker. In some cases, prior to shipment to SFLC, USCG personnel place QA stickers on material that has previously been inspected at the manufacturer or OGA **(IC: 5.5-C1)**. If a QA sticker is not present, a quality inspection is performed to ensure material conforms to contract/order specifications.

- 5.5.5.4 Verify inspection performed by initialing on hard copy receipt **(IC: 5.5-C2)**.
- 5.5.5.5 If the material conforms to contract/order, return folder to the Gatekeeper.
- 5.5.5.6 If the material does not conform to the contract/order specifications, the Material Inspector will annotate the deficiencies and return the folder to the Gatekeeper to be processed as frustrated material **(IC: 5.5-C3)**.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
CBL	Commercial Bill of Lading
DTO	Direct Turn Over
GBL	Government Bill of Lading
ICP	Inventory Control Point
IM	Inventory Manager
MTI	Mandatory Turn In
NESSS	Naval and Electronics Supply Support System
NSN	National Stock Number
QA	Quality Assurance
SFLC	Surface Forces Logistics Center

Figure 7.39 Receiving of Stock Items at SFLC

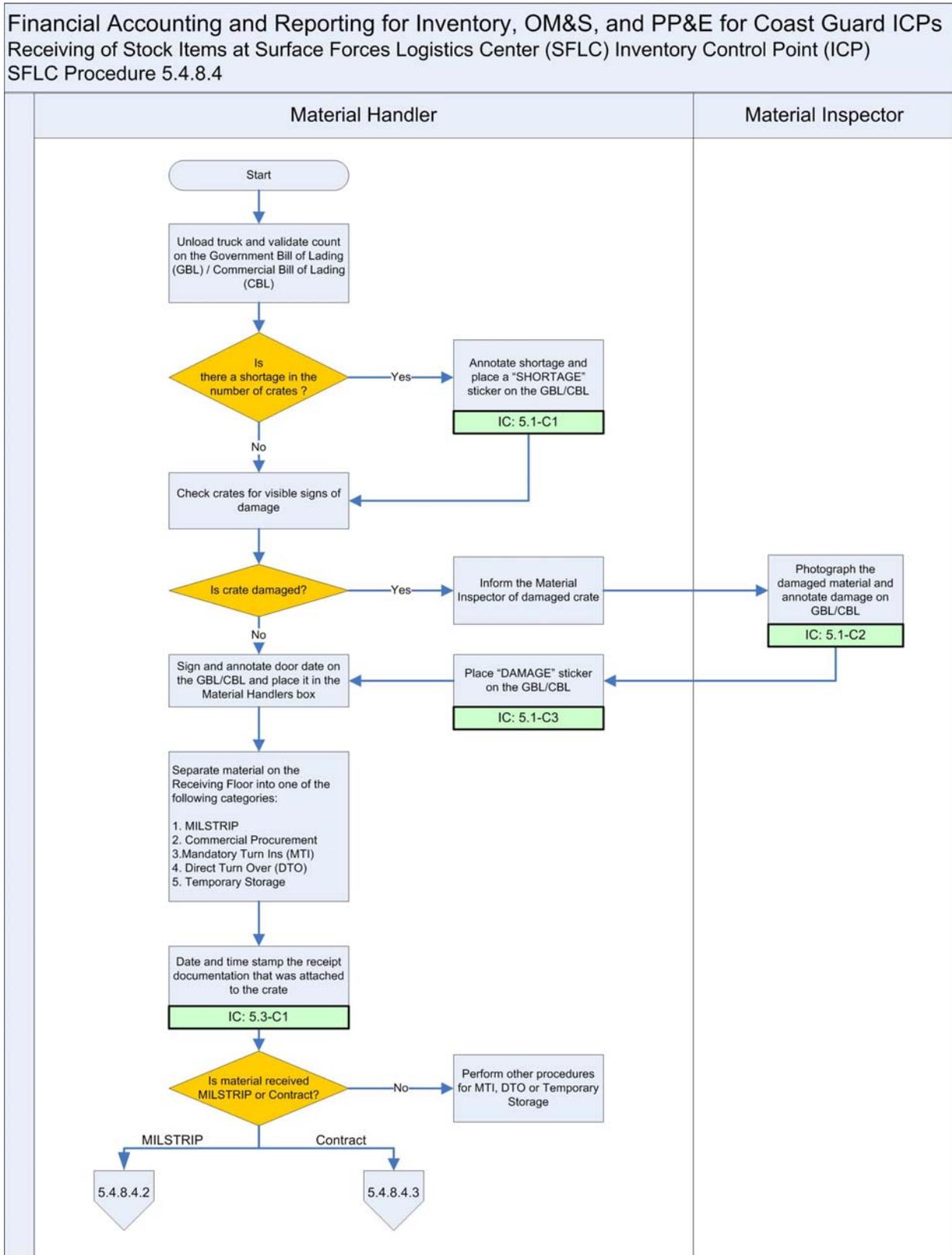


Figure 7.39 (continued) Receiving of Stock Items at SFLC

Financial Accounting and Reporting for Inventory, OM&S, and PP&E for Coast Guard ICPs
 Receiving of Stock Items at Surface Forces Logistics Center (SFLC) Inventory Control Point (ICP)
 SFLC Procedure 5.4.8.4

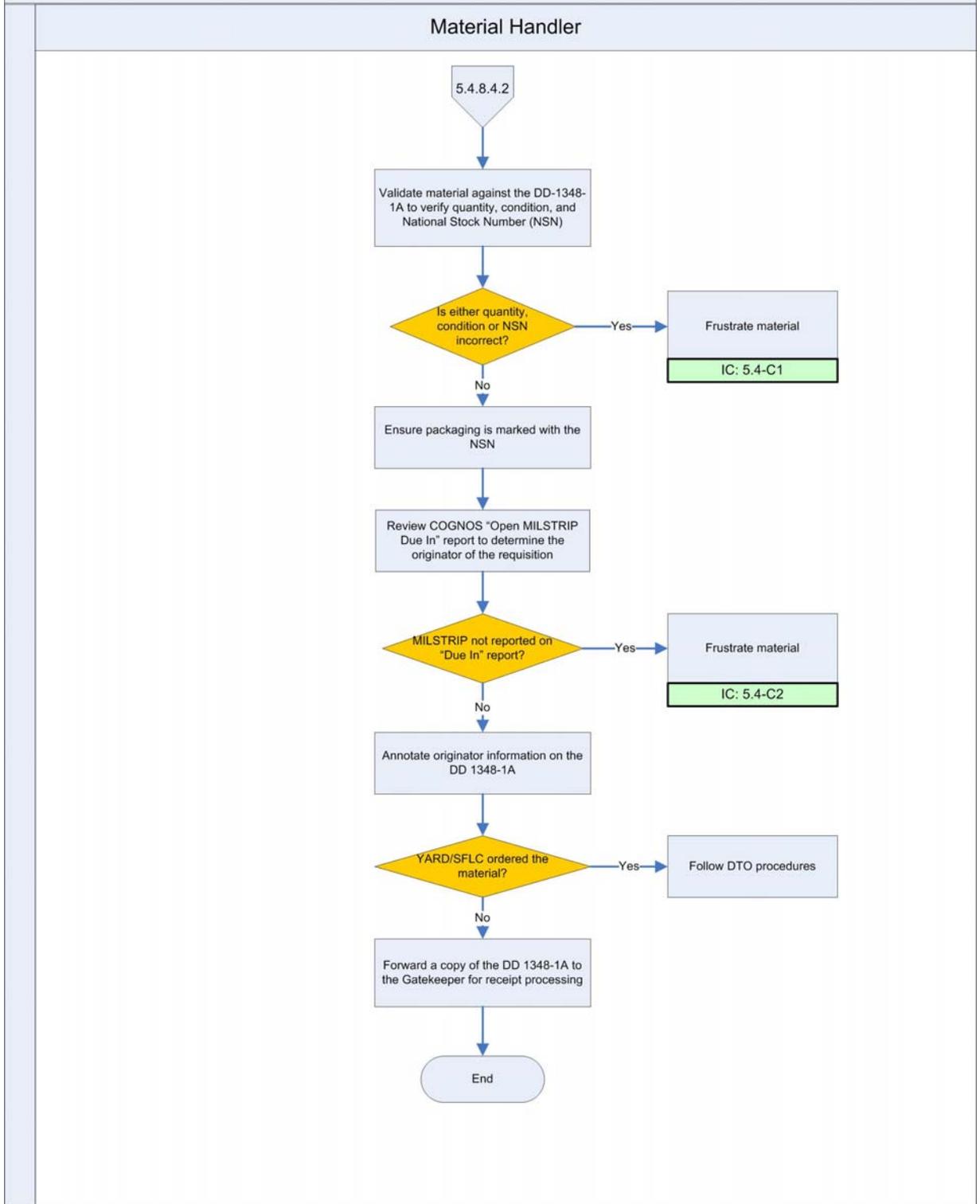
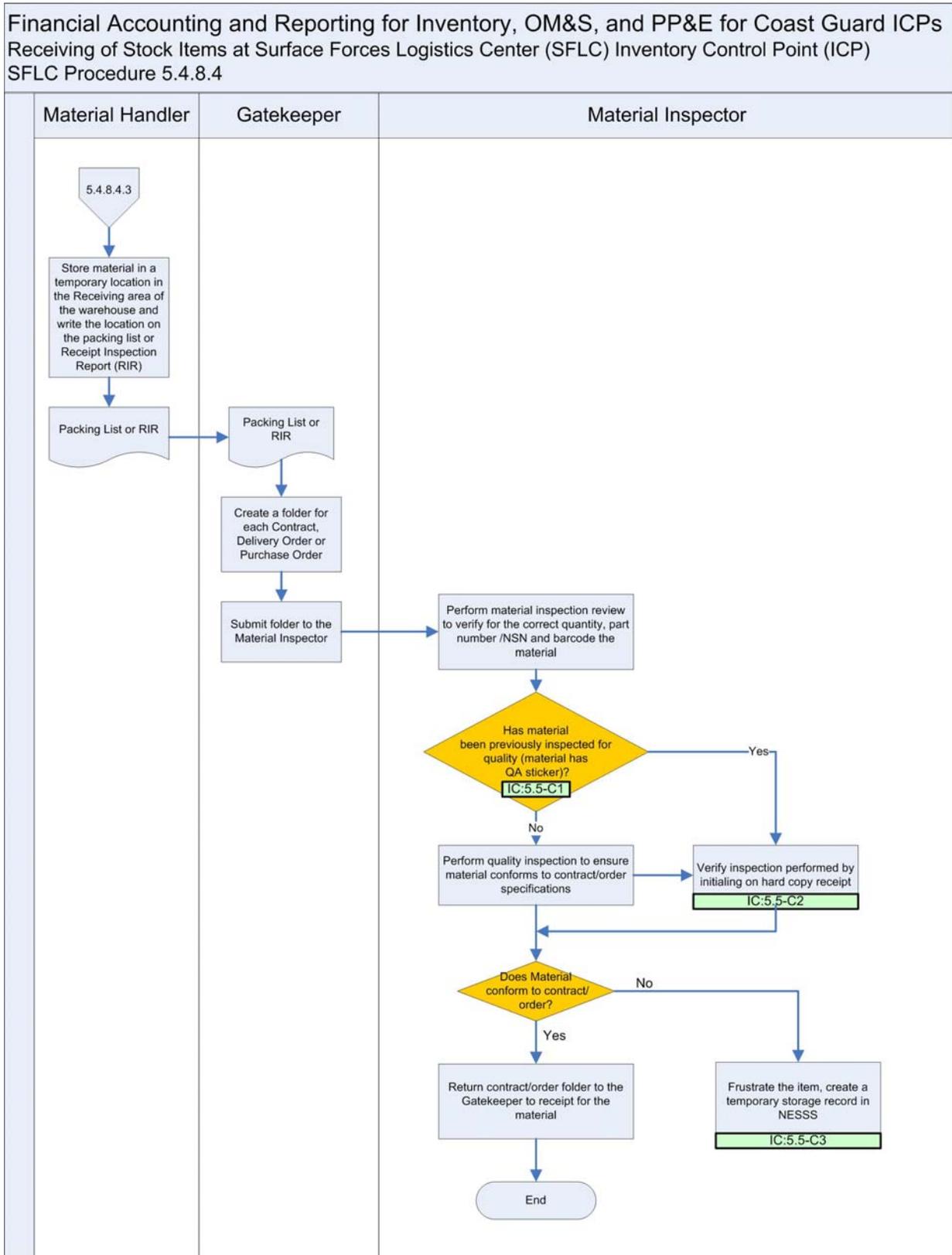


Figure 7.39 (continued) Receiving of Stock Items at SFLC



Frustrated Receipt of Stock Items (SFLC)

Procedure No. 7.5.7.5-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 This procedure applies to items arriving at the Surface Forces Logistics Center (SFLC) with little or no documentation that would identify the stock item to a pending order or due in. In these cases, the material is frustrated, cannot be receipted for, and is temporarily stowed in a warehouse location while research is conducted to determine appropriate disposition. While in a frustrated status, the valuation of this material is not recorded in a general ledger account, and therefore is not reflected on United States Coast Guard financial statements.

1.2 Inputs

- 1.2.1 Incoming material at the SFLC warehouse or remote locations
- 1.2.2 Receipt documentation, such as packing lists; bills of lading; and Issue Release/Receipt Document, DD 1348-1A.

1.3 Outputs

- 1.3.1 Resolution of frustrated items to determine appropriate disposition.

1.4 Applications

- 1.4.1 COGNOS.
- 1.4.2 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy.
- 1.5.2 Rights and Obligations.
- 1.5.3 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.

- 2.5 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure documentation is retained for frustrated receipts to provide substantiation of date received and all associated resolution actions for three (3) fiscal years after resolution.

4.0 Responsibilities

- 4.1 The Material Handlers/Inspectors shall ensure that frustrated receipt stock items are separately stored and identified in warehouse locations. The Gatekeeper shall ensure that frustrated receipts are resolved within 30 calendar days of the original receipt date.
- 4.2 Inventory Managers (IMs), procurement officials, and BOD personnel shall research and reconcile all frustrated receipts of material under their cognizance within 25 calendar days of the original receipt date.

5.0 Procedure

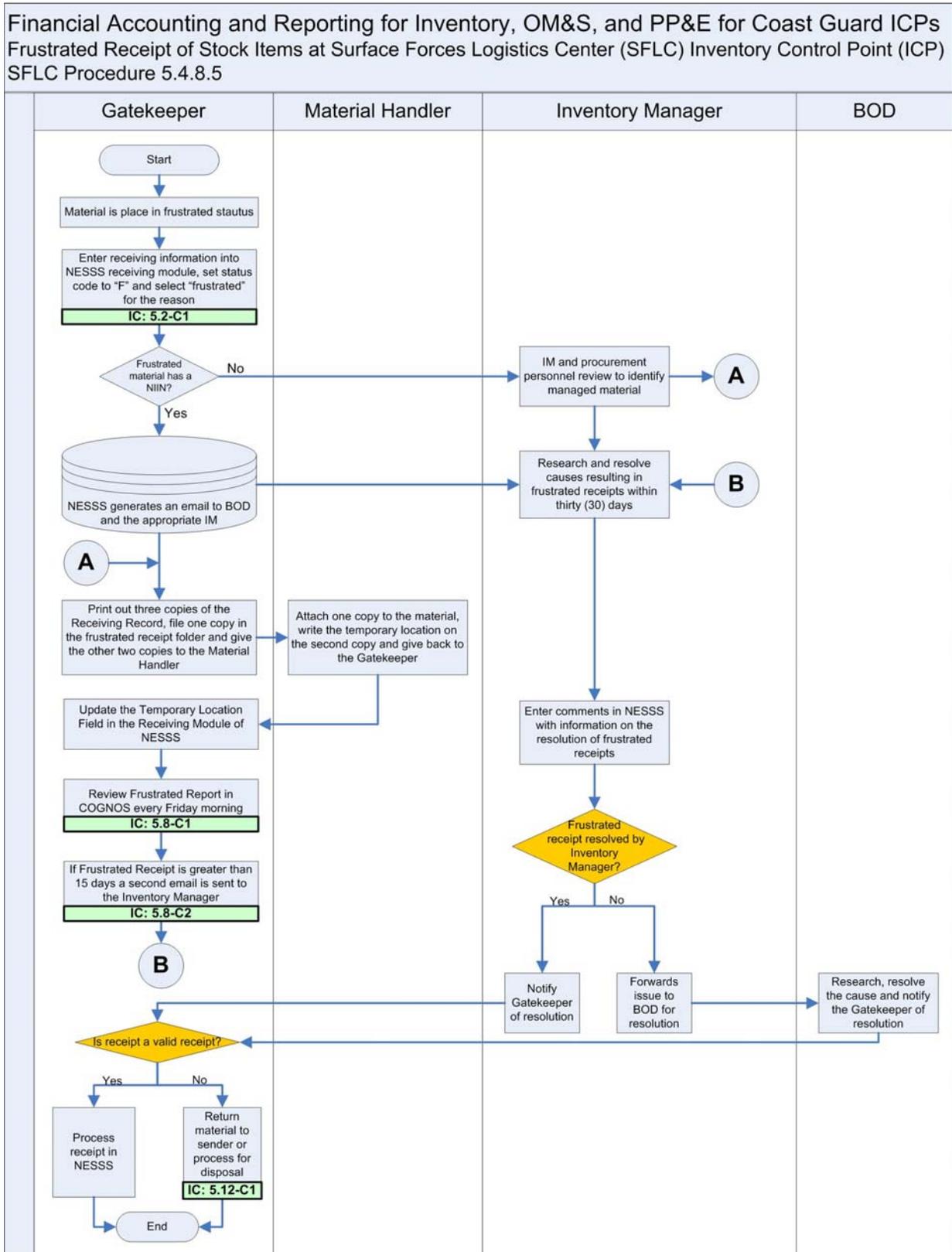
- 5.1 The Gatekeeper shall place material arriving at SFLC in a frustrated status if any of the following conditions exist:
 - 5.1.1 The material is received without documentation and cannot be identified.
 - 5.1.2 No due in exists.
 - 5.1.3 The Gatekeeper receives an error when trying to post receipt in NESSS.
 - 5.1.4 The incorrect NSN or part number was received.
 - 5.1.5 The material does not conform to contract specifications.
- 5.2 The Gatekeeper will enter receiving information into the NESSS receiving module, set status code "F", and select "frustrated" for reason **(IC: 5.2-C1)**.
- 5.3 NESSS runs edit checks to ensure that all required fields are complete prior to allowing entry to post. If errors exist, research and correct errors **(IC: 5.3-C1)**.
- 5.4 NESSS generates email to the appropriate IM, procurement POC, or BOD POC upon entry of a frustrated receipt. NESSS keys off the NIIN or the procurement document number during the frustration process to determine who needs to be contacted and sends an email to that person or group.
- 5.5 If there is not enough information to determine who should be notified for action, the Gatekeeper conducts additional research after the material is frustrated.
- 5.6 The Gatekeeper will print out three copies of the Receiving Record. The Gatekeeper will file one copy in the Frustrated Receipts Folder along with the Issue Release/Receipt Document, DD 1348-1A / Receiving Inspection Report (RIR). The Gatekeeper will give the other two copies to the Material Handler.

- 5.7 The Material Handler will attach one copy to the material, then give the second copy back to the Gatekeeper with the Temporary Frustrated Location.
- 5.8 The Gatekeeper will update the Temporary Location Field in the Receiving Module of NESSS.
- 5.9 The Gatekeeper shall review the Frustrated Report in COGNOS weekly to ensure that resolution has occurred within 30 calendar days from the original receipt date (**IC: 5.8-C1**). The Gatekeeper will follow up with the appropriate POC weekly and will update the Comments block of the Receiving screen (SUP17400) (**IC: 5.8-C2**).
- 5.10 The IM, procurement POC, and BOD POC shall research and resolve causes resulting in frustrated receipts within 25 calendar days of the original receipt date and shall provide resolution to the Gatekeeper.
- 5.11 The Gatekeeper will process the material as per the resolution received from the appropriate POC. If resolution is not received within 30 days, the material will be processed for return to sender, or for disposal if the sender cannot be identified (**IC: 5.12-C1**).

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
BOD	Business Operations Division
ICP	Inventory Control Point
IM	Inventory Manager
MTI	Mandatory Turn In
NESSS	Naval and Electronics Supply Support System
NIIN	National Item Identification Number
NSN	National Stock Number
RIR	Receiving Inspection Report
SFLC	Surface Forces Logistics Center

Figure 7.40 Frustrated Receipt of Stock Items at SFLC



Receipt of Stock Items (SFLC)

Procedure No. 7.5.7.6-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Once incoming material has passed thorough inspection, these items are receipted for and entered into NESSS to update on hand stock quantities and are recorded in the general ledger. Evidential matter is retained at SFLC to support valuation of the stock items. Material that cannot be receipted is placed in frustrated status.

1.2 Inputs

- 1.2.1 Incoming material at the SFLC warehouse or remote locations.
- 1.2.2 Receipt documentation, such as packing lists; bills of lading; and Issue Release/Receipt Document, DD 1348-1A.

1.3 Outputs

- 1.3.1 Update of on hand quantities of stock items.
- 1.3.2 Transaction recording in the general ledger (GL).

1.4 Applications

- 1.4.1 COGNOS.
- 1.4.2 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy.
- 1.5.2 Rights and Obligations.
- 1.5.3 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.5 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).

- 2.6 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure audit-compliant supporting documentation is retained to support all acquisitions and valuations of stock items for the lifecycle of the stock item plus three (3) years.

4.0 Responsibilities

- 4.1 The Gatekeeper shall ensure stock items received at the SFLC warehouse are recorded in NESSS in a timely and accurate manner. The Gatekeeper shall ensure that appropriate documentation is gathered and retained to support stock items that have been receipted. This ensures all dates, NESSS system transactions, stock valuation amounts, and associated general ledger transactions can be fully supported and are in an audit-ready status. The Gatekeeper shall ensure that stock item receipts are not recorded without audit-compliant evidential matter supporting the receipt date and valuation of the stock item. Receipts shall be processed within 10 calendar days of vendor or carrier delivery.
- 4.2 The Product Lines and the Business Operations Division (BOD) shall ensure that stock items received at remote sites are recorded in NESSS in a timely and accurate manner.

5.0 Procedure

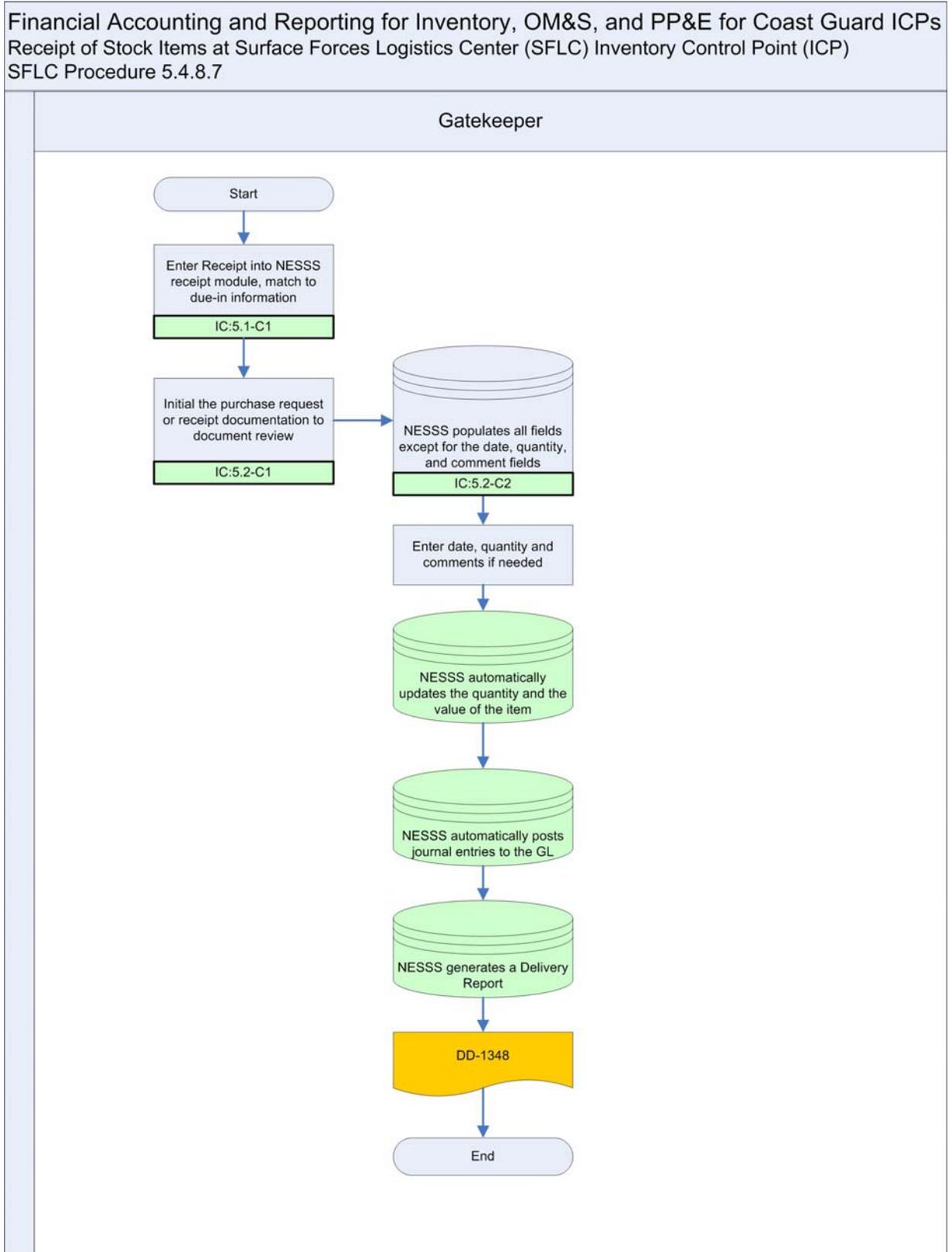
- 5.1 Once an item has a matching due in, conforms with contract/order specifications, and all supporting documentation is provided, the Gatekeeper enters the receipt into the NESSS receipt module (**IC: 5.1-C1**).
- 5.2 The Gatekeeper matches the incoming documentation to the NESSS due in by comparing the obligation document number, the National Stock Number (NSN), the stock point, the condition, and the quantity. NESSS automatically populates all of the fields except for the date, quantity, and comment fields. The Gatekeeper cannot make changes to the system-populated data (**IC: 5.2-C2**).
- 5.3 Upon entering the receipt in NESSS, the system automatically updates the quantity and the weighted average price of the item.
- 5.4 Upon entering the receipt in NESSS, the system automatically posts journal entries to the GL. The accounting transaction differs depending on the type of material purchased. A variation of the following transaction is automatically processed within NESSS when the Gatekeeper enters the receipts of wholesale stock items:
 - 5.4.1 1511 Consumable Purchase Receipt
 - 5.4.2 1521 Inventory Purchase Receipt
 - 5.4.3 1750 Equipment Receipt
 - 5.4.4 2110 Accounts Payable

- 5.5 Upon entering the receipt, NESSS generates a Delivery Report to facilitate the stowing of stock material.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
GL	General Ledger
ICP	Inventory Control Point
NESSS	Naval and Electronics Supply Support System
NSN	National Stock Number
SFLC	Surface Forces Logistics Center
USCG	United States Coast Guard

Figure 7.41 Receipt of Stock Items at SFLC



Stowing of Stock Items (SFLC)

Procedure No. 7.5.7.7-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Once the receiving-receipting process is completed at the Surface Forces Logistics Center (SFLC), the items are stowed. Naval and Electronics Supply Support System (NESSS) records are updated with the warehouse location.

1.2 Inputs

- 1.2.1 Issue Release/Receipt Document, DD 1348-1A.

1.3 Outputs

- 1.3.1 Stowage location for stock items.

1.4 Applications

- 1.4.1 Naval and Electronics Supply Support System (NESSS) .

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).
- 2.5 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure that all documentation is retained to support warehouse stock items including receipt dates for a period of three (3) years following the item stow date.

4.0 Responsibilities

- 4.1 The Materials Handlers shall ensure that received-receipted stock items are stowed in their assigned locations in a timely and accurate manner. All stock items receipted shall be stowed prior to a physical inventory.
- 4.2 Material Handlers are responsible for consolidating material and rotating stock on a first-in first-out basis with their locations.

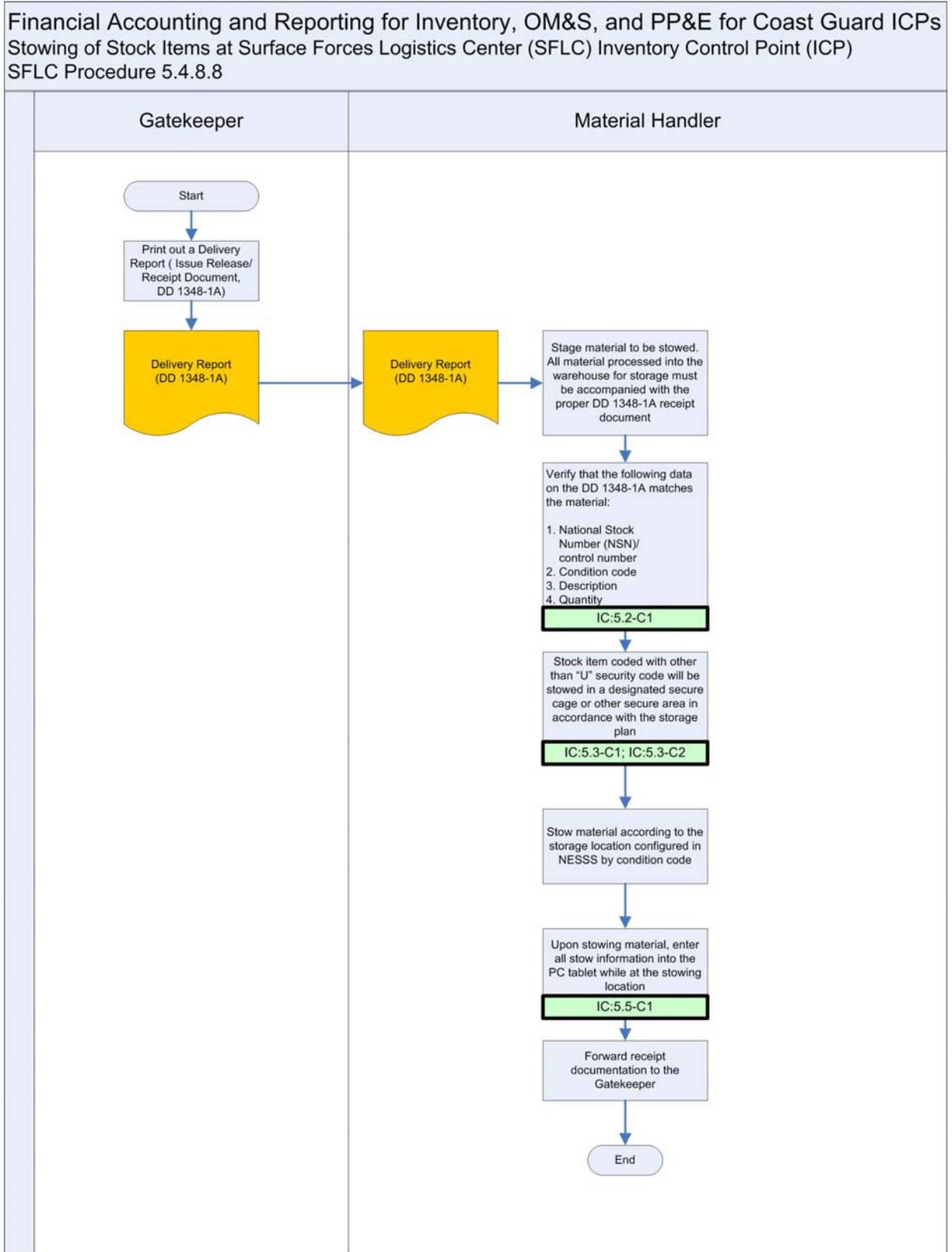
5.0 Procedure

- 5.1 Once an item has been properly receipted, the Gatekeeper will print out a Delivery Report (Issue Release/Receipt Document, DD 1348-1A). This report will be given to the Material Handler to deliver to the stowage area for stowage.
- 5.2 The Material Handler will then stage the material to be stowed. All material processed into the warehouse for storage must be accompanied with the proper DD 1348-1A. The Material Handler must verify that the DD 1348-1A matches the material with the following: National Stock Number (NSN)/control number, condition code, description, and quantity. If the DD 1348-1A fails to match the material, the Material Handler will forward it to the Warehouse Supervisor for resolution (**IC: 5.2-C1**).
- 5.3 When a stock item is coded with other than “U” security code, the stowing document will print out with a special notation to the warehouse “Secure Storage Required” (**IC: 5.3-C1**). All material coded as such will be assigned an appropriate location that is either in a designated secure cage or other secure area in accordance with the storage plan (**IC: 5.3-C2**).
- 5.4 Material is stowed in the warehouse according to its condition code. Storage locations are configured in NESSS as Ready for Issue (RFI), Not Ready for Issue (NRFI), or Not Applicable (N/A).
 - 5.4.1 RFI locations are used to store material with condition codes A through D.
 - 5.4.2 NRFI locations are used to store material with condition codes of other than A through D.
 - 5.4.3 N/A locations are used to store both RFI and NRFI material due to the impracticality of separate storage based on the size of these stock items. N/A locations are predominantly bulk locations.
- 5.5 Upon stowing material, enter all stow information into the PC tablet while at the location. Attempting to stow material in the wrong section, such as stowing retail material in the wholesale section or stowing RFI material in an NRFI location, a pop-up will display in the PC tablet displaying valid locations in the area (**IC: 5.5-C1**).
- 5.6 After stowing the material, forward the stow documentation to the Gatekeeper.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ICP	Inventory Control Point
NESSS	Naval and Electronics Supply Support System
NRFI	Not Ready For Issue
NSN	National Stock Number
RFI	Ready For Issue
SFLC	Surface Forces Logistics Center

Figure 7.42 Stowing of Stock Items at SFLC



Valuation of Stock Items (SFLC)

Procedure No. 7.5.7.8-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 The Surface Forces Logistics Center (SFLC) Inventory Control Point (ICP) maintains the value of stock items in the Naval and Electronics Supply Support System (NESSS) using a moving average cost flow assumption. The moving average cost methodology in practice at the ICPs, along with all supporting documentation, is verified on a monthly basis. The United States Coast Guard (USCG) completed a revaluation effort for the top 80% of the stock population by extended dollar value at the end of fiscal year (FY) 2008. This 80% valuation stock population is tested every month to verify the accuracy of the current valuation. All NIINs within the 80% valuation population having transactions that affect its weighted average price (WAP) are tested. Supporting source documentation is tested as well as the moving average cost calculation.

The remainder of the population is considered the 20% population and is made up of NIINs currently on hand or due in (not from procurement) which were not included in the analysis of the 80% valuation. Testing of these items will occur on a random sample basis after the implementation of NESSS system changes that will resolve system WAP calculation errors.

1.2 Inputs

- 1.2.1 Monthly data pull from NESSS of all transactions affecting moving average cost.
- 1.2.2 Supporting source documents from the procurement or transfers-in of stock items.
- 1.2.3 Invoices and payment records.

1.3 Outputs

- 1.3.1 Sustainment of Baseline Weighted Average Price (WAP) Worksheet.
- 1.3.2 Monthly 80% Valuation Sustainment Report.

1.4 Applications

- 1.4.1 COGNOS
- 1.4.2 Naval and Electronics Supply Support System (NESSS).
- 1.4.3 Naval Engineering Technical Information Management System (NE-TIMS).
- 1.4.4 Workflow Imaging Network System (WINS).

1.5 Financial Statement Assertions

- 1.5.1 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).
- 2.5 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 ICPs shall ensure that audit-compliant third party evidential matter is available at the ICPs to support all valuations of stock items, ICP stock system transaction values, and associated general ledger transactions, for the lifecycle of the asset plus three (3) years.

4.0 Responsibilities

- 4.1 The Fiscal Operations Branch of the Asset Logistics Division (ALD-FOB) is responsible for performing monthly testing of all NIINs within the 80% valuation population having transactions that affect its WAP.

5.0 Procedure

The ALD-FOB will perform a monthly review of the previous month's transactions to ensure that the accurate WAP is sustained for the 80% population NIINs. The branch will also validate all supporting documentation related to WAP testing and CFO NIIN receipt validation.

The monthly review is accomplished as follows:

- 5.1 A data pull is obtained from the Business Operations Division (BOD) for all transactions occurring in the previous month which affect the WAP of wholesale stock items. Transactions with document identifier codes (DICs) which cause a recalculation of WAP include, but are not limited to, D4S, D4U, D6D, D6T, D6V, D6X, and D6Y.
- 5.2 The ALD-FOB compares the data to the 80% population NIINs to determine which NIINs in the 80% population were affected by the previous month's transactions (**IC: 5.2-C1**).
- 5.3 The ALD-FOB runs a customer history report for each 80% population NIIN affected by the previous months transactions to identify the receipt and due-in transactions by DIC and document number. DICs which cause the movements of

NIINs from on-hand quantity to due-in quantity (not from procurement) include, but are not limited to, D7K, D7R, D7N, D7M, and D7W. DICs which cause the movement of NIINs from due-in quantity to on-hand quantity include, but are not limited to, D6K, D6R, D6N, D4M, D6M, and D6W. These movements of material are not actually reductions or additions to SFLC's inventory quantity since title to the assets is never passed to another organization.

- 5.4 The ALD-FOB runs a COGNOS CFO NIIN Receipt report for each affected NIIN to match the DIC code in Customer History report to the Due-In ID in order to retrieve receipt data in NESSS and obtain supporting documentation.
- 5.5 The ALD-FOB will print "Record Receipt Information" and "Audit Receipt Transaction" screens from NESSS for the receipts used for the WAP calculation.
- 5.6 The ALD-FOB will obtain substantiating documentation (Contracts, Invoices, NESSS payment screens, etc) and verify agreement with the "Audit Receipt Transaction" screen print.
- 5.7 The ALD-FOB will calculate the weighted average price as follows: $[(\text{Previous QOH and/or Due-ins} \times \text{Old WAP}) + (\text{Receipt Qty} \times \text{Invoice unit price})] \div \text{New QOH} = \text{New WAP}$. This calculation is documented on the "Sustainment of Baseline Weighted Average Price Worksheet". Old WAP in this equation normally equates to the "Prior Price" as listed on the "Audit Receipt Transaction" screen in NESSS. Care should be taken to ensure that the Old WAP used in this calculation is a value which has previously been substantiated since the last baseline update. If the "Prior Price" on the "Audit Receipt Transaction" screen differs from the last substantiated value, further research must be conducted to determine the point at which the value changed and obtain substantiation or correct the price change (**IC: 5.7-C1**). The quantity of outstanding due ins (not from procurement) should be determined and added to the prior on hand quantity as reflected on the "Audit Receipt Transaction" when performing this calculation (**IC: 5.7-C2**).
- 5.8 The ALD-FOB compares this calculation with the "Audit Receipt Transaction" screen print. If the calculations differ, a memorandum from the SFLC Comptroller (ALD or designee) is routed along with the "Sustainment" worksheet to the BOD, requesting the update of the stock record in NESSS to reflect the recalculated WAP (**IC: 5.8-C1**).
- 5.9 The BOD updates the stock record in NESSS and returns the memorandum, worksheet and screen prints of stock record update to ALD-FOB (**IC: 5.9-C1**).
- 5.10 The ALD-FOB compiles all results of testing and documents in a monthly report.
- 5.11 The ALD-FOB files all documentation and retains for audit availability (**IC: 5.11-C1**).

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ALD-FOB	Asset Logistics Division, Fiscal Operations Branch
BOD	Business Operations Division

DIC	Document Identifier Code
FOB	Fiscal Operations Branch
FY	Fiscal Year
ICP	Inventory Control Point
NE-TIMS	Naval Engineering Technical Information Management System
NESSS	Naval and Electronics Supply Support System
NIIN	National Item Identification Number
SFLC	Surface Forces Logistics Center
USCG	United States Coast Guard
WAP	Weighted Average Price
WINS	Workflow Imaging Network System

Figure 7.43 Valuation of Stock Items at SFLC

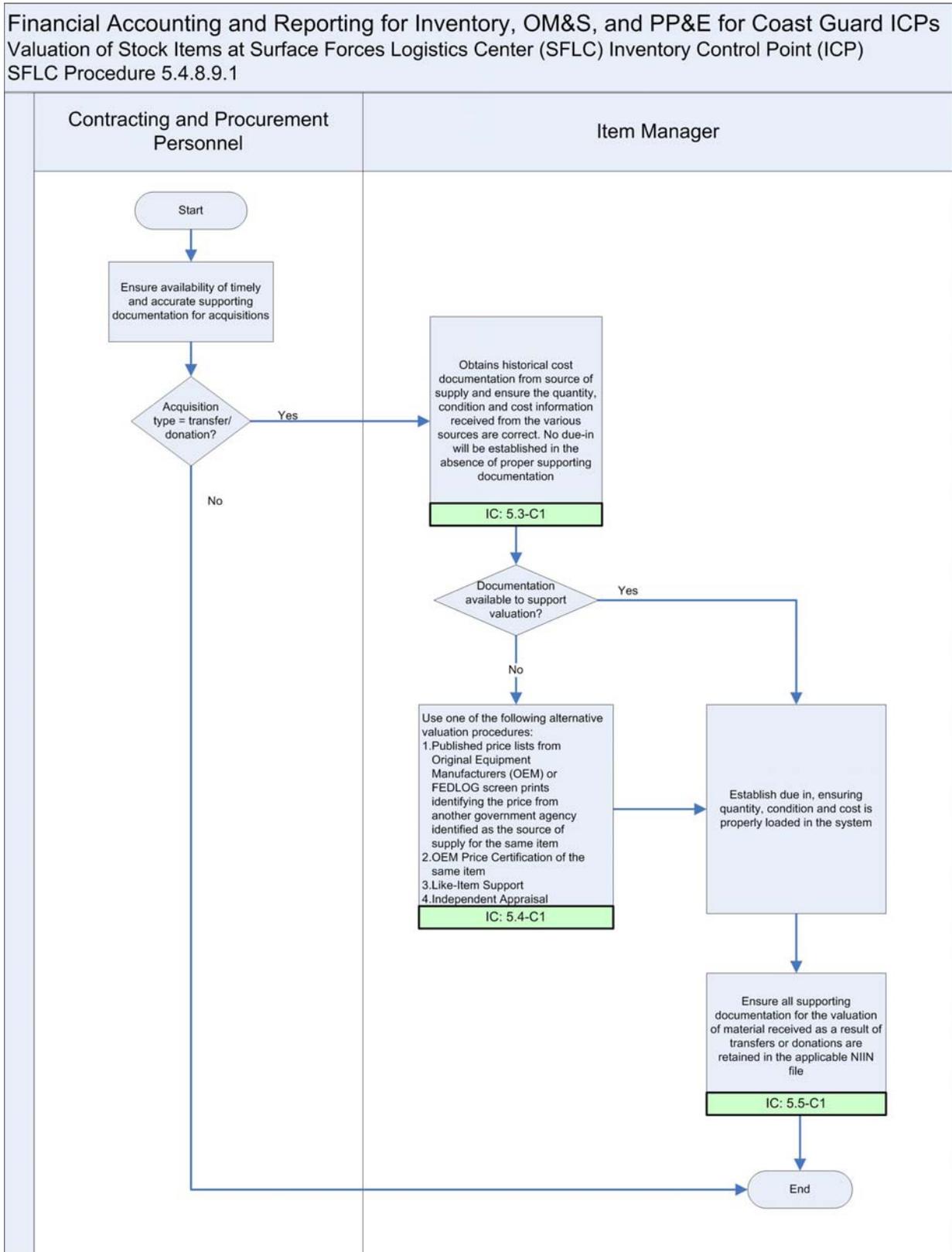
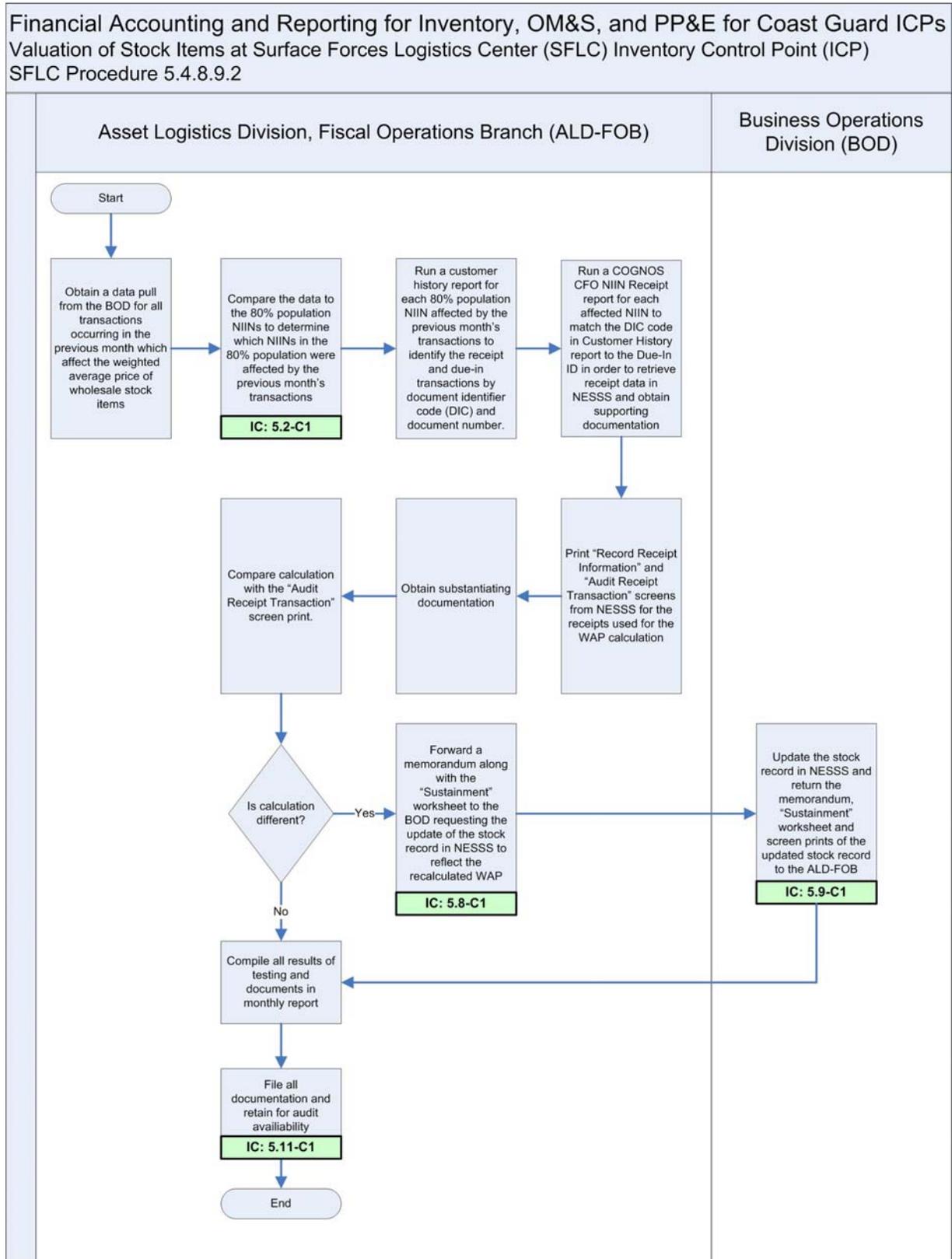


Figure 7.43 (continued) Valuation of Stock Items at SFLC



**Capitalization and Depreciation of Depot-Level Repairable Spare Parts (PP&E)
(SFLC)**

Procedure No. 7.5.7.10-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 The Surface Forces Logistics Center (SFLC) shall apply the appropriate logistics definition and criteria to identify those items that are to be classified, maintained and reported as Property, Plant, and Equipment (PP&E). Stock items classified as PP&E are required to be capitalized. Repairable spares owned by SFLC are reported as PP&E on the financial statements.

1.2 Inputs

- 1.2.1 United States Coast Guard Financial Center Quarterly Depreciation Report.
1.2.2 Data pull from the Business Operations Division (BOD) itemizing values of all assets (by NIIN) with application types.

1.3 Outputs

- 1.3.1 Comptroller Memorandum Requesting Journal Entry for Depreciation.
1.3.2 Journal Voucher for Recognition of Depreciation.
1.3.3 Repairable Spares Report submitted to FINCEN.

1.4 Applications

- 1.4.1 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure.
1.5.2 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
2.2 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).
2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure audit-ready documentation is retained to support capitalization, depreciation, and the reporting of PP&E transaction values, accumulated

depreciation values, associated general ledger transactions, and periodic reporting for the life cycle of the item plus three (3) years.

4.0 Responsibilities

- 4.1 The Comptroller shall ensure that items meeting the logistics criteria are classified as PP&E, and all costs are capitalized and depreciated over the useful life of the parent asset/end item using the straight-line method with no salvage value. All accumulated depreciation accounts for PP&E shall be updated quarterly using depreciation rates supplied by FINCEN. All capitalized and depreciation costs for PP&E shall be recorded in the general ledger account series 175X.
- 4.2 FINCEN shall ensure PP&E group net book value (NBV) rates are recomputed, updated, kept current and provided to ICPs on a quarterly basis. The Fiscal Policy and Analysis Team Leader shall compute SFLC's depreciation based on those rates and submit a general journal entry to Yard Fiscal for ATU 38's Accumulated Depreciation general ledger account (1759).

5.0 Procedure

- 5.1 The FINCEN Property Control Branch Analyst calculates NBV each quarter for financial statement reporting. All depreciation calculations are at a summary level by asset class (**IC: 5.1-C1**).
- 5.2 The FINCEN Property Branch Chief reviews and signs the reparable spares report prior to distribution (**IC: 5.2-C1**).
- 5.3 FINCEN distributes the report electronically to the Fiscal Policy and Analysis Team Leader.
- 5.4 The team leader uses the FINCEN reparable spares report to calculate all repair code "R" (denotes reparable spares) depreciation. The team leader separates data pulls provided by the BOD into both on hand and due in data. Once separated, the team leader determines the application type (e.g. WHEC 378, WPB 110, LORAN) of all repair code "R" NIINs. Then, all summary application type values (unit price times quantity) are transferred to the main application type template found in FINCEN's reparable spares report.
- 5.5 Once transferred, the team leader is able to determine the current net book value of all reparable spares. The total cost of all items (based on total number of assets times current unit price) less the net book value is the current accumulated depreciation.
- 5.6 Since depreciation is calculated only once per quarter, the team leader takes the updated calculation and subtracts it from last quarter's depreciation figure to arrive at the current quarter's depreciation expense. That expense is then recorded on a memorandum requesting a journal entry adjustment. The memorandum is routed to the Comptroller for approval (**IC: 5.6-C1**).
- 5.7 The Comptroller reviews the memorandum and either approves or rejects. If approved, the memorandum is forwarded to Yard Fiscal for general journal

adjustment. If rejected, the memorandum is routed back to the team leader for correction (**IC: 5.7-C1**).

- 5.8 Yard Fiscal prepares the journal voucher (JV), makes the requested journal entry and annotates the memorandum with the general journal entry serial number and the transaction type for the journal entry executed (**IC: 5.8-C1**).
- 5.9 Yard Fiscal retains each memorandum to support the journal entries (**IC: 5.9-C1**) and routes copies back to the team leader upon completion of the journal entries.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ATU 38	SFLC Allotment Target Unit identifier
BOD	Business Operations Division
FINCEN	United States Coast Guard Financial Center
ICP	Inventory Control Point
JV	Journal Voucher
NESSS	Naval and Electronics Supply Support System
PP&E	Property, Plant and Equipment
SFLC	Surface Forces Logistics Center

Figure 7.44 Capitalization and Depreciation of PP&E at SFLC

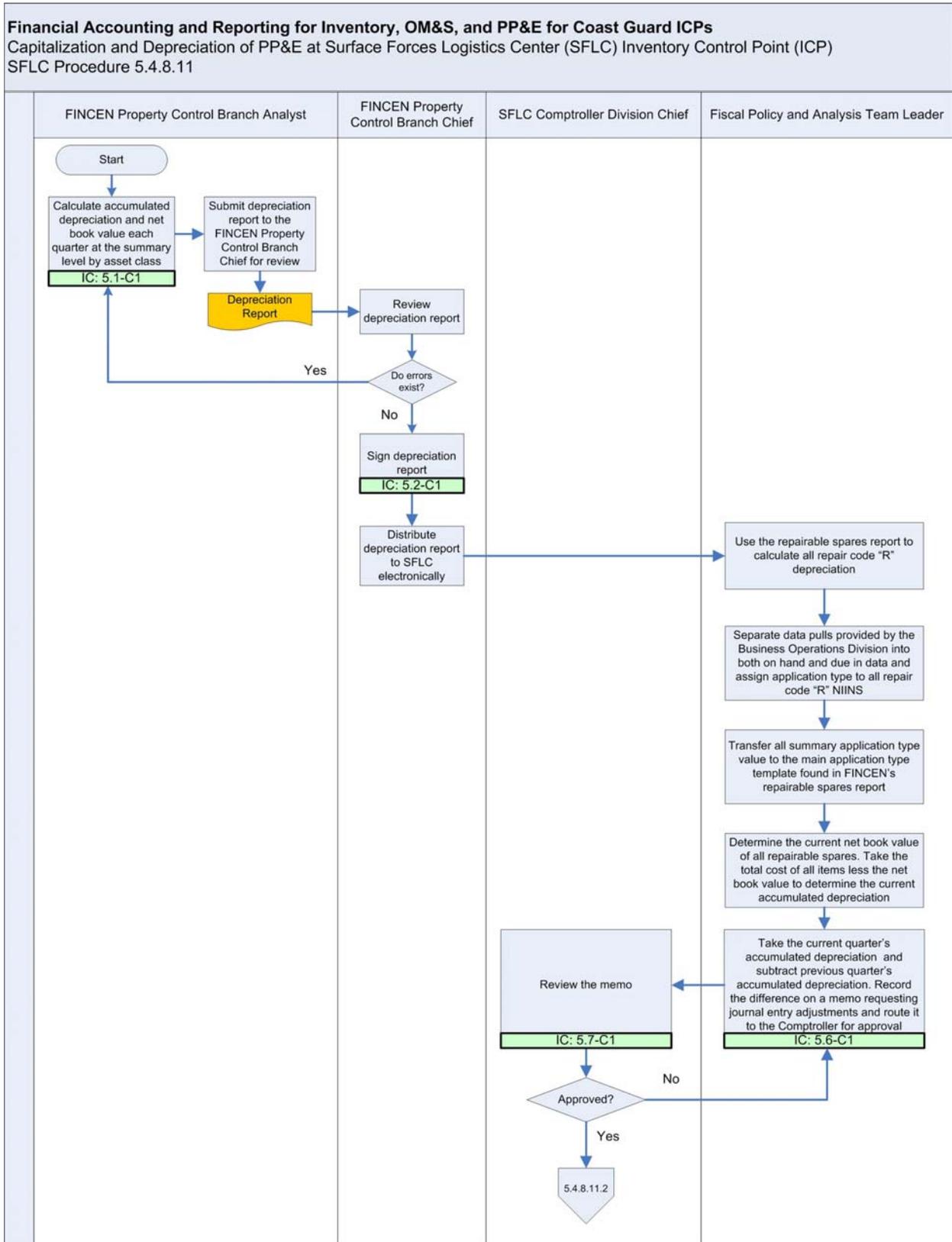
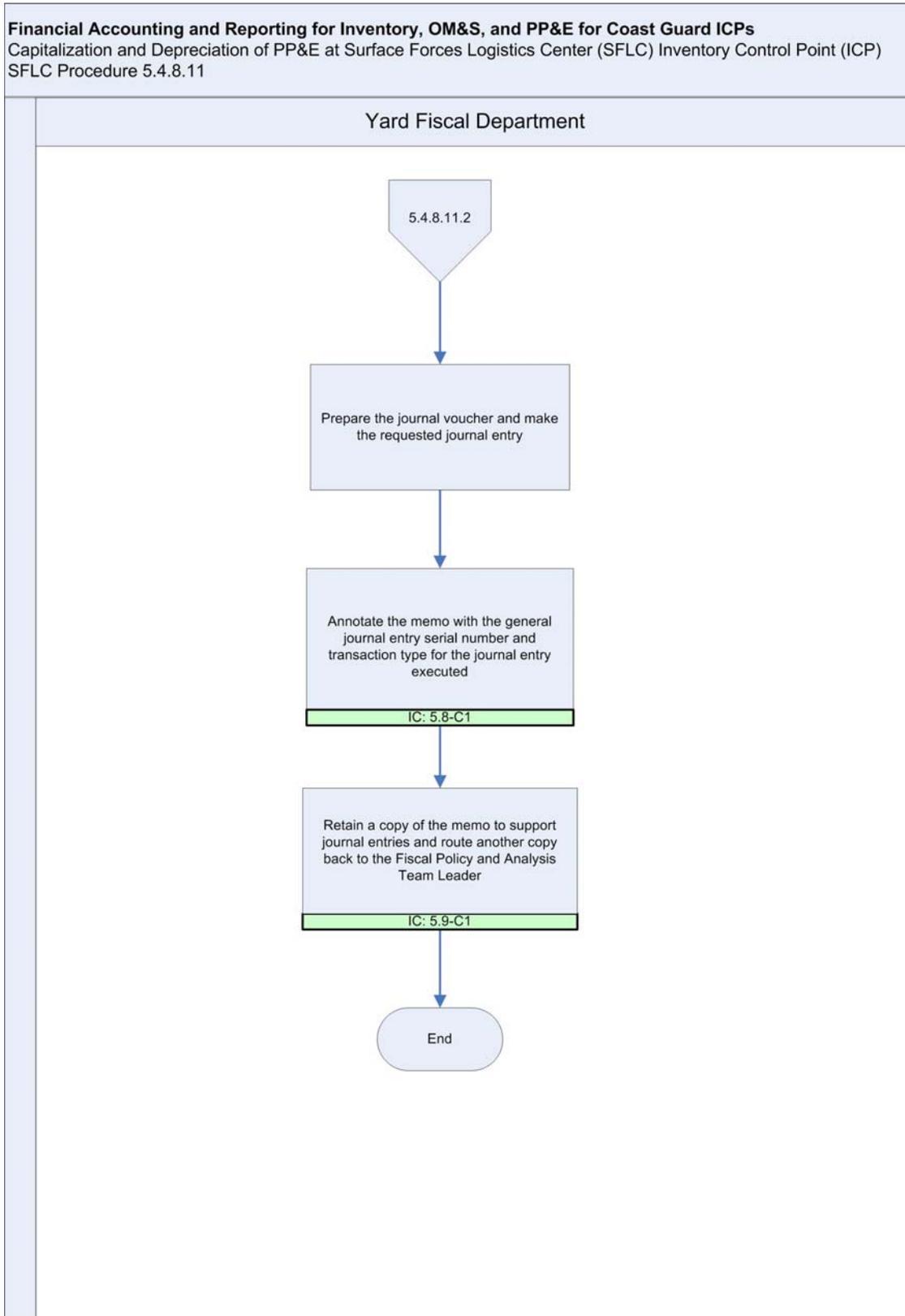


Figure 7.44 (continued) Capitalization and Depreciation of PP&E at SFLC



**Periodic Reconciliation of the Stock Ledger to the GL
(SFLC)**

Procedure No. 7.5.7.12-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Since inventory transactions are recorded both to the inventory stock subsidiary ledgers and the general ledger (GL), it is imperative for these two systems to be in balance. Certain key processes such as the statistical based physical inventories rely heavily on the accuracy of both the stock ledger and the general ledger so it is critical that the two systems remain in balance.

1.2 Inputs

- 1.2.1 Stock Population File from the Business Operations Division (BOD).
- 1.2.2 ATU 38 Trial Balance.
- 1.2.3 Inventory Reconciliation Report generated from NESSS.
- 1.2.4 COGNOS Wholesale Summary Report.

1.3 Outputs

- 1.3.1 Reconciliation of Stock Ledger to General Ledger.

1.4 Applications

- 1.4.1 COGNOS.
- 1.4.2 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure.
- 1.5.2 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure auditable documentation is retained to support reconciliations for a period of three (3) fiscal years after completion of the reconciliation.

4.0 Responsibilities

- 4.1 The Fiscal Policy and Analysis Team Leader shall execute reconciliations of the subsidiary stock ledger and general ledger on a quarterly basis. The team leader shall ensure stock ledgers and general ledgers are in balance for periodic financial reporting and prior to conducting physical inventories. If the team leader decides, with Comptroller permission, to allow any unbalanced values stand for the next quarter, there must be a detailed memo explaining specific reasons.
- 4.2 The team leader will base the reconciliation on the trial balance and stock population data file. Both the COGNOS and Inventory Reconciliation Reports are used as comparisons with the stock population data file since all three represent stock value. The stock population file is the most detailed report and thus is the reason it's used primarily to compare with the trial balance.

5.0 Procedure

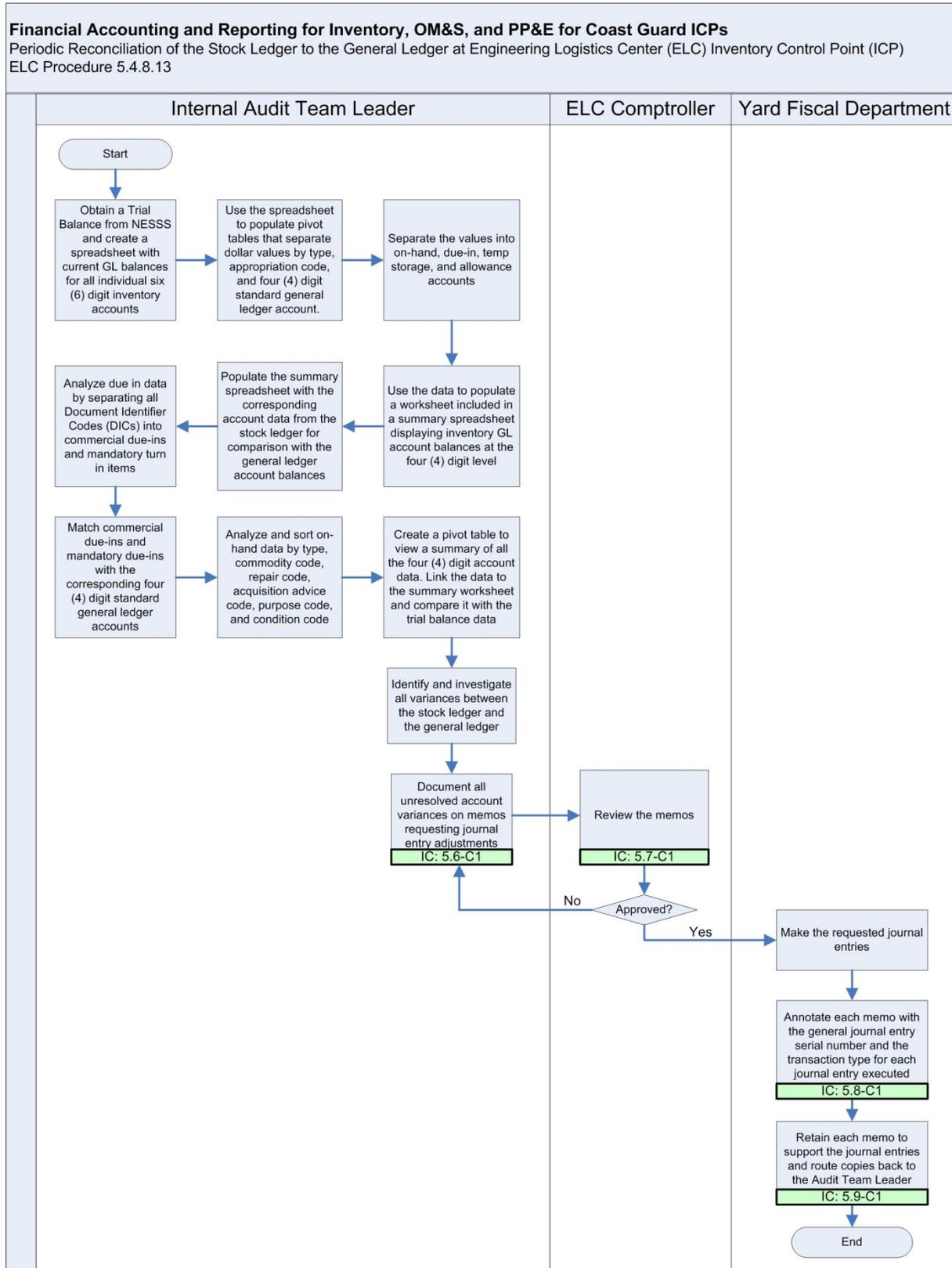
- 5.1 Prior to each quarterly financial closeout, the Fiscal Policy and Analysis Team Leader obtains a Trial Balance from NESSS and creates a spreadsheet with current GL balances for all individual six (6) digit inventory accounts (eg. FY08Q04_PreClose.xls). Those spreadsheets populate pivot tables that separate dollar values by type, appropriation code, and four (4) digit standard general ledger account. Those values are further separated into on-hand, due-in, temporary storage, and allowance accounts in order to best reconcile financial data to supply data.
- 5.2 This data then populates a worksheet included in a summary spreadsheet displaying inventory GL account balances at the four (4) digit level.
- 5.3 The team leader then populates the summary spreadsheet with the corresponding account data from the stock ledger for comparison with the general ledger account balances. Due-in data is analyzed by separating all Document Identifier Codes (DICs) into commercial due-ins and mandatory turn in items. Both commercial due-ins and mandatory turn-in items are then matched up with corresponding four (4) digit standard general ledger accounts.
- 5.4 On-hand data is analyzed and sorted by type, commodity code, repair code, acquisition advice code, purpose code, and condition code. Each of these codes helps dictate where the value, by NIIN, best fits a four (4) digit general ledger account. After completing the on-hand analysis, a pivot table is created to view a summary of all the four (4) digit account data. This data is then linked to the summary worksheet and compared with trial balance data.
- 5.5 The team leader identifies all variances between the stock ledger and the general ledger.

- 5.6 The team leader documents all unresolved on hand account variances on one memorandum requesting journal entry adjustments. The team leader documents all unresolved due in account variances on another memorandum requesting journal entry adjustments. Both memorandums are routed to the Comptroller for approval. All variances are calculated by matching general ledger values to stock population values **(IC: 5.6-C1)**.
- 5.7 The Comptroller reviews the memorandums and either approves or rejects. If approved, the memorandums are forwarded to Yard Fiscal for general journal adjustment. If rejected, the memorandums are routed back to the team leader for correction **(IC: 5.7-C1)**.
- 5.8 Yard Fiscal makes the requested journal entries and annotates each memorandum with the general journal entry serial number and the transaction type for each journal entry executed **(IC: 5.8-C1)**.
- 5.9 Yard Fiscal retains each memorandum to support the journal entries **(IC: 5.9-C1)** and routes copies back to the team leader upon completion of the journal entries.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
BOD	Business Operations Division
DIC	Document Identifier Code
ICP	Inventory Control Point
NESSS	Naval and Electronics Supply Support System
NIIN	National Item Identification Number
SFLC	Surface Forces Logistics Center

Figure 7.45 Periodic Reconciliation of the Stock Ledger to the GL at SFLC



**Periodic Review of Classification and EOU
(SFLC)**

Procedure No. 7.5.7.13-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 As stock items are maintained in the sustainment phase, periodic reviews must be conducted to ensure inventory items are properly classified and valued to guarantee the integrity of the financial statements. Reviews shall be conducted on stock items to ensure they are still appropriately classified as Operating Material and Supplies (OM&S), Inventory, or as Property, Plant and Equipment (PP&E), and also to determine if excess, obsolete, or unserviceable (EOU) stock items exist. Timely and accurate categorization of ICP stock items at induction and during life cycle management is essential to logistics support, valuation, and financial reporting.
- 1.1.2 SFLC shall stratify and document long supply and insurance item stock quarterly. Holding inventory is a cost to the Coast Guard that must be balanced against the cost to dispose of an item and re-acquire it at a later date when the fleet requires the asset. Properly applied, periodic review and disposal of excess, obsolete, and unserviceable material minimizes cost and space requirements. Items that are uneconomical to stock, can be managed by Other Government Agencies (OGA), can be purchased locally from the commercial market, or are being phased out due to configuration changes, shall be coded as excess or obsolete and may be processed for disposal.
- 1.1.3 Periodic assessments of repairability codes shall be conducted through normal ICP activities, i.e. procurement and long supply reviews unless otherwise requested by a higher authority. In the event a change occurs impacting the repairability classification of a repair part as a result of an engineering change, logistics decision, or error in the item's stock record the following policy applies:
 - 1.1.3.1 The reason for the change shall be documented in the item's stock record.
 - 1.1.3.2 The ICP Comptroller shall be notified of instances where an item's repair classification is changed from consumable to repairable or vice-versa. The ICP Comptroller is provided monthly notification. This notification is retained in a public shared folder.
 - 1.1.3.3 Classification changes from depot-level repairable to field-level repairable or consumable shall also be reflected in updated source, maintenance, and recoverability codes (SMR) to ensure that the classification of an item continues to provide the most economical support throughout the life of the item.
 - 1.1.3.4 The ICP financial report footnotes must reflect any changes in financial classification.

1.1.3.5 The Federal Logistics Information System (FLIS) shall be updated for items that have been catalogued.

1.1.4 The decision to maintain a supply item as repairable can be based on several factors:

1.1.4.1 Preventive and corrective maintenance support plans;

1.1.4.2 Product availability;

1.1.4.3 Economic Repair Quantity (ERQ);

1.1.4.4 Operational requirements;

1.1.4.5 Quantity on hand;

1.1.4.6 Demand requirements;

1.1.4.7 Economic principles; and

1.1.4.8 Item Life Cycle.

1.2 Inputs

1.2.1 Quarterly listing of all stock held in SFLC NESSS database.

1.3 Outputs

1.3.1 List of NIINs with potential excess or obsolete quantities.

1.3.2 Long Supply Review Form.

1.3.3 Repair Code Determination Form.

1.3.4 Determination of proper stock position for potential excess stock items.

1.3.5 Determination of proper repair code for NIINs with potential excess quantities.

1.4 Applications

1.4.1 Naval and Electronics Supply Support System (NESSS).

1.4.2 Fleet Logistics System (FLS).

1.4.3 Naval Engineering Technical Item Management System (NE-TIMS).

1.5 Financial Statement Assertions

1.5.1 Presentation and Disclosure.

1.5.2 Valuation.

2.0 References

2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant and Equipment, November 1995.

2.2 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

2.3 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series), chapters 10 and 11.

- 2.4 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 ICPs shall ensure auditable documentation is retained to support periodic reviews of reclassifications for the life cycle of the stock item plus three (3) fiscal years.
- 3.2 ICPs shall ensure auditable documentation is retained to support periodic reviews of excess, obsolete, and unserviceable for a period of three (3) fiscal years after completion of the review.
- 3.3 The results and documentation of the repairable support determination reviews shall be maintained by SFLC in the NIIN/item folder.

4.0 Responsibilities

- 4.1 The Business Operations Division (BOD) shall:
 - 4.1.1 Run the long supply review program on a quarterly basis.
 - 4.1.2 Provide an electronic copy of the long supply pending review to the Product Lines / Support Divisions.
- 4.2 Functional Manager for Inventory Management shall:
 - 4.2.1 Coordinate the quarterly review of all stock held in the SFLC database to determine if the classification of the stock is correct.
 - 4.2.2 Distribute NIIN lists from long supply review to the respective Inventory Managers.
 - 4.2.3 Review completed NIIN evaluations which are stored in their respective NIIN folders and review for completeness and accuracy.
 - 4.2.4 Manage the review process to monitor completion.
 - 4.2.5 Maintain results of periodic reviews in the NIIN history files.
- 4.3 Inventory Managers shall:
 - 4.3.1 Evaluate NIINs identified for classification review and appropriately code material in NESSS.
 - 4.3.2 Be assigned the primary responsibility for the management of assigned items of supply.
 - 4.3.3 Ensure the recommended action is supported.
- 4.4 The Comptroller shall ensure all stock items coded as excess, obsolete, and unserviceable are valued at their estimated net realizable value, and properly reported on financial reports and statements.

5.0 Procedure

- 5.1 The BOD shall commence the quarterly review of all stock held in the SFLC database to determine if the stock position and classification of the stock is correct. The methodology for the selection of NIINs for review is as follows:

- 5.1.1 Exclude the following categories of inventory:
 - 5.1.1.1 Demand Development – A new inventory item that has not reached its maturity to establish a demand history within a 5-year period from the date the first demand is registered in the automated system.
 - 5.1.1.2 Project Material.
 - 5.1.1.3 Foreign Military Sales.
 - 5.1.1.4 Government Furnished Equipment.
 - 5.1.1.5 Inventory records coded with the following acquisition advice codes:
 - 1. A – Service/Agency Regulated;
 - 2. D – DoD Integrated Material;
 - 3. E – Other Service Managed;
 - 4. F – Fabricate or Assemble;
 - 5. G – GSA/Civil Agency Integrated Material;
 - 6. H – Direct Delivery Under a Central Contract;
 - 7. I – Direct Ordering from Central Contract/Schedule;
 - 8. K – Centrally Stocked for Overseas Only;
 - 9. M – Restricted Requisition – Major Overhaul;
 - 10. N – Restricted Requisitions – Disposal;
 - 11. O – Packaged Fuel;
 - 12. P – Restricted Requisitions – Security Assistance Program;
 - 13. Q – Bulk Petroleum Products;
 - 14. R – Restricted Requisitions – Government Furnished Material/Equipment;
 - 15. S – Restricted Requisitions – Other Service Funded;
 - 16. T – Condemned;
 - 17. U – Lead Service – Managed;
 - 18. W – Restricted Requisitioning; and
 - 19. X – Semi-Active Item.
- 5.1.2 The system will calculate an economic retention limit as defined in Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series). The economic retention limit will equate to 110% of 2 years worth of demand plus the stock required to sustain the procurement lead time. This amount is considered the authorized stocking level.
- 5.1.3 The stock position of each NIIN into one of the following categories:
 - 5.1.3.1 Current Use – Items currently being used by Coast Guard assets. Also known as “Held for Sale/Use”.

- 5.1.3.2 Future Use - The following types of materiel are considered “Held in Reserve for Future Use”:
 - 5.1.3.3 Project Materiel, items of supply that are held for a specific purpose, with a specific start and end date, and a specific authorized recipient.
 - 5.1.3.4 Government Furnished Material (GFM) – Items of supply that are issued and consumed in the manufacturing or repair process. This item is not returned to the ICP.
 - 5.1.3.5 Government Furnished Equipment (GFE) – Items of supply that are used to assist in the manufacture or repair process. The item is loaned and is returned to the ICP after completion of repair or manufacture.
 - 5.1.3.6 Insurance – Also referred to as life-of-system material. Items held that have no forecasted demand in the course of normal operations, but long lead-time, diminishing source of supply, mission criticality or other engineering reason make retention necessary. In accordance with Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series), an insurance item cannot have a numeric insurance level greater than two. Insurance items with a quantity of greater than two require annual justification.
 - 5.1.3.7 Potential Excess (Long Stock) - The quantity of demand based stock that is above the economic retention limit or insurance level and must be reviewed to determine if economic retention factors can be applied. Because supply requirements usually fluctuate over a period of time, a long supply quantity which is 10 percent or less of the total stock quantity of the item is considered marginal and need not be reviewed or reduced. Any item with a quantity greater than 110% of 2 years worth of demand plus stock to sustain procurement lead time, including safety stock, must be evaluated as potential excess, as long as the item is no longer in the demand development period.
- 5.1.4 An electronic copy of the long supply pending review is provided to the Functional Manager for Inventory Management. This long supply pending review will consist of inventory that is above the economic retention limit or numeric insurance level. If the long supply quantity is within 10% of the total stock of an item, it is considered marginal and need not be reviewed. These items will be excluded from the report.
- 5.2 Upon receipt of the review lists from the BOD, the Functional Manager for Inventory Management will distribute the lists to the respective inventory managers.
- 5.3 Inventory Managers will check the stock number to ensure it is tied to a configuration within FLS, (e.g. APL/AEL, ATON).
- 5.3.1 Inventory Managers can determine if an item is tied to a configuration by going to CG PART and using the “Class/Platform/Config Item” button to search by CPL Number.

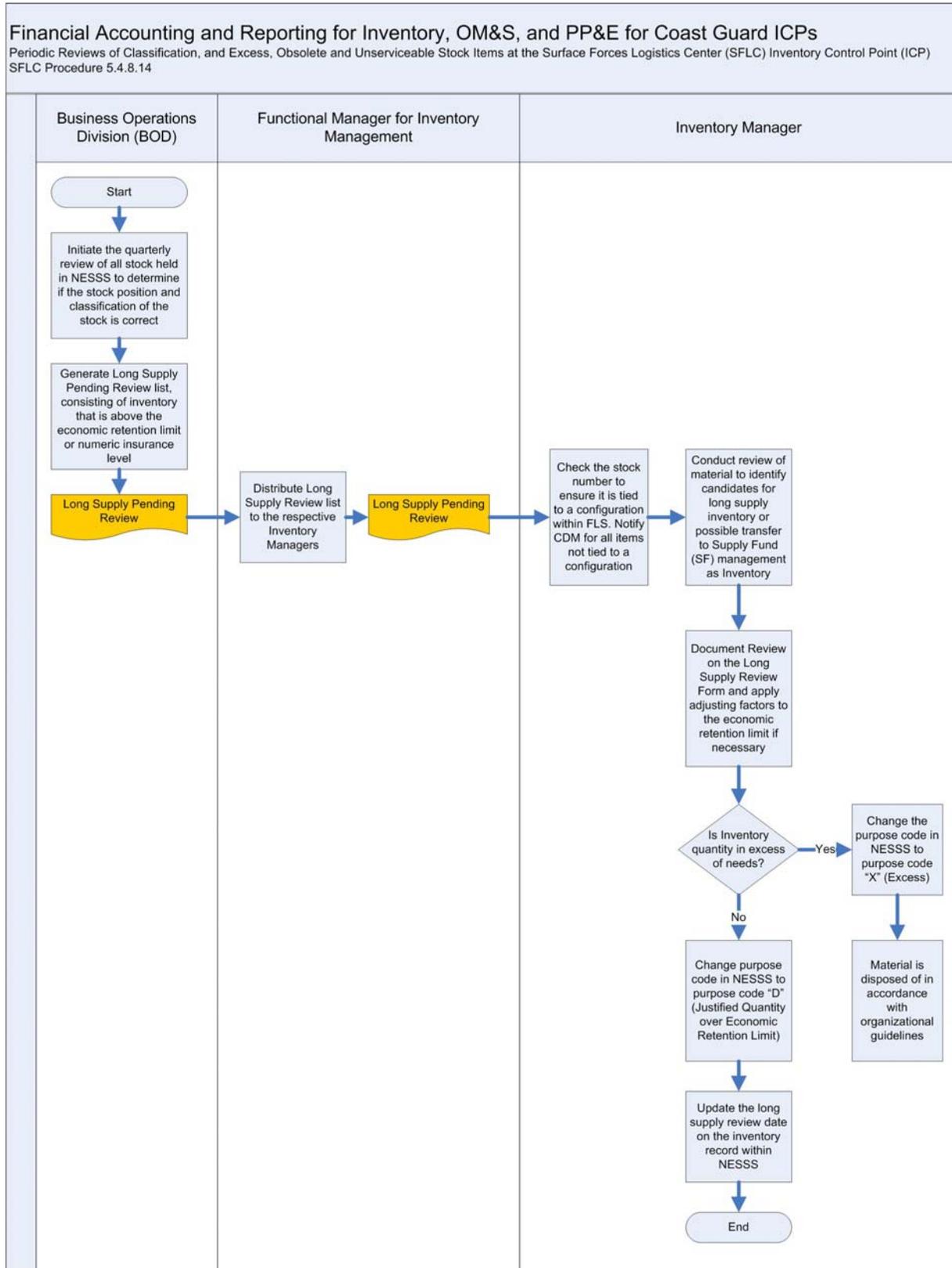
- 5.3.2 All items that are no longer tied to a configuration shall be reviewed for retention. These items will be considered candidates for termination under the item retention review.
- 5.3.3 Notify the Configuration Data Management (CDM) Functional Manager for all items not tied to a configuration.
- 5.4 This evaluation includes the determination of whether the item is to be classified as a repairable or a consumable. If a consumable OM&S item is no longer in its demand development stage shall be considered for possible transfer to Supply Fund (SF) management as Inventory, if it has experienced either:
- 5.4.1 Four (4) or more demands within one year; or
- 5.4.2 Eight (8) or more demands within two years.
- 5.5 The Inventory Manager will document results of the review on the Long Supply Review form and may apply adjusting factors to the economic retention limit. These quantities will be coded in NESSS as purpose code "D" (Justified Quantity over ERL).
- 5.6 Inventory quantities in excess of needs shall be coded in NESSS as purpose code "X" (Excess). These quantities shall be disposed of in accordance with organization guidelines.
- 5.7 After completion of review, the Inventory Manager will update the long supply review date on the inventory record within NESSS.

6.0 Acronyms

Acronym	Definition
AEL	Allowance Equipage List
APL	Allowance Parts List
ATON	Aids to Navigation
BOD	Business Operations Division
CDM	Configuration Data Management
EOU	Excess, Obsolete, or Unserviceable
ERL	Economic Retention Limit
FLIS	Federal Logistics Information System
FLS	Fleet Logistics System
FRMM	Financial Resource Management Manual
GFE	Government Furnished Equipment
GFM	Government Furnished Materiel
ICP	Inventory Control Point
NESSS	Naval and Electronics Supply Support System
NIIN	National Item Identification Number
CH-1	

OM&S	Operating Material and Supplies
PP&E	Property, Plant and Equipment
SF	Supply Fund
SFLC	Surface Forces Logistics Center
SMR	Supply Maintenance Recoverability Code

Figure 7.46 Periodic Review of Classification and EOU at SFLC



Changes in Classification of Stock Items (SFLC)

Procedure No. 7.5.7.14-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items occasionally require a classification change due to factors such as increased repair cost, the item's position in its lifecycle, or availability of replacement. When these circumstances arise, a review of the stock item will be completed for possible reclassification. Stock item classification is also evaluated during the quarterly Long Supply Review. As required by Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series), a review must be conducted periodically to confirm the accuracy of the repair codes and end item application codes loaded against wholesale inventory items.

1.2 Inputs

- 1.2.1 Long Supply Review Program.
- 1.2.2 Periodic Review of Stock Item Classification.

1.3 Outputs

- 1.3.1 Repair Code Determination Form.
- 1.3.2 Reclassification of Stock Item.

1.4 Applications

- 1.4.1 Naval and Electronics Supply Support System (NESSS).
- 1.4.2 Naval Engineering Technical Information Management System (NE-TIMS).

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure.
- 1.5.2 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.5 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).
- 2.6 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC Change Records, Repair Code Determination forms and any documents that pertain to the reclassification of the stock item will be maintained in the NIIN folder in electronic format (NE-TIMS) for the life of the equipment plus three (3) years.

4.0 Responsibilities

- 4.1 Equipment Specialists have responsibility for reviewing and recommending the reclassification of stock items.
- 4.2 The Repairable/Consumable Determination approving official shall review all reclassification recommendations and determine disposition.

5.0 Procedure

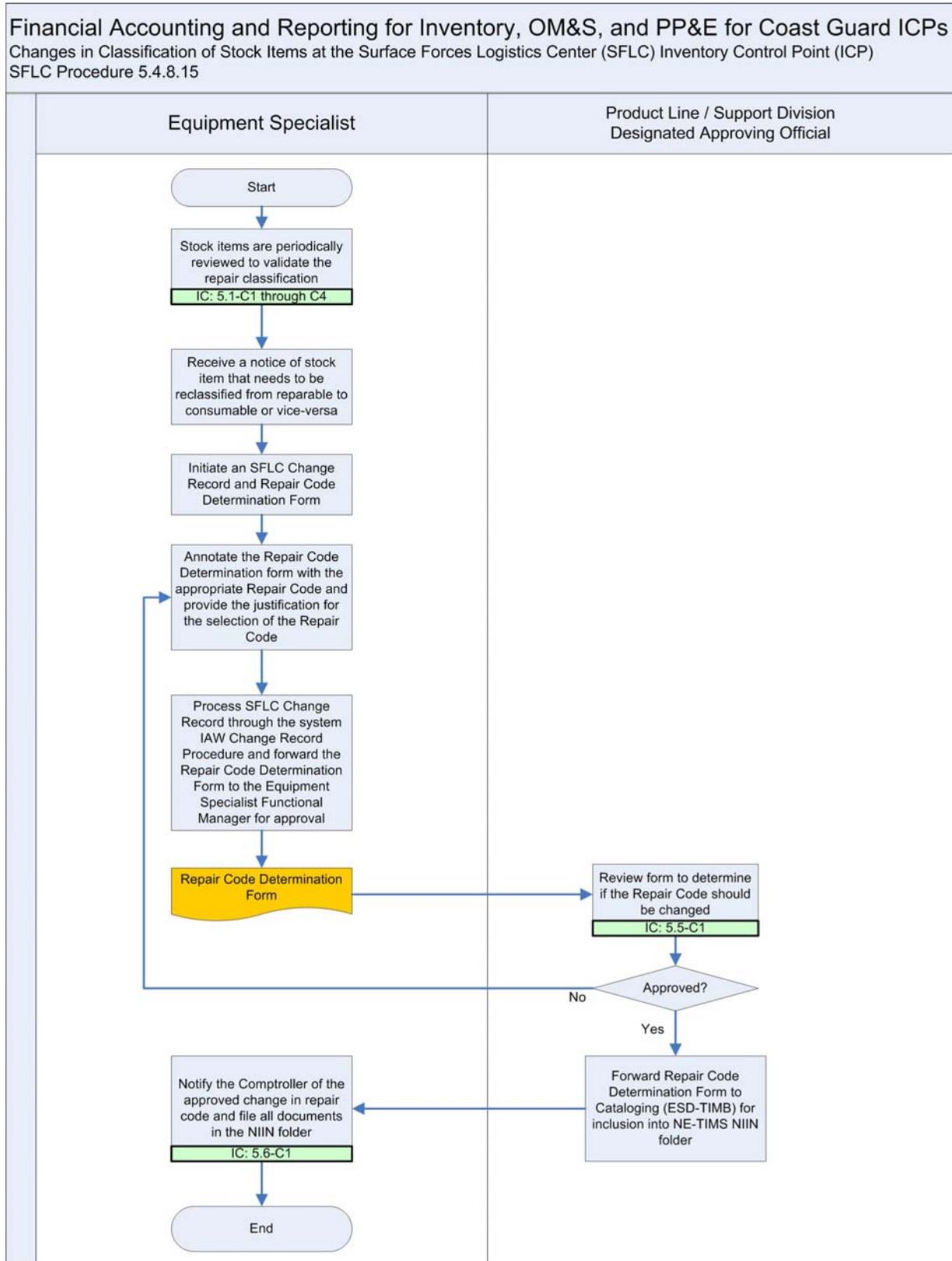
- 5.1 Stock items are periodically reviewed to validate the repair classification. These reviews can arise through normal SFLC activities such as procurement and Long Supply Reviews or through one of the following **(IC: 5.1-C1)**:
 - 5.1.1 A random review conducted by CG-4 as part of the statistical sample observation **(IC: 5.1-C2)**.
 - 5.1.2 A quarterly review conducted by the Logistics Compliance Branch of the Asset Logistics Division (ALD) for null repairability codes or null end item codes **(IC: 5.1-C3)**.
 - 5.1.3 A monthly review of all new stock numbers conducted by the ALD Logistics Compliance Branch to ensure that the Repair Code Determination form is complete and filed in the NIIN folder **(IC: 5.1-C4)**.
- 5.2 As a result of circumstances requiring a stock item to be reclassified from repairable to consumable or vice-versa, the appropriate Product Line / Support Division Equipment Specialist will be notified.
- 5.3 The Equipment Specialist will initiate an SFLC Change Record and a Repair Code Determination form (EMDIVINST 5235.1B Enclosure 2). The initiator will annotate the Repair Code Determination form with the appropriate Repair Code and provide the justification for the selection of the Repair Code.
- 5.4 The SFLC Change Record is processed through the system in accordance with Change Record procedures, and the Repair Code Determination form will be routed to the approving official for approval.

- 5.5 The designated approving official for the Product Line / Support Division approves the Repair Code Determination form and processes the form to Cataloging (ESD-TIMB) for inclusion into the NE-TIMS NIIN folder (**IC: 5.5-C1**).
- 5.6 If change is approved, the Comptroller will be notified and all documents will be filed in the NIIN folder (**IC: 5.6-C1**).

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ESD-TIMB	Engineering Services Division, Technical Information Management Branch
ICP	Inventory Control Point
NESSS	Naval and Electronics Supply Support System
NE-TIMS	Naval Engineering Technical Information Management System
NSN	National Stock Number
SFLC	Surface Forces Logistics Center

Figure 7.47 Changes in Classification of Stock Items at SFLC



**Loans, Redistributions, and Mandatory Turn-in of Stock Items
(SFLC)**

Procedure No. 7.5.7.15-SFLC

This procedure is divided into two parts, each of which is described in a separate subprocedure in the pages that follow:

7.5.7.15.1-SFLC Receipt and Tracking of Mandatory Turn-In Stock Items

7.5.7.15.4-SFLC Loan of Stock Items

**Receipt and Tracking of Mandatory Turn-In Stock Items
(SFLC)**

Procedure No. 7.5.7.15.1-SFLC

1.0 Overview

1.1 Procedure Summary

1.1.1 A Mandatory Turn-in (MTI) is a depot level repairable (DLR) "F" condition asset that is being returned from a unit when an "A" condition asset is issued. In some cases, analysis has determined that carcass value and depot level repairs are more cost effective than disposal and asset renewal. In other cases, the material involved is obsolete on the open market and must be repaired due to the unavailability of new "A" condition assets. Under the MTI Program, when requisitioning "A" condition assets that are considered DLR, units are expected to return the "F" condition carcass to the Surface Forces Logistics Center (SFLC) for repair. NESSS will automatically set up a due in for the "F" condition carcass when the requisitioned item is issued out of inventory. Material deemed worthy of depot level repair shall remain the property of the SFLC regardless of the physical location of the material. It is essential to ensure the "F" condition material is returned to the SFLC in a timely manner in order to initiate repair orders to ensure the assets are available for future requisitions. The SFLC shall review all pending MTI returns on a regular basis to ensure that they are still valid and correctly stated on the stock record.

1.2 Inputs

- 1.2.1 Unit requisition for a depot level repairable (DLR).
- 1.2.2 SFLC Central MTI Pending Report.

1.3 Outputs

- 1.3.1 Issue Release/Receipt Document, DD 1348-1A.
- 1.3.2 Returned DLR carcass.
- 1.3.3 CO's Report for Past Due MTI's.
- 1.3.4 MTI Adjustment.

1.4 Applications

- 1.4.1 Naval and Electronics Supply Support System (NESSS).
- 1.4.2 SFLC Central

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy.
- 1.5.2 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).
- 2.5 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure that appropriate documentation is retained to support the receipt of mandatory turn-in items for a period of three (3) years after the recording of the transaction.

4.0 Responsibilities

- 4.1 Material Handlers are responsible for timely and accurate processing of MTI receipts. Material Handlers shall validate quantity, part number and condition code of all MTI material received.
- 4.2 Gatekeepers are responsible for receipting MTI material into NESSS. The Gatekeeper shall frustrate any MTI material that does not have a due in established, or that does not match the NSN, part number, or condition code of the due in.
- 4.3 The SFLC is responsible for funding the freight charges for the return shipment of all MTI items.
- 4.4 The Material Handlers shall ensure that a return shipment label is included in the outgoing shipment of all small-parcel MTI items, along with the BC1 documentation and an Instruction sheet for the return of the Not Ready for Issue (NRFI) item.
- 4.5 The ALD is responsible for inputting a proper ship date into NESSS for all DLR items that are issued from the SFLC.
- 4.6 The Financial Management Branch is responsible for inputting a proper ship date into NESSS for all DLR direct shipments from Contractor sites.
- 4.7 The Business Operations Division is responsible for inputting a proper ship date into NESSS for all DLR shipments from remote stock locations.
- 4.8 The MTI Coordinator is responsible for tracking MTI items, drafting unit CO Reports, coordinating the review and research of delinquent MTI items, providing

MTI return instructions to units for all shipments over 150 lbs., and forwarding any issue adjustments to the ALD for billing.

- 4.9 The ALD provides oversight and compliance for the development and management of the MTI program.

5.0 Procedure

Once MTI material is received at the warehouse, the following procedures are applied:

- 5.1 The Material Handler will verify the National Stock Number (NSN), part number, and condition code against the “BC1” Issue Release/Receipt Document, DD 1348-1A, received with the material. (This is a DD 1348-1A having “BC1” in the DOC IDENT block.) If the material does not match up to the information on the “BC1” document (e.g. RFI material received reflecting NRFI condition on the DD 1348-1A), the material will be frustrated (**IC: 5.1-C1**).
- 5.2 If the MTI material is determined to be Not Ready for Issue (NRFI), the Material Handler will strip all Ready for Issue (RFI) condition markings from the box, attach a packing envelope and an NRFI condition sticker on the box. This will prevent NRFI condition MTI material from being mistaken for RFI condition stock items (**IC: 5.2-C1**).
- 5.3 The Material Handler will create a Receiving Record in NESSS, print a copy of the Receiving Record, and attach to the material.
- 5.4 The Material Handler sends the “BC1” DD 1348-1A to the Gatekeeper for receipt processing.
- 5.5 The Gatekeeper processes the receipt in NESSS.
- 5.6 If receipt doesn’t processes successfully, the material will be frustrated.
- 5.7 If the receipt processes successfully, the Gatekeeper will give a copy of the DD 1348-1A back to the Material Handler.
- 5.8 The Material Handler will then stage material to be stowed.
- 5.9 The Gatekeeper will file a copy of the BC1 in the Gatekeeper’s MTI folder for that particular day. The Gatekeeper will maintain the MTI folders in the Gatekeepers Office for three years.

To ensure accountability of pending MTI returns:

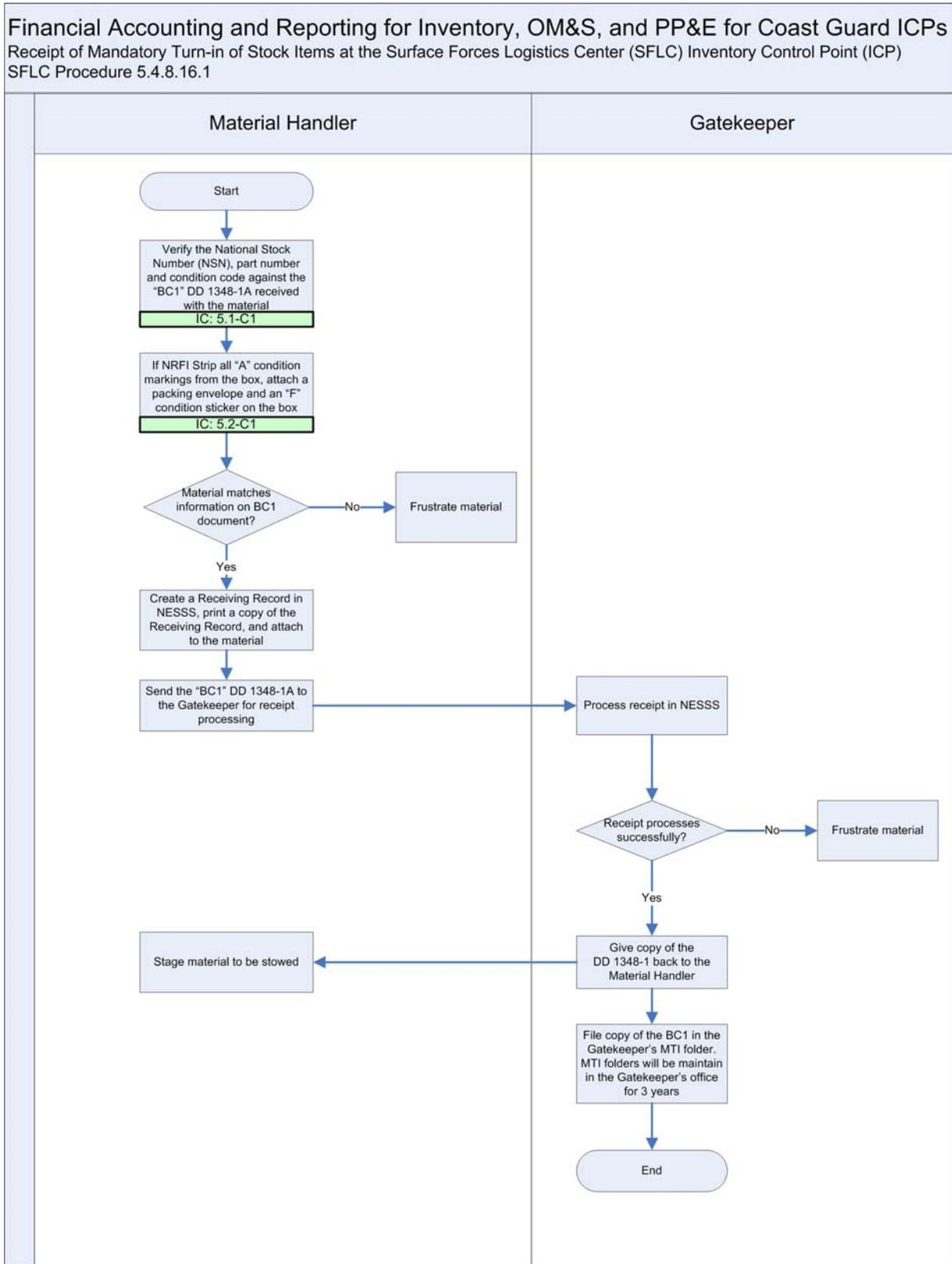
- 5.10 The MTI Coordinator will receive an automated e-mail notification from SFLC Central for any MTI due-in that has not been received by the SFLC within 15 calendar days from the unit receipt date. The MTI Coordinator will draft a unit CO’s Report message to be released by the Product Line Manager or their delegate and requiring resolution.
- 5.11 If the unit claims that the MTI item was already shipped, they will be instructed to provide tracking information which will be resolved by the ALD Traffic Office.
- 5.12 If the unit needs an extension, they will give the specifics for the situation requiring the extension, which will be subject to PL approval.

- 5.13 If the unit does not respond or does not have a carcass to return, the PL will either initiate an adjustment to bill the unit or initiate a survey to document the loss of the carcass.
- 5.14 The ALD Logistics Compliance Branch will either process adjustments to result in a customer billing which reflects the sales price, or process the survey.
- 5.15 If the unit returns the item after billing, the PL/ALD may give credit on a case-by-case basis.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ALD	Asset Logistics Division
DLR	Depot Level Repairable
ICP	Inventory Control Point
MTI	Mandatory Turn-in
NESSS	Naval and Electronics Supply Support System
NRFI	Not Ready For Issue
NSN	National Stock Number
RFI	Ready For Issue
SFLC	Surface Forces Logistics Center

Figure 7.48 Receipt of Mandatory Turn-in Stock Items at SFLC



**Loan of Stock Items
(SFLC)**

Procedure No. 7.5.7.15.4-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items are occasionally loaned out to contractors as Government Furnished Equipment (GFE) to assist in the manufacture or repair process and are considered Held in Reserve for Future Sale/Use. GFE is loaned and then returned to the Surface Forces Logistics Center (SFLC) after completion of the repair or manufacture.

1.2 Inputs

- 1.2.1 Repair or manufacture requirement with a need to provide GFE (i.e., pattern, prototype) to the repair or manufacturing facility.
- 1.2.2 Undelivered Order review.
- 1.2.3 Periodic Inventory Statistical Sample.

1.3 Outputs

- 1.3.1 Material Release Order (MRO).
- 1.3.2 Receipt of GFE.

1.4 Applications

- 1.4.1 COGNOS.
- 1.4.2 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Completeness and Accuracy.
- 1.5.2 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).
- 2.5 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure that auditable documentation is retained to support the review of loan transactions for a period of three (3) years after the recording of the transaction.

4.0 Responsibilities

- 4.1 Contracting Officers and procurement personnel are responsible for timely and accurate entry of loan transactions within NESSS. Contracting and procurement personnel shall ensure the movement of stock items is accurately reflected in NESSS and keeps the ALD Inventory Control Point Operations Branch informed of any transaction adjustments that might compromise the inventory validity (i.e. STOP MRO transactions). Contracting and procurement personnel shall ensure the timely return of loaned stock items as part of the required performance in all procurement actions using GFE.
- 4.2 The ALD Inventory Control Point Operations Branch shall ensure that stock items identified for loans are processed in an accurate and timely manner.

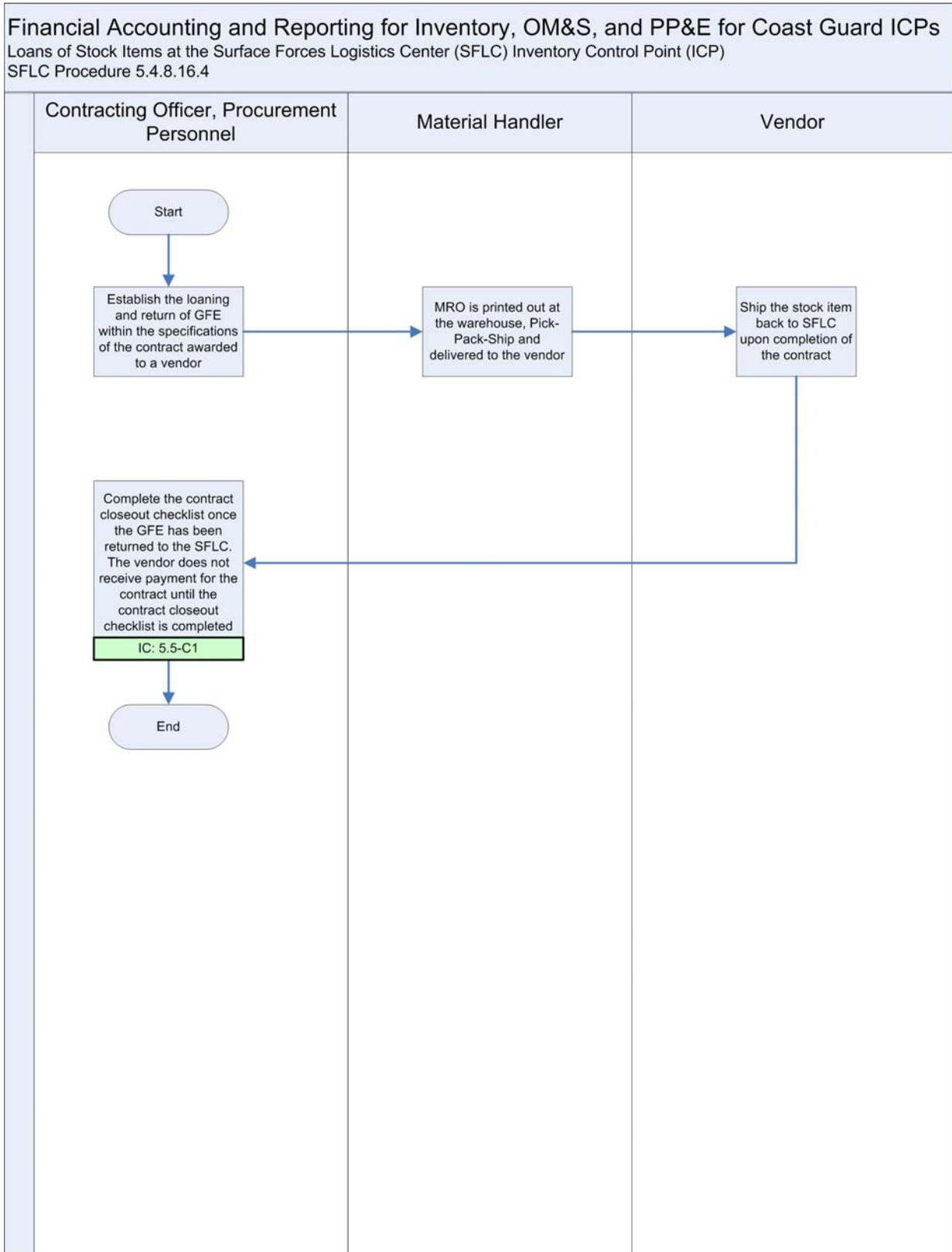
5.0 Procedure

- 5.1 Contracting officers will establish the loaning and return of GFE within the specifications of the contract awarded to a vendor.
- 5.2 An MRO is printed out at the warehouse and proceeds to the pick-pack-ship procedure.
- 5.3 The stock item is delivered to the vendor.
- 5.4 The vendor will ship the stock item back to the SFLC upon completion of the contract.
- 5.5 The procurement personnel will complete the contract closeout checklist once the GFE has been returned to the SFLC. The vendor does not receive payment for the contract until the contract closeout checklist is completed (**IC: 5.5-C1**).
- 5.6 All loan due ins are validated annually in conjunction with the physical inventory statistical sample (**IC: 5.6-C1**).

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
GFE	Government Furnished Equipment
ICP	Inventory Control Point
MRO	Material Release Order
NESSS	Naval and Electronics Supply Support System
SFLC	Surface Forces Logistics Center

Figure 7.49 Loan of Stock Items at SFLC



Issue and Sale of Stock Items (SFLC)

Procedure No. 7.5.7.16-SFLC

1.0 Overview

1.1 Procedure Summary

1.1.1 Stock items are commonly issued at the Surface Forces Logistics Center (SFLC). However, if classified as Inventory, such stock items may be sold to Coast Guard and other government agencies. Issues and sales occur as a result of requisitions submitted to SFLC and the subsequent filling of these orders. The majority of requisitions received by SFLC are submitted through the Defense Automatic Addressing System (DAAS). The remaining issues originate from FLS submissions, phone orders placed through the Product Lines / Support Divisions, or SFLC internal transactions.

1.2 Inputs

- 1.2.1 Incoming requisitions received via DAAS.
- 1.2.2 Incoming requisitions received by the Customer Service Branch.
- 1.2.3 SFLC internal requirements.

1.3 Outputs

- 1.3.1 Material Release Order (MRO).

1.4 Applications

- 1.4.1 Defense Automatic Addressing System.
- 1.4.2 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Rights and Obligations.
- 1.5.2 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, January 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).

- 2.5 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure that auditable documentation to support issues and sales is kept in an audit-ready status for a period of three (3) fiscal years.

4.0 Responsibilities

- 4.1 The Product Line / Support Division is responsible for maintaining accurate customer files to ensure all issues and sales are authorized. All interagency, intragovernmental and non-government sales shall be properly identified and the actual trading partners are reflected in the historical documentation.
- 4.2 The Asset Logistics Division shall ensure that stock items identified for issues or sales are processed in an accurate and timely manner.
- 4.3 Inventory Managers (IMs) are responsible for screening all restricted material requisitions for corrective action or material release.

5.0 Procedure

- 5.1 Customers initiate orders electronically through DAAS or by contacting the Product Lines / Support Divisions.
- 5.2 The Business Operations Division (BOD) will pick up incoming DAAS transactions multiple times throughout the day. These transactions are received via automated means and are processed by NESSS.
- 5.3 Incoming transactions are checked in NESSS to ensure completeness of entry. The format of each requisition is checked for valid use of MILSTRIP codes and alphanumeric characters in the requisition (**IC: 5.3-C1**).
- 5.4 Requisitions that fail edit check are processed by the BOD for reconciliation. During reconciliation, these transactions are either deleted or corrected and re-input for processing.
- 5.5 After initial validation, transactions are checked for validity between the transaction and the existing stock record for that item. Transactions that do not pass this content check, including orders for restricted items, are placed in the Corrective Action Module for review by the appropriate IM.
- 5.6 IM will research and determine the disposition of the requisition. The IM can release material to the customer, place material on backorder or cancel the requisition (**IC: 5.6-C1**).
- 5.7 NESSS reviews stock record to determine if sufficient quantity on hand exists. If not, a backorder is created.
- 5.8 A document identifier code (DIC) D7_ transaction is created to issue the available items and will create billing where applicable. This transaction reduces the

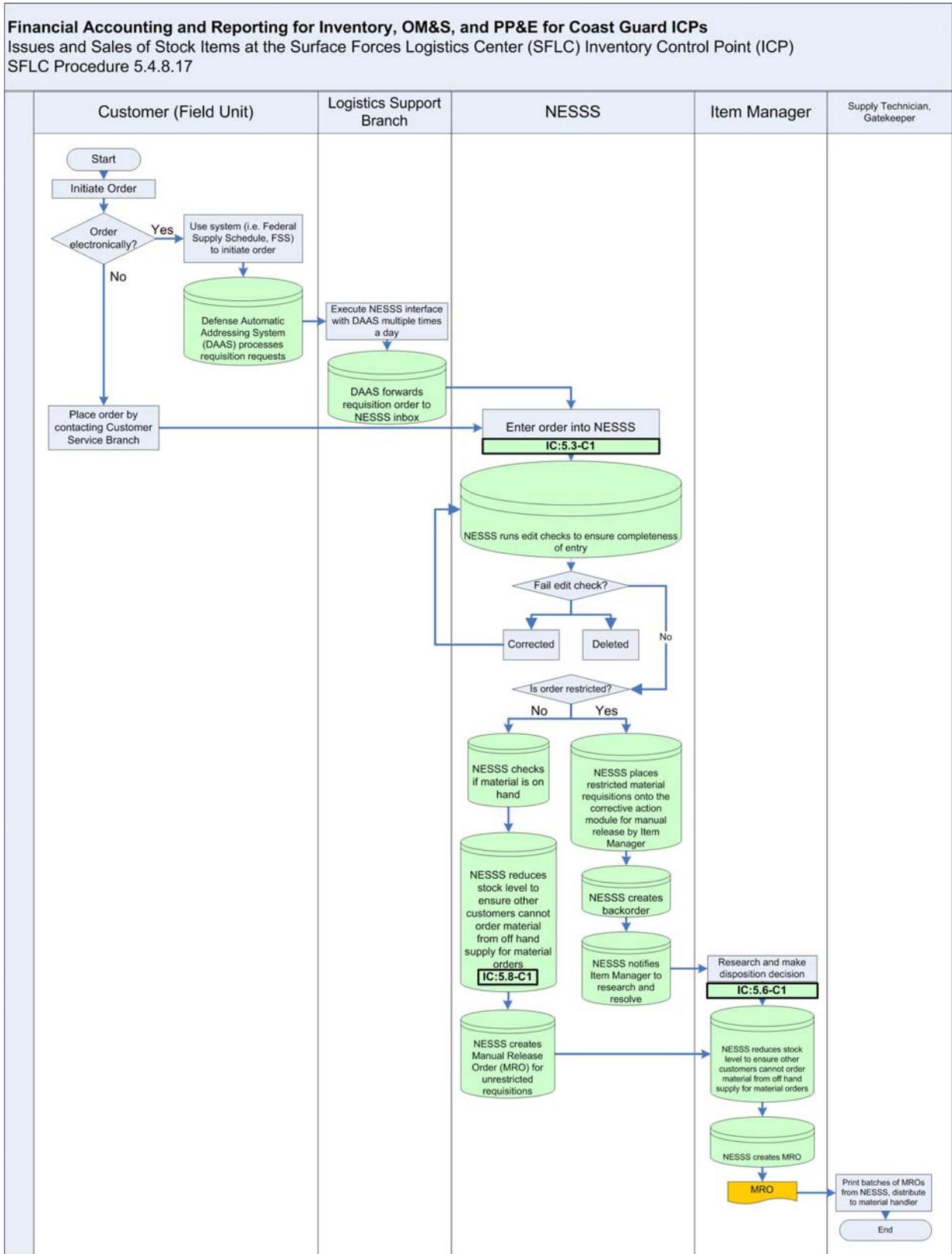
inventory balance to ensure that other customers cannot order material in excess of on hand quantity (**IC: 5.8-C1**).

- 5.9 Based on the criteria of the requisition and the stock available at various stock points, a Material Release Order (MRO) will be generated.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
DAAS	Defense Automatic Addressing System
ICP	Inventory Control Point
IM	Inventory Manager
MRO	Material Release Order
NESSS	Naval and Electronics Supply Support System
SFLC	Surface Forces Logistics Center

Figure 7.50 Issue and Sale of Stock Items at SFLC



**Pick-Pack-Ship
(SFLC)**

Procedure No. 7.5.7.17-SFLC

This procedure is divided into two parts, each of which is described in a separate subprocedure in the pages that follow:

7.5.7.17.1-SFLC Pick-Pack-Ship of Stock Items

7.5.7.17.2-SFLC Pick-Pack-Ship Report Reconciliation

**Pick-Pack-Ship of Stock Items
(SFLC)**

Procedure No. 7.5.7.17.1-SFLC

1.0 Overview

1.1 Procedure Summary

1.1.1 Issues of stock items must be picked from warehouse shelf locations, packed in an acceptable manner, and shipped to customers within designated timelines. While a Material Release Order (MRO) is pending, the quantity has already been deducted from warehouse on hand quantities. Therefore, a timely and accurate pick-pack-ship process is essential in order to reflect an accurate account of on-shelf inventory.

1.2 Inputs

1.2.1 MRO.

1.3 Outputs

1.3.1 Shipping Documentation.

1.4 Applications

1.4.1 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

1.5.1 Completeness.

1.5.2 Rights and Obligations.

1.5.3 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.5 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).
- 2.6 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 The Surface Forces Logistics Center (SFLC) shall ensure appropriate documentation to support pick-pack-ship transactions is retained for a period of three (3) fiscal years after the pick-pack-ship transaction date of the item.

4.0 Responsibilities

- 4.1 The Material Handlers shall ensure that all stock items are picked from warehouse locations in an accurate and timely manner so that on-shelf quantities and stock records are in balance during physical inventories and other scheduled testing by internal or external entities.
- 4.2 Inventory Managers (IMs) shall ensure timely reviews of warehouse denials of material under their cognizance are reviewed for resolution or replenishment.

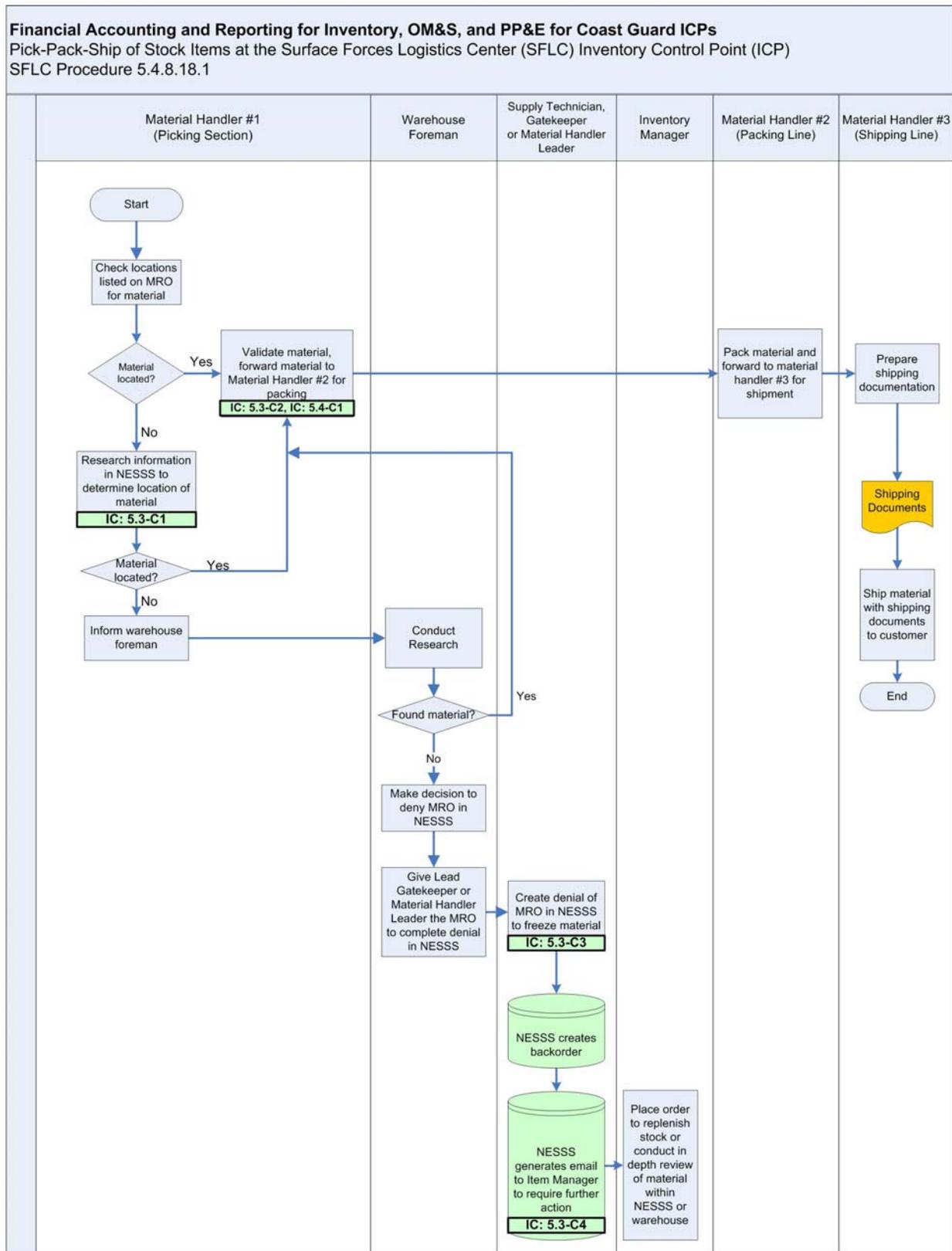
5.0 Procedure

- 5.1 The Gatekeeper disburses the MROs to the appropriate Supervisor or Work Leader. The MRO details the location, condition, and quantity of the material to be picked, packed, and shipped.
- 5.2 The Material Handler checks the locations listed on the MRO to pick the requested material in the warehouse. Stock items may be stored in multiple locations.
- 5.3 If the stock item cannot be located, the Material Handler will pass the requisition to the Supervisor or Work Leader for research to determine the location of the material **(IC: 5.3-C1)**.
 - 5.3.1 If the Supervisor cannot locate the material, the MRO will be denied, which freezes the material within NESSS so that no additional orders for this material can be generated **(IC: 5.3-C3)**.
 - 5.3.2 NESSS creates a backorder for the denied portion of the MRO and generates an email to inform the Inventory Manager (IM) that further action is needed for the missing material **(IC: 5.3-C4)**.
 - 5.3.3 The IM places an order to replenish stock or conduct in depth review of material within NESSS or warehouse.
- 5.4 Upon locating the material, the Material Handler will validate the National Stock Number (NSN)/Activity Control Number (ACN), quantity, condition and nomenclature of the material on the shelf to the MRO **(IC: 5.4-C1)**.
- 5.5 The Material Handler forwards all picked material to the packing line to pack material.
- 5.6 The packing line Material Handler packs material and forwards to shipping line.
- 5.7 The shipping line Material Handler prepares shipping documents and ships the material **(IC: 5.7-C1)**.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ACN	Activity Control Number
ICP	Inventory Control Point
IM	Inventory Manager
MRO	Material Release Order
NESSS	Naval and Electronics Supply Support System
NSN	National Stock Number
SFLC	Surface Forces Logistics Center

Figure 7.51 Pick-Pack-SHIP of Stock Items at SFLC



**Pick-Pack-Ship Report Reconciliation
(SFLC)**

Procedure No. 7.5.7.17.2-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Issues of stock items must be picked from warehouse shelf locations, packed in an acceptable manner, and shipped to customers within designated timelines. While a Material Release Order (MRO) is pending, the quantity has already been deducted from warehouse on hand quantities. Therefore, a timely and accurate pick-pack-ship process is essential in order to reflect an accurate account of on-shelf inventory. On a daily basis, the Warehouse Supervisors review the NESSS Pick-Pack-Ship Report to review and resolve aged transactions. This report details material that has been identified for disbursement, but has not yet been shipped. If an order has been on the Pick-Pack-Ship Report for more than seven days, the Inventory Control Point Operations Branch Chief performs an investigation to determine the cause of the delay.

1.2 Inputs

- 1.2.1 Pick-Pack-Ship Report.

1.3 Outputs

- 1.3.1 Resolution of Aged Transactions.

1.4 Applications

- 1.4.1 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Completeness.
1.5.2 Rights and Obligations.
1.5.3 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

- 2.4 United States Coast Guard, Property Management Process Documentation, July 2007.
- 2.5 Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series).
- 2.6 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 The Surface Forces Logistics Center (SFLC) shall ensure documentation to support reviews of pick-pack-ship transactions is retained for a period of three (3) fiscal years after the review is conducted.

4.0 Responsibilities

- 4.1 The Asset Logistics Division shall conduct periodic reviews of pick-pack-ship transactions to ensure open transactions are researched and resolved in a timely manner. Open transactions that are unresolved due to unavailability will be processed as warehouse denials and placed on backorder.
- 4.2 Inventory Managers will determine the resolution for warehouse denials placed on backorder by passing the requisition, replenishing stock or canceling the requisition.

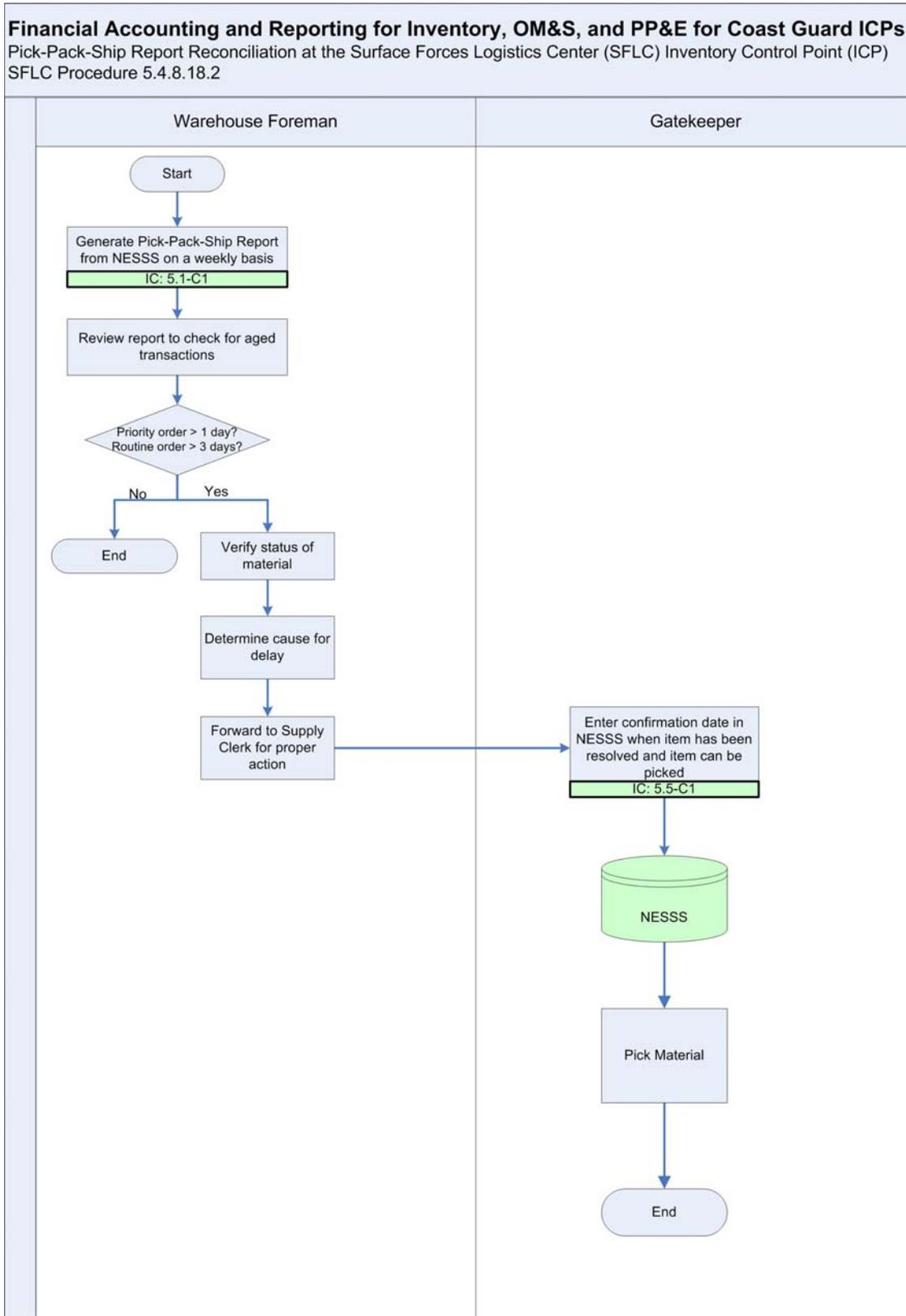
5.0 Procedure

- 5.1 The Warehouse Supervisors will generate a Pick-Pack-Ship Report from NESSS on a daily basis (**IC: 5.1-C1**).
- 5.2 The Inventory Control Point Operations Branch Chief will review the report for aged transactions.
- 5.3 Priority requisitions are to be filled within one (1) day, while routine requisitions are to be filled within three (3) days of receiving the order. For priority orders older than one (1) day and routine orders older than three (3) days, the Warehouse Supervisors will verify the status of the material release order (MRO) and determine the cause of the delay.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ICP	Inventory Control Point
MRO	Material Release Order
NESSS	Naval and Electronics Supply Support System
SFLC	Surface Forces Logistics Center

Figure 7.52 Pick-Pack-Ship Report Reconciliation at SFLC



**Reutilization of Stock Items
(SFLC)**

Procedure No. 7.5.7.18-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 Stock items (spare parts) are occasionally reclaimed from end items (e.g., Cutters, Aircraft) and are refurbished and restocked for reutilization at the United States Coast Guard (USCG) Inventory Control Points (ICPs), USCG units, or other authorized recipients within the DHS or DoD. Parts that are removed from end items must be clearly identified and accurately valued so that the end item valuation and spare parts valuation may be supported and executed in a generally accepted accounting principles (GAAP)-compliant manner in order to sustain key financial statement assertions.
- 1.1.2 The opportunity to reclaim or reutilize spare parts arises from a variety of circumstances including:
 - 1.1.2.1 Periodic reviews of stock items to screen for excess, obsolete or unserviceable items. Some end items fall into this category of material.
 - 1.1.2.2 The modification or upgrade of equipment where subcomponents are removed from the end item.

1.2 Inputs

- 1.2.1 Incoming transfers of excess material from cannibalization or salvage.

1.3 Outputs

- 1.3.1 Wholesale inventory items.

1.4 Applications

- 1.4.1 Naval and Electronics Supply Support System (NESSS).
- 1.4.2 Naval Engineering – Technical Item Management System (NE-TIMS).

1.5 Financial Statement Assertions

- 1.5.1 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory and Related Property*, October 1993.
- 2.2 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.3 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 The Surface Forces Logistics Center (SFLC) shall ensure that audit-ready documentation is retained to support all receipts of stock items from reutilization/reclamation for the life cycle of the stock item plus three (3) years.

4.0 Responsibilities

- 4.1 The Product Lines / Support Divisions shall ensure that the end item (e.g., OPFAC, Name, Tail Number, and Hull Number) is identified on all documentation from which stock items are removed from for reutilization or reclamation. The stock items shall be fully identified including quantity and supported unit price for valuation purposes. When practical, historical documentation shall be gathered to support each stock item removed from end items for reutilization/reclamation from USCG end items. If historical documentation is not available, alternative valuation methods (e.g., OEM, Appraisals) shall be used to substantiate historical cost. The Product Lines / Support Divisions shall ensure that full and complete documentation is compiled to support the devaluation of the end item (e.g., Cutter, Aircraft) from which the reutilized item is removed. All valuations for reutilized items are supported by third party documentation when available. The Product Lines / Support Divisions shall ensure that a copy of the documentation is kept in the appropriate location to support the induction (receipt) of any stock items into ICP stock. Full documentation shall be provided to external entities (e.g., USCG Units, DHS, and DoD) for any parts provided as a result of cannibalization and/or reutilization.
- 4.2 The Product Lines / Support Divisions shall ensure that reutilized/reclaimed stock items are fully documented and valued at historic cost or fair market value at time of receipt. If documentation is not provided to support fair market value, alternative valuation methods shall be used.
- 4.3 The Comptroller or designate shall review and approve all valuation documentation arising from the cannibalization and/or reutilization of stock items. The Comptroller or designate shall ensure that FINCEN (FR) receives a full documentation package supporting the devaluation of the end item from which reutilized items were removed within 10 days of ICP Comptroller approval.
- 4.4 FINCEN (FR) shall review the documentation, determine if a cost adjustment is necessary, and execute the cost adjustment to the identified end item (e.g., Cutter, Aircraft) within 30 calendar days of receipt of the documentation. FINCEN (FR) management shall review and approve (sign and date) the cost adjustment prior to execution.

5.0 Procedure

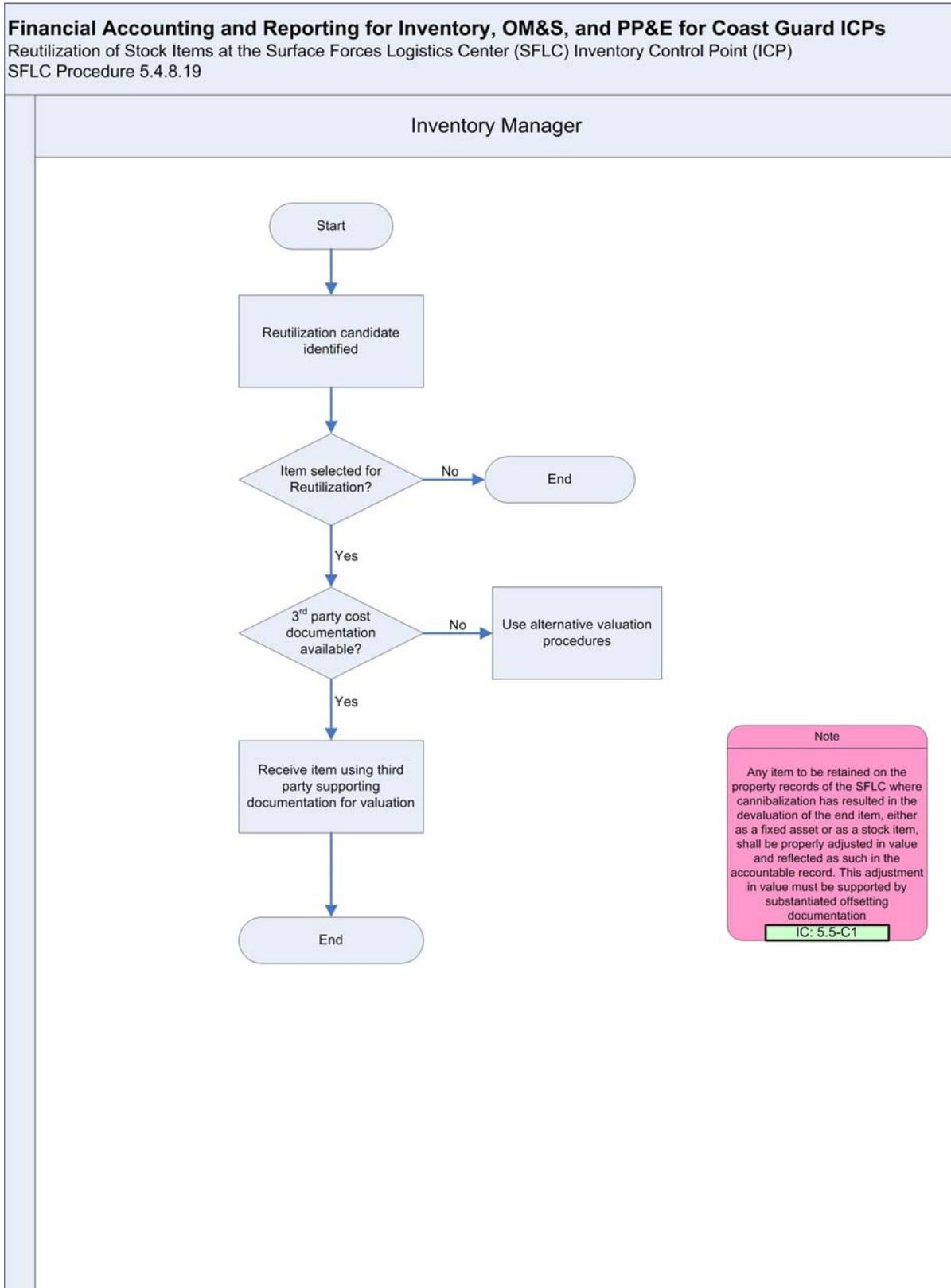
- 5.1 As candidates for reclamation or reutilization are identified, IMs shall determine if it is feasible and cost effective to salvage any spare parts for reutilization.

- 5.2 Any spare parts salvaged from a larger end item for reutilization shall be valued utilizing alternative valuation procedures as described as follows:
- 5.2.1 Cannibalization of end items result in the acquisition of smaller parts and valuation is often determined from the current system (NESSS) unit price. The current system unit price alone is not sufficient for valuation determination. Valuation must be based on supporting documentation, in this case, the availability of third party cost documents for the same stock numbered items can be indexed to arrive at the approximated historical cost of the reclaimed items.
 - 5.2.2 Occasionally, a percentage of the end item's cost is the basis for the cannibalized part's value. Unless third party substantiation is obtained to corroborate this cost determination, alternative valuation procedures must be used. In this case, OEM certification or appraisal opinion might be required to support the cost determination.
 - 5.2.3 Published price lists from Original Equipment Manufacturers (OEM) or FEDLOG screen prints identifying the price from another government agency identified as the source of supply for the same item. The price will be deflated by using the appropriate consumer price index (CPI) values derived from the US Department of Labor, Bureau of Labor Standards. All OEM/FEDLOG pricing documentation, including a copy of the CPI deflation, will be kept as supporting documentation in the National Item Identification Number (NIIN) or central file.
 - 5.2.4 OEM Price Certification of the same item. The certification may be obtained via email or letter.
 - 5.2.5 Like-Item Support. Identifying a more recent supported purchase of an item that can be used to support a prior unsupported purchase.
 - 5.2.6 Independent Appraisal. Engaging the services of an Independent Appraisal organization (e.g. American Appraisal Associates, Morten Beyer and Agnew) to perform desktop or on-site appraisals, applying standard industry-compliant methods, and describing the methodologies used incorporated into a concise report which additionally will contain the valuation of the item. All appraisal documentation will be kept as supporting documentation in the NIIN or central file.
- 5.3 Prices obtained from alternate valuation methods can be deflated by using the appropriate consumer price index (CPI) values derived from the US Department of Labor, Bureau of Labor Standards.
- 5.4 Any item to be retained on the property records of the SFLC where cannibalization has resulted in the devaluation of the end item, either as a fixed asset or as a stock item, shall be properly adjusted in value and reflected as such in the accountable record. This adjustment in value must be supported by substantiated offsetting documentation (**IC: 5.5-C1**).

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
CPI	Consumer Price Index
DHS	Department of Homeland Security
DoD	Department of Defense
FASAB	Federal Accounting Standards Advisory Board
FINCEN	United States Coast Guard Finance Center
FRMM	Financial Resource Management Manual
GAAP	Generally Accepted Accounting Principles
ICP	Inventory Control Point
IM	Inventory Manager
NE-TIMS	Naval Engineering Technical Item Management System
NESSS	Naval and Electronics Supply Support System
NIIN	National Item Identification Number
OEM	Other Equipment Manufacturer
OPFAC	Operating Facility
SFFAS	Statement of Federal Financial Accounting Standards
SFLC	Surface Forces Logistics Center
USCG	United States Coast Guard

Figure 7.53 Reutilization of Stock Items at SFLC



Financial Reporting (SFLC)

Procedure No. 7.5.7.20-SFLC

1.0 Overview

1.1 Procedure Summary

- 1.1.1 The three general ledger (GL) systems – the Core Accounting System / Finance and Procurement Desktop (CAS/FPD), the Asset Maintenance Management Information System (AMMIS), and the Naval and Electronics Supply Support System (NESSS) – are consolidated into the Coast Guard Treasury Information Executive Repository (CG TIER) database on a monthly basis. Though not a GL system, the Fleet Logistics System (FLS) is used to track projects to an asset class.

The primary purpose of CG TIER is to consolidate GL data from the inventory control points (ICPs) and provide Department of Homeland Security (DHS) TIER with the required financial information. This financial information is also accessible by OMB and Treasury.

NESSS is the financial system for the Yard Fund and SFLC's inventory funding (Supply Fund and OE accounts). NESSS integrates the activity of the Depot, Procurement, Supply, and Finance modules. All modules are driven by transaction codes that are United States Standard General Ledger (USSGL) compliant, and the activity of all modules is reflected in the GL. The primary purpose of NESSS is to consolidate the transaction activity of all modules in the GL, to accurately report the Surface Forces Logistics Center's (SFLC's) financial position in CG TIER. NESSS GL data is imported into CG TIER in a text file format.

The Coast Guard records accounting transactions in the three general ledgers and in project management systems throughout the month. The incorrect recording of transactions by users can result in the inappropriate recording of transactions within the GL accounts. Adjustments are required to correct any erroneously posted transactions. Adjustments are processed within NESSS and CAS to arrive at a final SFLC trial balance.

- 1.1.2 Accurate and timely reporting of ICP balances to USCG Financial Center (FINCEN) is required to ensure all financial information and transactions are properly reported in the USCG consolidated financial statements. The SFLC shall ensure that the following financial reports, and any required reconciliation listings/reports, are provided to FINCEN each month:
- 1.1.2.1 Allotment Ledger;
 - 1.1.2.2 General Ledger Trial Balance;
 - 1.1.2.3 DHS Trading Partner Report; and
 - 1.1.2.4 Prompt Payment Monthly Statistics.
- 1.1.3 The SFLC shall ensure that financial reports, and any required reconciliation listings/reports, are provided to FINCEN each fiscal quarter. These reports include:

- 1.1.3.1 Pipeline & NESSS Certification Letter;
- 1.1.3.2 Allotment Ledger;
- 1.1.3.3 General Ledger Trial Balance;
- 1.1.3.4 Prompt Payment Report;
- 1.1.3.5 Treasury Report on Receivables;
- 1.1.3.6 International Transaction Report for Payables and Receivables;
- 1.1.3.7 OE (Operating Expense) Inventory Position Report;
- 1.1.3.8 Operating Cost Report;
- 1.1.3.9 Trading Partner Report with Detail Transactions;
- 1.1.3.10 UDO Validation and Certification;
- 1.1.3.11 Cost of Goods Disclosure Report;
- 1.1.3.12 Navy Type-Navy Owned (NTNO) Report;
- 1.1.3.13 Footnote #8 Disclosure information for Inventory;
- 1.1.3.14 Footnote #9 Disclosure Information for Related Property; and
- 1.1.3.15 Property, Plant and Equipment (PP&E) Classification Summary (end item).

1.2 Inputs

- 1.2.1 Daily Accounting Transactions.
- 1.2.2 Reconciliation of Stock Ledger to General Ledger.
- 1.2.3 Quarterly Depreciation Adjustment.

1.3 Outputs

- 1.3.1 TIER File.
- 1.3.2 Allotment Ledger.
- 1.3.3 General Ledger Trial Balance.
- 1.3.4 DHS Trading Partner Report.
- 1.3.5 Paid Expenditure File.
- 1.3.6 Pipeline & NESSS Certification Letter.
- 1.3.7 Prompt Payment Report.
- 1.3.8 Treasury Report on Receivables.
- 1.3.9 International Report on Payables and Receivables.
- 1.3.10 OE Inventory Position Report.
- 1.3.11 Operating Cost Report.
- 1.3.12 Trading Partner Report.
- 1.3.13 Cost of Goods Disclosure Report.
- 1.3.14 Navy Type-Navy Owned (NTNO) Report.
- 1.3.15 Footnote #8 Disclosure information for Inventory.
- 1.3.16 Footnote #9 Disclosure Information for Related Property.
- 1.3.17 PP&E Classification Summary (end item).
- 1.3.18 Deferred Maintenance Report.

1.4 Applications

- 1.4.1 COGNOS.
- 1.4.2 Core Accounting System / Finance and Procurement Desktop (CAS/FPD).
- 1.4.3 Fleet Logistics System (FLS).
- 1.4.4 Naval and Electronics Supply Support System (NESSS).

1.5 Financial Statement Assertions

- 1.5.1 Presentation and Disclosure.
- 1.5.2 Existence and Occurrence.
- 1.5.3 Rights and Obligations.
- 1.5.4 Completeness.
- 1.5.5 Valuation.

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting Inventory and Related Property*, October 1993.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.
- 2.3 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.4 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

- 3.1 SFLC shall ensure that all financial reports, and any required reconciliation listings/reports are retained for a period of ten (10) fiscal years after submission of reports.

4.0 Responsibilities

- 4.1 The ALD Fiscal Policy and Analysis Team Leader and Yard Fiscal shall ensure the stock ledger balances are reconciled to the general ledger and all account balances are in the correct relationships for financial reporting.
- 4.2 Yard Fiscal shall ensure financial reports are transmitted to FINCEN (FF) with a copy to CG-842 no later than the reporting due dates as prescribed by FINCEN (FF). Yard Fiscal shall ensure that financial reports, and any required reconciliation listings/reports are provided to FINCEN for 30 June and 30 September in accordance with Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series), Selected Deliverables for FY Financial Statements.

5.0 Procedure

- 5.1 Prior to each monthly financial closeout, the team leader conducts the Stock Ledger to General Ledger Reconciliation procedure to ensure that account balances are accurately reflected on the financial reports **(IC: 5.1-C1)**. Prior to each quarterly closeout, the team leader performs the procedure for Depreciation of PP&E **(IC: 5.1-C2)**.
- 5.2 Personnel in the Reconciliations, Reports and Budget Branch (RR&B) of Yard Fiscal perform the following pre-close actions **(IC: 5.2-C1)**:
 - 5.2.1 Reviews and verify all obligations.
 - 5.2.2 Verifies funds status for all appropriations.
 - 5.2.3 Balances Allotment Target Report to the GL Trial Balance. The NESSS Accountant runs the Allotment Target Report. After the Accountant initially reviews these reports, the reports are sent to the RR&B Chief.
 - 5.2.4 Checks COGNOS report for creation of new GL accounts during the month. If new accounts were created during the month, FINCEN is informed via email to update the DELPHI crosswalk.
 - 5.2.5 Reconciles all expiring appropriations.
 - 5.2.6 The 104 Reconciliation is a COGNOS report that is run once per week and daily the last week of the month. It reconciles debits/credits, budgetary accounts, and budgetary/proprietary accounts. All reconciliations must net to zero.
 - 5.2.7 Researches abnormal balances on the GL Trial Balance.
 - 5.2.8 Verifies that all GL relationships are correct.
 - 5.2.9 Reconciles Cash with the monthly Statement of Transactions, FMS 224, to be transmitted.
- 5.3 The RR&B Chief reviews the NESSS Fiscal Posting Controls module to verify that all procedures have been completed. If a particular action is not complete, an error screen displays which processes are incomplete **(IC: 5.3-C1)**.
- 5.4 If any steps or reports are identified as incomplete or inaccurate, the RR&B Chief instructs the relevant personnel to run the particular process and ensures that the process is completed **(IC: 5.4-C1)**.
- 5.5 After all processes have been identified as being completed, and reports have been reconciled, the RR&B Accountant runs the process in NESSS to close the GL for the current period. There are controls built into NESSS to ensure that entries cannot be made into a period that is already closed (i.e., the system does not allow a date of a previous period to be entered) **(IC: 5.5-C1)**.
- 5.6 The Accountant runs month-end reports and prepares the DELPHI TIER file after the period is closed. The DELPHI TIER file is an automated extract of the GL data that is used to upload financial information to FINCEN. Depending on whether the period being closed is a month-end, quarter-end or year-end, the additional reports provided to FINCEN will differ. Monthly reports submitted to FINCEN include:
 - 5.6.1 Allotment Ledger;

- 5.6.2 General Ledger Trial Balance;
- 5.6.3 Abnormal Balance Report;
- 5.6.4 104 Reconciliation Report;
- 5.6.5 Analytics Report;
- 5.6.6 DHS Trading Partner Report;
- 5.6.7 Subledger Reconciliation; and
- 5.6.8 Prompt Payment Statistics.
- 5.7 Additional quarterly reports include:
 - 5.7.1 Trading Partner Report w/ detail;
 - 5.7.2 Operating Cost Report;
 - 5.7.3 Navy Type-Navy Owned Report;
 - 5.7.4 Treasury Report on Receivables;
 - 5.7.5 OE Inventory Position Report;
 - 5.7.6 AC&I Status Report;
 - 5.7.7 Cost of Goods Sold Disclosure Report;
 - 5.7.8 Footnote #8 Disclosure information for Inventory;
 - 5.7.9 Footnote #9 Disclosure information for Related Property;
 - 5.7.10 International Transactions (Foreign Receivables, Foreign Payables);
 - 5.7.11 Public Receivables;
 - 5.7.12 A/R Aging Report;
 - 5.7.13 Pipeline Certification Report; and
 - 5.7.14 Undelivered Order Validation.
- 5.8 Annual Reports:
 - 5.8.1 Prompt Payment Report.
- 5.9 The RR&B Chief and the Financial Operations Department (FOD) Chief perform a final review of reports and the DELPHI TIER file to verify that the GL is locked for the period, that all balances are correct, and that a timely close has occurred. The RR&B Chief signs internal review sheets **(IC: 5.7-C1)**.
- 5.10 The FOD Chief documents the review and approval by signing the monthly certification of the DELPHI TIER report **(IC: 5.8-C1)**.
- 5.11 If any errors exist at this point, the Accountant researches and makes necessary corrections to balance the figures.
- 5.12 Once approved, the signed certification letter, all NESSS reports and COGNOS reconciliation reports are forwarded to FINCEN.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
ALD	Asset Logistics Division
AMMIS	Asset Maintenance Management Information System

CAS	Core Accounting System
DHS	Department of Homeland Security
FASAB	Federal Accounting Standards Advisory Board
FINCEN	United States Coast Guard Financial Center
FLS	Fleet Logistics System
FOB	Fiscal Operations Branch
FOD	Financial Operations Department
FPD	Finance and Procurement Desktop
FRMM	Financial Resource Management Manual
GL	General Ledger
ICP	Inventory Control Point
NESSS	Naval and Electronics Supply Support System
NTNO	Navy Type-Navy Owned
OE	Operating Expense
PP&E	Property, Plant and Equipment
RR&B	Reconciliations, Reports and Budget Branch
SFFAS	Statement of Federal Financial Accounting Standards
SFLC	Surface Forces Logistics Center
TIER	Treasury Information Executive Repository
USSGL	United States Standard General Ledger

Figure 7.54 Financial Reporting at SFLC

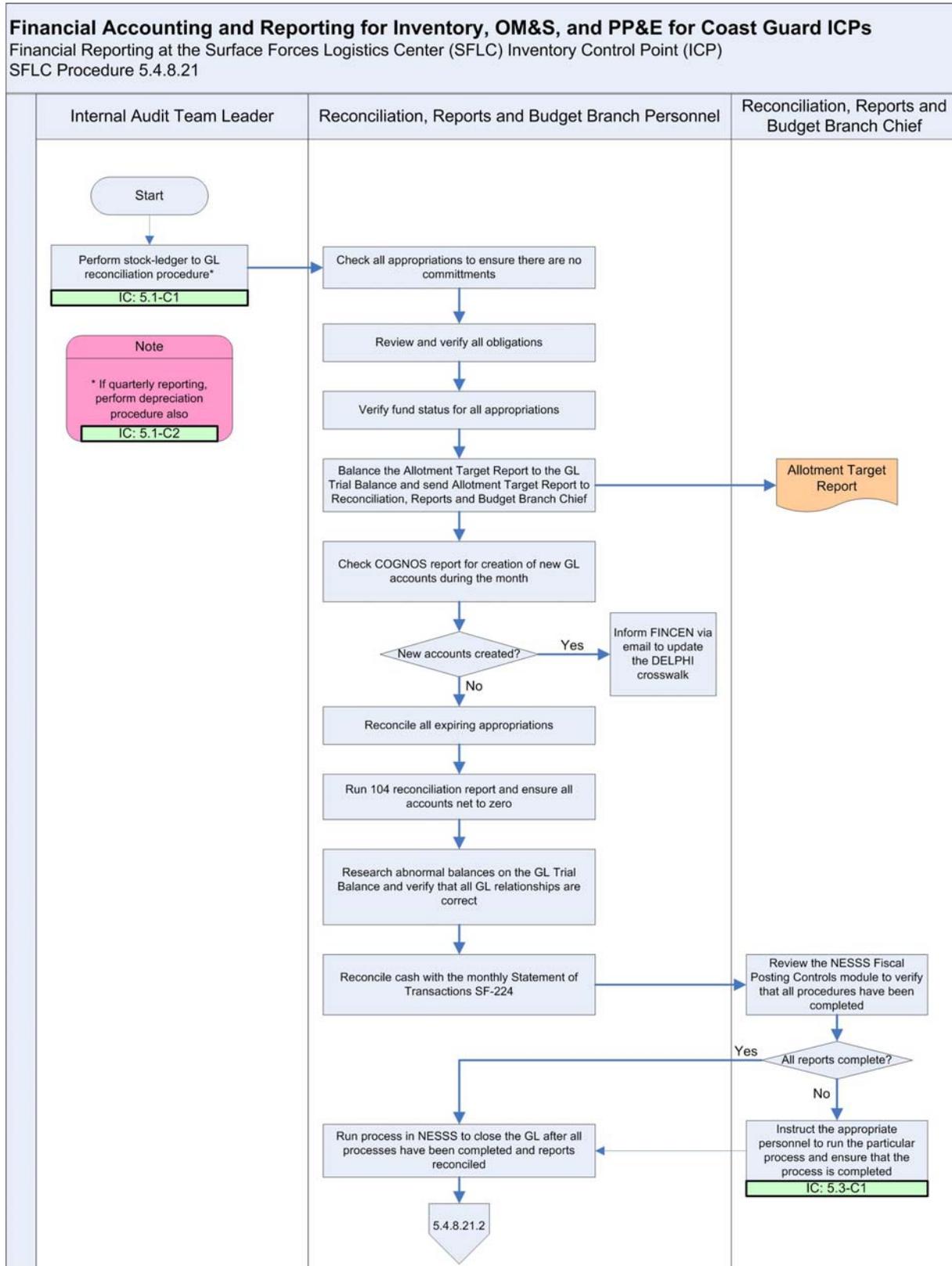
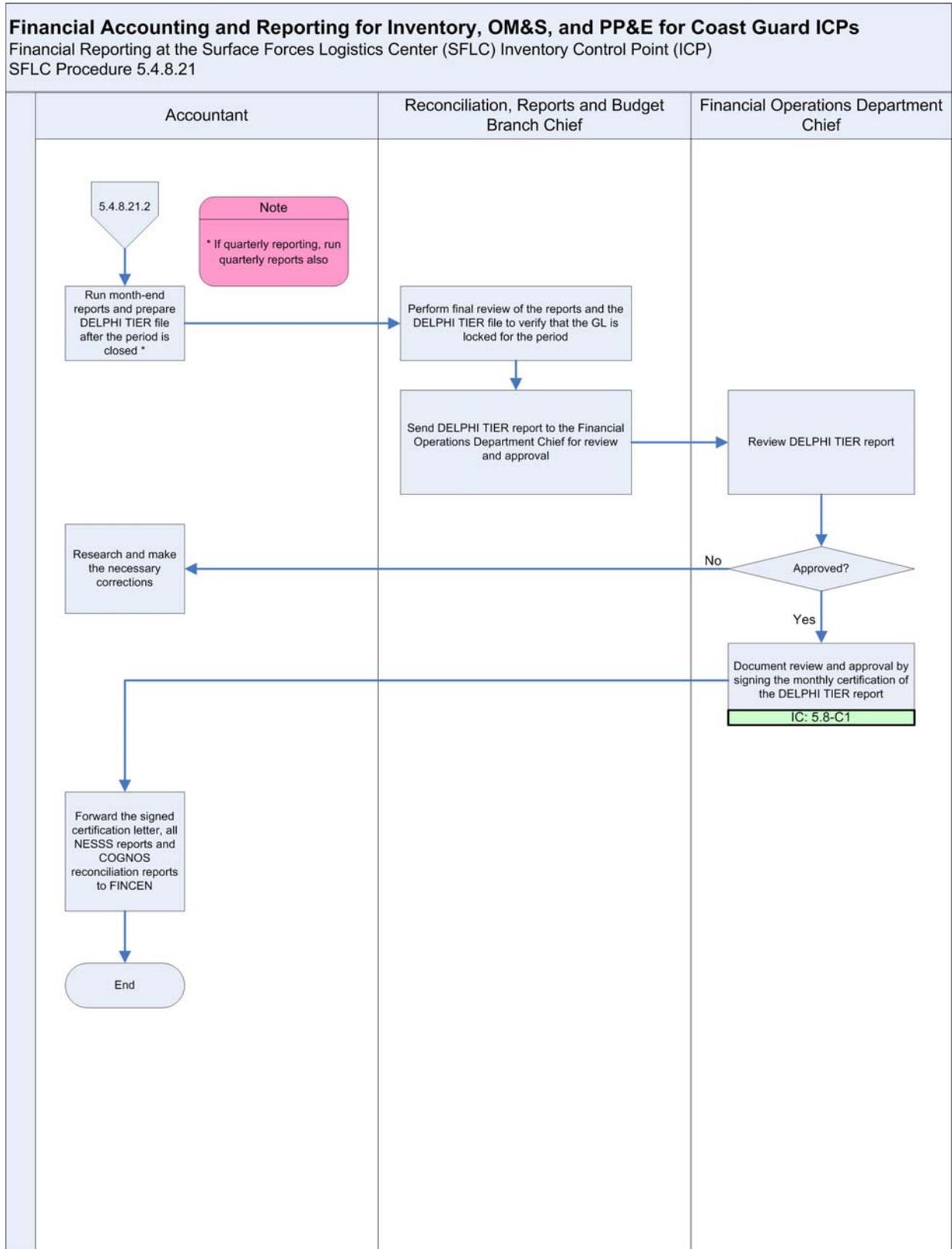


Figure 7.54 (continued) Financial Reporting at SFLC



Chapter 8. Financial Reporting

(TO BE DEVELOPED)

This Page Intentionally Left Blank

Chapter 9. Coast Guard Financial and Mixed Systems

(TO BE DEVELOPED)

This Page Intentionally Left Blank

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

10.1 Field Units (To Be Developed)

10.2 Real Property (To Be Developed)

10.3 Personal Property (Including CAP, Non-CAP and CIP)

Classes of General PP&E

Per the Office of Management and Budget (OMB) Circular A-136, examples of major classes of general PP&E may include, but are not limited to, buildings and structures, furniture and fixtures, equipment, vehicles, internal use software, and land. CG major categories of general PP&ES are: land, buildings, structures, software, improvements, repairable spare parts, vessels, aircraft, boats, electronic systems, general purpose, and assets under capital lease. CG general property, plant and equipment may be funded from any CG appropriation; however, they are generally funded with Operating Expense (OE), Acquisition, Construction, and Improvements (AC&I), and Industrial (e.g. Yard Fund) appropriations. OE appropriations are one-year funds designated for minor acquisitions used in the purchasing, improvements, rebuilding, and maintenance of assets. AC&I appropriations are multi-year funds which fund the acquisition of new capital assets, construction of new facilities, and improvements to existing facilities and capital assets. Industrial appropriations are non-expiring funds receiving advances to execute repairs and improvements to Yard facilities, and assets such as vessels and boats; and, to purchase necessary equipment needed to assist in those types of activities.

10.3.1 Purpose

This document provides the policy for the physical and financial accountability of CG personal property. This document assists CG property managers, accounting and financial personnel to understand their roles and responsibilities relating to personal property accountability. This policy requires the CG to manage transactions and record values for all personal property including: government-owned personal property acquired on behalf of the CG; personal property transferred from and used under permit from other federal agencies; and non-government owned personal property leased by the CG or assigned to the CG. Furthermore, this policy details the requirements for all lifecycle events, acquisition, sustainment, and disposition of personal property. This policy requires personal property and the associated transactions to be recorded in a timely and accurate fashion in the appropriate general ledger accounts, and will be reported in the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

10.3.2 Scope

This policy applies to all CG appropriations. Capitalized personal property consists of tangible assets having an estimated useful life of two (2) years or more, not intended for sale in the ordinary course of operations, and acquired or constructed

with the intention of being used or being available for use by the CG that meets the capitalization thresholds outlined in this policy. It includes property owned by the CG in the hands of others (e.g. Government Furnished Property). The CG has no national defense personal property assets. Capitalized Personal Property for this policy section consists of: Aircraft, Boats, Vessels, Electronic Systems, Electronics Test Equipment, Vehicles, General Purpose Property (GPP), and Industrial Equipment managed in two designated fixed asset applications (Oracle, and NESSS (Naval and Electronics Supply Support System)). 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 leased, or fabricated, either in-house or through contractual agreements established with external organizations. Capitalized Personal Property acquired through leases and internal use software shall be addressed in separate policy sections.

Capitalized Personal property does not include real property assets (land, buildings, and structures), inventory, operating materials and supplies (OM&S) in anticipation of physical consumption, repairable spares, and non-Capitalized personal property. These procedures apply to all CG personnel and CG units controlling, managing, and overseeing capitalized personal property assets.

10.3.3 Modifications

Periodically, it may become necessary for these procedures to be updated to reflect changes in life-cycle events, in addition to changes in management's objectives, laws, regulations, accounting standards, or DHS-specific guidance. Program Managers shall review and oversee the procedure implementation changes in local desk guides or procedures as appropriate.

10.3.4 Definitions

This section defines terms that are essential to the understanding and implementation of the policy presented.

Abandonment – Discontinuing the use of an asset or the relinquishment or renunciation of an interest, claim, privilege, possession or right, with the intent of never again resuming or reasserting it. Examples of such intentional action may include the discontinuance of a capital construction project or the discontinued use of a ship or vessel.

Accountable Property Officer – The person designated in writing, by name or organizational position, as responsible for maintaining accountability and control of property within a specified area. An Accountable Property Officer is appointed for each CG unit Operating Facility (OPFAC) for personal property maintained in Oracle and NESSS.

Acquisition, Construction and Improvements (AC&I) Funding – Federal multi-year appropriations used to finance the acquisition, construction, rebuilding, and improvement of capitalized personal property assets.

Acquisition Costs – Cost to the Government of putting property into use at the time that 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 shall include

amounts paid to vendors, all transportation charges to the point of initial use, handling and storage costs, installation costs, etc., but excludes training and warranty costs.

ALC – Aviation Logistics Center.

Allotment Fund Control Code (AFC) – This code further classifies the appropriation for specific allotments to fund managers.

Audit-Ready – An assertion to the validity and reliability of information contained in the financial statements which provides reasonable assurance that the statements are free of material error and an assertion that a system of internal controls exists and operates as intended.

Aviation Logistics Management Information System (ALMIS) – The general ledger accounting system used at the Aviation Logistics Center (ALC) in Elizabeth City, NC to maintain financial data.

Bill of Lading – A type of document used to acknowledge the receipt of a shipment of goods. In addition to acknowledging the receipt of goods, a bill of lading indicates the particular vessel on which the goods have been placed, intended destination, and the terms for transporting the shipment to its final destination.

Cannibalization – The authorized removal of components or spare parts from serviceable personal property assets in order to create another property asset. Those items removed through cannibalization must be replaced to restore the cannibalized item to a serviceable condition.

Capital Lease – A document which substantially transfers all the benefits and risks of ownership to the lessee. If, at its inception, a lease meets one or more of the following four criteria, the lease should be classified as a capital lease by the lessee. Otherwise, it should be classified as an operating lease. Classify a lease as a capital lease if it meets one or more of the following criteria:

- 1) The lease transfers ownership of the property to the lessee by the end of the lease term.
- 2) The lease contains an option to purchase the leased property at a bargain price.
- 3) The lease term is equal to or greater than 75 percent of the estimated economic life of the leased asset.
- 4) The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property.

Note: The last two criteria are not applicable when the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property.

Capitalization – Recording and carrying forward any expenditure into one or more future periods (useful lives of two year or more) which results in expensing the cost of an asset over the remainder of its useful life by matching the benefits gained from that expenditure with the associated cost.

Change in Financial Plans (CIFP) – A document used to shift funds between two or more AFCs within AC&I or OE appropriations.

Construction in Progress (CIP) – A temporary asset account that consists of the cost of direct materials, direct labor, direct purchased services, and indirect costs used to produce constructed, fabricated, or assembled personal property either through an

outside vendor or contractor, or in-house using CG resources. After construction, fabrication, or assembly is completed or title transfers, the CIP account will be relieved of the appropriate costs incurred.

CIP Analysis Report – Report provided on a periodic basis (monthly) that provides the PM information needed for reviews, expense, and capitalization decisions.

CIP Establishment Package – An Excel workbook used to provide accounting data to Project Managers (PM), Acquisition Project Managers (APM), Program Managers and other project personnel to ensure accurate, complete and timely reviews of CIP transactions. Ensures that the project, the associated assets, an estimate of cost, a notional schedule of delivery, and other key information is gathered to support the activation of information in budgetary execution and CIP project cost accounting systems.

CIP Capitalization Package – An Excel workbook maintained at the project level used to provide accounting data to Commandant (CG-842) and to FINCEN (FR) at the delivery of each CIP Project asset, and at the close-out of a CIP Project.

Conditional Acceptance - Accepting an asset with minor corrections that would not preclude the asset from being placed into service, accepting an asset and placing that asset in a missionization phase whereby the asset would receive CG specific sub-systems.

Conversion in Lieu of Procurement (CILOP) - A process in which the property asset undergoes a conversion or modification and can be returned as the same type of item with a different serial number.

Core Accounting System (CAS) – A full suite of Commercial-off-the-Shelf (COTS) accounting modules that include project accounting, general ledger, accounts payable, accounts receivable, fixed assets, inventory, and purchasing used by the CG. The CG official records for capitalized personal property are maintained in the CAS.

Custody of Assets – The duty or responsibility typically assigned to an accountable property officer or custodian to ensure property is protected or otherwise maintained.

Deferred Maintenance – Maintenance (repair or upkeep) that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period.

Desk Instructions – A sub-procedures level workstation or desk manual that serves as a guide in performing the day-to-day activities of a function or organization.

Depreciation – The systematic and rational allocation of the acquisition cost of an asset, less its estimated salvage or residual value, over its useful life.

Disposal – The act of relinquishing custody or title to another agency via transferring or donating to a private entity via selling, abandoning, or destroying.

Donation – A gift offer and acceptance of money, goods or services offered to the CG from non-related state or local community organizations or private sources.

Evidential Matter – Documents that are both valid and relevant, regardless of form, used to support transactions, reviews, accounting entries, and financial statement adjustments. Evidential matter obtained from independent third-party sources outside

the CG provide a greater assurance of reliability for purposes of an independent audit than evidential matter secured solely within the CG.

Fair Market Value (FMV) – Estimate of what a willing buyer would pay to a willing seller, in a free market, for property, with both parties having reasonable knowledge of relevant facts.

Financial Procurement Desktop (FPD) – An integrated financial software system, with (CAS), which serves as the enterprise-wide accounting and procurement system at the CG. The system is used to create and manage simplified procurement documentation as well as maintenance of accounting data.

Fixed Asset System/s – Authorized applications that maintain financial accounting and reporting information for CG personal property.

Form DD-250 – A multi-purpose report used; 1) To provide evidence of Government contract quality assurance at origin or destination, 2) To provide evidence of acceptance at origin or destination, 3) For packing lists, 4) For receiving, 5) For Shipping, 6) As a contractor invoice and, 7) As commercial invoice support.

Form DHS-700-21 – Materiel Inspection and Receiving Report form used by the Department of Homeland Security to designate that materiel being delivered has been inspected and accepted.

Financial Transfer Authorization (FTA) – A primary vehicle used to move funding of the same appropriation between one Automated Tracking Unit (ATU) or account to another within an AFC, such as HQ Program Offices and Field Units, e.g. Surface Forces Logistics Center (SFLC) and Aviation Logistics Center (ALC)) for program execution.

Government Furnished Property (GFP) – Tangible assets owned by or leased to the Government that are in possession of the contractor or subcontractor. Includes commercial and government COTS software regardless of the dollar value and contractor held assets that are obtained by the Government under the terms of the contract.

Heritage Assets - Property that has historical or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics, and is generally expected to be preserved indefinitely.

Improvement – Costs which either extend the useful life of existing general PP&E, or enlarge or improve its capacity shall be capitalized and depreciated/amortized over the remaining useful life of the associated general PP&E.

Inter-Service Support Agreement (ISSA) – Agreements which reflect reimbursable arrangements between the CG and Other Government Agencies (OGAs) to procure goods and services.

Inventory Control Point (ICP) – Coast Guard stock points located in Baltimore Maryland (Surface Forces Logistics Center), and Elizabeth City, North Carolina (Aviation Logistics Center) that centrally manage spare parts and information for Naval, Electronics, and Aviation assets and systems.

Investment Board – An established group within CG that provides the Commandant and the CFO with sound and reliable information on matters relating to resources within the CG.

Leasehold Improvements – Improvements to property under either capital or operating leases made by the lessee.

Maintenance – The act of keeping fixed assets in acceptable condition. It includes preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset, or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

Management Assertions – Management assertions are representations by CG management that are embodied in financial statements. They can be either explicit or implicit and are classified according to the following categories:

Existence or occurrence – Addresses whether all transactions actually took place and that all assets, liabilities, and equity balances exist.

Completeness – Addresses whether all transactions, assets, liabilities, and equity balances that should have been recorded have been recorded.

Rights and obligations – Addresses whether Coast Guard has the rights and ownership of the assets and responsibility for all liabilities and all related transactions pertained to the CG at a given date.

Valuation or allocation – Addresses whether all transactions, assets, liabilities, and equity balances are included at appropriate amounts, and that any resulting valuation or allocation adjustments are appropriately recorded.

Presentation and disclosure – Addresses whether particular components of CG financial statements are properly classified, described, and disclosed fairly and clearly.

Memorandum of Understanding (MOU) – An agreement between Federal agencies similar to a contract listing responsibilities and obligations of all parties.

Naval and Electronics Supply Support System (NESSS) – The general ledger system which is used by the SFLC/YARD to maintain financial data.

Net Book Value (NBV) – A value equal to the original acquisition cost of an asset less its accumulated depreciation and amortization.

Obligation Documentation – Contracts, Military Interdepartmental Purchase Requests (MIPRs), credit card purchases, and any other documentation that supports the obligation of funds for an asset transaction.

Operating Expense (OE) Funding – An appropriation that provides for the operation and maintenance of authorized CG programs and facilities not otherwise specifically provided for in other appropriations of funds. Unless otherwise directed by Congress in the appropriation language, OE is an annual appropriation, not to exceed one year.

Operating Lease – An agreement conveying the right to use property for a limited time in exchange for periodic rental payments.

Periodic Review – Reviews that are set to occur at regular intervals to ensure controls are in place and operating effectively.

Personal Property – Tangible assets meeting the following requirements: (1) an estimated useful life of two or more years, (2) not intended for sale in the ordinary course of business, (3) intended to be used or made available for use by the entity.

Physical Inventory – A physical count of property items held at any CG location designed in a way to support the existence and completeness assertions.

Policy – A formal statement of principles and regulations established at a high level to provide requirements to an administration in the execution of specified functions of an organization. Furthermore, it is a deliberate plan of action to guide decisions and achieve rational outcomes involving government, private sector organizations, groups, and individuals.

Procedures – A detailed level of documented processes, which guides the work of operations or functional activities to implement and comply with established policies.

Project Management (PM) – Various program offices within the Coast Guard that provide oversight of project cost, including approvals and updates of asset completion and delivery schedules.

Project Management Data Sheet (PMDS) – A project establishment and asset capitalization document used for personal property projects when personal property assets meet the requirements for capitalization. The document describes the project name, number, brief description, program elements, asset types, delivery schedule, acceptance criteria, valuation method, and cost identification methodology.

Reutilization/Reclamation – The process of reclaiming required serviceable and economically repairable components and materials from excess or surplus property as authorized to satisfy valid requirements. This does not include inspection, classification, disassembly and cleaning. As a result of reclamation, serviceable and economically repairable items shall be returned to the proper supply activity.

Reimbursable Agreements (RA) – Documents which require activities to perform work or provide services, using their appropriated funds, and to be subsequently reimbursed by another activity.

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

Resource Work Group - An established group within the CG that provides the Investment Board with sound and reliable information on matters relating to resources within the CG.

Retirement – The removal of personal property from use and from the property accounting system after assignment for reutilization, donation, sale, abandonment, or destruction.

Service Life (Useful Life) – The normal operating life of the personal property asset in terms of utility or the ability to serve the CG in its operations.

Third-Party Documentation – Documentation provided by a person or entity outside the CG that is involved in a transaction. Any financial documentation, such as an invoice, between the contractor and vendor and the CG would be considered third-party documentation. They may also be called “arms-length transaction” documentation.

Transfers – The movement of any personal property, active or excess, between CG units and other DHS or federal agencies. Transfer of excess personal property must be documented on a DD1348-1a, DD1149, or SF-122 (Transfer Order - Excess Personal Property form) and removed from the CG fixed asset account. Personal property transfers into Oracle Fixed Asset Module (FAM) shall be recorded at net book value (NBV) or the estimated fair market value (FMV) including costs incurred to secure transfer of assets.

Treasury Information Executive Repository (TIER) – A reporting process whereby all standard transactions for the United States Standard General Ledger (USSGL) accounts are consolidated into a database and provided monthly to the U.S. Treasury Department.

Timely and Accurately – Characteristic of effective and efficient operations whereby tasks are performed at the appropriate time or when scheduled, and the values or assessments are free from errors and conform to established standards.

10.3.5 Authorities

For a complete list of Authorities, see the Financial Resource Management Manual, COMDTINST M7100.3 (series).

10.3.6 Responsibilities

The Coast Guard (CG) 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 throughout all CG locations worldwide. The values of the property are reflected in the CG general ledger and financial reports. All unit commands of the CG where general property, plant and equipment personal property assets are located are responsible for the proper safeguarding, management, monitoring, accounting and reporting of these assets.

10.3.7 Financial Management Procedures

The following sections detail financial management procedures for the management of Coast Guard personal property.

Resource Proposals

Procedure No. 10.3.7.1

1.0 Overview

1.1 Procedure Summary

- 1.1.1 The United States Coast Guard (USCG) must provide an annual budget for each acquisition program or project. The USCG's overall planning process is used to manage resources throughout the annual budget cycle. The budget planning process:
 - 1.1.1.1 Prepares, reviews, and establishes an annual budget to present to the United States Congress as a basis for appropriations;
 - 1.1.1.2 Allows all stakeholders to examine, understand, and promulgate program priorities for the current and future budget years; and
 - 1.1.1.3 Provides a baseline against which actual results will be evaluated.
- 1.1.2 The USCG utilizes Resource Proposals (RPs) to request resources for the establishment of programs and projects. All submissions for resources, regardless of source, must be reviewed so that any projects containing capitalized personal property assets can be identified.

1.2 Inputs

- 1.2.1 An annual budget for an acquisition program or project
- 1.2.2 Department of Homeland Security (DHS) Integrated Planning Guidance (IPG)
- 1.2.3 "Commander's Intent" budget guidance memorandum
- 1.2.4 Life Cycle Cost Estimate (LCCE)

1.3 Outputs

- 1.3.1 Resource Proposals
- 1.3.2 Obligation/spend plan for appropriations
- 1.3.3 Capital Investment Plan

1.4 Applications

- 1.4.1 Electronic Resource Proposal System (eRP)

1.5 Financial Statement Assertions

- 1.5.1 Completeness

2.0 References

- 2.1 Department of Homeland Security (DHS) Management Directive (MD) 1330, Planning, Programming, Budgeting and Execution, February 2005
- 2.2 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.3 Budget Resource Management (BRM) Procedures

3.0 Document Retention

- 3.1 Commandant (CG-82) shall ensure audit-compliant evidential documentation is kept at appropriate levels to support all RP decisions and approvals for three (3) fiscal years from the final Investment Review Board (IRB) decision. All process owners shall maintain appropriate evidential documentation to support adherence to internal controls where identified in this procedure.

4.0 Responsibilities

- 4.1 Vice Commandant (VCG) is responsible for approving and making final decisions on RPs.
- 4.2 The IRB is responsible for reviewing recommendations from the Resource Group (RG) and making final prioritization.
- 4.3 The RG is responsible for reviewing the RPs and determining initial prioritization.
- 4.4 Commandant (CG-82) is responsible for:
 - 4.4.1 Reviewing RPs and submitting to the RG for review;
 - 4.4.2 Ensuring that RPs approved by the IRB are complete and clearly identify the Project Manager (PM) and the assets associated to the RP;
- 4.5 Business Managers (BMs) are responsible for:
 - 4.5.1 Working closely with the PMs to ensure the Life Cycle Cost Estimate (LCCE) is complete and accurate;
 - 4.5.2 Converting budgets into electronic Resource Proposals (eRP);
 - 4.5.3 Creating and updating obligation/spend plans;
 - 4.5.4 Making adjustments to the RPs and ensuring that the RPs are current.
- 4.6 PMs are responsible for creating and submitting the LCCE to support acquisition planning and decision making of their project/program.

5.0 Procedure

- 5.1 The USCG follows the Planning, Programming, Budgeting and Execution (PPBE) process to articulate a budget strategy; identify size, structure, and equipment for operating forces; allocate resources; and evaluate actual outcomes against planned performance to adjust resources as appropriate. The PPBE establishes the framework to evaluate for future programs and programmatic decisions in the present environment (e.g., evolving threat, changing economic conditions, etc.). This includes examining existing base funding levels when service wide program priorities change.
- 5.2 HQ Programs, along with the appropriate PMs, shall use the DHS Integrated Planning Guidance (IPG) for direction and guidance when developing the five year Capital

- Investment Plan (CIP) and preparing the annual Acquisition, Construction and Improvement (AC&I) budget submission.
- 5.3 Vice Commandant (VCG) shall issue/release the “Commander’s Intent” budget guidance memorandum explaining the USCG goals, and intentions for the upcoming budget year.
 - 5.4 HQ Programs and appropriate PMs shall use the memorandum issued by the Vice Commandant (VCG) to develop the USCG budget.
 - 5.5 PMs shall create the LCCE to determine major and minor categories for each acquisition (**IC: 5.5-1**). PMs shall work closely with the appropriate BMs and an Independent Cost Team to ensure all necessary data is captured within the LCCE.
 - 5.5.1 **Note:** PMs are required by the Major Systems Acquisition Manual (MSAM), COMDTINST M5000.10, (series) to submit LCCEs to support acquisition planning and decision making. The MSAM also requires PMs to fund an Independent Cost Estimate, which is conducted by Commandant (CG-9283) Independent Cost Team with support from each project’s BM, as well as other stakeholders.
 - 5.5.2 **Note:** The LCCE provides the foundation for the Coast Guard business decisions concerning project affordability at each Acquisition Decision Event (ADE). A life-cycle cost estimate provides an in-depth and structured accounting of all resources and associated cost elements required to develop, produce, deploy, and sustain a particular program. Developing a quality LCCE is at the core of the Coast Guard’s ability to successfully manage a project within cost and affordability guidelines.
 - 5.5.3 **Note:** Major budgetary categories are primary equipment/systems, shore facilities, resource support, performance and training, and organizational support. Minor budgetary categories are a subset of the major categories, broken down to a lower level if necessary.
 - 5.6 Once the LCCE is completed and approved, BMs shall use the LCCE to populate the obligation/spend plan. The obligation/spend plan is an excel spreadsheet that compiles all budgeted costs by month, quarter, semi-annual or annual by major or minor categories.
 - 5.7 PMs/BMs shall review the guidance/timeline within the “Commanders Intent” budget guidance memorandum from Vice Commandant (VCG) and ensure that the obligation/spending plan and RPs are aligned with the memorandum (**IC: 5.7-1**).
 - 5.8 Once the acquisition budget is finalized by the PMs of each project/program, the appropriate BM shall enter the budget into the Electronic Resource Proposal (eRP) system.
 - 5.9 Once the budgets are converted into eRP submissions, they shall be submitted to the appropriate CG Planning and Budget Office for review. The appropriate CG Planning and Budget Office shall ensure the RPs are accurate and complete. If changes are required, the RPs shall be sent back to the appropriate PM/BM for action. If there are no changes, a memorandum certifying review or an electronically approved eRP shall be forwarded by the appropriate CG Planning and Budget Office to Commandant (CG-82) for review (**IC: 5.9-C1**). For example, Commandant CG-9282 shall certify review of the Commandant CG-9 RPs via the eRP system.

- 5.10 Commandant (CG-82) shall evaluate the RPs, ensuring that they are complete and clearly identify the PM and the assets associated with the RP. If changes need to be made, the RPs shall be sent back to the appropriate PM/BM for action. If there are no changes, Commandant (CG-82) shall draft, sign and date a memo certifying review of the RPs (**IC: 5.10-C1**). The RPs shall be forwarded to the appropriate CG Office for internal review and prioritization before being submitted to the Resource Group (RG) for review.
- 5.10.1 **Note:** The RG is an advisory body to the IRB tasked to prioritize the RPs and recommend investments for consideration in planning, programming, and budget proposals.
- 5.11 Directorates, as guided internally, shall review and prioritize RPs prior to submitting to Commandant (CG-82). The RG shall receive, review and prioritize all submitted RPs. If changes need to be made, the RPs shall be sent back to the appropriate PM/BM for action. If there are no changes, the prioritized RPs shall be forwarded to the IRB for review.
- 5.11.1 **Note:** IRB is chartered by Commandant (CG-01) to build a budget for execution and position the Coast Guard for the future with capital investments. The IRB is tasked with ensuring that the budget build process reflects the planning and priorities outlined in the DHS/USCG Strategic Plans.
- 5.12 The IRB shall review the prioritized RPs and make the final prioritization. If there are any changes, it shall be sent back to the RG for action. The respective RG member shall contact the appropriate PM/BM for action. If there are no changes, a memo shall be drafted, signed and dated by each member of the IRB certifying review (**IC: 5.12-1**). The final prioritization shall be submitted to Commandant (CG-01)/Vice Commandant (VCG) via Commandant (CG-82) for review and approval.
- 5.13 Commandant (CG-01)/Vice Commandant (VCG) shall review and approve the final prioritization. If there are changes, it shall be sent back to the appropriate IRB/RG for action. The RG shall forward it to the appropriate PM/BM for action. If there are no changes, Commandant (CG-01)/Vice Commandant (VCG) shall draft, sign and date a memo certifying approval of the RPs (**IC: 5.13-1**). The approved RPs shall be forwarded to Commandant (CG-82).
- 5.14 Commandant (CG-82) shall provide a list of all approved RPs to Commandant (CG-842).

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
AC&I	Acquisition, Construction and Improvement
ADE	Acquisition Decision Event
BM	Business Manager
CIP	Capital Investment Plan
CG	Coast Guard
CG-01	Chief of Staff of the Coast Guard
VCG	Vice Commandant of the Coast Guard
CG-82	Office of Budget & Programs
CG-9282	Planning, Programming, Budgeting and Finance Division
CG-9283	Business Management and Metrics Division
DHS	Department of Homeland Security
eRP	Electronic Resource Proposal
FRMM	Financial Resource Management Manual
IPG	Integrated Planning Guidance
IRB	Investment Review Board
LCCE	Life Cycle Cost Estimate
MSAM	Major Systems Acquisition Manual
MD	Management Directive
OMB	Office of Management and Budget
PM	Project Manager
PPBE	Planning, Programming, Budgeting and Execution
RG	Resource Group
RP	Resource Proposal
USCG	United States Coast Guard

Budget Review

Procedure No. 10.3.7.2

1.0 Overview

1.1 Procedure Summary

- 1.1.1 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 and subsequent increases and decreases to appropriation budgets is necessary in order for the United States Coast Guard (USCG) to support the completeness assertion.
- 1.1.2 **Note:** This procedure also impacts USCG labor overhead allocation for the prior and current year. Please refer to FRMM procedure “Cost Categorization of Personal Property Projects”.

1.2 Inputs

- 1.2.1 SF-132 Apportionment and Reapportionment Schedule

1.3 Outputs

- 1.3.1 List of capitalized personal property projects identified during budget review (new starts and continuation funding)
- 1.3.2 SF-133 Report on Budget Execution and budgetary Resources

1.4 Applications

- 1.4.1 Finance and Procurement Desktop (FPD)

1.5 Financial Statement Assertions

- 1.5.1 Completeness
- 1.5.2 Valuation
- 1.5.3 Rights and Obligations

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 Construction in Progress (CIP) Overhead Calculation and Approval Methodology, COMDT (CG-84d) memo 7000 of 21 Aug 09
- 2.3 Construction in Progress (CIP) Labor Calculation and Approval Methodology, COMDT (CG-8) FIRST ENDORSEMENT on FMAOB memo 7000 of 11 Jun 09

3.0 Document Retention

- 3.1 Project Managers/Resource Managers shall ensure audit-compliant evidential documentation is kept at appropriate levels to support appropriation-budget reviews related to their area of responsibility, for the asset life cycle period, plus three (3)

fiscal years. All process owners shall maintain appropriate evidential documentation to support adherence to internal controls where identified in this procedure.

4.0 Responsibilities

- 4.1 Project Managers/Resource Managers are responsible for:
 - 4.1.1 Ensuring annual reviews of all USCG appropriation budgets (e.g., AC&I, OE), as well as incremental increases and decreases, which identify capitalized personal property assets, are completed in a timely manner;
 - 4.1.2 Ensuring that reviews are adequately documented and evidential documentation is gathered and maintained at appropriate levels to support a complete review;
 - 4.1.3 Forwarding the results of budget review to the Commandant (CG-842); and
 - 4.1.4 Ensuring that audit-compliant evidential documentation is kept at appropriate levels to support appropriation-budget reviews related to their area of responsibility, for the asset life cycle period, plus three (3) fiscal years.
- 4.2 Commandant (CG-83) is responsible for:
 - 4.2.1 Sending all SF-132 documents including approved signed and dated financial plans for all USCG appropriation budgets to Project Managers/Resource Managers and Commandant (CG-842).

5.0 Procedure

- 5.1 Within five (5) business days of approved SF-132, Commandant (CG-83) shall ensure that Project Managers/Resource Managers and Commandant (CG-842) receive all SF-132 documents including approved signed and dated financial plans for all USCG appropriation budgets.
 - 5.1.1 **Note:** Please refer to FRMM procedure “Cost Categorization of Personal Property Projects” for Commandant (CG-842) use of the SF-132 documents.
- 5.2 Project Managers/Resource Managers shall review all USCG appropriation budgets (e.g., AC&I, OE), as well as incremental increases and decreases under their responsibility and identify all capitalized personal property projects. Project Managers/Resource Managers shall ensure that this is done within five (5) business days of receiving USCG appropriation budgets from Commandant (CG-83).
- 5.3 In cases where non-AC&I appropriations (e.g. OE) are used to fund capitalizable assets, Project Managers/Resource Managers shall draft, sign and date a memo certifying review of USCG appropriation budgets under their responsibility (**IC: 5.3-C1**). Project Managers/Resource Managers shall list all capitalized personal property projects that will have deliverable asset associated with the budget in the memo. The signed/dated memo containing list of capitalizable personal property projects shall be used in FRMM procedure “Capitalization Thresholds”.
- 5.4 Project Managers/Resource Managers shall gather evidential documentation to support all capitalized personal property projects identified and to support complete

- review of USCG appropriation budget. Evidential documentation gathered shall be used in FRMM procedure “Capitalization Thresholds”.
- 5.5 Projects Managers shall forward the results of USCG appropriation budget review to Commandant (CG-842) upon completion.
 - 5.6 Within five (5) business days, Commandant (CG-842) shall conduct a checklist review of the appropriation budget as follows **(IC: 5.6-C1)**:
 - 5.6.1 Quality check for general assuredness of Project Manager/Resource Manager reviews.
 - 5.6.2 Appropriation check to ensure funding (SF-132) aligns with spend plan.
 - 5.6.3 All documents are properly approved and contain the appropriate signatures.
 - 5.6.4 Commandant (CG-842) shall sign and date the bottom of the appropriation budget if is accurate and complete. If any errors are noted the appropriate Project Manager shall be contacted for resolution. The result of Commandant (CG-842) review shall be sent to the appropriate Project Manager.
 - 5.7 Project Managers/Resource Managers/Commandant (CG-842) shall ensure audit-compliant evidential documentation is kept at appropriate levels to support appropriation-budget reviews related to their area of responsibility, for the asset life cycle period, plus three (3) fiscal years **(IC: 5.7-C1)**.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
AC&I	Acquisition, Construction and Improvement
CG-83	Office of Budget Execution
CG-842	Financial Reporting and Asset Management Division
CIP	Construction in Progress
COMDTINST	Commandant Instruction
FPD	Finance and Procurement Desktop
FRMM	Financial Resource Management Manual
OE	Operating Expense
USCG	United States Coast Guard

Capitalization Thresholds

Procedure No. 10.3.7.3

1.0 Overview

1.1 Procedure Summary

- 1.1.1 This procedure provides guidance for determining if approved personal property projects, yet to be initiated, should be capitalized based on capitalization criteria and whether the related estimated costs meet the United States Coast Guard (USCG) capitalization thresholds as set forth in the Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 1.1.2 This procedure begins with the Project Manager (PM) evaluating the list of assets and asset improvements identified during the pre-acquisition stage related to the acquisition, construction, or improvement of personal property, (*see FRMM procedure, "Capital Investment Planning and Budgeting – Budget Review"*), to determine if an approved personal property project meets USCG criteria for capitalization, including whether the related estimated costs meet capitalization thresholds. Initial capitalization determinations should be conducted prior to the establishment of the project to ensure appropriate set-up of the project in the USCG Core Accounting System (CAS). The Project Manager will gather audit-compliant evidential documentation to support completion of the Initial PMDS, which will occur during FRMM procedure, "*Establishing a Personal Property Project – Project Management Data Sheet (PMDS).*"

1.2 Inputs

- 1.2.1 Project Manager generated list of assets or asset improvements identified from Capital Investment Planning and Budget – Budget Review procedure.

1.3 Outputs

- 1.3.1 Initial capitalization determinations for personal property projects which will be noted on the applicable section of the Initial PMDS during the execution of FRMM procedure, "*Establishment of Personal Property Projects – Project Management Data Sheet.*"

1.4 Applications

1.5 Financial Statement Assertions

- 1.5.1 Presentation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property.

3.0 Document Retention

- 3.1 Project Managers shall ensure audit-compliant evidential documentation is maintained at appropriate levels to support capitalization threshold reviews for the asset life cycle period plus three (3) years.

4.0 Responsibilities

- 4.1 Project Managers are responsible for:
 - 4.1.1 Making capitalization determinations for identified assets and assets improvements within a project using the asset/improvement list created in FRMM procedure “Capital Investment Planning and Budget – Budget Review” and the applicable section of FRMM policy;
 - 4.1.2 Gathering audit-compliant evidential documentation to support completion of the Initial PMDS. *(see FRMM procedural document, “Establishing a Personal Property Project,” for details regarding the completion and submission of the PMDS);*
 - 4.1.3 Ensuring audit compliant evidential documentation is maintained at appropriate levels to support capitalization threshold reviews for the asset life cycle period plus three (3) years.

5.0 Procedure

- 10.1 Project Managers shall determine if assets and asset improvements identified in FRMM procedure “Capital Investment Planning and Budget – Budget Review”, meet USCG capitalization thresholds as set forth in USCG FRMM COMDTINST M7100.3 below.
- 10.2 Project Managers shall document and sign/date the determination on the applicable section of the PMDS (IC: 5.2-C1).

Table 10.1 Personal Property Capitalization Thresholds

Personal Property Capitalization Thresholds	
Asset Category	Per Asset Threshold
Aircraft, Vessels, Electronic Systems	\$200,000
Electronics Stand Alone Equipment: Electronic Test Equipment, Boats, Shipbuilding Equipment and Machinery, Small Arms, Vehicles, Buoys and Aids to Navigation, General Purpose Property	\$50,000

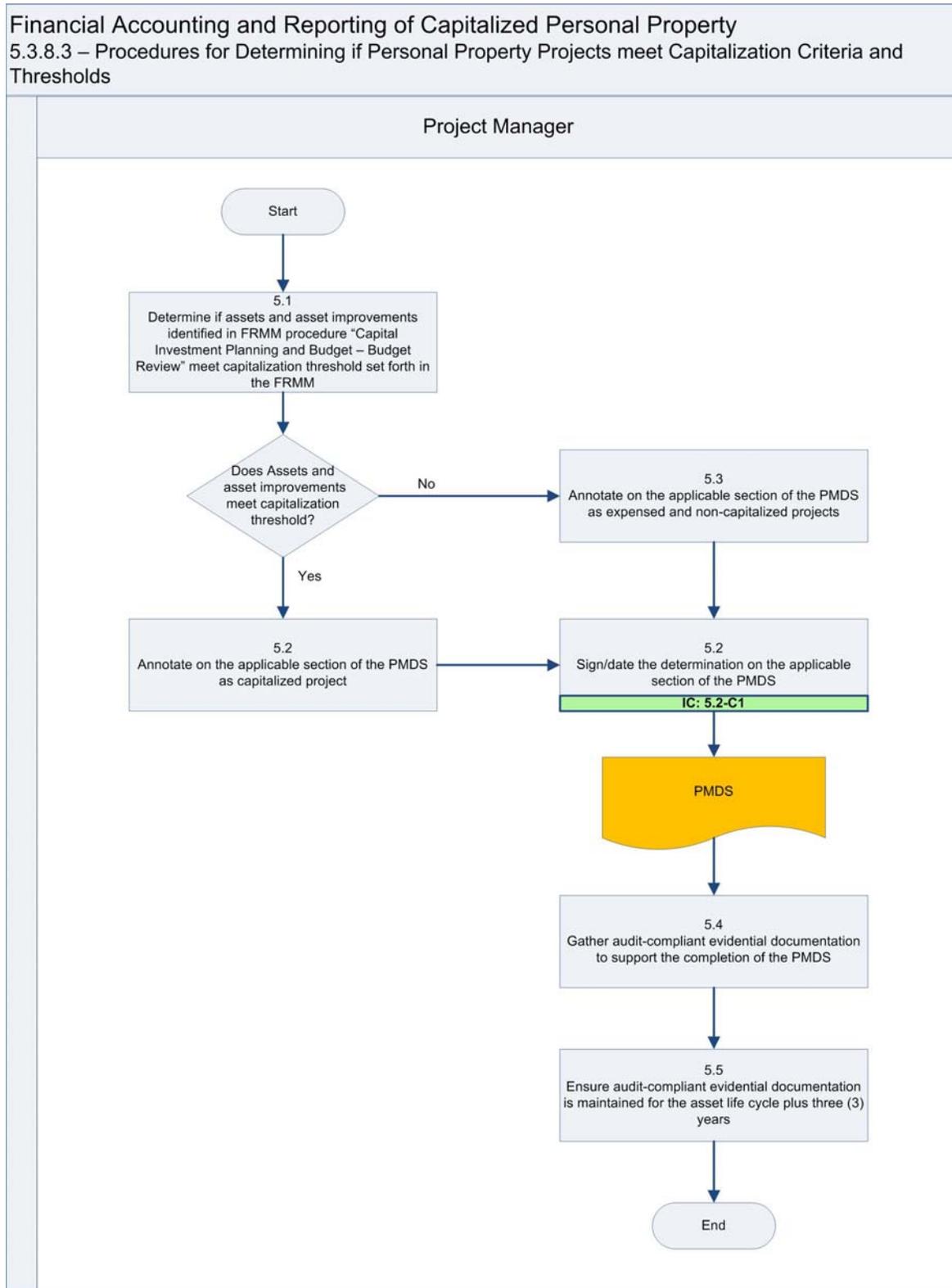
Note: The Capitalization threshold for: Electronics Stand Alone Equipment; Electronic Test Equipment.

- 10.3** Project Managers shall ensure that personal property assets that do not meet capitalization thresholds as listed in Table 10.1 above, are expensed and identified as non-capitalized projects. These costs are not to be accumulated in the USCG project accounting system.
- 10.4** Project Managers shall gather audit-compliant evidential documentation to support the completion of the PMDS (see FRMM procedure, “Establishing a Personal Property Project,” for information regarding the completion and submission of the PMDS form).
- 10.5** Project Managers shall ensure audit-compliant evidential documentation is maintained at appropriate levels to support capitalization threshold reviews for the asset life cycle period plus three (3) years (**IC: 5.5-C1**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
ALMIS	Aviation Logistics Management Information System
CAS	Core Accounting System
CEM	Control Evaluation Matrix
CIFP	Change in Financial Plans
CIP	Construction in Progress
COMDTINST	Commandant Instruction
COTS	Commercial-off-the-Shelf
FRMM	Financial Resource Management Manual
IC	Internal Control
ICP	Internal Control Point
MIPR	Military Interdepartmental Purchase Requests
N/A	Not Applicable
NBV	Net Book Value
Oracle FAM	Fixed Asset Module
PMDS	Project Management Data Sheet
USCG	United States Coast Guard

Figure 10.1 Determining if Personal Property Projects Meet Capitalization Criteria



Cost Categorization for Personal Property Projects**Procedure No. 10.3.7.4**

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 This procedure outlines the roles, responsibilities, definitions, and procedures involved with accounting for the full costs associated with the outputs of USCG personal property projects and outlines the processes involved in developing, documenting, reviewing, approving, and allocating indirect costs for personal property projects in accordance with Generally Accepted Accounting Principles (GAAP) and Statement of Federal Financial Accounting Standard (SFFAS) 4 “*Managerial Cost Accounting Standards and Concepts.*”
- 1.1.2 SFFAS 4 defines the full cost of an output as the sum of: (1) the costs of resources consumed by a segment that directly or indirectly contribute to the output, and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity and by other reporting entities. SFFAS 4 further states that cost assignments should be performed using the following methods listed in order of preference:
 - 1.1.2.1 Directly tracing costs wherever feasible and economically practicable;
 - 1.1.2.2 Assigning costs on a cause-and-effect basis;
 - 1.1.2.3 Allocating costs on a reasonable and consistent basis.
- 1.1.3 Costs accumulate in one of two ways, directly or indirectly. Direct costs can be specifically identified with an output, can be directly traced to that output, and as such are directly charged to the output with which they are associated wherever feasible and economically practicable. In contrast, indirect costs are costs of resources which are jointly or commonly used to facilitate the production of two or more outputs, are not specifically traceable to any output, and as such, must be allocated across the outputs with which they are associated by a documented, consistent, reasonable, and repeatable method.
- 1.1.4 Typical examples of direct costs associated with USCG personal property construction in progress (CIP) projects include:
 - 1.1.4.1 Contractor/Vendor costs;
 - 1.1.4.2 Intra-governmental costs;
 - 1.1.4.3 Inventory Control Point (ICP) costs, (i.e. costs billed to projects from the Surface Forces Logistics Center (SFLC) or the Aviation Logistics Center (ALC).
- 1.1.5 Wherever feasible and economically practicable, USCG accumulates direct costs associated with personal property projects via established lines of accounting and unique project numbers in the USCG Core Accounting System (CAS).
- 1.1.6 There are two main categories of indirect costs associated with USCG personal property projects: Acquisitions, Construction, and Improvements (AC&I) labor, and AC&I program overhead.

- 1.1.7 AC&I Labor costs consists of USCG civilian and military personnel costs. The AC&I Labor costs are applied quarterly to the accumulated direct costs for personal property CIP projects via annually calculated allocation rates by appropriation year.
- 1.1.8 AC&I program management overhead (OH) currently consists of contract costs that apply to Deepwater (DW) Construction-in-progress (CIP) projects only (AC&I program management OH costs are accumulated in four cost pools: Program Management; System Engineering; Logistics Integration Management Systems (LIMS); and Command, Control, Communication, Computer, Intelligence, Surveillance and Reconnaissance (C4ISR)). An indirect rate is developed and revised annually for each cost pool and then allocated to applicable DW project accumulated direct costs quarterly.
- 1.1.9 When a personal property project is initiated and established in CAS, it is assigned specific lines of accounting in the CAS General Ledger (GL) which are linked to a unique project number in CAS, Oracle Project Accounting module (PA), (*see FRMM procedure, "Establishment of Personal Property Projects – Initial Project Management Data Sheet" for information regarding the establishment of personal property projects*). As invoices related to personal property CIP projects are accepted by the contracting officer and posted in the CAS Accounts Payable module, the direct charges accumulate for personal property projects in the CIP accounts via the assigned lines of accounting and associated project numbers.
- 1.1.10 Annually, once funding has been appropriated, the USCG Offices of Financial Reporting and Asset Management Commandant (CG-842) and Acquisition Management Commandant (CG-928) develop AC&I indirect rates (labor and program OH) which are used to allocate the AC&I indirect costs across the accumulated direct costs associated with each personal property CIP project. Commandant (CG-842) reviews all the rates developed and prepares journal vouchers (JVs) each fiscal quarter to allocate the indirect costs via the established rates across the applicable projects. Once the JVs are reviewed and approved, Commandant (CG-842) forwards the prepared JVs to FINCEN (FR) for posting in CAS.
- 1.1.11 At the end of each fiscal year (FY), the rates are reviewed and revised by Commandant (CG-842) and Commandant (CG-928) based on project appropriated funding rescissions and reprogramming, which occurred throughout the FY, and the allocated costs are adjusted accordingly via adjusting JVs. Additionally, throughout the year, Commandant (CG-842) and Commandant (CG-928) will monitor the posting of direct costs associated with personal property CIP projects and ensure they are accurately recorded and appropriately categorized as capitalized or expensed costs. (*See FRMM procedure, "Periodic Reviews of CIP projects by PM," and "Periodic reviews of CIP projects by Commandant (CG-842) and FINCEN (FR)" for information regarding the review of direct costs, the review and revision of AC&I indirect rates, and the adjustment of allocated costs based on year end rates for personal property CIP projects.*)

1.2 Inputs

- 1.2.1 Schedule of Appropriated Funding By Project – schedule prepared and provided by the Office of Resource Management – Budget Execution Commandant (CG-831).
- 1.2.2 Quarterly Accumulated Direct Costs By Project Schedule – Query of CAS PA data provided by FINCEN FR upon request.
- 1.2.3 SF-132 - Apportionments and Reapportionments Schedule - for developing initial rates at the on-set of the fiscal year and adjusted rates at year end
- 1.2.4 Approved AC&I Labor and Overhead Allocation Rates - for posting Quarterly AC&I allocations throughout the FY.

1.3 Outputs

- 1.3.1 Indirect Rate (Overhead) Calculation Report Worksheet
- 1.3.2 Labor Rate Calculation Report Worksheet
- 1.3.3 Approved AC&I Labor and Program Overhead Rates – produced at onset of fiscal year and adjusted at end of fiscal year
- 1.3.4 Quarterly Allocation Schedules for AC&I Labor and Overhead Costs
- 1.3.5 Quarterly JVs for AC&I Labor and Overhead Allocations

1.4 Applications

- 1.4.1 Core Accounting System (CAS), Oracle Project Accounting module (PA)

1.5 Financial Statement Assertions

- 1.5.1 Valuation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Commandant (CG-842) and FINCEN (FR) shall ensure audit-compliant evidential documentation is kept at appropriate levels for AC&I labor and overhead allocations for the asset life cycle period plus three (3) fiscal years.

4.0 Responsibilities

- 4.1 Office of Budget Execution Commandant (CG-83) is responsible:
 - 4.1.1 Providing AC&I SF-132 and Schedule of Appropriated Funding by Project to Commandant (CG-842) and Commandant (CG-928) at the onset of the FY.
- 4.2 Office of Acquisition Management Commandant (CG-928) is responsible for:
 - 4.2.1 Developing, preparing, and submitting the AC&I Indirect Rate (Overhead) Calculation Report worksheet calculating the rates for AC&I program

management OH for each overhead cost pool to allocate the accumulated costs to applicable projects to Commandant (CG-842) for review and approval.

Office of Financial Reporting and Asset Management Commandant (CG-842) is responsible for:

- 4.2.2 Reviewing and approving the AC&I Indirect Rate (Overhead) Calculation Report worksheet calculating the rates for AC&I program OH calculated and prepared and submitted by Commandant (CG-928);
 - 4.2.3 Calculating initial AC&I labor rates at the onset of the FY;
 - 4.2.4 Preparing quarterly JVs for allocation of approved AC&I labor overhead costs;
 - 4.2.5 Adjusting AC&I labor overhead rates at the end of the FY based on rescissions and reprogramming reported on the SF-132;
 - 4.2.6 Preparing year end adjustment JV for adjustment to allocated AC&I labor/overhead costs based on adjusted rates at fiscal year-end; and
 - 4.2.7 Ensuring audit-compliant evidential documentation is kept at appropriate levels for AC&I labor overhead allocations for the asset life cycle period plus three (3) fiscal years.
- 4.3 Finance Center, Property Control Branch (FINCEN (FR) is responsible for:
- 4.3.1 Reviewing and approving AC&I labor and JVs prepared and submitted by Commandant (CG-842) for completeness and accuracy;
 - 4.3.2 Posting JVs to CAS PA;
 - 4.3.2.1 Reporting the results of posting to Commandant (CG-842) once JV transactions are recorded; and
 - 4.3.3 Ensuring audit-compliant evidential documentation is kept at appropriate levels for AC&I labor and overhead allocations for the asset life cycle period plus three (3) fiscal years

5.0 Procedure

- 5.1 Development and Approval of AC&I Program OH Rate Commandant (CG-83) shall provide AC&I SF-132 and Schedule of Appropriated Funding by Project to Commandant (CG-928) at the onset of the FY, (*see FRMM procedure, "Capital Investment Planning and Budget – Budget Review"*).
- 5.2 Commandant (CG-928) shall develop and prepare the initial AC&I program overhead rates (for the current FY), and the adjusted AC&I program overhead rates (for previous FY), at the onset of each FY, based on DW project appropriated funding using: the SF-132; the Schedule of Appropriated Funding by Project, and the AC&I Indirect Rate (Overhead) Calculation Report worksheet, which calculates the indirect rates for each of the four DW project cost pools and allocates the budgeted financial plans across the applicable DW projects. This shall be completed within ten (10) business days of receiving appropriated funds at the onset of the FY.

- 5.2.1 Commandant (CG-928) shall ensure that appropriate reviews containing “prepared by” and “reviewed by” signatures and dates are submitted for AC&I Indirect Rate (Overhead) Calculation Report worksheet file to Commandant (CG-842) via email within three (3) business days of completion.
- 5.2.2 Commandant (CG-842) Program Analyst shall review the calculations for the AC&I program OH rates for each DW cost pool for completeness and accuracy and evidence of appropriate levels of approval from Commandant (CG-928) within three (3) business days of receipt.
 - 5.2.2.1 If errors are identified, Commandant (CG-842) Program Analyst shall return the file to Commandant (CG-928), via email, for corrective action, *return to step 5.1.1.*
 - 5.2.2.2 If no errors are identified, Commandant (CG-842) Program Analyst shall sign/date and forward to Commandant (CG-842) Division Chief for review and approval (**IC: 5.1-C1**).
- 5.2.3 Commandant (CG-842) Division Chief shall approve, sign and date (**IC: 5.1-C2**) the AC&I Indirect Rate (Overhead) Calculation Report worksheet indicating acceptance and approval of rates and returns them to the Commandant (CG-842) Program Analyst within 3 business days. *Go to procedure step 5.3.1.*
- 5.15 Commandant (CG-842) shall provide Commandant (CG-928) with a copy of the approved overhead rates within 3 business days of Commandant (CG-842) Division Chief’s approval.

Development and Approval of AC&I Labor Rate

Commandant (CG-83) shall provide AC&I SF-132 and Schedule of Appropriated Funding by Project to Commandant (CG-842) at the onset of the FY (*see procedure document 5.3.8.2, “Capital Investment Planning and Budget – Budget Review”*).

- 5.2.4 Commandant (CG-842) Program Analyst#1 shall calculate initial AC&I labor rates, (for the current FY), and the adjusted AC&I program overhead rates (for previous FY), using: the SF-132, “Schedule of Appropriated Funding by Project” and the Labor Rate Calculation Report Worksheet, and forward the completed file to Commandant (CG-842) Program Analyst #2 for peer review within three (3) business days of the distribution of appropriated funding at the onset of the FY.
- 5.2.5 Commandant (CG-842) Program Analyst #2 shall review the completed Labor Rate Calculation Report Worksheet for completeness and accuracy within three (3) business days of receipt.
 - 5.2.5.1 If errors are identified, Commandant (CG-842) Program Analyst #2 returns the file to Commandant (CG-842) Program Analyst #1, via email, for corrective action, *return to step 5.2.1.*
 - 5.2.5.2 If no errors are identified, Commandant (CG-842) Program Analyst #2 shall sign and date (**IC: 5.2-C1**) the Labor Rate Calculation Report worksheet indicating review and forward the file to Commandant (CG-842) Division Chief for approval of rates.

- 5.2.6 Commandant (CG-842) Division Chief shall review the AC&I labor rate sheets for indication of Commandant (CG-842) Program Analyst review; sign and date (**IC: 5.2-C2**) the rate sheets indicating approval; and return the file to Commandant (CG-842) Analyst for allocation of AC&I Labor costs and preparation of quarterly JVs within 3 business days of receipt. *Go to procedure step 5.3.1.*
- 5.2.7 Commandant (CG-842) shall ensure audit-compliant evidential documentation is kept at appropriate levels for AC&I labor allocations for the asset life cycle period plus three (3) fiscal years (**IC: 5.2-C3**).
- Quarterly Allocation of AC&I Labor and Program Overhead to Personal Property Projects
- Note:** For the first (1st) through third (3rd) fiscal quarters, the allocation of AC&I Labor and Overhead rates will be based on rates approved at the beginning of the FY. For the fourth (4th) fiscal quarter, the allocation will be based on rates reconciled with the year-end processes using the SF-132.
- 5.2.8 FINCEN (FR) shall provide Commandant (CG-842)) Program Analyst with a schedule of direct costs accumulated by personal property CIP projects for the most recent quarter of the current FY via a CAS PA query within three (3) business days following the monthly close. (**Note:** *Commandant (CG-842) should ensure a thorough review of CIP project costs occurs prior to completing this step. See FRMM procedures “Accounting for Projects Costs, Periodic Reviews of CIP Project Costs by Project Managers and Periodic Reviews of CIP Project Costs by Commandant (CG-842) and FINCEN (FR) for information regarding the review and validation of CIP project costs by Project Managers, Commandant (CG-842) , and FINCEN(FR).*)
- 5.2.9 Commandant (CG-842) Program Analyst#1, within five (5) business days shall:
- 5.2.9.1 Prepare schedules for the allocation of AC&I labor and program overhead costs to applicable personal property CIP projects using the approved rates from steps 5.1 and 5.2 and the Quarterly Accumulated Direct Costs by Project query schedule.
- 5.2.9.2 Prepare, sign and date (**IC: 5.3-C1**) the quarterly JVs for allocation of AC&I labor and program overhead costs to applicable personal property projects based off schedules prepared above and forwards the JVs and supporting schedules to Commandant (CG-842) Program Analyst#2 for peer review.
- 5.2.10 Commandant (CG-842) Program Analyst #2, within three (3) business days, shall review the JVs and supporting schedules for completeness and accuracy.
- 5.2.10.1 If errors are noted, the package shall be returned to Commandant (CG-842) Analyst #1 for correction. Go to step 5.3.2.
- 5.2.10.2 If the package is acceptable, Program Analyst #2 shall sign and date (**IC: 5.3-C2**) prepared JVs indicating review and forwards to Commandant (CG-842) Division Chief for approval.

- 5.2.11 Commandant (CG-842) Division Chief shall approve, sign and date **(IC: 5.3-C3)** and forward to Commandant (CG-842) Program Analyst #2 for submission to FINCEN (FR).
- 5.2.12 Commandant (CG-842) Program Analyst #2 shall submit JVs to FINCEN (FR) for posting.
- 5.2.13 FINCEN (FR), within three (3) business days shall:
 - 5.2.13.1 Review prepared JVs for accuracy and existence of review and approval signatures.
 - 5.2.13.2 If errors are noted, the JVs shall be returned to Commandant (CG-842) Program Analyst#2 for correction. *Go to step 5.3.2.*
 - 5.2.13.3 If no errors are noted, FINCEN (FR) shall sign and date prepared JVs **(IC: 5.3-C4)** indicating review and approval.
- 5.2.14 FINCEN (FR) shall record/post the related journal transactions in CAS PA and notify Commandant (CG-842) Analysts, via email, once JV transactions are recorded.
- 5.2.15 Commandant (CG-842) and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support labor and overhead calculation for the asset life cycle plus three (3) fiscal years **(IC: 5.3-C5)**.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
AC&I	Acquisition, Construction, and Improvements
ALC	Aviation Logistics Center
CAS	Core Accounting System
CIP	Construction-in-progress
COMDTINST	Commandant Instructions
C4ISR	Command, Control, Communication, Computer, Intelligence, Surveillance and Reconnaissance
DW	Deepwater
FAM	Fixed Asset Management
FINCEN (FR)	Financial Center, Property Control Branch
FRMM	Financial Resources Management Manual
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
IC	Internal Control
ICP	Inventory Control Point
JVs	Journal Vouchers
LIMS	Logistics Integration Management Systems
OH	Overhead
SFFAS	Statement of Federal Financial Accounting Standards
SFLC	Surface Forces Logistics Center
USCG	United States Coast Guard

Figure 10.2 Development and Approval of AC&I Program Overhead Rates

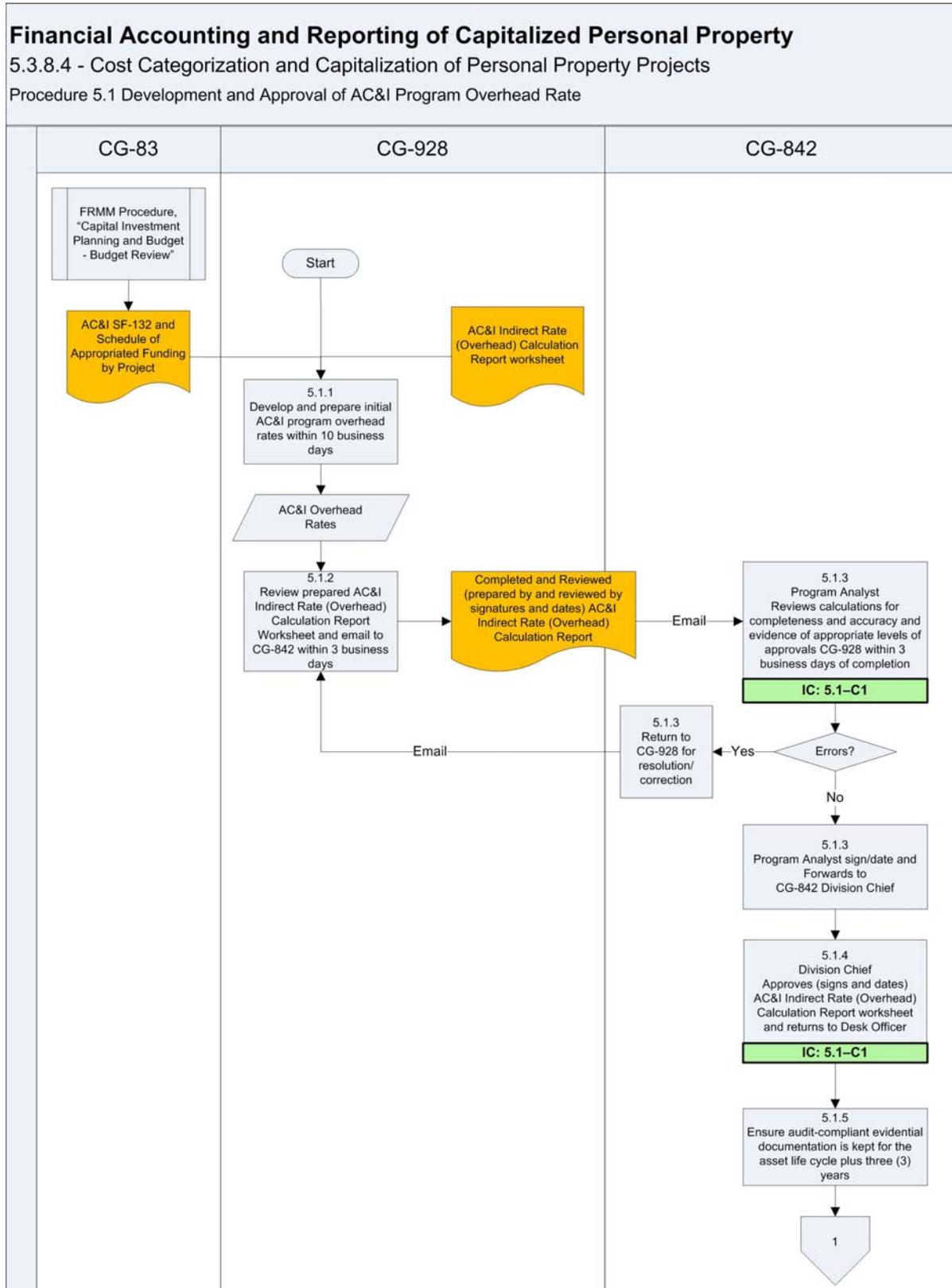


Figure 10.3 Development and Approval of AC&I Labor Rates

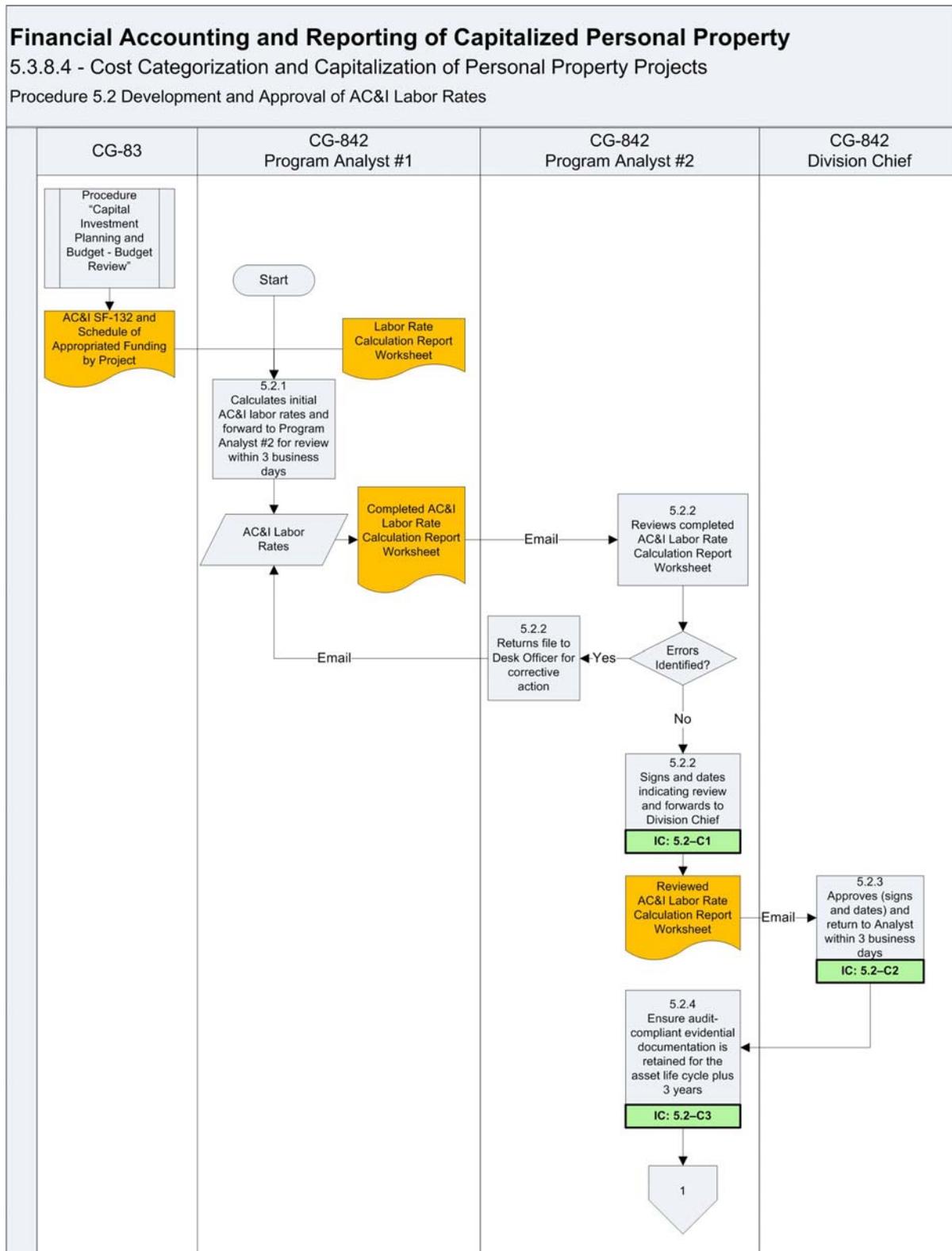


Figure 10.4 Quarterly Allocation of AC&I Labor and Program Overhead to Personal Property Projects

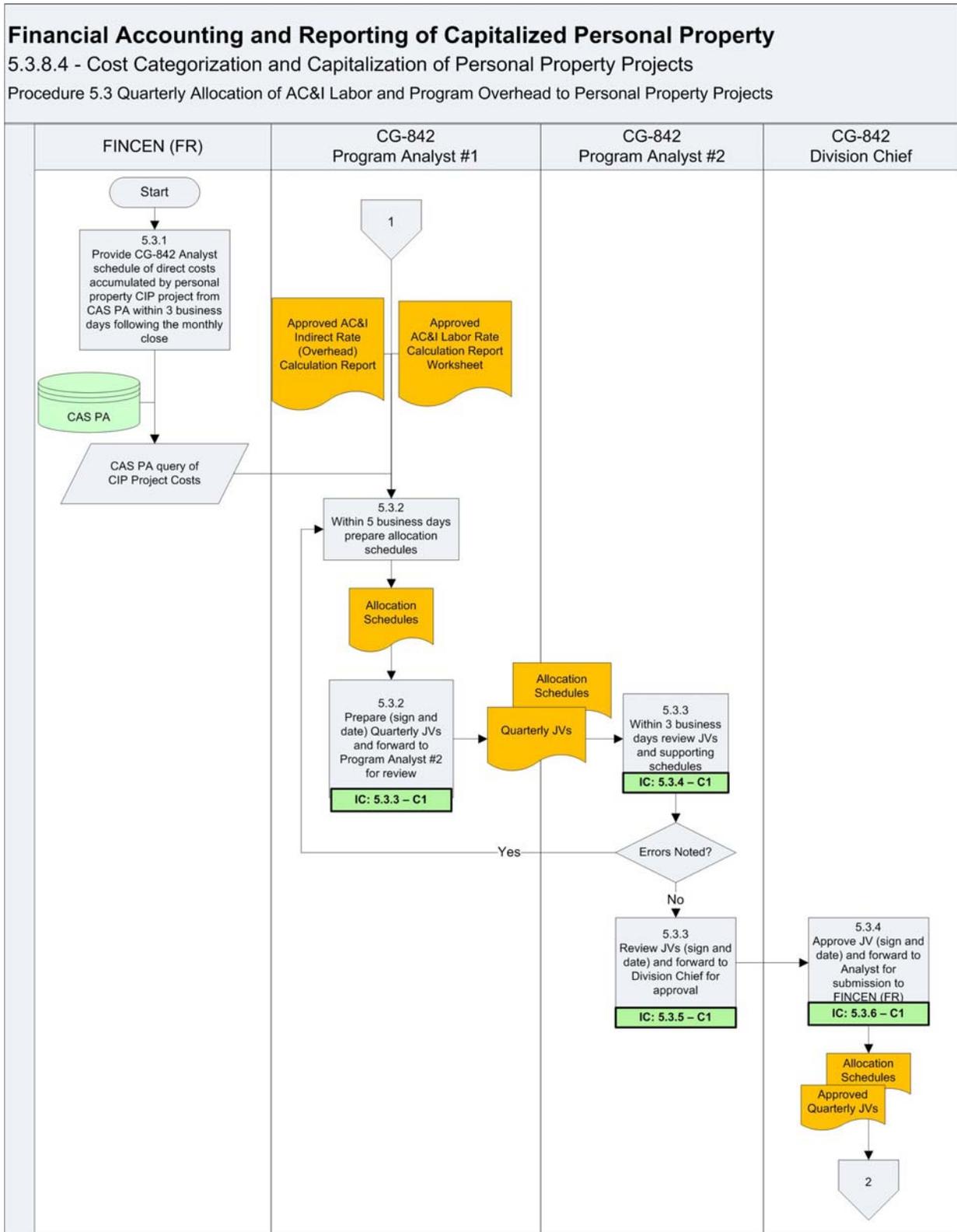
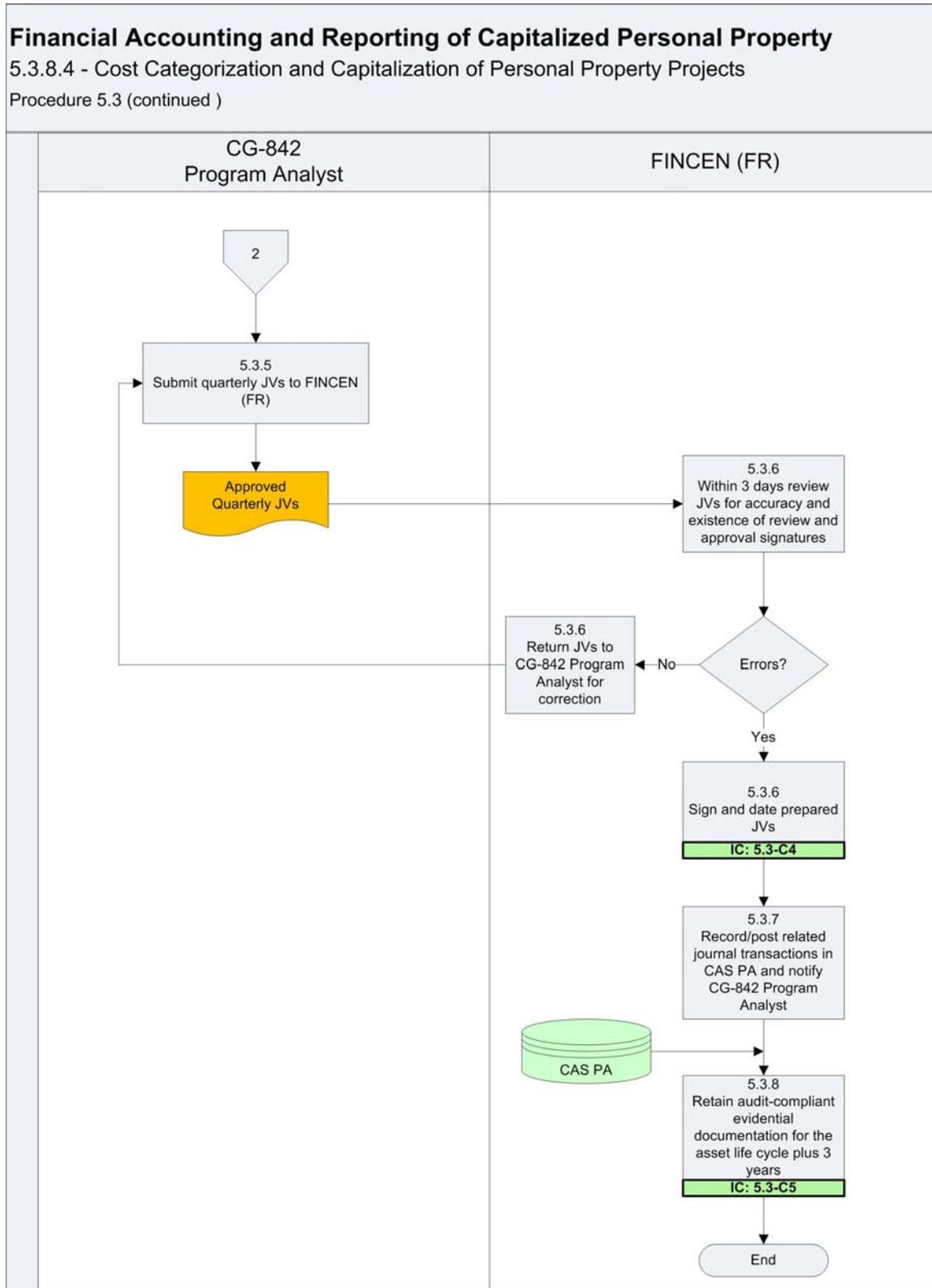


Figure 10.5 Cost Categorization and Capitalization of Personal Property Projects



Establishment of Personal Property Projects**Procedure No. 10.3.7.5**

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 After the identification and approval of acquisition, construction, and improvement (AC&I) of personal property projects, but prior to commencement of work, a Construction-in-Progress (CIP) establishment package will be initiated and compiled by the Project Manager in conjunction with the project initiation team. The package is initiated at this stage with the completion of the Project Management Data Sheet (PMDS). This procedure document outlines the process for the completion and submission of the PMDS and the process to request the setup of the financial line of accounting and related project accounting tables in the United States Coast Guard (USCG) Core Accounting System (CAS) Oracle General Ledger (GL) module and Project Accounting (PA) module.
- 1.1.2 The CIP establishment package is an Excel workbook which contains vital information about the project including: a listing of the associated assets, an estimate of cost, an estimated schedule of delivery (per asset by month and fiscal year), and other key information. The package ensures vital information is documented and provides the necessary support for the activation of information in the CAS GL and PA modules. The package initiated in this procedure should be regularly updated throughout the lifecycle of the project as outlined in step 5.10 of this procedure.
- 1.1.3 The process for establishing a personal property project begins with the Project Manager convening a project initiation team meeting during which a CIP establishment package is initiated. The Project Manager facilitates the preparation of the CIP establishment package, and PMDS. Commandant (CG-842) reviews the PMDS for completeness and accuracy and emails the approved PMDS to the Project Manager and the Finance Center, Property Control Branch (FINCEN (FR)) and ICP's as appropriate. The Resource Manager (RM)/Designate will email a request to FINCEN (FR) to setup the financial line of accounting and related project accounting tables in CAS and to link the data to a unique project number in CAS PA.
- 1.1.4 Resource Proposal – contains information captured on PMDS by Project Manager and project team.
- 1.1.5 Budget / Spend Plan approved and distributed by Office of Budget Execution Commandant (CG-83).
- 1.1.6 Project Management Plan – contains information captured on PMDS by Project Manager and project team.

1.2 Inputs

1.3 Outputs

- 1.3.1 PMDS – part of CIP establishment package compiled by Project Manager and project team, used to capture and distribute summary data related to the project to various offices involved in the CIP process.
- 1.3.2 Project number in CAS PA – a unique identifier assigned by FINCEN (FR) in the CAS PA module to allow the association of information related to a project for financial reporting purposes.
- 1.3.3 Project accounting tables in CAS

1.4 Applications

- 1.4.1 Electronic Resource Proposal (eRP) System
- 1.4.2 Core Accounting System (CAS), Oracle General Ledger (GL) module
- 1.4.3 CAS, Oracle Project Accounting (PA) module

1.5 Financial Statement Assertions

- 1.5.1 N/A

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Commandant (CG-842) and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support project establishment for the asset life cycle period plus three (3) years.

4.0 Responsibilities

- 4.1 Project Manager is responsible for:
 - 4.1.1 Convening a project team meeting for all AC&I projects within their area of responsibility and ensuring the project team gathers and provides information to prepare a CIP establishment package (PMDS) prior to the commencement of project work within five (5) business day of receipt of CIP project appropriated funding from Commandant (CG-83);
 - 4.1.2 Completing the PMDS, coordinating internally as appropriate signing and dating the PMDS; and emailing the PMDS to Commandant (CG-842) for review and approval within three (3) business days of commencement of project team meeting;
 - 4.1.3 Providing necessary information to the RM/Designate to request the setup of financial lines of accounting and related project number and accounting tables

in CAS GL and CAS PA within three (3) business days of approval of PMDS by Commandant (CG-842).

- 4.2 Project Team is responsible for:
 - 4.2.1 Gathering and providing summary project data used to compile PMDS within five (5) business days of distribution of appropriated funding;
 - 4.2.2 Preparing and submitting PMDS to Project Manager for review and approval.
- 4.3 Resource Manager (RM) or assigned designate is responsible for:
 - 4.3.1 Sending request to FINCEN (FR) to establish a financial lines of accounting, related project number, and project accounting tables in CAS within three (3) business days of request from Project Manager.
- 4.4 Office of Budget Execution Commandant (CG-83) is responsible for:
 - 4.4.1 Participating in personal property project initiation team meeting;
 - 4.4.2 Providing funding information used to complete the PMDS.
- 4.5 Contract Specialist (if assigned) is responsible for:
 - 4.5.1 Participating in personal property project initiation meeting.
 - 4.5.2 Providing contract related information used to complete the PMDS.
- 4.6 Financial Reporting and Asset Management Division Commandant (CG-842) is responsible for:
 - 4.6.1 Participating in personal property project initiation team meeting as an advisor;
 - 4.6.2 Reviewing the PMDS for accuracy and completeness; returning the PMDS to the Project Manager for corrections if necessary; signing and dating approved PMDS; and emailing approved PMDS to the Project Manager and FINCEN (FR) within three (3) business days of receipt;
 - 4.6.3 Ensuring that audit-compliant evidential documentation is maintained at appropriate levels to support project establishment for the asset life cycle period plus three (3) years.
- 4.7 Finance Center Property Control Branch (FINCEN (FR)) is responsible for:
 - 4.7.3 Participating in personal property project initiation team meeting;
 - 4.7.4 Providing information in setting parameters for project accounting tables and project numbers used in setting up project accounting information in CAS;
 - 4.7.5 Establishing lines of accounting, project number, and project accounting tables in CAS;
 - 4.7.6 Maintaining audit-compliant evidential documentation at appropriate levels to support project establishment for the asset life cycle period plus three (3) years.

5.0 Procedure

- 5.1 Project Manager shall convene a project establishment team meeting, during which a CIP establishment package is initiated, within five (5) days of the distribution of appropriated funds. The team shall be composed of the Project Manager, the

- Contracting Specialist (if assigned), Commandant (CG-83), Commandant (CG-842), and FINCEN (FR).
- 5.2 Project Team shall meet and prepare the PMDS with information gathered from participants and project source documents such as the project resource proposal, the budget spend plan, and project management plan.
- 5.3 Project Manager shall review the PMDS for accuracy and completeness and ensure that the PMDS, (*see section 7.0 "Attachments" for PMDS template*), at a minimum includes the following information:
- 5.3.1 Type of asset;
 - 5.3.2 Estimated delivery time schedule for each asset;
 - 5.3.3 Acceptance criteria for each asset;
 - 5.3.4 Costing and allocation methodologies;
 - 5.3.5 Program element for accumulation of all costs (needed for all fund sources);
 - 5.3.6 Type and source of valuation documentation; and
 - 5.3.7 Contact information for all key points of contact (POCs).
- Should the PMDS contain errors or appears to be incomplete, it is revised and reviewed by the Project Manager.
- 5.4 Project Manager shall sign and date the PMDS and email the file to Commandant (CG-842) for review and approval within three (3) business days of commencement of project team meeting **(IC: 5.4-C1)**.
- 5.5 Commandant (CG-842) shall review the PMDS for completeness and accuracy. If PMDS contain errors or are missing information, Commandant (CG-842) shall reject the submitted PMDS back to the Project Manager for revision (*return to step 5.1*).
- 5.6 If no errors, Commandant (CG-842) shall sign, and date submitted PMDS, and email approved signed copies of the PMDS to the Project Manager and FINCEN (FR) within three (3) business days of receipt **(IC: 5.6-C1)**.
- 5.7 Project Managers shall forward project information to the RM/Designate within three (3) business days of receiving the approved PMDS from Commandant (CG-842).
- 5.8 RM/Designate shall generate an email request to FINCEN (FR) to setup financial lines of accounting, related project number, and project accounting tables in CAS, within three (3) business days receiving project information from the Project Manager **(IC: 5.8-C1)**.
- 5.9 FINCEN (FR) shall establish the requested lines of accounting, project number, and project accounting tables in CAS, establishes links between financial lines of accounting to the requested project in CAS PA, and send an email notification of successful setup to the Project Manager and Commandant (CG-842) within three (3) business days of receiving the email from the RM/Designate.
- Note:** FINCEN (FR) shall ensure that Commandant (CG-842) approved PMDS is received and matched to the project information received from the RM/Designate before establishing lines of accounting and project accounting tables in CAS **(IC: 5.9-C1)**.

- 5.10 Project Manager shall ensure that PMDS are updated annually throughout the lifecycle of the project and within thirty (30) business days if any of the following occur:
 - 5.10.1 Change in delivery date by fiscal quarter;
 - 5.10.2 Change in responsible parties (e.g. PM);
 - 5.10.3 Change in the number of expected delivered assets;
 - 5.10.4 Change in funding; and
 - 5.10.5 Cost increase/decrease by 10%
- 5.11 Commandant (CG-842) and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support project establishment for the asset life cycle period plus three (3) years (**IC: 5.10-C1**).

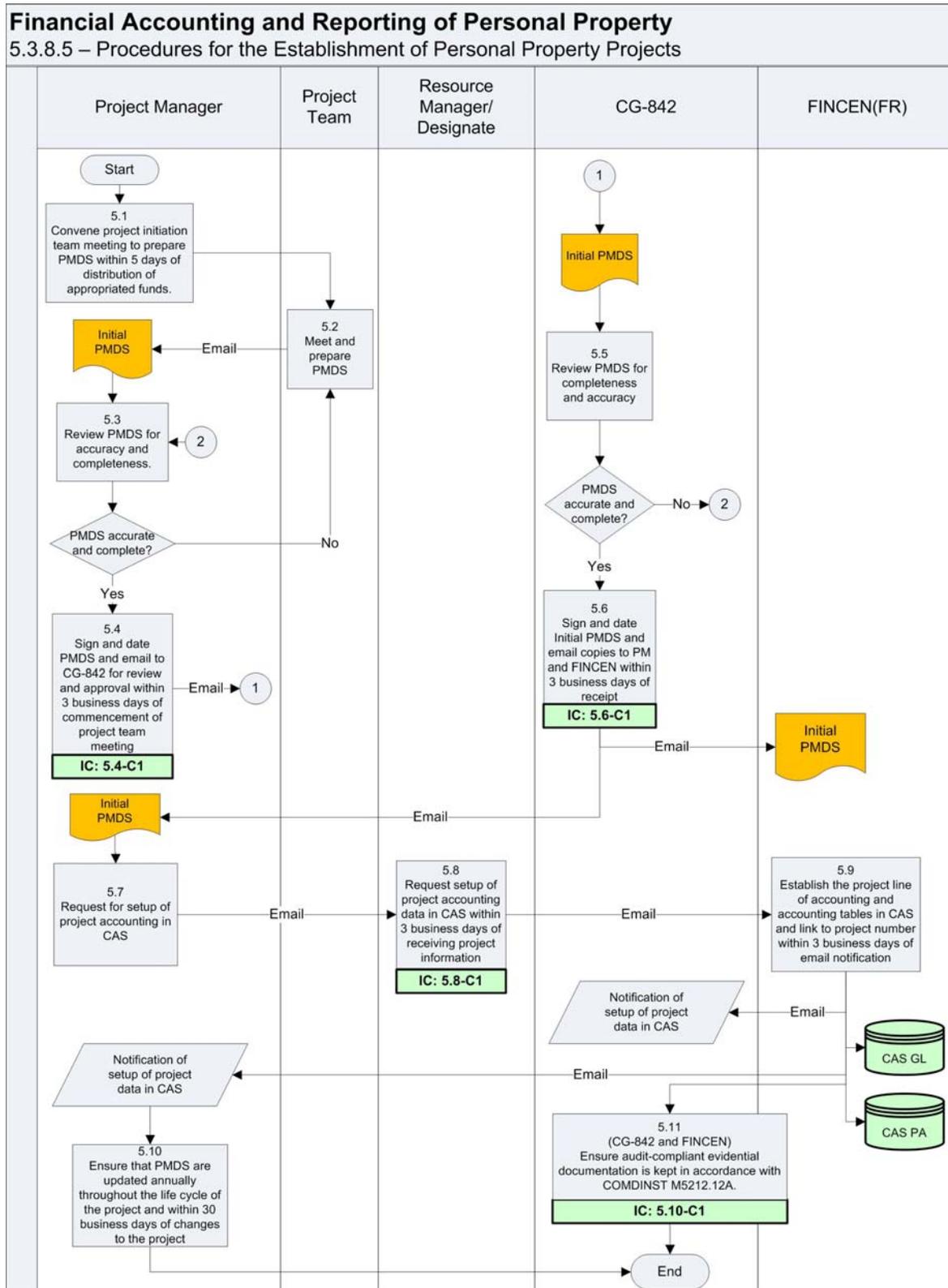
6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
CAS	Core Accounting System
CIP	Construction-in-Progress
COMDTINST	Commandant Instruction
ERP	Electronic Resource Proposal System
FINCEN (FR)	Finance Center, Property Control Branch
FRMM	Financial Resource Management Manual
GL	General Ledger
IC	Internal Control
PA	Oracle Project Accounting Module
PMDS	Project Management Data Sheet
POC	Point of Contact
RM	Resource Manager
USCG	United States Coast Guard

Table 10.2 PMDS Project Establishment

PMDS Project Establishment																																																																											
FUNDING INFORMATION	Fiscal Year	Funding Amt	Program Element																																																																								
PROJECT DESCRIPTION: (Define Project - Attach details if necessary)																																																																											
TYPES OF ASSETS: (Specify type and quantity-Attach details if necessary)																																																																											
ASSET DELIVERY SCHEDULE: (Specify Delivery Schedule- Estimated Cost, Attach details if necessary)																																																																											
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Asset Name</th> <th style="width: 15%;">Delivery Date</th> <th style="width: 25%;">Direct Cost Estimated</th> </tr> </thead> <tbody> <tr> <td colspan="3" style="height: 20px;"></td> </tr> </tbody> </table>				Asset Name	Delivery Date	Direct Cost Estimated																																																																					
Asset Name	Delivery Date	Direct Cost Estimated																																																																									
DEFINE ACCEPTANCE CRITERIA: (Define and specify acceptance documentation)																																																																											
Signed final invoice, DD-250 and/or Certificate of Conformance																																																																											
DEFINE ASSET VALUATION METHOD: (How are contract costs assigned to multiple assets purchased under the same contract?)																																																																											
Total asset valuation consists of: (1) Direct cost from contracts, purchase orders, MIPRS, and other contract cost reflected in _____ and (2) Indirect and Overhead/Labor (burden rates) as determined by the allocation methodology																																																																											
DEFINE HOW ALLOCATED COSTS WERE ASSIGNED: (How are costs that need to be allocate to more than one asset distributed? Does the contract indicate a way of assigning costs, did the contractor provide a DD-250 or invoice that assigns contract cost to a specific asset, etc.)																																																																											
For Accounting Use Only																																																																											
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Capitalization</th> <th style="width: 15%;">Expense</th> <th style="width: 15%;">New</th> <th style="width: 30%;">Improvement</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table>				Capitalization	Expense	New	Improvement	_____	_____	_____	_____																																																																
Capitalization	Expense	New	Improvement																																																																								
_____	_____	_____	_____																																																																								
Classification of Type of Project (Majority of cost indicates type of project)																																																																											
Established Asset Accepted for Completion (Complete upon receipt of Asset)																																																																											
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">CAPITALIZED DIRECT COST (does not include Overhead or Labor allocation)</th> <th style="width: 10%;">Direct Cost</th> <th style="width: 15%;">Date in Service</th> <th style="width: 10%;">Hull/Tail #</th> <th style="width: 10%;">Sq Footage</th> <th style="width: 10%;">OPFAC#</th> <th style="width: 10%;">RPFN#</th> <th style="width: 10%;">Site #</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><i>Asset Name</i></td> <td style="text-align: center;">\$0.00</td> <td style="text-align: center;">xx/xx/xxxx</td> <td style="text-align: center;">xxxxx</td> <td style="text-align: center;">xxxxx</td> <td style="text-align: center;">xxxxxx</td> <td style="text-align: center;">XXXXX</td> <td style="text-align: center;">XX</td> </tr> <tr> <td colspan="8" style="text-align: center;">Worksheet</td> </tr> <tr> <td style="text-align: center;">PMDS</td> <td style="text-align: center;">Tab 1</td> <td colspan="6"></td> </tr> <tr> <td style="text-align: center;">Checklist</td> <td style="text-align: center;">Tab 2</td> <td colspan="6"></td> </tr> <tr> <td style="text-align: center;">Project Summary</td> <td style="text-align: center;">Tab 3</td> <td colspan="6"></td> </tr> <tr> <td style="text-align: center;">Source & Use of Funds</td> <td style="text-align: center;">Tab 4</td> <td colspan="6"></td> </tr> <tr> <td style="text-align: center;">Project Transaction Report</td> <td style="text-align: center;">Tab 5</td> <td colspan="6"></td> </tr> <tr> <td style="text-align: center;">Allocation</td> <td style="text-align: center;">Tab 6</td> <td colspan="6"></td> </tr> </tbody> </table>				CAPITALIZED DIRECT COST (does not include Overhead or Labor allocation)	Direct Cost	Date in Service	Hull/Tail #	Sq Footage	OPFAC#	RPFN#	Site #	<i>Asset Name</i>	\$0.00	xx/xx/xxxx	xxxxx	xxxxx	xxxxxx	XXXXX	XX	Worksheet								PMDS	Tab 1							Checklist	Tab 2							Project Summary	Tab 3							Source & Use of Funds	Tab 4							Project Transaction Report	Tab 5							Allocation	Tab 6						
CAPITALIZED DIRECT COST (does not include Overhead or Labor allocation)	Direct Cost	Date in Service	Hull/Tail #	Sq Footage	OPFAC#	RPFN#	Site #																																																																				
<i>Asset Name</i>	\$0.00	xx/xx/xxxx	xxxxx	xxxxx	xxxxxx	XXXXX	XX																																																																				
Worksheet																																																																											
PMDS	Tab 1																																																																										
Checklist	Tab 2																																																																										
Project Summary	Tab 3																																																																										
Source & Use of Funds	Tab 4																																																																										
Project Transaction Report	Tab 5																																																																										
Allocation	Tab 6																																																																										
Business Finance	_____			DATE: _____																																																																							
Project Manager	_____			DATE: _____																																																																							
CG-842 ANALYST	_____			DATE: _____																																																																							
CG-842 BRANCH CHIEF	_____			DATE: _____																																																																							
FINCEN FR (acknowledge recorded to Oracle Fixed Asset)	_____			DATE: _____																																																																							

Figure 10.6 Procedures for the Establishment of Personal Property Projects



Initiation of CIP Projects

Procedure No. 10.3.7.6

1.0 Overview

1.1 Procedure Summary

1.1.1 After personal property project funding has been appropriated, a procurement request (PR) is required for the administrative reservation of funds (commitment) and to provide the contracting officer the necessary documentation needed for contract award. The PRs must include a sufficient level of project detail to allow accumulated project costs to be traced to specific assets to be delivered. This procedure's document relates to the proper and timely completion and distribution of PRs related to personal property projects within the United States Coast Guard (USCG).

1.2 Inputs

- 1.2.1 Approved Project Management Data Sheet (PMDS)
- 1.2.2 Approved project spend plan
- 1.2.3 Procurement Request (PR)

1.3 Outputs

- 1.3.1 Approved Procurement Request
- 1.3.2 Commitment

1.4 Applications

- 1.4.1 Finance and Procurement Desktop (FPD)
- 1.4.2 Contract Information Management System (CIMS)

1.5 Financial Statement Assertions

- 1.5.1 Presentation
- 1.5.2 Valuation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Managers, Commandant (CG-9) Acquisition Offices, and ICP Acquisition Offices shall ensure audit-compliant, and CGAP Part 3045 compliant evidential documentation is kept at appropriate levels to support timely and accurate project initiation for the asset life cycle period plus three (3) fiscal years.

4.0 Responsibilities

- 4.1 Project Managers are responsible for:
 - 4.1.1 Ensuring the project field on the PR is populated with the project number provided by the Finance Center (FINCEN (FR)) (see procedure 5.3.8.5 for details regarding provision of project numbers by FINCEN FR), and that the PR cites the appropriate:
 - 4.1.1.1 Document Type
 - 4.1.1.2 Object Class
 - 4.1.1.3 Program Element
 - 4.1.2 Ensuring that PRs are prepared and forwarded to appropriate contract offices in a manner so that the applicable costs can accumulate in the Construction-In-Progress (CIP) project account and are traceable to each specific asset; **Note:** Project Manager shall send an email to appropriate contract offices once PRs are approved citing the project number and identifying all project personnel; and
 - 4.1.3 Ensuring audit-compliant and CGAP Part 3045 compliant evidential documentation is kept at appropriate levels to support timely and accurate project initiation for the asset life cycle period plus three (3) fiscal years.
- 4.2 Commandant (CG-9) Acquisition Offices / ICP Acquisition Offices are responsible for:
 - 4.2.1 Ensuring that PRs are consistent with project plans; funding levels, contract funding requirements; and are executed (obligated) using authorized USCG budget execution applications and appropriate acquisition guidance; and
 - 4.2.2 Ensuring audit-compliant and CGAP Part 3045 compliant evidential documentation is kept at appropriate levels to support timely and accurate project initiation for the asset life cycle period plus three (3) fiscal years.

5.0 Procedures

- 5.1 Project Manager reviews (**IC: 5.1-C1**) the PR ensuring the project field is populated with the project number provided by FINCEN (FR) and that the PR cites the appropriate:
 - 5.1.1 Document Type
 - 5.1.2 Object Class
 - 5.1.3 Program Element
- 5.2 Project Manager ensures that PRs are prepared and forwarded to Commandant (CG-9) Acquisition Offices / ICP Acquisition offices in a manner so that applicable costs can accumulate in the CIP project account and are traceable to each specific asset (**IC: 5.2-C1**).

- 5.3 Project Manager shall send an email to Commandant (CG-9) Acquisition Offices / ICP Acquisition Offices once the PRs are approved citing the project number and identifying all project personnel.
- 5.4 Commandant (CG-9) Acquisition Offices / ICP Acquisition Offices shall ensure that PRs are consistent with approved PMDS, project plans, funding levels, contract funding requirements, and are executed (obligated) using authorized USCG budget execution applications and appropriate acquisition guidance **(IC: 5.4-C1)**.
- 5.5 Project Managers, Commandant (CG-9) Acquisition Offices, and ICP Acquisition Offices shall ensure audit-compliant, and CGAP Part 3045 compliant evidential documentation is kept at appropriate levels to support timely and accurate project initiation for the asset life cycle period plus three (3) fiscal years **(IC: 5.5-C1)**.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
CEM	Control Evaluation Matrix
CIMS	Contract Information Management System
CIP	Construction-in-Progress
COMDTINST	Commandant Instruction
FPD	Finance and Procurement Desktop
FRMM	Financial Resource Management Manual
IC	Internal Control
ICP	Inventory Control Point
PMDS	Project Management Data Sheet
PR	Procurement Request
USCG	United States Coast Guard

Acquisition of Assets**Procedure No. 10.3.7.7**

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 Project Managers must coordinate with applicable acquisition offices (whether it is Commandant (CG-9) or an Inventory Control Point (ICP)), to ensure contracts, contract modifications, and other obligating documents, are prepared in such a manner to facilitate:
 - 1.1.1.1 Timely and accurate asset acquisition (awarding of contracts and other such agreements);
 - 1.1.1.2 Assets to be delivered on-schedule; and
 - 1.1.1.3 Direct costs to be captured and traceable at the discrete asset level.
- 1.1.2 During Project Establishment, proposed assets to be delivered and notational delivery schedules are identified on the Project Management Data Sheet (PMDS) which is reviewed and approved by the project establishment team, (see FRMM procedure “Establishment of Personal Property Projects”). The information on the PMDS is used during Project Initiation to prepare procurement requests (PRs) (see FRMM procedure “Initiation of CIP Projects”). It is critical at this stage of the project to ensure an appropriate level of detail is provided on PRs, respective contracts, and agreements to facilitate traceability of direct costs to individual delivered assets.

1.2 Inputs

- 1.2.1 Approved Project Management Data Sheet (PMDS)
- 1.2.2 Approved Procurement Request (PR)
- 1.2.3 Approved Project Plan

1.3 Outputs

- 1.3.1 Contract / Contract Modifications
- 1.3.2 Applicable Obligating Documents
- 1.3.3 Recorded Obligation

1.4 Applications

- 1.4.1 Finance and Procurement Desktop
- 1.4.2 Contract Information Management System (CIMS)
- 1.4.3 Workflow Imaging Network System (WINS)

1.5 Financial Statement Assertions

- 1.5.1 Completeness
- 1.5.2 Valuation
- 1.5.3 Obligation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Managers, Commandant (CG-9) Acquisition Offices, and ICP Acquisition Offices shall ensure that audit-compliant, and CGAP Part 3045 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 asset life cycle period plus three (3) years.

4.0 Responsibilities

- 4.1 Commandant (CG-9) Acquisition Offices / ICP Acquisition Offices are responsible for:
 - 4.1.1 Ensuring that PRs, contracts, and contract modifications contain a separate Contract Line Item Number (CLIN) for each discrete asset, and that other obligation documents are issued timely and cite the proper document type, object class, project number, and program element so that costs can be traced to assets.
 - 4.1.2 Ensuring that obligations are issued timely and accurately in USCG budgetary execution applications, and are consistent with Project Manager project plans, and in accordance with USCG requirements.
 - 4.1.3 Ensuring that audit-compliant, and CGAP Part 3045 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 asset life cycle period plus three (3) years.
- 4.2 Project Managers are responsible for:
 - 4.2.1 Ensuring that PRs, contracts, and contract modifications contain a separate CLIN for each discrete asset, and that other obligation documents are issued timely and cite the proper document type, object class, project number, and program element so that costs can be traced to assets.
 - 4.2.2 Ensuring that obligations are issued timely and accurately in USCG budgetary execution applications, and are consistent with Project Manager project plans, and in accordance with USCG requirements.
 - 4.2.3 Ensuring that audit-compliant, and CGAP Part 3045 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 asset life cycle period plus three (3) years.

5.0 Procedures

- 5.1 Commandant (CG-9) Acquisition Office / ICP Acquisition Office prepare contracts, contract modifications, and/or other obligating documents in CIMS in accordance with information provided on Approved PRs in FPD. Acquisition Offices shall ensure **(IC: 5.1-C1)** that prepared documents contain a separate CLIN for each discrete asset to be delivered and also cite appropriate accounting information to ensure direct costs can be traced to deliverable assets as they accumulate. Additionally each contract, contract modification, and obligating document shall be consistent with project plans and be in accordance with all applicable USCG regulations and cite the appropriate:
 - 5.1.1 Document types;
 - 5.1.2 Object classes;
 - 5.1.3 Project number(s); and
 - 5.1.4 Program element.
- 5.2 Commandant (CG-9) Acquisition Office / ICP Acquisition Office shall notify the assigned Project Manager when contracts, contract modifications, and/or other obligating documents are prepared and approved.
- 5.3 Project Managers shall ensure **(IC: 5.3-C1)** prepared obligating documents reflect submitted and approved PMDS and PR and contain unique CLINs for each asset to be delivered.
 - 5.3.1 If obligating documents are not prepared with enough detail to facilitate the direct tracing of costs to individual assets as costs accumulate, the Project Manager shall coordinate with the appropriate acquisition office and request immediate correction / modification.
- 5.4 Commandant (CG-9) Acquisition Office / ICP Acquisition Office shall execute contracts, contract modifications, and/or other obligating documents in USCG budgetary execution applications timely and accurately.
- 5.5 Project Managers and Commandant (CG-9) Acquisition Office / ICP Acquisition Office shall ensure audit-compliant, and CGAP Part 3405 compliant documentation is maintained at the appropriate levels to support timely and accurate acquisitions , and to support appropriate invoice allocations to the level necessary, for the asset life cycle period plus three (3) years **(IC: 5.5-C1)**.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
AC&I	Acquisition, Construction, and Improvement
CEM	Control Evaluation Matrix
CIP	Construction-in-Progress
CIMS	Contract Information Management System
CLIN	Contract Line Item Number
COMDTINST	Commandant Instruction
FPD	Finance and Procurement Desktop
FRMM	Financial Resource Management Manual
ICP	Inventory Control Point
PMDS	Project Management Data Sheet
PR	Procurement Request
USCG	United States Coast Guard
WINS	Workflow Imaging Network System

Accounting for Project Costs**Procedure No. 10.3.7.8**

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 In accordance with Generally Accepted Accounting Principles (GAAP) and the Federal Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Standards (SFFAS), United States Coast Guard (USCG) personal property assets shall be accounted for at full capitalized cost (direct and indirect) including all costs incurred to bring the personal property asset to a form and location suitable for its intended use. Capitalized costs related to USCG personal property assets accumulate in construction-in-progress (CIP) accounts in the Core Accounting System (CAS) Oracle Project Accounting (PA) module until assets are delivered, accepted, and capitalized; or the project is abandoned and the costs are expensed.
- 1.1.2 This procedure provides guidance to project managers for ensuring accurate accumulation, recordation, and support of personal property project costs and for determining the accurate category of costs (capitalize or expense) in accordance with the USCG Financial Resource Management Manual, Commandant Instruction (COMDTINST) M7100.3 (series). Project cost categorization and classification are essential to ensure CIP balances are properly stated and accurately reflect project costs.

1.2 Inputs

- 1.2.1 Billing Documents (e.g. SF-1034, SF-1035, MIPR, Credit Card, DD-250, Invoices, DD-1149, etc.)
- 1.2.2 Receiving Reports (may be same as billing documents)
- 1.2.3 Allocation Journal Vouchers (JVs)

1.3 Outputs

- 1.3.1 CIP transaction detailed report

1.4 Applications

- 1.4.1 Finance and Procurement Desktop (FPD)
- 1.4.2 Oracle Project Accounting (PA) module
- 1.4.3 Oracle General Ledger (GL) module
- 1.4.4 Workflow Imaging Network System (WINS)
- 1.4.5 Contract Information Management System (CIMS)

1.5 Financial Statement Assertions

- 1.5.1 Presentation
- 1.5.2 Existence
- 1.5.3 Obligations
- 1.5.4 Valuation
- 1.5.5 Completeness

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Managers shall ensure audit-compliant evidential documentation is kept at appropriate levels to support the timely and accurate review of project costs for the asset life cycle period plus three (3) fiscal years.

4.0 Responsibilities

- 4.1 Financial Reporting and Asset Management Division Commandant (CG-842) is responsible for:
 - 4.1.1 Ensuring that program overhead costs are properly calculated, supported, maintained, and allocated to projects and assets.
- 4.2 Project Managers are responsible for:
 - 4.2.1 Reviewing, categorizing, and approving project costs to ensure the validity and accuracy of billing documents and receiving reports confirm that billed materials and services have been received and accepted, and that billed amounts are identified to the correct line of accounting;
 - 4.2.2 Gathering and reviewing all supporting evidential documentation, including Credit Card, SF-1034 and MIPR payment detail, for CIP transactions (expenditure level) to ensure support and proper cost categorization at the transaction level.
 - 4.2.3 Ensuring recorded project costs include all costs incurred to bring the personal property to a form and location suitable for its intended use;
 - 4.2.4 Ensuring that personal property (CIP) project costs are valued accurately, and classified in accordance with the Cost Decision Table and Notes per the FRMM; and
 - 4.2.5 Ensuring audit-compliant evidential documentation is maintained at appropriate levels to support the timely and accurate review of project costs for the asset life cycle period plus three (3) years.

5.0 Procedures

- 5.1 Commandant CG-842 shall ensure program overhead costs are properly calculated, supported, maintained, and allocated to projects and assets per the FRMM and the related FRMM procedures and methodologies (*see FRMM procedure, "Cost*

- 5.2 Project Managers shall review personal property project costs and related supporting documentation (such as: billing documents (invoices) and receiving reports SF-1034, MIPR, etc.) to ensure:
- 5.2.1 There is adequate supporting documentation to validate billed materials and services have been received and accepted;
 - 5.2.2 Billed amounts are accurately traced to the correct line of accounting;
 - 5.2.3 Costs include all costs incurred to bring the personal property to a form and location suitable for intended use; and
 - 5.2.4 Costs are valued accurately and categorized correctly as capitalize or expense in accordance with FRMM Capitalize or Expense Cost Decision Table (see section 7.0 Attachments, “Cost Decision Table and Notes”).

Project Managers shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support timely and accurate review of project costs for the asset life cycle period plus three (3) years (**IC: 5.3-1**).

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
CAS	Core Accounting System
CEM	Control Evaluation Matrix
CIMS	Contract Information Management System
CIP	Construction-in-Progress
FASAB	Federal Accounting Standards Advisory Board
FPD	Finance and Procurement Desktop
FRMM	Financial Resource Management Manual
GAAP	General Accepted Accounting Principles
GL	General Ledger
IC	Internal Control
JV	Journal Voucher
MIPR	Military Interdepartmental Purchase Request
PA	Project Accounting
SFFAS	Statements of Federal Financial Accounting Standards
USCG	United States Coast Guard
WINS	Workflow Imaging Network System

7.0 Attachments

Cost Decision Table and Notes

The following Cost Decision table is to be used for all property categories, both real and personal.

	Type of Cost	Treatment
1.	Additions to existing assets that extend capacity/service 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 (CG-owned) – original costs and major improvements	Capitalize
5.	Calibration of equipment: a) Incurred during or prior to project completion. b) Incurred after project completion; normally funded with OE Funds.	Capitalize Expense
6.	Configuration management after a technological feasibility has been completed	Capitalize
7.	Consumable and repairable spare parts (OM&S / PP&E)	Expense See Note 8
8.	Contractor logistics support and contractor depot logistics support after completion. Normally associated with normal maintenance, and typically funded with OE Funds	Expense
9.	Damage claims related to the project, paid by the CG to a contractor	Capitalize
10.	Decommissioning, retirement costs (clean-up, site restoration, environmental due diligence act)	Expense See Note 2
11.	Demolition costs: a) Incurred in conjunction with an acquisition or lease of real estate. b) If no construction is intended.	Capitalize See Note 14 Expense
12.	Deployment readiness review (in-service decision)	Capitalize

	Type of Cost	Treatment
13.	Design costs (system & engineering) – Hardware, software, failure mode criticality analysis, maintainability / reliability program & demonstration costs: a) Before feasibility has been determined. Note: Feasibility is normally a factor only in large, new-technology projects. b) After feasibility has been determined.	Expense Capitalize
14.	Design reviews (e.g., formal qualification reviews, preliminary and critical design reviews: a) Before feasibility has been determined. Note: Feasibility is normally a factor only in large, new-technology projects. b) After feasibility has been determined.	Expense Capitalize
15.	Direct costs for developing or fielding a system (e.g., boats, aircraft, vessels, electronic systems), incurred by either the CG or a contractor, after technological feasibility has been proven	Capitalize
16.	Documentation (system) costs incurred prior to project completion (e.g., guides, user manuals)	Capitalize
17.	Easements (land rights)	Capitalize
18.	Engineering costs (see Design costs)	Capitalize
19.	Environmental impact (new construction)	Capitalize
20.	Environmental remediation costs (CG-owned property): a) Underground storage tanks and asbestos removal. b) Soil removal and restoration: as part of new facility construction, or cleanup after construction/decommissioning.	See Note 3 Capitalize See Note 4 Expense See Note 2
21.	Equipment costs (CG 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

	Type of Cost	Treatment
24.	Furniture (initial purchase as part of a project)	Capitalize See Note 6
25.	General and administrative (G&A) costs: a) Internal CG G&A. b) Contract-provided G&A.	Expense Capitalize
26.	Government-furnished equipment/material consumed as part of the project cost	Capitalize
27.	Handling and storage costs: a) Prior to project completion. b) After prior completion.	Capitalize Expense
28.	Incentive fees to contractors (to reward performance goals)	Capitalize
29.	Interest payments Prompt-payment interest	Capitalize Expense
30.	Labor costs during construction: a) Technical support services contract. b) Logistics support services contract before project completion. Note: Logistics services after a project is completed are considered a normal maintenance activity and must be expensed. c) AC&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 CG will not receive title to the land	See Note 7
34.	Leasehold improvements to non CG- owned assets (e.g., major renovations, rewiring buildings, rehabilitating/enlarging piers)	Capitalize

	Type of Cost	Treatment
35.	Legal fees incurred to bring the project to its intended use (e.g., title and recording costs)	Capitalize
36.	Legal fees – external (non CG-incurred legal costs to bring the project to its intended use)	Capitalize
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 CG-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 CG AC&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 CG-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 CG location). b) After point of intended use.	Capitalize Expense
55.	Site construction costs (see also Land acquisition costs)	Capitalize
56.	Site selection costs (e.g., legal, survey, design, studies): a) If site was selected for lease or purchase. b) If site was not selected for lease or purchase.	Capitalize Expense
57.	Software costs (internally or externally produced, embedded)	Capitalize See Note 9
58.	Special tools and test equipment hardware	Capitalize
59.	System/subsystem integrity. Check demonstration.	Capitalize
60.	System tests (e.g., interface test, operational test and evaluation): a) Incurred prior to project completion. b) Incurred after project completion.	Capitalize Expense
61.	Technical manuals	Capitalize

	Type of Cost	Treatment
62.	Technical support services: a) Incurred prior to completion. b) Incurred after completion.	Capitalize Expense
63.	Technology refreshment of COTS components (includes product improvements or upgrades)	Capitalize See Note 10
64.	Telecommunications: a) Initial (if an integral part of the project cost). b) Service (normal activity; not tied to project completion).	Capitalize Expense
65.	Test/Readiness review	Capitalize
66.	Test equipment: a) Procured as an embedded or required component of a system. b) Stand-alone test equipment (not part of a system).	Capitalize Capitalize as a unique asset See Note 11
67.	Training courses and devices developed by the CG or contractor personnel – course development costs and/or construction of training devices (system/asset specific)	Capitalize as a unique asset
68.	Training courses, both refresher and follow-on training given to CG personnel	Expense
69.	Travel: a) In conjunction with inspection, supervision, and administration of construction contracts and project responsibility. b) General and administrative travel for a common or joint purpose benefiting more than one cost objective, such as travel to monitor several projects, or project costs such as CG crew relocation and travel costs incurred to relocate the crew during work on a CG vessel. c) Continuous travel orders that cover, e.g., per diem, lodging, air fare, car rental.	Expense See Note 12 Expense Expense

	Type of Cost	Treatment
70.	Utilities: a) To bring the asset to its intended use (e.g., installation, site preparation). Note: utilities are normally operating expenses. b) After project completion (even if paid by AC&I funds).	Capitalize Expense
71.	Warranties	Expense See Note 13

Note 1. Advances and progress payments made to contractors as part of a CIP project should be added to the CIP account for the asset being constructed.

Note 2. Do not capitalize costs associated with decommissioning or disposing of an asset. At the time an asset is placed in service (commissioned), estimate what environmental cleanup costs will be incurred in connection with its subsequent decommissioning or retirement. Then allocate that estimated total environmental cleanup cost proportionately over the service life of the asset, with a portion of it recognized as expense (and accrued as a liability) during each service year. Such accrual does not impact the asset’s gross value or accumulated depreciation, but instead accumulates in an unfunded liability account. Non-environmental decommissioning costs must be estimated when CG Management decides to dispose of the asset, based on the type of retirement management elects. Note: If non-environmental retirement costs cannot be easily separated from environmental costs, they can be included as part of the environmental cleanup costs.

Note 3. For hazardous-materials projects that clean up existing facilities and do not include equipment costing \$50,000 or greater, expense all costs as they are incurred. If new equipment is acquired to address environmental concerns (such as scrubbers or filtration devices), account for such equipment as a new capital asset if it meets capitalization thresholds. Otherwise, expense the equipment.

Note 4. Cleanup costs may be incurred in connection with bringing a property to a form and location suitable for its intended use. These costs are eligible for capitalization, along with other site development costs.

Note 5. Expense any costs incurred on a first article or prototype before technological feasibility has been established. After technological feasibility has been established, the subsequent costs of constructing and installing the first article are eligible for capitalization and depreciation over the useful life of the asset. If the first article is an improvement to an existing asset and does not extend the life of the existing asset, depreciate the prototype over the remaining service 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, 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 service life of the entire program. If the system is destroyed during testing, write off the asset at that

time.

Note 6. Furniture will be capitalized if it is built into or attached to the project asset and would damage the asset if removed. If individual pieces of non-attached furniture meet capitalization thresholds, then they must be capitalized and not listed as part of the project cost. If individual pieces of non-attached furniture do not meet the capitalization threshold for GPP, then they must be expensed.

Note 7. Capital lease assets are capitalized upon a determination that the lease meets the capital lease criteria of SFFAS No. 6.

Note 8. Consumable and repairable spare parts (OM&S and PP&E) shall be expensed from CIP projects and recorded in 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 service life of the asset. If it does, capitalize it as an improvement if it meets the capitalization criteria; if it does not, expense it.

Note 11. If stand-alone test equipment (test equipment not part of a system) meets the capitalization threshold criteria, add it to the fixed asset system; if it does not, expense it.

Note 12. The Coast Guard has determined that travel orders will be expensed, since they do not meet the definition of direct costs. SFFAS No. 4 indicates that direct costs are costs that can be specifically identified with an output, and SFFAS No. 6 calls for capitalization of the "direct costs of inspection, supervision, and administrative of construction contracts." Since CG travel orders cannot be directly linked to a specific asset, they will be expensed.

Note 13. If the Coast Guard purchases an extended warranty, record it as an expense at the time the invoice is paid.

Note 14. Costs related to the demolition of a building in preparation for new construction are capitalized as part of building costs. Costs related to gutting the interior of a warehouse in preparation for reconstructing the interior as office space are likewise capitalized as part of building costs. If demolition is not associated with new construction or improvements, these costs should be expensed in the period incurred.

Periodic Reviews of CIP Project Costs by PMs**Procedure No. 10.3.7.9**

1.0 Overview**1.1 Procedure Summary**

1.1.1 The periodic review of personal property construction-in-progress (CIP) project accounts helps to ensure project costs are accurately recorded in the United States Coast Guard (USCG) core accounting system (CAS), Oracle Project Accounting (PA) module and minimizes retrospective cost adjustments for delivered assets. This procedure provides guidance to project managers regarding the periodic review of project costs associated with CIP projects.

1.2 Inputs

- 1.2.1 AC&I Master Report
- 1.2.2 Canceled Appropriation Report
- 1.2.3 Capital Projects Summary Report (CPSR)
- 1.2.4 CIP Project Detail Transaction Report

1.3 Outputs

- 1.3.1 Documented Review of CIP project costs
- 1.3.2 Correcting entries, if necessary

1.4 Applications

- 1.4.1 Core Accounting System (CAS), Oracle Project Accounting (PA) module
- 1.4.2 Finance and Procurement Desktop (FPD)
- 1.4.3 Contract Information Management System (CIMS)
- 1.4.4 Workflow Imaging Network System (WINS)

1.5 Financial Statement Assertions

- 1.5.1 Presentation
- 1.5.2 Existence
- 1.5.3 Obligations
- 1.5.4 Completeness
- 1.5.5 Valuation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Managers shall ensure that audit-ready documentation is maintained at appropriate levels to support timely and accurate reviews for the asset life cycle period plus three (3) years.

4.0 Responsibilities

- 4.1 Finance Center, Property Control Branch (FINCEN (FR)) is responsible for:
 - 4.1.1 Ensuring that all CIP project reports are available and distributed to Project Managers for their review on a monthly basis; and
 - 4.1.2 Receiving documented results of reviews of CIP project costs performed by Project Managers.
- 4.2 Project Managers are responsible for:
 - 4.2.1 Reviewing all CIP projects monthly, and as assets are delivered, to ensure that:
 - 4.2.1.1 Costs are accurate;
 - 4.2.1.2 Increases/decreases in costs are recorded properly; and
 - 4.2.1.3 Proper evidential documentation to support CIP transactions is gathered and maintained;
 - 4.2.2 Reviewing all CIP costs on a monthly basis against the Cost Decision Table and Notes to identify and report costs that should be expensed;
 - 4.2.3 Reviewing procurement transactions and supporting documentation to obligation balances recorded in CAS on a periodic basis, at least quarterly and more often at the discretion of the Program Manager.
 - 4.2.4 Reviewing the following balances at both the project and asset level to ensure that the transactions and balance are accurate and up to date:
 - 4.2.4.1 Planned amounts
 - 4.2.4.2 Commitments
 - 4.2.4.3 Obligations
 - 4.2.4.4 Expenditures and
 - 4.2.4.5 Undelivered orders
 - 4.2.5 Reviewing the following reports on a monthly basis:
 - 4.2.5.1 AC&I Master Report
 - 4.2.5.2 Cancelled Appropriation Report
 - 4.2.5.3 CPSR and
 - 4.2.5.4 CIP Project Detail Report
 - 4.2.6 Documenting and reporting the results of CIP project cost reviews to FINCEN (FR) and Commandant (CG-842); and
 - 4.2.7 Ensuring that audit-ready documentation is maintained at appropriate levels to support timely and accurate reviews for the asset life cycle period plus three (3) years.

4.3 Office of Financial Reporting and Asset Management Commandant (CG-842) is responsible for:

4.3.1 Receiving documented results of reviews of CIP project costs performed by Project Managers.

5.0 Procedures

- 5.1 FINCEN (FR) ensures the CIP project reports listed below are available to Project Managers monthly as they become available, but no later than the fifth (5th) business day of the following month:
 - 5.1.1 AC&I Master Report
 - 5.1.2 Cancelled Appropriation Report
 - 5.1.3 CPSR
 - 5.1.4 CIP Project Detail Report
- 5.2 Project Managers review the CIP project reports monthly, and as assets are delivered, for all assigned projects to ensure CIP costs are accurate and that increases or decreases are recorded accurately **(IC: 5.2-C1)**.
- 5.3 Project Managers review the CIP Project Detail Report to ensure project costs incurred are accurately recorded as either capital or expense in accordance with the Cost Decision Table and Notes **(IC: 5.3-C1)**.
- 5.4 Project Managers initiate corrective action with FINCEN (FR) if an error is detected.
- 5.5 Project Managers conduct, at a minimum, quarterly reviews **(IC: 5.5-C1)** of procurement transactions and supporting documentation at both the project and asset level to ensure transactions and balance are accurate and up to date for :
 - 5.5.1 Planned amounts
 - 5.5.2 Commitments
 - 5.5.3 Obligations
 - 5.5.4 Expenditures
 - 5.5.5 Undelivered orders
- 5.6 Project Managers document and report the results of all CIP project cost reviews to FINCEN (FR) and Commandant (CG-842). The reports shall contain at a minimum:
 - 5.6.1 Project Number(s)
 - 5.6.2 Period of transactions reviewed
 - 5.6.3 Brief description of any errors found and corrective actions taken
- 5.7 Project Managers shall ensure that audit-ready documentation is maintained at appropriate levels to support timely and accurate reviews for the asset life cycle period plus three (3) years **(IC: 5.7-C1)**.

6.0 Acronyms

<u>Acronym</u>	<u>Definition</u>
AC&I	Acquisition, Construction, and Improvement
CAS	Core Accounting System
CEM	Control Evaluation Matrix
CIMS	Contract Information Management System
CIP	Construction-in-Progress
COMDTINST	Commandant Instruction
CPSR	Capital Projects Summary Report
FINCEN (FR)	Finance Center, Property Control Branch
FPD	Finance and Procurement Desktop
FRMM	Financial Resource Management Manual
PA	Oracle Project Accounting Module
USCG	United States Coast Guard
WINS	Workflow Imaging Network System

Periodic Reviews of CIP Costs by FINCEN and CG-8**Procedure No. 10.3.7.10**

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 Proper reviews and oversight of personal property projects by financial and accounting personnel is essential for accurate, timely, and reliable accounting and reporting of project costs. This procedure encompasses the standard periodic reviews of United States Coast Guard (USCG) construction-in-progress (CIP) personal property project transactions, reports, and files, and the Acquisition, Construction, and Improvement (AC&I) indirect rates and allocations for labor and overhead costs, conducted by the Finance Center Property Control Branch (FINCEN (FR)) and the Financial Reporting and Asset Management Division Commandant (CG-842).
- 1.1.2 This procedure provides guidelines to FINCEN (FR) for conducting and documenting monthly reconciliations of general ledger accounts to CIP project transactions in the USCG Core Accounting System (CAS) Oracle Project Accounting (PA) module as well as the monthly publication of project related reports for use by required stakeholders, such as Project Managers and financial reporting oversight personnel in Commandant (CG-842). In addition to the reconciliations of project cost transactions performed by FINCEN (FR), Commandant (CG-842) performs periodic reviews of the rates used to allocate costs to capital projects and ensures proper adjustments to rates and the related costs are made as necessary. Commandant (CG-842) also ensures that all Project Managers review of CIP projects are: conducted monthly, are adequately supported, and noted variances are reconciled and adjusted accordingly.

1.2 Inputs

- 1.2.1 Monthly Capital Projects Summary Report – consists of summary cost data for all capital projects.
- 1.2.2 Monthly AC&I Management Report – consists of summary of transactions at the 4 digit PE level for a month.
- 1.2.3 CIP Project Files – contains schedule containing delivery information for assets within a CIP project.
- 1.2.4 Monthly AC&I Master Report – consists of summary of transactions at the 6 digit PE level for a month and is not as current as AC&I Management Report due to timing differences.
- 1.2.5 Monthly CIP Analysis – consists of all expenditure lines exported from CAS PA along with columns for determination as to capitalization or expense.
- 1.2.6 Updates to Office of Budget Execution Commandant (CG-83) distributed Budget Spend plan
- 1.2.7 AC&I SF 132 – Apportionments and Reapportionments Schedule
- 1.2.8 AC&I SF 133 – Report of Budget Execution

1.3 Outputs

- 1.3.1 Monthly reconciliation between the CAS GL CIP accounts and CAS PA (CFO Master Reports for each CIP account)
- 1.3.2 Monthly reconciliation between AC&I Master Report and AC&I Management Report
- 1.3.3 Quarterly reconciliations by Commandant (CG-842) between AC&I Master and AC&I Management reports.
- 1.3.4 Report of reconciliation/differences to Project Managers, FINCEN (FR) and Commandant (CG-842) Division Chief.

1.4 Applications

- 1.4.1 Core Accounting System (CAS), Oracle Project Accounting (PA) module
- 1.4.2 Core Accounting System (CAS), Oracle General ledger (GL) module

1.5 Financial Statement Assertions

- 1.5.1 Existence
- 1.5.2 Completeness
- 1.5.3 Valuation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property.

3.0 Document Retention

- 3.1 Commandant (CG-842 and FINCEN (FR)) shall ensure that audit-ready documentation is maintained at appropriate levels to support timely and accurate reviews of for the asset life cycle period plus three (3) years.

4.0 Responsibilities

- 4.1 Finance Center Property Control Branch (FINCEN (FR)) is responsible for:
 - 4.1.1 Conducting monthly reconciliations of the CAS GL CIP accounts and CAS PA;
 - 4.1.2 Ensuring appropriate levels of approval and documentation of reconciliations conducted;
 - 4.1.3 Ensuring the AC&I Management Report (budgetary report) and the AC&I Master report are in balance;
 - 4.1.4 Preparing and publishing Capital Projects Summary, AC&I Master and CIP analysis reports related to capital projects for use by stakeholders such as Project Managers and Commandant (CG-842) monthly;

- 4.1.5 Ensuring notification of stakeholders as to the availability of capital project reports;
- 4.1.6 Ensure audit-ready documentation is maintained at the appropriate levels to support timely and accurate reviews for the asset life cycle period plus three (3) years.
- 4.2 Financial Reporting and Asset Management Division Commandant (CG-842) Program Analyst is responsible for:
 - 4.2.1 Ensuring Project Managers reviews and reconciliations have been conducted monthly, are adequately supported, and noted variances are reconciled and adjusted accordingly;
 - 4.2.2 Reviewing delivery schedules for capitalized assets and ensuring timely updates related to asset delivery/completion are made to CIP project files;
 - 4.2.3 Conducting annual reviews of AC&I labor and program management overhead rates used to allocate indirect costs to applicable personal property projects and reviews and revises rates as necessary (see FRMM procedure “Procedures for Cost Categorization of Personal Property Projects,” for information regarding the revision and adjustment of rates); and
 - 4.2.4 Ensuring audit-ready documentation is maintained at the appropriate levels to support timely and accurate reviews for the asset life cycle period plus three (3) years.

5.0 Procedure

- 5.2 FINCEN (FR) Monthly Reviews and Reporting
 - 5.2.1 FINCEN (FR) Management and Program Analyst (MPA) shall complete and document a monthly reconciliation between the CAS GL CIP accounts and CAS PA project costs **(IC: 5.1-C1)**.
 - 5.2.2 FINCEN (FR) MPA shall balance the AC&I Management Report and AC&I Master Report monthly.
 - 5.2.3 FINCEN (FR) MPA shall research and note the difference on the AC&I Master Report and reconcile any discrepancies **(IC: 5.1-C2)**.
 - 5.2.4 FINCEN (FR) Branch Chief shall review and approve the Capital Projects Summary, AC&I Master and CFO Master reports prior to publishing, and report the reconciled/adjusted differences to Commandant (CG-842) **(IC: 5.1-C3)**.
 - 5.2.5 FINCEN (FR) MPA shall publish all applicable project reports to make them available to Project Managers and Commandant (CG-842) monthly.
 - 5.2.6 FINCEN (FR) MPA shall ensure that AC&I labor and program management overhead allocations rates are prepared in the first fiscal quarter and adjusted at the end of each fiscal year (see FRMM procedure, “Procedures for Cost Categorization of Personal Property Projects,” for information regarding the revision and adjustment of rates);

- 5.2.7 FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at the appropriate levels to support timely and accurate reviews for the asset life cycle period plus three (3) years **(IC: 5.1-C4)**.
- 5.2 Monthly Project Reviews
- 5.2.1 Commandant (CG-842) Program Analyst shall review the monthly Capital Projects Summary Report to ensure that all of the projects are reflected in the report, that new projects appear, and that completed projects do not contain new CIP costs.
- 5.2.2 Commandant (CG-842) Program Analyst shall review the delivery schedules of all CIP projects against CIP expenditures to determine if those asset costs were removed from CIP accounts and capitalized.
- 5.2.3 Commandant (CG-842) Program Analyst shall identify projects for review each month from the Capital Project Summary Report based on the following criteria:
- 5.2.3.1 Overdue assets
 - 5.2.3.2 Lack of confirmation of Project Manager Reviews
 - 5.2.3.3 Judgmental selection
- 5.2.4 Commandant (CG-842) Program Analyst shall facilitate meetings with Project Managers, for projects selected in step 5.2.3, to review project CIP files and ensure they are accurate and up-to-date, and Project Manager reviews are being conducted in accordance with policy.
- 5.2.5 Commandant (CG-842) Program Analyst shall track and report the capitalization of overdue assets by the Project Manager, when it has been determined the asset has already been delivered and accepted, (*see FRMM procedure, "Capitalization of CIP Assets," for information pertaining to procedures for the capitalization of completed assets*).
- 5.2.6 Commandant (CG-842) Program Analyst shall document a monthly report of projects selected and reviewed and the findings of reviews **(IC: 5.2-C1)**.
- 5.2.7 Commandant (CG-842) Program Analyst shall ensure that audit-compliant evidential documentation is maintained at the appropriate levels to support timely and accurate reviews for the asset life cycle period plus three (3) years **(IC: 5.2-C2)**.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
AC&I	Acquisition, Construction and Improvement
CAS	Core Accounting System
CEM	Control Evaluation Matrix
CIP	Construction-in-Progress
COMDTINST	Commandant Instruction
FINCEN FR	Finance Center, Property Control Branch
FRMM	Financial Resource Management Manual
GL	Oracle General Ledger module
JV	Journal Voucher
MPA	Management Program Analyst
PA	Oracle Project Accounting Module
USCG	United States Coast Guard

Figure 10.7 FINCEN (FR) Monthly Reviews and Reporting

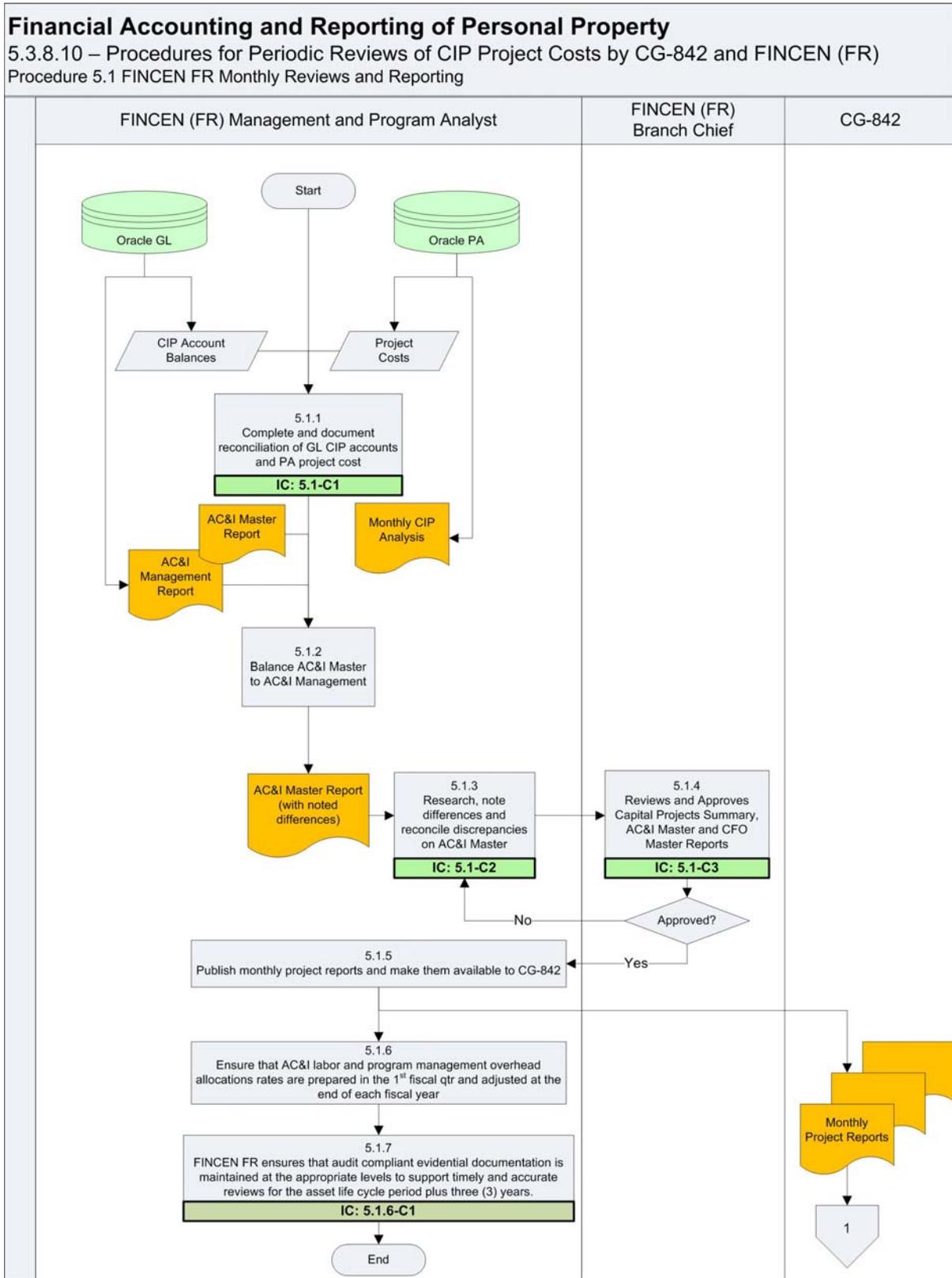
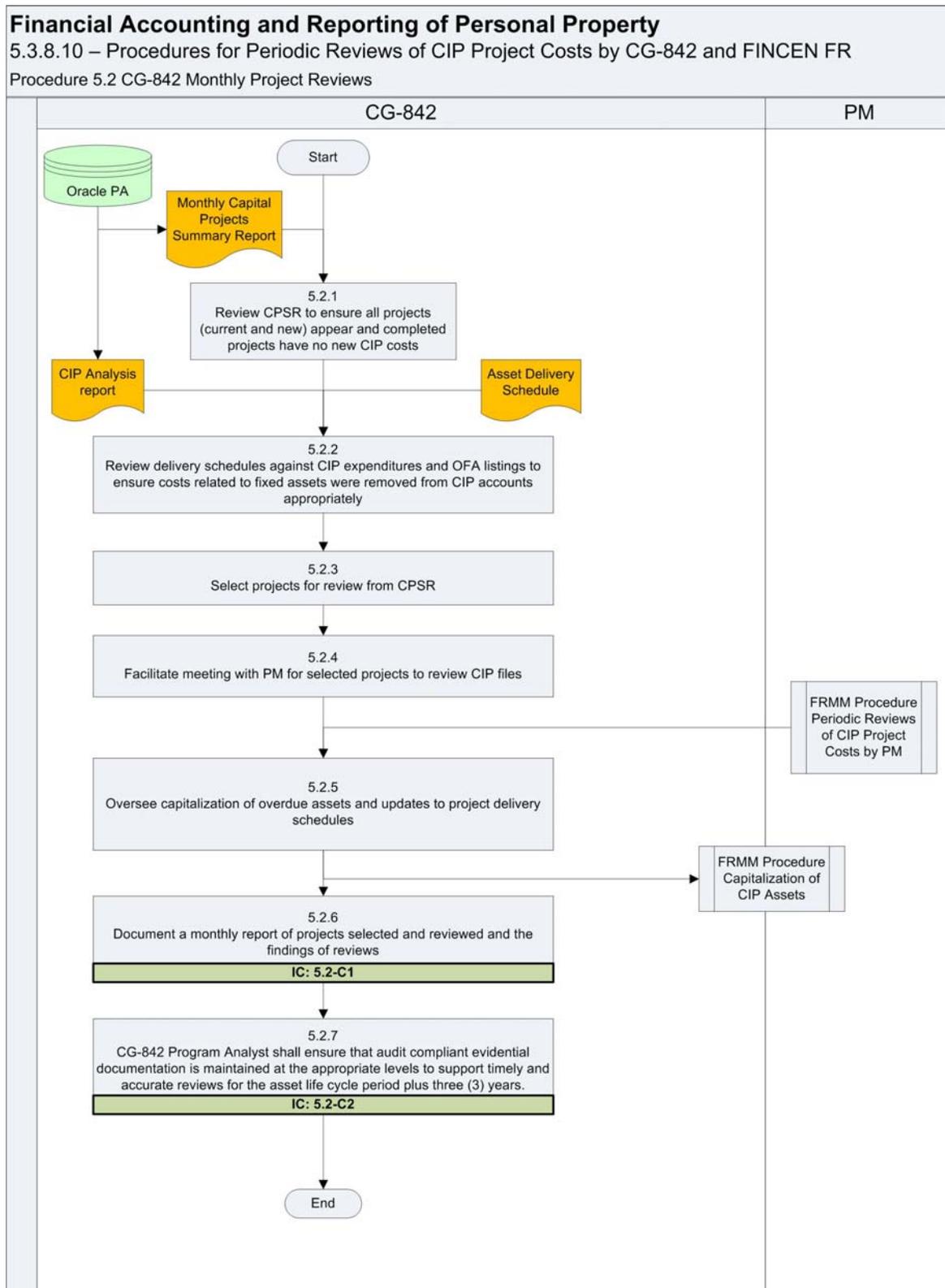


Figure 10.8 Procedures for Periodic Reviews of CIP Project Costs by CG-842 and FINCEN (FR)



Asset Receipt and Acceptance

Procedure No. 10.3.7.11

1.0 Overview

1.1 Procedure Summary

1.1.1 When assets are delivered to the United States Coast Guard (USCG) for acceptance, they are inspected to ensure they meet USCG requirements. It is the responsibility of the assigned Project Manager to ensure delivered assets have met requirements prior to USCG acceptance. Assets that are considered less than complete are those that are not in a state to provide the anticipated service for which the asset was intended. Based on inspection and review, if any deficiencies do not cause the asset to be inoperable, the asset may be accepted on a conditional basis under the terms that the identified deficiencies are corrected within a specified timeframe. This procedure provides guidance to Project Managers for their responsibilities involved in personal property asset receipt and acceptance. Asset receipt and acceptance documentation is included in Construction-In-Progress (CIP) Project Packages within twenty (20) calendar days of delivery and acceptance to support asset capitalization (see FRMM procedure “Capitalization of CIP Assets”).

1.2 Inputs

1.2.1 Asset Receipt and Acceptance Documents

Class	Documentation
Aircraft	DD-250/DHS Form 700-21 or CG message/memo
Vessels	DD-250/DHS Form 700-21 or CG message/memo
Boats	DD-250/DHS Form 700-21 or CG message/memo
Electronics Systems	CG message / memo
Vehicles	Title issue date / DD-1149 date of DHS Form 700-21
Shipbuilding Machinery and Equipment	OF-347 acceptance / DD-250 acceptance date / DHS Form 700-21 / DD-1149
General Purpose	OF-347 acceptance / DD-250 acceptance date / DHS Form 700-21

1.3 Outputs

1.3.1 Approved Asset Receipt and Acceptance Documents

1.4 Applications

1.4.1 Designated configuration listing (e.g. Fleet Logistics System)

1.5 Financial Statement Assertions

1.5.1 Existence

1.5.2 Rights

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Managers and Commandant (CG-842) Program Analyst shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support receipt and acceptance for the asset life cycle period, plus three (3) fiscal years.

4.0 Responsibilities

- 4.1 Project Managers are responsible for:
 - 4.1.1 Ensuring that completed assets meet initial USCG project requirements prior to final acceptance of completed personal property assets;
 - 4.1.2 Ensuring that complete configuration listings are created in the designated configuration application (e.g. Fleet Logistics System) for Electronic Systems identifying sub-components and to support electronic system completeness;
 - 4.1.3 Identifying and resolving deficiencies prior to the acceptance of the asset and the transfer of costs from the CIP account to the fixed asset account.
 - 4.1.4 Reporting receipt and acceptance, including conditional acceptance, of personal property assets to Commandant (CG-842) to support asset capitalization within twenty (20) calendar days as part of the asset capitalization package (see FRMM procedure, "Capitalization of CIP assets"); and
 - 4.1.5 Ensuring that audit-compliant evidential documentation is maintained at appropriate levels to support receipt and acceptance for the asset life cycle period, plus three (3) fiscal years.
- 4.2 Financial Reporting and Asset Management Commandant (CG-842) is responsible for:
 - 4.2.1 Ensuring that audit-compliant evidential documentation is maintained at appropriate levels to support receipt and acceptance for the asset life cycle period, plus three (3) fiscal years.

5.0 Procedures

- 5.1** Upon completion of an asset, Project Managers shall ensure the necessary receipt and acceptance documents are prepared and delivered based on the class of asset. Acceptance documents for a particular class of asset shall agree with Table 1 “Allowable Support Documentation for Asset Receipt and Acceptance” below:

Table 10.3 Allowable Support Documentation for Asset Receipt and Acceptance

Class	Documentation
Aircraft	DD-250/DHS Form 700-21 or CG message/memo
Vessels	DD-250/DHS Form 700-21 or CG message/memo
Boats	DD-250/DHS Form 700-21 or CG message/memo
Electronics Systems	CG message / memo
Vehicles	Title issue date / DD-1149 date of DHS Form 700-21
Shipbuilding Machinery and Equipment	OF-347 acceptance / DD-250 acceptance date / DHS Form 700-21 / DD-1149
General Purpose	OF-347 acceptance / DD-250 acceptance date / DHS Form 700-21

Note: All documents shall contain clear signatures and dates.

- 5.2** Project Managers shall ensure that delivered assets are inspected and meets Coast Guard requirements.
- 5.3** Project Managers shall ensure that all deficiencies identified upon receipt of the asset are resolved prior to the acceptance of the asset and the transfer of costs from the CIP account to the fixed asset account.
- 5.4** Project Managers shall ensure that acceptance documents clearly identify the asset with a specific asset attribute (*see FRMM procedure “Tagging and Identification of Assets”*) (**IC: 5.4-C1**).
- 5.5** Project Managers shall ensure that complete configuration listings are created in the designated configuration application (e.g. Fleet Logistics System) for Electronic Systems identifying sub-components and to support electronic system completeness.
- 5.6** Project Managers shall report receipt and acceptance, including conditional acceptance to Commandant (CG-842) as part of the CIP Project Package (*see FRMM procedure “Capitalization of CIP Assets”*) within twenty (20) calendar days of asset delivery and acceptance (**IC: 5.6-C1**).
- 5.7** Project Managers and Commandant (CG-842) Program Analyst shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support receipt and acceptance for the asset life cycle period, plus three (3) fiscal years (**IC: 5.7-C1**).

6.0 Acronyms

Acronym

Definition

CEM

Control Evaluation Matrix

CIP

Construction-in-Progress

COMDTINST

Commandant Instruction

FRMM

Financial Resource Management Manual

USCG

United States Coast Guard

In-Service Dates

Procedure No. 10.3.7.12

1.0 Overview

1.1 Procedure Summary

- 1.1.1 In-service dates for personal property assets are key pieces of the personal property records, especially in relation to the recognition of accumulated depreciation and depreciation expense. This procedures document provides guidance for Project Managers (PMs) to ensure that acceptance documents adequately support in-service dates of accepted personal property assets for audit purposes.

Note: For electronics systems, the in-service date shall be the acceptance date as noted on third-party documentation versus the installation date.

- 1.1.2 Personal property assets shall be capitalized within thirty (30) calendar days of receipt and acceptance. Acceptance documents are reviewed and approved by the Project Manager and submitted as part of the Construction-In-Progress (CIP) Project Package for each personal property asset accepted. *(See FRMM procedures: "Asset Receipt and Acceptance," and "Procedures for Capitalization of CIP Assets," for information regarding asset acceptance capitalization processes).* In-service dates should be clearly marked on acceptance documents to facilitate the accurate recording of in-service dates in the United States Coast Guard (USCG), Core Accounting System (CAS) FAM.

1.3 Inputs

- 1.2.1 DD-250, DHS Form 700-21, or CG message (Aircraft)
- 1.2.2 DD-250, DHS Form 700-21, or CG message (Vessels)
- 1.2.3 DD-250, DHS Form 700-21, or CG message (Boats)
- 1.2.4 DD-250, CG message, CG HQ Program Office memo (Electronic Systems)
- 1.2.5 Certificate of Origin Date, DHS Form 700-21, DD-1149 (Vehicles)
- 1.2.6 OF-347, DD-250, DHS Form 700-21, DD-1149 (Shipbuilding Equipment and Machinery)
- 1.2.7 OF-347, DD-250, DHS Form 700-21, DD-1149, DD-1348, SF-122 (General Purpose)

1.4 Outputs

- 1.4.1 Accepted asset in-service date

1.5 Applications

- 1.5.1 Core Accounting System (CAS), Oracle Fixed Asset Module (FAM)

1.5 Financial Statement Assertions Existence

- 1.5.1 Completeness

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Manager, Commandant (CG-842) Program Analyst, and FINCEN (FR) shall ensure audit-compliant evidential documentation is kept at appropriate levels to support in-service dates for the asset life cycle period plus three (3) years.

4.0 Responsibilities

- 4.1 Project Managers are responsible for:
 - 4.1.1 Reviewing acceptance documents to ensure adequate support of in-service dates for accepted personal property assets;
 - 4.1.2 Ensuring in-service dates are clearly communicated in the CIP Project Packages, (*see FRMM procedure "Procedures for Capitalization of CIP Assets", for information regarding the preparation and submission of CIP Project Packages*);
 - 4.1.3 Ensuring audit-compliant evidential documentation is maintained at appropriate levels to support receipt and acceptance for the asset life cycle period, plus three (3) fiscal years.

Note: Financial Reporting and Asset Management Division Commandant (CG-842) responsibilities below will be performed in FRMM procedure "*Procedures for Capitalization of CIP Assets*".

- 4.2 Commandant (CG-842) Program Analyst is responsible for:
 - 4.2.1 Reviewing in-service dates and supporting documentation included in CIP Capitalization Packages (*see FRMM procedure "Procedures for Capitalization of CIP Assets", for information regarding the preparation and submission of CIP Project Packages*);
Ensuring audit-compliant evidential documentation is maintained at appropriate levels to support receipt and acceptance for the asset life cycle period, plus three (3) fiscal years.
Note: Finance Center Property Control Branch (FINCEN (FR)) responsibilities below will be performed in FRMM procedure "*Procedures for Capitalization of CIP Assets*".
- 4.3 FINCEN (FR) is responsible for:
 - 4.3.1 Recording in-service dates for accepted personal property assets in FAM based off supporting information in CIP Capitalization Packages (*see FRMM procedure "Procedures for Capitalization of CIP Assets", for information regarding the preparation and submission of CIP Capitalization Packages*);
 - 4.3.2 Ensuring audit-compliant evidential documentation is maintained at appropriate levels to support receipt and acceptance for the asset life cycle

period, plus three (3) fiscal years.

5.0 Procedure

- 5.1 Project Managers shall ensure acceptance documents clearly identify in-service dates for accepted assets prior to approving the documents as accurate and complete. Asset acceptance document for each particular type of asset is displayed in the Table Support Documentation for Asset Receipt and Acceptance below.

Table 10.4 Support Documentation for Asset Receipt and Acceptance

Support Documentation for Asset Receipt and Acceptance	
Type	Documentation
Aircraft	DD-250/DHS Form 700-21, or CG message
Vessels	DD-250/DHS Form 700-21, or CG message
Boats	DD-250/DHS Form 700-21 or CG message
Electronic Systems	DD-250/CG message/CG HQ Program Office memo
Vehicles	Certificate of Origin date/DHS Form 700-21/DD-1149
Shipbuilding Equipment and	OF-347/DD-250/DHS Form 700-21/DD-1149
General Purpose	OF-347/DD-250/DHS Form 700-21/DD-1149/DD-1348/SF-

Note: All documents shall have clear signatures/dates where applicable with receipt/acceptance dates noted.

- A. Project Managers shall include the acceptance documents as part of the CIP Project Package submitted to Commandant (CG-842) Program Analyst, (*see FRMM procedure “Capitalization of Assets,” for information regarding the compilation and submission of CIP Project Packages*).

Note: Procedural step 5.3 shall be performed in FRMM procedure “*Procedures for Capitalization of CIP Assets*”.

- B. Commandant (CG-842) Program Analyst shall review the acceptance documents included in the CIP Project Package to ensure in-service dates are clearly identified prior to approving and submitting to FINCEN (FR) for recordation of accepted assets in FAM, (*see FRMM procedure “Capitalization of Assets,” for information regarding the compilation and submission of CIP Project Packages*) **(IC: 5.3-C1)**.

Note: Procedural step 5.4 shall be performed in FRMM procedure “*Procedures for Capitalization of CIP Assets*”.

- A. FINCEN (FR) shall record in-service dates for accepted personal property assets in FAM based on supporting information in CIP Project Packages, (*see FRMM procedure “Capitalization of Assets,” for information regarding the compilation and submission of CIP Project Packages*).
- B. Project Managers, Commandant (CG-842) Program Analyst, and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained

at appropriate levels to support in-service dates for the asset life cycle period, plus three (3) fiscal years (**IC: 5.5-C1**).

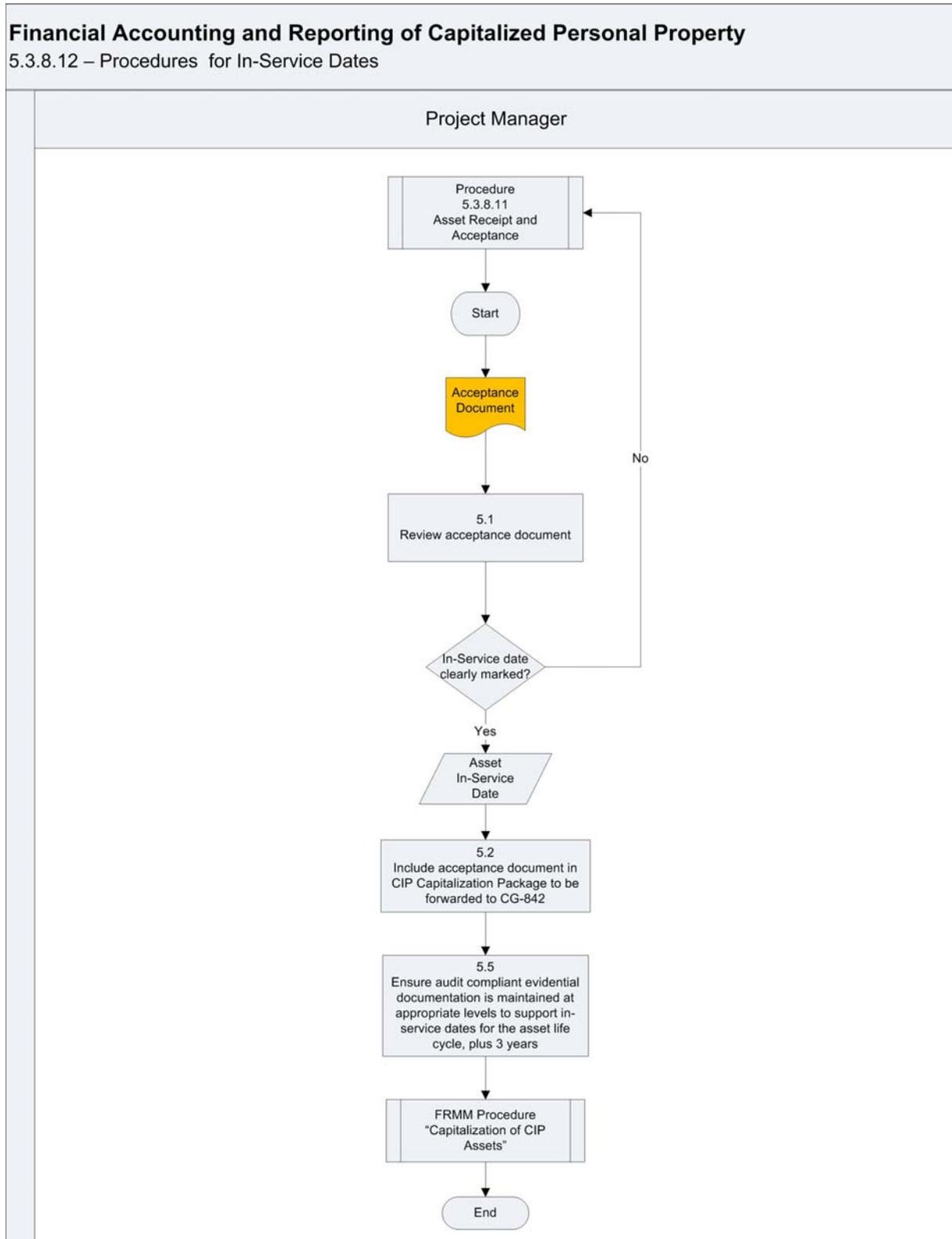
6.0 Acronym Listing

Acronyms

Definitions

CAS	Core Accounting System
CIP	Construction-In-Progress
COMDTINST	Commandant Instruction
FAM	Fixed Asset Module
FINCEN (FR)	Finance Center, Property Control Branch
FRMM	Financial Resource Management Manual
USCG	United States Coast Guard

Figure 10.9 Procedures for In-Service Dates



Service Lives of Assets
(Newly Constructed or Assets with Capital Improvements)

Procedure No. 10.3.7.13

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 The service life of a personal property asset is used in calculating depreciation expense recognized on United States Coast Guard (USCG) financial statements. The initial service life of an asset is based on asset class and type, *(see “Initial Service Life” tables presented in the Financial Resource Management Manual (FRMM), also see section 7.0 Attachments, Tables A through E)*. Throughout the life of the asset, there are three events which could trigger a change to the remaining service life of an asset: improvements, impairments, and engineering reviews which result in changes to the FRMM service life tables. This procedures document provides guidance for ensuring that the initially recorded service life of personal property assets are accurately aligned with FRMM service life tables. *(The financial and accounting treatment of capital improvements to personal property assets is covered in FRMM procedure “Improvements to Personal Property Assets” and the financial and accounting treatment of personal property assets permanently removed from service due to impairment is covered in procedure “Impairment of Assets”.)*
- 1.1.2 The class and type of accepted personal property assets are noted in the personal property Construction in Progress (CIP) Project Packages used to record the capitalized assets in the Core Accounting System (CAS), Oracle Fixed Assets (FAM) module. Per FRMM, personal property assets are capitalized within thirty (30) days of receipt and acceptance. *(See FRMM procedures “Asset Receipt and Acceptance” and “Capitalization of CIP projects,” for information regarding the acceptance and capitalization of personal property assets.)*
- 1.1.3 If the service life of a personal property asset is materially affected by improvement that meets capitalization thresholds, and either enlarges capacity/capability, or extends the useful life of the asset, the improvement project shall be maintained as a separate project in FAM and the depreciation for the improvement shall be recognized over the extended or new service life of the improved asset *(see FRMM procedure “Improvements to Personal Property Assets,” for information regarding the improvements of personal property assets)*.

1.2 Inputs

- 1.2.1 Acceptance documents with stated service life for new assets.
- 1.2.2 Engineering analysis with new/updated service life for existing assets.

1.3 Outputs

- 1.3.1 Service life assigned to an asset
- 1.3.2

1.4 Applications

1.4.1 Core Accounting System (CAS), Oracle Fixed Assets (FAM) module

1.5 Financial Statement Assertions

1.5.1 Valuation

2.0 References

2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)

2.4 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

3.1 Project Managers shall ensure audit compliant evidential documentation is gathered and maintained at appropriate levels to support the service lives of all capitalized personal property assets for the asset life cycle period, plus three (3) years.

4.0 Responsibilities

4.1 Project Managers are responsible for:

4.1.1 Reviewing audit-compliant evidential documents and FRMM Service Life tables to ensure that service life of personal property assets are properly supported;

4.1.2 Documenting service life for personal property assets in CIP Capitalization Packages; and

4.1.3 Ensuring audit-compliant evidential documentation is maintained at appropriate levels to support service lives of assets for the asset life cycle period, plus three (3) fiscal years.

Note: Office of Financial Reporting and Asset Management Commandant (CG-842) responsibilities will be performed in FRMM procedure “*Capitalization of CIP Assets*”.

4.2 Commandant (CG-842) is responsible for: Reviewing CIP Capitalization packages and ensuring that service life are adequately documented and supported.

Note: Finance Center, Property Control Branch (FINCEN (FR)) responsibilities shall be performed in FRMM procedure “*Capitalization of CIP Assets*”.

4.3 FINCEN FR is responsible for:

4.3.1 Recording initial service life of personal property assets in FAM

4.3.2 Updating service life of personal property assets in FAM based on supporting documentation received from Commandant (CG-842).

5.0 Procedure

- 5.3 Project Managers shall support initial service life of accepted assets using audit-compliant evidential documentation to determine asset class and type and the Service Life tables presented in FRMM (See attachments Tables 1 – 5). If USCG Engineering analysis is used, the basis for the determination and underlying supporting documentation shall be provided.
- 5.2 Project Managers shall document initial service life of personal property assets in CIP Project Packages and forward it to Commandant (CG-842) Program Analyst **(IC: 5.2-C1)**, *(see FRMM procedure “Capitalization of CIP Assets,” for information regarding the submission of CIP Project Packages to Commandant (CG-842)).*
Note: Procedural step 5.3 below will be performed in FRMM procedure “Capitalization of CIP Assets.”
- 5.3 Commandant (CG-842) Program Analyst shall review CIP Project Packages to ensure initial service life is adequately documented and supported, *(see FRMM Procedure “Capitalization of CIP Assets,” for information regarding review of CIP Project Packages by Commandant (CG-842)).*
Note: Procedural step 5.4 below will be performed in FRMM procedure “Capitalization of CIP Assets”.
- 5.4 FINCEN (FR) shall record the service life of personal property assets in FAM based on supporting documentation presented in CIP Capitalization Packages, *(see FRMM procedure “Capitalization of CIP Assets,” for information regarding recording of capitalized assets by FINCEN (FR)).*
- 5.5 Project Managers shall ensure audit compliant evidential documentation is gathered and maintained at appropriate levels to support the service lives of all capitalized personal property assets for the asset life cycle period, plus three (3) years **(IC: 5.5-C1)**.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
CAS	Core Accounting System
CIP	Construction-In-Progress
COMDTINST	Commandant Instruction
FAM	Fixed Asset Module
FINCEN (FR)	Finance Center, Property Control Branch
FRMM	Financial Resource Management Manual
USCG	United States Coast Guard

Table 10.5 Reporting Initial Service Life of Existing Classes of Aircraft

Reporting Initial Service Life of New Assets for Existing Classes of Aircraft		
Type	Service Life	Effective Date
HC-130	35 years	Oct-2004
HH-60	30 years	Oct-2004
HH-65	30 years	Oct-2004
C-37A	20 years	Oct-2004
HU-25	27 years	Oct-2004

Table 10.6 Reporting Initial Service Life of Existing Classes of Vessels

Reporting Initial Service Life of New Assets for Existing Classes of Vessels		
Type–Length Overall	Service Life	Effective Date
WAGB-400	34 years	Aug-2004
WAGB-420	30 years	Aug-2004
WHEC-378	47 years	Aug-2006
WIX-295	74 years	Aug-2006
WMEC-282	30 years	Aug-2006
WMEC-270	33 years	Aug-2006
WMEC-210	50 years	Aug-2006
WLB-225	30 years	Aug-2004
WPB-123	15 years	Aug-2004
WLBB-240	30 years	Nov 2005
WMSL-418	30 years	Nov 2007
WPB-110	25 years	Aug-2004
WPB-87	25 years	Aug-2004
WTGB-140	28 years	Aug-2006
WLI-65	65 years	Aug-2006
WLI-100	42 years	Aug-2006
WLIC	30 years	Aug-2004
WLIC-75	41 years	Aug-2006
WLIC-160	34 years	Aug-2006
WLM	30 years	Aug-2004
WLR-65	43 years	Aug-2006
WLR-75	41 years	Aug-2006
WLR-75 (F Class)	30 years	Aug-2004
WYTL-65	44 years	Aug-2006
Barges	20 Years	Oct-1995

Table 10.7 Reporting Initial Service of Existing Classes of Boats

Reporting Initial Service Life (in years) of New Assets for Existing Classes of Boats						
FG = Fiberglass; AL = Aluminum or similar metal						
BOAT CLASS	SSMEB (Ship Structure and Machinery Evaluation Board)	SHORE BOATS (FG)	SHORE BOATS (AL)	CUTTER BOATS (FG)	CUTTER BOATS (AL)	Effective Date
ANB 55	27					Aug-2006
ANB 64			30			May-2004
ANB (382001)			12			May-2004
BUSL	25					May-2004
TANB			12			May-2004
ASB					10	May-2004
CB-L				5	10	May-2004
CB-M				5	10	May-2004
CB-S				5		May-2004
CB (OTHER)				10		Aug-2006
LCVP					10	May-2004
MSB	20					May-2004
MLB	25					Aug-2006
SPC (HWX)			12			May-2004
RB-(S)(HS)	15					Aug-2006
SPC (SW)			12			May-2004
PWB		8	12			May-2004
SKF			12			May-2004
SPC (234448)		8				May-2004
SPC (LE)		8	12			May-2004
SPC (SURF)		8				May-2004
TPSB	10					May-2004
UTB (41)	30					Aug-2006
UTL		8	12	5	10	May-2004
UTM		8	12			May-2004

In the absence of a useful life for boats as shown above, the following useful lives shall be used.

Assignment	Fiberglass Hull	Aluminum Hull
Cutter Boat	5 years	10 years
Shore Based Boat	8 years	12 years

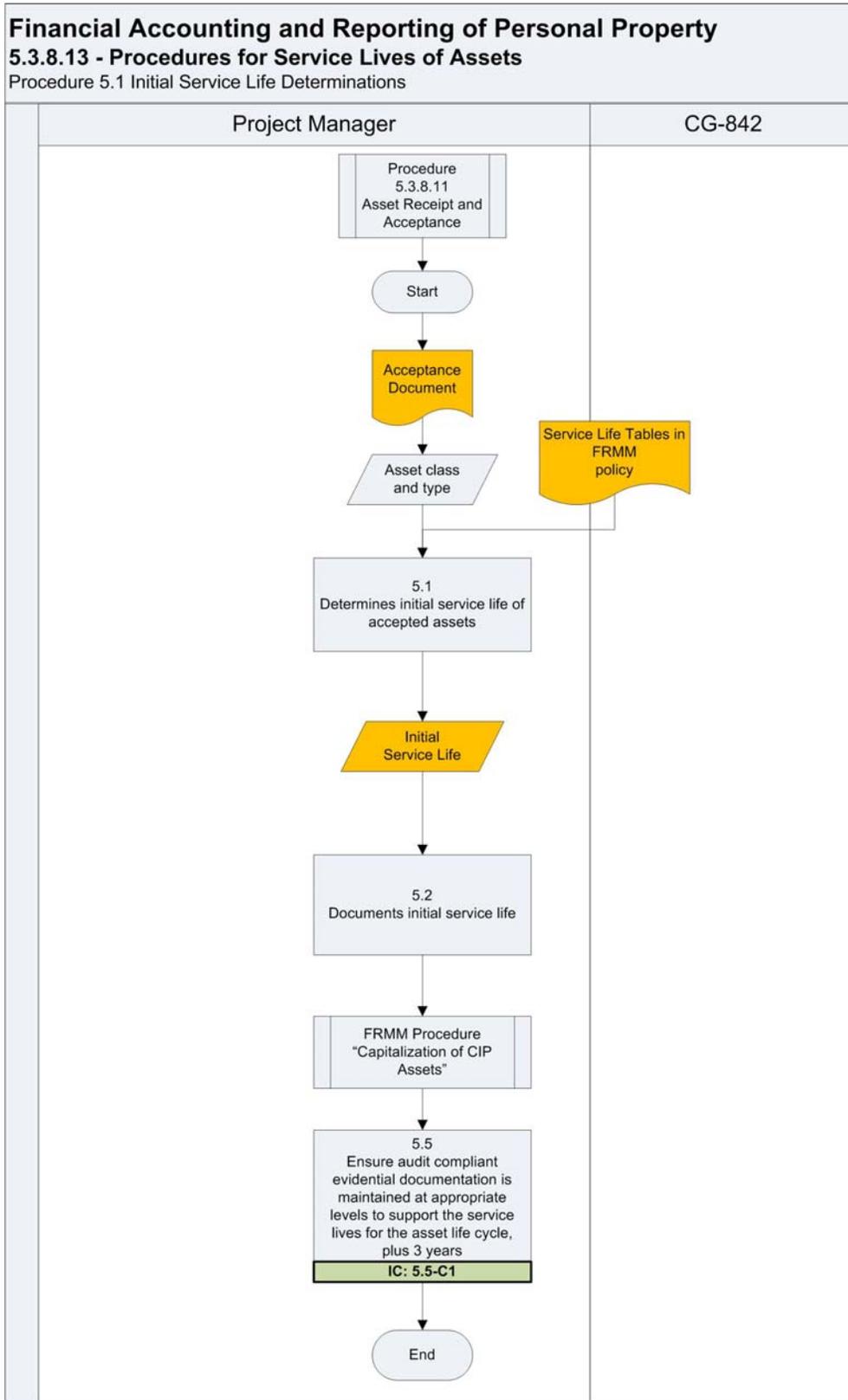
Table 10.8 Reporting Initial Service Life of New Electronics Assets

Reporting Initial Service Life of New Electronics Assets		
Type	Service Life	Effective Date
Electronics (Classes: Systems, Stand Alone, Test Equipment)	8 years	Oct-1995

Table 10.9 Reporting Initial Service Life of New Assets of Other Personal Property

Reporting Initial Service Life of New Assets of Other Personal Property		
Type	Service Life	Effective Date
Shipbuilding Machinery/Equipment (Yard Industrial Fund)	15 years	Oct-1995
General Purpose	5 years	Oct-1995
Vehicles	5 years	Oct-1995

Figure 10.10 Procedures for Service Lives of Assets



Tagging, Marking, and Identification of Assets**Procedure 10.3.7.14**

1.0 Overview**1.1 Procedure Summary**

1.1.1 Assets shall be identified in the fixed asset system so that an easy vouching and tracing to the physical asset can occur. Tagging certain categories (e.g., Personal Property, Test Equipment) of personal property assets allows for an easy tracing. Other categories (e.g., Aircraft, Vessels, Software) require a unique identification (e.g., tail number, hull number, software version number) that ties to the fixed asset system in order to ensure vouching and tracing can occur efficiently and effectively.

1.1.2 This procedure describes the process of identifying assets in order to effectively vouch and trace their use.

1.2 Inputs

1.2.1 Specific asset attribute identifying an asset

1.3 Outputs

1.3.1 Specific asset attribute documented on the Project Management Data Sheet (PMDS) in the CIP Project Package

1.4 Applications

1.4.1 N/A

1.5 Financial Statement Assertions

1.5.1 Completeness

1.5.2 Existence

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 United States Coast Guard, Property Management Manual, COMDTINST M4500.5A, (series)
- 2.3 United States Coast Guard, Standardized Bar Coding within the Coast Guard for Logistics Applications, COMDTINST 4000.4A, (series)
- 2.4 United States Coast Guard, Coatings and Color Manual, COMDTINST M10360.3C, (series)
- 2.5 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Managers shall ensure audit-compliant evidential documentation is provided and kept at appropriate levels to support tagging and asset identification for asset life cycle, plus three (3) fiscal years.

4.0 Responsibilities

- 4.1 Project Managers are responsible for:
 - 4.1.1 Ensuring that all assets are clearly tagged or identified with a specific asset attribute in order to vouch and trace from the accountable property record to the physical asset;
 - 4.1.2 Ensuring that Accountable Property Officers are notified to new assets under their control;
 - 4.1.3 Ensuring that specific attribute identified on an asset is included in CIP project packages for each asset;
 - 4.1.4 Ensuring audit-compliant evidential documentation is provided and kept at appropriate levels to support tagging and asset identification for asset life cycle, plus three (3) fiscal years.

5.0 Procedure

- 5.1 Project Managers shall ensure all assets are clearly identified with a specific asset attribute in order to vouch and trace from the accountable property record to the physical asset. Verification of specific attribute to identify for each particular class of asset are displayed in displayed in Table 5.10 below:

Table 10.10 Tagging and Identification Requirements for Various Asset Types

Type	Serial No. Field	Tag No. Field	Headquarters Program Office
Aircraft	Airframe No.	Tail No.	CG-41/71
Vessels	Hull No.	Hull No.	CG-45/75
Boats	HIN No.	Hull No.	CG-73
Electronic Systems	Model/Serial No.	System Generated No., Bar Code label	CG-64
Electronics Equipment (Stand Alone, Test Equipment)	Mfg Serial No.	System Generated No., Bar Code label	CG-64

Type	Serial No. Field	Tag No. Field	Headquarters Program Office
Vehicles	VIN No.	License Plate No.	CG-44
General Purpose	Mfg Serial No.	System Generated No., Bar Code label	CG-84
Shipbuilding Machinery/Equipment	Mfg Serial No.	System Generated No., Bar Code label	Yard

- 5.2** Project Managers shall notify Accountable Property Officers of new assets under their control and ensure that the asset delivered is affixed with a specific attribute in accordance with **Table 1 – Tagging and Identification Requirements for Various Asset Types** above.
- 5.3** Project Managers shall include the specific asset attribute associated with the asset on the PMDS in the CIP Project Package that will be submitted to the Office of Financial Reporting and Asset Management Commandant (CG-842) for review and approval as part of asset capitalization (see FRMM procedure, “Capitalization of CIP Assets”) **(IC: 5.3-C1)**.
- 5.4** Project Managers shall ensure audit-compliant evidential documentation is provided and kept at appropriate levels to support tagging and asset identification for asset life cycle, plus three (3) fiscal years **(IC: 5.4-C1)**.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
CEM	Control Evaluation Matrix
CIP	Construction-In-Progress
COMDTINST	Commandant Instruction
FRMM	Financial Resource Management Manual
PMDS	Project Management Data Sheet

Capitalization of CIP Assets

Procedure 10.3.7.15

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 The timely and accurate capitalization of assets resulting from personal property projects is essential to accurate financial statement preparation. This procedure provides guidance for the preparation, review, update, and approval of United States Coast Guard (USCG) Personal Property Construction-in-Progress (CIP) Project Capitalization Packages (herein referred to as CIP Packages) for accepted assets by Project Managers and the Financial Reporting and Asset Management Division, Commandant (CG-842)); and the forwarding of the completed CIP Packages to the Finance Center, Property Control Branch FINCEN (FR) for the recordation of the asset(s) capitalization costs in the Core Accounting System (CAS) Oracle Fixed Asset (FAM) module and removal of the relative costs from the Construction-in-Progress (CIP) accounts in the CAS Project Accounting (PA) module.
- 1.1.2 Upon the acceptance of personal property CIP project assets (*see FRMM procedure, "Asset Receipt and Acceptance," for information regarding the acceptance of personal property assets*), CIP Packages are prepared and reviewed by the Project Manager and delivered to Commandant (CG-842) for review, update, completion and approval. Once Commandant (CG-842) Program Analyst reviews and updates CIP Packages they are forwarded for review and approval by Commandant (CG-842) Division Chief for final approval signatures. The final approved CIP Packages are forwarded to FINCEN (FR) for the recordation of the capitalization of the assets in FAM and removal of related costs from CIP accounts in Oracle PA module. FINCEN (FR) maintains completed and approved CIP Packages and supporting documentation for audit purposes.

1.2 Inputs

- 1.2.1 Personal Property CIP Project Capitalization Packages (*See Table A – CIP Project Capitalization Package Table of Contents*)
- 1.2.2 Approved Acquisition, Construction, and Improvement (AC&I) Labor and Program Overhead Indirect Rate Sheets

1.3 Outputs

- 1.3.1 Approved CIP Project Capitalization Package
- 1.3.2 Removal of CIP costs from CAS PA
- 1.3.3 Capital Asset records in FAM

1.4 Applications

- 1.4.1 Core Accounting System (CAS), Oracle Project Accounting (PA) module
- 1.4.2 CAS, Oracle Fixed Assets (OFA) module

1.5 Financial Statement Assertions

- 1.5.1 Completeness
- 1.5.2 Existence
- 1.5.3 Valuation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Manager, Commandant (CG-842), and FINCEN (FR) shall ensure audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements and certifications related to the capitalization of assets related to personal property CIP projects for the asset life cycle period, plus three (3) fiscal years.

4.0 Responsibilities

- 4.1 Project Managers are responsible for:
 - 4.1.1 Ensuring that the costs of multiple assets are not combined for the purpose of meeting capitalization thresholds and that activity resulting in total asset costs below specified thresholds is expensed (*see FRMM procedures: "Procedures for Determining if Personal Property Projects meet Capitalization Criteria and Thresholds," for information regarding application of CG capitalization thresholds; "Accounting for Project Costs," for information regarding the classification of project costs as "Capitalize" or "Expense"; and "Periodic Review of CIP project Costs by PMs".*);
 - 4.1.2 Preparing and forwarding CIP Packages for accepted assets to Commandant (CG-842) for review within twenty (20) days from acceptance of assets;
 - 4.1.3 Providing any additional information requested from Commandant (CG-842) or FINCEN (FR) in relation to submitted CIP Packages within three (3) business days from receipt of request;
 - 4.1.4 Preparing and forwarding supplemental CIP Packages as necessary (for asset costs accumulated during and following the monthly accounting period in which the asset CIP package was prepared and submitted through the receipt of final invoice); and
 - 4.1.5 Ensuring audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements and certifications related to the capitalization of assets related to personal property CIP projects for the asset life cycle period, plus three (3) fiscal years.

- 4.2 Financial Reporting and Asset Management Commandant (CG-842) is responsible for:
 - 4.2.1 Reviewing CIP Packages for completeness and accuracy and communicating additional documentation and/or information requirements to the Project Manager for action within three (3) business days from receipt of CIP Packages;
 - 4.2.2 Reviewing and updating CIP Packages including:
 - 4.2.2.1 Ensuring cost schedules clearly identify costs to be capitalized related to individual assets and are presented in a manner which will allow for the accurate recordation of the capitalization of accepted assets by FINCEN (FR);
 - 4.2.2.2 Calculating AC&I labor and program overhead cost allocation for accepted assets;
 - 4.2.2.3 Completing and signing applicable CIP Package forms; and
 - 4.2.2.4 Submitting completed CIP Packages to Commandant (CG-842) Division Chief for review and approval;
 - 4.2.3 Forwarding approved CIP Packages to FINCEN (FR) within one (1) business day from receipt of CIP Packages from Project Manager; and
 - 4.2.4 Ensuring audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements and certifications related to the capitalization of assets related to personal property CIP projects for the asset life cycle period, plus three (3) fiscal years.
- 4.3 Finance Center, Property Control Branch FINCEN (FR) is responsible for:
 - 4.3.1 Recording assets in FAM and removing related costs from CAS PA within three (3) days from receipt of approved CIP Packages;
 - 4.3.2 Signing PMDS and notifying Commandant (CG-842) Program Analyst and Project Manager once all capitalization recording is complete and forms are signed;
 - 4.3.3 Maintaining copies of signed documentation and approved CIP Packages in the FINCEN (FR) project folder; and ensuring audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements and certifications related to the capitalization of assets related to personal property CIP projects for the asset life cycle period, plus three (3) fiscal years.

5.0 Procedure

During the CIP stage of personal property projects, the Project Manager conducts periodic reviews of project costs, (*see FRMM procedure, "Periodic Review of CIP project Costs by Project Managers"*).

During the acceptance stage of an asset, the Project Manager conducts a final review of personal property projects, (*see FRMM procedure, "Asset Receipt and Acceptance"*), which initiates the asset capitalization stage.

- 5.1 Project Manager prepares CIP Packages within twenty (20) days from acceptance of asset(s) to include all direct costs, associated with the asset(s), which have accumulated through the last day of the previous fiscal month.

Note: Project Manager shall ensure that all assets are capitalized at the “systems” level for Aircraft, Vessels, Boats, and Electronics Systems, meaning that the costs for all attached subsystems that support the asset are incorporated. CIP Packages must include related supporting documentation (e.g. invoices, receiving documents, MIPRs, 1034 and 1035, etc.); supporting schedules; and other relative documentation. (See section 7.0 Attachments, Table A - CIP Project Capitalization Package Contents.)
- 5.2 Project Manager signs and dates PMDS (see section 7.0 Attachments, Table B) certifying completeness and accuracy (**IC: 5.2-C1**) of direct costs associated with the asset(s) to be capitalized and forwards the completed CIP Package to Commandant (CG-842) Program Analyst for review within twenty (20) from acceptance of asset(s).
- 5.3 Commandant (CG-842) Program Analyst reviews and updates CIP Package, including the calculation of the applicable allocation of AC&I Labor and Program Management Overhead costs for each accepted asset using approved AC&I indirect rates, includes a prepared schedule of allocated costs in the CIP package, and documents completion of steps on the Project Checklist (see section 7.0 Attachments, Table C) within three (3) business days from receipt to ensure documentation is complete and accurate (**IC: 5.3-C1**).
 - 5.3.1 If errors are noted, documentation is incomplete, additional documentation is required, or if schedules are inadequate for FINCEN (FR) recording purposes, Commandant (CG-842) Program Analyst emails request for corrective actions to Project Manager for action.
 - 5.3.1.1 Project Manager takes necessary corrective actions and provides documentation and information requested with updated signatures to Commandant (CG-842) Program Analyst within three (3) business days from request.
- 5.4 Commandant (CG-842) Program Analyst reviews the completed CIP Package prepares, signs, and dates the applicable CIP package forms indicating certification of completeness and accuracy and completion of review (**IC: 5.4-C1**) and forwards the completed and reviewed CIP Package to Commandant (CG-842) Division Chief for approval.
- 5.5 Commandant (CG-842) Division Chief reviews the CIP Package for evidence of thorough review and completion (**IC: 5.5-C1**).
 - 5.5.1 If issues are noted the CIP Package is returned to Commandant (CG-842) Program Analyst for resolution.
 - 5.5.1.1 Commandant (CG-842) Program Analyst resolves issues noted with CIP Package and returns the package to the Commandant (CG-842) Division Chief within one (1) business day.
 - 5.5.2 If no issues are noted, Commandant (CG-842) Division Chief signs and dates the PMDS indicating approval and returns the package to Commandant (CG-842) Program Analyst within one (1) business day.

- 5.6 Commandant (CG-842) Program Analyst forwards the approved CIP Package to FINCEN (FR) within one (1) business day from approval.
- 5.7 FINCEN (FR) records assets in FAM and removes the related costs from the CIP accounts in CAS PA, using the CIP Package as supporting documentation, within three (3) days from receipt.
- 5.8 FINCEN (FR) signs the PMDS forms once all capitalization recording is complete and sends notification of FINCEN (FR) signature and completion of asset recording in FAM to the Commandant (CG-842) Program Analyst and Project Manager, and maintains copies of signed PMDS and completed CIP Packages in the FINCEN (FR) project folder for audit purposes **(IC: 5.8-C1)**.
- 5.9 Project Managers prepare and submit Supplemental CIP Packages within twenty (20) days upon completion of accumulation of associated costs. Supplemental CIP Packages will include asset costs incurred starting in the fiscal month in which the asset was accepted through the receipt of final invoice related to the construction of the asset or asset improvement. Supplemental CIP Packages will go through the same review, update, completion, and approval processes as CIP Packages (repeat steps 5.2 through 5.8).
- 5.10 Project Manager, Commandant (CG-842), and FINCEN (FR) shall ensure audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements and certifications related to the capitalization of assets related to personal property CIP projects for the asset life cycle period, plus three (3) fiscal years. **(IC: 5.10-C1)**.

6.0 Acronym Listing

<u>Acronyms</u>	<u>Definition</u>
AC&I	Acquisition, Construction, and Improvement
CAS	Core Accounting System
CEM	Control Evaluation Matrix
CIP	Construction-in-Progress
COMDTINST	Commandant Instruction
FINCEN (FR)	Finance Center, Property Control Branch
FRMM	Financial Resource Management Manual
OFA	Oracle Fixed Assets module
PA	Oracle Project Accounting Module
PMDS	Project Management Data Sheet
PSS	Project Summary Sheet
USCG	United States Coast Guard

Table 10.12 Capitalization of Assets Checklist

CAPITALIZATION OF ASSETS CHECK-LIST							
Project Name: Name of Project Project Number: CIP Project number							
Check List Review				Yes	No	N/A	Tab
1. Project Management Data Sheet (PMDS)							Tab 1
a.) Are the following clearly identified in the PMDS, Tab 2, Page 1?							
Is a completed PMDS form included in this project?							
2. Special Notes or Explanations							Tab 1
Are there any notes or explanations?							
3. Project Summary							Tab 3
a. Is a Project Summary included?							
1.) Does the Summary-Detail schedule tie to the Funding Profile?							
2.) Do all Project cost elements have supporting documentation?							
3.) Are there unsupported CIP expenditures associated with this project?							
4. Funding Profile (Sources of Funds)							Tab 4
<i>Funding Profile as of Date:</i>							
a.) Does the Capital Project Summary Report agree with the Control Sheet (Source and Use of Funds)?							
b.) Does the project have commitments, undelivered orders, or an unobligated balance?							
c.) Is the AC&I Labor funding separately identified by appropriation year?							
d.) Is the AC&I Overhead funding separately identified by appropriation year?							
5. Acceptance Document (DD-250 or equivalent)							Tab 1
a.) Is an acceptance document on file?							
b.) Is there documentation to support the date in service?							
c.) Does existing service life policy cover this asset?							
d.) If not, engineering decision memo with a new service life							
e.) Is the asset Tag Number, RFPN, or Name identified?							
6. Detail of Project Costs							Tab 5
a.) Is a CIP Transaction Report on file?							
b.) Are Capital Costs identified?							
c.) Are Expense Costs identified?							
e.) Do all Project cost elements have supporting documentation?							
6. Labor Allocation Schedule							Tab 6
a.) If applicable, is there a completed Labor allocation schedule?							
b.) Is the AC & I labor funding separately identified by appropriation year?							
7. Overhead Allocation Schedule							Tab 6
a.) If applicable, is there a completed Overhead Allocation schedule?							
b.) Is there Overhead associated with this project?							
10. Other Information							N/A
Prepared by: _____ Date _____ Reviewed by: _____ Date _____							

Table 10.13 Project Summary Sheet (PSS) Template

		Project Summary	
<p> Project Title: Name of Project Project Number: CIP Project number Asset Number: OPFAC: Site #: RPFN#: TAG Number: Modernization Date-In Service: Parent Asset Date-In-Service: </p>			
<hr/>			
Capitalized Costs:			
- Direct Capitalized Costs		\$	-
- AC&I Labor		\$	-
- Deepwater Overhead		\$	-
- ICP Costs		\$	-
- Indirect Costs		\$	-
	TOTAL CAPITALIZED COSTS	@	\$ -
Expensed Costs:			
Expense		\$	-
Prior Expense Recorded		\$	-
	TOTAL NON-CAPITALIZED COSTS	@	\$ -
Remain in CIP		\$	-
	TOTAL PROJECT COSTS	@	\$ -
	Source & Use Fund		-
	Variance		-
<hr/>			
Prepared By: _____		Date _____	
Reviewed By: _____		Date _____	
Approved by: _____		Date _____	
<hr/>			

Figure 10.11 Procedures for Capitalization of CIP Assets

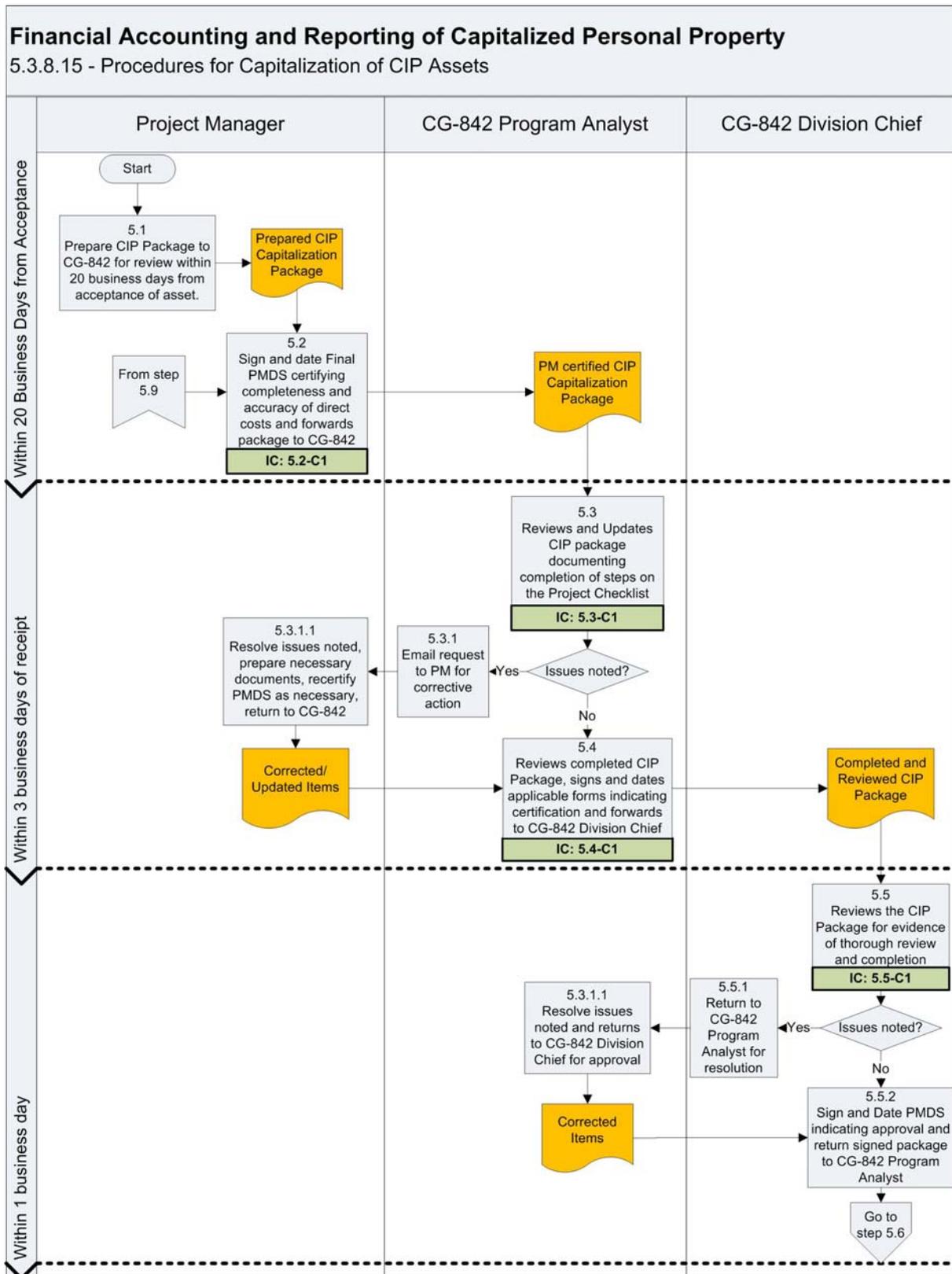
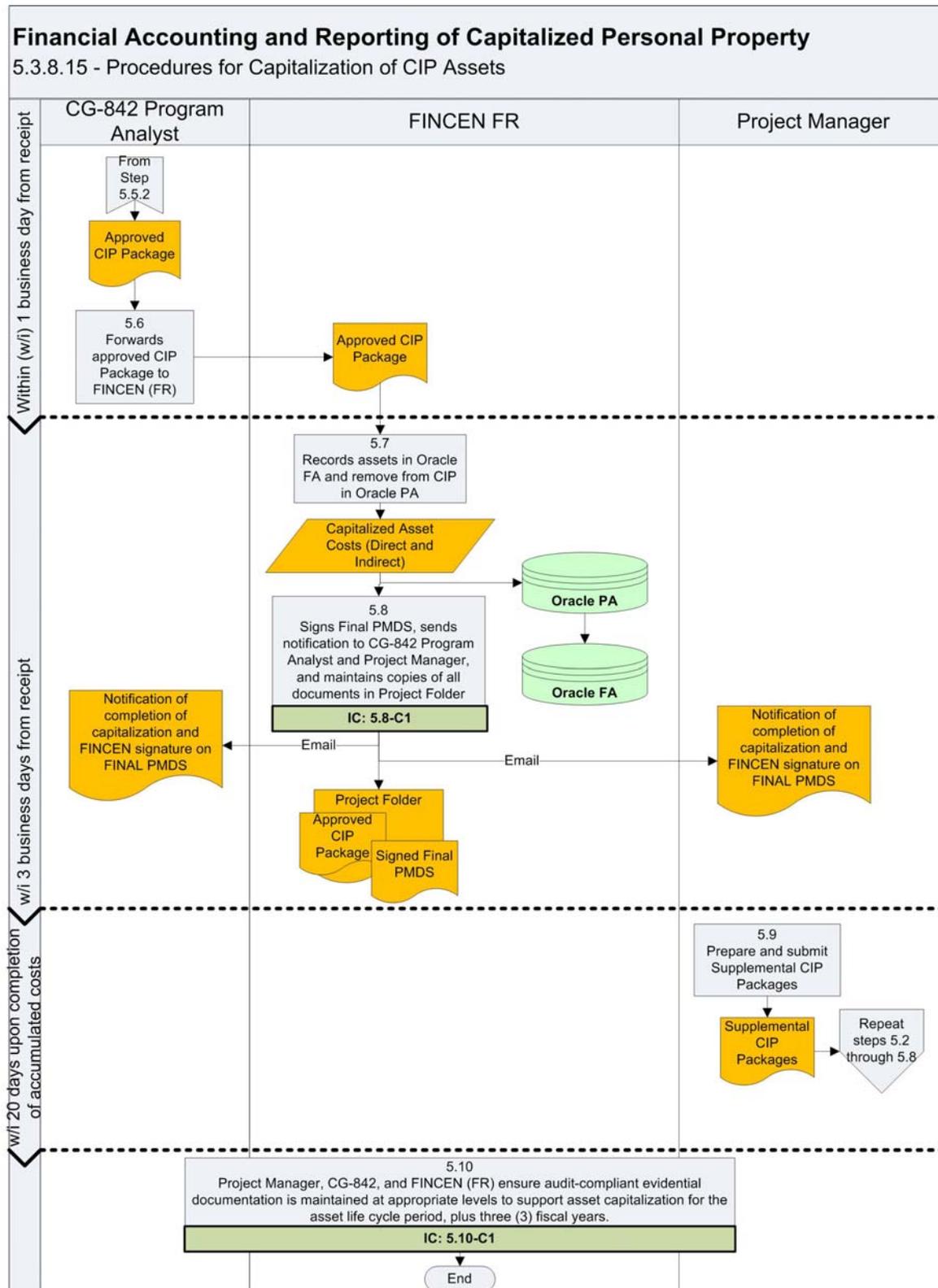


Figure 10.12 Procedures for Capitalization of CIP Assets (continued)



Abandonment of CIP Projects / Project Close-out**Procedure No. 10.3.7.16 & 10.3.7.17**

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 Upon completion of a personal property Construction-in-Progress (CIP) project (i.e. all assets have been delivered; all relative CIP project costs have been incurred and expended; or the project has been abandoned), the Project Manager shall initiate the project closeout process. Project Managers must notify the Financial Reporting and Asset Management Division Commandant (CG-842), and the Finance Center Property Control Branch (FINCEN (FR)) of project completion/abandonment and release the project for close-out to prevent further expenditures from being recorded to the project.
- 1.1.2 This procedure provides guidance to Project Managers, Commandant (CG-842), and FINCEN (FR) for the processes involved in CIP project closeout.
- 1.1.3 The process of closeout for an abandoned or completed CIP project ensures all costs have been recorded accurately and the project is properly reported in the Core Accounting System (CAS). The Project Managers ensure all costs have been reviewed, approved, and recorded, and all assets which fall under the project have been either 1) delivered and capitalized (see Financial Resource Management Manual procedure (FRMM-P) "Capitalization of CIP Assets," for information related to processes involved in delivered and capitalized assets) or 2) abandoned and written off. CIP projects may be abandoned due to various reasons, including but not exclusively:
 - 1.1.3.1 Advances in technology
 - 1.1.3.2 Changes in mission needs
 - 1.1.3.3 Construction failures
 - 1.1.3.4 Operational failures of prototypes
 - 1.1.3.5 Loss of funding

1.2 Inputs

- 1.2.1 Approved Abandonment Documents (if applicable)
- 1.2.2 Approved Project Closeout Documentation (e.g. CG Memorandum)
- 1.2.3 CIP Project Package

1.3 Outputs

- 1.3.1 Approved Abandonment Documentation
- 1.3.2 Notification of CIP Project Closeout
- 1.3.3 Approved CIP Project Package

1.4 Applications

- 1.4.1 Finance and Procurement Desktop (FPD)
- 1.4.2 CAS, Oracle Project Accounting (PA) module

1.5 Financial Statement Assertions

- 1.5.1 Presentation

- 1.5.2 Existence
- 1.5.3 Completeness
- 1.5.4 Valuation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

- 3.1 Project Managers, Commandant (CG-842), and FINCEN (FR) shall ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the abandonment and/or closeout of a CIP project relating to financial decisions, reporting requirements, and certifications for a period of three (3) fiscal years.

4.0 Responsibilities

- 4.1 Project Manager is responsible for:
 - 4.1.1 Gathering signed and dated copies of approved personal property CIP project abandonment and/or closeout decision documentation;
 - 4.1.2 Notifying Commandant (CG-842) and FINCEN (FR) of project abandonment and/or closeout;
 - 4.1.3 Coordinating with Commandant (CG-842) to determine disposal action plans for remaining inventory, material, and supplies (i.e. reutilize within the USCG; determine alternate uses by other federal agencies; donate asset outside USCG; scuttle, scrap, or sell);
 - 4.1.4 Performing comprehensive reviews of CIP projects within ninety (90) days from project abandonment or within twelve (12) months after last asset delivery, and verify if CIP project appropriated funds have been fully obligated and expended;
 - 4.1.5 Preparing CIP Project Package and forwarding prepared packages to Commandant (CG-842) for review and approval within thirty (30) days from final CIP project review.
 - 4.1.6 Gathering approved de-obligating documents if necessary;
 - 4.1.7 Ensuring that audit-compliant evidential documentation is maintained at appropriate levels to support the abandonment and/or closeout of a CIP project relating to financial decisions, reporting requirements, and certifications for a period of three (3) fiscal years.
- 4.2 Commandant (CG-842) is responsible for:

- 4.2.1 Coordinating with Project Manager to determine disposal action plans for remaining inventory, material, and supplies;
- 4.2.2 Reviewing CIP Project Packages for completeness and adequacy of supporting documentation;
- 4.2.3 Preparing final AC&I labor and program overhead indirect cost schedules and related journal vouchers;
- 4.2.4 Approving completed CIP Project Packages and forwarding approved packages to FINCEN (FR);
- 4.2.5 Ensuring that audit-compliant evidential documentation is maintained at appropriate levels to support the abandonment and/or closeout of a CIP project relating to financial decisions, reporting requirements, and certifications for a period of three (3) fiscal years.
- 4.3 FINCEN (FR) is responsible for:
 - 4.3.1 Recording and processing transactions related to the abandonment and/or closeout of a CIP project;
 - 4.3.2 Ensuring that audit-compliant evidential documentation is maintained at appropriate levels to support the abandonment of a CIP Project relating to financial decisions, reporting requirements, and certifications for a period of three (3) fiscal years.
 - 4.3.3 Ensuring that audit-compliant evidential documentation is maintained at appropriate levels to support the abandonment and/or closeout of a CIP project relating to financial decisions, reporting requirements, and certifications for a period of three (3) fiscal years.

5.0 Procedures

- 5.1 Project Manager performs a comprehensive review of CIP projects within ninety (90) days from abandonment decisions, or within twelve (12) months after the last delivered asset.
 - 5.1.1 If the CIP Project has been abandoned continue to procedure step 5.2.
 - 5.1.2 If the CIP Project is completed the PM shall initiate the CIP project close-out process starting at procedure step 5.3.
- 5.2 Project Manager gathers related approved abandonment documentation, (e.g.: USCG decision memorandums relating to the termination of project, stop work orders, etc.,) from authorized personnel, (i.e. Program Manager, Admiral, and/or Commandant). Documentation must be signed and dated indicating approval by appropriate parties **(IC: 5.2-C1)**.
 - 5.2.1 Project Manager notifies Commandant (CG-842) and FINCEN (FR), in writing, of project abandonment **(IC: 5.2-C2)**.
 - 5.2.2 Project Manager and Commandant (CG-842) coordinate to determine the disposal plan of action for any inventory, supplies, materials, and parts, remaining as a result of project abandonment, (i.e. reuse within the USCG; determine alternate uses by other federal agencies; donate asset outside USCG; scuttle, scrap, or sell), in accordance with policies set forth in COMDTINST M4500.5 (series) Chapter 8.

- 5.3 Project Manager reviews CIP project account balances for completed/abandoned projects and determines if de-obligation of funds is necessary for any existing undelivered orders (UDO) balances.
- 5.4 If there are UDO balances related to the project, the Project Manager works with appropriate contracting personnel to resolve UDO issues.
- 5.5 If there are no UDO balances remaining on the project and all costs have been previously capitalized or expensed, Project Manager notifies Commandant (CG-842) and FINCEN (FR), in writing, of CIP project closeout (**IC: 5.5-C1**). The notification must include at a minimum:
- 5.5.1 Project Manager certification that no outstanding UDO balances remain
 - 5.5.2 All assets have been delivered
 - 5.5.3 All remaining material has been transferred or disposed
- 5.6 Project Manager prepares and forwards a CIP Project Package to Commandant (CG-842) for review and approval within thirty (30) days from completion of review and approval of project closeout (**IC: 5.6-C1**). The CIP Project Package includes: copies of approved de-obligating documents, final Project Management Data Sheet (PMDS) (with project close-out clearly marked), project summary sheet (if there are amounts remaining in project CIP accounts),

CIP Project Capitalization Package Contents	
<u>TAB</u>	<u>TITLE</u>
1	Project Management Data Sheet
2	Commandant (CG-842) Check List
3	Project Summary
4	Sources and Uses of Funds
5	Detail Transaction Report
6	Labor & Overhead Allocation
7	Project Closeout and Abandonment Documentation

- 5.7 Commandant (CG-842) reviews and approves (**IC: 5.7-C1**) the CIP Project Package for adequacy and completeness and forward to FINCEN (FR). If issues are noted, Commandant (CG-842) returns the CIP close-out package to the Project Manager for resolution (*return to step 5.6*).
- 5.8 FINCEN (FR) records any remaining transactions resulting from project closeout and close the CIP Project in CAS PA.
- 5.9 FINCEN (FR) shall sign (**IC: 5.9-C1**) the final project PMDS indicating completion of project closeout and notify Commandant (CG-842) and Project Manager.
- 5.10 Project Managers, Commandant (CG-842) and FINCEN (FR) ensure that audit-compliant evidential documentation is maintained at appropriate levels to support the abandonment of a CIP Project relating to financial decisions, reporting requirements, and certifications for a period of three (3) fiscal years (**IC: 5.10-C1**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
CAS	Core Accounting System
CEM	Control Evaluation Matrix
CIP	Construction-in-Progress
COMDTINST	Commandant Instruction
FINCEN (FR)	Finance Center, Property Control Branch
FPD	Finance and Procurement Desktop
FRMM	Financial Resource Management Manual
FRMM-P	Financial Resource Management Manual - Procedures
PA	Oracle Project Accounting Module
PMDS	Project Management Data Sheet
UDO	Undelivered Orders
USCG	United States Coast Guard

Direct Purchase of Assets

Procedure No. 10.3.7.18

(TO BE DEVELOPED)

Depreciation of Assets

Procedure No. 10.3.7.19

(TO BE DEVELOPED)

Alternate Valuation Methods for Assets**Procedure No. 10.3.7.20**

1.0 Overview**1.1 Procedure Summary**

1.1.1 The Office of Asset Management, Commandant (CG-844), employs generally accepted accounting principle (GAAP)-compliant alternative valuation methodologies, as well as alternate methodologies to support the date-in-service (DIS) for vessels and boats, when adequate historical cost and acquisition documentation do not exist. This procedure outlines the processes to be used in obtaining and reviewing supporting documentation required for developing reasonable estimates of cost and to establish DIS or mid-points for DIS in order to ensure that asset valuations are fully supported with reasonable estimates when historical cost documentation is unavailable and that alternate DISs are accurately recorded and supported.

1.1.2 The above is accomplished under the following phases:

1.1.2.1 Alternate Valuation Phases

1. Review available support within USCG for like-item support.
2. Review published price listed from manufacturers/vendors.
3. Request price certification from manufacturers/vendors.
4. Develop reasonable estimates for individual assets based on reconciled USCG budgetary requests and documented appropriations received.
5. Obtain third-party appraisals.

1.1.2.2 Alternate DIS Phases for Vessels and Boats

1. Obtain ship's plaques for vessel DIS.
2. Analyze Hull Identification Number (HIN) for boat DIS.

Note: Alternative methodologies for DIS only exist for vessels and boats, but methodologies will be developed for other asset types in the future.

1.2 Inputs

1.2.1 Existing asset folder.

1.2.2 Asset alternate valuation support documentation:

- 1.2.2.1 Like-item asset folder;
- 1.2.2.2 Manufacturer/vendor published price list;
- 1.2.2.3 Manufacturer/vendor price certification;
- 1.2.2.4 Budgetary request documentation;
- 1.2.2.5 Documented appropriations received;
- 1.2.2.6 Technical engineering documentation.

1.2.3 Asset alternate DIS support documentation:

1.2.3.1 Picture of Ship's plaque;

1.2.3.2 Boat HIN.

1.3 Outputs

1.3.1 Audit-compliant asset folders.

1.4 Applications

1.4.1 Oracle Fixed Asset module (FAM).

1.5 Financial Statement Assertions

1.5.1 Valuation.

1.5.2 Presentation and Disclosure.

2.0 References

2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 35, *Amending Statements of Federal Financial Accounting Standards 6 and 23*, October 14, 2009.

2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant and Equipment*, November 1995.

2.3 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 23, *Eliminating the Category National Defense Property, Plant, and Equipment*, May 2003.

2.4 Statements on Auditing Standards (SAS) 106, *Audit Evidence*, AU§326.

2.5 Title 33 Code of Federal Regulations (CFR), part 181.25. 2005 ed. - "*Hull Identification Number Format*".

2.6 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).

2.7 Information and Life Cycle Management Manual, COMDTINST M5212.12 (series).

3.0 Document Retention

3.1 FINCEN ensures audit-compliant evidential documentation relating to financial decisions, reporting requirements, and certification for capitalized property assets, specifically, procurement, acquisition, sustainment, transfer, disposal, and retirement documentation is maintained at FINCEN (FR) in an audit-ready status in accordance with USCG FRMM, COMDINST M7100.3 (series).

4.0 Responsibilities

- 4.1 Commandant (CG-84) and Commandant (CG-844) are responsible for initial and periodic asset folder review and approval at FINCEN (FR) for existence, completeness and adequacy of documentation to support the valuation and DIS of assets. When insufficient historical cost documentation is available, alternative methodologies must be employed.
- 4.2 The Office of Budget and Programs, Commandant (CG-82), and the Office of Resource Management, Commandant (CG-83), are each responsible for reviewing and ensuring that the respective budgetary request and documented appropriation received is complete and accurate for each fiscal year reconciliation package when the budgetary estimate methodology is used.
- 4.3 Program Offices, as outlined in the table below, are responsible for providing supporting documentation for asset alternative valuation and DIS, as requested by Commandant (CG-844). Some types of supporting documentation are but not limited to, technical engineering documentation, pictures of ship's plaques, and boat HIN's.

Table 10.14 Program Offices by Asset Type

Asset Type	Program Office	Engineering Program Office	Acquisition / Improvement Program Office
Aircraft	CG-711	CG-41	CG-931 / ALC
Vessels	CG-751	CG-45	CG-932 / SFLC
Small Boats	CG-731	CG-45	CG-932 / SFLC

- 4.4 FINCEN (FR) Branch Chief is responsible for ensuring that individual asset folders are prepared, accessible, and retain procurement, acquisition, transfer, sustainment, and disposal/retirement documentation in an audit-ready status for real and personal property capitalized assets.

5.0 Procedures

5.1 Alternate Valuation Phases

Based on the best, readily available information, reasonable estimates will be used for asset valuation purposes when adequate historical cost documentation is unavailable. The hierarchy listed below is ordered based on least costly, least amount of resources (personnel time and funds) expended to complete (i.e. like-item) to most costly, most amount of resources expended (i.e. third-party appraisal) to complete.

- 5.1.1 When it is determined that alternate valuation documentation is needed for a specific asset, Commandant (CG-844) shall first review asset folders of potential like-items located at FINCEN (FR) for existence, completeness,

and adequacy of documentation. Like-items are generally defined as an item in the same class of item that is used for the same function, is of similar form and fit, is of the same relative size, and is expected to provide virtually the same operational utility.

Note: “Same class of item” in this context means the same Oracle major category.

- 5.1.2 If no like-items documentation exists, the next preferred alternate valuation method is using a published price list for the same or a similar item from the original equipment manufacturer (OEM) or a vendor involved in the manufacture of the same or a similar item.
- 5.1.3 If no published price lists exist, the next preferred alternate valuation method is using an actual price certification from the OEM or a vendor involved in the manufacture of the same or a similar item. Commandant (CG-844) will contact the OEM or another appropriate vendor to obtain a letter on the vendor’s letterhead stating a reasonable amount of asset specific information demonstrating that the asset in question and the asset quoted by the vendor are similar enough for comparative purposes, and what the vendor would currently charge for that asset.
- 5.1.4 If a like-item with GAAP-compliant historical cost documentation, published price list, or price certification is used as the reasonable estimate of cost, the cost shall be indexed for deflation/inflation to the asset in question’s DIS using Consumer Price Index (CPI) values obtained from the Bureau of Labor Statistics (BLS). A CPI calculator can be found on the BLS website at <http://data.bls.gov/cgi-bin/cpicalc.pl>. The date of acquisition of the like-item, date of print of the published price list, or the date of price certification from the vendor will be used as the base date, and the cost will be indexed to the asset’s DIS.
- 5.1.5 If no OEM certification is available, then budgetary estimates shall be used. The goal of the budgetary estimate valuation methodology is to use third-party (e.g. Congressional) and internal documentation to determine programmatic (e.g. seagoing buoy tender procurement, medium range helicopter re-engining, Seattle Pier 37 re-location, etc.) funding levels to be expended by the USCG in any given year. The funding will be reconciled at the appropriation level with Public Law (PL) and allocated to individual programs based on information provided in Congressional Conference; House and Senate committee reports; USCG C-stage budget requests; Apportionment and Reapportionment Schedule, SF 132; Report on Budget Execution and Budgetary Resources, SF 133; and other obtainable, relevant documentation.
- 5.1.6 Typically, any given fiscal year’s appropriation for the USCG will be passed as a PL at the departmental level (e.g. the Department of Treasury until 1964, the Department of Transportation until 2003, and currently the Department of Homeland Security). At times, the USCG will be appropriated funds via a continuing resolution or Omnibus bill w/the Department and the entire or other portions of the federal government. This appropriation will come w/the Department’s name first followed by other

bureau-level agencies. The USCG generally has the following order to its appropriations: Operating Expenses (OE); Acquisition, Construction, and Improvement (AC&I); Retired Pay (RP); Research, Development, Test, and Evaluation (RDT&E); Environmental Cleanup and Restoration (EC&R); Alteration of Bridges (AB); and Boat Safety (BS). However, other appropriations have existed at different times throughout the USCG's history. In general, more granular and precise information for each appropriation and the USCG appropriation itself exists in more current years.

5.1.6.1 When detailed appropriations information is more difficult to locate based on larger appropriations (e.g. Omnibus Bills), continuing resolutions, etc. Congressional conference and committee reports; legislative history; Apportionment and Reapportionment Schedule, SF 132; and Report on Budget Execution and Budgetary Resources, SF 133; are good sources for reconciliation and for determining programmatic funding levels as well. Using the internal C-stage information and the Congressional Conference, House and Senate committee reports, and other legislative history, the appropriation must be reconciled at the programmatic funding level. Using internal and external documentation, every attempt will be made to determine total funding received for any given year, and how that funding should be allocated to each program at the congressionally authorized level.

Note 1: Supplemental appropriations will be made available to the USCG through direct appropriations to the USCG or through funding made available to other departments (most frequently through the United States Navy's (USN) AC&I shipbuilding and conversion appropriations). Sometimes the funding is given to the USCG from the USN for USCG-use, and other times the funding remains w/the USN to be spent by the USN, but to supplement and/or benefit USCG operations. Funding rescissions and transfers also occur at Congressional direction, and may affect new or historical funding. Detailed information on rescissions and transfer is not always available in the PL, so other information will need to be used determine the actual impact on USCG funding (e.g. Congressional conference reports, legislative history, SF 132's, etc.).

Note 2: Legal libraries (including the USCG Headquarters legal library), the Library of Congress (including <http://thomas.loc.gov>), or any library w/the bound or electronic versions of PL's, congressional actions, and/or legislative history are excellent resources for obtaining copies of appropriations, Congressional conference, House and Senate committee reports, legislative history, and other explanatory information on appropriations.

- 5.1.6.2 Upon reconciliation of the programmatic funding levels for a fiscal year, Commandant (CG-844) will route a fiscal year certification package that includes original appropriation(s); Congressional Conference, House, and Senate committee Reports and/or other legislative history; USCG C-Stage requests; the most recent Apportionment and Reapportionment Schedule, SF 132, and/or Report on Budget Execution and Budgetary Resources, SF 133; and a cover sheet documenting the reconciliation of all pieces of the package to Commandant (CG-82) for review and approval of budget request information. An example cover sheet is shown in Figure 10.13.
- 5.1.6.3 Upon approval by Commandant (CG-82), the fiscal year certification package will be routed to Commandant (CG-83) for review and approval of budget received information.
- 5.1.6.4 Once fiscal year certification packages have received final approval for every year a program has received funding by Commandant (CG-84), individual asset values will be reasonably estimated based on funding line items assigned to individual or small groups of assets, and funding line items assigned to and allocated to individual assets purchased by a given program. An example of reasonable estimate cost allocation based on budgetary documentation is shown in Figure 10.14. If a reconciliation between initial and supplemental appropriations, transfers, and rescissions is not possible for all years a given program is funded, and programmatic funding levels cannot be reconciled for the asset in question, then the asset in question must use the last prescribed alternate valuation.
- 5.1.7 If no, or incomplete, budgetary estimate documentation exist, then the asset will be sent to a third-party appraiser. Commandant (CG-844) will contact the program office for the asset in question (see table 10.14) to ensure all assets within the class being appraised are similar in configuration (assets must have similar configuration for appraisal of entire class to be accurate).
 - 5.1.7.1 Commandant (CG-844) will then contact Appraisal Specialist to confirm documentation necessary for “desktop” versus “on-site” appraisal (desktop always first preference for appraisals) and obtain a cost estimate for appraisal.
 - 5.1.7.2 Commandant (CG-844) will obtain adequate technical engineering documentation from the program office (see table 10.14).
 - 5.1.7.3 Commandant (CG-844) will submit a funded procurement request (PR) to the relevant acquisition office, and work with the acquisition office until a contract is issued to an appraisal specialist for the appraisal of the asset(s) in question. At a minimum, the appraisal specialist will be contracted to issue a written appraisal report or memo for government review and

acceptance with a valuation for each asset appraised as well as a confirmed DIS.

5.2 Alternate DIS Phases for Vessels and Boats

- 5.2.1 The alternate methodologies for obtaining Vessel DIS from a ship's plaque may be obtained in three ways: actual delivery date on plaque when a date is available, midpoint calculation between two dates on plaque, and midpoint calculation of a year or month on a ship's plaque, or a combination of the above if the "Delivered date" is not on the plaque. An example is shown in Figure 10.15. A mid-point is calculated by determining the date equidistant from the two given dates. Microsoft Excel is a readily available application that has the capability to input two endpoints into separate cells, and have a third cell contain a function that returns the mid-point. Hand calculations of mid-point are heartily discouraged.
- 5.2.1.1 "Keel laid," "Launched", and "Commissioning" dates (Figure 10.16) are all non-"Delivered" dates found on USCG ship's plaques, and those dates are found in the following formats: "month, date, year," "month, year," (Figure 10.17) and "year" (Figure 10.18) If available, the "month, date, year" will be used. When only the month and year is found, the mid-point of the month will be used. When only the year is found, the mid-point of the year will be used.
- 5.2.1.2 Since the "Keel laid" date typically occurs prior to USCG acceptance, and since "Commissioning" typically occurs after USCG acceptance, a mid-point calculation between these two specific dates (or calculated mid-points) is considered the most preferred DIS after "Delivered" date. If only another combination of two of the above three dates exist, those dates shall be used to calculate a mid-point for DIS. If only one of the above dates exists, it will be used as the DIS. In effect the hierarchy for the alternate DIS from a ship's plaque is: 1.) "Delivered" date, 2.) mid-point between "Keel-laid" date and "Commissioned" date, 3.) mid-point between two other types of dates or mid-points mentioned above, 4.) actual or mid-point date from plaque, when only one date appears.
- 5.2.2 The alternate methodology for establishing a boat DIS is based on the boat HIN. Boat HIN's consist of twelve characters, uninterrupted by slashes, hyphens, or spaces. The first three characters are the manufacturer's assigned identification code or the importer designation. Characters four through eight must be a serial number assigned by the manufacturer in letters of the English alphabet, or Arabic numerals, or both, except the letters I, O, and Q. Characters nine and ten indicate the month and year of certification if a date of certification is required. In all other cases, characters nine and ten indicate the date of manufacture. The date indicated can be no earlier than the date construction or assembly began and no later than the date the boat leaves the place of manufacture, assembly, or is

imported into the United States for the purposes of sale. Character nine must be indicated using letters of the English alphabet. The first month of the year, January, must be designated by the letter “A”, the second month, February, by the letter “B”, and so on until the last month of the year, December, which is designated by the letter “L.” Character ten must be the last digit of the year of manufacture or certification and must be an Arabic numeral. Characters eleven and twelve must indicate the model year using Arabic numerals for the last two numbers of the model year such as “97” for 1997 and “98” for 1998 (33 CFR 181.25). An example and further explanation of current and prior HIN schema is shown in Figure 10.19. The midpoint of the month included in the HIN for the date of certification/date of manufacture shall be used as the alternate DIS.

- 5.2.3 Upon selection and use of one of the above alternate valuation methodologies and alternate DIS methodologies, the acquired documentation will be used to correct the asset records using the FRMM-P Procedure 10.3.7.32: Correction of Records.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
AC&I	Acquisition Construction, & Improvement
ALC	Aviation Logistics Center
BLS	Bureau of Labor Statistics
C-Stage	USCG Congressional Stage Budget Request
CFR	Code of Federal Regulations
CG-41	Office of Aeronautical Engineering
CG-45	Office of Naval Engineering
CG-711	Office of Aviation Forces
CG-731	Office of Boat Forces
CG-751	Office of Cutter Forces
CG-82	Office of Budget and Programs
CG-83	Office of Resource Management
CG-84	Office of Financial Policy and Systems
CG-844	Office of Asset Management
CG-9	United States Coast Guard Acquisition Directorate
CPI	Consumer Price Index
DHS	Department of Homeland Security
DIS	Date(s)-in-service
DOL	Department of Labor

FASAB	Federal Accounting Standards and Advisory Board
FINCEN (FR)	Finance Center, Property Control Branch
FRMM	Financial Resource Management Manual
GAAP	Generally Accepted Accounting Principles
HIN	Hull Identification Number
OE	Operating Expenses
OFA	Oracle Fixed Assets
PL	Public Law
PR	Procurement Request
SF 132	Apportionment and Reapportionment Schedule [form]
SF 133	Report on Budget Execution and Budgetary Resources [form]
SFFAS	Statement of Federal Financial Accounting Standards
SFLC	Surface Forces Logistics Center
USN	United States Navy

Figure 10.13 Fiscal Year Certification Package Cover Sheet

 Historical Budget Documentation Reconciliation Findings and Recommendations Approval Summary Form		Fiscal Year: _____ USCG C-Stage: _____ Conference Report: _____ Appropriation: _____ SF-122: _____	
A. Summary of Findings			
Part I	C-Stage Documentation	USCG	Support Documentation
	Vessels	FY 1997	(A)
	Survey & Design - Cutters and Boats	500,000	
	WLB replacement procurement	54,500,000	
	WLM replacement procurement	90,000,000	
	47 ft (MLB) procurement	20,000,000	
	49 ft (LUS) procurement	0,500,000	
	Polar Icebreaker Replacement Follow-On	4,000,000	
	82 ft (RFB) Replacement Project	37,800,000	
	Configuration Mgmt	3,500,000	
	Surface Search Radar Replacement Proj.	0,900,000	
	Motor Surfboat Replacement Proj.	1,100,000	
	210 ft (RIBCC) Major Maint. Avail.	2,500,000	
	Polar Icebreaker Reliability Imp. Proj.	5,000,000	
	Vessel Subtotal	127,000,000	
	Aircraft		
	TCAS system procurement	5,700,000	
	GPD Installation (Phase II)	2,900,000	
	HC-130 Engine Conversion Proj.	0,800,000	
	HH-65A Kestrel rewing	2,000,000	
	HH-65A Kestrel comp. and reprocurement	2,000,000	
	Aircraft Subtotal	21,400,000	
	Shore		
	Survey & Design - Shore Facilities	0,000,000	
	Minor ACB shore const proj.	4,000,000	
	Mid-Atlantic Area Consolidation (Phase II)	1,300,000	
	Supp. Ct. Portsmouth Upgrade to Painting Facility	2,550,000	
	CG Yard Land-Based Ship Handling Facility	4,950,000	
	Supp. Ct. San Pedro Medical Facility Const.	3,700,000	
	Public Facility Quarters	12,000,000	
	Sta. Jansau Renovation/Expansion	2,000,000	
	Sta. Sebina Reconstruction	4,000,000	
	Relocate Ovarabono, KY CG Housing	2,000,000	
	San Juan, PR base reconstruction	12,000,000	
	A/OP Projects	5,000,000	
	Shore Subtotal	59,500,000	
	Other		
	Fleet Logistics System	9,300,000	
	VTS 2000	0,900,000	
	NIJLE Software Development	5,000,000	
	Conversion of Software Apps	0,900,000	
	FINCEN Info System Replacement	2,100,000	
	ALRES	4,800,000	
	National Distress System Modernization	1,000,000	
	Comms System 2000	4,000,000	
	Busy Tender Support Facilities	1,800,000	
	GMSDG (Phase V)	700,000	
	Personnel Mgmt Info System	1,900,000	
	com-FM High Site Upgrades (Phase II)	4,400,000	
	Other Subtotal	49,700,000	
	Admin		
	Direct Personnel Costs	49,150,000	
	Cost Allocation Costs	850,000	
	Admin Subtotal	47,000,000	
	1997 C-Stage Request Total	411,900,000	
Part II	Conference Report & Legislative History Documentation	H.R. 104-795	Support Documentation
	Conference Report		(B)
	Vessels		
	Survey & Design - Cutters and Boats	500,000	
	WLB replacement procurement	54,500,000	
	WLM replacement procurement	75,000,000	
	47 ft (MLB) procurement	20,000,000	
	49 ft (LUS) procurement	7,800,000	
	Polar Icebreaker Replacement Follow-On	4,000,000	
	82 ft (RFB) Replacement Project	33,180,000	
	Configuration Mgmt	3,500,000	
	Surface Search Radar Replacement Proj.	4,000,000	
	Motor Surfboat Replacement Proj.	1,100,000	
	210 ft (RIBCC) Major Maint. Avail.	2,500,000	
	Polar Icebreaker Reliability Imp. Proj.	5,000,000	
	Vessel Subtotal	219,580,000	
	Aircraft		
	TCAS system procurement	5,700,000	
	GPD Installation (Phase II)	1,900,000	
	HC-130 Engine Conversion Proj.	0,800,000	

Figure 10.13 (continued) Fiscal Year Certification Package Cover Sheet

		H4-65A Kipton reeling	2,000,000			
		H4-65A mission comp. unit replacement	2,000,000			
		H4-65.0504 (FY15 reprogramming)	160,000			
		Aircraft Subtotal	19,940,000			
	Shore	Survey & Design - Shore Facilities	6,000,000			
		Minor ACEI shore const proj	2,400,000			
		Mid-Atlantic Area Consolidation (Phase II)	1,500,000			
		Supp. Cr. Portsmouth's Upgrade to Painting Facility	2,000,000			
		CG Yard Land-Based Ship Handling Facility	4,950,000			
		Supp. Cr. San Pedro Medical Facility Const	3,700,000			
		Public Facility Quarters	12,000,000			
		Sta. Jansau Renovation/Expansion	2,000,000			
		Sta. Sabine Reconstruction	4,000,000			
		Relocate Owenboro KY CG Mooring	2,000,000			
		San Juan, PR base reconstruction	7,000,000			
		Admin projects	9,000,000			
		Shore Subtotal	62,350,000			
	Other	Fleet Logistics System	9,500,000			
		VTS 2030	-			
		MSLE Software Development	5,000,000			
		Conversion of Software Apps	6,000,000			
		FINCEN Info System Replacement	2,100,000			
		ADMIS	4,800,000			
		National Distress System Modernization	1,000,000			
		Comms System 2030	4,000,000			
		Baby Tender Support Facilities	1,800,000			
		GM200 (Phase V)	700,000			
		Personnel Mgmt Info System	1,800,000			
		WHF-FM High Site Upgrades (Phase II)	4,400,000			
		VTS requirements evaluation	1,000,000			
		Other Subtotal	41,700,000			
	Admin	Direct Personnel Costs	45,400,000			
		Cost Acquisition Costs	950,000			
		Admin Subtotal	46,350,000			
		Conf. Report Appropriated Funds	374,940,000			
Part III	Appropriation Documentation	P.L. 104-205	833/1995	374,940,000	Support Documentation	ⓔ
		- OS/TF		(20,000,000)		
		Total Appropriation		354,940,000		
Part IV	Appropriation Documentation	SP-150 multiple accts	833/1997	354,940,000	Support Documentation	ⓔ
B. Final Reconciliations						
	Reconciliations	C-Stage Documentation	411,800,000	Part I		
		Conference Report Correction	(20,760,000)	Part II correction		
		C-Stage Corrected with Conference Report Changes	374,940,000	Part I + Part II correction		
		Conference Report & Legislative History Documentation	374,940,000	Part II		
		Reconciliation #1	Reconciled	Part I - Part II		
		Appropriation Documentation	354,940,000	Part III		
		Appropriation Documentation	354,940,000	Part IV		
		Reconciliation #2	Reconciled	Part III - Part IV		
Prepared by:	_____					
	(Printed Name and Signature)					Date
Reviewed by:	_____					
	CG-82 Budget Reviewer (Printed Name and Signature)					Date
Reviewed by:	_____					
	CG-83 Budget Execution (Printed Name and Signature)					Date
Approved by:	_____					
	CG-85 (Printed Name and Signature)					Date

Figure 10.15 Diagram of CGC OBION Plaque
month and year only (delivered date)

BUILDER
GIBBS CORPORATION
JACKSONVILLE FLORIDA
HULL N^o 621
COAST GUARD CONTRACT N^o
TCG 41516
DELIVERED DECEMBER 1961

Figure 10.16 Diagram of CGC HATCHET Plaque
month and year only (various dates used for mid-point calculation)

U.S. COAST GUARD CUTTER
HATCHET
INLAND CONSTRUCTION BUOY TENDER
BUILT BY DORCHESTER SHIPBUILDING CORP.
DORCHESTER, N.J.
KEEL LAID MAR. 1965
LAUNCHED MAR. 1966
COMMISSIONED JUN. 1966

Figure 10.17 Diagram of CGC OBION's Barge Plaque
month and year only (launch date)

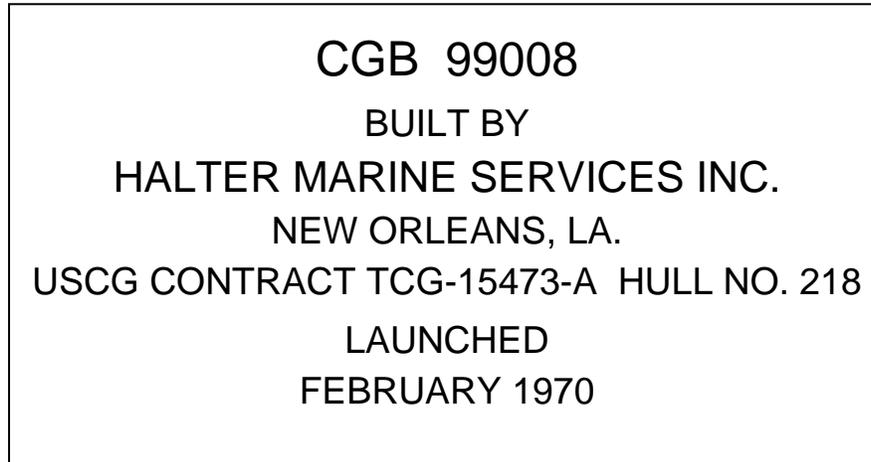


Figure 10.18 Diagram of CGC EAGLE Plaque
year only

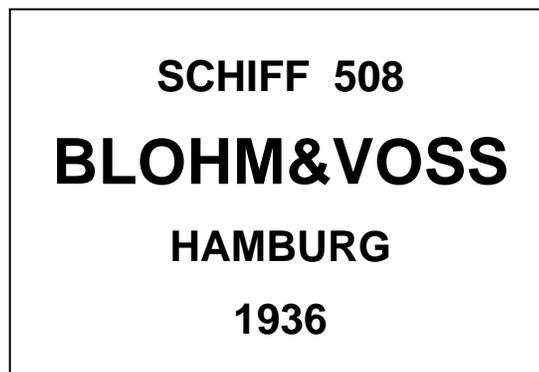
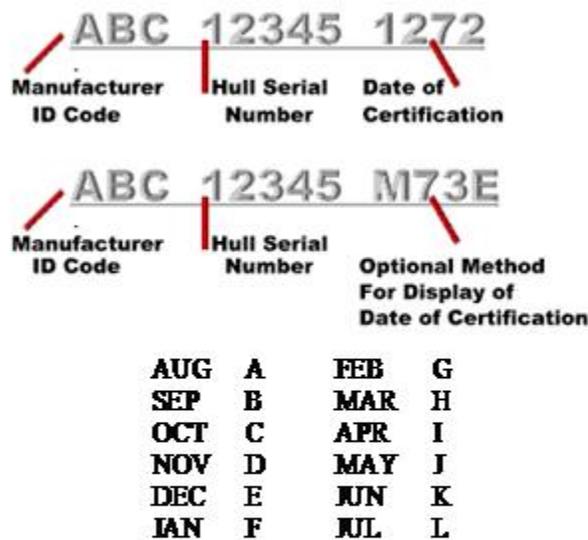


Figure 10.19 Boat HIN Number Format

All boats manufactured or imported on or after November 1, 1972 must bear a HIN. The HIN is a 12 character serial number that uniquely identifies your boat. The HIN has an important safety purpose. It enables manufacturers to clearly identify for boat owners the boats that are involved in a defect notification and recall campaign. A HIN is not the same as a State registration number, which may be required to be displayed on the bow of your boat. The HIN is a Federal requirement; your boat's registration number is a State requirement similar to the license plate on your car. The HIN, however, is required to be shown on the State certificate of registration.



*Key to Month of Model Year

Figure 1 - HIN Formats Before August 1, 1984

The boat manufacturer must display two identical hull identification numbers, no less than one-fourth of an inch high, on each boat hull. The primary HIN must be permanently affixed (so that it can be seen from outside the boat) to the starboard side of the transom within two inches of the top of the transom, gunwale, or hull/deck joint, whichever is lowest. On boats without transoms or on boats on which it would be impractical to the transom, the HIN must be affixed to the starboard outboard side of the hull, aft within one foot of the stem and within two inches of the top of hull side, gunwale, or hull/deck joint, whichever is lowest. The starboard outboard side of the hull aft is the preferred HIN location for many manufacturers. On catamarans and pontoon boats the HIN must be affixed on the aft crossbeam within one foot of the starboard hull attachment.

Reutilization and Cannibalization of Assets

Procedure No. 10.3.7.21

(TO BE DEVELOPED)

Conversion in Lieu of Procurement of Assets

Procedure No. 10.3.7.22

(TO BE DEVELOPED)

Acquiring Assets through Transfers, Exchanges, and Donations

Procedure No. 10.3.7.23

(TO BE DEVELOPED)

Improvements to Personal Property Assets**Procedure No. 10.3.7.24**

1.0 Overview**1.1 Procedure Summary**

- 1.1.1 Throughout the lifecycle of personal property assets, various events may occur that could result in the need for improvements to one or more assets. These events may be caused by technological advances, inoperability, damage caused by natural disasters or changes in missions. This procedure document provides guidance for the financial reporting and accounting of personal property asset improvement projects.
- 1.1.2 Any improvement project which meets United States Coast Guard (USCG) capitalization criteria and thresholds (*see FRMM procedure, "Capitalization Thresholds"*), and extends the useful life and/or significantly increases the capability or capacity of the asset, should be treated as a personal property Construction-in-Progress (CIP) project.
Note: Aircraft periodic depot maintenance and Vessel maintenance and rehabilitations are considered maintenance activities that will facilitate the asset meeting its intended useful life. Costs related to these activities shall be expensed.
- 1.1.3 The costs of the improvement shall accumulate in the Core Accounting System(CAS) Oracle Project Accounting (PA) module. Once the project is completed, the associated capital costs will be transferred under a child record associated with the existing personal property record in the CAS Oracle Fixed Accounting (OFA) module. If the existing asset is fully depreciated and has a net book value (NBV) of zero (\$0), the capitalized costs are recorded in FAM as a child record and depreciation recognized over the estimated extended life of the asset as determined by the USCG engineering office. If the existing asset is not fully depreciated, the parent record is retired at the current NBV and rolled into the child record. The cumulative costs of the existing asset NBV and the capitalized costs of the improvement are then depreciated over the estimated extended life of the asset.

1.2 Inputs

- 1.2.1 Personal Property CIP Project Capitalization Package
- 1.2.2 Approved Acquisition, Construction, and Improvement (AC&I) Labor and Program Overhead Indirect Rate Sheets.

1.3 Outputs

- 1.3.1 Approved CIP Project Capitalization Package
- 1.3.2 Removal of CIP costs from CAS PA
- 1.3.3 Child Asset records in FAM (improved asset)

1.4 Applications

Core Accounting System (CAS), Oracle Project Accounting (PA) module
CAS, Oracle Fixed Assets (OFA) module

1.5 Financial Statement Assertions

Completeness
Existence
Valuation

2.0 References

- 2.1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series)
- 2.2 A-123 Documentation Control Evaluation Matrix (CEM) for Property

3.0 Document Retention

3.1 Project Managers, Commandant (CG-842) , and FINCEN (FR) shall ensure audit-compliant evidential documentation is maintained at appropriate levels to support the financial decisions, reporting requirements and certifications related to the improvement of an asset for the asset life cycle period, plus three (3) fiscal years.

4.0 Responsibilities

- 4.1 Project Managers are responsible for:
 - 4.1.1 Ensuring improvements to assets meeting capitalization thresholds are treated as new CIP projects;
 - 4.1.2 Following all project policy events (e.g., establishment, initiation) for all improvements, meeting the capitalization threshold; and
 - 4.1.3 Ensuring audit-compliant evidential documentation is kept to support the financial decisions, reporting requirements, and certifications related to the improvement of an asset for the asset life cycle period, plus three (3) fiscal years.
- 4.2 Financial Reporting and Asset Management Division Commandant (CG-842) is responsible for:
 - 4.2.1 Ensuring audit-compliant evidential documentation is kept to support the financial decisions, reporting requirements, and certifications related to the improvement of an asset for the asset life cycle period, plus three (3) fiscal years.
- 4.3 Finance Center Property Control Branch (FINCEN (FR)) is responsible for:
 - 4.3.1 Recording accounting entries related to the capitalization of personal property asset improvement projects in CAS PA and FAM; and
 - 4.3.2 Ensuring audit-compliant evidential documentation is kept to support the financial decisions, reporting requirements, and certifications related to the improvement of an asset for the asset life cycle period, plus three (3) fiscal years.

5.0 Procedure

- 5.1 Project Managers shall evaluate approved personal property asset improvement project documents to determine if the improvement project meets CG capitalization criteria and thresholds set forth in FRMM procedure “Determining if Personal Property Projects meet Capitalization Criteria and Threshold”.
 - 5.1.1 Costs accumulated related to improvement projects which do not meet capitalization thresholds shall be expensed.
 - 5.1.2 For improvement projects which meet both the capitalization threshold and would extend the useful life of the existing asset and/or increase the asset’s existing capability or capacity, the Project Manager shall follow the procedures outlined below.
- 5.2 Project Managers shall follow the guidelines set forth in the following FRMM CIP procedures for all capital improvement projects:
 - 5.2.1 Establishment of Personal Property Project;
 - 5.2.2 Initiating CIP Projects;
 - 5.2.3 Acquisition of Assets;
 - 5.2.4 Accounting for Project Costs;
 - 5.2.5 Periodic Reviews of CIP Project Costs by Project Managers;
 - 5.2.6 Periodic Reviews Of CIP Project Costs by Commandant (CG-842) and FINCEN (FR);
 - 5.2.7 Asset Receipt and Acceptance;
 - 5.2.8 In-Service Dates;
 - 5.2.9 Service Lives of Assets;
 - 5.2.10 Tagging and Identification of Assets; and
 - 5.2.11 Capitalization of CIP Assets
- 5.3 FINCEN (FR) shall create a child asset in FAM associated with the parent asset and record capitalized asset improvement costs in FAM as follows:
 - 5.3.1 If the existing asset is fully depreciated and has a net book value (NBV) of zero (\$0), the capitalized costs are recorded in FAM as a child record.
 - 5.3.2 If the existing asset is not fully depreciated, the parent record is retired at the current NBV and rolled into the child record.
- 5.4 Project Managers, Commandant (CG-842) Program Analyst, and FINCEN (FR) shall ensure audit-compliant evidential documentation is kept to support the financial decisions, reporting requirements, and certifications related to the improvement of an asset for the asset life cycle period, plus three (3) fiscal years (**IC: 5.4-C1**).

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
CAS	Core Accounting System
CIP	Construction-in-Progress
COMDTINST	Commandant Instruction
FINCEN (FR)	Finance Center, Property Control Branch
FRMM	Financial Resource Management Manual
IC	Internal Control
NBV	Net Book Value
OFA	Oracle Fixed Asset Module
PA	Oracle Project Accounting Module
USCG	United States Coast Guard

Figure 10.20 Procedures for Improvements to Personal Property

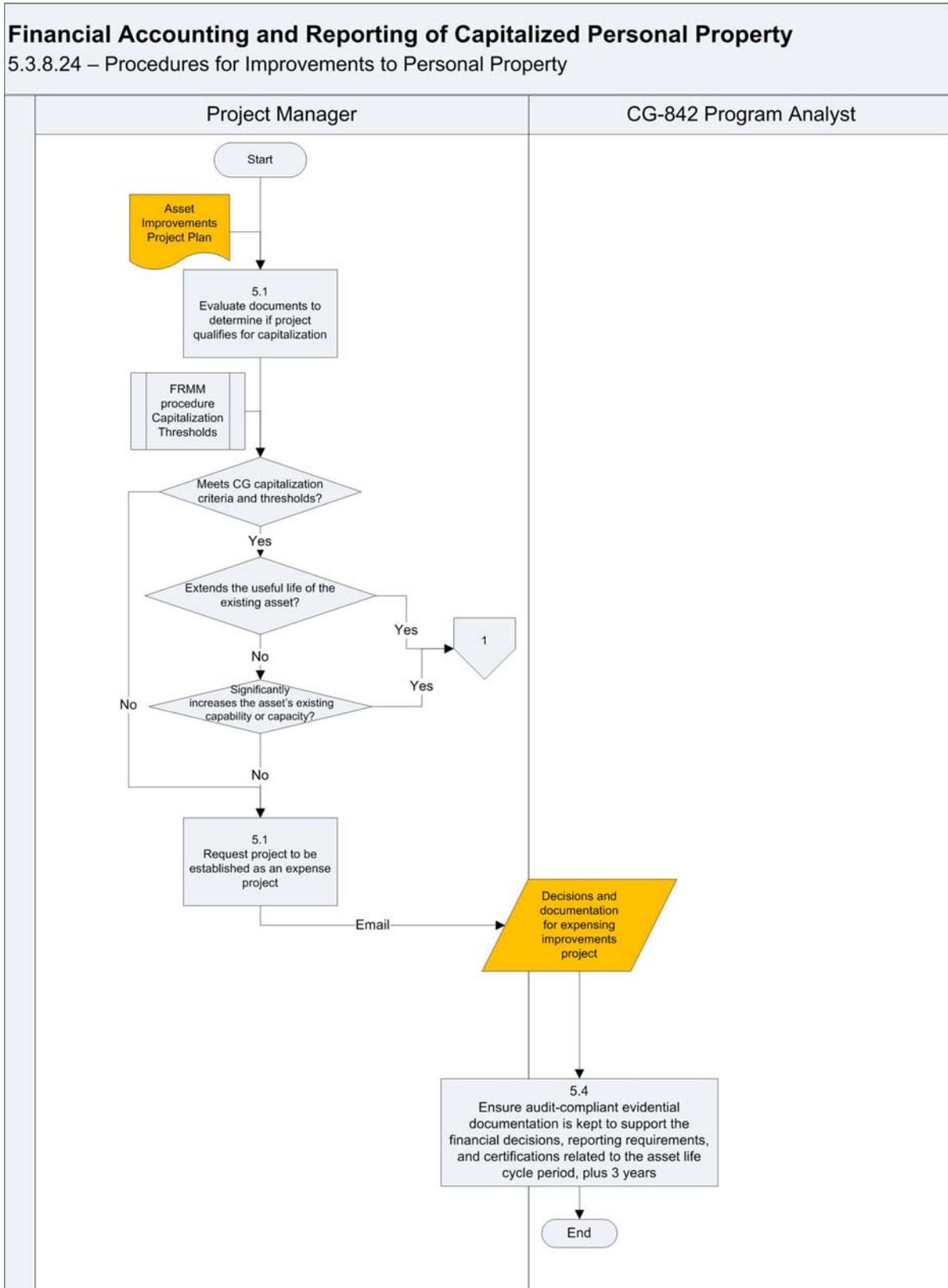
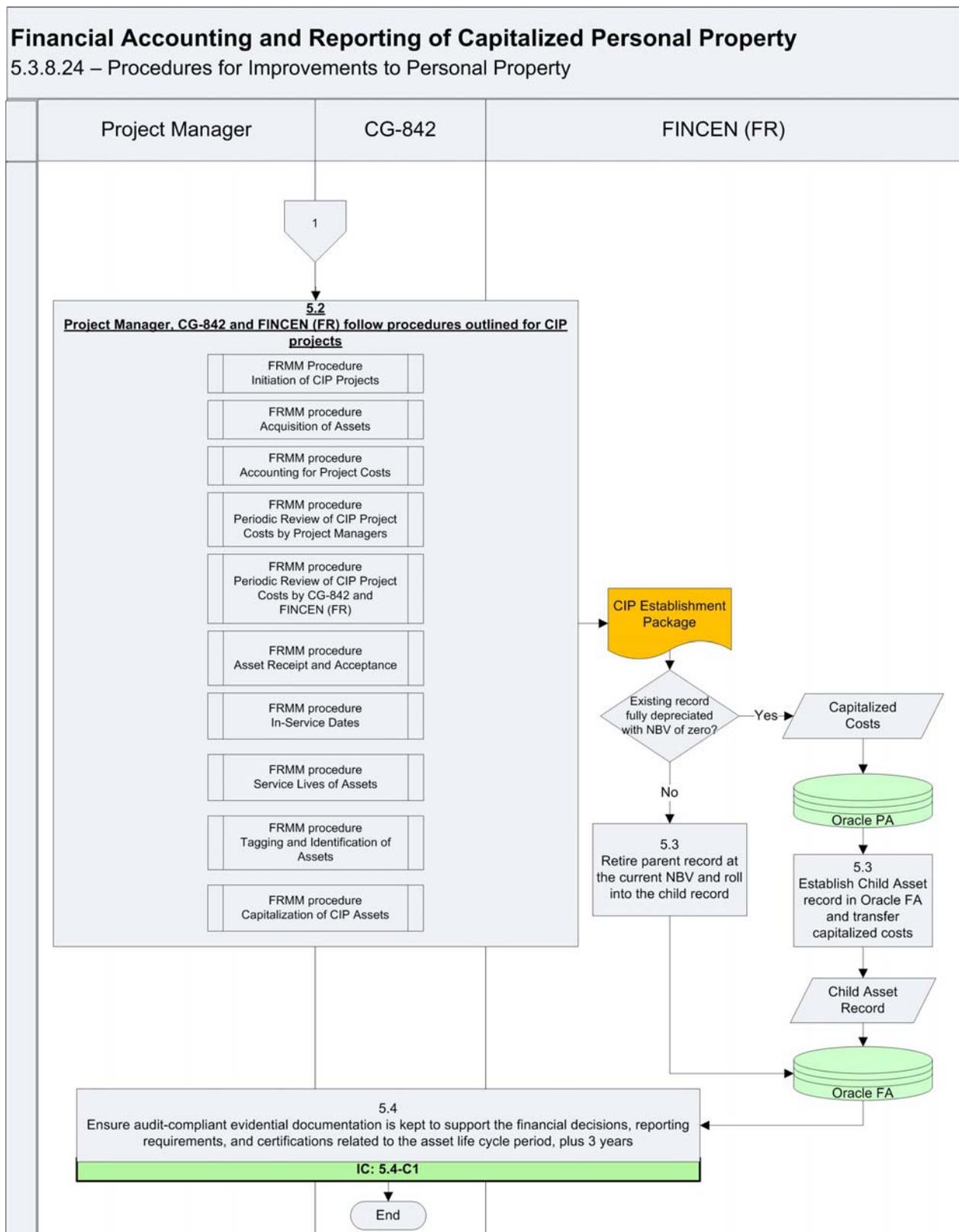


Figure 10.21 Procedures for Improvements to Personal Property (continued)



Periodic Review and Reporting of Asset Records

Procedure No. 10.3.7.25

(TO BE DEVELOPED)

Government Furnished Equipment

Procedure No. 10.3.7.26

(TO BE DEVELOPED)

Heritage Personal Property Assets

Procedure No. 10.3.7.27

(TO BE DEVELOPED)

Multi-Use Heritage Assets

Procedure No. 10.3.7.28

(TO BE DEVELOPED)

Physical Inventories of Assets**Procedure No. 10.3.7.29 & 10.3.7.30**

1.0 Overview**1.1 Procedure Summary**

The CG manages and maintains financial accountability for a variety of general property, plant, and equipment (PP&E) assets, which include personal property. The CG capitalized personal property consists of tangible assets having an estimated useful life of two (2) years or more, are not intended for sale in the ordinary course of operations, and have been acquired or constructed with the intention of being used or being available for use by the CG. Personal property can be acquired through direct acquisition, conversion, transfer, leases, donation or other appropriate means. Personal property that meets the capitalization thresholds consists of: aircraft, vessels, small boats, electronic systems, stand alone electronics, electronic test equipment, vehicles, general purpose property, internal use software, and heritage assets. The CG has no national defense personal property assets.

All unit commands of the CG are responsible for the proper safeguarding, management, monitoring, accounting, and reporting of PP&E. The Inventory Procedures will assist the CG property managers, accounting and financial officers, and other employees to understand their roles and responsibilities relating to personal property accountability, including: 1) government-owned personal property acquired on behalf of the CG; 2) personal property used under permit from other government agencies (OGA); 3) government-furnished equipment (GFE) provided to contractors; and 4) non-government owned personal property leased by the CG or assigned to the CG. The values of PP&E are recorded in the CG GL and reflected in the financial reports from Oracle FAM. All supporting documentation obtained during the physical inventory process, e.g. asset additions, deletions, and edits, will be submitted to Commandant (CG-842) with the inventory package.

1.1.1 Purpose

The purpose of the Inventory Procedure is to provide the guidelines for conducting the physical inventory of CG capitalized personal property. The objective of a physical inventory is to determine the existence (record-to-floor) of the assets, as well as the completeness (floor-to-record) of the assets and accuracy of the personal property records within the financial system of record (Oracle Fixed Asset Module). The physical inventory process is intended to reconcile the financial accountability records (Oracle FAM) with the subsidiary system records (e.g. ALMIS, AOPS, etc.) and make necessary adjustments for results of the actual personal property on hand to be in the

appropriate General Ledger (GL) accounts and reported in the financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

1.1.2 Scope

The Physical Inventory Procedure pertains to capitalized personal property only and applies to all CG units involved in controlling, managing, and overseeing personal property assets. The procedures for conducting a physical inventory of internal use software, heritage and multi-use heritage assets are to be covered in separate procedures in a future state. (This procedure can be used to execute a non capitalized property inventory until a standalone procedure is developed.)

Table 10.15 Personal Property Capitalization Thresholds

Asset Category	Per Asset Threshold
Aircraft, Vessels, Major Electronics Systems	\$200,000
Internal Use Software (Purchased after October 1, 2007)	\$750,000
Internal Use Software (Purchased prior to October 1, 2007)	\$200,000
General Purpose Property, Vehicles, Small Boats, Stand Alone Electronics, and Electronics Test Equipment (Purchased after October 1, 2003)	\$50,000
General Purpose Property, Vehicles, Small Boats, Stand Alone Electronics, and Electronics Test Equipment (Purchased prior to October 1, 2003)	\$25,000

1.3 Inputs

The inputs necessary for conducting the CG annual physical inventory of personal property are:

- 1.2.1 Chief Financial Officer requirement for inventory of capitalized personal property;
- 1.2.2 Oracle Fixed Asset Management (FAM) reports;
- 1.2.3 Supporting documentation for asset additions, deletions and edits; and
- 1.2.4 Subsidiary system reports.

1.4 Outputs

The outputs from conducting the CG annual physical inventory of personal property are:

- 1.3.1 100% review of all capitalized personal property;
- 1.3.2 Complete certified physical inventory package;
- 1.3.3 Oracle FAM updated for additions, deletions, and transfers of personal property;
- 1.3.4 Update to the physical inventory date in Oracle FAM;
- 1.3.5 Subsidiary system reconciliation with Oracle FAM;
- 1.3.6 Year-End Certification of Personal Property Assets; and
- 1.3.7 Accurate personal property records within Oracle FAM.

1.5 Applications

1.4.1 Financial System

1.4.1.1 Oracle Fixed Asset Module (Oracle FAM) - The official system for maintaining financial accounting and reporting information for the CG.

1.5.2 Subsidiary Systems

1.4.2.1 Aviation Logistics Management Information System (ALMIS) - System used to record the operations and logistics of aircraft (may also be used for some standard small boats).

1.4.2.2 Abstract of Operations System (AOPS) - System used to record the operational hours of small boats and vessels.

1.4.2.3 Auxiliary Management Information System (AUXMIS) - System used to record auxiliary activities, including the operations and logistics of auxiliary small boats, aircraft and electronics.

1.4.2.4 Fleet Logistics System (FLS) - System used to record the operational and maintenance aspects of electronics.

1.4.2.5 Shore Asset Management System (SAM) - System used to record the operational aspects of real property.

1.4.2.6 And others as appropriate.

1.6 Financial Statement Assertions

1.5.1 Existence

1.5.2 Completeness

1.5.3 Valuation

1.5.4 Rights and Obligations

1.5.5 Presentation and Disclosure

2.0 References

- 2.1 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant and Equipment, November 1995.
- 2.2 Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 35, Estimating the Historical Cost of General Property, Plant, and Equipment.
- 2.3 Department of Homeland Security (DHS), Management Directive 0565, Personal Property Management, December 2004.
- 2.4 Department of Homeland Security (DHS), Management Directive 1120, Capitalization and Inventory of Personal Property, June 2003.
- 2.5 United States Coast Guard, Financial Resource Management Manual (FRMM), COMDTINST M7100.3 (series).
- 2.6 United States Coast Guard, Property Management Manual (PMM), COMDTINST M4500.5 (series).

3.0 Document Retention

- 3.1 Commandant (CG-842), FINCEN Property Control Branch (FR), and Accountable Property Officers (APOs) shall ensure that audit-compliant evidential documentation is kept to support the planning, execution, decisions, approvals, and adjustments for all physical inventories for a period of three (3) fiscal years. APOs shall ensure that audit-compliant evidential documentation is kept to support the year-end certifications of personal property assets for a period of three (3) fiscal years.

4.0 Responsibilities

- 4.1 Commandant (CG-842) is responsible for:
- 4.1.1 Overall management oversight of the physical inventory of capitalized personal property;
 - 4.1.2 Planning all phases of the physical inventory and providing all participants with detailed instructions and guidance for conducting the inventory;
 - 4.1.3 Coordinating with the Operational Commanders/Program Offices to ensure all scheduled capitalized personal property inventories are completed; and
 - 4.1.4 Tracking and collecting inventory packages from field units and for submitting inventory packages to FINCEN (FR) for finalizing edits and updates within Oracle FAM.
- 4.2 FINCEN (FR) is responsible for:
- 4.2.1 Providing Commandant (CG-842) with Oracle FAM extracts for all capitalized personal property and other extracts as required by Commandant (CG-842);
 - 4.2.2 Approving and recording of all capitalized personal property additions, deletions and edits within Oracle FAM; and
 - 4.2.3 Updating personal property asset folders.
- 4.3 Operational Commanders/Program Offices are responsible for:
- 4.3.1 Ensuring the completion of the inventory and certification for all reporting units under their cognizance.
 - 4.3.2 Ensuring accurate asset counts and accurate asset location at the unit level.
- 4.4 The following offices act as the Program Officer for inventory reporting purposes:
- 4.4.1 Commandant (CG-44) (Vehicles)
 - 4.4.2 Commandant (CG-6) (Internal Use Software)
 - 4.4.3 Commandant (CG-643) (Electronics)
 - 4.4.4 Commandant (CG-711) (Aircraft)
 - 4.4.5 Commandant (CG-731) (Small Boats)
 - 4.4.6 Commandant (CG-751) (Vessels)
 - 4.4.7 Commandant (CG-842) (General Purpose)
- 4.5 Field units are responsible for:
- 4.5.1 Verifying existence as well as completeness and accuracy of capitalized
 - 4.5.2 Personal property assets;
 - 4.5.3 Submitting completed inventory packages to Commandant (CG-842) within the required timeframe; and
 - 4.5.4 For individual units with a sub-unit (e.g. Marine Safety Detachments, Station Smalls, etc.), the sub-unit must be specifically and separately mentioned

within the certification memo; also the parent unit must ensure and document that the same level of completeness and existence testing was performed at the sub-unit.

- 4.6 Commanding Officers (CO), Officer-in-Charge (OIC), and unit-level Supervisors (e.g. Uniform Distribution Center, Recruiting Offices, etc.) are responsible for:
 - 4.6.1 Certifying in writing by memorandum the existence and completeness of capitalized assets to Commandant (CG-842). See section (Tables) for the required inventory certification memorandum format.
- 4.7 Accountable Property Officers (APO) are responsible for:
 - 4.7.1 Overall management oversight of the physical inventory at the unit;
 - 4.7.2 Maintaining an effective administration program for the property accountability and control system within his/her area of responsibility;
 - 4.7.3 Designating custodial areas and property custodians to manage the personal property within a specified area;
 - 4.7.4 Ensuring all custodians are properly trained in the local processes and procedures;
 - 4.7.5 Providing custodians with current records for assets within their area;
 - 4.7.6 Ensuring reports for lost, missing or damaged (beyond normal wear and tear) items are properly and promptly reported on a report of survey;
 - 4.7.7 Evaluating the local system performance and program effectiveness;
 - 4.7.8 Establishing controls to ensure locally acquired assets meeting the accountable thresholds (mandatory tracking requirements) are met;
 - 4.7.9 Designating personnel to enter property acquisitions, transfers and disposals into the designated fixed asset system; and
 - 4.7.10 Developing procedures for custodians to conduct annual physical inventories of accountable property and all discrepancies are reconciled.
- 4.8 Property Custodians (PC); Individuals assigned day-to-day stewardship for personal property in a particular unit, area or organizational element, are responsible for:
 - 4.8.1 The day-to-day stewardship of personal property in a particular unit, area or organizational element;
 - 4.8.2 Assisting the CT with identification/location of assets and shall provide any supporting documentation pertinent to the location/condition of the assets being inventoried.
- 4.9 Count Team (CT); Two personnel independent of day-to-day management of property, are responsible for:
 - 4.9.1 Locating, identifying, and reconciling assets during the physical inventory process.
- 4.10 Property Administrator (PA); Individual assigned to make adjustments within Oracle FAM are responsible for:
 - 4.10.1 Entering all adjustments (edits, additions, deletions) into the official financial system of record (Oracle FAM) for asset categories for which they have access.
- 4.11 Contracting Officers and logistics managers are responsible for:
 - 4.11.1 Furnishing documentation to support existence for government furnished equipment (GFE);
 - 4.11.2 Furnishing valuation documentation from various acquisition sources.

Note: Many units have one Operational Commander, but hold inventory belonging to multiple programs (i.e. CGC CONFIDENCE may have a capitalized personal property item in each of the following categories: vessels, small boats, vehicles, and general purpose).

Note: Segregation of duties applies to the APO, PA and CT.

5.0 Procedure

- 5.1 **Planning Phase.** Each fiscal year Commandant (CG-842) shall develop and submit a CG-wide physical inventory plan for Commandant (CG-84) approval, no later than 30 September, for the upcoming fiscal year. The annual capitalized personal property physical inventory shall occur as close as possible to the fiscal year closeout in order to substantiate the general ledger (GL) balances and support year-end certification.
- 5.2 **Warning Order.** No later than thirty (30) days before commencing the inventory, Commandant (CG-842) shall prepare and release a message identifying the Count Phase commencement date, points of contact and other information as appropriate.
- 5.3 **Action Order.** No later than ten (10) days before commencing the inventory period, Commandant (CG-842) shall prepare and release a message directing all APOs to the Personal Property portal for detailed inventory instructions (Internal Control noted – I/C notation used from this point forward). Commandant (CG-842) shall create and post all of the following on the Personal Property website/portal:
 - 5.3.1 Chief Financial Officer (CFO) Year end messages;
 - 5.3.2 Timeline for meeting planned phases of the physical inventory;
 - 5.3.3 Physical Inventory Procedure and Appendices;
 - 5.3.4 Directions for running and downloading the Physical Inventory Report in Oracle FAM; and
 - 5.3.5 Sample certified physical inventory package for unit CO/OIC/unit-level Supervisor certifying inventory results.

Note: Units underway during the count phase that experience internet connectivity issues should contact Commandant (CG-842) directly for all required documentation via the CAP-PHY-INV e-mail in-box for assistance.

Note: The Capitalized Property Portal can be accessed via the following link:
<https://cgportal.uscg.mil/lotus/myquickr/2009-capitalized-property-physical-inventory>.
- 5.4 FINCEN (FR) Management and Program Analyst (MPA) shall send Oracle FAM extract reports to Commandant (CG-842) one (1) day prior to the count phase and at a minimum weekly until the Physical Inventory concludes.
- 5.5 APO or delegated representative shall review the warning order, action order and detailed physical inventory guidance documents from the Capitalized Property portal.
- 5.6 APO or delegated representative shall gather all pending and completed personal property Reports of Survey since the last inventory for submission with the physical inventory package.
- 5.7 APO or delegated representative shall run the Oracle FAM *Physical Inventory Report* in accordance with the job aids provided on the Capitalized Property website/portal (I/C).

- 5.7.1 APO will highlight all capitalized personal property assets to be inventory by the CT except heritage property and internal use software assets. Real Property; buildings, land, and structures is not considered personal property. **Note:** Some capitalized items listed in a capitalized major category may have acquisition cost below the threshold for a given category. If in doubt that an item is capitalized, the major asset category will dictate (i.e. an item in a capitalized electronics category is listed at \$1.00; that item should be considered capitalized based on the category).
Note: Internal use software will be covered under a future procedure.
Note: Units without capitalized property are required to submit complete certified inventory packages.
- 5.8 The APO shall ensure that the following personnel are available for the physical inventory:
- 5.8.1 Count Team (CT) – A minimum of two independent persons who have no direct interest in the outcome of an inventory. Multiple CTs are allowed. For internal control purposes, employees participating in physical inventories shall not be the same individuals who are responsible for the management and safeguarding of such property. APOs and Property Custodian's (PC) shall not be assigned to CTs; however, property management personnel and custodians may assist in locating, identifying, and reconciling assets during the physical inventory process.
- 5.8.2 Property Custodian (PC) – An individual assigned day-to-day stewardship for personal property in a particular unit, area or organizational element. The PC may assist the CT with identification/location of assets and shall provide any supporting documentation pertinent to the location/condition of the assets being inventoried.
- 5.8.3 Property Administrator (PA) – An individual assigned to make adjustments within Oracle FAM. All adjustments shall be entered into the official financial system of record (Oracle).
- 5.9 The APO shall distribute Oracle FAM *Physical Inventory Reports* to the CT (with capitalized assets identified in 5.7 highlighted) and provide local guidance and oversight for executing the inventory.
- 5.10 The CT shall conduct the "record-to-floor" physical inventory using the *Physical Inventory Report* generated from Oracle FAM. For each particular capitalized personal property line item on the Property Report, the CT shall:
- 5.10.1 Initial and date each capitalized personal property line item on the Property Report to indicate existence for that item (I/C) when inventoried. Annotate the following on the Property Report as appropriate:
- 5.10.2 Line-outs for asset deletions;
- 5.10.3 Write-ins for asset additions;
- 5.10.3.1 Line-out and write-in of individual data fields for corrections on any assets observed with different characteristics than those listed on the report;
- 5.10.3.2 Note any property that requires updated CG tagging/markings;

5.10.3.3 Initial and date the top right corner of each oracle page on the provided lines (denotes review).

Note: At this time the page break functionality of the *Physical Inventory Report* does not work when printing from Oracle. As a result, multiple Oracle pages can print on a single sheet.

Note: Initials and signatures are required on Property Reports for units who do not have any capitalized property.

5.11 If the asset is physically on-site, CT shall physically verify the asset using the sight/touch method. At a minimum, the CT shall use table 10.16 below to verify the following identifying characteristics utilizing the manufacturer's plate and CG marking:

5.11.1 Asset description;

5.11.2 Asset tag number;

5.11.3 Asset model Number;

5.11.4 Asset serial number; and

5.11.5 Asset detailed location.

Note: Due to operational security (OPSEC), only the homeport/home stations should be used for detailed location of vessels, aircraft, and small boat.

Table 10.16 Asset Attributes

Asset Attributes					
Asset Major Category	Description	Tag Number	Model Number	Serial Number	Detailed Location
Vessel	Vessel Name	Hull Number	Does not apply	Hull Number	Homeport (hangar, pier, boat house, or locally useful information)
Aircraft	Class Name	Tail Number	As Appropriate	Aircraft Identification Number (AIN)	Homeport (hangar, pier, boat house, or locally useful information)
Small Boats	Make, Model	Hull Number	As Appropriate	Hull Identification Number (HIN)	Homeport (hangar, pier, boat house, or locally useful information)
Vehicles	Year, Make, Model	License Plate Number: "DHS-XXXX"	As Appropriate	Vehicle Identification Number (VIN)	As Appropriate
Electronics (Systems)	System Common Name	System Generated Tag Number	As Appropriate	Manufacture Serial Number	As Appropriate
Electronics (Stand-Alone and Test Equipment)	Common Name	System Generated Tag Number	As Appropriate	Manufacture Serial Number	As Appropriate
General Purpose	Make, Model	System Generated Tag Number	As Appropriate	Manufacture Serial Number	As Appropriate

5.12 If the asset is not physically on-site during the physical inventory count phase, the CT with assistance from the APO and appropriate stakeholders shall perform the following:

- 5.12.1 Asset Conducting Operations: The CT shall review supporting documentation such as ODO logs, unit logs, MOVREPs, etc. to verify the asset is conducting operations and in fact exists. Once verified, the CT shall initial and date the asset on Oracle FAM *Physical Inventory Report*. Refer to table 10.17 below for the types of required documentation to support operational asset by asset category.

Note: These documents shall not be submitted with the inventory packages to prevent any potential OPSEC violations.

Note: For vessels only: Treat an underway (U/W) vessel as on-site.

- 5.12.1.1 Asset undergoing maintenance: The CT shall obtain supporting documentation for assets that are not on-site undergoing maintenance actions. Refer to table 10.18 and table 10.19 below for the required documentation to support asset additions. Refer to table 10.20 below for the required documentation to support asset deletions.
- 5.12.1.2 Asset provided to contractor as Government Furnished Equipment (GFE): The CT shall obtain supporting documentation from contracting officers to validate the existence of all capitalized Government Furnished Equipment (personal property) in the possession of contractors.
- 5.12.1.3 Asset transferred out, donated, or sold: The CT shall obtain supporting documentation to substantiate the disposition of the asset if the item was transferred, disposed of, or sold. Refer to table 10.20 below for required documentation to support asset deletion and transfers.
- 5.12.1.4 Asset disposed of, abandoned, or destroyed: The CT shall obtain supporting documentation to substantiate the disposition of the asset. Refer to table 10.20 below for required documentation to support asset deletion and transfers.
- 5.12.1.5 Asset Missing: The CT shall contact the APO who will contact the proper convening authority for permission to initiate a Report of Survey in cases where missing assets cannot be resolved through the above steps.

Note: Reports of Survey, whether completed or pending should be included within certification package.

Note: If asset does not fit into any of the above situations, contact the Personal Property program through CAP-PHY-INV e-mail in-box for further guidance.

Table 10.17 Operational Assets – Supporting Documentation

Operational Assets – Supporting Documentation	
Asset Category	Documentation
Vessels	MOVEREP
Aircraft	ODO Log
Small Boats	Unit Log
Vehicles	Unit Log

Table 10.18 Asset Additions – Supporting Documentation

Asset Additions - Supporting Documentation	
Asset Category	Documentation to Support Asset Additions
Vessels	DD-250/DHS Form 700-21/DD-1149, or CG message
Aircraft	DD-250/DHS Form 700-21/DD-1149, or CG message
Small Boats	DD-250/DHS Form 700-21/DD-1149/DD-1348/SF-122, or CG message
Vehicles	Certificate of Origin/DHS Form 700-21/DD-1149
Electronics	DD-250/CG Message/CG HQ Program Office Memo/DD-1149
General Purpose	OF-347/DD-250/DHS Form 700-21/DD-1149/DD-1348/SF-122

(Table can also be used for an Asset Undergoing Maintenance)

Table 10.19 Operational Asset – Supporting Documentation

Asset Additions – Examples of Valuation Documentation	
Acquisition Type	Documentation to Support Valuation
Commercial	<ol style="list-style-type: none"> 1. Signed (electronic or actual) Contract 2. Receipt Document 3. Invoice 4. Proof of Payment
MILSTRIP	<ol style="list-style-type: none"> 1. DD-1348-1 (or current FEDLOG screen print) 2. Receipt Document (DD-1348-1 signed/dated) 3. Proof of Payment/IPAC
Credit Card	<ol style="list-style-type: none"> 1. Credit Card statement (itemizing stock item) 2. Receipt Document 3. Proof of Payment
Project Order	<ol style="list-style-type: none"> 1. Signed Project Order (itemizing stock item) 2. Receipt Document 3. Proof of Payment/IPAC
Transfer-in	<ol style="list-style-type: none"> 1. Transfer Receipt Document (e.g., DD-1149)

Table 10.20 Asset Deletions – Supporting Documentation

Asset Deletions - Supporting Documentation	
Asset Category	Documentation to Support Asset Deletions
Vessels	Certificate of Conveyance/Certificate of Transfer/DD-1149
Aircraft	Certificate of Conveyance/Certificate of Transfer/DD-1149
Small Boats	Certificate of Conveyance/Certificate of Transfer/DD-1149/ DD1348-1A/SF-122
Vehicles	DD-1149/DD 1348-1A/SF-122
Electronics	DD-1149/DD 1348-1A/SF-122
General Purpose	DD-1149/DD 1348-1A/SF-122

(Table can also be used for an Asset Undergoing Maintenance)

5.13 Following the “record-to-floor” inventory, CT shall perform a “floor-to-record” inventory by physically surveying (i.e. fence line to fence line) CG facilities where assets may be located (e.g. hangars for aircraft, docks and waterfront for vessels and boats, storage lots, warehouse, cages, etc.). All capitalized personal property within the custodial area not on the Oracle FAM Physical Inventory Report should be annotated with all identifiable characteristics. Provide supporting documentation with the inventory package as appropriate. Refer to table 10.18 above for required documentation to support asset additions.

- Note:** Ensure capitalized personal property owned by other entities co-located on CG property is supported with prescribed documentations (e.g. MOU/MOA for local maritime police boat).
- Note:** Asset addition documentation should support the following information; date-in-service, model number, serial number, cost and description.
- Note:** Asset transfer and disposal documentation should be signed and dated.
- 5.14 Following the “floor-to-record” inventory, CT shall perform subsidiary system reconciliation. (Many Capitalized Personal Property items that will be inventoried are accounted for in more than one system. Oracle FAM is used for financial purposes, but these assets are also tracked from an operational and logistics maintenance perspective in other systems, such as ALMIS and AOPS.) To accomplish this review:
- 5.14.1 APO and PC shall gather Subsidiary System reports;
 - 5.14.1.1 AOPS “Resource Assignment Report;”
 - 5.14.1.2 ALMIS “Asset Status Report;” and
 - 5.14.1.3 Others as appropriate.
 - 5.14.2 APOs and CT shall identify any differences and resolve as appropriate.
 - 5.14.3 CT shall initial and date each line item on the subsidiary system report that reconciles correctly.
 - 5.14.4 APOs shall annotate listings on reports and cite discrepancies on the certification memo for unresolved discrepancies.
- 5.15 APO/PC shall gather supporting documentation for all discrepancies identified by the CT including but not limited to:
- 5.15.1 Additional documentation (tables 10.17 and 10.18) for items discovered during the inventory, but not listed on the Property Report;
 - 5.15.2 Signed and dated disposition, or transfer documentation (table 10.19) for items no longer belonging to the unit; and
 - 5.15.3 Other reports as appropriate.
- 5.16 If required and not previously initiated, the CT shall notify the Command Security Officer of any undocumented missing property and, if required, initiate a Commandant (CG-5269) Report of Survey following procedures outlined in accordance with Ref 5 and draft a loss message for approval/release by the unit CO/OIC/Unit-level Supervisor. The responsibilities of the Command Security Officer are outlined in COMDTINST M5530.1 (series), Physical Security and Force Protection Program Manual.
- 5.17 Each CT member shall sign and date the last page of the Oracle FAM Physical Inventory Report (I/C) to certify that the inventory counts were completed. The CT shall turn in the annotated Physical Inventory Report with any supporting documentation to the APO for review. The CT will alert the APO of any outstanding requests for missing documentation.
- 5.18 The APO will ensure that all edits, additions, and deletions noted by the CT have valid supporting documentation for adjustments to the Oracle FAM property records. The APO shall review the results of the location surveys and subsidiary system reconciliations to meet completeness requirements. The APO shall review the Oracle FAM *Physical Inventory Report* for completeness IAW section 5.9-5.13 and provide the inventory package to the PA for necessary updates to oracle FAM. If necessary,

- provide listing of additional documentation needed for complete package to the CT. Refer to tables 3 through 6.
- 5.19 The PA shall review the Oracle FAM *Physical Inventory Report* for completeness IAW section 5.9-5.13. The PA shall enter asset additions, edits and deletions identified by the CT during the physical inventory in Oracle FAM using the appropriate form, (which will place the transaction into a pending status within Oracle FAM). The PA shall print/sign/date the last page of the *Physical Inventory Report (I/C)* and return it to the APO.
- 5.20 The APO shall verify all changes entered by the PA for accuracy and print/sign/date the last page of the *Physical Inventory Report (I/C)*. Additions, disposals and transfers will be approved by FINCEN (FR) upon receipt of signed and dated documentation.
- 5.21 Using the template provided in section (7.0), the APO shall draft a Physical Inventory Certification memorandum from the CO/OIC/Unit-level Supervisor to Commandant (CG-842) certifying the completion of the physical inventory and reporting the results. If any deletions or edits of the asset records are needed, an itemized list shall be provided in paragraph #2 of the certification memo. If an asset is discovered during a physical inventory, an itemized list shall be provided in paragraph #3 of the certification memorandum. The APO shall annotate the memo with asset characteristics as per table 10.16.
- 5.21.1 The CO/OIC/Unit-level Supervisor shall sign/date the memorandum after reviewing for accuracy (I/C).
- 5.21.2 The memorandum will serve as the cover for the certified physical inventory package as required by CG policy.
Note: Memos without an itemized listing of discrepancies, additions, edits, and deletions will be returned to the units as incomplete.
- 5.22 The certified physical inventory package shall include:
- 5.22.1 Memo Signed by the CO/OIC/Unit-level Supervisor;
- 5.22.2 Certified Physical Inventory Package checklist;
- 5.22.3 Initialed, dated and signed Physical Inventory Report from Oracle FAM;
- 5.22.4 Supporting documentation for asset additions, deletions, and edits; and
- 5.22.5 Initialed and dated subsidiary system reports (e.g. Asset Report Status from 5.22.6 ALMIS, Resource Assignments from AOPS, etc.) reconciled (annotated by CT initial and date) to Oracle FAM Physical Inventory Report.
- 5.23 The APO shall submit a scanned certified physical inventory package to Commandant (CG-842) via email using the CAP-PHY-INV in-box available through SWIII. Commandant (CG-842) will notify program offices of unit-level discrepancies upon submission to FINCEN and in the aggregate upon completion of the inventory.
- 5.23.1 The email naming convention for the subject line should be OPFAC_UNIT_NAME_SUBMISSION#
- 5.23.2 The file should be saved as OPFAC_DDMMYY.pdf.
- 5.23.3 The scanned document should be one adobe (pdf) file.
- 5.23.4 At times, a unit's certification package may become too large for the CAP-PHY-INV in-box. When this occurs, the package may be broken down into

- multiple attachments in order to submit, or submitted via the large file folder on the provided portal site.
- 5.24 Commandant (CG-842) shall review the certified physical inventory package for accuracy, completeness and supporting documentation. If Commandant (CG-842) identifies errors in the physical inventory package, the appropriate APO shall be contacted by Commandant (CG-842) for additional documentation, clarification, or resubmission. The appropriate Operational Commanders/Program Office will also be notified. The Commandant (CG-842) review phase shall be completed within nine (9) calendar days.
- 5.25 Commandant (CG-842) shall accept the unit's certified physical inventory packages after the package has been validated as complete. Upon acceptance of a completed package, Commandant (CG-842) will place the appropriate cover sheet on top of a given unit's certified physical inventory package, sign and date the cover sheet (I/C), notify the unit of package completion and forward to FINCEN (FR).
- 5.26 FINCEN (FR) shall review the physical inventory package. FINCEN (FR) shall ensure that supporting documentation for each capitalized asset to be added to Oracle FAM is reviewed for correct valuation. FINCEN (FR) Branch Chief shall sign and date a Physical Inventory cover sheet for each inventory package approved (I/C). If the physical inventory package is not approved, FINCEN (FR) Branch Chief shall contact Commandant (CG-842) for resolution. Commandant (CG-842) shall determine if the discrepancy requires action by the unit and if so, contact the appropriate APO for additional documentation or clarification. The APO shall resolve the discrepancy and resubmit the required documentation to FINCEN (FR) through Commandant (CG-842). Commandant (CG-842) shall resolve other discrepancies that are not considered unit discrepancies and resubmit the required documentation to FINCEN (FR).
- 5.27 FINCEN (FR) MPA shall update the inventory record in Oracle FAM once the physical inventory package is approved. The FINCEN (FR) MPA shall ensure the physical inventory date is updated in Oracle FAM (I/C). FINCEN (FR) MPA shall review all pending actions (additions, deletions, and edits) and determine disposition. All valid/substantiated pending actions (additions, deletions, and edits) or other annotated changes shall be recorded in Oracle FAM. Once complete, the MPA will notify Commandant (CG-842).
- 5.28 FINCEN (FR) shall complete all research and adjustments within twenty (20) calendar days.
- 5.29 Commandant (CG-842) shall review Oracle FAM to ensure that all adjustments have been recorded correctly, verify the physical inventory dates are updated (I/C) and to determine if any delinquencies exist. Commandant (CG-842) shall coordinate with the Operational Commanders/Program Offices (as appropriate) to monitor reporting units' progress, provide assistance, and verify the results. Any delinquencies will be resolved by the Operational commanders/Program Offices and all units will be notified when the package has been accepted, and the edits have been made, via email, notified by Commandant (CG-42).
- 5.30 Commandant (CG-842) shall prepare and submit a physical inventory report (I/C) to Commandant (CG-84) for review and approval within five (5) calendar days of the inventory completion date. The physical inventory report will aggregate the unit level inventory packages and detail the following metrics by major asset category:
- 5.30.1 Number of units with packages submitted;

- 5.30.2 Number of units with incomplete and unapproved packages;
 - 5.30.3 Total number of units (e.g. unique OPFACs);
 - 5.30.4 Total delinquency rate;
 - 5.30.5 Total beginning cost;
 - 5.30.6 Total ending cost;
 - 5.30.7 Total number of asset additions;
 - 5.30.8 Total original acquisition cost of asset additions;
 - 5.30.9 Total number of asset deletions;
 - 5.30.10 Total original acquisition cost of asset deletions;
 - 5.30.11 Total number of characteristic edits; and
 - 5.30.12 Total number of asset transfers.
- 5.31 Commandant (CG-842) shall retain evidential documentation of completion, certification and reporting capitalized personal property inventory for a period of three (3) years.

6.0 Acronym Listing

<u>Acronym</u>	<u>Definition</u>
APO	Accountable Property Officer
CFO	Chief Financial Officer
CG	Coast Guard
CG-44	Office of Logistics
CG-6	Assistant Commandant for Command, Control, Communications, Computers & IT
CG-643	Office of System Support
CG-711	Office of Aviation Forces
CG-731	Office of Boat Forces
CG-751	Office of Cutter Forces
CG-84	Office of Financial Policy & Systems
CG-842	Division of Internal Controls & Asset Management
CO	Commanding Officer
CT	Count Team
DHS	Department of Homeland Security
FAM	Fixed Asset Module
FASAB	Federal Accounting Standards Advisory Board
FINCEN (FR)	Finance Center Property Control Branch
FRMM	Financial Resource Management Manual
FRMM-P	Financial Resource Management Manual - Procedures
GFE	Government Furnished Equipment
GL	General Ledger
I/C	Internal Control
MPA	Management and Program Analyst
OIC	Officer-in-Charge
OPSEC	Operational Security
PA	Property Administrator
PC	Property Custodian
SFFAS	Statement of Federal Financial Accounting Standards
U/W	Underway

Figure 10.22 (continued) Annual Physical Inventory of Capitalized Personal Property Memorandum

2. For existence testing, and in accordance with references (a) through (d), all capitalized personal property recorded on the Oracle Fixed Asset verbose report were accounted for and the identifying characteristics verified against the Oracle Fixed Asset verbose report [except as noted below]. The capitalized personal property assets listed as of _____ were

(Date)

[For para. 2 and after, select the appropriate column in the below tables (accurate vs. inaccurate, no unrecorded assets were identified vs. unrecorded assets were identified, corrections vs. no corrections) by checking the appropriate ‘Certified’ box with an ‘x’]

Certified		Certified	
<input type="checkbox"/>	Accurate (no deletes or edits required to official system of record)	<input type="checkbox"/>	Inaccurate (See Enclosure 4 for supporting documentation for deletes and edits to official system of record)

[Include an itemized list of requested changes here based on characteristic edits and deletions. Example:

a. RB-S w/Tag Number: 25445 – HIN Number 1234567890 was entered incorrectly. The actual HIN Number is 0987654321]

3. For completeness testing, a visual survey of my unit’s facility/base was conducted to identify capital assets in service, but not recorded within the official system of record. As a result of this survey, the following conditions were noted;

Certified		Certified	
<input type="checkbox"/>	No unrecorded capitalizable assets were identified.	<input type="checkbox"/>	Unrecorded capitalizable assets were identified. (See Enclosure 5 for supporting documentation to support

[Include an itemized list of requested changes here based on additions. Example:

a. Cutter Boat 24123 was accepted on 07 Aug 2009, but does not yet appear on the unit’s property reports. The hull number, HIN, and description have been entered in Oracle FAM. All unit-held supporting documentation for the addition is contained in Enclosure 4 (e.g. DD-250, DD-1149, etc.)]

4. A review of mixed system applications (e.g. ALMIS, AOPS, and FLS) was conducted to reconcile subsidiary systems with the official system of record (Oracle FAM). As a result of this review, the following conditions were noted

Certified		Certified	
<input type="checkbox"/>	No asset corrections were required.	<input type="checkbox"/>	Asset corrections were required. (See Enclosure 5 for supporting

**Figure 10.22 (continued) Annual Physical Inventory of Capitalized Personal Property
Memorandum**

[Include an itemized list of discrepancies Example:

a. Aircraft 6606 has been delivered to the CGAS and appears in the ALMIS Asset Status Report, but does not yet appear on the unit's property reports. The tail number, AIN, and description have been entered in Oracle FAM. All unit-held supporting documentation, including the ALMIS Asset Status Report is included in Enclosure 5 (e.g. DD-250, DD-1149, etc.)]

5. In cases where assets were not physically on-site during the inventory due to operational commitments, a review of supporting documentation such as MOVREPS, ODO logs, and Unit logs was conducted. Due to operational security requirements, these operational documents have not been included as an enclosure.

[Use para. 5 only when some assets on the property reports were not physically on-site as outlined on p.2 of the process flow when 'No' is the answer to the "Is the asset physically on-site" decision]

Enclosure: (1) Certified Physical Inventory Package Checklist
(2) [Unit's] Asset by Category Report dtd [yymmdd]
(3) [Unit's] Verbose Property Report dtd [yymmdd] **w/capitalized personal property line items highlighted by APO and initialed and dated by count team
(4) Supporting documentation for asset deletions and edits **when applicable (e.g. DD-250 for small boat addition, DD-1149 for general purpose transfer, etc.)
(5) Supporting documentation for asset additions and reconciliation of subsidiary systems **when applicable (e.g. Resource Assignments from AOPS for small boats, Asset Report Status from ALMIS for aircraft, etc.)

Copy: Program Offices (Commandant (CG-711) for aircraft, Commandant (CG-731) for small boats, Commandant (CG-751) for aircraft, etc.)
Unit Files

PHYSICAL INVENTORY PROCEDURE CHECKLIST

Table 10.21 Instructions: Please review this checklist prior to submitting the memorandum detailing your unit's inventory results. Upon validating that the memorandum contains all information on the checklist, please submit the memorandum with all necessary enclosures to the CAP-PHY-INV inbox.

For further clarification on any of the items listed below, please refer to the Physical Inventory of Capitalized Personal Property procedure.

Table 10.21 Physical Inventory Procedure Checklist

Memorandum - General	Yes	No	N/A
a. Did the CO/OIC/Unit-level Supervisor (or those w/By Direction Authority) sign and date the memorandum to evidence review and authorization?			
b. Does the memorandum include all applicable enclosures to the memo? (Enclosures 1-3 are mandatory. Enclosures 4&5 are included when applicable)			
c. Is the memorandum in the same format as the sample memo provided to the units through the CG Portal?			
Enclosure 1 - Physical Inventory Package Checklist			
Enclosure 2 – Unit - Asset by Category Report			
Enclosure 3 – Unit - Verbose Property Report			
a. Did each member of the count team initial and date EACH ASSET on the verbose report, as well as the bottom of each page of the report, to evidence review?			
b. Did the APO sign and date the last page of the verbose report to evidence review?			
c. If changes to Oracle were required, did the PA sign and date the last page of the verbose report to evidence review?			
Enclosure 4 - Supporting documentation for asset deletions and edits (Ref. Section 5.9 of procedure)			
a. Do all items documented in Enclosure 4 as deletions contain the required documentation as identified in Table 5 of procedure?			
b. Do all items documented in Enclosure 4 as edits conform to Table 1 of procedure?			
Enclosure 5 - Supporting documentation for asset additions and reconciliation of subsidiary systems - (Ref. Section 5.11 of procedure)			
a. Do all items identified in Enclosure 5 as additions contain the required documentation as identified in Tables 3 and 4 of procedure?			
b. Did APO/CT reconcile capitalized personal property items on the verbose property report to the unit's subsidiary ledger and initial and date the subsidiary listing (e.g. AOPS - Resource Assignment Report for small boats; ALMIS - Asset Report Status for aircraft, etc.) to evidence review?			
c. Are variances from Table 1 identified and explained?			

Figure 10.23 Annual Physical Inventory of Capitalized Personal Property and Year-End Certification



Figure 10.24 Annual Physical Inventory of Capitalized Personal Property and Year-End Certification (continued)

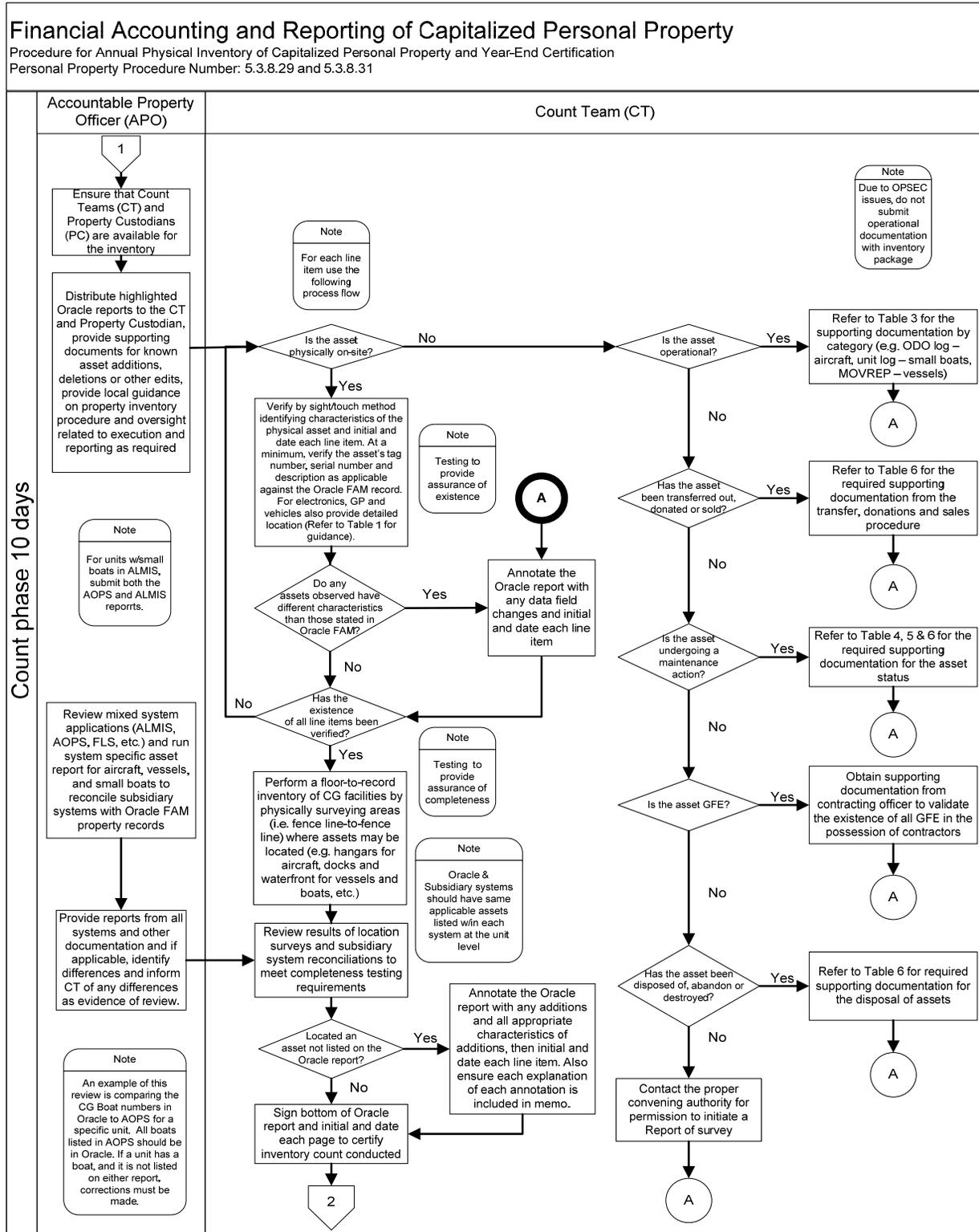


Figure 10.25 Annual Physical Inventory of Capitalized Personal Property and Year-End Certification (continued)

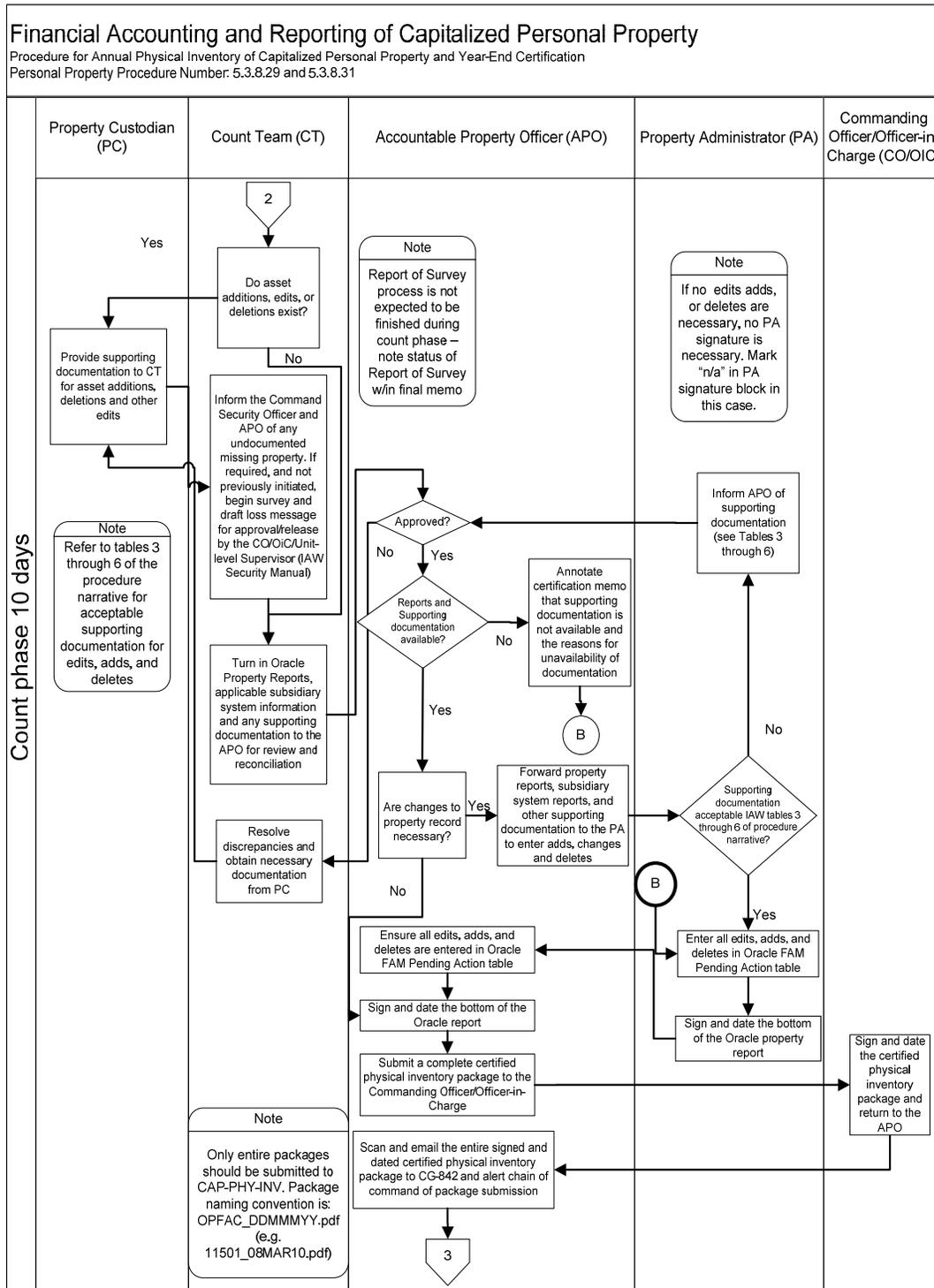
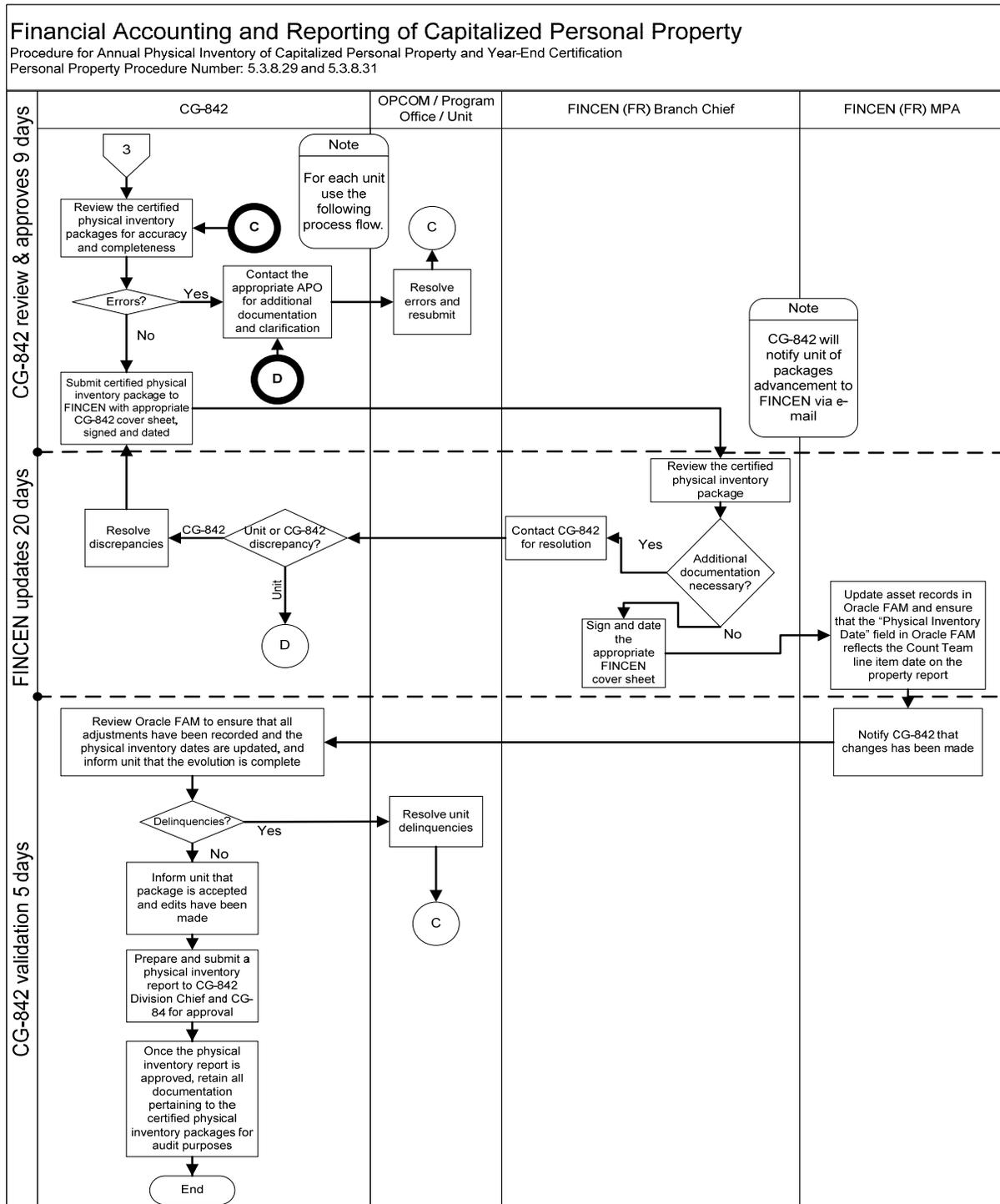


Figure 10.26 Annual Physical Inventory of Capitalized Personal Property and Year-End Certification (continued)



Capitalized Personal Property Complete Physical Inventory Procedures

Procedure No. 10.3.7.29.1

(TO BE DEVELOPED)

See procedures 10.3.7.29 and 10.3.7.30.

Capitalized Personal Property Physical Inventory Sampling Procedures

Procedure No. 10.3.7.29.2

(TO BE DEVELOPED)

See procedures 10.3.7.29 and 10.3.7.30.

Non-Capitalized Personal Property Physical Inventory Procedures

Procedure No. 10.3.7.29.3

(TO BE DEVELOPED)

See procedures 10.3.7.29 and 10.3.7.30.

Physical Inventories of Government Furnished Property (GFP)

Procedure No. 10.3.7.30

(TO BE DEVELOPED)

See procedure 10.3.7.29.

Year-End Certifications

Procedure No. 10.3.7.31

(TO BE DEVELOPED)

See procedures 10.3.7.29 and 10.3.7.30.

Correction of Asset Records

Procedure No. 10.3.7.32

(TO BE DEVELOPED)

Storage of Assets with Intent to Use

Procedure No. 10.3.7.33

(TO BE DEVELOPED)

Storage of Assets with Intent to Dispose

Procedure No. 10.3.7.34

(TO BE DEVELOPED)

Impairment of Assets

Procedure No. 10.3.7.35

(TO BE DEVELOPED)

Retirement of Assets

Procedure No. 10.3.7.36

(TO BE DEVELOPED)

Disposing of Assets through Transfers, Exchanges, and Donations

Procedure No. 10.3.7.37

(TO BE DEVELOPED)

Disposition of Assets

Procedure No. 10.3.7.38

(TO BE DEVELOPED)