

ACCOUNTING PROCEDURE TOPICS

This chapter contains accounting topics that are pertinent to many different areas.

1. **The Financial Resource Management Manual.** There are many limitations on the use of appropriated funds, particularly in people oriented areas. The Financial Resource Management Manual (FREMM) contains basic guidance on issues such as Food or Refreshments as a part of Training, Conferences or Award Ceremonies; Seasonal Decorations; Organizational Clothing; Membership Fees and much more. Refer to the FREMM for any questions in these areas.
2. **Tax Exemption Certificates.** The Coast Guard is exempt from buyer related taxes, and if required, the ordering activity must provide the vendor with a U. S. Tax Exempt Certificate (SF-1094). The tax exemption number for the Coast Guard is B-239641. See COMDTINST M4200.13 (series), Small Purchase Handbook, for more information.
3. **Defense Reutilization and Marketing Offices Surcharge Exemption.** The Coast Guard is exempt from this Surcharge by a Headquarters Defense Logistics Agency (DLA) Policy Decision letter dated 1 October 92. Cite this exemption if contacted by a Defense Reutilization and Marketing Office (DRMO) requesting accounting data for deferred charges relating to the disposal of excess property. If you encounter problems with your local DRMO, or if further assistance is needed, please contact Commandant (G-ELM).
4. **Fast Pay.**
 - a. General. Federal Acquisition Regulation (FAR), 13.4, and COMDTINST M4200.13 (series), Small Purchase Handbook, authorize Fast Pay procedures. Fast Pay procedures simplify the payment of small purchases by allowing payment under limited conditions to a contractor prior to the Government's verification that supplies have been received and accepted. The procedure provides for payment for supplies based on the contractor's submission of an invoice that constitutes a representation that:
 - (1) The contractor has delivered supplies to a Post Office, common carrier, or point of first receipt by the Government; and
 - (2) The contractor agrees to replace, repair, or correct supplies not received at destination, damaged in transit, or failing to conform to purchase agreement.
 - b. Conditions for use.
 - (1) Individual purchase orders do not exceed \$25,000.
 - (2) Deliveries of supplies are to occur at locations where there is both a geographical separation and a lack of adequate communication facilities between Government receiving and disbursing activities that will make it impractical to make timely payment based on evidence of Government acceptance. Use of the fast payment procedure would not be indicated, for example, for small purchases by an activity if material being purchased is destined for use at that activity and contract administration will be performed by the purchasing office at the activity.

4. b. (3) Title to the supplies will pass to the government when:
- (a) Delivery is to a Post Office or common carrier for mailing or shipment to destination.
 - (b) The government receives the shipment by means other than the Post Office or common carrier.
 - (c) Shipping supplies, by carrier or postage paid.
- c. Ships underway. Ships at sea for an extended period do not have the ability to acknowledge receipt of goods at their homeport. They may use Fast Pay procedures when they meet the above criteria.
- d. Receiving report. The submission of the receiving report is mandatory after receipt of merchandise.
- e. Regulation. The FAR, Subpart 13.4, and the Small Purchase Handbook (COMDTINST M4200.13 [series]) contain additional instructions on Fast Pay.

LUFS PROCEDURES: LUFS UNITS MUST FLAG PURCHASE ORDERS AS "FAST PAY" WHEN CREATING THE DOCUMENT IN EITHER "RECORD SPENDING" OR "PURCHASE ORDER" MODULES.

5. Travelers Checks.

- a. VISA Travelers Checks are available from some imprest fund cashiers for use while on official travel. They are issued to travelers with an individual Citibank Government Travel Card account or as an advance charged against a centrally billed account for the Coast Guard. The cashier maintains a log of travelers checks on hand and amounts issued. Each cashier must submit two mailings: one daily to Citibank and one weekly to the FINCEN.

- (1) The daily mailing to Citibank must include the following documents for all transactions:

Top, white copy of Purchaser Application Form (PAF).

Bottom copy of the Receipt of Charge (ROC), with complete central billing account number.

Copy of Travel Orders (CG-4251)

These documents should be separated by individual transaction and should be fastened together to provide a complete record of issuance.

- (2) The weekly mailing to the FINCEN should occur at the end of the work week. Travelers Checks issued must be sent to: Travelers Check Subsidiary, USCG Finance Center, P. O. Box 4113, Chesapeake, VA 23327-4113. The following documents must be supplied to the FINCEN via regular mail:

Copy of Travel Orders (CG-4251)

5. a. (2) (cont'd)

Application for Advance of Funds (SF-1038 with original authorization signature and original member receipt signature).

Yellow copy of Travelers Checks
Purchase Agreement

Original Receipt of Charge (ROC)

Cover letter using CG Form 3883, Rapidraft letter with the following information:

Central Billed Account Information
Total Number Advances Forwarded
Total Amount Advances Forwarded
Total Amount Travelers Checks Forwarded
Beginning Date
Ending Date
POC and Telephone No.
Complete unit name and address

Note: Total amount Advances Forwarded and Total amount Travelers Checks Forwarded should agree.

- b. The FINCEN will verify total receipts for reconciliation with Citibank billing.
- c. The FINCEN does not require submissions on sales against individual accounts or advance copy of cover letter.
- d. Negative reports are required monthly. If no travelers checks are issued in a given month, a negative report is required for that month. Negative reports can be emailed to: Travelerschecks@fincen.uscg.mil.

6. Imprest Fund Cashier Replenishment.

- a. General. An imprest fund is a fixed cash or petty cash fund approved by an official Government disbursing office. Its purpose is to make cash payment for an authorized purchase which will then be charged to a specific appropriation.
- b. Uses of Imprest Funds. Payment from imprest funds will not exceed \$500 for any one transaction except with special authorization from Commandant (G-CFM-3). Further guidance is available in COMDTINST M7210.1 (series), Certifying and Disbursing Manual.
- c. Procedures for Processing the Cash Replenishment Form. The imprest cashier prepares a Cashiers Accountability Report (CG-5394) for replenishment of the imprest fund and forwards the original and one copy along with supporting documents to the FINCEN. Cashiers must complete each CG-5394 in accordance with COMDTINST M7210.1 (series), Certifying and Disbursing Manual. The following information must be included on each request for replenishment:

6. c. (1) Period reported - beginning and ending dates.
- (2) Unit OPFAC number.
- (3) Unit name and address.
- (4) Status and funds information.
- (5) Disbursement breakdown.
- (6) Number of reimbursement checks and amounts of each requested.
- (7) Cashier typed name, date, and signature.

Securely attach the subvouchers to the original CG-5394 with an adding machine tape summarizing the amounts of the subvouchers.

ORIGINAL HARD COPY SUBMISSIONS ARE REQUIRED FOR REPLENISHMENT

- d. Reporting Statements. On the last workday of each month, each Class A and Class B cashier submits a signed SF-1129 showing the status of the fund to the disbursing office from whom the cashier received the advance. This serves as an "accountability report". If no replenishment is required, the cashier submits as an accountability report an original SF-1129 with only the "Status of Fund" section completed. This accountability report must include a memorandum entry that summarizes all replenishments requested during the month. An accountability report must also be prepared whenever there is a change in the amount of the fund (such as an additional advance) or a change in cashier. Any fund with travel advance payments or liquidation of claims involving travel advances must be submitted weekly.

Note: For more information concerning Imprest Fund refer to COMDTINST M7210.1 (series), Certifying and Disbursing Manual.

7. **Travel Liquidation and Certification.** The Travel Liquidation and Certification System (TLC) is an automated travel claim settlement program managed by Commandant (G-PD-3) which resides at each travel office in the Coast Guard. When a member files a claim with their servicing Travel Office, the itinerary, expenses and mileage are entered into the travel program. The Travel Office Authorized Certifying Officer (ACO) approves the claim forwarding a copy to the member and sending an electronic file to the FINCEN for further processing. With this new software, there are 3 methods of reimbursement available. They are cash, government check or Electronic Funds Transfer (EFT). Military members direct deposit account for pay is already in the DAFIS system and is updated by PPC each time the member changes their bank account. Civilian members and those military members who wish to use other bank accounts, must fill out the "FASTSTART" form (FMS Form 2231) and along with a voided copy of a check or deposit slip forwarded to the FINCEN prior to receiving EFT of travel settlement funds. The "FASTSTART" forms are available at the servicing travel office of each member. For those units not on TLC, see the travel section of Chapter 12.

7. (cont'd) **THE TRAVELER MUST CONTACT THEIR BANK TO VERIFY THE ROUTING TRANSIT NUMBER.**
8. **Travel Advance Control Module (TAC).** The Travel Advance Control Module (TAC) is a computer program that monitors travel advances issued to members who perform PCS and Temporary Additional Duty (TAD) travel. If the traveler performs the travel and fails to file a travel claim, TAC will issue a "Due Process" letter. This letter notifies the traveler that he/she has 30 days to refund the advance owed or file a travel claim. Also, at the same time the "Due Process" letter is generated to the traveler, a listing is sent to the traveler's command. The CO, OIC, etc. is notified that they have a traveler who is delinquent in filing a travel claim or refunding the advance owed by a traveler of their command. If the amount is not refunded or a travel claim is not filed, TAC initiates a Pay Adjustment Authorization (PAA) against the traveler's pay account 30 days from the date of the "Due Process" notification. TAC also receives "Due Process" notification from travel offices who settle claims in which the traveler still owes money. "Due Process" letters are generated by the Travel ACO when the claim is settled and given to the traveler. The FINCEN also is notified that the traveler has been served "Due Process" and an entry is made into TAC. After 30 days from the date of the letter, if reimbursement is not made or the advance is not settled, TAC initiates a PAA against the traveler's pay account.
9. **Pay Adjustment Authorization.** PAA's are authorizations for the deduction of money from the member's pay for debt owed to the Coast Guard. These PAA's are processed as either a DAFIS document type 76 or 77.
 - a. Those processed as a document type 76 are collections for exceeding authorized entitlements for household goods during PCS moves, collections of travel advances due to the Coast Guard, and collections for clothing purchased on credit by the member from the Uniform Distribution Center at TRACEN, Cape May. Only those for travel advances are processed through the Travel Advance Control Module discussed above. The rest are processed manually using a Pay Authorization (DD-139). The member must either consent to voluntary collection of the debt or be provided written notice of debt and planned involuntary collection action at least 30 days before initiation of such action.
 - b. Those processed as a document type 77 are handled two different ways:
 - (1) Collections of debts for damage to Government owned or leased quarters and bad checks issued by the member to the Coast Guard are collected by offset to the member's pay. These are processed manually using the Pay Adjustment Authorization (DD-139).
 - (2) Collections of debts for IRS tax levy, garnishment for child support or alimony, private property damages, bankruptcy, or debts owed to service relief societies are paid by check.

The member must either consent to voluntary collection of the debt or be provided written notice of the debt and planned involuntary collection action at least 30 days before initiation of such action. If the debt involves damage to government owned or leased quarters, the housing officer will prepare a bill, Billing for Sale of Materials or Services (CG-3621), and a notice of

9. b. (cont'd) indebtedness letter. The bill will be mailed to the member by registered mail with return receipt requested. A copy of the bill, indebtedness letter and return receipt will be mailed to the FINCEN (OGR). When payment is not received within the 30 day time limit, FINCEN (OGR) will process the PAA to Pay and Personnel Center for collection.
- c. For more information refer to COMDTINST M1080.7 (series), PMIS/JUMPS Manual Volume I, COMDTINST M1080.9 (series), PMIS/JUMPS Manual Volume II, and COMDTINST M7220.28 (series), PMIS/JUMPS Manual Volume III.

10 Cross Disbursing (DOD) and Foreign Disbursements (State).

- a. DOD agencies and State Department pay Coast Guard vouchers citing Coast Guard appropriations and provide documentation to the FINCEN. When FINCEN receives the documentation they distribute the charges to the appropriate Program Elements and accounting data. The Coast Guard does not use cross disbursing for charging DOD agencies.
- b. The Memorandum of Agreement (MOA) on Interservice Cross Disbursing Policy signed on 19 May 1989 contains the policies and procedures used for cross disbursing with the Army, Air Force, Navy, and Marines. When a DOD agency pays a Coast Guard "bill" they cross disburse these charges to the FINCEN (i.e., take funds from the U. S. Treasury and reduce Coast Guard accounts). If the cross disbursed document is not properly chargeable to the Coast Guard and adequately documented then a "charge back" to the other agency is made. The billing agency must provide additional information to prove that the document being cross disbursed is chargeable to Coast Guard funding. The bill should cite the Treasury Symbol, the DAFIS document number and the DAFIS line of accounting. This should ensure proper Coast Guard billing that matches an existing encumbrance in DAFIS.
- c. After verifying the charges belong to the Coast Guard, FINCEN (OGQ) allocates them to the correct unit (i.e., Program Element). This is difficult unless DAFIS document numbering schemes are followed and DAFIS accounting data is cited. The Treasury Symbol from Appendix B must be included in the accounting line. The field can best ensure the accuracy of their PES Reports and assist the FINCEN by ensuring documents processed through a DOD agency contain DAFIS document numbers and accounting information, including the Treasury Symbol. Request that the DOD agency include the DAFIS number, accounting data and Treasury Symbol on any forms they will be using to bill the Coast Guard. If the document is clearly chargeable to a Coast Guard unit but the DAFIS number is not on the other agency's form, then the FINCEN must create a DAFIS document number. This new document number which will be on the unit's PES report, may not match the unit's ledger. FINCEN will try to select the correct DAFIS document type numbering scheme. However, if the type of document is unclear, it is likely to be charged using a document type 33. Once the FINCEN has identified a charge as belonging to a MIPR, a cross reference file is created. When future charges come in, the FINCEN will charge the appropriate DAFIS document and accounting line even if the information is not on the latest charge document.

- 11. Leased/Owned Housing.** Headquarters has four funded AFC's (11, 12, 30, 43) available to record leased/owned housing cost. There are three special cost centers for leased housing and two special cost centers for Coast Guard owned housing. Total obligations and expenditures for the Housing Program will be available by Program Element through the Cost Center Fund Status Report. Total Command cost will be available through the Program Element Status reports.

Note: Commandant (CG-4) provides AFC-43 funds to MLC's and Civil Engineering Units for major renovation for Coast Guard owned housing.

- a. Leased Housing. Government leased housing can be charged to either AFC 11 or 12 and can use any of the three applicable cost centers to record cost. Object Class 2531, Contractual Services - DOD, will be used when costing charges for DOD leased housing. Cost of GSA leased housing will be charged to Object Class 2312, Leased housing, maintenance and utilities - GSA. All others will be charged to Object Class 2322, Leased housing, maintenance and utilities - other than GSA. For cost associated with leased housing that are not in the lease, charge the appropriate AFC and the applicable object class found in Appendices D and F.
- (1) 78651 - Family Housing Lease Program (FHLP). Charge this cost center for rental of accompanied family housing. Also use this for energy (when not included in the terms of the lease) and claims against the Coast Guard for restoration of leased housing due to tenant damage.
 - (2) 78652 - Unaccompanied Personnel Leased Housing (UPLH). Charge this cost center for rental of unaccompanied personnel housing. Also use this for energy (when not included in the terms of the lease) and claims against the Coast Guard for restoration of leased housing due to tenant damage.
 - (3) 78654 - Unaccompanied Personnel Leased Housing (UPLH). Charge this cost center for rental of housing for members without dependents who are on sea duty or duty at remote offshore stations who are not entitled to Basic Allowance for Quarters (BAQ)/Variable Housing Allowance (VHA)/Housing Allowance (HA).
 - (4) Government leased housing accounting line:

2 / P / 801 / 299 / ** / 0 / ** / ***** / ****
(1) (2) (3) (4) (5)

Notes:

- (1) First position of the appropriation code = FY (i.e., 8 = FY08)
- (2) ** = AFC 11 (Officer Housing) or AFC 12 (Enlisted Housing)
- (3) ** = Program Element (See Table 11-1)
- (4) ***** = Cost Centers 78651, 78652, or 78654
- (5) **** = Object Class (see Appendix F)

11. a. (4) (cont'd)

<u>Code</u>	<u>Remarks</u>	<u>Code</u>	<u>Remarks</u>
5B	CGD1	5H	Headquarters
52	CGD2	5M	MLC Leases
53	Housing Office	5T	RTC Petaluma
	MLC East	5Y	RTC Yorktown
55	CGD5	5L	CGD11
57	CGD7	5R	ACTEUR Housing
58	CGD8	5S	CGD13
59	CGD9	54	CGD14
5A	Academy	5J	CGD17
5C	Cape May	5P	MLCPAC Housing

TABLE 11-1 Program Elements Applicable to Housing

- b. Owned Housing. Costs associated with owned housing should be charged to applicable servicewide cost centers as defined below. Select the appropriate AFC and Object Class from Appendices D and F.

- (1) 78650 - CG Owned Family Housing. Charge this cost center with costs for government owned, accompanied family housing. This includes maintenance, repairs, energy, supplies and services.
- (2) 78656 - CG Owned. Unaccompanied Personnel Housing (UPH). Charge this cost center with costs for government owned unaccompanied family housing. This includes maintenance, repairs, supplies and services. Maintenance and repair cost shall be included where contract costing provides that information

- (3) Government owned housing accounting line:

2 / * / 801 / 1** / 30 / ** / ***** / ****
 (1) (2) (3) (4) (5) (6)

Notes:

- (1) * = Region
- (2) First position of the appropriation code = FY (i.e., 8 = FY08)
- (3) ** = Limitation Code
- (4) ** = Program Element (See Table 11-1)
- (5) ***** = 78650 or 78656
- (6) **** = Object Class (see Appendix F)

12. International Transactions Report Requirements.

- a. Commanding officers will ensure units prepare and send the report of foreign expenditures to the FINCEN (FI) by the 5th calendar day after the end of the quarter.

12. b. This report will show purchases of supplies or services in any foreign country. Services include piloting, wharfage, towing services, etc.
- c. The report shall show purchases for each country individually.

FC DE NC
 FC/011244
 R 301702Z MAR 08 ZUI ASN-D05089000738
 FM USCGC VIGOROUS
 TO FC/COGARD FINCEN CHESAPEAKE VA//FR//
 INFO ZEN/COMCOGARD MLC LANT NEW YORK NY//FAC-1//
 ACCT CG-W2GDRC
 BT
 UNCLAS //N04400//
 SUBJ: RPT OF INTERNATIONAL TRANSACTIONS - 2ND QTR FY 08
 A. MLC LANT SOP APPENDIX D-12-G-2
 1. IAW REF (A) 17,218.00 IN INTERNATIONAL TRANSACTIONS WERE
 MADE THIS QUARTER IN BERMUDA 09-14-MAR 08.
 2. BREAKDOWN IS AS FOLLOWS:

PILOTAGE	1,000.00
COMMISSARY	518.00
PHONE SERVICES	300.00
TOTAL	17,218.00

BT
 NNNN

Figure 11-1 International Transaction Sample Message Report

13. Wire Transfers.

- a. Wire Transfers from customers/vendors occur frequently in the U. S. Coast Guard. The correct procedures and information need to be used for these transactions to happen properly.
- b. When a customer attempts to wire U. S. Dollars to the U. S. Coast Guard the following wire payment instructions are necessary:
- (1) Send to: Federal Reserve Bank, New York City, NY
 - (2) ABA#: 021030004 Treas NYC
 - (3) BNF: AC 70 06 0000
 - (4) OBI: Brief description/purpose to allow identification.

14. Vendor Express.

- a. What is Vendor Express?

14. a. (1) Vendor Express is "Direct Deposit" of payments to vendors for businesses that provide goods and services to any federal agency. "Vendor" is a generic term that describes businesses and other payment recipients such as State/local governments, educational institutions, and other organizations receiving payments from the Federal Government. Payments are made electronically through the Automated Clearing House (ACH) network for deposit directly into the vendor's bank account on the payment due date.
- (2) Vendor Express provides the vendor's bank with payment details which identify the reason for the payment, such as an invoice number. This information is contained in the addendum record and accompanies the payment. The FINCEN originates and sends both the payment and addendum record to the vendor through his bank.
- b. Benefits of Using Vendor Express.
- (1) There are no deposit delays.
- (2) Funds are promptly available for vendor's use.
- (3) Provides better cash management for the vendor.
- (4) It eliminates the possibility of lost or stolen checks.
- (5) The payments are fully traceable.
- c. How Can Vendors Sign up for Vendor Express?
- (1) The vendor must fill out an SF-3881, ACH Vendor/Miscellaneous Payment Enrollment Form. Before sending the SF-3881 to the vendor for completion, the agency information section must be completed as shown on the accompanying sample SF-3881. **See Figure 11-2.**
- (2) The vendor must complete the Payee/Company Information section of the form and have its bank complete the Financial Institution Information section before the vendor sends the form into the FINCEN for processing. Once completed the form should be sent to:
- COMMANDING OFFICER (OPB)
COAST GUARD FINANCE CENTER
VENDOR EXPRESS PROGRAM
1430A KRISTINA WAY
CHESAPEAKE, VA 23326
- (3) Field units should maintain a supply of SF-3881's adequate to meet vendor needs. The SF-3881, ACH Vendor/Miscellaneous Payment Enrollment Form may be ordered through regional GSA Customer Supply Centers. The form is identified by its National Stock Number: 7540-01-274-9925. The cost is \$3.96 per package of 100 forms.
- (4) If vendors or field units have any questions regarding Vendor Express they should contact FINCEN Customer Service at (757) 523-6940. Informational booklets on the Vendor Express program can be obtained by contacting the FINCEN.

ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM

OMB No. 1510-0056
Expiration Date 06/30/93

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

AGENCY INFORMATION

FEDERAL PROGRAM AGENCY		
COAST GUARD FINANCE CENTER		
AGENCY IDENTIFIER: USCG	AGENCY LOCATION CODE (ALC): 6902-5102	ACH FORMAT: <input checked="" type="checkbox"/> CCD+ <input type="checkbox"/> CTX <input type="checkbox"/> CTP
ADDRESS: 1430A KRISTINA WAY		
CHESAPEAKE, VA 23326		
CONTACT PERSON NAME: VENDOR EXPRESS INFORMATION LINE		TELEPHONE NUMBER: (804) 523-6740
ADDITIONAL INFORMATION:		

PAYEE/COMPANY INFORMATION

NAME	SSN NO. OR TAXPAYER ID NO.
ADDRESS	
CONTACT PERSON NAME:	
TELEPHONE NUMBER: ()	

FINANCIAL INSTITUTION INFORMATION

NAME:	
ADDRESS:	
ACH COORDINATOR NAME:	TELEPHONE NUMBER: ()
NINE-DIGIT ROUTING TRANSIT NUMBER:	
DEPOSITOR ACCOUNT TITLE:	
DEPOSITOR ACCOUNT NUMBER:	LOCKBOX NUMBER:
TYPE OF ACCOUNT: <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/> LOCKBOX	
SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL: (Could be the same as ACH Coordinator)	TELEPHONE NUMBER: ()

NSN 7540-01-274-9925

3861-102

AGENCY COPY

SF 3881 (Rev. 12/90)
Prescribed by Department of Treasury
31 U.S.C. 3322; 31 CFR 210

Figure 11-2 ACH Vendor/Miscellaneous Payment Enrollment Form

- 15. NAVY-TYPE-NAVY-OWNED (NTNO) EQUIPMENT.** 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. Accurate and timely cost accounting for Navy provided maintenance and installation funds is essential for budget development and Navy/Coast Guard NTNO program reviews and to justify the funding received. For obligation and expenditures for the operation and maintenance of NTNO equipment, select the appropriate NTNO code from the list below and insert in the System Data Field of the accounting line of all procurement documents. Note: For purchases from DOD suppliers via ARMS, Fund Codes have been established to generate the appropriate NTNO codes automatically.

NAVSEA Equipment = S+3(characters)

SYSTEM DATA CODE	DESCRIPTION
SM92	MK92 Fire Control System: all equipment associated with this system, including the MK53 combined antenna system & the weapons control console & peripheral equipment on WHEC's & WMEC 270.
SM75	MK75 76mm Gun: the main battery, control consoles & associated equipment on WHEC's & WMEC 270.
SCWS	CIWS: close in weapons system & its associated control consoles and combat systems interfaces on WHEC's.
SM38	MK38 Gun: 25mm machine gun and its associated equipment on WHEC's, WMEC's 110's, WPB's & Heritage class WPB's.
SHRP	Harpoon: cruise missile launcher, missiles, control consoles, and associated equipment on WHEC's.
SMRD	Other Ordnance: expenditures for maintenance & overhaul of all other Navy owned ordnance equipment, such as SVTT, gun mounts, consumables, etc., except 50 caliber machine guns and small arms.
SSNR	Sonar: all equipment associated with the sonar systems, including the consoles, sonar, NC2 plotter, TACNAV, etc.

15. (cont'd)
NAVSEA Equipment = S+3(characters) (cont'd)

SYSTEM DATA CODE	DESCRIPTION
SSLQ	SLQ 32: electronics surveillance measures and associated equipment on WMEC 270.
SWLR	WLR 1: electronic surveillance measures & associated equipment on WHEC.
SESM	Other ESM: all other ESM associated & related equipment.
SARD	Air Radar: Air search radar, contro consoles, & associated equipment on WHEC's.
S110	MK110 57MM GWS: GCP, GLU, TVC; (repairable and consumable)
SM46	MK46 Optical sight: MK132 CDC, MK85 Electro-optic Director (repairable and consumable)
S160	MK160 Gun Control System: All equipment including OJ-719/Q70 GWS Console, MK119 Gun Computer System Cabinet (repairable and consumable)
SM53	MK53 DLS: MK137 SRBOC Mod 4 and Nulka Mod 10 (repairable and consumable)
SQ9B	AN/SPQ-9B Radar Set (repairable and consumable)

SPAWAR Equipment = W+3(characters)

WCME	Communications: overhaul & maintenance of Navy owned radios, crypto equipment and associated communications gear on Coast Guard ships and equipment installed for MARDEZ tasking at shore stations.
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NAVAIR Equipment = A+3(characters)

AAPS	APS 137 Radar: ISAR radar & associated equipment used in Coast Guard aircraft and ships.
AMRA	Avionics Radar: other Navy owned radars and associated equipment used in Coast Guard aircraft.
AAVC	Avionics Communications: overhaul and maintenance of Navy owned radios, crypto equipment, and associated communications gear on Coast Guard aircraft.
AAVN	Avionics Navigation: overhaul and maintenance of Navy owned navigation and associated equipment on Coast Guard aircraft.

15. (cont'd)

NAVSEA Equipment = S+3(characters) (cont'd)

SYSTEM DATA CODE	DESCRIPTION
ATAC	IFF/TACAN: overhaul and maintenance of Navy owned identification friend or foe and tactical navigation systems and associated equipment used on Coast Guard ships to support aviation operations.

16. **Control and Accounting for Real and Personal Property Assets**

- a. **Acquisitions**. Purchases and construction of real and personal property must be reflected as an asset in agency financial statements and in CG asset systems. An asset is capitalized and depreciated over its useful life if it meets certain criteria and dollar thresholds discussed in (f) below. Assets not meeting these criteria and dollar thresholds are not capitalized and are expensed when purchased or constructed. Assets are capitalized or expensed in the accounting system based on the object class chosen by the procuring unit or if they are being constructed under a capitalized AC&I project.
- b. **Definition of real and personal property**. Real property includes land, buildings or structures. Personal property is all other assets that are not real property that have a service life of 2 years or more. Examples of personal property are vessels, aircraft, small boats, trucks, and other equipment.
- c. **Total Cost**. For assets meeting capitalization criteria, the total cost of placing the asset in service shall be capitalized. Total cost includes all necessary costs incurred to make the asset operational for its intended use. This includes all direct costs such as project design, travel, installation, inspection and freight-in. Note: The amount entered into the CG fixed asset systems for property items shall agree with the total of the specific accounting line(s) with a capitalized object class on procurement documents. If a procurement will involve both capitalized and non-capitalized cost items, multiple accounting lines with the appropriate capital and non-capital object classes shall be used.
- d. **Improvements**. Capitalized property can also include improvements of existing capitalized property. An improvement is capitalized only if it 1) substantially increases an asset's capability, capacity or service life and 2) it meets the criteria and the dollar thresholds discussed in (f) below.
- e. **Repair and Maintenance (R&M)**. Repair and maintenance (R&M) is not an improvement and does not increase existing capability, capacity or service life. It is therefore not capitalized. R&M includes preventative maintenance, normal maintenance, and replacement of similar structural components. Costs incurred to ensure existing structures meet current Federal and local building codes shall be treated as R&M.
- f. **Dollar Thresholds and Object Class Codes For Capitalized Acquisitions and Improvements**. An asset is capitalized in CG accounting systems based

on the object class chosen by the procuring unit. Capitalized object classes are in the object class code 3142 through 3227 series. The following criteria for capitalization of an asset shall be followed when choosing a capital vs. a non-capital object class. (For a detailed description of object classes, see Appendix F):

- (1) **Personal Property**: Capitalize all personal property acquisitions and capitalizable improvements with a unit cost of \$25,000 or greater with the exception of cutters and aircraft where the unit capitalization threshold is \$200,000.
 - (2) **Land**: All land will be capitalized regardless of value.
 - (2) **Real Property Other than Land**: Capitalize acquisitions and capitalizable improvements with a total unit cost of \$200,000 or greater.
- g. **Non-Capitalized Acquisitions and Improvements**: Acquisitions and improvements that do not meet the thresholds in (f) or that are R&M should be recorded to a non-capital property/equipment object class in the 3100 through 3140 series, to a “supplies” 26XX object class series or to a “services” 25XX object class series.
 - h. **ADP Software**: Internal use software will be capitalized when the cost of such software meets the capitalization criteria as defined in paragraph 18 below. Software acquisition costs which are intended to be recovered primarily through charges to users (e.g. Yard Fund, Marine Safety User Fee Collection Software for Vessel Documentation or licensing fees) are capitalized.
 - i. **Operating Leases**: Leased property is not capitalized unless it meets the requirements of a capital lease. A capital lease is a lease that transfers substantially all the benefits and risks to the lessee. Contact FINCEN (FR) for any questions on capital leases. Most leases that the CG enters into are operating leases. Operating leases are entered in the CG fixed asset systems at a value of \$2.00.
 - j. **Furniture and Fixtures**: Fixtures and Equipment that are built into a building or structure or are permanently affixed are included in the cost of the real property asset. Generally, the removal of these fixtures would damage the building or structure. Examples are heating and lighting fixtures, air conditioning systems, telephone lines, built in cabinets, built in safes and freezers and permanent partitions. Fixtures and equipment, including furniture, that stand-alone are classified as personal property. Costs in this category will be capitalized if the individual item cost exceeds the \$25,000 capitalization threshold. Examples are office furnishings, appliances, recording equipment and office machines.
 - k. **Recording Property in CG Fixed Asset Systems**: Accountable property shall be input to the designated CG fixed asset system (AIM/Oracle Fixed Assets) in accordance with procedures contained in COMDSTINST M4500.4, Property Management Manual, the AIM User Manual and/or the Oracle Fixed Assets User Guide.

- l. **Transfer and Disposal Documentation:** Forward copies of donation, transfer and disposal documentation involving all capitalized property over \$25K to FINCEN (FR).
- m. **Valuation of Donated and Transferred-In Property:** Items transferred as free-issue or given to the CG when excessed by the donating agency are valued in the fixed asset system at the cost to distribute the property to the CG unit (i.e. freight cost). If there is no transferred-in price and the item was NOT designated as excess by the donating agency, value the item at an estimated "fair market value". If undecided on the accounting treatment, contact COMDT (G-CFM-3) or FINCEN (FR).
- n. **End User (i.e Property Custodian) Responsibilities for Personal Property:** Property custodians are responsible for the physical and financial accountability of personal property under their control. In the fourth quarter of each year, conduct a complete physical inventory of all capitalized (\$25K and greater) general purpose, small boat and vehicle assets as required by COMDTNOTE 7100 Financial Resource Management Manual (FRMM).
- o. Ensure that items on hand are reconciled with the CG fixed assets system (AIM/Oracle FA). Advise FINCEN (FR) of any corrections needed to capitalized property in the fixed asset system.
- p. **Commandant (G-A), Commandant (G-S), and FDCC/CEU Responsibilities:** As required in COMDTNOTE 7100 (FRMM), forward all appropriate valuation and ownership documentation to the FINCEN (FR) including appropriate adjustment to an asset's final cost for all AC&I projects under your control. Notify FINCEN (FR) in a timely manner on asset deliveries and/or project completion so that the transfer of costs is made from the construction in progress accounts to the appropriate accounts in the fixed asset system and in the CG general ledger. Utilize the prescribed Project Management Sheet (PMS) form for reporting to FINCEN on AC&I projects.

17. Deobligation Procedures:

a. **Discussion:** As described above, management of expired year funds requires the periodic review of unliquidated or open obligations. Periodic review ensures that the accounting records reflect the current fund status of the appropriation, ATU, and program element. Fund management responsibilities include ensuring that only valid obligations remain open for the settlement of billings and that those undelivered orders determined to be invalid are canceled when required. Generally, events allowing deobligation of open undelivered order (UDO) or accrued expenditure unpaid (AEU) balances would include:

- (1) Liquidation of residual amounts based on final billings
- (2) Cancellation of project order or contract
- (3) Initial obligation determined to be invalid
- (4) Reduction of previously recorded estimate
- (5) Correction of accounting errors or duplicate obligations

It should be noted that although goods or services may have been received for a specific procurement and the undelivered order balance reflected in the accounting system has remained open for an extended period, a basis for deobligating the open UDO may not exist due to extended billing delays by the contractor and especially DOD. The average time between receipt of good or service from DOD and billing is three to six months and FINCEN routinely receives billings on MIPR procurements from DOD as late as 3 or 4 years after completion of work or product delivery. Special caution is also required on the deobligation of any procurements involving multi-year funding and multiple MIPR or contract modifications.

- b. Automatic deobligation. To assist fund management of expired year funds and the deobligation requirements discussed above, FINCEN has established deobligation parameters that are programmed. These parameters are designed to deobligate balances for smaller dollar obligations that, from a management and resource effort standpoint, do not warrant detail review based on their age, type of procurement, and dollar amount. Prior reviews of these types of obligations indicate that they represent residual balances after final billing, duplicate obligations or accounting errors that require cancellation. The major categories of open UDO or AEU obligations are canceled by the deobligation program based on the parameters noted on the following web page: http://cgweb.fincen.uscg.mil/lufs_web/deobligated.htm.

Recurring charge accruals will be reversed as part of the auto-deobligation program if there has been no billing/payment activity for periods ranging from 2 to 6 billing cycles. The cycle at which accruals are reversed depends upon the type utility or lease involved.

- c. Deobligation of purchase orders (document type 23):

See the discussion in paragraph 17b above.

d. Service contracts with option to renew for subsequent fiscal year (e.g. janitorial, food service, guard service): The accounting system obligates each year's funds separately under a different document number. If the contracting officer is sure that there is no outstanding work left under the expired option, the contracting officer may authorize the release of obligated but unexpended balances by submitting a contract payment approval form marked "Final for FY-____". Unexpended balances present at the end of the last option year will be deobligated in accordance with the policy in paragraph "E" below.

NOTE: Paragraphs 17 (d) applies to firm fixed price contract

e..Deobligation of formal contracts (document type 24), military interdepartmental purchase request (document type 28) and project order (document type 33): Because these types of procurements involve protracted delivery and billing periods, FAR Part 4 (contract close-out) and Enclosure (12) to the Coast Guard acquisition procedures (CGAP) and require positive confirmation from the contracting officer before these balances can be deobligated.

Premature or unwarranted cancellation of these large dollar procurements leads to payment delays, payment errors, or unnecessary research when invoices are finally received. Except where subject to automated deobligation (document type 28 less than \$25K and document type 33 less than \$10K), documentation required by FINCEN to cancel open UDO balances for these categories is as follows:

Document type 24
Contract, Service Contract or
document type 28 (MIPR)

Contract payment approval form
marked "final"

or

contractor/MIPR mod authorizing
deobligation by doc
number and by a specific amount.

Document Type 33
Project Order: (Yard, VNTSC)

Proj order amendment signed by
fund certification official (PE fund
MGR).

18. PROCEDURES FOR INTERNAL USE SOFTWARE

a. Capital Software Project Definition: An internal use software project which meets or exceeds a cost of \$200,000 or an increase in the capacity and/or capability of an existing software (improvement/enhancement) of \$200,000 or more. Internal use software includes software that is purchased commercially off-the-shelf (COTS), internally developed software and contractor developed software. Statement of Federal Accounting Standards (SFFAS) Number 10, Accounting for Internal use Software, is effective October 1, 2000. All costs incurred on software projects prior to the effective date will not be capitalized.

b. Procedure for Asset Capitalization by FINCEN: The policy and responsibilities for the capitalization of the internal use software is contained in the Financial Resource Management Manual (FRMM). Commandant (G-CIS) and software project managers at Headquarters, HQ Units, and MLC commands shall refer to this guidance for reporting responsibilities. All internal use software assets must have a cost of \$200,000 to meet the capitalization threshold. Any asset with a cost less than \$200,000 is expensed as a non-capitalized asset.

- (1) Based on initial input provided by the software project manager for a potential capitalized software project, FINCEN (FR) will review the project and determine if the project meets the capitalization criteria. Per FRMM policy, preliminary design costs (i.e. evaluation and testing of alternatives) and post implementation costs are expensed. Software development and set-up costs including actual coding, documentation, and acceptance/testing/installation/implementation costs are capitalized. Personnel costs of Coast Guard programmer resources of internally developed software during the software development phase shall be capitalized at the prevailing standard personnel cost (SPC) rate and be reported to FINCEN in March and September for ongoing capitalized projects. FINCEN will work with the software project manager to develop these costs on applicable projects.
- (2) If the project should be capitalized, FINCEN (FR) will prepare Part I of a Project Management Data Sheet (PMDS) form for the project based on the information from the Software Project Manager. FINCEN (FR) will establish the project in Oracle Projects. The project number and title will conform to the standards established in Oracle Projects in order to ensure uniqueness. The Software Project Manager shall review the form to ensure its accuracy and inform FINCEN (FR) if there are any errors.
- (3) Upon award of the contract, the servicing organization shall notify FINCEN (FR) via e-mail with the document number of the obligating document, the contract (DTCG/HSCG) number, and changes to the accounting line, if applicable. These changes will be made both to FINCEN systems and to the PMDS form.
- (4) A table has been created linking the Oracle project number to the document number(s) which are provided by software project managers.

All expenditures on those document numbers will be posted automatically to Oracle Projects.

- (5) For capital projects involving multiple sites, all costs will be charged at the project level in Oracle Projects until the project is completed. Breakdown by site will be done at project completion.
- (6) Upon project completion, Part II of the PMDS form shall be completed by the Software Project Manager and forwarded to FINCEN (FR) with a copy to the MLC, if applicable, within 30 days. This form shall identify the additional information required by Oracle. FINCEN shall be notified within 30 days of when the contractor release form is issued.
- (7) Upon notification of project completion, the FINCEN shall create the assets or improvements in Oracle Assets by transferring expenditures from Oracle Projects. Any new purchases/projects meeting the capitalization threshold will be capitalized by the FINCEN and software improvements falling below the capitalization threshold will be expensed.
- (8) Upon asset acceptance and project completion FINCEN (FR) will provide a list of all capital projects in progress to the servicing organization, with a copy to the MLC, if applicable, three times during the fiscal year (31 Dec, 31 Mar, and 31 Jul). This form shall identify the unit cost, receiving OPFAC and date of acceptance. The MLC and the Headquarters Units shall confirm the status of these projects within two weeks.

Software PMDS Form

Completed By Software Project Manager		
Organization:		
Project #:		
Project Name:		
Project Description:		
Software Project Manager:		Software Program Manager:
Phone Number:		Phone Number:
Project Status:		
Accounting Line(s):		
Benefiting Unit:		
DAFIS Document Number:		
Project Start Date:		
New, Enhancement		
Completion Date:		
	ESTIMATES	ACTUALS
	Item/s below that apply	Item/s below that apply
Conceptual formulation of alternatives:	\$0.00	\$0.00
Evaluation and testing of alternatives:	\$0.00	\$0.00
Determination of existence of needed technology	\$0.00	\$0.00
Final selection and project approval:	\$0.00	\$0.00
Design of chosen path, including software interfaces:	\$0.00	\$0.00
Coding/Set-Up:	\$0.00	\$0.00
Documentation:	\$0.00	\$0.00
Acceptance/Testing/Installation/Implementation:	\$0.00	\$0.00
Data Conversion:	\$0.00	\$0.00
Initial Training:	\$0.00	\$0.00
Application Maintenance:	\$0.00	\$0.00
Enhancements:	\$0.00	\$0.00
Labor:	\$0.00	\$0.00
Total Amount Capitalized:	\$0.00	\$0.00
Total Amount Expensed:	\$0.00	\$0.00
Total Costs:	\$0.00	\$0.00

19. PROCEDURES FOR AFC-43 CAPITAL PROJECTS

- a. **AFC-43 Project Definition.** Expenses associated with the U. S. Coast Guard Civil Engineering Program; promotes attainment of a full design life-cycle of integral subsystems for existing buildings and structures owned by the U. S. Coast Guard. These projects support major non-recurring shore plant requirements beyond the capability of a shore unit/ATON team/construction and buoy tenders. An AFC-43 project is initiated and controlled by a Civil Engineering Unit (CEU), HQ or MLC Unit.
- b. **Procedure for Asset Capitalization by FinCen:** All real property assets must have a cost of \$200,000 to meet the capitalization threshold. Any asset with a cost less than \$200,000 is expensed as a non-capitalized asset. To enable the Finance Center staff to track and capture all costs for assets affected by AFC-43 projects, the following procedures must be followed by each CEU, HQ or MLC Unit:
 1. For a construction project, whether new or improvement, where one or more of the assets (RPFNs - Real Property Facility Numbers) has a cost greater than or equal to \$175,000 per RPFN, an OE Project Certification Form (CG-5520A) must be submitted to the Finance Center Property Section (FR) and must be accompanied by a cover letter or an e-mail from the CEU listing the Project Manager's name and telephone number, accounting line, document number for construction, start date of the project and information whether the design of the project is in-house or contracted. If the design is contracted, the information must also include the contract number for the design. The Project Scope and Purpose which lists a detailed description of the project and the purpose of the project must also accompany the OE certification.
 2. The OE Project Certification form must list each RPFN affected by the project along with the estimated costs of Rebuild (R), Improvement (I), Maintenance (M) and Demolition (D) per RPFN. It must also list the project number as assigned by the CEU/HQ/MLC Unit, the OPFAC of the unit involved in the project, and the Plant Replacement Value (PRV) of each RPFN.
 3. An exception to the rule is any project consisting solely of demolition, i.e., no R or I work. In such cases, the project will not be capitalized since it concerns the demolition of an asset.
 4. Maintenance is funded by OE except when it is a component of an otherwise AC&I funded project, i. e., a major construction project.
 5. The following initial screening process is used to evaluate improvement projects for capitalization:
 - a. The depreciated PRV for any RPF with $R + I + D$ greater than or equal to \$175,000 is calculated with the following

information/calculation (buildings have a life of 40 years; structures 20 years).

PRV: Information for each RPF should be provided on lower half of the OE Certification form.

AGE: Provide on OE certification form for each RPF.

R + I + D: Total from OE certification form for each RPF listed.

Deflated PRV Calculation for a Building:

$$\frac{\text{PRV (40-age)}/40}{\text{Total of R + I + D}} = \text{Deflated PRV}$$

b. The Deflated PRV above is then compared to the R+I+ D

c. If the building or structure is fully depreciated, the Deflated PRV will be \$0 and the project will be considered a capitalized project. The project will be continually tracked/monitored until completion to ensure it remains a capitalized project.

d. If the building or structure is **not** fully depreciated, the deflated PRV is compared to the project cost for each RPF to determine if it is to be capitalized. In this case, if the R + I + D is less than the PRV but greater than \$200,000, an additional step must be taken.

1. The net book value for the asset in the Oracle database is compared to the R + I + D. If the R+I+D is over 50% or more of the net book value, the project will still be capitalized, even if it is less than the deflated PRV. This scenario is more likely to happen during projects involving rehab/remodeling of older buildings and structures which are greater than 50% depreciated, even if the PRV listed in the CEDS (Civil Engineering Data System used by the CEUs) is high because the PRV in the CEDS system may be over inflated.

2. This project is also tracked/monitored to ensure it remains a capitalized project at its completion.

e. Upon receipt of the information at the FinCen, the Property Control Branch completes a Project Management Data Sheet (PMDS) with the information supplied by the CEU on the project. The RIMD analysis is displayed at the bottom of the PMDS form and is e-mailed back to the CEU for verification.

f. When an AFC-43 project is completed with all monies from the contract and modifications expended, the project is again reviewed for capitalization.

- (1.) The percentage of total contract expenditures attributed to each RPFN affected by the project is calculated. If only one RPF is affected, 100% of the project is applied to that RPF.
- (2.) If there is more than one RPF for the project, the percentage of the total project applied to each RPF is determined by the CEU/HQ/MLC unit and the final calculation per RPF is determined.
- (3.) The amount assigned to each RPF is compared to the capitalization threshold to determine if it is capitalized or expensed.
- (4.) If the project has M listed on the original OE certification and the M is less than 15% of the R+I+M+D, the entire amount of M is capitalized for that RPFN.
- (5.) If the M amount is greater than 15%, the M amount is to be expensed and the remainder capitalized.
- (6.) The PMDS form for the project is then completed with total dollar amounts spent on the project and the asset(s) is capitalized/expensed in Oracle.

AFC 43 PMDS Form

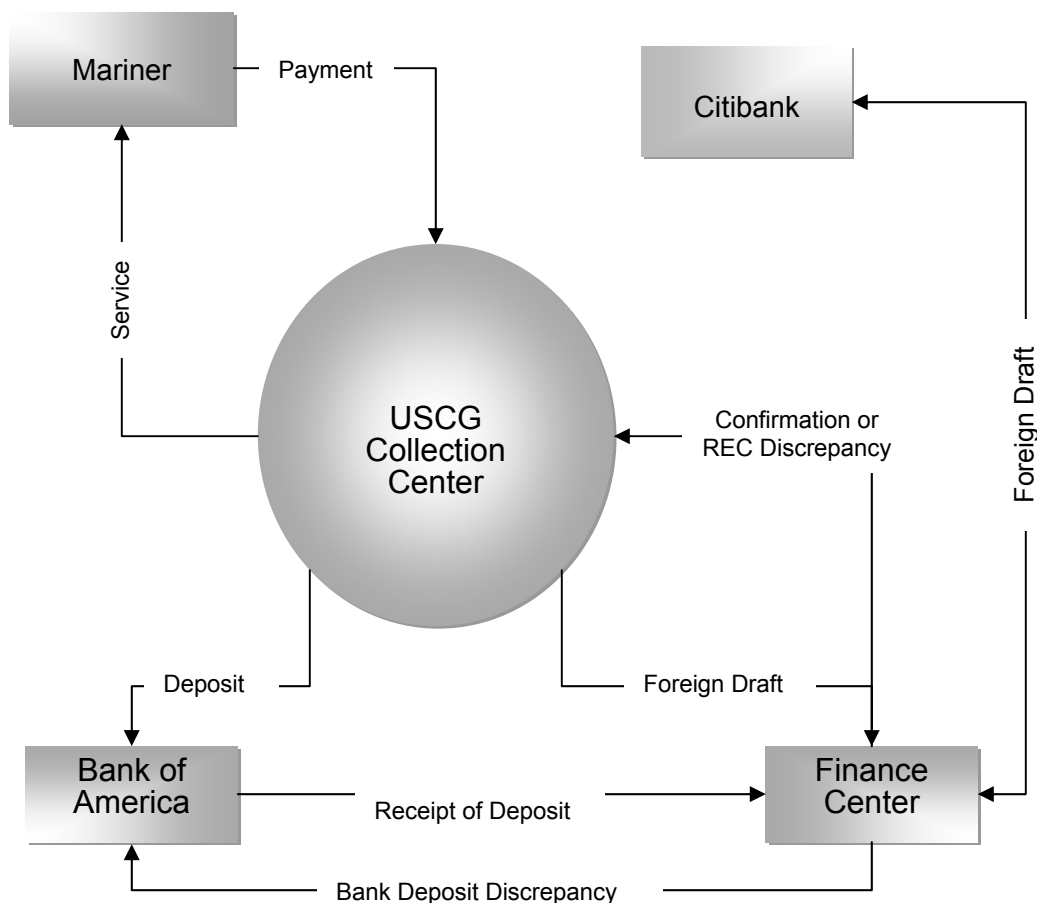
AFC-43			CAP
Organization:	CEU Providence		
Project #:	01-P7034	Project Name:	Point Allerton Garage/Workshop Modifications
Project Description:	Provide 1,600 Sq. Ft. Addition to existing garage/workshop		
Project Status: (Active/Completed/Closed)	Active		
Project Start Date:	12/8/99		
Benefiting Unit:	Sta Point Allerton, Hull, MA	Cost Center:	30154
Project Manager:	Alan Trow	Phone Number:	(401) 736-1752
Accounting Lines:	2/3/001/132/43/WK/30154/3202		
AE Costs to Date:	\$21,690.36		
AE Contract Number:			
Construction Contract Number:	DTCGG1-00-C-3WK100		
DAFIS Document Number:	2400G103WK100/000		
ASSETS			
Landlord OPFAC:	30154	Site:	00
Real Property Facility Numbers		VW2.A	RPFN
Property Type: Land (L); Building (B); Structure (S)		B	
New (N) or Improvement(I):		I	(N/I)
Date Placed in Service: (Month, Day, Year)			
% of Construction Costs by RPFN:		100%	
Construction Costs:			
AE Costs:			
Total Costs:	0.00		
Amount to be Capitalized by RPFN:		0.00	0.00
Amount Expensed:			
Asset Details:			
Use Code		143.11	
Size/Square Feet		1152	
CEDS Property Name		Lower Garage	
		1969	
Installation Number:	23053		
ASSETS DEMOLISHED for/during project:			
RPFN			
Name			
CAP (CAP for oracle - will watch to see if it gets over 200K)			
GARAGE/WORKSHOP MODIFICATIONS			
Date of Acquisition: 1969			
Type: Building			
PRV:		101,600.00	
Age:		31	
R+I+D		179,900.00	
PRV(40-age)/40 (Deflated PRV)		22,860.00	
Resulting Fraction to determine CAP / NON-CAP status		22,860.00	
		179,900.00	

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20. User Fee Collection Overview and FINCEN Audit Policy

- A. Authority:** Section 2110 of title 46, United State Code, requires the establishment and collection of user fees for Coast Guard services provided under subtitle II of title 46, United States Code. Beginning in 1993, user fees were established for Coast Guard services relating to the issuance of merchant marine licenses, certificates of registry, and merchant mariner documentation (MMD). As an agency congressionally mandated to collect user fees, the United States Coast Guard is tasked with creating and executing internal controls to ensure the proper safeguarding and stewardship of user fee collections. Accordingly, COMMANDANT INSTRUCTION M7042.1 was issued August 20, 1999 establishing policies and procedures for receiving, securing, documenting, depositing, and reconciling user fee collections. This instruction specifically addresses collections by all Regional Examination Centers (RECs), the National Vessel Documentation Center (NVDC), the National Pollution Funds Center (NPFC), and the Overseas Vessel Inspection Units (OVIUs). All of these individual units are collectively referred to as Collection Centers (CCs) throughout the COMDTINST as well as this Finance Center (FINCEN) Standard Operating Procedure (SOP).
- B. Purpose:** The primary purpose of the COMDTINST M7042.1 is to provide CC supervisors and personnel with a set of basic accounting procedures and internal control techniques which, upon implementation, provide reasonable assurance that accountability over user fee collections and associated documentation is maintained. Further clarification, pertinent updates, and specific CC staff responsibilities are discussed in this Finance Center SOP.
- C. Collection Center Locations:** There are twenty-one CCs that must comply with the COMDTINST as well as the additional guidance provided by this SOP. Licensing and certification functions are currently performed at 17 Regional Examination Centers with an additional 4 collection centers performing other specialized functions:
- | | | |
|---|---------------------|-----------------------|
| REC Anchorage, AK | REC Juneau, AK | REC Portland, OR |
| REC Baltimore, MD | REC Long Beach, CA | REC San Francisco, CA |
| REC Boston, MA | REC Memphis, TN | REC Seattle, WA |
| REC Charleston, SC | REC Miami, FL | REC St Louis, MO |
| REC Honolulu, HI | REC New Orleans, LA | REC Toledo, OH |
| REC Houston, TX | REC New York, NY | |
| National Vessel Documentation Center - Falling Waters, WV | | |
| National Pollution Funds Center - Arlington, VA | | |
| Overseas Vessel Inspection Unit - Rotterdam, Netherlands | | |
| Overseas Vessel Inspection Unit - Tokyo, Japan | | |
- D. Audit Policy:** As a means to help ensure all CCs remain compliant with the COMDTINST and this SOP, the FINCEN (FI) is tasked with performing annual site visits in order to evaluate user fee collection procedures and the associated internal controls environment. In addition, in-house FINCEN reviews will periodically be conducted on user fee collection and related deposit documentation submitted by each CC. Audit schedules are prepared prior to the start of each fiscal year and CCs will be given sufficient notice of an upcoming review. Upon the completion of each review and return to the FINCEN, the audit team will prepare a formal report of its visit within ten working days.

- E. **SOP Format:** The format of this SOP begins with a basic overview of the entire collection cycle followed by discussion of specific individual staff responsibilities as they pertain to the user fee collection process. Flow diagrams are provided throughout to facilitate effective and efficient user fee collection activities. An Internal Controls Questionnaire and Checklist concludes the SOP.
- F. **User Fee Collection Cycle:** The flow diagram below depicts the basic transaction flow cycle followed for the collection, deposit, and validation of user fees collected from mariners for services rendered at USCG Regional Exam Centers:



- G. **General Duties and Responsibilities:** The descriptions and flow diagrams that follow reflect typical functional responsibilities in the user fee collection process for a REC:

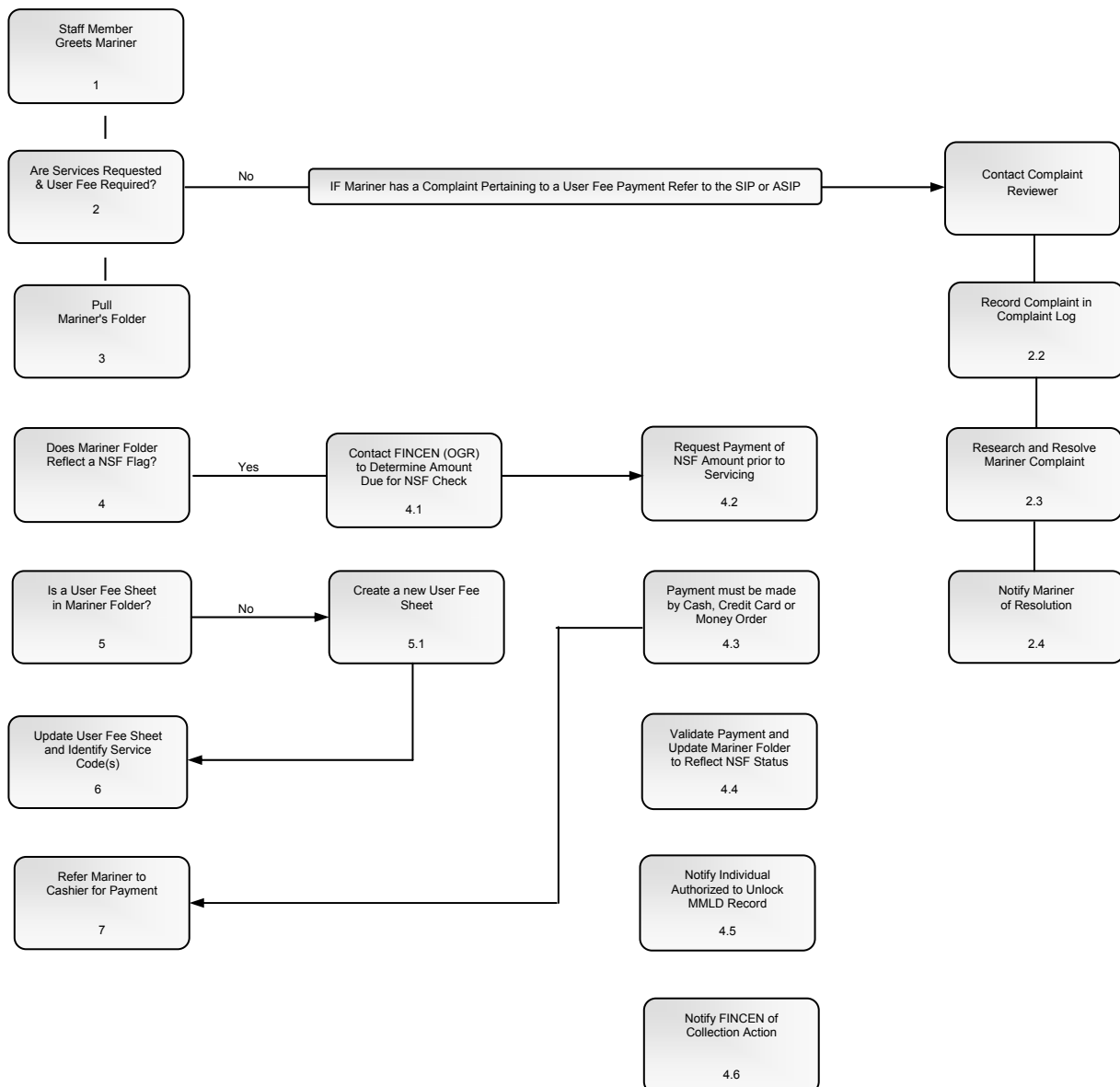
Collection Center Staff: Refers to all CC personnel that greet walk-in mariners and determine the nature of visit. If services are requested, the staff member will pull the mariner folder or establish one. Specific steps of the process include:

- (a) Review folder for any documentation of past unpaid non-sufficient fund (NSF) checks. No additional services will be provided to the mariner until restitution is

made on any bad check previously written. Mariner can clear the NSF check by paying the REC cashier with cash, money order, or credit card. CC personnel must confirm the current balance due on a mariner's account with the FINCEN (OGR) to incorporate any interest, penalties and administrative charges incurred.

- (b) Fill out a new User Fee Sheet or if one is present in the mariner folder, update it to identify the appropriate user fee codes that correspond to the services being requested.
- (c) Direct mariner to take the User Fee Sheet to the cashier for payment of the services requested. Upon payment for services, mariner folder along with the accompanying User Fee Sheet and attached cash register receipt is delivered to a service provider.

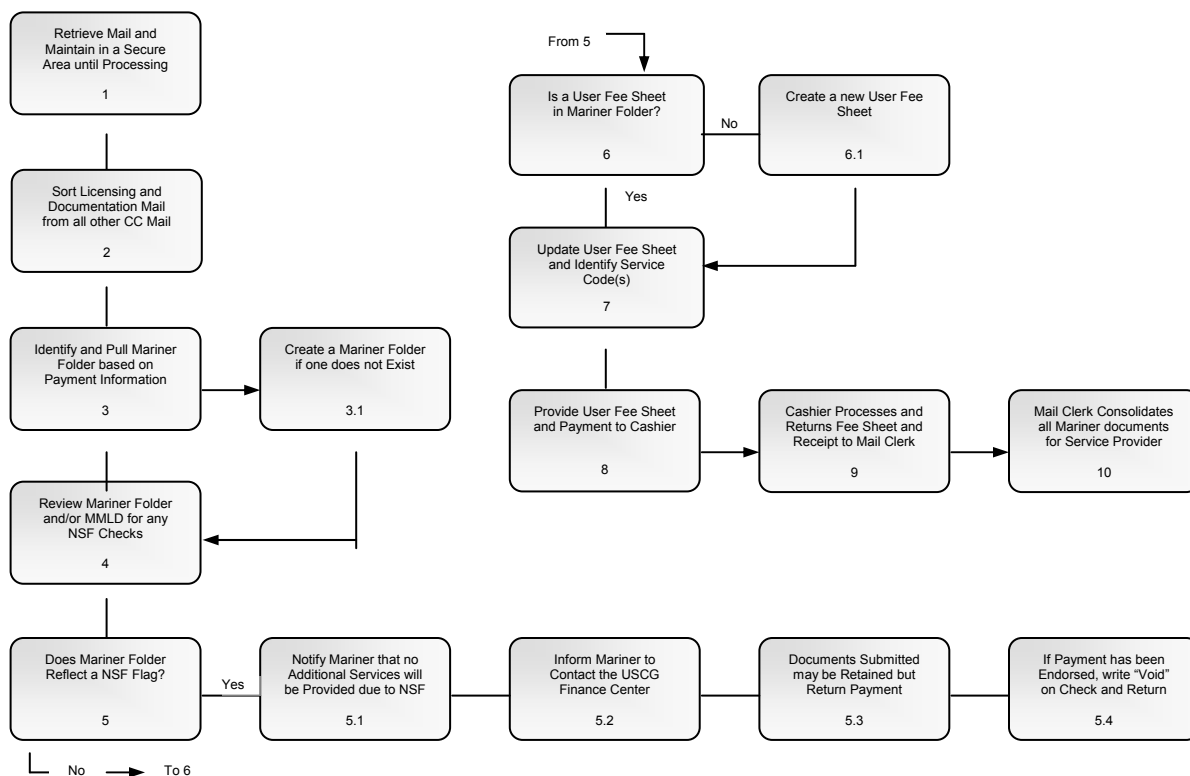
Flow Diagram – CC Staff Responsibilities for Service Counter



(2) **Mail Clerk:** Refers to CC personnel designated to open daily mail and separate user fee collections from accompanying correspondence. Specific steps of the process upon mail retrieval include:

- (a) Sort user fee collections and related licensing and documentation mail from all other CC mail. Pull mariner folders based on payment information or the related enclosures received through the mail. Create a mariner folder if one does not exist. During the retrieval process, appropriate safeguards must be taken to secure collections.
- (b) Review mariner folder for any documentation of past unpaid non-sufficient fund (NSF) checks. No services will be provided to the mariner until restitution is made on any bad check previously written for a prior service request. If a NSF check exists, the mariner should be notified in writing by the CC that no additional services can be provided and that they must clear the NSF check by calling the USCG Finance Center at (757) 523-6888 to verify the amount due and submitting payment via money order. The CC can retain documentation submitted by the mariner but return the mariner's check.
- (c) Pull the User Fee Sheet from each mariner folder or fill out a new one to identify the appropriate user fee codes that correspond to the services being requested. Attach each fee payment to the mariner's User Fee Sheet and provide to the cashier for recording of payment.
- (d) Upon recordation of payment, the cashier shall return each mariner User Fee Sheet and an attached cash register receipt to the mail clerk for validation and filing with the mariner's folder. Each mariner folder with all supporting documentation is then provided to a service provider for processing and appropriate logging on the reconciliation tool.

Flow Diagram – CC Mail Clerk Responsibilities

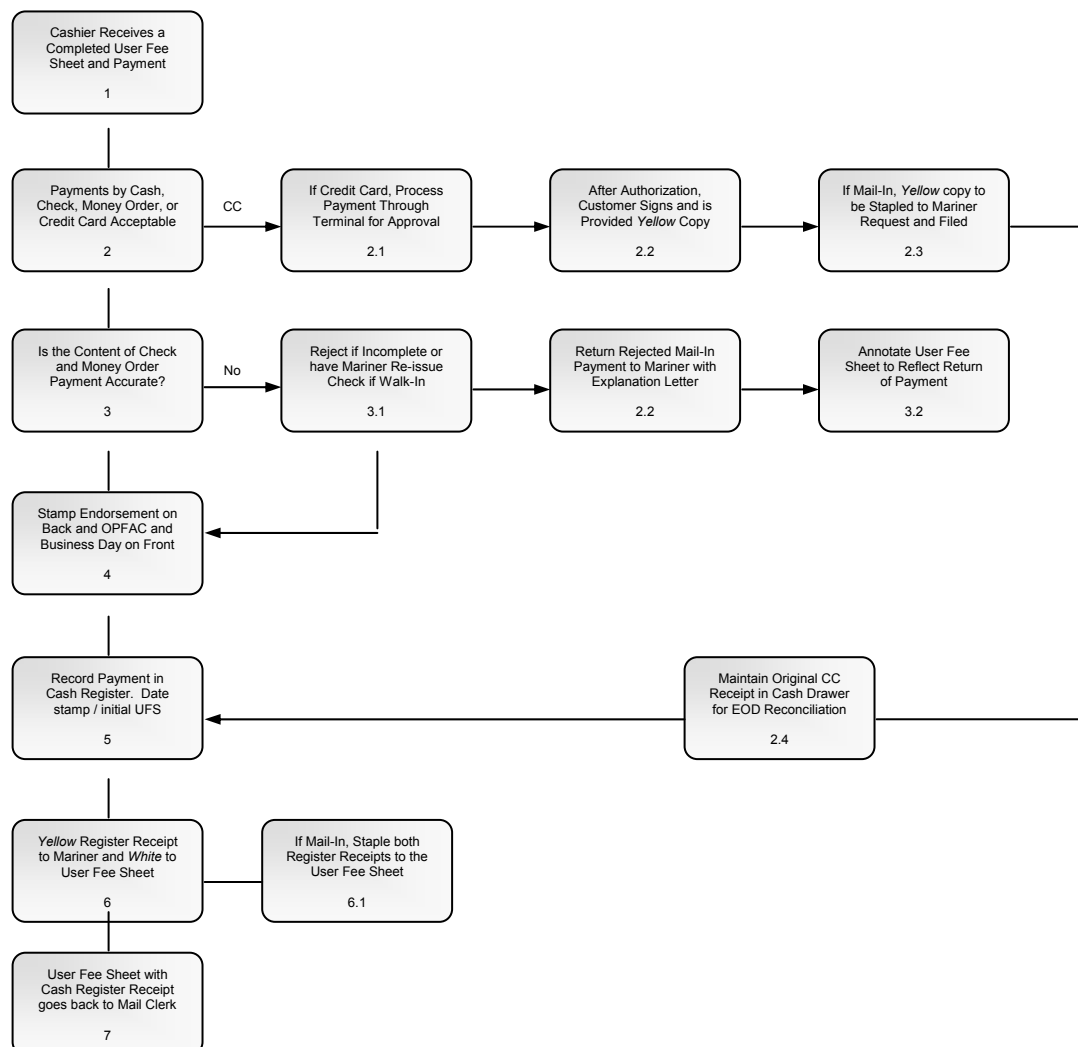


- (3) **Cashier:** Refers to CC personnel designated to collect and process mariner payments. Specific steps of the process upon receipt of a user fee include:

Transaction Processing:

- (a) Upon receipt of a completed User Fee Sheet and corresponding payment, the cashier shall enter the appropriate user fee codes into the register to record collection activity.
- (b) Mariner payments can be accepted in the form of check, money order, cash, or by a charge card with a Visa or MasterCard logo. Credit card payments must first be run through the charge terminal to obtain card approval and authorization. Before ringing payments into the register, checks and money orders must be examined to ensure the following:
- Amount of payment equals the services to be rendered as reflected on the User Fee Sheet.
 - Written and numeric amounts match. Banking regulations take written over numeric amount.
 - Checks are signed and not post dated.
 - Ensure the payee is identified as the U.S. Coast Guard, Treasury, Department of Transportation, or U.S. Government.
 - Checks should contain mariner's social security number and a current address.
- (c) Upon validation of the information above, stamp the back of each check or money order with a restrictive endorsement that identifies the correct USCG bank account number. The CC's Operating Facilities (OPFAC) code and the business transaction date can also be stamped on the front of the check or money order at this time.
- (d) Mariner payments by credit card first require approval and then must be recorded in the cash register. Walk-in mariners should be provided the *yellow* copy of the charge authorization and the *white* (original) copy can be stored in the cash drawer for end-of-day reconciliation. After reconciliation is complete, the white copy of the charge authorization can then be stapled to the REC's copy of the daily Collection Summary Sheet with other supporting documents for that particular day's transactions.
- (d) Record payment in cash register and date stamp and initial the mariner User Fee Sheet. Staple the cash register receipt to the User Fee Sheet and return it to the mail clerk for inclusion in the mariner folder. Each folder is then given to a service provider for processing of the mariner request.

Flow Diagram – CC Cashier Responsibilities – Transaction Processing

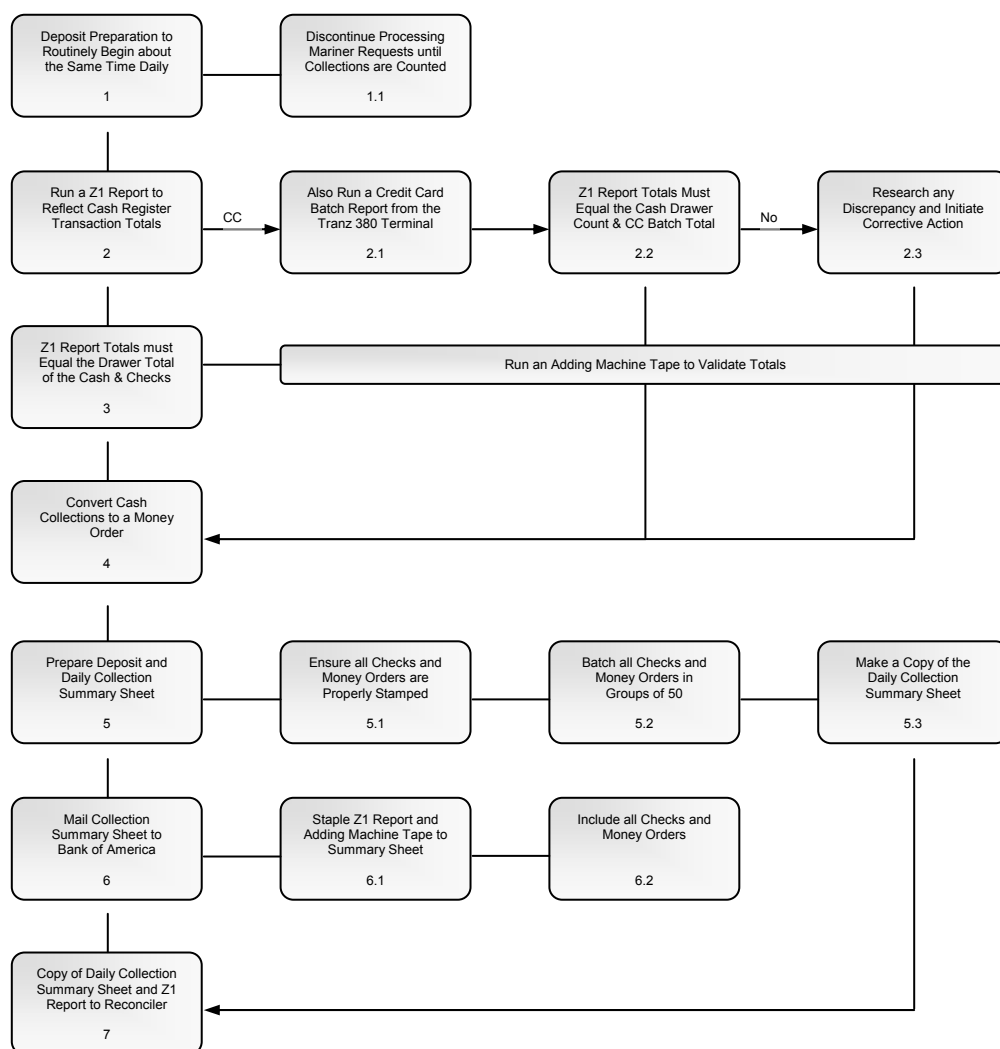


End-of-Day Processing:

- (f) At the end of each business day the cashier is responsible for preparing the daily Collection Summary Sheet. This sheet provides a summary of collection and deposit information that must be reconciled to services requested for the day. Required documents to prepare the summary sheet include a cash register report (Z1) and a credit card batch report which is run from the Tranz 380 Terminal. Both of these reports should be run concurrently at the end of the day to simplify the reconciliation process. The Z1 will reflect all transactions, regardless of the type of payment, and upon the counting of cash, negotiable instruments, and credit card receipts maintained in the cash drawer should equal the report total. Any discrepancy between the Z1 and the cash drawer count, or the CC daily batch report and the Z1 charge total must be researched and adequately explained on the daily Collection Summary Sheet.

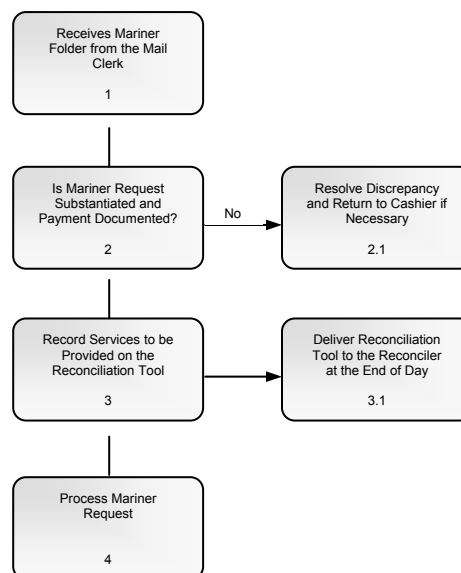
- (g) All cash collections must be converted to a money order upon deposit preparation. The money order conversion charge is to be recorded separately on the summary sheet. Credit card charges must also be identified on the summary sheet although individual charge transaction documentation is excluded from the actual lockbox deposit. The charge totals reflected on the Z1 must match the credit card batch report total from the charge terminal for the day. Any discrepancy must be explained.
- (h) With the end of each business day, the cashier ensures all funds collected have been recorded in the cash register and that the money count equals the transaction total for the day as reported on the Z1 register tape. This is accomplished by running an adding machine tape on all check and money order (including converted cash) transactions for the day to ensure the total of these two forms of payment matches the corresponding Z1 register tape total. In the process of batching all checks and money orders in groups of 50, ensure a restrictive endorsement has been stamped on the back of each and the front has been stamped with the collection center's OPFAC and the business transaction date.

Flow Diagram – CC Cashier Responsibilities – End-of-Day Processing



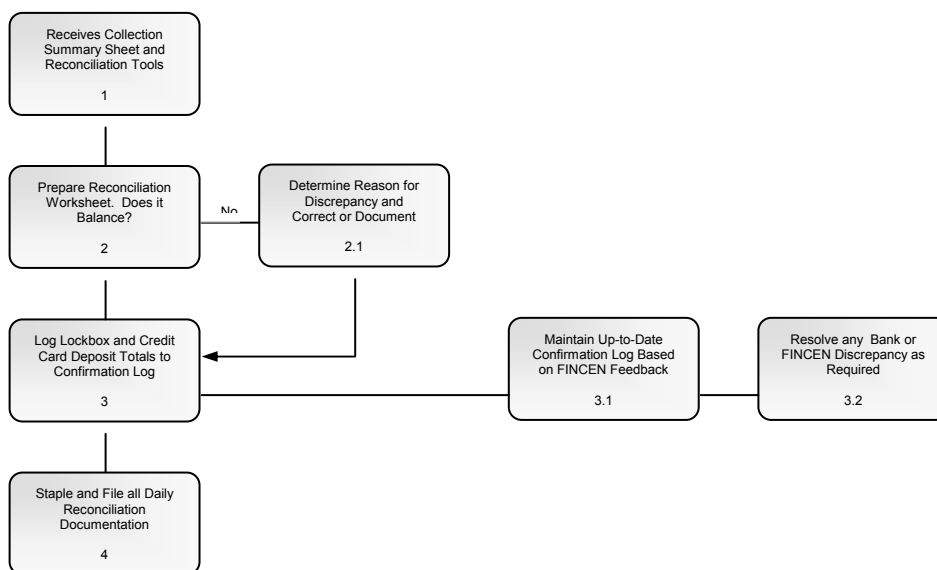
- (4) **Service Provider:** Refers to CC personnel designated to perform mariner evaluations, administer examinations and/or issue licenses and documents. The steps provided below outline the service provider's functions as they pertain to the user fee collection cycle.
- (a) Upon receipt of a mariner folder from the mail clerk, a cursory review of mariner documentation must be performed to determine whether appropriate user fees have been collected for the services requested. This includes ensuring the user fee codes annotated on the User Fee Sheet correspond to the requested services and an attached cash register receipt reflects associated accountability.
 - (b) After review of the mariner's documentation, record the service request on the Reconciliation Tool for Evaluators/Examiners/Issuers. At a minimum, the mariner's name and total amount of the service request must be recorded in order to accommodate a daily reconciliation of services requested to recorded collection activity.
 - (c) The Reconciliation Tool for Evaluators/Examiners/Issuers serves a twofold function. First, it provides a daily record of service requests used to match to daily-recorded collection activity. Second, it provides a method to measure individual workload. Reconciliation Tools must be used to record a mariner's service request at the time of payment. They can also be used to record the completion of a stage of a request. For instance, a mail-in request includes payment for an evaluation, examination, and issuance fee all at once. The initial request must be logged on the Reconciliation Tool to reflect the entire request and associated fees paid; however, subsequent inclusion of the mariner's name on a Reconciliation Tool would reflect a zero dollar transaction upon completion of each step of the documentation process, i.e., evaluation, examination, and issuance.

Flow Diagram – CC Service Provider Responsibilities



- (5) **Reconciler:** Refers to the Collection Center individual responsible for validation and reconciliation of daily collection activity and the corresponding services provided. Specific requirements include:
- (a) On a daily basis obtain a copy of the Collection Summary Sheet along with accompanying documentation, which includes the Z1 register tape and credit card batch report, from the cashier. Additionally, each service provider shall turn in a Reconciliation Tool that identifies services they will provide based on the mariner requests received for the day.
 - (b) From the documentation received in (a), prepare a Reconciliation Worksheet for the purpose of validating the day's collection activity. Reconciler is responsible for adequately explaining any discrepancy that may exist between the reported collection activity received from the cashier and the reported services provided which is also received on a daily basis from the service providers.
 - (c) Reconciler is also responsible for completing and maintaining an up-to-date deposit Confirmation Log. This step completes the deposit cycle by validating that the USCG Finance Center has received and processed account information for each of the lockbox deposits mailed to Bank of America. The Confirmation Log also includes a separate area for confirmation of daily charge card transactions. The daily lockbox and charge transactions require separate confirmation as banking procedures differ between the two. Upon receipt of lockbox and charge summary deposit information from FINCEN (OGR), any discrepancy must be adequately researched and resolved.

Flow Diagram – CC Reconciler Responsibilities



H. Required Forms. Discussion follows on the necessary forms for processing, documenting, and validating user fee collection activity. Most forms are updated from those provided in COMDTINST M7042.1.

- (1) **User Fee Sheet:** The User Fee Sheet begins the documentation process for servicing mariner requests and recording user fee collection activity. Whether documents are received through the mail or from a walk-in, the mail clerk and designated service counter personnel will record the appropriate mariner information and user fee codes on a User Fee Sheet in order for the collection center cashier to properly record and document receipt of payment prior to any services being provided. A basic User Fee Sheet setup follows but locally developed forms that capture required information, including clerk and cashier initials, are acceptable.

User Fee Sheet

Mariner Last Name	First	MI	Social Security Number
Mail Clerk / Counter Personnel Initials: _____ Date: _____	User Fee Codes: _____ Amount to Pay: _____ Payment Method: Cash / Check / MO / CC	Cashier Initials: _____ Amount Collected: _____ Check / MO Number: _____	
Mail Clerk / Counter Personnel Initials: _____	User Fee Codes: _____ Amount to Pay: _____	Cashier Initials: _____ Amount Collected: _____	

- (2) **Collection Summary Sheet:** The Collection Summary Sheet serves primarily as a deposit document to reflect mariner checks and money orders submitted to the lockbox; however, the form also provides necessary daily credit card transaction information. Lockbox information provided in the top half of the form allows the bank to credit the appropriate CC with the user fee collections supported by checks and money orders. The lower half of the form provides FINCEN with daily credit card transaction information necessary for tracking to the bank's CashLink report. An attached cash register end-of-day tape known as the Z1 supports all collection activity reported on the Collection Summary Sheet. Attachment of the daily charge transaction batch summary report validates credit card activity. Any discrepancy between the Z1 and the amounts represented on the Collection Summary Sheet must be fully explained. Collection Summary Sheets are required to be prepared and mailed daily. The required Collection Summary Sheet follows:

Daily Collection Summary Sheet

Unit OPFAC: 00-00000Regional Examination Center - New Orleans

Business Transaction Date:

11012001

Number of Batches with this Submission (50 per):

2

Number of Checks and Money Orders Included:

51

Daily Collection Summary Sheet Prepared By:

_____*Signature*_____

Deposit (Lockbox) Summary to Bank of America

A.	Vessel Documentation – Recreational:	\$	_____
B.	Vessel Documentation – Commercial:	\$	_____
C.	Marine Licensing and Documentation:	\$	<u>6,500.00</u>
D.	Plan Review:	\$	_____
E.	Overseas Vessel Inspections:	\$	_____
F.	Miscellaneous (Subtract Money Order Fee Here):	\$	<u>- 1.00</u>

Lockbox Deposit to Bank of America (Checks & MOs Only):**\$ 6,499.00**

Source of Funds & Credit Card Recap of Daily Collections

Total of Today's User Fee Collections (Z1 Total): \$ 7,000.00Subtract "Charges" Total from CC Detail Below: \$ - 500.00Net to Lockbox Summary Above (Usually to "C"): \$ 6,500.00

	<u>Charges</u>	<u>Charge Backs</u>	<u>Net</u>
Visa	\$ <u>300.00</u>	\$ <u>50.00</u>	\$ <u>250.00</u>
MasterCard	\$ <u>200.00</u>	\$ <u>0.00</u>	\$ <u>200.00</u>
American Express	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
Discover	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
Diners Club	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>
Total:	\$ <u>500.00</u>	\$ <u>50.00</u>	\$ <u>450.00</u>

CC CashLink Validation Amount: \$450.00**Lockbox Validation Amount: \$6,499.00**

- (3) **Reconciliation Tool for Service Providers:** The purpose of this form is to serve as a means to independently validate that collection activity represented on the Collection Summary Sheet equals the amount of services to be provided. Each evaluator, examiner, and issuer that provides a service to a mariner is required to complete a Reconciliation Tool on a daily basis. A sample format follows but can be locally devised as long as it accommodates reconciliation requirements:

Reconciliation Tool for Service Providers

Service Provider Name: _____ Activity Date: _____

Mariner Name	Social Security	Code/s for Services Provided	Fees Associated with Services Provided	Comments

Total Service Activity for the Day:

\$

- (4) **Reconciliation Worksheet:** This worksheet is to be completed by the collection center supervisor or designated reconciler to balance recorded collection activity, represented by the Collection Summary Sheet, to the individual services provided or to be provided by each evaluator, examiner, and issuer as recorded on their Reconciliation Tool. A sample format follows but can be locally devised as long as it accommodates reconciliation requirements:

Reconciliation Worksheet

Business Transaction Date: _____

Service Provider Name	Total of Services Provided for the Day (As Reported on Reconciliation Tool)	Comments

Total Dollar Value of Reported Services:

\$

Total Collection Activity as Recorded on the Day's
Collection Summary Sheet and Z1 Register Tape:

\$

Difference (Totals Should Match):

\$

Comments (Explain any Difference):

- (5) **Confirmation Log:** A Confirmation Log is an on-going record of daily deposits and is required in order to validate, through the FINCEN, that the bank has properly processed each deposit mailed to the lockbox. Bank responsibilities include the processing of all mariner checks and money orders for credit to the appropriate OPFAC. Any discrepancy as to the dollar amount submitted by the collection center and the amount credited by the bank must be researched and resolved in a timely manner through FINCEN (OGR). For this reason, the Confirmation Log must be continually maintained. With the recent implementation of credit card terminals, the Confirmation Log also includes an area to track and confirm all daily charge transactions. The following sample Confirmation Log excerpt provides the required fields:

User Fee Confirmation Log
Regional Examination Center – *Name*

Net Deposit Amount from Z1 Register Tape						Lockbox Transactions				Charge October 2001		
Transaction		MO	Bank of America	FINCEN	FINCEN	Bank of America	FINCEN	FINCEN				
Day	Date	Charge	Check / MO	Cash	Total	Fee	Lockbox Deposit	Deposit	Confirm Date	Charge Summary	Deposit	Confirm Date
Monday	1-Oct-01				\$0.00		\$0.00			\$0.00		
Tuesday	2-Oct-01				\$0.00		\$0.00			\$0.00		
Wednesday	3-Oct-01				\$0.00		\$0.00			\$0.00		
Thursday	4-Oct-01				\$0.00		\$0.00			\$0.00		
Friday	5-Oct-01				\$0.00		\$0.00			\$0.00		
Week 1 Totals		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	
Monday	8-Oct-01				\$0.00		\$0.00			\$0.00		
Tuesday	9-Oct-01				\$0.00		\$0.00			\$0.00		
Wednesday	10-Oct-01				\$0.00		\$0.00			\$0.00		
Thursday	11-Oct-01				\$0.00		\$0.00			\$0.00		
Friday	12-Oct-01				\$0.00		\$0.00			\$0.00		
Week 2 Totals		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	\$0.00	

- H. Internal Control Standards and Audit Objectives:** Each FINCEN review will determine whether sufficient accounting and internal control procedures are in place to ensure that accountability over user fee collections and documentation is maintained and the potential for fraudulent acts is minimized. A User Fee Collection Audit Checklist adapted from the COMDTINST is used to aid in assessing the internal control environment and the policies and procedures in place. Based on the results of the FINCEN assessment, a formal report will be issued. Internal control standards that are incorporated into the COMDTINST and the audit checklist include the following:

- (1) **General Internal Control Standards:** Apply to all aspects of internal controls and include:
- a. **Reasonable Assurance:** The standard of reasonable assurance recognizes that the cost of internal control should not exceed the benefit derived. This equates to a satisfactory level of confidence under given considerations of costs, benefits, and risks.
 - b. **Supportive Attitude:** This standard requires managers and employees to be attentive to internal control matters and to take steps to promote the effectiveness of the controls. Attitude affects the quality of performance and, as a result, the quality of internal controls.
 - c. **Competent Personnel:** This standard requires personnel to demonstrate professional integrity and maintain a level of competence that allows them to accomplish their assigned duties.
 - d. **Control Objectives:** This standard requires that objectives be tailored to an agency's operation. All operations of an agency can generally be grouped into cycles that comprise specific activities. The user fee collection function is a cycle with associated activities of collecting, identifying, recording, depositing, and reporting the information necessary to process user fee transactions.
 - e. **Control Techniques:** Internal control techniques are the mechanisms by which control objectives are achieved. The COMDTINST provides policy and guidance along with the necessary tools for ensuring that the transaction cycle associated with user fee collections is achieved.
- (2) **Specific Internal Control Standards:** A number of specific control standards are essential to provide the greatest assurance that the internal control objectives will be achieved. These critical control standards include:
- a. **Documentation:** This standard requires written evidence of internal control objectives, techniques, and accountability systems. Significant events are to be clearly documented, and the documentation readily available for examination. The COMDTINST establishes appropriate internal control policies and procedures and provides CC supervisors the necessary guidance for controlling their operation. It also provides a checklist that is purposeful and useful to managers, as well as auditors, for analyzing operations.
 - b. **Recording of Transactions and Events:** Transactions must be promptly recorded if pertinent information is to maintain its relevance and value to management in controlling operations and making decisions. This standard applies to the entire process or cycle of a transaction. Accordingly, all activities from user fee collection to deposit and subsequent confirmation would be adequately documented.

- c. **Execution of Transactions and Events:** This standard requires transactions and other significant events to be authorized and executed only by persons acting within the scope of their authority. It is the principle means of assuring that only valid transactions and other events are processed.
 - d. **Separation of Duties:** To reduce the risk of error, waste, or wrongful acts, no one individual should control all key aspects of a transaction or event. This standard emphasizes that the responsibilities of authorizing, processing, recording, and reviewing transactions should be separated among individuals.
 - e. **Supervision:** This standard requires supervisors to continuously review and approve the assigned work of their staffs. It also requires that appropriate guidance and training be provided as necessary. Qualified and continuous supervision ensures internal control objectives are achieved.
 - f. **Access to and Accountability for Resources:** The basic concept behind restricting access to resources is to help reduce the risk of unauthorized use or loss to the Government. Safeguards for maintaining this standard include utilizing a safe, sequential numbering of documents, the use of logbooks, and assignment of custodial accountability to responsible individuals.
- I. **Audit Checklist:** The audit checklist is the primary tool utilized by the FINCEN review team to determine conformance with COMDTINST policy and the internal controls associated with user fee collections. Questions are representative of internal control standards, and on the FINCEN version of the checklist, are worded so that a 'Yes' response indicates appropriate internal control measures exist for that particular event. The number of 'Yes' responses received on a checklist directly correlates to the internal control environment of the collection center. This SOP concludes with the five-page checklist currently developed for conducting reviews.
- J. **Report of Audit.** Upon the completion of each review and returning to the FINCEN, the audit team will prepare a formal report of their visit within ten working days. The report will comment on whether accountability could be substantiated over user fee collections and mariner documents. The report will also state whether the user fee collection policies and procedures followed are in accordance with the COMDTINST M7042.1. Major procedural concerns will be fully discussed in the body of the report and include recommended corrective action. Written responses will be required from CCs not in conformance with established guidelines. A completed checklist will also accompany each report and specifically identify areas where weaknesses existed.
- K. **Summary:** This SOP provides basic insight into the user fee collection process, responsibilities, and associated internal controls. Detailed guidance is provided in COMDTINST M7042.1 with regard to accounting, administrative, and management controls established to ensure appropriate measures exist to reduce the risk of fraudulent acts. Additionally, the General Accounting Office (GAO) has established standards for establishing and maintaining a system of internal controls that apply to all operations and administrative functions. FINCEN reviewers are cognizant of these standards when conducting reviews, as they are the basic criteria against which the user fee collection process is evaluated.

Regional Exam Center (REC) - _____ User Fee Internal Controls Questionnaire and Checklist

Control Standard - Documentation

Ref No.	<u>Pertinent Questions (Q)</u>	<u>Yes</u>	<u>No</u>	<u>Comment</u>
Q1	Does the REC supervisor have readily available a copy of COMDTINST M7042.1?			
Q2	Has a self-inspection or local audit been performed on the REC's collection processes since the last FINCEN review?			
Q3	If applicable, has corrective action been taken on findings documented in prior reviews?			
Q4	Are the signs posted in the REC, and visible to the mariner, indicating "payment of exact dollar amounts only" and "Please request a receipt"?			
Q5	Does the REC supervisor have any written procedures or maintain a log for handling complaints and taking follow-up action if required?			
Q6	Are all daily forms (Collection summary sheets, confirmation logs, reconciliation tools, and worksheets) available and kept on file?			

Control Standard - Recording of Transactions and Events

Q7	Is a restrictive endorsement (For Deposit Only with Account ##) stamped on the back of each check and money order upon receipt?			
Q8	Are checks and money orders stamped with the REC's OPFAC and date of deposit?			

Regional Exam Center (REC) - _____ User Fee Internal Controls Questionnaire and Checklist

Control Standard - Recording of Transactions and Events (cont)

<u>Ref No.</u>	<u>Pertinent Questions (Q)</u>	<u>Yes</u>	<u>No</u>	<u>Comment</u>
Q9	Is the SSN or TIN legibly annotated on each check?			
Q10	If applicable, is the customer's record properly annotated to keep additional transactions from being processed after notification of an NSF check?			
Q11	If applicable, after an NSF check is subsequently cleared by FINCEN, is the customer's record annotated accordingly? Including the MMLD?			
Q12	Is a Z1 cash register report run at the end of each business day and on file at the REC?			
Q13	If the cash register has a Miscellaneous key, is the frequency of use minimal or reasonable?			
Q14	Does the REC supervisor run a Z2 report once a month and retain the results on file?			
Q15	Do the User Fee Sheets provide sufficient data and the dollar amount of each transaction?			
Q16	Are receipts present on all User Fee Sheets?			

Control Standard - Execution of Transactions and Events

Q17	Are collection summary sheets properly prepared at the end of the day?			
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Regional Exam Center (REC) - _____ User Fee Internal Controls Questionnaire and Checklist

Control Standard - Execution of Transactions and Events (cont)

<u>Ref No.</u>	<u>Pertinent Questions (Q)</u>	<u>Yes</u>	<u>No</u>	<u>Comment</u>
Q18	If applicable, is there sufficient evidence to show that a money order was purchased for the exact amount of cash receipts (minus cost of MO)?			
Q19	Do adequate reconciliation tools and procedures exist to match collections and services rendered with deposits?			
Q20	Does the REC supervisor complete a reconciliation worksheet of daily transactions on a timely basis?			
Q21	Are daily collections normally processed for deposit on the day received?			
Q22	Does the confirmation log correctly reflect the collection center's daily deposit activity?			

Control Standard - Separation of Duties

Q23	On an individual employee basis, does it appear the REC has a separation of cash handling responsibilities from service providing activities?			
Q24	If applicable, when an evaluator acts as an alternate cashier, does another evaluator provide the service in order to maintain a separation of			
Q25	REC evaluators should not be in possession of user fee payments. Is this the case?			
Q26	Is the physical handling of user fees limited only to the primary cashier or alternate when appropriate?			

Regional Exam Center (REC) - _____ User Fee Internal Controls Questionnaire and Checklist

Control Standard - Separation of Duties (cont)

<u>Ref No.</u>	<u>Pertinent Questions (Q)</u>	<u>Yes</u>	<u>No</u>	<u>Comment</u>
Q27	Do service providers verify that the service to be provided matches the service paid for as detailed on the User Fee Sheet and cash receipt?			

Control Standard - Supervision

Q28	Are the instructions for cash register reprogramming secured with access limited to the REC supervisor?			
Q29	Do additional cash register keys reside solely with the REC supervisor?			
Q30	Does the REC supervisor initial all voided transactions on daily journal tapes?			
Q31	Do REC personnel involved in the user fee collection process appear knowledgeable of and apply procedures outlined in COMDTINST M7042.1?			
Q32	Does it appear the REC supervisor is knowledgeable of and involved in administering appropriate internal controls over user fee collections?			
Q33	Are designation letters on file assigning duties and responsibilities of the REC supervisor and employees (e.g., cashier, mail clerk, reconciler)?			
Q34	Is access to the safe limited to only those with cash handling responsibilities or those deemed necessary by the REC supervisor?			

Regional Exam Center (REC) - _____ User Fee Internal Controls Questionnaire and Checklist

Control Standard - Access to and Accountability for Resources

Ref No.	<u>Pertinent Questions (Q)</u>	<u>Yes</u>	<u>No</u>	<u>Comment</u>
Q35	If the cashier duty is rotated among REC personnel, is transaction accountability maintained among cashiers?			
Q36	Does the cashier remove the register key when leaving the register unattended?			
Q37	Has the REC supervisor properly documented that all accountable officers at the REC have read and signed an Accountable Officer's Designation Letter?			
Q38	Are user fee payments adequately secured if left unattended during the day by any employee?			
Q39	If applicable, does the REC issue three (3) part collection receipts if the cash register is inoperative?			
Q40	Are collections that are processed after the daily deposit is prepared, along with mail, properly stored in a secure area?			
Q41	Has the safe combination been changed in the past year or upon a change of personnel?			
Q42	Are pre-numbered forms (License certificates, cash collection receipts) adequately accounted for and controlled?			

Review Dates: _____

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21. Fiscal year closeout procedures

The below procedures provide overall guidance for year end close out and will be revised annually.

FY 2005 CLOSEOUT INSTRUCTIONS

PURPOSE: These instructions are designed to assist the WINS, FPD, etc. system users with comprehensive guidance on the closing procedures and processes necessary to ensure a smooth and accurate fiscal year end closing. Each section of this document is shown by category for ease of research and comprehension. Please note that these instructions are in addition to any closing instructions provided to you by Headquarters. **Questions on any section of this instructional guide should be directed to the POC listed on Attachment II. The POCs are knowledgeable on the topics noted by their name. Attachment I incorporates pertinent timelines that are crucial to successful yearend closing. This guide in general pertains to funding for Operational Expenditures (OE) and Reserve Training (RT) only. Invoice payment procedures for expiring AC&I funds are addressed in Section III, Item K.**

SECTION I

REPORT REVIEW AND SUBMISSION:

- (A) PES Report – Program Element Status Report must be reviewed and scrubbed for determination of cancellation or execution of open obligations and/or commitments. PES errors over \$1,000 as of 27 August 2005 must be reconciled and forwarded to FINCEN by 02 September 2005.
- (B) CAS Outbox – All CG units were activated for real time integration this past April. During the closeout period in CAS, real time integration is turned off. If a document is approved in FPD after the closeout period begins, the document is sent to the CAS outbox. Any approved document that is pending in the outbox will be sent to CAS once real time integration is brought back on line. If the document contains an error, it will be displayed in the CAS outbox. It is very important that each ATU Budget Officer reviews the CAS outbox in a timely fashion to ensure there are no documents with errors once CAS and real time integration are back on line.
- (C) Inventory Cycle Count Report – this inventory (Industrial Units) should take place prior to the end of September with losses noted. The ISO billing process will run for the final FY 05 billing cycle on 22 September 2005.
- (D) Year-end Certification Reports – instructions below are in addition to HQ reporting requirements outlined in message ALCGFINANCE 007/05 of R011437Z JUL 05. Note instructions below:
 - (1) By 1 October, ATU COMMANDS (DISTRICTS/MLCS/HQ UNITS) send end of year reports to FINCEN by email to MWALTERS@FINCEN.USCG.MIL, JCOSTON@FINCEN.USCG.MIL and LPORTER@FINCEN.USCG.MIL.
 Also provide copy of e-mail/msg/fax to your AFC managers. Listing of **AFC managers** are as follows:

STAFF NAME

AFC 30,36	CG-832	LCDR JIM SUTTON
AFC 41,43	CG-483	LCDR ERICH KLEIN
AFC 42	CG-6R	LT DAN JONES
AFC 45	CG-483	LCDR CARL MESSALLE
AFC 56	CG-1012	LENORA ROBERTS
AFC 57	CG-1012	LT PAUL TURNER

NOTE: Year-end certification report instructions are in addition to HQ reporting requirements.

(2) For ATUs reporting FY05 OE and FY05 RT funds, specify the following:

30 SEP 2005- TOTAL ALLOTMENT/PLAN AMT
30 SEP 2005- TOTAL OBLIGATED AMT
30 SEP 2005- UNOBLIGATED BALANCE

Submit a report for each AFC and a consolidated one for the ATU (all OE AFCs). Please provide an OE and RT accounting line to be used by FINCEN to record any pipeline obligations, i.e. 2/R/Approp/Lim/AFC/0/PE/Cost Center/Object Class.

NOTE: A spreadsheet is available for use in submitting year-end reports to the FINCEN. Contact Mr. Stephen Johnson at 757-523-6055 or send e-mail to:

SJOHNSON@FINCEN.USCG.MIL

NOTE: ATU Budget Officers and HQ AFC managers shall hold funds for antecedent liabilities for all AFCs except for AFC-43. Field ATUS holding AFC-43 funds for antecedent liabilities and HQ AFC managers should report these reserved funds in the 30 September unobligated balance line with a footnote citing that these remaining funds are being held for antecedent liabilities. The report must also contain the following statement:

“The year end obligation amount reported represents legal obligations of the USCG as of 30 September 2005.” HQ Offices, ATU’s and units must maintain appropriate documentation to support year-end certification reports filed with the FINCEN. DHS IG will audit the CG’s year-end pipeline. The pipeline is defined as legal obligations executed on or before 30 September that are not recorded in the accounting system when the books are closed for the FY. Backup documentation is to be kept locally and be immediately available if the DHS IG auditors visit your location.

(3) All units with capitalized personal property shall prepare a certification letter for all categories of capitalized personal property no later than 12 August 2005 per ALCGFINANCE 007/05. The Certification Letter shall be mailed to FINCEN (FR) and may be faxed to 757-523-6717. General purpose property, vehicles, boats, stand alone electronics, and test equipment purchased since 1 October 2004 are now capitalized at \$50,000. Items purchased prior to 1 October 2004 remain capitalized at \$25,000. A separate letter is not required for each category. The CO/OIC of the unit shall sign the letter certifying the physical inventory has been completed and that all items were verified against Oracle FAM and are accurate as of 1 August 2005.. All discrepancies on capitalized items should be resolved before year-end. The last day any changes can be made to Oracle FAM for FY 05 is 21 September 2005.

(4) Units should expect two PES reports at fiscal year end. The first report will be dated 26 September 2005 and will contain all transactions posted in the accounting system through 25 September 2005. The next PES report will be dated 3 October 2005 and will contain both FY 05 and FY06 transactions posted on 1 October 2005 and 2 October 2005.

SECTION II**COMMITMENTS:**

As of 26 September 2005, open commitments will be **systematically “de-committed” or reversed**. All commitments must be converted to obligations by 25 September 2005 in order to remain valid. It is the unit's responsibility to contact the appropriate contracting officer to ensure a negotiated contract/agreement is in place (obligated) prior to fiscal year-end.

OBLIGATIONS:

Every effort should be made to post obligations before 25 September 2005. Any outstanding invoices should be tracked and submitted to FINCEN as soon as possible, thus clearing outstanding obligations. As for remaining open items, it is the field offices' responsibility to make contact with vendors or be somewhat confident that invoices will be forthcoming in the following month/s.

- (A) DOC TYPE (11 or 13) **Travel** – deferred travel or travel that crosses fiscal years should be recorded as below:

Example of travel that started in FY04 and ended in FY05

	<u>FY04</u>	<u>FY05</u>	
Airfare	\$200	0	(post to fiscal year in which travel began)
Parking	\$20	\$20	(post to fiscal year charges were incurred)
Hotel	\$300	\$100	(post to fiscal year charges were incurred)
Per Diem	\$80	\$80	(post to fiscal year charges were incurred)
Rental Car	\$150	\$90	(post to fiscal year charges were incurred)
Gas	0	\$21	(post to fiscal year when rental car is turned in)

The following procedures are to be followed for processing travel claims that cross fiscal years: If travel starts in FY05 and crosses over to FY06, submit travel claim using FY05 TONO/Accounting. Actions are taken during processing to account for the fiscal year crossover. When travel starts in FY05, there is NO requirement to obtain a FY06 TONO/Accounting data for travel that crosses fiscal years. If travel starts in FY06, then an FY06 TONO/Accounting data will be required. These procedures apply to all TDY claims submitted via UTS, FAX or the US Postal Service.

- (B) DOC TYPE (30) **TRAINING** – A class beginning on 29 September is chargeable to FY05 funds whereas a class starting on 1 October may also be charged to FY05 funds if the following conditions are met:
- (a) A valid need for training has been realized
 - (b) Scheduling of the course is beyond the agency's control
 - (c) The delay between the obligation and the start of the training is not excessive
 - (d) Advance payment is required and obligation must be processed prior to FY end to secure space or discount

If the above conditions are not met and the training starts on or after 1 October, FY06 funds should be charged.

- (C) DOC TYPE (32) **PURCHASE CARD** – Purchase card purchases will be charged to the FY on the date that items or services are purchased/ordered. If FY05 funds are to be used for purchases, ensure that the order date for items or services takes place prior to 1 October. Purchase card transactions appearing on your PES report that reflect other than the FY of the purchase/order date, will require PES correction. FINCEN will only correct purchase card expenditures for purchases ordered prior to 1 October that are recorded to FY06 funds in error. Use the PES correction process to request transfer of these charges to the prior FY05. Units have the option of providing their document number in their PES error description in lieu of faxing/mailing in hard copy documentation. If the document is in FPD, FINCEN (OGP) can obtain the necessary documentation to support adjustments for FY crossovers.

The purchase date/order date must indicate that the purchase was ordered prior to 1 October 2005. If it does not, the unit will need to fax/mail supporting hard copy documentation to the FINCEN PES Team. The unit purchase card log along with supporting documentation will be considered appropriate documentation.

- (D) DOC TYPE (26 & 38) BPAS - *if* your office has BPAs that will expire at the end of the current FY and you plan to obtain supplies or services under these BPAs in the new fiscal year, it is essential to have a new BPA issued with a new FY06 accounting line. Please submit copies ASAP by mail to FINCEN (Attn: Team 4B) or fax to (757) 523-6906. Units will transmit via FPD.
- (E) DOC TYPE (44, 45, 46, 49) **UTILITIES** - utility costs are charged to the fiscal year in which the meter is read or the service period ends. If the meter is read on 1 October 2005 or later, then FY06 funds will be charged. Likewise, telephone service that ends on or after 1 October 2005 will be charged to FY06. In addition, the recurring charge master (RCM) will automatically establish a new FY06 line of accounting based upon the FY05 line of accounting as of 23 September 2005. Units should review their RCM report from the FINCEN web page at <http://cgweb.fincen.uscg.mil/Rcmleases/> and report any accounting line corrections by 9 September 2005. Corrections can be emailed via this RCM report web site.
- (F) DOC TYPE (23) **PURCHASE ORDERS** – services or supplies ordered or received in FY05 or prior FYs for which a confirmation purchase order was not prepared until FY06 are chargeable to the FY in which the services or supplies were ordered. Purchase/delivery orders issued for fixed price service agreements, janitorial service, cable TV and delivery orders placed with OGA/GSA are document type 23s except when the contracting officer requires approval of the invoice before payment. If the contracting officer requires such approval, then use document type 24 with block 21 directing the invoice to the contracting office. Any new purchase orders issued for cable TV must cite a non-standard number in block 4 comprised of 2305 plus the last 9 digits of the account number used by the vendor on their invoice. The standard HSCG number with P in the ninth position will be cited in block 3 of the cable purchase order.

SECTION III

INVOICE/VOUCHER PROCESSING:

- (A) Review vendor invoices and encourage vendors to bill separate accounts on separate invoices
- (B) Ensure each invoice is dated for PPA (Prompt Payment Act) calculations
- (C) Return improper invoices to vendor within 7 days
- (D) Ensure vendor invoices are for the same goods or services outlined in the obligation document. Contact vendor and/or contracting officer if discrepancies occur.
- (E) Certify date and receipt of goods or services promptly.
- (F) Indicate partial or final receipt
- (G) Immediately submit proper invoice through WINS
- (H) Clear any charge disputes promptly
- (I) Remind vendors of Central Contractor Registration requirements
- (J) Ensure freight charges exceeding \$100.00 contain proper documentation
- (K) Invoices citing canceled appropriations for FY00 (0P, 0J, 0F, 001, 02, 0A) must be received at FINCEN to ensure payments can be made by the 22 September 2005 cutoff without losing the funding. Canceled appropriations for FY00 will be purged from the accounting system during the FY05 year-end process and FY06 funds must be used to pay the invoices, if not received by the deadline.
- (L) Receipts must be transmitted to the FINCEN by 23 September 2005 to ensure they are recorded in a timely manner.

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POINTS OF CONTACT BY TOPIC/ISSUE

<u>TOPIC</u>	<u>POC</u>
FPD Issues	Ken Longo (757) 523-6797
Travel Issues	Jocelyn Leyeza (757) 366-6518
Purchase Order Payments	Georgene Jones (757) 523-6898
Contract Payments	Gloria Hardy (757) 523-6926
Lease Payments	Robert Taylor (757) 523-6744
Credit Card Payments	Valarie Surncey (757) 523-6777
Supply Fund Payments	Sue Teal (757) 366-6569
Claims	Virginia Nowak (757) 523-6895
Capitalized Personal Property	Deborah White (757) 366-6596
Customer Service	(757) 523-6940
Customer Service Fax Line	(757) 523-6900
FPD Field Support Hotline	(757) 523-6781

ATTACHMENT III**FURTHER GUIDANCE/REFERENCE MATERIAL**

- (A) Standard Operating Procedures (SOP) – See FINCEN web page at <http://www.fincen.uscg.mil/sop.htm>.
- (B) Simplified Acquisition Procedures Handbook (COMDTINST 4200.13 series)