

***NATIONAL WEATHER SERVICE INSTRUCTION 70-209***

***November 12, 2014***

***Financial Management, NWSPD-70-2***

***CWIP (Construction Work-In-Progress)***

---

**NOTICE:** This publication is available at: <http://www.nws.noaa.gov/directives/>

---

**OPR:** CFO2 (T. Lewis)

**Certified by:** CFO (M. Lovern)

---

**Type of Issuance:** Initial

---

**SUMMARY:**

The NWS CWIP directive is a new NWS directive. This document is governed by the guidance and instructions outlined in the NOAA Departmental CWIP guidance <http://www.corporateservices.noaa.gov/~finance/CWIP.html>

<u>Signed</u>	<u>10/28/14</u>
John E. Potts	Date
Chief Financial Officer,	
National Weather Services	

**Table of Contents**

1. PURPOSE..... 3

2. MAJOR PHASES AND STEPS OF THE NWS CWIP PROCESS..... 3

3. ROLES AND RESPONSIBILITIES ..... 4

    3.1 NWS CWIP PROJECT MANAGER ..... 4

    3.2 NWS CWIP ACTIVITY MANAGER ..... 4

    3.3 NWS CFO OR AUTHORIZED DESIGNEE..... 5

    3.4 NWS FMCs CWIP PERSONNEL (ACTIVITY/PROJECT MANAGER) ..... 6

4. CWIP TRAINING ..... 6

## 1. PURPOSE

The purpose of this document is to prescribe the policy for identifying, documenting, reporting and monitoring the Construction Work-In-Progress (CWIP) and Internal Use Software Development (IUSD) of the National Weather Service (NWS). All references to sections throughout the document are references to the NOAA CWIP Policy and may be found at the website below.

*(Note: Unless otherwise stated, the term “CWIP” in this policy covers CWIP and IUSD.)*

The proper accounting for CWIP and IUSD is important because it is mandated under the Chief Financial Officers (CFO) Act of 1990 and it supports the capitalized general property, plant, and equipment (PP&E) and depreciation components of the NOAA financial statements and therefore, the Department of Commerce (DOC) financial statements. Failure to comply with CWIP policy will negatively impact the DOC’s annual CFO Act financial statements audit and will negatively impact NOAA.

CWIP is an extension of real and personal property; therefore, CWIP issues and costs are governed by the policy for PP&E.

The NOAA CWIP website (<http://www.corporateservices.noaa.gov/~finance/CWIP.html>) includes key information, including this policy, checklists, fact sheets, forms, templates, and the monthly CWIP reports from the CWIP Activity Database.

## 2. MAJOR PHASES AND STEPS OF THE NWS CWIP PROCESS

The following are the major phases and steps involved in the CWIP process:

- Planning Phase:
  - Determine whether an activity is CWIP or not.
  - Designate a CWIP Project Manager and CWIP Activity Manager and ensure that they have completed the mandatory annual CWIP training.
  - Establish project codes.
  - Establish the CWIP activity in the CWIP Activity Database.
- Construction Phase:
  - Track and capture all costs.
  - Maintain supporting documentation.
  - Reconcile monthly the CWIP documentation to CBS.
  - Monitor and update the CWIP Activity Database.
- Capitalization and Completion Phase:
  - Transfer the asset from CWIP to PP&E based on the placed in service date and via the Report of Constructed Property (NF 37-6).
  - Close out the CWIP activity.

### **3. ROLES AND RESPONSIBILITIES**

A NWS CWIP Project Manager and a NWS CWIP Activity Manager must be designated for each activity.

#### **3.1 NWS CWIP PROJECT MANAGER**

The CWIP Project Manager is the individual who provides construction management support and CWIP documentation to the CWIP Activity Manager. Specifically, the CWIP Project Manager must:

- Complete mandatory CWIP training each FY in compliance with Section 3.8.
- Include required CWIP critical element language incorporated into their performance plans.
- Complete and provide CWIP Determination Letter to CWIP Activity Manager at the start of the CWIP activity before any obligations are incurred.
- Prepare and revise, as necessary, a schedule of dates including design start, construction, placed in service date and completion date of the CWIP activity and provide the schedule to the CWIP Activity Manager.
- Submit all obligating documents (prior to obligation and authorization), award documents, related invoices, and prepayment supporting documentation to the CWIP Activity Manager.
- Immediately following when the asset has been placed in service, complete and provide documentation to the CWIP Activity Manager.
- Annually identify any significant event(s) or change(s) in circumstance that may indicate an impairment and submit the information to the CWIP Activity Manager. (See Section 5.9 for details.)

#### **3.2 NWS CWIP ACTIVITY MANAGER**

The CWIP Activity Manager has the overall responsibility for the financial and budgetary activities, as well as the responsibility for the accuracy of the valuation of the CWIP asset(s). Specifically, the CWIP Activity Manager must:

- Complete mandatory CWIP training each FY in compliance with Section 3.8 of the NOAA CWIP Policy.
- Include required CWIP critical element language incorporated into their performance plans.
- Notify the FO-FSB of the existence of a new CWIP activity.
- Ensure a CWIP Determination Letter is completed at the start of the CWIP activity before any obligations are incurred.
- Ensure all CWIP project codes are set up properly utilizing the unique CBS CWIP project code structure.
- Ensure correct ACCS accounting codes are used (CWIP and non-CWIP) on all transactions to capture and allocate correctly all costs, both capital and expense.

- Maintain a CWIP documentation file, in accordance with Section 5.11 of the NOAA CWIP Policy.
- Submit cost adjustments for corrections, as needed.
- Submit annual cost adjustments to record “Incidental and Administrative Costs” for the activity (if applicable).
- Review the monthly CWIP Activity Database reports posted to the NOAA CWIP website and advise the FO-FSB in a timely manner of any changes.
- Ensure that the cost of the asset is accurately reported as CWIP by reconciling the CWIP balances monthly, using the required CWIP Reconciliation Template, for all costs in the CWIP Activity Manager’s documentation file to the CBS CWIP Report (CA500D) by:
  - Ensuring completeness and accuracy for all CWIP balances,
  - Verifying proper CBS project code structure,
  - Explaining anomaly balances and
  - Identifying and resolving any differences.
- Ensure timely and accurate submissions of the monthly reconciliations and the NF 37-6(s) to the FO-FSB.
- Ensure costs are properly reclassified as capitalized when the asset is placed in service, and when the asset is entered into the appropriate property system.
- Ensure assignment of a barcode when a personal property CWIP asset is placed in service.
- (Note: Real property identification numbers are automatically assigned by the Federal Real Property Management (FRPM) System once the building occupancy date is entered in the system.)
- Notify the FO-FSB via email when a CWIP/IUSD project code and/or activity are complete.
- Upon notification by the CWIP Project Manager of a possible impairment, perform an analysis to determine if an impairment has occurred. If impairment has occurred, provide the necessary information to the FO-FSB.
- Identify amounts prepaid or advanced for CWIP activities where work is not completed and notify the FO-FSB quarterly, using the Advance/Prepaid Amounts template, providing advanced amounts not completed.

### **3.3 NWS CFO OR AUTHORIZED DESIGNEE**

The NWS CFO will:

- Ensure all staff adheres to the NOAA CWIP Policy for all applicable CWIP activities.
- Ensure all applicable CWIP activities are designated as CWIP at the start of the activity.
- Ensure CWIP Project and CWIP Activity Managers are designated for each CWIP activity.
- Ensure all CWIP Project and CWIP Activity Managers complete the mandatory CWIP training in compliance with Section 3.8.
- Review required monthly CWIP reconciliations and submit to the FO-FSB by established monthly due dates.
- Review and certify all NF 37-6s.

### **3.4 NWS FMCs CWIP PERSONNEL (ACTIVITY/PROJECT MANAGER)**

The FMC is responsible for providing the construction requirements and funding. Additionally, the FMC will:

- Ensure, in compliance with Section 4.2, the standard and unique CBS CWIP project code structure is followed for all CWIP project codes when CBS Project Code Request Form is received from the CWIP Activity Manager.
- Provide the CBS depreciation organization, project and task code information to the CWIP Activity Managers.
- Ensure all CWIP requirements are established before expending the funds.
- Ensure compliance with CWIP policy.

## **4. CWIP TRAINING**

CWIP training is mandatory and must be completed each FY by all CWIP Project Managers and CWIP Activity Managers in accordance with their performance plans. The CWIP training is available online through the Commerce Learning Center. If the CWIP Project/Activity Manager is newly appointed, the mandatory CWIP training must be completed within one month of their appointment to the CWIP role. It is the responsibility of the L/SO CFO to ensure compliance and completion of the CWIP training.

OCAO is responsible for coordinating the annual CWIP training program. OCAO is also responsible for tracking whether CWIP Project and Activity Managers have completed the mandatory training. OCAO should inform the appropriate L/SO CFOs or NOAA's CAO/Deputy CAO, if the CWIP Activity Manager is OCAO-designated, of CWIP Project and Activity Managers who have not completed the required training.