



# ***National Environmental Satellite, Data, and Information Service (NESDIS)***

## ***Budget Manual***

**October 2020**



**Prepared by:**

**U.S. Department of Commerce**

**National Oceanic and Atmospheric Administration (NOAA)**

**National Environmental Satellite, Data and Information Service (NESDIS)**



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Budget  
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## **Chapter 1: Introduction**

### **1.1 Preface**

The National Environmental Satellite, Data and Information Service (NESDIS) is dedicated to providing timely access to global environmental data from satellites and other sources to promote, protect and enhance the Nation's economy, security, environment and quality of life. To fulfill its responsibilities, NESDIS acquires and manages the nation's operational environmental satellites, operates the National Oceanic Atmospheric Administration (NOAA) National Centers for Environmental Information (NCEI), provides data and information services including Earth system monitoring, performs official assessments of the environment and conducts related research.

NESDIS environmental satellite observations provide important contributions to U.S. national security by providing military users with real-time and near-real-time observations for their aircraft, ships, ground forces and facilities worldwide. NESDIS also contributes to the national economy by providing environmental data that supports resource management of energy, water, global food supplies and other economic and environmental resources.

### **1.2 Purpose and Scope**

The purpose of this manual is to consolidate information within NESDIS for the governance, planning and execution of resources to achieve the mission and strategic plan.

The NESDIS governance model defines how NESDIS manages the organization. It includes all the systems, processes, decision-making, sources of authority, distributed responsibilities, rules and regulations we have in place to ensure that NESDIS programs execute responsibilities appropriately.

The NESDIS governance model reinforces the NESDIS Operating Principles. In addition, it establishes a culture of transparency, trust, collaboration, agility, shared responsibility, open assessment of risk and reliability (in partnerships, delivery of services and in operations). The governance model is implemented through the NESDIS Executive Council.

Refer to the following link for an updated NESDIS Governance Structure:

<https://drive.google.com/drive/folders/1IYteuwNTmsSZd0poKoOhKdREfayHkGSa?usp=sharing>

Also, the link below displays a high level NESDIS Organization Chart:

<https://www.nesdis.noaa.gov/content/nesdis-organization-chart>



The **Executive Council (EC)**, chaired by the NESDIS Assistant Administrator (AA), is responsible for setting the strategic priority of the organization and is the senior decision-making body for the enterprise. The Council is responsible for resource management, identifying funding for new requirements and ensuring that performance aligns with strategic goal implementation. Members include the Deputy Assistant Administrator (DAA), Deputy Assistant Administrator - Systems (DAAS), NESDIS Headquarters Staff Office Directors, Program Office Directors and the Senior Scientist.

The Council provides a forum for collaborative decision-making, in which each member has an opportunity to have their point-of-view considered. The Council does not supersede the executive authority of the AA who may make decisions within and outside of the Council. As the single accountable authority for NESDIS, the AA may overturn the Council’s decisions.

In addition to the governing Council, the AA can convene other meetings or non-governing bodies advise on key issues as they arise. As such, the AA created working groups for each NESDIS Strategic Objective to aid the EC in validating and identifying strategic objectives, milestones and resources needed to accomplish the NESDIS mission.

The NESDIS governance model is supported through a series of meetings throughout the fiscal year to establish strategic and tactical milestones and then to track performance of NESDIS programs against those milestones and allow for timely course corrections.

**Figure 1.0 Annual Governance Schedule**

Fiscal Year	Q1			Q2			Q3			Q4		
Calendar Year	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fall Strategy Meeting												
Spring Planning Meeting												
AOP						Reviewed/Approved						
QPR	QPR			QPR			QPR			QPR		

The **Fall Strategy Meeting (FSM)** is a forward leaning, strategic discussion at the enterprise level with all NESDIS Leadership where the final five year Strategic Implementation Plan (SIP) roadmaps are presented, discussed and agreed upon after thoroughly analyzing and assessing current external trends and emerging issues, prioritization of future work and review of new stakeholder requirements. The meeting determines budget initiatives for future year (FY+2) budget formulation; finalizes SIP milestones for three to five years in the future; ensures coordination and collaboration across the NOAA enterprise with other LOs (LO); and, reviews enterprise-wide integration across the NESDIS Financial Management Centers (FMCs) and begins to align resources to the six NESDIS Strategic Objectives.

The **Spring Planning Meeting (SPM)** focuses on moving from strategic level thinking to tactical planning for the upcoming fiscal year by aligning available resources to planned activities that are part of the enterprise priorities framed within the NESDIS Strategic Objectives. Development of Annual Operating Plan (AOP) milestones ensure alignment of resources with the SIP milestones. The outcomes from the Spring Planning Meeting form the basis for spend plan development for the upcoming fiscal year.



The **Quarterly Program Reviews (QPRs)** provide clarity on resource deployment across NESDIS offices and programs during the year of execution. QPR is a forum to determine changes in direction or course corrections for programs. The programs present an assessment of performance against spend plans and AOP milestones and discuss resource needs for the remainder of the fiscal year. QPR is also the forum to discuss any emerging unfunded priorities that benefit the NESDIS enterprise and identify possible resources to complete those initiatives. An outcome of the QPR meetings includes the re-investment of NESDIS resources where possible.

### 1.3 Authorities

- OMB Circular No. A-11
  - <https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf>
- DOC Budget, Performance and Program Analysis Handbook
  - [https://www.osec.doc.gov/bmi/budget/handbook/revised\\_handbook\\_2008/2008%20entire%20handbook.pdf](https://www.osec.doc.gov/bmi/budget/handbook/revised_handbook_2008/2008%20entire%20handbook.pdf)
- NESDIS Administrative Costs Policy
  - [https://drive.google.com/drive/folders/12FitDBALZ\\_LexnruzntDv96ZKQJ6RPPe?usp=sharing](https://drive.google.com/drive/folders/12FitDBALZ_LexnruzntDv96ZKQJ6RPPe?usp=sharing)
- NESDIS Intra-Agency Funding Transfer Policy
  - <https://drive.google.com/drive/folders/1einIIMwf6NKZq7hRz1drKB0SPFUZbM96?usp=sharing>
- NESDIS Governance Structure
  - <https://drive.google.com/drive/folders/1IYteuwNTmsSZd0poKoOhKdREfayHkGSa?usp=sharing>
- NESDIS User Fee Policy
  - <https://www.corporateservices.noaa.gov/finance/docs/Policy/NESDISUserFeePolicyandProceduresRev.pdf>
- NESDIS Delegation of Authority for Procurement Requests
  - [https://drive.google.com/drive/folders/184ePRycoMVnuEZRdHleWT\\_kQ8mzh034d?usp=sharing](https://drive.google.com/drive/folders/184ePRycoMVnuEZRdHleWT_kQ8mzh034d?usp=sharing)
- NOAA CWIP Policy
  - <https://www.corporateservices.noaa.gov/finance/documents/CWIPPolicy--April2020Final.pdf>
- NESDIS CWIP Manual
  - <https://drive.google.com/file/d/13p1fxyTp8JcIycddQdQhHW5gK9bOD8oH/view?usp=sharing>
- NOAA CWIP Policy, Appendix F
  - <https://www.corporateservices.noaa.gov/finance/documents/CWIPPolicyAppendixF-NESDISsatellitesFINALSeptember2019.pdf>
- NOAA Finance Handbook
  - <http://www.corporateservices.noaa.gov/finance/Finance%20Handbook.html>



- NOAA Commerce Business System (CBS)
  - <https://cbsanon.rdc.noaa.gov/my.policy>
- NOAA Management and Analysis Reporting System (MARS)
  - <https://mars.rdc.noaa.gov/>
- Financial Management Data System (FMDS) User Guide
  - <https://drive.google.com/file/d/1x8JGdnT7L1gNyDNrqwE9vLJfCP76UDnk/view?usp=sharing>
- NOAA Budget Office Guidance
  - <https://sites.google.com/a/noaa.gov/noaa-ocfo/budget-office>
- NOAA Project Code Procedures
  - <https://www.corporateservices.noaa.gov/finance/docs/Budget/2017%20Project%20Code%20Requests%20Procedures%20and%20Form.pdf>
- NESDIS Project Code Guidance
  - <https://drive.google.com/drive/folders/1Wd0N7GZYrBWMmCHsqeStGK27p10jZRU0?usp=sharing>
- NOAA Administrative Orders
  - <https://www.noaa.gov/organization/administration/noaa-administrative-orders>
- DOC Acquisition Planning
  - [https://www.osec.doc.gov/opog/dmp/daos/dao208\\_15.html](https://www.osec.doc.gov/opog/dmp/daos/dao208_15.html)
- DOC Agreements Handbook
  - [https://www.osec.doc.gov/opog/dmp/resources/final\\_doc\\_agreements\\_handbook\\_nov2011.pdf](https://www.osec.doc.gov/opog/dmp/resources/final_doc_agreements_handbook_nov2011.pdf)
- DOC Interagency Acquisitions Manual
  - [https://www.osec.doc.gov/oam/acquisition\\_management/policy/commerce\\_acquisition\\_manual\\_cam/documents/CAM\\_1317-570\\_Interagency\\_Acquisitions.pdf](https://www.osec.doc.gov/oam/acquisition_management/policy/commerce_acquisition_manual_cam/documents/CAM_1317-570_Interagency_Acquisitions.pdf)
- NESDIS Interagency Agreements Manual
  - [https://docs.google.com/document/d/1ip\\_G0DTLW03OsfUynzm3Q75HD7eND8xB\\_junFrsHrHM/edit?pli=1](https://docs.google.com/document/d/1ip_G0DTLW03OsfUynzm3Q75HD7eND8xB_junFrsHrHM/edit?pli=1)
- DOC Accounting Principles & Standards Handbook
  - <https://www.commerce.gov/ofm/publications/handbooks-and-manuals/financial-management-handbooks/accounting-principles-and>
- NOAA Finance Datacalls
  - [https://www.corporateservices.noaa.gov/finance/FS\\_DataCalls.html](https://www.corporateservices.noaa.gov/finance/FS_DataCalls.html)
- DOC Attachment A – Financial Reporting
  - <https://www.commerce.gov/ofm/files/attachment-financial-reporting>
- [NOAA Acquisition Manual \(NAM\)](#)
- DOC Grants Process ASAP
  - [https://marinedebris.noaa.gov/sites/default/files/ASAP\\_Enrollment\\_and\\_Certification.pdf](https://marinedebris.noaa.gov/sites/default/files/ASAP_Enrollment_and_Certification.pdf)
- NOAA Acquisition & Grants
  - <https://www.noaa.gov/organization/acquisition-grants>
- NOAA Grants Online
  - <https://grantsonline.rdc.noaa.gov/flows/home/Login/LoginController.jspf>



- NOAA CI Handbook
  - <https://ci.noaa.gov/Policies-and-Guidance>
- NESDIS NCEI Grants/CI
  - <https://sites.google.com/a/noaa.gov/noaa-nesdis-ncei/finance-acquisitions/grantscooperative-institutes>

## Chapter 2: Roles and Responsibilities

**NESDIS AA/DAA**: Chairs the EC and is responsible for:

- Managing resources effectively and efficiently in line with applicable laws, regulations and guidance from NOAA and the Department of Commerce (DOC);
- Ensuring safe, secure and responsible operations in line with Government and Agency policies;
- Reporting on the NESDIS portfolio to NOAA, DOC, Office of Management and Budget (OMB) and Congressional stakeholders;

**NESDIS Chief Financial Officer (CFO)**: Manages the financial resources received to enable NESDIS to fulfill its mission and is responsible for leading NESDIS planning, formulation and execution of the annual budget. Tracks NESDIS funding levels and provides for the proper accounting, allocation and control of all budgetary resources, as required by relevant statutes, regulations and guidance.

**NESDIS Office of the CFO (OCFO)**: The OCFO is divided into four Branches that execute critical functions in the management of NESDIS resources:

- Program Analysis Branch (PAB) – Manages the NESDIS budget formulation process; monitors the financial and risk profiles of the programs. Serves as the primary liaison between the OCFO and the NESDIS Programs for programmatic analysis.
- Data Analysis Systems and Information Branch (DASIB) – Responsible for NESDIS-wide financial reporting, inputs into financial systems, resource projections and forecasting. Monitors the resource execution activities, including NESDIS-wide acquisitions and annual acquisition plans.
- Budget Integration Branch (BIB) – Leads the annual planning process & development of AOP milestones. Serves as the liaison for Congress and the Government Accountability Office (GAO). Supports planning for future year NESDIS priorities and budgets and manages the Interagency Agreement (IAA) processes.
- Finance and Accountability Branch (FAB) – Serves as the NESDIS liaison for the DOC financial statement audit; manages the NESDIS Construction Work in Progress (CWIP) and personal property programs; conducts internal audits and the annual Management



Control Review (MCR). Conducts assessments of the NESDIS internal control environment in support of the annual NESDIS Statement of Assurance (SOA) process.

**NESDIS FMC Directors:** The Directors of the NESDIS FMCs are accountable for the performance and obligation of appropriated funds. FMC Directors are responsible for executing the program mission and reporting programmatic and financial status through the NESDIS governance process.

**NESDIS FMC Budget Staff:** Responsible for budget formulation and execution of the NESDIS programs. The budget staff are key to the efficient execution of NESDIS resources and prepare the analysis that supports the NESDIS enterprise-wide forums and resource discussions.

## **Chapter 3: NESDIS Enterprise**

The NESDIS Governance Framework has several critical forums throughout the year where NESDIS leadership comes together to align strategy, execution and resources. There are four main forums convened by NESDIS leadership that NESDIS OCFO uses to guide enterprise resource decision-making: monthly EC meetings, the annual SPM, the annual FSM and QPRs. The structure and format of these meetings vary and are documented through guidance memos and agendas that are prepared and distributed from NESDIS Headquarters to the Programs leading up to each meeting.

### **3.1 Executive Council (EC)**

#### **STAKEHOLDERS**

The EC is chaired by the NESDIS AA and made up of advisory members that include the DAA, DAA-Systems (DAAS), NESDIS Headquarters Staff Office Directors, Program Office Directors and the Senior Scientist.

**NESDIS AA:** Responsible for chairing the EC and setting the strategic direction for the NESDIS organization.

**NESDIS DAA:** Responsible for leading the NESDIS organization's achievement of the strategic plan and oversees the NESDIS contribution to the NOAA Annual Performance Plan. Participates in the EC to provide guidance and contribute to decisions.

**NESDIS DAAS:** Responsible for leading the NESDIS organization's achievement of the strategic plan through the management of development programs. Participates in the EC to provide guidance and contribute to decisions.



**NESDIS Headquarters (HQ) Staff Office Directors and Program Office Directors:**

Work with the EC to define and prioritize the NESDIS goals and objectives, assist in completing pre-meeting materials and deliver, as needed, presentations that facilitate a productive session.

**NESDIS Chief of Staff (COS):** Leads the Executive Secretariat to coordinate and plan agendas and other materials for ECs.

**Points of Contact for questions:**

OCFO BIB by email [nesdis.bib@noaa.gov](mailto:nesdis.bib@noaa.gov)

## **GUIDANCE**

The EC is responsible for ensuring NESDIS’s strategic, budgetary and programmatic decision-making is coordinated across programs, aligned with the strategic goals of the organization and communicated to the organization in as transparent a manner as appropriate. This Council provides oversight, sets requirements and priorities and guides execution.

The Council was established by the NESDIS AA as a forum for decision-making to ensure the advancement of NESDIS enterprise-wide priorities. The Council does not supersede the executive authority of the AA, who may make decisions within and outside of the Council. The AA may overturn Council decisions as the single accountable authority for NESDIS and can convene other meetings or non-governing bodies to advise on key issues as they arise.

Working Groups were created for each NESDIS Strategic Objective to aid the EC in validating and identifying work streams, milestones and resources needed to accomplish the NESDIS mission. Information on the NESDIS governance process can be found on the NESDIS Reimagined website:

<https://sites.google.com/a/noaa.gov/nesdistransformation/home/q-a/governance>

## **PROCESS**

The Council is a forum for collaborative decision-making in which each member has an opportunity to have their point-of-view considered. The Council sets strategic priorities for NESDIS, including mission, resources and workforce. The Council approves: strategic documents (AOP, SIP), resource management (e.g. Budget Formulation, Major Acquisitions, HR guidelines and objectives, architecture, science & IT investments, NESDIS policies and NESDIS enterprise risks.

BIB coordinates with COS to plan and hold the EC meetings. The Executive Secretariat



prepares the agenda and specific meeting materials based on the topics to be covered. The COS team and BIB coordinate the preparation of meeting materials and actions the programs requests as necessary to develop the meeting materials. The agenda and preparatory materials are distributed in advance of the meeting to all participants.

### 3.2 Fall Strategy Meeting (FSM)

#### STAKEHOLDERS

The FSM includes stakeholders throughout NESDIS and across the other NOAA LOs. The Steering Committee, which includes COS, OSAAP and OCFO, plans the meeting, prepares the agenda and presentation templates and facilitates the meeting. The SOLs and Program Directors also play a key role in preparing information, collaborating with the other Program Directors and delivering presentations during the meeting. Change Champions participate as representatives from each of the staff and program offices.

**FSM Steering Committee:** Leads planning of all logistics for the meeting, prepares the agenda and works with NOAA LO stakeholders and Strategic Objective Leads (referred to in this document as SOLs) to prepare and deliver materials. The team is led by COS with support from OCFO and OSAAP.

**OSAAP Director:** Responsible for leading the NESDIS organization's development, organization and achievement of the SIP.

**NESDIS OCFO:** Responsible for ensuring previous year AOP and budget information aligns within the creation of SIPs, utilizing the FSM to identify initiatives that need additional resources and begin the development of budget pre-proposals for FY(+2) and applying the SIP development and FSM results toward the development of the next cycle of the tactical annual planning process.

**NESDIS SOLs:** Lead cross-office strategic coordination and recommend prioritization of NESDIS SIP milestones within their Strategic Objective. They collaborate with OSAAP, each other and other NESDIS Program Directors to ensure their SIP roadmaps are aligned and provide a cohesive and comprehensive enterprise strategy over the next five years. Deliver presentations regarding Strategic Objective priorities.

**NESDIS FMC Directors:** Work with the SOLs to define and prioritize the five year SIP roadmaps, assist in completing pre-meeting materials and deliver, as needed, presentations that facilitate a productive session.

**Strategic Objective Working Groups:** Comprised of staff from each of the program offices that link to a Strategic Objective. Work with the FSM Steering Committee to aid the SOL in analyzing data and preparing pre-meeting materials for the FSM.

**NOAA LO Representatives:** Per guidance from the FSM Steering Committee, develop and deliver presentations outlining the vision and strategic priorities of their LO and how NESDIS can serve those priorities.



**NESDIS Change Champions:** Attend the FSM and report back to their offices the major outcomes of the discussion and how it relates to NESDIS Reimagined. As needed, assist the FSM Steering Committee in preparation of pre-meeting materials.

## **GUIDANCE**

The FSM is a forward leaning, strategic discussion at the enterprise level with all NESDIS Leadership where the finalized five-year SIP roadmaps are presented, discussed and agreed upon after thoroughly analyzing and assessing current external trends, emerging issues, prioritizing future work and reviewing new stakeholder requirements. The meeting informs budget initiatives for future year (FY+2) budget formulation and annual planning (FY+1) priorities for AOP development; finalizes SIP milestones for the next two fiscal years; ensures coordination and alignment of the SIP Roadmaps with other NOAA LO and enterprise priorities; and, reviews enterprise-wide integration across the NESDIS FMCs to begin aligning resources to the six NESDIS Strategic Objectives.

## **PROCESS**

The FSM Steering Committee prepares the agenda and presentation templates for the FSM in advance, including consultation with the EC to ensure the meeting is structured to address the topics and meet the strategic goals of NESDIS Leadership.

The templates are pre-populated where possible with data available to the FSM Steering Committee through AOP, SIP and other datacalls. The Steering Committee also develops specific programmatic questions for SOLs to address and finalize SIP Roadmaps for each Strategic Objective to be used at the FSM.

SOLs lead collaborative efforts to ensure their sub-objectives and milestones account for constraints encountered elsewhere in the organization and collectively provide a cohesive and comprehensive enterprise strategy. Workshops for each Strategic Objective are scheduled during the summer to allow leadership to review and discuss the refined roadmaps and make any final changes prior to the FSM.

The SOLs, in coordination with their respective Working Groups, receive the templates and are responsible for reviewing the pre-populated data, completing the open items and addressing the programmatic questions. The SOLs are also responsible for briefing Program Directors in preparation for the FSM.

The SOLs deliver presentations at the FSM and facilitate ensuing enterprise discussions with NESDIS Leadership and Program Directors. Notes are taken for each session of the meeting, specifically capturing any decisions and actions that are agreed upon.

After the conclusion of the meeting, the notes are distributed to the meeting participants and the



FSM Steering Committee follows up on outstanding actions to track completion. The FSM Steering Committee sends out the final SIP milestones.

OCFO utilizes the FSM process to initiate the development of budget pre-proposals for identified initiatives that need additional resources. As the SIP Roadmaps are updated, the OCFO works with the SOLs to begin identifying resource gaps for out-year milestones. These resource gaps are discussed by NESDIS Leadership at the FSM. By the end of the FSM, the possible FY (+2) budget initiatives are identified and leads for each initiative are assigned. These decisions are documented as part of the SDM.

### 3.3 Spring Planning Meeting (SPM)

#### STAKEHOLDERS

The SPM includes stakeholders throughout NESDIS. NESDIS Headquarters staff plan the meeting along with preparing the agenda and presentation templates. The SOLs also play a key role in preparing information, collaborating with the other Leads and NESDIS Program Directors and delivering presentations during the meeting.

**SPM Steering Committee:** Leads planning of all logistics for the meeting; prepares the agendas; organizes draft AOP milestones by Strategic Objective and works with SOLs to prepare presentations. The team is led by the OCFO BIB, with support from OSAAP and COS.

**NESDIS SOLs:** Lead coordination and recommended prioritization across offices for all SIP milestones within their Objective area. The SOLs also ensure that all AOPs developed ahead of the SPM are aligned to the SIP roadmaps for their Strategic Objective. They seek to optimize NESDIS outputs by coordinating and guiding the right balance of investments (within regulatory and legal constraints) to accomplish the Objectives. SOLs are not responsible for milestone execution; instead, they provide cross-element awareness and coordination between NESDIS Program Directors.

**NESDIS Program Directors:** Support the SOLs in the completion of pre-meeting materials and presentations that facilitate a productive session. Provide context and background on program priorities over the next fiscal year and are prepared to discuss budget impacts and tradeoffs.

**Point of Contact for questions:**  
OCFO BIB: [nesdis.bib@noaa.gov](mailto:nesdis.bib@noaa.gov)

#### GUIDANCE

The SPM focuses on moving from strategic level thinking to tactical planning for the upcoming



fiscal year by aligning available resources to planned activities that are part of the enterprise priorities framed within the NESDIS Strategic Objectives. Development of AOP milestones ensure alignment of resources with the SIP milestones. The outcomes from the SPM form the basis for spend plan development for the upcoming fiscal year and the QPRs in the year of execution. The expected outcomes of the SPM include:

1. Set of agreed upon AOPs that will serve as a basis for spend plan development by object class and month;
2. Decisions made on the prioritization and trade-offs of AOP milestones;
3. Alignment of following fiscal year AOPs with SIP Roadmaps; and,
4. Anticipated schedule & timeline to finalize following fiscal year AOPs and spend plans.

## **PROCESS**

The SPM Steering Committee prepares the agenda and presentation templates for the SPM in advance, including consultation with the EC to ensure the meeting is structured to meet the goals of NESDIS Leadership. The templates are pre-populated where possible with performance data available to the SPM Steering Committee through the annual AOP datacall to FMCs. The Steering Committee analyzes the AOP milestone information and prepares metrics for discussion during the meeting.

The SOLs, in coordination with their respective Working Groups, are responsible for reviewing the pre-populated data, completing the open items and addressing the programmatic questions. The SOLs are also responsible for briefing respective Program Directors in preparation for the Spring Strategy Meeting.

The SOLs deliver the presentations at the SPM and facilitate enterprise discussions with NESDIS Leadership and Program Directors. Notes are taken for each session of the meeting, specifically capturing any decisions and actions that are agreed upon. After the conclusion of the meeting, the notes are distributed to the meeting participants and the SPM Steering Committee follows up on outstanding actions to track completion.

Performance and financial data and AOP milestones discussed at the SPM are used as the basis for developing the program's initial spend plan for the upcoming fiscal year.



### 3.4 Quarterly Program Review (QPR)

#### STAKEHOLDERS

The QPRs include stakeholders throughout NESDIS. NESDIS Headquarters plans the meeting along with preparing the agenda and presentation materials. The Program Directors also play key roles in preparing information and delivering presentations during the meeting.

**NESDIS Headquarters Offices:** Led by the OCFO, the headquarters team plans all logistics for the meeting; prepares the agendas; and works with stakeholders to prepare and deliver presentations. The OCFO DASIB, PAB & BIB pre-populate the presentation templates with the financial data and risk questions for each program. DASIB and PAB also work closely with program budget staff to complete the templates.

**NESDIS Program Directors:** Lead the completion of pre-meeting materials and presentations that facilitate a productive session. Deliver presentations regarding program execution over the fiscal year and are prepared to discuss budget impacts and tradeoffs.

**NESDIS FMC Budget Teams:** Lead the completion of the presentation templates with program specific detail. FMC budget staff coordinate with DASIB and PAB to work through questions and complete templates. FMC Budget Directors and team pre-brief the FMC Director to prepare for the meeting.

#### GUIDANCE

The NESDIS headquarters team prepares the agenda and presentation templates for the QPR in advance, including consultation with the EC to ensure the meeting is structured to address the topics and meet the goals of NESDIS Leadership.

The templates are pre-populated where possible with performance data available to the NESDIS headquarters team through MARS, CBS, FAAPS and other datacalls. The headquarters team also develops specific programmatic questions for each office to address.

The program office staff receive the templates and are responsible for reviewing the pre-populated data, completing the open items and addressing the programmatic questions. The program staff are also responsible for briefing the Program Director. Ahead of the QPR, the program staff and Director are also responsible for submitting a Business Case to the OCFO that provides a summary of the scope of the Unfunded Requirement, connections to SIP and AOP milestones, current and out year funding needs and an assessment of potential performance risks.

The Program Director delivers the presentation at the QPR and participates in the ensuing discussions, including evaluation of any Unfunded Requirement Business Cases. Notes are taken during the QPR, with specific focus on capturing any decisions and actions that are agreed upon.

After the conclusion of the meeting the notes are distributed to the meeting participants and the



headquarters team follows up on outstanding actions to track completion.

## **PROCESS**

The QPRs provide clarity on resource deployment across NESDIS offices and programs during the year of execution. The meeting is a forum to determine changes in direction or course corrections for programs. The programs present an assessment of performance against spend plans and AOP milestones and discuss resource needs for the remainder of the fiscal year.

The QPR is also the forum to discuss any emerging unfunded priorities that benefit the NESDIS enterprise and identify possible resources to complete those initiatives. An outcome of the QPR meetings includes the re-investment of NESDIS resources where possible.

Through the QPR and the submission of Business Cases, the NESDIS OCFO has developed a framework for the rules and processes by which NESDIS budgetary resources can be re-deployed within the year of execution to meet investment opportunities that support unfunded emerging enterprise activities or services. Unfunded Requirements are emergent needs against previously defined and approved activities, which may include:

- Issues or risks that have been realized and, as a result, require more resources to resolve than can be covered by the program
- Unanticipated costs to an already established program/project that are necessary to meet commitments
- New or revised requirements for a program or project as defined by the Executive Council



## Chapter 4: Financial Systems

NESDIS uses the financial systems provided and administered through NOAA and the DOC. Commerce Business System (CBS) and dash boarding system that incorporates data from the Management Analysis Reporting System (MARS) and from outside sources such as the National Aeronautics & Space Administration (NASA) financial documents, NESDIS procurements, workforce, annual performance plans and budget formulation documents.

### STAKEHOLDERS

**NESDIS OCFO**: Responsible for the management of the financial resources to enable NESDIS to fulfill its mission and is responsible for leading NESDIS execution of the budget. Responsible for processing and approving certain transactions in the financial systems. Represents NESDIS interests on NOAA working groups for financial systems. Responsible for developing, maintaining and operating the Financial Management Data System (FMDS). Responsible for leading NESDIS resource management oversight and reporting.

**NESDIS FMCs**: Responsible for program level financial resources in support of the NESDIS strategic goals and mission. The FMCs are responsible for preparing program resource data and entering data into the financial systems (MARS, CBS, FMDS) as required. The FMDS team works with FMC representatives to establish a regular schedule of data transmission and updates.

**Point of Contact for questions:**

NESDIS OCFO FMDS Team - [nesdisocfo.fmds@noaa.gov](mailto:nesdisocfo.fmds@noaa.gov)

### GUIDANCE

The CBS system is owned by DOC. As the system owner, DOC provides guidance for using and updates to the system. Any changes that need to be requested are routed through DOC. CBS consists of the Core Financial System (CFS) and various functional and administrative systems. CBS provides financial management and accounting services and consists of the following modules: General Ledger, Budget Execution/Funds Control, Accounts Payable, Accounts Receivable, Cost Accumulation/Allocation and Financial Reporting. The functional modules, such as Procurement, Grants, Bankcard, Travel, Real Property, Personal Property, T&A Labor Cost Estimating, Inventory and Contracts, all relate to the core, but are generally independent of one another. The CFS is the key component of the overall system which provides the critical linkage of the financial management and accounting services.

NESDIS uses CBS to enter transactions such as project and task code set up; certifying funds on new IAA and contract actions; monitor obligations and verifying cost information against invoices.



The MARS system is controlled through NOAA and there is a change control board operated out of NOAA Finance to request additional functionality. MARS provides functionality which allows users to track commitments, forecast labor, plan execution-year budgets and conduct financial reporting and analysis. The primary data source MARS uses is CBS.

NESDIS uses MARS to run reports and monitor financial transactions such as status of funds monitoring and reporting, variance calculations, obligation spend plans and labor projections.

FMDS is managed by NESDIS. OCFO is responsible for developing, maintaining and operating FMDS through a change request board process. FMDS provides NESDIS enterprise wide and program-level financial performance and data. FMDS provides a dashboard (summary level) and standardizes program resource information across the NESDIS organization. FMDS receives data from multiple sources including MARS, CBS, Forecasting & Advanced Acquisition Planning Systems (FAAPS), acquisition files, budget formulation spreadsheets, NASA financial reports and CWIP roadmaps.

NESDIS uses FMDS to support organizational resource discussions, such as the QPR meetings and financial analysis to inform budget decisions. Resource management staff are able to view the enterprise wide and program-level details to identify execution performance and trends and assess resource usage across NESDIS.

Access to each financial system is required to be requested through the system owner and there are individual requirements for the application and training process. FMDS is maintained and monitored through NESDIS OCFO. Access to FMDS is typically provided to FMC budget personnel. An FMC can request access for specific individuals via e-mail to the FMDS team at [nesdisocfo.fmds@noaa.gov](mailto:nesdisocfo.fmds@noaa.gov). When access is established, it is linked to the Common Access Card (CAC) authentication and sign on. There is also a desktop icon that can be pushed to users to make accessing FMDS easier.

## **PROCESS**

The process for using CBS to enter financial transactions is specific to the transaction needed. The FMC have several resources for identifying the appropriate screens in CBS to use for entering transactions including CLC training, the CBS website linked below and reaching out to the NESDIS OCFO team.

The process for using the MARS system is specific to the need. The MARS system has numerous pre-populated and pre-formatted reports that FMC's can use to meet their analysis needs. There is also a MARS helpdesk and training available at the link below to assist with user needs.

The process for using the FMDS system is specific to NESDIS resource reporting needs. The FMDS tool is used to monitor and report on performance and resource execution with NESDIS leaderships through QPRs. FMDS utilizes advanced analytical tools to identify potential sources



of available funds to support funds reallocation towards unfunded enterprise priorities.

NESDIS uses FMDS as a tool for several enterprise wide management processes:

The **QPRs** present the current status of execution of the NESDIS budget across all resources available to the organization. FMDS provides dashboard reporting to enable substantive conversations and analysis across FMCs and programs.

The **SPM** develops AOP milestones for NESDIS for the upcoming fiscal year. FMDS is the dash boarding tool used to display the crosswalk between AOP milestones to NESDIS and DOC strategic plans and the budget.

The **NESDIS Unfunded Enterprise Priority (Data Assembly Centers (DACs), Information Technology (IT), etc.) Summit** assesses and prioritizes enterprise unfunded activities that are recommended for consideration as more resources become available. The unfunded activities rely on resource information across NESDIS programs including variance data against the obligation spend plan, lapse labor and contract cost and UDO data. FMDS provides reporting tools to provide program resource information and to identify variances in order to establish collaboration with FMCs.

## LINKS

- CBS
  - <https://cbsanon.rdc.noaa.gov>
- MARS
  - <https://mars.rdc.noaa.gov/>
- FMDS User Guide
  - <https://drive.google.com/file/d/1x8JGdnT7L1gNyDNrqwE9vLJfCP76UDnk/view?usp=sharing>



## Chapter 5: Budget Formulation

### 5.1 Strategic Management and Out-Year Budget Planning Overview

#### STAKEHOLDERS

**NESDIS BIB Strategy, Evaluation and Performance (STEP) Team:** Provides strategic management for NESDIS by coordinating the out-year budget planning process. Responsible for implementing NOAA guidance, coordinating with OSAAP on refining the five year SIPs and producing the NESDIS budget pre-proposals for submission to NOAA. Liaison between NESDIS FMCs, NESDIS Leadership and NOAA for the development of NESDIS pre-proposals.

**NESDIS Planning Leads:** Responsible for providing subject matter expertise and for leading cross-office coordination to develop budget pre-proposals and supporting documentation. Work with STEP Team to ensure the pre-proposals align to the SIP roadmaps and address NESDIS Leadership concerns. Deliver presentations on pre-proposals at EC meetings.

**NESDIS Leadership:** Responsible for setting NESDIS priorities and strategic direction. Responsible for reviewing and prioritizing NESDIS pre-proposals. Provide final decision and approval on which NESDIS pre-proposals are submitted to NOAA. Present and defend the NESDIS pre-proposals to NOAA Leadership.

**NOAA Budget Office & NOAA Policy:** Responsible for providing budget guidance to NESDIS to produce budget pre-proposals that are aligned to NOAA, DOC and Administration priorities.

**Point of Contact for questions:**  
BIB/STEP: [nesdis.step@noaa.gov](mailto:nesdis.step@noaa.gov)

#### GUIDANCE

**NOAA:** Every year the Under Secretary of Commerce for Oceans and Atmosphere and the NOAA Administrator issues a Budget Guidance memo that highlights the NOAA priorities and how they align to the DOC and Administration priorities. This guidance lays out budget assumptions for NOAA in the upcoming fiscal year and dictates how many (and sometimes which) new initiatives NOAA would like each LO to produce for consideration in the upcoming Budget Formulation cycle. NESDIS uses this guidance to generate a set of pre-proposals that are submitted to NOAA.

**NESDIS:** On an annual basis, NESDIS reviews and revises their five year SIP roadmaps which chart the major milestones NESDIS needs to meet in order to deliver on our six strategic objectives. The updated SIP roadmaps are reviewed and finalized at the FSM in early October (see Chapter 3). Guidance on the annual SIP development and objectives of the FSM are laid out



in the annual Strategic Guidance Memo (SGM), which is usually issued by the NESDIS AA in July.

The out-year SIP milestones are reviewed during the FSM and any that are unfunded are discussed for possible development into a budget pre-proposals. Following the FSM, the STEP team initiates the development of budget pre-proposals for any identified initiatives that need additional resources. The decisions of the FSM and the pre-proposals that are to be developed are captured in the Strategic Decision Memo (SDM), which is issued shortly after the FSM.

## **PROCESS**

### **Out-Year Budget Discussion at the FSM**

Over the course of the summer the STEP team participates in Strategic Objective Working Groups, organized by OSAAP, to develop and update the five year SIP Roadmaps. As the SIP Roadmaps are updated the STEP team works with the SOLs to begin identifying resource gaps for out-year milestones. These resource gaps are discussed by NESDIS Leadership at the FSM. By the end of the FSM, the possible Fiscal Year (FY) budget initiatives are identified and leads for each initiative are assigned. These decisions are documented as part of the SDM.

### **Developing Pre-Proposals**

Following the FSM, the STEP team initiates a series of meetings with each lead to develop a plan for developing a pre-proposal. This includes identifying Subject Matter Experts (SMEs) and program directors to collaborate on the pre-proposal, documenting specific activities and deliverables that would be funded with new money, drafting impacts in the event NESDIS does not receive additional funding, proposing budget responsive performance measures and developing budget estimates for the pre-proposal, including the five year funding profile. As guidance is received from NOAA, the STEP team works with the planning leads and NESDIS Leadership to ensure our pre-proposals are aligned and responsive to the NOAA Budget Guidance memo.

The STEP team works with the planning leads to develop presentations to update NESDIS Leadership on the development of the pre-proposals at monthly EC meetings. At the EC meetings, NESDIS Leadership and Program Directors have the opportunity to provide ongoing comments on the scope and scale of the pre-proposals as they are under development. The NESDIS Executive Committee is responsible for making final decisions on the scope, scale and priority of the pre-proposals NESDIS submits to NOAA.

### **Submission of Pre-Proposals to NOAA**

Once NESDIS receives the NOAA Budget Guidance memo and the Executive Committee makes a final determination on which pre-proposals will be submitted to NOAA, the final pre-proposals are drafted and reviewed by the OCFO, Chief Scientist, DAAS, DAA and AA. Any pre-proposals with IT components are also reviewed by the NESDIS CIO. The STEP team also drafts a cover letter to document the NESDIS pre-proposals submission to NOAA and clarify how our submission is responsive to the NOAA, DOC and Administration priorities.



NOAA Leadership, including the Line Office AAs and Staff Office Directors, meet to discuss the pre-proposals submitted from all Staff and LOs. To support this meeting, the STEP team coordinates the development of additional background or supporting materials as needed (e.g. talking points, Q&As, etc.). NOAA Leadership makes the final determination on which pre-proposals move forward into Budget Formulation. The pre-proposals can either be in-guide (part of the NOAA PB), above-guide (placed on the Commerce Unfunded Priority List) or declined. Once NOAA Leadership makes their decision, PAB begins the Budget Formulation process.

## 5.2 Budget Formulation Overview

### STAKEHOLDERS

**NESDIS PAB:** Manages the NESDIS Budget Formulation process. Responsible for implementing DOC and NOAA guidance and producing the NESDIS Budget submissions. Liaison between NESDIS FMCs, NESDIS Leadership and NOAA Budget for the formulation of NESDIS budgets and the explanation of changes.

**NESDIS FMCs:** Responsible for contributing supporting documents for the formulation of the NESDIS budget. Responsible for collaborating with PAB to address questions related to budget submissions.

**NESDIS Leadership:** Responsible for setting NESDIS priorities and strategic direction. Responsible for approving the NESDIS budget submissions before submission to outside parties.

**NOAA Budget:** Acts as the primary liaison between NOAA LOs and the DOC. Responsible for providing budget targets to NESDIS and working with NESDIS to produce budget submissions.

**Point of Contact for questions:**

PAB: [nesdis.pab@noaa.gov](mailto:nesdis.pab@noaa.gov)

### GUIDANCE

NESDIS follows the published guidance established by OMB, DOC and NOAA and develops additional annual guidance with information specific to NESDIS.

**OMB:** The OMB Circular A-11 provides detailed requirements and instructions for the annual President's Budget submission.

**DOC:** The DOC Budget and Program Analysis Handbook, Volume III, Chapter 5 provides guidance and requirements for the formulation of budget requests.

**Congressional Appropriations:** Appropriations provide the legal authority for federal agencies



to incur obligations and make payments from the Treasury for a specified purpose. An appropriation is the key determinant of how much money will be spent by an agency. An appropriation can be made for annual, multiple-year, or no-year funding. NESDIS receives multiple-year appropriations at the Program, Project & Activity (PPA) level.

Congress enacts appropriations in annual appropriations acts and other laws. In a normal year, Congress passes 12 separate appropriations bills to fund the entire federal government that correspond to the 12 appropriations subcommittees in the House and Senate. In recent years, Congress passed an Omnibus bill that combines the 12 separate appropriations bills into one large spending bill. Both methods provide an appropriation for NESDIS.

Once Congress passes the appropriations bills, NOAA receives their funding allotments. The passed funding levels serve as the basis for formulating the next budget request. Prior to the passage of the appropriations bills, we use the prior year's PB as the basis for budget formulation activities. The PB is an annual request from the current Administration to Congress with a suggested breakout of funding resources for the upcoming Fiscal Year. It is typically released to Congress on the first Monday in February.

**NOAA:** The Budget Office within the NOAA OCFO develops guidance for budget formulation. The guidance is provided to NESDIS through PAB in the NESDIS OCFO. The guidance includes target budget levels and instructions for completing the NOAA budget submission. NOAA budget maintains a Control Table which details NOAA's funding and Positions/Full Time Equivalent (FTEs) by appropriation, LO and PPA.

**NESDIS:** NESDIS reviews the guidance established by the DOC and NOAA Budget Offices and prepares annual guidance that is specific to NESDIS programs to develop the NESDIS PB. The PB explains the incremental changes (increases and decreases) from the baseline. Depending on the phase of the budget formulation cycle, the baseline may be the prior year's PB, the annualized Continuing Resolution, or the enacted appropriation.

The budget is broken out by appropriation: Operations, Research and Facilities (ORF) and Procurement, Acquisition and Construction (PAC) and further by programmatic budget lines, known as PPAs. The budget submission contains multiple sections to describe the NESDIS funding requirements to achieve the NESDIS mission in the fiscal year of the request. The sections of the budget submission include:

- Overview - Total request, Technical Transfers, Operational Phase Transfers
- Base narratives - Explains the functions and operations of each program
- Program Change Summaries (PCS) - Documents any increases or decreases in budget from year to year Commerce Unfunded Requirements List (CURLs) - Additional budget requests outside of the original funding targets provided by the DOC guidance (e.g. budget proposals that are above the guide request); submitted to DOC for consideration in the PB should they find they have additional resources or trade space.



**NESDIS  
Budget  
Manual**

**NESDIS-HBK-2102.1**  
Effective Date: October 2020

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The timeline below shows the typical schedule for the NESDIS budget submissions to NOAA, DOC, OMB and Congress. After each submission there is a review period, then a pass back where NESDIS receives comments and changes before the next submission. PAB reviews each pass back and generates the necessary guidance to the programs.



## Budget Cycle Calendar

Start of each phase

PAB Policy Analysis Branch

DASIB Data Analysis, Systems, Integration Branch

BIB Budget Integration Branch

OCFO Office of the Chief Financial Officer

EXT External Activity



### Strategic Management (FY+3-5)

Fall Strategy Meeting

Revise SIP Roadmaps and conduct strategic objective workshops

Finalize SIP Milestones

Finalize Priorities for FY +2 budget in Strategic Decision Memo.

Issue Strategic Guidance Memo

Align resources to strategic priorities

### Budget Formulation (FY+2)

Issues actions for PCSs, base narratives, & 5-year PAC profile

Submit budget to NOAA

Submit budget to DOC

DOC Passback & Appeal

Submit budget to OMB

Answer Questions from OMB

OMB Passback & Appeal

Submit draft PCSs to OCFO

Answer Questions from NBO

Answer Questions from DOC

Finalize PCSs

### Annual Planning (FY+1)

FY +1 President's Budget Released

Answer Questions from Appropriations

Track House and Senate Marks; Draft impact statements

Submit NESDIS Draft AOP Milestones and Spend Plans to NOAA

Issue Annual Planning Guidance

Develop initial FMC AOP milestones Qtr/Major Category (including new validated req'ts)

Spring Planning Meeting: Discuss AOP milestones

Revise AOP milestones, develop initial Spend Plans by Qtr/Major Category, conduct carryover review

Finalize Draft AOP milestones and Spend Plans

### Execution (FY)



Theoretical date of final appropriation

Update AOP milestones and spend plans

Finalize AOP milestones and spend plans

Close FY budget and programmatic activities

Obligate Carryover Funds

Obligate Carryover Funds

Quarterly Program Review

Quarterly Program Review

Quarterly Program Review

Quarterly Program Review



## PROCESS

**Base Narrative Updates:** The NESDIS base narratives tell the story of what the operating unit will accomplish in the budget year absent any program changes. It describes the operations and services funded by the PPA, the FMCs involved, the stakeholders and major trends impacting the PPA. The base narrative is fairly consistent from year to year. The Base Narrative language is drafted by PAB and is sent to the programs for comments and edits. The base narratives are approved through the NESDIS CFO.

The process for updating base narratives begins with the previous year's final PB. PAB and the BIB Legislative Affairs Team (LAT) review the language for clarity and develop suggested changes to improve the base narrative. The Changes are distributed to the appropriate program through an action and the program reviews the edits.

PAB compiles the responses from the programs, incorporates the comments and routes for approval through the PAB Chief, CFO, DAA/DAAS/AA. Once approvals have been obtained for all NESDIS base narratives, PAB combines the base narratives into a single document to support the budget submission.

**Program Change Statements:** NESDIS program changes summarize the budget increase or decrease from year to year at the PPA level. Program changes include both planned and unplanned increases and decreases. In general, planned changes are for PAC accounts and are based on the program's five-year funding profile. For large acquisition programs, such as GOES-R, PWS and SWFO, the funding profiles are documented in the Milestone Decision Memorandum. Unplanned changes are based on decisions made by NOAA, DOC or OMB; or are based on updated estimates (contract, carryover, change to scope, etc.). Program changes are often fluid and evolve through the different budget submissions.

The process for building NESDIS program change requests starts with the pre-proposals from BIB/STEP team and the NBO guidance. PAB completes program change templates based on the approved pre-proposals including the narrative description of the change, budget tables and exhibits required in each submission. The templates are actioned to the program through Action Information Management System (AIMS) for review and comment.

PAB compiles the responses from the programs, incorporates the comments and routes for approval through the PAB Chief, CFO, DAA/DAAS/AA. Once approved, PAB combines the program changes into the document with the updated base narratives to support the budget submission.

**CURL:** The NESDIS CURL is the process for requesting additional funding above NOAA's budget target. Requests for the CURL are initially decided at the NESDIS and NOAA leadership level for submission to the DOC. The DOC narrows the scope and decides which requests to include in the budget submission to OMB.



The process for building the NESDIS CURL begins with coordination between PAB and BIB to compile the list of funding requirements in excess of NOAA's budget target. The list of CURL requests is then refined through the programs and NESDIS leadership.

The final list of CURL requests is submitted through PAB to the NOAA Budget Office, where it is combined with the other NOAA LO requests and sent to DOC.

**Control Tables:** The NESDIS control table is a document that tracks the funding levels for each budget line (PPA) in NESDIS. The control table tracks how funding levels change over time between different budget submissions and the reasons for the changes. PAB creates control tables that can display varying levels of detail depending on the need from multiple fiscal years down to a single budget submission. The control table is stored on SharePoint and access is limited based on need.

Varying views of the Control Table can be found within FMDS, Financial Summary, FYXX NESDIS Budget Formulation. The NESDIS Waterfall tab provides explanations for changes between the various submissions (e.g. NOAA, DOC, OMB, Congress). The NESDIS Budget Formulation process informs several important enterprise wide management processes.

## LINKS

- OMB
  - <https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf>
- Office of Budget, DOC Handbook
  - [https://www.osec.doc.gov/bmi/budget/handbook/revised\\_handbook\\_2008/2008%20entire%20handbook.pdf](https://www.osec.doc.gov/bmi/budget/handbook/revised_handbook_2008/2008%20entire%20handbook.pdf)
- NOAA Budget Office Guidance
  - <https://sites.google.com/a/noaa.gov/noaa-ocfo/budget-office>



## Chapter 6: Budget Planning and Execution Processes

### 6.1 Appropriation / Allotments

The appropriation and allotment process describes the processes by which NESDIS receives budget authority from Congress and distributes that authority to the FMCs within NESDIS.

#### STAKEHOLDERS

**NESDIS OCFO DASIB:** Manages the appropriation and allotment process at NESDIS. Serves as the liaison between NESDIS and NOAA Budget Execution Office (BEX) and DOC Budget offices. Collaborates with the NOAA BEX Staff and the FMC Budget Staff to calculate and communicate allotments by PPA based on the appropriated amounts from Congress and NOAA and NESDIS management and administrative (M&A) cost calculations. This process includes Continuing Resolution (CR) time periods as well as enacted appropriations from Congress.

**NESDIS FMCs:** Manage the FMC budget and resources at the PPA level. Collaborate with DASIB to provide data related to funding requirements under various scenarios (CR and full fiscal year) to facilitate the allotments process. After allotments are determined, develop spend plans that achieve the mission and goals of the programs within the allotted budget amounts.

**NOAA BEX:** Acts as the primary liaison between NOAA LOs and the DOC. Receives the appropriation from DOC and collaborates with NESDIS OCFO to calculate and allot funds to the NESDIS PPAs including calculations for CR periods and NOAA level withholds.

**Point of Contact for questions:**

DASIB: [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)

#### GUIDANCE

NESDIS follows the published guidance established by DOC and NOAA and develops additional annual guidance with information specific to NESDIS.

**DOC:** The DOC Budget, Performance and Analysis Handbook (Volume V - Budget Execution) provides guidance and requirements for execution of appropriations.

Appropriations are a type of budget authority that provide the legal authority for federal agencies to incur obligations and make payments for a specified purpose. An appropriation is



the key determinant of how much money will be spent by an agency and can be made for annual, multiple-year and no-year funding.

Each year NESDIS receives discretionary appropriations supporting two broad categories of spending: 1) PAC funds and 2) ORF funds. The ORF appropriation pays for the necessary expenses of activities authorized by law for NOAA, including maintenance, operations, hire of aircraft, grants, contracts, or other cooperative agreements and relocations of facilities. The PAC appropriation is intended to cover expenses of capital assets, acquisitions and construction, including the alteration and modification costs.

PAC funds are available for obligations for three years and ORF funds are available for obligations for two years. After the obligation period, the funds expire and are no longer available for obligations as the funds are returned to the Treasury. But they are still available for an additional five years to pay out (i.e. disbursement) for valid obligations incurred during the obligation period before the appropriation is closed.

In addition, NESDIS receives a limited amount of no-year funding. No-year funds are available for obligations until fully expended. At NESDIS these funds are most typically in the PAC category and apply to construction projects.

NESDIS management has the fiduciary responsibility to ensure sound management of public funds including compliance with all applicable laws and regulations. Whether appropriated funds are legally available for obligations depends on three elements. All three must be present for the obligation or payment to be legal. The three elements to the concept of availability are:

1. Purpose – Appropriations may only be used for the purpose(s) for which they were made or, in other words, obligations and expenditures can only be incurred for authorized purposes. Authorization is an act of Congress that establishes or continues a federal program or agency and defines the purpose or activity for which the funds may be used. To determine whether an obligation or expenditure has an authorized purpose, the program legislation, legislative history and appropriation acts must be examined.
2. Time – The obligation must occur within the period of obligational availability applicable to the appropriation (i.e., annual, multi-year, one year).
3. Amount – The obligation and payment must be within the amounts Congress has established (i.e., appropriated).

**NOAA:** The NOAA Budget Office maintains and provides guidance for appropriations and allotments. The guidance includes appropriation language from Congress along with the NOAA Blue Book language. NOAA provides guidance for funds control workbooks for multiple fiscal years which detail the appropriation, allocation and allotment processes for NESDIS and other NOAA LOs.



**NESDIS:** NESDIS reviews the guidance established by the DOC and NOAA Budget Office and prepares annual guidance that is specific to NESDIS programs. The NESDIS level guidance includes timelines and processes to determine allotments.

Allotments are provided to FMCs from NESDIS DASIB at the beginning of the fiscal year once appropriation funding is available. These allotments are determined through consultation with the programs on projected spending levels for each quarter of the fiscal year and include the withhold amounts for NOAA and NESDIS. For more information on the withhold process, see the section of this manual on Management and Administration.

NESDIS guidance provides preliminary planning targets including any rescission amounts related to CR periods. The guidance explains the daily rate calculation for CR periods and provides guidance for the total available execution authority for the CR period. Additional guidance is provided to establish the rules governing execution of funds during CR periods such as recording obligations in the same organization codes as the prior year; prioritizing labor obligations and critical non-labor requirements only; only obligating against existing requirements for the prior year, no new starts.

## **PROCESS**

DASIB manages the NESDIS process for appropriations and allotments. DASIB receives an action from NOAA BEX that includes the Funds Availability Table. The BEX action requests NESDIS allotments by PPA and FMC. The timing of this action is discussed in monthly Business Rules Meetings with BEX and NOAA LOs.

DASIB works with their program counterparts and the NESDIS headquarters budget office to develop responses to the allotments datacall. Coordination with FMCs ensures that programmatic needs are met under a CR spend plan.

DASIB also distribute a CR anomaly datacall to capture changes in findings driven by program anomalies, funding anomalies and expiring authorizations. The CR anomaly datacall process is typically conducted early in the fourth quarter of the prior fiscal year. DASIB reviews the NESDIS Allocation Spreadsheet, including the “Funds Available After Reductions” row of the spreadsheet. The review process is conducted as updates to the NESDIS Allocation Spreadsheet occur.

NOAA requires full year obligation spend plans be entered into the financial system, MARS. DASIB sends an action to FMCs to develop monthly obligation spend plans for the full fiscal year in MARS. The action includes FMC annual allotments by PPA for FMCs to perform their analysis.

DASIB submits responses to NOAA BEX with NESDIS allotments by FMC and PPA. NOAA BEX enters allotments into CBS and notifies DASIB once complete. DASIB then communicates the status to the FMCs.

The NESDIS appropriation and allotment process informs several important enterprise wide



management processes:

The **QPRs** rely on the allotment amounts as the basis of review for the programs, the allotments provide the starting point against which progress is measured for the Program spend plans. The reviews utilize the functionality in FMDS and NESDIS OCFO coordinates with the FMCs to validate spend plans to actual information for discussion at the review.

The **SPM** develops AOP milestones for NESDIS for the upcoming fiscal year. An important step in the process is identifying the estimated budget for each milestone. The allotments are a key input in identifying resources aligned to AOP milestones and the extent that current funding will support activity before additional resources will be required.

The **NESDIS enterprise priority summits** (DACS, IT Summit, etc.) rely on resource information including appropriation and allotment data as well as resources aligned to program priorities to evaluate options for executing NESDIS enterprise wide efforts.

## **LINKS**

- Office of Budget, DOC Handbook
  - [https://www.osec.doc.gov/bmi/budget/handbook/revised\\_handbook\\_2008/2008%20entire%20handbook.pdf](https://www.osec.doc.gov/bmi/budget/handbook/revised_handbook_2008/2008%20entire%20handbook.pdf)
- NOAA Budget Office Guidance
  - <https://sites.google.com/a/noaa.gov/noaa-ocfo/budget-office>



## 6.2 NESDIS M&A Process

The M&A cost section provides information on the types of costs that are tracked under the M&A designation at NESDIS and NOAA. This section provides information on how the cost estimates for M&A are developed and tracked as well as how the costs are allocated to the FMCs.

### STAKEHOLDERS

**NESDIS OCFO DASIB:** Collaborates with NESDIS PAB and HQ offices to develop annual M&A estimates and calculates M&A amounts from NESDIS PPAs. Coordinates with FMCs regarding M&A amounts and budget execution plans.

**NESDIS PAB:** Manages the development and execution of the NESDIS HQ budget. Provides updates on M&A actual obligations and costs to DASIB throughout the year and calculates changes in M&A requirements as the fiscal year progresses.

**NESDIS FMCs:** Responsible for budget formulation and execution of the NESDIS programs. Collaborate with DASIB staff to manage the FMC allotments, including the M&A amounts for NOAA and NESDIS HQ funding.

**Point of Contact for questions:**

DASIB: [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)

### GUIDANCE

NESDIS follows the published guidance established by NOAA and has developed guidance with information specific to NESDIS.

**NOAA:** The NOAA Finance Handbook Chapter 12 defines M&A costs as “those agency functions (and related services) needed to support NOAA mission programs. These M&A functions are common services found in Federal agencies and are typically needed to perform standard support activities that are required by business need, law or regulation.” M&A costs at each level of the organization represent activities performed centrally that support multiple or all components of the respective organization, rather than a single program or component.

M&A costs may include, but are not limited to, the following categories: federal labor; including salary, benefits, travel and training; equipment; communications; and facilities costs. As defined in section 12-06 of the NOAA Finance Handbook, M&A functions are divided into seven categories:

1. *Executive Management* –This function involves activities such as the development of



policies and evaluation of program performance. NESDIS headquarters also conducts management oversight activities by providing FMCs with defined operating policies and procedures.

2. *Budget and Finance (CFO Operations)* –This function deals with mid and long-range planning, programming and budgeting activities. It also involves developing budgets, creating financial policies, analyzing program performance and allocating and distributing budgetary resources.

3. *Facilities/Other CAO functions* –This function involves agency wide activities for capital planning of facilities and property management program. NESDIS applies headquarters and department facilities requirements to FMCs and program offices in areas such as safety, security, property management, maintenance and repairs.

4. *Human Resources (HR), including Equal Employment Opportunity (EEO)* –This function involves the development of personnel policies and workforce planning, recruitment, employee relations services, employee development/training, labor relations, retirement counselling and processing and administration of the performance management process.

5. *Acquisitions and Grants (AGO operations)* –This function deals with the oversight of the acquisition and grant-making process through the development of policies and the review and analysis of solicitations, contracts and grant agreements.

6. *Information Technology (IT)* –This function involves the development of agency-wide IT enterprise architecture plans, hosting and support of agency-wide business applications, advisory activities on agency-wide IT resources and system development, IT infrastructure modernization programs and the management of IT programs.

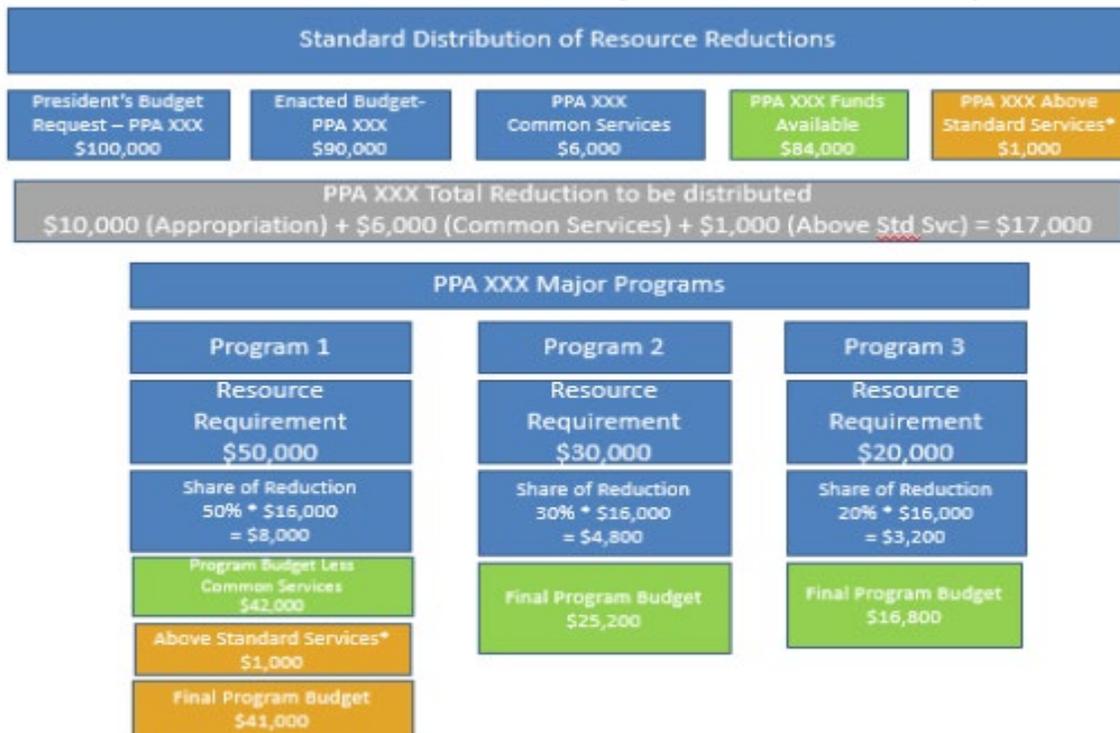
7. *Legal Services (NOAA Headquarters only)* –This function deals with the provision of services such as legal analysis and advice, legal review of legislation, contracts and grant agreements, issuance of legal opinions and other legal services. These services are performed by the Office of the General Counsel (OGC) at the NOAA headquarters level.

**NESDIS:** The NESDIS Policy on Administrative Costs provides guidance on the development, execution, monitoring and reporting of management and administrative costs for the NESDIS organization. The policy provides examples of the types of activities executed with M&A funds that benefit the NESDIS FMCs (NESDIS AA/ DAA(S) Office; Office of the Chief Administrative Officer (OCAO) hiring support; OCFO support to include budget formulation, execution, acquisition, congressional liaison and financial reporting support; etc.) The policy builds on the guidance provided in the NOAA Finance Handbook and provides additional information on NESDIS specific Budget Formulation and Justification; Cost Determination; Cost Assessment and Rationale; Cost Computation; and NESDIS Specific Reporting Requirements.



The diagram below provides an illustration of the approach for standard distribution of resource reductions per the Administrative Costs Policy. The difference between the PB and the funds available to the program offices include Common Services which are distributed equitably among the PPA’s major programs and Above Standard Services which are services provided by headquarters that benefit a specific FMC or program and are therefore not split across multiple funding sources.

**NOTE: Above Standard Services should only be deducted from the specific PPA/program.**



\* Above Standard Services provide benefits to a specific FMC or Program, and accordingly, would not be charged to other FMCs/Programs

## PROCESS

NESDIS Headquarters manages the M&A costs for the organization. This activity includes estimating M&A costs and allocating the costs equitably between the FMCs.

In the year prior to execution (FY-1), DASIB coordinates with PAB for planning activities. DASIB and PAB review the prior year’s execution and identify new resource needs and organizational priorities. The analysts use these inputs to estimate the M&A budget for the upcoming fiscal year. PAB submits M&A cost estimates to the NOAA Budget Office during the budget formulation process usually in the April to May timeframe.

DASIB provides information pertaining to the functional categories of Executive Management, Budget and Finance, Facilities (and other Administration), HR (including



EEO), Information Technology and Acquisition and Grants. Data provided for the budget submission includes estimates for the budget year in the PB. NESDIS HQs analyzes cost trends in formulating future M&A budgets.

In the year of execution (FY), the M&A process is executed prior to finalizing the allotments. The M&A estimates are then revisited quarterly to allow for any necessary adjustments. DASIB and PAB build the headquarters Common Services cost estimates by reviewing requirements for administrative activities and evaluating any changes. NESDIS Common Services cost estimates are constructed using a two part test in mind. In these questions, the term “contributory PPA” refers to only those PPAs that contribute funding and/or request services from NESDIS Headquarters or an FMC:

*1. Who Benefits?*

- Do all or multiple contributory PPAs benefit from the activities or functions being performed with the Common Services costs collected?

*2. Who Pays?*

- Are the Common Services costs collected from every contributory PPA?
- Are the costs for Common Services activities equitably distributed across every contributory PPA?

DASIB manages the Common Service distribution methodology, calculation and application to each FMC based on a combination of their PPA’s percentage of the total NESDIS budget as well as usage and/or benefit, but the execution of the Common Services split may differ slightly; any difference is meant to achieve management and accounting efficiency. For both NESDIS Headquarters and FMCs, the fundamental M&A allocation is based on an equitable distribution across all FMCs or programs.

The M&A withhold amounts are completed prior to the allotments to the FMCs. The M&A withhold amounts are communicated to the FMCs during the allotment process.

NESDIS FMCs:

A Common Services assessment is not required at the FMC level, although an FMC may opt to charge one to other NOAA LOs. If an assessment is charged, it must meet the two part test outlined above.

This computation is reviewed and updated annually by each FMC Director, with a maximum allowed assessment of 10%. If an FMC determines that an assessment to another NOAA LO is appropriate, the FMC routes the charges for this Common Services activity through DASIB; NESDIS OCFO will then consult the other LOs. Like NESDIS HQs, FMCs will return unused funds collected for Common Services costs prior to year end to the appropriate offices, by PPA allocation.



NESDIS uses M&A information in several important enterprise wide management processes:

The **QPRs** present the current fiscal year status of execution of M&A funds at HQ. This information is shared with the FMCs to provide information for planning the remainder of the fiscal year. DASIB provides status information and communicates if there is an expected return of funds.

The **SPM** develops annual AOP milestones for NESDIS for the upcoming fiscal year. The milestones for headquarters offices and programs are funded through the M&A withhold process and drive the requirements for the budgeting of M&A.

The **NESDIS enterprise priority summits** (DACs, IT Summit, etc.) rely on resource information from the FMCs including spend plans and variance data as well as resources aligned to program priorities to evaluate options for executing NESDIS enterprise wide efforts. M&A costs are one of several options to provide resources and funding to the NESDIS enterprise priorities.

## **LINKS**

- NOAA Finance Handbook
  - <https://www.corporateservices.noaa.gov/finance/docs/Policy/Chapter12-AdministrativeCosts07-17-13update-NMFSupdatesincluded.pdf>
- NESDIS Policy on Administrative Costs
  - [https://drive.google.com/drive/folders/12FitDBALZ\\_LexnruzntDv96ZKQJ6R\\_PpE?usp=sharing](https://drive.google.com/drive/folders/12FitDBALZ_LexnruzntDv96ZKQJ6R_PpE?usp=sharing)



### 6.3 Project and Task Code Management

The use of project and task codes at NESDIS are governed by policy guidance from both NOAA and NESDIS OCFO. Project codes are components of the accounting string that drive the alignment of transactions to NESDIS programs and strategic priorities. Accurate and transparent use of project codes is key to NESDIS ability to monitor budget execution across the organization.

#### STAKEHOLDERS

**NESDIS OCFO DASIB:** Manages and oversees the project/task code coordination process at NESDIS. Coordinates the review and approval of new project and task code requests. Manages the year end project code roll over actions.

**NESDIS FMCs:** Request project codes that align with AOP milestones and programmatic goals. Prepare project code request forms and submit the forms and other supporting documentation if applicable to DASIB for review.

**NOAA Finance:** Reviews and approves CWIP and reimbursable project code requests and the supporting documentation. Collaborates with DASIB to address questions and route communication.

**Point of Contact for questions:**

DASIB: [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)

#### GUIDANCE

**DOC:** DOC policy requires that all DOC LOs, including NOAA and NESDIS, use CBS as the official accounting system of record. The policy also requires that a standard Account Classification Structure shall be used to identify each transaction entered into CBS. Project and task codes are part of the CBS standard Account Classification Code Structure (ACCS).

**NOAA:** NOAA has established a process for project code requests which can be found at the following link: [FY 2017 NOAA Procedures](#).

**NESDIS:** NESDIS provides annual guidance to FMCs for using project and task codes through a memo distributed to programs. Project codes are unique for each LO and relate to only one fund and program code combination. Program codes are used to identify specific PPAs in major or core work structure or functions that receive funding. A single program may have multiple project codes.

To create a new project code for a NESDIS program, the program office submits a project



code request form to their FMC's respective DASIB team member. Project code types can be general, reimbursable or CWIP. DASIB approves the general project code types. CWIP and reimbursable project codes must also be approved by NOAA Finance. After required approvals, DASIB enters and activates the new project code in CBS.

Reimbursable project code requests are required for projects in which NOAA is receiving compensation in exchange for goods or services. Project codes are also unique for NESDIS appropriation funding years. The project codes, in conjunction with task codes, are also used by program offices to extract data from CBS to be used for comparing actual costs to spending plans, annual operating plans and briefing materials.

NESDIS uses task codes to further break down specific projects in a more granular level for detailed tracking and reporting. A project code is specifically linked to one program fund combination, but each project code may have multiple task codes.

## **PROCESS**

New NESDIS project codes are set up in CBS by DASIB based on requests from the FMCs. Requests for new project codes can be submitted throughout the fiscal year, but activity is usually greatest in the first half of the year as new codes are established for new appropriated funds. As mentioned earlier in this section, there are three types of project codes: General, Reimbursable and CWIP.

The process begins with the FMC identifying the need for a new project and or task code. The FMCs need to consider the programmatic elements that the new codes will support and how the code will map to the AOP milestones and spend plans the FMC develops. The FMC completes the project code request form and if applicable, the add/modify form for CWIP codes.

Next, the new project codes are requested through the established tracker and the forms are shared in the SharePoint document repository. DASIB coordinates with PAB and BIB to ensure that the requested project codes are aligned to appropriate AOP Milestones and budget spend plan reporting. DASIB will ensure the new code follows the guidance for appropriate accounting structure. DASIB will approve general project codes, but must coordinate with NOAA Finance to approve CWIP codes.

Once the project and task codes have received all relevant approvals, DASIB activates the codes in CBS and communicates with the requesting FMC to advise that the codes are ready to be used via email. On an annual basis in June/July, NOAA Finance requests LOs for a list of project codes that should 'rollover' to the new fiscal year.

The following automated routine is initiated by NOAA Finance to rollover the identified project codes.

- Create a new project code with the first character changed (e.g. from "S" to "T")



in the new fund code.

- Update the begin- and end- dates for the new project to reflect the dates for the new fund.
- Copy all other data, such as description and program code, from the old project.
- Copy all active task codes from the old project to the new project.

The Financial Systems Division (FSD) within NOAA Finance uses the data from the Project Code Rollover process to build a crosswalk spreadsheet, which they distribute to DASIB. The spreadsheet gives NESDIS the ability to make global changes, changing an old project to a new project across all systems with stored accounting.

DASIB is the coordination point for NESDIS and actions the task to the FMCs and then compiles the responses and returns the spreadsheet to the appropriate contact. FSD uses the project crosswalk to update and maintain its systems.

NESDIS uses project and task code information in several important enterprise wide management processes:

The **QPRs** present the current status of execution of NESDIS funds. The QPR reviews the status of execution against the spend plans and AOP milestones for each FMC. Project codes are critical to the compilation of the spend plans and links to the AOP milestones.

The **SPM** develops AOP milestones for NESDIS for the upcoming fiscal year. The milestones are mapped to project codes to analyze funding levels for the different priorities.

The **NESDIS enterprise priority summits** (DACs, IT Summit, etc.) rely on resource information from the FMCs including spend plans and variance data as well as resources aligned to program priorities to evaluate options for executing NESDIS enterprise wide efforts. The project plans aligned to program priorities are critical inputs in assessing resource availability for these efforts.

## LINKS

- NOAA Finance
  - [FY 2017 NOAA Procedures](#)
  - <https://www.corporateservices.noaa.gov/finance/strctr2.html>
- CBS Project/Task Form
  - <https://www.corporateservices.noaa.gov/finance/projtaskdwnld.html>
- NESDIS Project Code Guidance
  - <https://drive.google.com/drive/folders/1Wd0N7GZYrBWMmCHsqeStGK27p10jZRU0?usp=sharing>



## 6.4 Annual Spend Plans

The spend plan process provides a baseline for the budget execution of NESDIS financial resources for the fiscal year. NESDIS spend plans are developed for obligations, cost, labor/FTEs, acquisition (contracts, IAA, grants) and travel plans. The collective set of spend plans are developed at the FMCs with guidance from OCFO DASIB and are critical inputs to many NESDIS wide resource management processes such as the QPRs and the SPM.

### STAKEHOLDERS

**NESDIS OCFO DASIB**: Manages the process for developing spend plans. Monitors budget execution against established spend plans and tracks variances. Manages the review of obligations, planning and funding across the NESDIS organization. Serves as the primary liaison with NOAA Budget for the NESDIS obligation spend plans. Coordinates with NOAA BEX to implement NOAA guidance and timelines for obligation spend plan development and monitoring. Manages enterprise wide processes for the review and alignment of NESDIS resources including the QPR meetings, NESDIS spend plan tracking and reporting and year-end carryover estimates. Provides guidance to the programs for the preparation of spend plans and is available to the FMCs throughout the process to answer questions.

**NESDIS FMCs**: Develops spend plans to communicate funding priorities and expectations for the fiscal year. Execute program budgets to accomplish NESDIS missions and strategic goals. Plan the execution of funds based on programmatic requirements and collaborate with DASIB on review, revision and changes to plans and align budgets to the AOP milestones.

**NOAA BEX**: Provides budget execution spend plan guidance to all NOAA LOs. Establishes funds controls and the overall timelines for the process. Establishes the timeline for the uploading of obligation spend plans into the MARS system. Coordinates with DASIB to monitor execution against spend plans through variance analysis and quarterly NOAA financial reporting.

**Point of Contact for questions:**

DASIB: [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)

### GUIDANCE

NESDIS follows the published spend plan guidance established by DOC and NOAA and develops annual spend plan development guidance memo to FMCs with information specific to NESDIS.

**DOC**: The DOC Budget, Performance and Analysis Handbook, Chapter 58, provides



guidance and requirements for the preparation of spend plans within DOC and its components. Any operating unit within the DOC is responsible for maintaining detailed internal financial and FTE plans and submitting summary (spend) plans to the Office of Budget.

**NOAA:** The NOAA BEX Office requires NESDIS and other NOAA LOs to submit a full Fiscal Year obligation spend plan in MARS. All programs within NOAA are required to maintain these detailed financial and FTE plans which reflect monthly obligations and FTE usage by PPA.

**NESDIS:** DASIB issues an action to FMCs to enter full year Program obligation spend plans, including carryover. DASIB develops annual guidance for NESDIS and distributes the guidance to the programs through a memo attached to the AIMS action. As part of the AOP/Spend Plan process, FMCs are required to provide the NESDIS OCFO with a preliminary obligation spend plan aligned to the AOP milestones. This process typically occurs in the 3<sup>rd</sup> or 4<sup>th</sup> quarter of the fiscal year for the following fiscal year.

When full year appropriations are enacted through Congress, DASIB issues an additional action to the FMCs to update all spend plans (obligations, cost, labor, acquisition, travel) to reflect the approved funding in the enacted budget. The final full year obligation spend plan is updated in MARS and then uploaded to CBS. Prior to submission to NOAA BEX, NESDIS OCFO reviews the consolidated obligation spend plan information to ensure alignment of spending within the total funding amount for NESDIS with justification for spending level proportion based on period historical spending by program office.

The guidance instructs FMCs to align obligation spend plans with other documents and processes developed throughout the year such as:

- **FY AOP/Spend Plan:** FMCs provide a preliminary monthly program spending plan aligned with AOP milestones that were proposed as part of the governance process. This plan should align to the entry into MARS.
- **Contracts Plan:** FMCs provide a comprehensive monthly contracts plan for IT and non-IT activities, as required through the FITARA. This plan should align to the entry into MARS.
- **Labor Plan:** FMCs should refer to HR staffing plans developed with the Mission Support Branch (MSB) and the Office of Human Capital Services (OHCS). FMCs should also refer to the MARS Table of Organization and the HR Staffing Tool in SharePoint, which tracks vacant positions in the hiring process and is maintained by FMC's Administrative Officer. This information should inform the labor obligation into MARS.
- **IAA Plan:** FMCs submit fiscal year IAA Obligation Plans. These IAA plans should align with the MARS entry.



- **Travel Plan:** FMCs provide the fiscal year Travel Plans, which should meet the DAA-approved travel ceiling. The travel plans should align to your entry into MARS.
- **Grants Plan:** FMCs submit grants plans in Grants Online. This submission should align with the entry into MARS.

## PROCESS

DASIB manages the preparation and review of spend plans and collaborates with FMCs on the review of obligation data, UDOs, carryovers, cost plans and other resource management processes.

The spend plan preparation process typically begins in February after the release of the PB request, while further guidance is issued by NOAA BEX. DASIB reviews and adapts the BEX guidance to be specific to NESDIS and issues the guidance to FMCs. During the 3rd or 4th quarter of the prior fiscal year, DASIB coordinates with BIB to develop preliminary spend plan data elements and align to the AOP milestones. Once an appropriation for the upcoming fiscal year is received, DASIB sends out guidance to finalize the spend plans. FMCs will update the obligation spend plan in MARS, which are then uploaded to CBS.

The additional guidance from DASIB ensures that the spend plans contain the necessary data to inform and support future NESDIS wide resource reviews and planning efforts. In typical years, NOAA BEX requires that annual obligation spend plans are completed in October to establish the baseline for the year of execution.

The annual obligation spend plans shall include alignment of AOP milestones to project codes and program Work Breakdown Structure (WBS), where applicable. The obligation spend plans should be developed in conjunction with the FMC cost plans in order to provide a full picture of resource activity and enable programmatic analysis by DASIB, PAB and BIB and facilitate discussion at QPR meetings.

The spend plan process initiates communication between NESDIS OCFO and FMCs for resource planning and execution as well as unfunded priorities, variances and prioritization opportunities. NESDIS uses spend plans in several important enterprise wide management processes:

The **QPRs** rely on the spend plans to identify variances and opportunities to re-deploy resources to high priority initiatives in the year of execution. NESDIS OCFO coordinates with the FMCs to validate spend plan to actual information for discussion at the review. The NESDIS FMDS system is one of the primary data sources and reporting tools to support the QPR meetings, resource monitoring and review discussions. For FMDS information, see Chapter 4 - Financial Systems.



The SPM develops AOP milestones for NESDIS for the upcoming fiscal year. An important step in the process is identifying the estimated budget for each milestone. The obligation spend plans at the project code level are the key inputs in linking budget to associated AOP milestones.

The NESDIS enterprise priority summits (DACs, IT Summit, etc.) rely on resource information from the FMCs including spend plans and variance data as well as resources aligned to program priorities to evaluate options for executing enterprise wide efforts.

## LINKS

- Office of Budget, DOC Handbook - Section 58
  - [https://www.osec.doc.gov/bmi/budget/handbook/revised\\_handbook\\_2008/2008%20entire%20handbook.pdf](https://www.osec.doc.gov/bmi/budget/handbook/revised_handbook_2008/2008%20entire%20handbook.pdf)

## 6.5 Annual Cost Plans

The cost plan process, also known as an outlay plan, provides a baseline for the execution of NESDIS financial resources for the fiscal year. The plan is developed at the FMCs with guidance from DASIB and is a critical input to many NESDIS wide resource management processes such as the QPRs and SPM.

## STAKEHOLDERS

**NESDIS OCFO DASIB:** Manages the process for developing cost plans. Monitors the execution of cost activity and compares to the cost plans via variance analysis. Manages the review of obligations and cost data, UDOs, planning and funding across the NESDIS organization. Provides guidance for the preparation of NESDIS cost plans. Manages enterprise wide processes for the review and alignment of NESDIS resources, NESDIS UDO tracking and reporting and open obligation reviews.

**NESDIS FMCs:** Develops cost plans in compliance with NESDIS guidance to baseline the outlay of funds for the FMC across the fiscal year. Execute program budgets to accomplish NESDIS missions and strategic goals. Monitor and review open obligations to manage the expenditure of funds throughout the year. In collaboration with DASIB, review the forward funding on existing contracts to maximize the use of NESDIS resources.

**Point of Contact for questions:**

DASIB: [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)



## **GUIDANCE**

**DOC:** The DOC Budget, Performance and Analysis Handbook, Section 55, provides guidance and requirements for the planning and reporting of outlays (costs). Operating units submit cost plans and reports for each account to the DOC Office of Budget for the current fiscal year. Cost estimates are based on the current estimate of the amount to be disbursed in the fiscal year. The monthly estimates of the totals reflect a realistic assessment of upcoming events, recent trends and past history of cost patterns for each account. A statement explaining the assumptions used and any unusual or special circumstances accompanies each outlay plan.

**NESDIS:** DASIB develops annual guidance for NESDIS cost plans and distributes the guidance to the programs through the AIMS action that initiates cost plan development for each fiscal year. FMCs provide NESDIS OCFO with cost plans that include information pertaining to the planned costs for labor, benefits, contracts, IAAs, travel, grants and other costs.

The cost plan development process occurs in early 4<sup>th</sup> quarter of the fiscal year for the following fiscal year and is updated monthly through a variance analysis. The NESDIS guidance prescribes the identification of review points such as Planning Programming Budgeting Evaluation (PPBE) submissions, Program Changes or cost over/under runs.

NESDIS OCFO collaborates with programs to review cost plans for all active fund codes that are active or expired, which includes the time periods that are available for obligation as well as the five years after the obligation period when the obligations can still be costed.

NESDIS cost plans follow a similar format to the obligation spend plans and require the same level of detail including project and task codes, which are used to map with AOP milestones.

## **PROCESS**

DASIB manages the preparation and review of cost plans and collaborates with FMCs on the review of unliquidated obligation data, UDOs, acquisition plans and obligation spend plans. Cost plan development typically begins around October (after End of Year (EOY)) and will allow FMCs to finish their obligation spend plan. Obligation spend plans are due to NESDIS OCFO in October while the cost plans are requested in November.

DASIB issues guidance specific to NESDIS including templates to complete the cost plan data elements to support the analysis of UDOs and forward funded amounts on contracts. The guidance from DASIB ensures that the cost plans contain the necessary data to inform and support future NESDIS wide resource reviews and planning efforts. The FMC prepares the cost plans in compliance with the guidance and submits to DASIB.



The annual cost plans are developed for all active fund codes including prior fiscal years appropriations and are linked to project and task codes. The cost plans should be developed in conjunction with the FMC obligation spend plans in order to provide a full picture of resource activity and enable programmatic analysis by NESDIS OCFO and facilitate resource reviews and discussion at QPR forums.

NESDIS monitors contract activity and makes efforts to complete contract actions as early in the fiscal year where possible. This analysis requires accurate cost plans as an input to determine the level of forward funding on open contracts.

NESDIS uses cost plans in several important enterprise wide management processes:

The **QPRs** rely on the cost plans to identify variances and opportunities to re-deploy resources and re-align acquisition efforts to high priority initiatives. NESDIS OCFO coordinates with the FMCs to validate cost plans to actual information for discussion at the review. The NESDIS FMDS is one of the primary data sources and reporting tools to support the QPR meetings, resource monitoring and review discussions. For FMDS information, see Chapter 4 - Financial Systems.

The **SPM** develops AOP milestones for NESDIS. An important step in the process is identifying the budget for each milestone. The cost plans at the project code level are the key inputs used in identifying existing resources aligned to AOP milestones and the extent that current obligations will support activity before new obligations are required.

The **NESDIS enterprise priority summits** (DACs, IT Summit, etc.) rely on resource information from the FMCs including cost plans and variance data as well as resources aligned to program priorities to evaluate options for executing NESDIS enterprise wide efforts.

## **LINK**

- Office of Budget, DOC Handbook - Section 55
  - [https://www.osec.doc.gov/bmi/budget/handbook/revised\\_handbook\\_2008/2008%20entire%20handbook.pdf](https://www.osec.doc.gov/bmi/budget/handbook/revised_handbook_2008/2008%20entire%20handbook.pdf)



## 6.6 Budget and Cost Adjusting Entries (DLA, SLT, DLCA)

The adjustment transactions process describes the types and use cases of transactions meant to correct or adjust already processed transactions at NESIDS. The FMC staff identifies the need for an adjustment transaction and creates the necessary supporting documentation. DASIB reviews the supporting documentation from the FMC and processes the transaction in CBS. The purpose of these procedures include correcting erroneously recorded cost or obligation data, to process de-obligation requests and/or for atypical expenses so that accurate information will be reflected in the accounting system and reports.

### STAKEHOLDERS

**NESDIS OCFO DASIB:** Reviews and approves transaction adjustment requests submitted by FMCs to ensure that documentation is sufficient and contains the appropriate approvals.

**NESDIS FMCs:** Submit transaction adjustment requests and the supporting documentation to DASIB.

**NESDIS CFO:** Approves transaction adjustment requests greater than \$500,000 (including funds transferred between programs or fund codes).

**Point of Contact for Questions:**

Email DASIB at [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)

**Email to submit Corrective Actions:**

[nesdis.correctiveactions@noaa.gov](mailto:nesdis.correctiveactions@noaa.gov)

### GUIDANCE

**DOC:** The DOC Budget, Performance and Analysis Handbook, Section 50 states, in accordance with the Anti-deficiency Act (31 U.S.C. 1514), each operating unit must have in place an effective system for the administrative control of funds. Heads of operating units have the responsibility for over-obligations and over expenditures. An effective process must be implemented that can fix these overages through written delegations of authority indicating how authority is delegated, with a clear explanation of how the funds are to flow from the appropriation level down to the lowest practical administrative level.

**NOAA:** NOAA Administrative Order No. 203-34 requires that all current and prior year obligations be continuously reviewed to ensure that obligated balances are not overstated or understated and that obligations are properly documented and reported. The head of each NOAA Line/Staff Office, NOAA FMC and those agencies with which NOAA has cross-servicing arrangements (e.g., Bureau of Industry and Security) have the responsibility for



verifying these obligations.

The NOAA Finance Handbook lays out guidance for adjustment transactions with more details in Chapter 15. The NOAA Budget Office requires all LOs, including NESDIS, to record any type of adjustment transaction as a part of the regular course of the Budget Execution process.

There are three methods within CBS to make cost adjustments of erroneously recorded accounting information for paid transactions:

- DLA – Document Level Adjustments are the most common form of correcting entry used across NESDIS to fix an error.
- DLCA – Detail Labor Cost Adjustments are used to correct labor transactions and include Personally Identifiable Information (PII).
- SLT – Summary Level Transfers are used as a last resort to fix errors and are not at the detailed transaction level.

These adjustments are recorded periodically throughout the fiscal year and serve to correct previously recorded amounts or transactions.

## PROCESS

The NESDIS FMC determines the need for a correction of an adjusting entry. There can be several causes for adjusting entries. Based on the root cause of the adjusting entry, the FMC determines the appropriate type of adjusting entry based on the NOAA business rules (DLA, DLCA, SLT). NESDIS follows the NOAA Business Rules for all three adjustment transaction methods in order to effectively pursue the NOAA Budget Office's guidelines.

**DLA:** DLAs are used to correct erroneously recorded costs and obligation data at the document or detail level. Fully disbursed obligations or no match transactions are corrected by changing the ACCS. The DLA process transfers dollar amounts as paid costs and therefore only amounts which have been expended to date should be included in the adjustment. DLAs are completed on an ad hoc basis. When a NESDIS FMC requires an adjustment transaction, this is the first primary method to be used.

**DLCA:** The DLCA process is used to correct or adjust recorded labor transactions so that they are properly stated in the financial system. DLCAs adjust labor transactions at the document or detail level to provide an adequate audit trail. The process transfers dollar amounts as paid costs. DLCAs may only be made to organization code, project/task number, object class, or fund code fiscal year. The turnaround time required to process DLCAs is approximately two to three days. DLCA requests can occur throughout the fiscal year.

**SLT:** SLT's are used as a means to correct erroneously recorded cost and obligation data. These adjustments should be first made at the document or detail level to provide an



adequate audit trail. In limited situations (e.g. if the organization or project/task codes were modified during the year), the NOAA Line/Staff Office, FMC or cross services agency may request adjustments to line items of summary data using the SLT process.

The SLT process transfers costs, not resources. The process transfers dollar amounts as paid costs. Only amounts which have been expended to date should be included in SLTs.

Amounts in undelivered orders should not be transferred using the SLT process. The timing of SLTs varies because they are completed on an ad hoc basis.

The process begins once the FMC determines the need to adjust paid cost(s). The FMC compiles all required supporting documentation for the adjusting transaction.

The supporting documentation involves several key components including, but not limited to, reasoning behind cost(s) needing to be adjusted, financial CBS report(s) of the paid expense to ensure accuracy, the actual CBS report that the FMC completes for the DLA, DLCA, or SLT, along with any additional documentation that supports the need for the adjustment.

After this package has been put together, the FMC submits to DASIB. DASIB reviews the supporting documentation and coordinates with the FMC if there are any questions and/or additional information needed. Once DASIB has all of the information they need and have completed their review of the supporting documentation, they approve the adjusting entry in CBS and will notify the FMC when it is complete.

## **LINKS**

- DOC Budget, Performance and Program Analysis Handbook - Section 50
  - [https://www.osec.doc.gov/bmi/budget/handbook/revised\\_handbook\\_2008/2008%20entire%20handbook.pdf](https://www.osec.doc.gov/bmi/budget/handbook/revised_handbook_2008/2008%20entire%20handbook.pdf)
- NOAA Administrative Order 203-34
  - <https://www.noaa.gov/organization/administration/nao-203-34-certification-of-obligations>
- NOAA Finance Handbook, Chapter 15
  - <https://www.corporateservices.noaa.gov/finance/docs/Policy/Chapter15rev12-19-16.pdf>



## 6.7 Undelivered Order (UDO) Management

The certification of obligations process at NESDIS serves as an internal control to ensure that open obligations are reviewed. The process is initiated by NOAA Finance and is managed by DASIB. NESDIS FMCs are critical to the process and research the identified obligations to determine if they should remain open.

### STAKEHOLDERS

**NESDIS OCFO DASIB:** Manages the process for reviewing all open obligations across NESDIS. Performs functions as the liaison between NOAA HQ and the NESDIS FMCs on the Certification of Obligations process; issues the actions for FMCs to review open obligations, including obligation data file.

**NESDIS FMCs:** Reviews the FMC obligations and collaborates with NESDIS OCFO on the certification of obligations process.

**NESDIS CFO/CAO:** Receives completed open obligation assessment documents from DASIB, reviews, signs and submits the certification memo to NOAA Finance evidencing the open obligation review.

**FMC Primary Point of Contact to submit documents and questions:**

DASIB: [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)

### GUIDANCE

**DOC:** DOC requires that each NOAA Line/Staff Office, FMC and NOAA cross-serviced agencies should periodically review obligations to ensure that only those amounts meeting the criteria of 31 U.S.C. 1501 should be recorded as obligations. Any other amount not meeting these criteria should be de-obligated. The DOC directive requires each bureau's CFO and Procurement Official to jointly certify by August 30 that all open obligations as of June 30 were reviewed and de-obligated as applicable.

The obligation population to be reviewed has the following criteria: 1) Period of performance has passed; and 2) No activity has occurred for one year. Reviews should be performed jointly by all stakeholders, including representatives from finance, acquisitions and program offices.

An ***obligation*** is defined as a definite commitment which creates a legal liability of the Government for the payment of appropriated funds for goods and services ordered or received. An obligation must be for an authorized purpose, within the period of availability for the appropriation and cannot cause total obligations to exceed the amount of the appropriation. Valid obligations must be recorded in the NESDIS accounting records in



accordance with the Recording Statute (U.S.C. § 1501(a)). At a minimum, an obligation must meet the following criteria:

- A binding agreement;
- In writing;
- For a purpose authorized by law;
- Executed before the expiration of the period of obligational availability; and A contract calling for specific goods, real property, work, or services.

A *de-obligation* is a downward adjustment of a previously recorded obligation. These adjustments occur due to changes made to a project or contract, changes made to correct amounts previously recorded, or the transfer of funds from one fiscal year to another. A de-obligation can also be used to adjust for differences between obligations previously recorded and payments made. A re-obligation is the process used to re-allot and move the deobligated funds to another accounting and project code.

**NOAA:** Through NOAA Administrative Order 203-34, NOAA Finance established a policy that provided additional details for the review and certification of obligations. The purpose of the policy was to formalize a process to substantiate the accuracy of obligations and ensure processes are consistent with standards required by 31 U.S.C. 1501. Specifically, the policy states the following:

1. The optimum utilization of funds requires that all current and prior year obligations be continuously reviewed to ensure that obligated balances are not over or understated and that the obligations are properly documented and reported.
2. Formal review and certification of obligations shall be made once yearly by each FMC. Obligations that FMCs do not expect to cost out for any reason will be promptly adjusted. All adjusting transactions shall be properly documented and all documentation shall be retained for audit purposes.

The NOAA Finance Handbook, Chapter 15 section lays out the NOAA policy for the above mentioned steps. NOAA and NESDIS follow the policies and procedures prescribed by the DOC for the certification of obligations process.

**NESDIS:** DASIB prepares and issues guidance for the NESDIS FMCs to follow for the certification of obligations. DASIB distributes guidance through AIMS actions associated with each datacall and deliverable to NOAA Finance. The datacall for the annual certification of obligations is usually conducted in the third quarter of each fiscal year.

For the Annual Certification of Obligations that is provided to NOAA Finance, DASIB provides guidance with templates and instructions to the FMCs. The templates include the specific obligations that need to be reviewed and provide the criteria for the FMC to determine if the obligation is valid and should remain open. A valid obligation exists when



the agreement is still open and there is a reasonable expectation that there will be future invoices received against the obligation. DASIB performs initial obligation data analysis to identify and address data issues before distributing to the FMCs.

## **PROCESS**

The Certification of Obligations process begins by NOAA Finance issuing an annual action to NESDIS to complete the certification of obligations analysis. The CBS obligation data is generated from the Discoverer reporting system, which provides the list of all of the open obligations for NESDIS that must be reviewed.

DASIB receives the action and prepares the open obligation data by FMC to create individual spreadsheets for each office. DASIB creates actions in AIMS to distribute guidance and lists of open obligations to the FMCs with a timeline for review and return of the data. The FMCs receive the action and review each line of the open obligation spreadsheet. If the obligation is valid, it is marked as such in the spreadsheet. If the obligation is invalid, it is marked as needing to be closed out.

The FMCs complete the review and provide the response to DASIB. DASIB compiles responses from all of the FMCs and prepares the certification memo for the NESDIS CFO/CAO to sign. Once the memo has been reviewed and signed, DASIB sends the signed memo to NOAA Finance. NOAA Finance reviews the memo and tracks the actions that need to be taken to adjust obligations. DASIB coordinates with the FMCs to take closeout action on the open obligations marked as such from the review.

In addition to the Certification of Obligation process, NESDIS reviews open obligations on a monthly basis as part of its contract management process. DASIB uses advanced analytics to analyze obligation and costing trends. The costing activity of all open contract obligations with greater than two thirds of the period of performance complete make up the population for the analytic.

Exponential smoothing techniques are used to predict the amount of UDO left at the end of the contract. When the predicted UDO at the end of the contract is significant, the obligation information is shared with the FMC for further review. The FMC reviews the obligation and determines the likelihood of costing the entire UDO by the end of the period of performance. This process allows NESDIS to identify funds that can be deobligated and used for current needs.

DASIB manages the analytic process and produces the predictive UDO data and templates. DASIB provides guidance for the FMCs through AIMS actions to research the identified contract obligations and provide responses to DASIB.



## LINKS

- DOC Budget Execution Manual
  - [https://www.osec.doc.gov/bmi/budget/HANDBOOK/Revised\\_Handbook\\_2008/Volume\\_V.pdf](https://www.osec.doc.gov/bmi/budget/HANDBOOK/Revised_Handbook_2008/Volume_V.pdf)
- NOAA Administrative Orders
  - <https://www.noaa.gov/organization/administration/noaa-administrative-orders>

## Chapter 7: Funds Execution Vehicles

### 7.1 Acquisition Planning and Procurement Thresholds

NESDIS procurements are essential to the successful completion of NESDIS goals and mission objectives. The NESDIS Programs and HQ staff work with the NOAA AGO to complete acquisitions within the established thresholds. The NESDIS ACIO (Assistant Chief Information Officer) and NOAA CIO (Chief Information Officer) team's partner with the OCFO and Program teams to ensure that all Federal Information Technology Acquisition Reform Act (FITARA) requirements are met. FITARA requires that the ACIO is involved in the approval of all procurements that include a component of IT in the purchase.

## STAKEHOLDERS

**NESDIS DASIB:** Responsible for monitoring acquisitions activities. Responsible for ensuring acquisition plans are developed and completed to meet DOC, NOAA AGO and NESDIS FITARA reporting requirements. Manages the acquisition and budget execution process that support the obligation of funds and appropriate threshold approvals are followed. Monitors and reports of the status of acquisition activity and the acquisition plans to NESDIS leadership.

**NESDIS FMCs:** Responsible for developing and executing acquisition plans to achieve the FMC goals and programmatic priorities in line with the AOP milestones and the NESDIS goals and priorities. Responsible for managing the funding threshold limits set forth in the delegation of authority for procurement and FITARA guidance to ensure appropriate approvals and processes are followed for the acquisitions generated from the FMC.

**NESDIS CFO:** Responsible for monitoring and reporting on acquisition activity across NESDIS, ensuring appropriate approvals are executed and policies are followed for FITARA and procurement thresholds.

### **FMC Primary Points of Contact to submit documents and questions:**

DASIB: [nedis.dasib@noaa.gov](mailto:nedis.dasib@noaa.gov)



## GUIDANCE

**DOC:** The DOC has established policies and procedures to govern the acquisitions process and instituted dollar thresholds for various contracts. These contracts vary in nature and complexity and require greater oversight. The complex nature of contracts is due to bundling, award terms, award fees or incentive arrangements. The departmental offices within DOC are required to plan acquisitions ahead of time in order to prevent a backlog during the last quarter of the fiscal year.

The acquisition plans must comply with all budgetary limitations imposed by Congress, OMB and the Secretary of Commerce. DOC approval is required for acquisitions exceeding the Simplified Acquisition Threshold (SAT). For more information on DOC approval, visit the link below:

[http://www.osec.doc.gov/opog/dmp/daos/dao208\\_15.html](http://www.osec.doc.gov/opog/dmp/daos/dao208_15.html)

The DOC is responsible for developing and implementing IT Portfolio Management Strategy for the DOC and its bureaus that complies with FITARA and OMB guidance. In turn, NOAA developed and implemented an IT acquisition strategy that complies with the DOC IT Portfolio Management Strategy.

**NOAA:** The NOAA AGO maintains policy and procedure documentation for NOAA to govern acquisition planning. Annually, the AGO issues a memorandum to request statutorily required advance acquisition planning data from Line and Staff Offices for the forthcoming FY. AGO also maintains the [NOAA Acquisition Manual \(NAM\)](#). The NAM is a living document composed of NOAA acquisition policy to ensure acquisition practices are consistent throughout NOAA. The NAM contains the acquisition policy established by the Senior Bureau Procurement Official (SBPO) for the procurement of construction, supplies and services by AGO personnel and individuals with a delegated procurement authority (Field Delegates). The NAM does not restrict the sound business judgement nor limit innovation, but underlines the need for the NOAA acquisition workforce to balance mission and fiduciary duty. The NAM is applicable to all NOAA acquisition activities and all members of the NOAA acquisition team, which includes AGO clients.

**NESDIS:** The NESDIS Delegation of Authority for Procurement Requests is the governance document prepared at NESDIS to distribute guidance for procurement thresholds. The NESDIS AA retains the authority to approve procurement requests, grant requests, cooperative agreement requests and other acquisition requests that involve the transfer of funds greater than \$25 million. The NESDIS AA also reserves the right to approve all Interagency Personnel Act Agreements. However, the NESDIS AA can delegate the authority to FMC Directors to approve procurement requests and other acquisitions.

The NESDIS Delegation of Authority can be seen at the following link:

[https://drive.google.com/drive/folders/184ePRycoMVnuEZRdHleWT\\_kQ8mzh034d?usp=sharing](https://drive.google.com/drive/folders/184ePRycoMVnuEZRdHleWT_kQ8mzh034d?usp=sharing)



To implement [FITARA guidelines](#), the NESDIS ACIO sends out periodic datacalls requesting all planned procurement data greater than a certain dollar amount (see NESDIS Acquisitions link) from NESDIS FMCs for the upcoming fiscal year. The request is for both IT and non-IT planned acquisitions. Depending on the type of acquisition and dollar amount, the NESDIS procurement threshold policy specifies the approval process to be followed.

## **PROCESS**

The FMC is responsible for developing an annual acquisition plan that is submitted as part of the FITARA annual datacall and submitted to DOC and NOAA AGO as part of the advanced acquisition planning process. Beginning in FY21, DOC is transitioning from using the Forecasting and Advance Acquisition Planning System (FAAPS), to the Department's Commerce Business Opportunities Tool (C-BOT).

The FMC acquisition process begins when the program requirements and needs are identified. The FMC executes the C.Request process as outlined in acquisition policy and Standard Operating Procedures (SOPs). When the acquisition involves the procurement of IT, the policies for [FITARA](#) must also be followed including obtaining an ITIA.

The FMCs initiate the process and work with acquisition specialists to develop the necessary documents to execute the procurement. The FMC is also responsible for updating the annual acquisition plans with projected procurement activity and communicating with the DASIB branch in the OCFO on the timing of expected procurements.

Procurement planning is an essential element of the spend plan process and should be closely aligned. The timing of procurements affects NESDIS obligating metrics and can also affect year end carry over processes. The FMCs must coordinate with the DASIB branch to plan and execute procurements and to update plans and forecasts as appropriate throughout the year of execution.

NESDIS FMCs must consider the procurement administrative lead times (see Link section below for more information) necessary before a contract is awarded. As complexity increases, the acquisition lead time predictability decreases. Lead times are based upon a number of assumptions, such as:

- receipt of a properly prepared, fully documented requisition, including any applicable approvals/clearances;
- mutual understanding among requisitioners and acquisition personnel of their respective roles and responsibilities in the acquisition process;
- balanced acquisition workload



## LINKS

- [DOC Acquisition](#)
- [NOAA Acquisition](#)
- [NAM](#)
- [NESDIS Delegation of Procurement Authority](#)

## 7.2 Intra-Agency Funding Transfers

The intra-agency funding transfer process describes the steps and documentation required to effectuate a BOP transfer of funds within NESDIS or within NOAA. The NESDIS Policy for Intra-Agency Transfers provides specific guidance for the providing and receiving FMCs.

## STAKEHOLDERS

**NESDIS OCFO DASIB:** Manages intra-agency funds transfers including the BOP transfers in CBS. Receives the completed transfer package; works with the FMC to review the supporting documentation to ensure that funds are available; ensures the supporting documents are complete, accurate and contain sufficient detail; coordinates the reviews and approvals through headquarters; and processes the transaction in CBS.

**NESDIS OCFO PAB:** Reviews BOP transfer requests and the supporting documentation and provides programmatic review of the transfer requests to align with current and future budget formulation activities.

**FMC Requesting Services:** Prepares the supporting documents; coordinates FMC level approvals; and works with DASIB and PAB to address questions.

**FMC Providing Service:** Supports the preparation of supporting documents; obtains FMC level approvals; addresses questions where appropriate.

**Primary Contact for questions:**

DASIB: [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)

## GUIDANCE

NESDIS OCFO issued a [policy for Intra-Agency Funding Transfers](#) that provides guidance for transfers associated with cost-reimbursable or cost-sharing technical tasks, which are executed through BOPs. All procurement and acquisition funding BOP requests follow the NESDIS policy for “Delegation of Authority for Procurement Requests” (see link above).



The Provider FMC manages the program and is accountable for all of the appropriated funds, meaning that the Provider FMC will be expected to report on the execution of the funding and will be ultimately responsible for variance and carryover explanations.

The FMC that receives funds from another office is responsible for obligating the funds as specified in the agreement. The receiving FMC is responsible for providing status to the providing FMC to support execution tracking including variance reporting and cost planning.

The intra-agency funding transfer scenarios are laid out in the [NESDIS Fiscal Policy for Intra-Agency funding transfers](#).

All intra-agency funding transfer requests, along with the required documentation for the four scenarios, are prepared by the FMC budget staff and routed to DASIB and PAB to facilitate the review and to complete the BOP transfers. Approvals are obtained before executing the funding transfers.

All intra-agency funding transfers are executed through the Budget Operating Plan “BOP” process. The BOP transfer of funds (referred to as BOP’ing) is the process used to describe the action of transferring funds between FMCs or adjustments (increases or decreases) made to an allotment.

## **PROCESS**

The intra-agency transfer process begins with a NESDIS FMC defining a requirement that can be met by another office requiring a transfer of funds. The FMCs involved in the transaction negotiate and agree on the scope of work and required funding. The FMCs prepare the required supporting documentation based on the approval thresholds specified in the NESDIS Procurement Delegation policy document, as specified above.

The required documents include a statement of work with enough specificity to measure progress and performance, a cost estimate that includes both direct and indirect costs and an overarching service level agreement. When the supporting documents are drafted and agreed upon between both parties, the FMC sends the documentation to DASIB by entering the request in the established tracker and saving the supporting documents in the SharePoint data repository.

DASIB and PAB review the supporting documentation to ensure that the required information has been provided. DASIB routes the package to obtain NESDIS OCFO approvals. Once the transfer is approved through all of the required channels, DASIB collaborates with the FMCs to effectuate the transfer in CBS and communicate with the FMCs on the timing and completion.

The FMCs are required to include BOP transfers in the annual obligation spend plans and work with DASIB to make updates as needed during the fiscal year.



Intra-agency transfers are inputs to several important enterprise wide management processes:

The **QPRs** present the current status of execution of NESDIS funds. The QPR reviews the status of execution against the spend plans and AOP milestones for each FMC. Intra-agency transfers through BOPS are important inputs to the spend plans to ensure a complete picture of FMC resources.

The **SPM** develops AOP milestones for NESDIS for the upcoming fiscal year. The milestones are mapped to project codes to analyze funding levels for the different priorities. This process should align with planned intra-agency funding transfers to execute NESDIS strategic priorities.

The **NESDIS enterprise priority summits** (DACs, IT Summit, etc.) rely on resource information from the FMCs including spend plans and variance data as well as resources aligned to program priorities to evaluate options for executing NESDIS enterprise wide efforts. The intra-agency transfers are an input into this analysis to ensure a complete picture of resources and funding.

## LINK

*The NESDIS Intra-Agency Policy and Templates for SLA / TTA/ can be found in the current version of the Policy:*

<https://drive.google.com/drive/folders/1einIIMwf6NKZq7hRz1drKB0SPFUZbM96?usp=sharing>

## 7.3 Interagency Agreements (IAA)

### STAKEHOLDERS

- ◆ **NESDIS BIB:** Manages the IAA process for NESDIS IAAs. Serves as the main POC for the review, routing and tracking of the IAA package through the NESDIS/OCFO and DOC/OGC.
- ◆ **NESDIS FMCs:** Responsible for preparing the IAA package by completing the required forms and submitting the package to NESDIS OCFO BIB. Responsible for providing updates as needed to correct documentation through the review process.
- ◆ **Contracting Officer (CO):** Responsible for the review, clearance and signature on the Determination & Findings (D&F) document for Economy Act IAAs that result in acquisitions.
- ◆ **General Law Attorney (GL):** Responsible for the review of the IAA packages and sends follow up questions to the NESDIS FMCs and OCFO BIB.
- ◆ **Contract Law Attorney (CL):** Responsible for the review of the IAA package related to assisted acquisitions and sends follow up questions to the NESDIS FMCs.



- ◆ **NOAA Finance:** Responsible for the review of the signed IAA documents; assigns a Purchase Order (PO) number that is used to track the agreement in the MARS and CBS. Responsible for the completion of the transfer or obligation of funds.

**FMC Primary Point of Contact for IAA questions:**

IAA SharePoint Tool or OCFO BIB: [Nesdis.agreements@noaa.gov](mailto:Nesdis.agreements@noaa.gov)

## GUIDANCE

**DOC:** The DOC Interagency and Other Special Agreements (IOSA) Handbook provides guidance and requirements for the preparation and execution for IAA's within the department. Per the IOSA Handbook policy guidelines, DOC may become involved with other entities, including international organizations; foreign, federal, state, tribal and local governments; institutions of higher education; and other public and private organizations. In furthering its programs, this cooperation is consistent with the need to carry out DOC's authorized programs effectively and efficiently.

An IAA is used by parties entering into a relationship to document a formal agreement, e.g., to formally agree to share information, provide or obtain needed services, or coordinate programs to optimize the benefits from each party's efforts. The DOC Handbook states that any informal arrangements should not be used whenever there is an exchange of funds, personnel, services, or property. There should always be properly developed, reviewed and approved written agreements in order to formalize relationships with other parties.

Prior to requesting or performing work for any entity outside the operating unit, a formal relationship between parties must be properly established. For those situations where a formal relationship must be documented in an agreement between the parties, an agreement must be developed and approved under the appropriate legal and programmatic authorities with necessary reviews, coordination and clearances. Coordination and reviews ensure that an IAA is in the proper format, reflects the appropriate authority for the specific agreement, is consistent with DOC and operating unit policies and plans and does not violate any laws.

**NOAA:** NOAA follows the guidance prescribed by the DOC for IAAs. IAAs are a key component towards enhancing NOAA's mission. The NOAA Finance Handbook, Chapter 10 provides a detailed overview of how NOAA follows the DOC guidelines for IAAs and the policies that support that.

**NESDIS:** NESDIS has developed a policy and procedures using the guidelines by NOAA and DOC which establish oversight and standardization within NESDIS for the review, documentation and approval of all IAAs. The OCFO BIB maintains a SharePoint tool to facilitate the submission of new IAAs. The tool is used to submit documentation to BIB where it will be reviewed and routed through the appropriate contacts.



BIB reviews the documents to identify any issues that have been flagged in the past by Office of Legal Counsel (OLC) teams and checks the forms for completeness. If changes are required, BIB reaches out to the FMC that submitted the agreement. BIB also uses the SharePoint tool to track the status of the IAA agreements in process and communicate with the FMCs on the stage of the process and expected time frames, especially near the end of the fiscal year as procurement deadlines and obligation deadlines approach.

## **PROCESS**

The IAA approval & distribution process begins when an appropriation bill is enacted by Congress and apportioned by the OMB. Following this, appropriation levels are verified by NOAA Finance and funds are allotted to the appropriate NOAA/NESDIS FMC.

The IAA process includes stakeholders throughout NESDIS. The NESDIS FMC, needing the services, initiates the process and works with the entity providing the service by identifying the need for an agreement and preparing documentation to support the requirements to establish an agreement.

### **Finding the right Agreement (Part A)**

The NESDIS FMC begins the IAA process by identifying the appropriate Agreement (Part A) to facilitate the purchase of goods or services. The BIB IAA Liaison can assist in determining if an appropriate Agreement already exists.

If an Agreement (Part A) that encompasses the purchase does not already exist, then the FMC will begin to draft a new Agreement (Part A) using Treasury Form [7600A](#). Instructions for creating a 7600A can be found [here](#).

It is important that appropriate legal authorities are used when developing a new Agreement. A list of common [authorities used by NESDIS](#) can be found at the OGC website. The BIB IAA Liaison can also assist in this. The FMC will work with the Partnering Agency to develop a Part A that both parties can agree on.

### **Drafting the Order (Part B)**

Once the Agreement (Part A) has been determined, the FMC can then draft an Order (Part B) that will facilitate the obligation of funds. If using a narrative style Agreement, the Order (Part B) must also be in narrative format. If using a 7600A, then the Order must be in the form of a [7600B](#). Instructions for using a 7600B can be found [here](#).

The FMC will work with the Partnering Agency to develop the Part B.



## **Creating the IAA Package for Review**

Once Part A and Part B have been drafted, The FMC will begin to put together the collection of documents required for OGC Review. The package should include the underlying agreement (Part A, GT&C or 7600A), the order (Part B or 7600B), the Interagency Agreement Checklist and a Performance Work Statement (PWS), Statement of Work (SOW) or other cost breakdown.

If the IAA being submitted results in an acquisition and is citing the Economy Act as its authority, then the FMC will need to include a draft Determination & Findings (D&F) in its submission package. This form will be submitted simultaneously (by the FMC) to AGO. Once the IAA Package is ready to submit, all documents should be sent via email to [NESDIS.Agreements@NOAA.gov](mailto:NESDIS.Agreements@NOAA.gov).

## **The Review Process**

Once the IAA Package has been submitted, the BIB IAA Liaison will perform the initial review. If there are any questions, the IAA Liaison will reach out to the FMC via email. Once all questions/issues have been addressed, the IAA Package will be routed to the BIB Chief for review and approval.

After NESDIS OCFO level review & approval, the package must then go through the NESDIS OGC for approval. The IAA Liaison will submit the approved IAA Package, along with the DOC Approval Memo to the DOC OGC. Within five business days, an attorney will pick up the IAA package for review and notify the FMC contact. Any questions or revisions by the attorney will be addressed directly with the FMC.

All email correspondence regarding the IAA should include the [NESDIS.Agreements@NOAA.gov](mailto:NESDIS.Agreements@NOAA.gov) inbox. Once the IAA package has been picked up by an attorney, the IAA Liaison will facilitate the funds certification process, where the CFO provides a funds certification directly to OGC. This process will not involve the FMC contact unless there is an issue with the funding.

## **OGC Clearance**

Once the attorney assigned to the IAA package is satisfied, the OGC Clearance Memo is prepared and forwarded to OGC leadership to sign off. If there are no further questions or issues, the attorney will provide the OGC Clearance Memo to the IAA Liaison and the FMC via email.

The IAA Liaison and the FMC contact should review this memo thoroughly as it provides the guidance on how to manage the IAA going forward. If there are any edits required, the IAA Liaison and the FMC should email the attorney directly.

## **Signatures and Archiving**



Once the OGC Clearance Memo is received, the FMC will coordinate signatures based on the NESDIS Delegation of Authority. Once the documents are signed by all required officials, the FMC sends the fully executed document(s) to the [NESDIS.Agreements@NOAA.gov](mailto:NESDIS.Agreements@NOAA.gov) inbox for archiving.

### **Funding through NOAA Finance**

Once this occurs, the NESDIS FMC coordinates with NOAA Finance to Facilitate Funds Transfer. NOAA Finance receives a notification of the IAA transmittal for obligation from the NESDIS FMC. NOAA Finance will assign a PO number that is used to track the agreement within the MARS financial system.

The PO number is also provided to the servicing agency and the IAA Liaison. This allows the servicing agency to identify the correct order to submit IPACs against and the OCFO to track the IAA through to completion.

The final IAA documentation is reviewed by NOAA Finance to complete the transfer or obligation of funds. Once reviewed, the NESDIS FMC receives a notification of confirmation from NOAA Finance of the obligated or transferred funds along with an assigned PO number.

### **Timeframe**

The estimated timeframe for processing IAAs under normal circumstances is 30-60 business days. If an IAA package requires an expedited turnaround time, it is the FMCs responsibility to communicate this to NESDIS/OCFO in advance along with a justification for the reason it needs to be expedited.

### **LINKS**

- [DOC Agreements Handbook](#)
- [DOC Interagency Acquisitions Manual](#)
- [NOAA Finance Handbook, Chapter 10](#)
- [NESDIS Agreements Manual](#)
- [IAA SharePoint Tool](#)



## 7.4 Grants Oversight

NESDIS uses grants and cooperative agreements to acquire mission related scientific research and scientific skills development services. Grant activity is an important component of achieving the mission and strategic goals of the NESDIS organization.

### STAKEHOLDERS

**NESDIS DASIB:** Monitors and reviews FMC obligation spend plans for grants and track variance reporting. Provide oversight over grants financial activity including tracking of financial execution of grants through monthly program meetings and quarterly program reviews.

**NESDIS FMCs:** Responsible for Program planning and the funding for the grant awards. Provide oversight for the programmatic aspects of the project and receive and accept the performance progress reports.

**NOAA Grants Management Division (GMD):** Provides final approval for all grant management matters, provides oversight for the financial aspects of the project including receiving and accepting the financial reports. Grants Online provides separate access permissions for the various responsibility areas.

**Primary Contact for questions:**

DASIB: [nesdis.dasib@noaa.gov](mailto:nesdis.dasib@noaa.gov)

### GUIDANCE

The Federal Grants and Cooperative Agreements Act defines three acquisition vehicles that an agency can use to acquire products and services based on the purpose of the acquisition:

- 1) An agency should use a contract when the acquisition is for the direct benefit or use to the federal government.
- 2) A grant should be used if the purpose of the acquisition is to transfer money, property, services, or anything of value to a state or local government or other recipient in order to accomplish a public purpose of support or stimulation authorized by federal statute. A grant assumes there is no substantial involvement between the agency and the grantee.
- 3) A cooperative agreement should be used to acquire products and services with the same principal purpose as a grant, only substantial involvement is anticipated between the agency and the grantee.



**DOC**: DOC Grants and Cooperative Agreement Manual provides federal award guidance for DOC with a uniform set of minimum procedures to follow throughout the life cycle of an award.

**NOAA**: The NOAA Cooperative Institute (CI) Interim Handbook outlines procedures for establishing, awarding, maintaining, reviewing, renewing and closing NOAA CIs.

**NESDIS**: The cooperative institute handbook and annual guidance (see Link section) provide guidance for establishing, maintaining, awarding and sun setting grants and cooperative institutes.

## **PROCESS**

DOC provides grant recipients access to Grants Online to view awards and submit progress and financial reports. Grant recipients' access is also established in the Automated Standard Application for Payment (ASAP) system in order to receive grant award payments. Once certified and authorized by NOAA officials, funds are released to the recipient through the ASAP system and the recipient can request payments and draw down funds as needed.

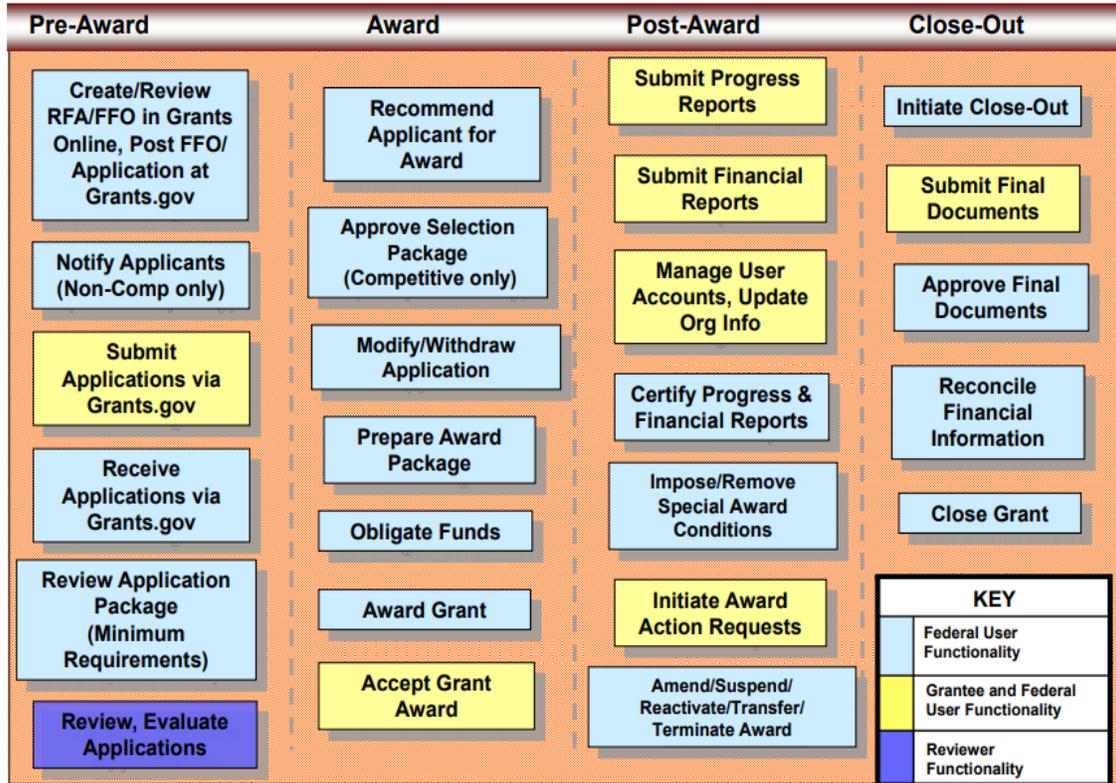
NESDIS uses Grants Online to manage awarded grants including tracking and storing of award documents such as progress reports and financial reports submitted by award recipients. Award tracking report allows the users to track award actions.

The unexpended balances report allows the users to determine the remaining (not drawn down by the recipient) balances for open awards. The following graphic shows the life cycle for grants. Each action in the life cycle is supported with guidance available through the AGO GMD.

Grant budget execution information is reviewed by NESDIS OCFO in collaboration with FMCs during monthly and quarterly program and financial reviews. DASIB analyzes grants data in conjunction with the analysis of FMC obligation spend plans and cost plans.



## Grants Life Cycle



### LINKS

- [DOC Grants Process ASAP](#)
- [NOAA Acquisition & Grants](#)
- [NOAA Grants Online](#)
- <ftp://NOAA CI Handbook>
- [NESDIS NCEI Grants/CI](#)



## Chapter 8: Financial Reporting & Internal Audits

### 8.1: Construction Work in Progress (CWIP)/ Internal Use Software in Development (IUSD)

CWIP/IUSD are temporary holding standard general ledger (SGL) accounts used to accumulate and track costs during the design and construction/development of Property, Plant and Equipment (PP&E) or Internal Use Software (IUS). These assets will eventually be placed in service and depreciated in the DOC's financial statements. The costs remain in the CWIP account until PP&E/IUS is ready for its intended use and accepted by NESDIS. Please note that unless otherwise stated, the term CWIP in this chapter covers CWIP and IUSD.

#### STAKEHOLDERS

**NESDIS OCFO FAB:** Manages the NESDIS CWIP Program. The NESDIS CWIP Program provides direct support and oversight for CWIP projects across all NESDIS FMCs. NESDIS CWIP Program oversight and support functions also include but are not limited to:

- Partnering with FMC's to ensure work is adequately performed. Providing resources and tools to assist FMC's in performing their duties.
- Performing internal checks of work performed by FMC's, correcting any inconsistencies to ensure accuracy of data and compliance with policy.
- Collaborating with FMC's to ensure that NESDIS identifies all projects that qualify as CWIP. Making sure that appropriate staff is designated as project and activity managers for each CWIP project.
- Implementing internal controls and performing audit sampling to ensure compliance with policy and reliability of data.
- Managing the NESDIS CWIP SharePoint site. Supporting the FMC's by providing up to date policy documents, reference materials, templates, forms, resources and historical CWIP financial data.

**NESDIS FMCs:** FMC's CWIP Activity and Project Managers serve as the key contacts for providing financial data and information on CWIP projects. CWIP Activity and Project Managers are responsible for the day to day management of the CWIP activities. Maintaining an excellent record and organization of obligating documents and invoices is very important for FMC's managing their CWIP activities. NESDIS FMC's responsibilities include but are not limited to:

- Partnering with NESDIS OCFO FAB CWIP Program on all matters related to the FMC's CWIP projects. Understanding and complying with NOAA CWIP Policy.



- Collaborating with the NEDIS CWIP Program on internal reviews and actions. To include notifying of any programmatic changes that may impact CWIP Accounting.
- Ensuring documentation and information is properly reported, retained and stored on the NESDIS CWIP SharePoint Site.
- Certifying that asset costs are accurately reported as CWIP by reconciling CWIP balances on a quarterly basis.

\* This is an abbreviated list, please reference the NOAA CWIP Policy for a complete list of CWIP Activity and Project Manager Responsibilities.

**NOAA Finance:** NOAA Finance has the overall responsibility for issuing, interpreting, monitoring and maintaining the CWIP policy, related forms and templates. Responsible for providing guidance to ensure the policy is consistent with external accounting standards and requirements (e.g., standards established by the Federal Accounting Standards Advisory Board (FASAB)). Responsible for maintaining the CWIP Activity Database and generating reports from the database. NOAA Finance is also responsible for making entries in CBS to capitalize CWIP assets (moving costs from CWIP to general PP&E SGL accounts) upon receipt of a fully executed NF 37-6 and to address CWIP in cancelling fund codes.

**NOAA OCAO Personal Property Management Branch (PPMB) and Real Property Management Division (RPMD):** The OCAO, specifically the RPMD and PPMB have the overall responsibility for oversight of NOAA's CWIP activities and policy. These offices responsibilities include but are not limited to:

- Ensuring all CWIP activities are adhering to NOAA's CWIP policy and providing guidance on NOAA CWIP policy.
- Reviewing and approving the LO or Corporate Service (CS) determination letters for real and personal property.
- Providing guidance to the LO/CS in determinations as to whether a construction project will result in a CWIP activity.
- Ensuring the accuracy of the CWIP costs included for capitalization in the property system by reviewing NF 37-6s provided and supporting CWIP documentation files.

**FMC Primary Point of Contact for CWIP questions:**

[Nesdis.fab@noaa.gov](mailto:Nesdis.fab@noaa.gov)



## GUIDANCE

**NOAA:** CWIP policy must be followed by any LO/CS expending funds as part of a CWIP asset. The proper accounting for CWIP and IUSD is important because it is mandated under the 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 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.

In order to be considered a CWIP activity, a construction project must meet all of the following four criteria for capitalization:

CWIP Criteria for <b>New Asset</b>	CWIP Criteria for <b>Improvement</b>
<ul style="list-style-type: none"> <li>• Have an aggregate acquisition cost of \$200,000 or more and</li> </ul>	<ul style="list-style-type: none"> <li>• Have an aggregate acquisition cost of \$200,000 or more and</li> </ul>
<ul style="list-style-type: none"> <li>• Have an estimated service life of two years or more and</li> </ul>	<ul style="list-style-type: none"> <li>• Extend the estimated service life of the original asset by two years or more or enlarge or improve the capacity of the original asset and</li> </ul>
<ul style="list-style-type: none"> <li>• Provide a long-term future economic benefit to the NOAA organization which maintains or obtains control and</li> </ul>	<ul style="list-style-type: none"> <li>• Provide a long-term future economic benefit to the NOAA organization which maintains or obtains control and</li> </ul>
<ul style="list-style-type: none"> <li>• Is not intended for sale in the ordinary course of operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Is not intended for sale in the ordinary course of operations.</li> </ul>

Additions, alterations, betterments, rehabilitations, leasehold improvements, replacements or upgrades that meet the above CWIP criteria and either extend the useful life of the asset or enlarge or improve its service.

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

**NESDIS:** NESDIS follows the guidance and policies for CWIP prescribed by NOAA Finance. The NESDIS CWIP Manual provides guidance on establishing, setting up, documenting, reporting, monitoring and capitalizing CWIP activities in NESDIS. The NESDIS CWIP SharePoint site <https://gateway.nesdis.noaa.gov/cwip/SitePages/Home.aspx> is the central document repository and CWIP resource for FMC’s within NESDIS. FMCs can access historical documents and financial information, including historical capitalization packages. FMCs can



also access policy documents, SOPs, checklists, forms, templates and the NESDIS CWIP calendar for helpful reminders on the NESDIS CWIP SharePoint site.

## **PROCESS**

NESDIS CWIP projects primarily consist of satellites/satellite ground systems and other major developments that support satellites. FMCs are required to report an abundance of financial data on their CWIP projects to ensure appropriate accounting of its costs. Accounting for satellites is complex. Each satellite series is accounted for separately, the construction spans many years and involves significant contracts/arrangements with businesses and other government agencies. The NESDIS CWIP Program provides support with navigating the complexities of CWIP Accounting, interpreting the guidance established within the NOAA CWIP Policy and executing the CWIP management responsibilities. The NESDIS CWIP Program is ultimately accountable for ensuring the reliability and accuracy of the data provided by the FMCs before it's reported externally.

The financial data that NESDIS reports ultimately informs the DOC's financial statements. NESDIS CWIP costs typically account for 90-95% of DOC's CWIP balances. DOC will fail the annual financial statement audit if NOAA's CWIP balances are not fairly and accurately stated. The stringent oversight and direct support to the FMCs executed through NESDIS CWIP Program is essential in ensuring the accurate reporting of financial data to NOAA and DOC. There are three major process phases associated with managing a CWIP project. The first phase is Determination and Planning. The second phase is Construction/Development. The third phase is Capitalization and Closeout. This section outlines these actions that must take place in each phase to successfully manage a CWIP activity.

### **Phase 1: Determination and Planning**

There are five steps in the determination and planning phase of the CWIP process outlined in the diagram below. For more detailed information on how to execute the steps within the Determination and Planning phase of the CWIP process, refer to the latest version of the NOAA CWIP policy.





## Phase 2: Construction/Development

The Construction/Development phase is when active management of the CWIP Activity occurs. CWIP Activity and Project Managers are tracking and capturing costs related to the CWIP project, maintaining supporting documentation records and reconciling the CWIP costs for accuracy. In this phase, NOAA Finance will also be continuously monitoring and updating the CWIP database. The major roles of the CWIP Activity and Project Manager during the Construction/Development Phase are outlined in the chart below:

<b>Roles in the Phase 2: Construction/Development</b>	
<b>CWIP Activity Manager</b>	<b>CWIP Project Manager</b>
Tracking Costs- accurately tracking and recording costs incurred related to the project as CWIP (capitalized) or expense (non-CWIP)	Certifying IPACs/Invoices- obtaining detailed bills from contractors, verifying work completed and that costs invoiced are accurate, providing approved invoices to CWIP Activity Manager
Maintaining documentation file – retaining copies of all CWIP obligating documents, approved invoices /IPACs, CWIP Determination Letter, SLT’s and other supporting documents from inception to completion	Providing all documentation to CWIP Activity Manager –CWIP obligating documents and approved invoices/IPACs
Performing CWIP reconciliations- quarterly performing an independent verification of balances on the Commerce Business System’s CWIP Report (CA500D)	Providing status of CWIP activity- updating CWIP Activity Manager and SARB attendees of new upcoming obligations, milestone status of project, possible impairments and other pertinent information
Other CWIP actions- SARB Meetings, Quarterly NOAA Finance Datacall, Annual NOAA Finance Datacall and various other action items as needed	

For more detailed information on roles and responsibilities within the Construction/Development phase of the CWIP process, refer to the latest version of the NOAA CWIP policy.

## Phase 3: Capitalization and Closeout

### Capitalization

The last stage in the CWIP process is Capitalization and Closeout. Once the CWIP asset is ready for its intended purpose and placed in service, the NESDIS FMCs are responsible for



putting together a capitalization package. The capitalization package includes all of the necessary supporting documentation and forms required per CWIP policy to be approved for capitalization.

The NF 37-6 “Report of Property Constructed” is a key form within the capitalization package that captures all of the costs ready to be capitalized at the time the asset is placed in service. The NF 37-6 form also serves as the official document that tracks the approval for the capitalization of the asset from all required stakeholders. The approval process for an initial NF 37-6 is outlined the chart below:

<b>Steps for Certification</b>	<b>Description</b>
<b>Project Manager</b>	Immediately upon acceptance/substantial completion of the asset, the Project Manager informs the Activity Manager via a copy of a letter of acceptance.
<b>Activity Manager</b>	Completes the NF 37-6 and related supporting documentation and provides a completed capitalization package to NESDIS CWIP Program for review. If personal property, provides NF 37-6 and support to Property Custodian to input asset into Sunflower.
<b>Property Custodian</b>	Completes Sunflower catalogue request and NF 37-509 and provides completed NF 37-509, Sunflower Barcode and Useful life screen prints to the CWIP Activity Manager.
<b>Activity Manager</b>	Includes the asset barcode on the NF 37-6 and certifies that all information on the NF 37-6 is accurate and all documentation is uploaded to the CWIP Project Folder in the NESDIS CWIP SharePoint Site.
<b>NESDIS FAB</b>	Reviews NF 37-6 and capitalization package, partners with Activity manager to correct any errors or gaps in the information reported. Routes NF 37-6 to NOAA Finance for preliminary review. Then routes NF 37-6 and complete capitalization package with all supporting files to PPMB or RPMD for preliminary review. When preliminary reviews are completed, will then begin routing for approval.
<b>NESDIS CFO</b>	Reviews the capitalization package and sends the signed NF 37-6 to the NESDIS CWIP Program.
<b>NOAA FINANCE</b>	Reviews and signs the NF 37-6, sends the signed copy to PPMB or RPMD.
<b>PPMB/RPMD</b>	Reviews and approves the NF 37-6 and forwards the final signed copy to NOAA FO-FSB and NESDIS CWIP Program for distribution to all other stakeholders.



<b>NOAA Finance</b>	Records General Ledger entry in CBS.
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In order for the asset to be approved for capitalization, the NF 37-6 must be signed by several stakeholders. The costs accumulated in CWIP are also required to be transferred from the CWIP account to the general PP&E asset account within 90 days from the placed in service date. The final steps for a CWIP project is the closeout process.

### **Closeout**

After the initial NF 37-6 has been processed, any residual costs are captured via a revised NF 37-6 and follow the same approval process as the initial NF 37-6. For final closeout of the CWIP projects, UDOs must equal \$0, unpaid costs must equal \$0 and there must be no uncapitalized costs. It may take an extended period of time to close out a CWIP project, as these criteria are typically not fulfilled at the time the initial NF 37-6 is processed. Once the criteria for final closeout are met, the CWIP Activity Manager sends a request to close the activity to the NESDIS CWIP Program accompanied by a CA500D report showing \$0 undelivered orders, \$0 unpaid costs and \$0 uncapitalized costs. The request should also include a statement that no further costs are expected. The NESDIS CWIP Program will notify NOAA Finance that the CWIP activity can be designated “completed” in the CWIP Activity Database and no further reporting on the project will be required.

For more detailed information on the Capitalization/Closeout phase of the CWIP process, refer to the latest version of the NOAA CWIP policy.

### **Quarterly NOAA Finance Datacalls**

On a quarterly basis, NOAA FO will include the NESDIS FAB CWIP Program Manager on the Quarterly Financial Statement Datacall. Included in the datacall are CWIP specific actions (including the quarterly CWIP Reconciliations noted above). Specific tasks are required by NESDIS CWIP Activity Managers on a quarterly basis. Once the NESDIS FAB CWIP Program Manager receives the Quarterly Financial Statement Datacall and the corresponding due dates, they will send actions via AIMS to complete the necessary actions.



## Overview of CWIP Actions

<b>WEEKLY</b>	Maintaining CWIP Supporting Documentation File on the NESDIS CWIP SharePoint Site	Certifying Invoices/IPACs		
<b>MONTHLY</b>	SARB Updates			
<b>QUARTERLY</b>	CWIP Reconciliations	Impairment Checklist	CWIP Financial Statement Data Call Items	
<b>ANNUALLY</b>	Indirect Cost SLT	CWIP Project Codes	Annual refresher / certification data call	
<b>AS REQUIRED</b>	Capitalization packages	NOAA Finance A-123 and KPMG audits	CWIP Determination Letters	SLT's / DLA's



### LINKS

- [NOAA CWIP Policy](#)
- [NESDIS CWIP Manual](#)



## 8.2: Satellite Accounting Review Board (SARB)

SARB provides a forum for regular review and assessment of selected programmatic, fiscal and accounting information to ensure that all impacts of decisions are considered and that the appropriate accounting treatment is applied. The purpose of the working group is not to change program decisions or timing, but to address the accounting treatment of those decisions and keep stakeholders informed of when key accounting events (placed in service date, transfers, etc.) are expected to occur.

### STAKEHOLDERS

- **NESDIS OCFO FAB:** Collaborates with NESDIS FMCs during the Pre-SARB working group meetings to discuss any programmatic changes (that will impact CWIP accounting) and to provide support resolving CWIP project management issues. NESDIS CWIP Program Manager is responsible for scheduling the Pre-SARB working group meetings with all FMC's and leading the discussion. After each SARB meeting, NESDIS CWIP Program Manager is responsible for formally notifying NOAA Finance of all pertinent programmatic changes discussed so that the changes can be updated in the CWIP database. Responsible for working with NOAA Finance to ensure all CWIP Activity and Project Managers are on the SARB email distribution list. CWIP Program Manager is also responsible for supporting FMC's in presenting to the board as needed during the SARB meeting.
- **NOAA Finance:** In collaboration with NESDIS OCFO, responsible for the management of the SARB meetings.
- **NESDIS FMCs:** CWIP Activity and Project Managers are responsible for presenting to the board a full overview of any new CWIP activities and regular updates on important milestones, placed in service dates, programmatic decisions and other points of interest for ongoing CWIP activities.

#### **FMC Primary Point of Contact for SARB questions:**

[Nesdis.fab@noaa.gov](mailto:Nesdis.fab@noaa.gov)

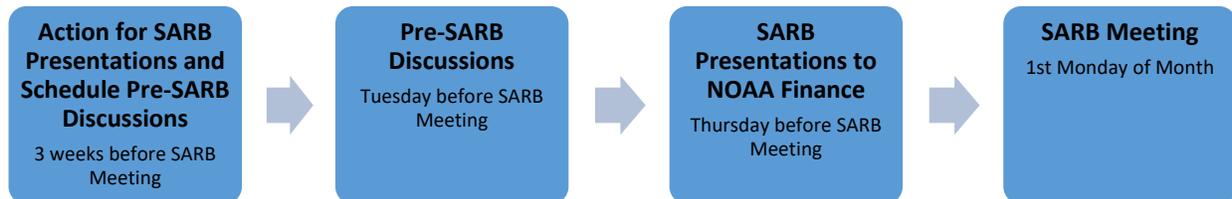
### PROCESS

The SARB schedule is set by NOAA Finance at the beginning of the fiscal year and periodically changes based on CWIP activities. The meetings are held at least bi-monthly throughout the year. The meeting schedule is managed by NOAA Finance. In accordance with the SARB schedule, CWIP Project Managers are responsible for presenting to the board a full overview of any new CWIP activities and regular updates on important milestones,



placed in service dates, programmatic decisions and other points of interest for ongoing CWIP activities.

The SARB processes are as follows:



The NESDIS FAB CWIP Program Manager is responsible for working with NOAA Finance to ensure all CWIP Activity and Project Managers are on the SARB email distribution list and the meeting invite. NOAA Finance maintains and sends the SARB schedule to NESDIS CWIP Program and Activity Managers at the beginning of the fiscal year and periodically as changes are made. This schedule establishes which open CWIP activities are to provide briefings.

At the beginning of the month, the NESDIS CWIP Program Manager via an AIMS Action, sends a request to CWIP Activity and Project Managers that are scheduled to brief to provide a power point presentation of the CWIP activities that will be presented at the SARB.

For new CWIP activities, the NESDIS FAB CWIP Program Manager provides the FMC CWIP Activity and Project Manager any guidance needed to assist in the presentation. The key areas included in the presentation are:

- a. Overview
- b. Key Milestones
- c. User Community
- d. Funding Profile
- e. Programmatic Updates
- f. Partners / Contractors
- g. Forecasted date of placing asset into service

For existing CWIP activities that have been briefed at a prior SARB, the CWIP Activity / Project Managers update their presentations for important milestones, placed in service dates, programmatic decisions and other points of interest. All updates from the previous SARB are made in red.

The slide decks are due COB Friday to NOAA FO and NESDIS FAB before the Pre-SARB discussion, which is five business days before the SARB occurs. The Pre-SARB meetings are held on Tuesdays. The attendees include the NESDIS FAB Chief, the FMC CWIP Activity Manager, the FMC CWIP Project Manager and NOAA FO.



The Pre-SARB discussion includes, but is not limited to, any follow up on actions from prior SARB discussion, clarifications on any updates from the SARB presentations and an open forum to discuss any capitalization issues, questions, etc. This meeting is used as a forum to discuss questions and develop resolutions/ next steps.

After the meeting, the NESDIS FAB CWIP Program Manager disseminates a datacall for SARB slides to be updated, if necessary, in advance of the NOAA Finance Due Date, for CWIP activities that will be discussed at the SARB. Once all the final SARB Slide Decks have been received, the NESDIS FAB CWIP Program Manager ensures the latest slides are on the google drive and CWIP SharePoint Site and sends them to the NOAA Finance.

NOAA Finance emails the SARB slides and agenda to all SARB Meeting participants prior to the Monday SARB. The FMC CWIP Activity and Project Managers provide updates during the SARB meeting, as discussed in the Pre-SARB.

Following the SARB meeting, NOAA Finance emails the minutes from the SARB meeting, the action log form and the updated CWIP Activity Roadmap. The NESDIS FAB CWIP Program Manager saves these documents in the SARB folder in the NESDIS CWIP SharePoint Site.

## **LINK**

- [NESDIS CWIP Manual](#)



### 8.3: Statement of Assurance (SOA)

#### STAKEHOLDERS

- **NESDIS OCFO FAB:** Coordinates the preparation of the annual SOA memo and Attachment B required by NOAA Finance. Prepares the guidance for the annual SOA questionnaire and sends it to the NESDIS FMCs via AIMS. Analyzes responses and follows up with FMCs to address any reported internal control deficiencies. Conducts internal audits and reviews in support of the annual SOA process.
- **NESDIS FMCs:** Complete SOA risk self-assessment questionnaires and the FMC internal control certification memos in support of the NESDIS submission to NOAA Finance.
- **NESDIS CFO/CAO:** Reviews and signs NESDIS annual SOA Memo and Attachment B that are submitted to NOAA Finance.
- **NOAA CFO:** Requires annual signed SOA Memo and Attachment B from each NOAA line office including NESDIS.

#### GUIDANCE

##### **Federal Managers' Financial Integrity Act (FMFIA)**

NESDIS management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA.

##### **OMB Circular A-123 – Management's Responsibility for Internal Control**

OMB Circular A-123 requires that agencies provide an annual SOA that represents the agency head's informed judgment as to the overall adequacy and effectiveness of internal control within the agency including financial reporting. NESDIS is required to provide an annual SOA to NOAA CFO.

##### **U.S. Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book)**

FMFIA requires that the Comptroller General (Head of GAO) issue standards for internal control in the federal government. The Green Book provides the overall framework for establishing and maintaining an effective internal control system.

The Green Book has adopted the COSO updated Internal Control – Integrated Framework that has also been adopted by the American Institute of Certified Public Accountants (AICPA).



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## **NOAA Finance Handbook, Chapter 6 – Manager’s Responsibility for Internal Controls**

This chapter prescribes policy and procedures and assigns responsibilities for establishing and maintaining adequate systems of internal controls in the programs and activities of NOAA.

### **PROCESS**

#### **SOA Questionnaires**

The SOA process begins in the third quarter of each fiscal year with FAB generating SOA questionnaires for NESDIS FMCs. FAB sends the questionnaires to the FMCs via AIMS datacall.

The questionnaire is in the form of a spreadsheet with 55 assessment items to respond to. The questions are organized under components that correspond with the components spelled out in GAO Greenbook areas as follows:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

The components are further broken down into principles and attributes that describe the assessment items. The spreadsheet has three specific columns and a narrative column where the FMC may respond. The FMC should evaluate how it has performed during the current fiscal year on each assessment item.

After the FMC completes the assessment of all the items, the completed forms are sent to FAB. FAB reviews the questionnaires and follow-up with the FMCs to address items marked as needing remediation or corrective actions.

#### **FMC Certification of Reasonable Assurance Letter**

After FAB has completed any follow-up actions, FAB generates the FMC Certification of Reasonable Assurance Letter and sends it to the FMCs via an AIMS datacall. FMC directors sign the letter and return it to FAB, providing the evaluation feedback for the effectiveness of internal controls within their FMCs.

#### **Federal Employee Viewpoint Survey (FEVS)**

The OPM FEVS measures employees' perceptions of whether and to what extent, conditions characteristic of successful organizations are present in their agencies. The OPM FEVS



serves as a tool for employees to share their perceptions in many critical areas including their work experiences, their agency and leadership. The OPM FEVS provides results at lower levels allowing managers to see where improvements within their work unit are necessary. The results provide agency leaders insight into areas where improvements have been made, as well as areas where improvements are needed.

FAB uses FEVS results as an additional tool to analyze internal controls mostly related to the environment component of the Greenbook internal control framework. FAB obtains FEVS reports at the FMC level and reviews the responses of the FMC employees to identify any possible weaknesses in management's internal controls.

### **NESDIS CFO Certification**

After FAB receives all the FMC Reasonable Assurance Letters from the FMCs, FAB generates the NESDIS CFO Certification Memo. FAB also generates the Attachment B that accompanies the CFO Certification Memo. (See Attachment B section below for details) The NESDIS CFO Certification Memo is addressed to NOAA CFO from NESDIS CFO and makes the following certifications:

- NESDIS provides reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of the end of the fiscal year was operating effectively and no material weaknesses were found in the design or operation of the internal controls.
- NESDIS provides reasonable assurance that its internal control over financial reporting for the fiscal year was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.
- The financial management system on which NESDIS relies to carry out its responsibilities complies with the three requirements of Section 803(a) of the Federal Financial Management Improvement Act (FFMIA).
  - Meets financial management system requirements (auditor assessment);
  - Applies Federal accounting standards; and
  - Uses the U.S. Government Standard General Ledger (USSGL) at the transaction level.

The NESDIS CFO signs the memo and bases the certifications on the results of the Statement of Assurance Questionnaires, certifications of the FMC directors, OPM FEVS responses and activities described in the accompanying Attachment B.

### **Attachment B – FMFIA Report**

Attachment B describes the NESDIS activities that were assessed during the fiscal year and provides support for the NESDIS CFO Certifications Memo.



The assessment activities are listed as follows:

- NESDIS MCR (See the MCR chapter for details);
- Internal Audits completed
  - NESDIS Internal Audits
  - NOAA Internal Audits
  - NOAA A-123 Audits
- External Reviews
  - GAO Reviews
  - OIG Reviews

Each audit listed describes the audit findings, recommendations and CAP status.

After Attachment B is generated, FAB forwards the NESDIS Certification Memo along with the Attachment B to NESDIS CFO/CAO for review and signature. After NESDIS CFO/CAO signature is obtained, FAB sends the signed NESDIS Certification Memo and Attachment B to NOAA CFO.

**LINK**

- [NOAA Finance Handbook Chapter 6 – Manager’s Responsibility for Internal Controls](#)



## 8.4: Management Control Review (MCR)

### STAKEHOLDERS

- **NESDIS OCFO FAB:** Completes the annual NOAA mandated MCR requirement. Completes a NESDIS-wide risk assessment each year to identify potential internal control risk areas to be tested. Performs the MCR during the third quarter of each fiscal year. Completes MCR internal control testing and provides an MCR report to NOAA Finance. Ensures the report summarizes the internal control testing procedures completed, results of the review, along with any recommendations made and develops a CAP if needed.
- **NESDIS Program and Staff Offices:** Responds to datacalls for information and requested interviews to support the MCR when needed.
- **NOAA Finance:** Initiates the annual MCR process and provides oversight during the course of the review. Schedules MCR entrance conference with NESDIS FAB, mid-point status meeting and an exit conference upon completion of the MCR. If there is a CAP, NOAA Finance monitors completion status each quarter to ensure recommendations are 100% complete no later than June 30 of the following year.

**FMC Primary Point of Contact for MCR questions:**

[Nesdis.fab@noaa.gov](mailto:Nesdis.fab@noaa.gov)

### GUIDANCE

NESDIS follows the guidance provided in the NOAA Finance Handbook Chapter 6. Section 6.04.04 MCR. NOAA established the annual MCR process to help them comply with [OMB Circular A-123](#) – Management’s Responsibility for Enterprise Risk Management and Internal Controls.

Each NOAA Line and Staff Office is responsible for conducting a MCR at least annually. The purpose of a MCR is to evaluate the management controls of a specific activity and determine how well they promote good management. Additionally, the review will help line/staff offices operate more efficiently and effectively and to provide a reasonable level of assurance that the process and products for which you are responsible are adequately protected.

### PROCESS

There are several steps for performing an MCR. The first of the process consists of conducting and documenting a risk assessment.



The purpose of a risk assessment is to determine an area of vulnerability that could be subject to waste, loss, unauthorized use, or misappropriation. A risk assessment is conducted to determine an area of concern that has a high risk of inadequate controls.

To perform an effective MCR, a review of all internal controls must be assessed. In general, an internal control review consists of selecting a team to conduct the review (in this case, would be NESDIS OCFO), planning the internal control review, investigating and reviewing background material including interviews, documenting the event cycle to test and analyzing the control environment. The analysis of the control environment involves accessing the organization structure and personnel involved, policies and procedures and organizational checks/balances.

FAB conducting the MCR determines risks within the selected event cycle(s). These risks could include the consequence of not performing, as intended, each step of the process identified; and any unique risks associated with the event cycle(s), specific safety and security considerations or the ramifications of not complying with program legislation or regulatory mandates.

The review also develops control objectives. Control objectives are the opposite of the risks that have been identified - they are conditions that you want to occur. Control objectives developed in this phase of the internal control review will be used as a point of reference in identifying and evaluating controls.

Identifying existing controls are an important part of the review since it allows FAB to navigate resources needed in areas that are less efficient. Existing controls are the safeguards put in place to assure that operations proceed according to plan and are protected from fraud, waste, abuse and other risks. Effective controls allow managers to feel confident that their responsibilities are being carried out properly.

In order to properly identify that internal controls are effective within the organization, they must be tested. The testing phase of the internal control review will either confirm that controls are in place and operating as intended, or will point out areas where improvements may be needed in the control system. Controls generally fall into categories such as: data integrity, documentation, recordation, supervision, authorization, separation of duties and security.

After testing which internal controls are effective (or not), there must be an evaluation of the internal controls. The review team evaluates each control objective separately. FAB assesses if the control techniques currently in place provide a reasonable level of confidence that the objective will be met.

One of the final action steps FAB takes is reporting their findings with a final report. The final report is the method used to communicate the findings of the internal control review and document how it was performed. It is always remembered that the report may be reviewed by individuals with limited knowledge of the assessable unit's technical operations and should



be understandable by a broad audience. The report includes different sections such as:

- 1) Executive Summary – optional for longer reports.
  - a. Background information – to help the reader understand the area under review.
  - b. Objective – why the review is being done. In the case of the MCR, the objective is to determine if there are adequate internal controls in the area of review.
  - c. Scope – time frame and type of items to be reviewed.
  - d. Methodology – what the review team looked at to satisfy the objective.
  - e. Findings and conclusions – presents the results of the internal control review. Should highlight any control weaknesses or strengths found by the review team and discuss any significant concerns or areas for improvement identified during the review. The report should include a statement regarding whether there is “reasonable assurance” that controls are in place and operating effectively within the area reviewed – this should answer the objective statement.
  - f. Recommendations – describe the deficiencies and corrective actions recommended by the review team. Include a corrective action plan that identifies who is responsible for implementing the recommendation and the targeted completion date.

The final stage of the MCR that FAB conducts is the monitoring phase. The monitoring phase includes a resolution of review finding and other deficiencies and a quarterly reporting of the progress of the corrective actions. Quarterly progress reports for all CAPs are due to the Financial Policy and Compliance Division by the 15th day following the end of a quarter. CAPs must be completed by June 30 of the following year.

## **LINK**

- [NOAA Finance Handbook Chapter 6](#)



## 8.5: Financial Statement Datacalls

### STAKEHOLDERS

- **NESDIS OCFO FAB:** Acts as a liaison between NOAA Finance and NESDIS FMCs to respond to quarterly financial statement datacalls. Accumulates, analyzes and prepares a coordinated NESDIS response and provides the responses to NOAA Finance.
- **NOAA Finance:** Initiates the quarterly and annual financial statement datacalls.
- **NESDIS FMCs:** Collaborate with FAB to provide the requested responses to NOAA Finance datacalls.

#### **FMC Primary Point of Contact for SARB questions:**

[Nesdis.fab@noaa.gov](mailto:Nesdis.fab@noaa.gov)

### GUIDANCE

#### **Quarterly Financial Statement Datacalls**

The DOC OFM requires that NOAA provide certain financial information each quarter to assist DOC in the preparation of the DOC quarterly financial statements.

Each quarter, NOAA sends out an email that includes a memo explaining the purpose of the datacall and a document describing the Financial Statement Information Requirements and Due Dates to each NOAA line office including NESDIS. (See the [NOAA Quarterly Datacall website](#) for the most recent quarter's memo and Financial Statement Information Requirements and Due Dates and supporting documents.)

NOAA also sends out an additional email datacall to NOAA LOs on a quarterly basis to request information related to any reportable significant events that could have a significant impact on the DOC financial statements. The datacall provides the following questions to help identify what a significant event is and to assist them in completing a questionnaire required from DOC:

**Question 1:** Briefly describe any on-going reviews or investigations of which the results might significantly impact the financial statement or financial statement audit.

**Question 2:** Have there been any significant changes in property, plant and equipment (including acquisitions and disposals)?

**Question 7:** Has your bureau experienced any major changes to ongoing programs?

**Question 8:** List and explain any other events or transactions that occurred during the



current quarter that were not noted above that could have a significant impact on the financial statements.

In addition, NOAA sends out a quarterly datacall email requesting information about any unasserted claims. An unasserted claim is defined as a possible legal claim for which the potential claimant has not exhibited an awareness of nor has presented the intention to assert the possible claim.

### **Annual Financial Statement Datacalls**

On an annual basis, NOAA Finance sends out a datacall requesting information related to the Statement of Federal Financial Accounting Standards (SFFAS) [SFFAS 47 - Reporting Entity](#). SFFAS 47 provides guidance for preparers of General Purpose Federal Financial Reports (GPFRRs) to determine whether any additional organizations should be included in a reporting entity's financial statements or footnote disclosures. It also requires GPFRR preparers to evaluate relationships with organizations to determine if any related party disclosures are needed.

Also on an annual basis, NOAA Finance sends out a datacall requesting information related to the [SFFAS 49 -- Public-Private Partnerships \(P3s\) Disclosure Requirements](#). SFFAS 49 defines Federal P3s as "risk-sharing arrangements or transactions lasting more than five years between public and private sector entities." Nonexempt arrangements or transactions meeting the P3 definition are then evaluated against risk-based characteristics referred to as "Conclusive Characteristics." Should the arrangement or transaction not meet any one of the Conclusive Characteristics required for disclosure, the arrangement or transaction should then be evaluated against the "Suggestive Characteristics" before concluding whether disclosure is required.

## **PROCESS**

### **QUARTERLY FINANCIAL STATEMENT DATACALLS**

Each quarter, FAB receives three different datacalls for information related to the DOC/NOAA Quarterly Financial Statements. All financial statement datacall requests come via an email from NOAA Finance.

#### **First Quarterly Financial Statement Datacall**

The first quarterly financial statement datacall request email comes approximately 3 – 4 weeks prior to the end of the quarter. The email explains the purpose of the datacall and provides the following attachments relevant to NESDIS:

- [Financial Statement Datacall Memo](#) from Director of Finance Office/Comptroller explaining the purpose of the datacall and describing the actions that need to be taken.



- Financial Statement Information Requirements and Due Dates for the current quarter. This document provides details of the information needed and the due dates for submitting the responses back to NOAA Finance.
- NOAA Stewardship Information document. This document is a listing and description of NOAAs Stewardship Assets. The action required by NOAA LOs is to confirm the relevant information and make any necessary edits to bring the list up to date for the quarter.

### **Second Quarterly Financial Statement Datacall – Significant Events**

FAB receives an email from NOAA Finance toward the end of the quarter requesting information about any significant events that may have occurred during the quarter that would have a significant impact on the financial statements. FAB sends out an AIMS action to NESDIS program and staff offices to gather responses needed. Those responses are then summarized into the NESDIS response sent to the NOAA Finance.

### **Third Quarterly Financial Statement Datacall – Unasserted Claims**

FAB receives an email from NOAA Finance toward the end of the quarter requesting information about any unasserted legal claims that could have a significant impact on the financial statements. An unasserted claim is defined as a possible legal claim for which the potential claimant has not exhibited an awareness of nor has presented the intention to assert the possible claim.

FAB sends out an AIMS action to the NESDIS program and staff offices to gather responses needed. Those responses are then summarized into the NESDIS response sent to NOAA Finance.

### **ANNUAL FINANCIAL STATEMENT DATACALLS**

Around the end of the fiscal year, FAB sends two separate datacalls related to the SFFAS 47 and SFFAS 49. Additional information on the two reporting standards follows:

**SFFAS 47 – Reporting Entity** - SFFAS 47 requires a determination whether any additional organizations should be included in a reporting entity's financial statements or footnote disclosures. It also requires an evaluation of relationships with organizations to determine if any related party disclosures are needed.

FAB receives an email from NOAA Finance around the end of the fiscal year requesting information about any new related parties that may need to be included on the financial statements. FAB sends out an AIMS action to the NESDIS program and staff offices to gather responses needed. Those responses are analyzed and then summarized into the NESDIS response sent to the NOAA Finance.



**SFFAS 49 – Public-Private Partnerships** – SFFAS 49 requires a determination whether any nonexempt partnerships that NESDIS may be a part of meets any provided conclusive or suggestive characteristics that would require the partnership disclosure on the financial statements.

FAB receives an email from NOAA Finance around the end of the fiscal year requesting information about any new partnerships that may need to be disclosed on the financial statements. FAB sends out an AIMS action to the NESDIS program and staff offices to gather responses needed. Those responses are analyzed and then summarized into the NESDIS response sent to the NOAA Finance.

## **LINKS**

- [DOC Budget, Performance and Program Analysis Handbook, Volume III Chapter 3, Section 28, Pages 27-30](#)
- [OFM Accounting Principles and Standards Handbook, Chapter 6](#)
- [Attachment A - Financial Reporting](#)
- [NOAA Finance Datacalls](#)



## 8.6: User Fee Reporting

### STAKEHOLDERS

- **NESDIS OCFO FAB:** Acts as the liaison for user fee financial reporting requirements for NOAA Finance and performs audit procedures related to the reporting of User Fees on Exhibit 9-2.
- **NESDIS OCFO DASIB:** Verifies and approves product unit price calculations and documentation from the Exhibit 9-1s provided by NCEI that provides the basis for the annual user fee reporting calculations (Exhibit 9-2); Responsible for publishing the biannual unit price calculations in the Federal Register.
- **NESDIS NCEI:** Completes Exhibit 9-2 – Annual Report of User Fees. Calculates product unit price and complete Exhibit 9-1 – NOAA Product/Service Cost Calculation Form for each product NCEI offers for sale; NCEI sends bit 9-1s including all supporting documentation to DASIB for review and approval.
- **NOAA Finance:** Sends out annual datacall to LOs for submission of Exhibit 9-2s to report user fees charged by NCEI. Performs a biannual audit of user fees reported including verification of amounts reported on Exhibit 9-2s and Exhibit 9-1s.

#### **FMC Primary Point of Contact for User Fee questions:**

[Nesdis.fab@noaa.gov](mailto:Nesdis.fab@noaa.gov)

### GUIDANCE

**DOC:** The DOC Accounting Principles and Standards Handbook, “Chapter 11 Fees and Revenues” lays out the Departmental policy, responsibility, standards and related requirements for user charges. According to the handbook, when considering whether to institute user fees administratively, heads of operating units or their designee shall review all sources of statutory authority that may authorize implementation of such fees.

The Handbook states that the head of the operating unit is responsible for reviewing and approving the products/services the operating unit provides, determining whether special benefits are provided to individual recipients and reviewing and approving the charges needed to recover the full costs of providing the products/services.

The heads of operating units shall also be responsible for ensuring that standard costing practices, including costing methodologies for determining user fees, are consistent with FASAB standards and Departmental policies.

- Determining user fees: Bureaus shall be in compliance with OMB Circular A-25, “User Charges.”



- Full Cost: The cost of activities performed will be determined in accordance with Chapter 12, Section 5.0 – “Full Cost”, of the DOC Handbook. Accordingly, the accounting records shall be the official source of such cost determinations.
- Documentation: Costs upon which user fees are based must be reflected in the bureau’s accounting records. Records must be maintained of the service or activity subject to user fees; the benefits provided to recipients; exceptions to the pricing policy; and information used to establish charges and specific methods used to determine them.
- Collection and Disposition of Receipts: Every effort should be made to keep the costs of collection to a minimum. Operating units are to ensure that the requirements of OMB Circular A-123, “Management’s Responsibility for Internal Control” are applied to collection activities.

**NOAA:** NOAA follows the prescribed guidance from the DOC for user fees. The NOAA Finance Handbook lays out NOAA’s general policy for user fees. The goal that NOAA sets is to recover the full cost of providing a special product or service unless specific legislation authorizes recovery of a lesser or greater amount. Charges or fees are set in consideration of the total costs of providing the special product or service.

The Handbook details that charges or fees cannot be established if they would seriously impair the objectives of the program or public policy, nor should they be established in an amount so high as to have that effect. All non-federal recipients will make payment in advance of, or simultaneously with, the providing of the service or product. Payment is based on the estimated cost of the special product or service.

The head of the responsible FMC must justify and request, in writing, a waiver of this payment policy from the CFO, Budget Office prior to providing the special product or service. No charge is made for products or services when the specific beneficiary cannot be identified and the product or service primarily benefits the general public. Special products or services are not to be provided when the product or service would be in direct competition with commercial enterprise.

User fees are set as rates rather than fixed dollar amounts to adjust for changes in costs to the Government or changes in market prices of the goods, resources, or services provided. The head of each FMC is responsible for continuously examining the special products and services furnished by his/her organization and assuring that the data required by the User Fee policy are submitted to the head of the responsible Line/Staff CFO/MB Office for approval.

The heads of FMCs and CFO/MB offices are responsible for assuring compliance and for the general supervision of fees for special products/services in their organizations. The Staff/Line CFO/MB Office reviews the Product/Service Cost Computation forms for accuracy, logic and completeness of documentation, approves final prices for special products/services and provides a summary of each product/service reviewed. They are also responsible for the general supervision of user fees and for assuring compliance with Chapter 11 from the NOAA Handbook.



As part of the annual preparation of NOAA's financial statements, each Line/Staff CFO/MB Office submits to the Finance Office, Financial Policy and Compliance Division:

- listing of all special products and/or services showing the approved unit price, unit price review date, actual fee collections and number of transactions for each product and/or service.
- a statement signed by the Line/Staff Office CFO/Budget Officer, which certifies the accuracy and completeness of the information for all special products and/or services within the responding Line/Staff Office.

Line/Staff Offices must document each final review of unit prices with a brief summary that addresses scope, results and issue resolution. NOAA Finance reviews lists of special products/services and conducts biennial random sample audits of user fees to ensure the accuracy and completeness of the cost computation and supporting documentation of the final review.

**NESDIS:** NESDIS is authorized under 15 U.S.C. 1534 to assess fees for certain environmental data and information and products derived from, collected and/or archived by NESDIS. NESDIS generally follows the guidance provided in the NOAA Finance Handbook Chapter 9 – Fees for Special Products or Service. More specifically, NESDIS complies with Chapter 9 Appendix A – NESDIS User Fee Policy and Procedures. The NESDIS User Fee Policy and Procedures Manual assigns responsibilities and provides specific direction for the (NCEI to comply with Federal policies and requirements for calculating, approving and reporting user fees for products or services provided to the public or other government agencies. NCEI operates the Center for Weather and Climate (CWC) and Center for Coasts, Oceans and Geophysics (CCOG). These centers archive, access and assess valuable data and information products or services for the public.

The OMB established policies for agencies providing products and services to non-Federal recipients. The DOC and NOAA Financial Policy and Compliance Division provide procedural guidance for implementing the assessment of user fees.

## **PROCESS**

NCEI operates the CWC and CCOG. These centers archive, access and assess valuable data and information products or services for the public.

NOAA Finance Handbook details the requirements for the Annual Report of User Fees, Exhibit 9-2 (See Appendix A for Timetable of Annual Requirements). This report is required annually for the DOC PAR and represents sales made during the first nine months of the fiscal year.

The Annual Report of User Fees request is initiated through a datacall email from NOAA Finance normally around July of each year. The NESDIS CFO FAB then sends out a datacall to the NCEI data center points of contact requesting the completed Exhibit 9-2s. Each data center completes a separate Exhibit 9-2 for the sales of their specific products. NCEI sales require payment at the time the order is made and the product shipped to the



customer. Payments can be made by either credit card, Automated Clearing House (ACH), or wire. Based on calculations by NCEI, NOAA Finance, Accounting Operations Division (AOD), will make quarterly distributions to the data center accounts responsible for the sale.

NCEI uses an online store system (NES-2) that routes credit card customers to Pay.gov to enter credit card payments. Customer Service Representatives (CSRs) also enter credit card payments into Pay.gov for orders placed offline or over the phone. Pay.gov accepts payments on behalf of NOAA and sends them out for processing. NCEI tracks payments made via Pay.gov using a CBS Collections report to distribute the payments to the appropriate sales account (e.g., CCOG or CWC).

The data centers prepare the Annual Report of User Fees Exhibit 9-2s and submits them to FAB. FAB reviews the Exhibit 9-2s for completeness and accuracy, verifies unit prices with the most recent Exhibit 9-1s and reconciles cash collected by Pay.gov and other sources to sales reported. FAB then obtains NESDIS CFO or DCFO approval and signatures on the Exhibit 9-2s and submits them to NOAA Finance.

NCEI data centers must submit NOAA Product/Service Cost Computation Forms, Exhibit 9-1 for all products and services that are available offline, online and through the NES-2 User Fee system. Exhibit 9-1s must be reviewed and approved by DASIB before a new product or service is made available or any sale is offered in coordination with NCEI Integrated Products List and Base Requirements staff. DASIB ensures compliance with all OMB, DOC and NOAA direction for completing the forms and serves as the point of reference for questions and responses to audit inquiries.

DASIB also maintains files of the signed Exhibit 9-1s with the supporting documents. All Exhibit 9-1s must be updated and submitted to DASIB for review at least once every two years. Each data center (CCOG and CWC) prepares Exhibit 9-1s for products and services specific to their center, but each center has authority to use any Exhibit 9-1 created by either center. When a data center submits an Exhibit 9-1 outside of the biennial review, DASIB provides a written approval response within ten working days of receiving the new Exhibit 9-1. Each form must include all supporting documents to verify cost accuracy and completeness for each product or service.

The process for review of user fees starts with a datacall that is sent from DASIB asking the data centers to submit all Exhibit 9-1s for the biennial review. The NESDIS User Fee Datacall Schedule is outlined in the NESDIS User Fee Policy. After receiving the datacall, the data centers prepare all forms using Exhibit 9-1 in accordance with the guidelines from the NESDIS User Fee Policy and will submit the forms to DASIB.

Once DASIB receives the forms, they will review each form, complete the review section of the form and ask the centers to make corrections, if necessary. If anything needs to be changed, the data centers will make the corrections. Once the corrections have been made, the Data Center



Directors will review and sign the form(s) and the centers will forward the revised documents to DASIB for the CFO or Deputy CFO review and signature.

DASIB is responsible for notifying the appropriate center(s) when the CFO or Deputy CFO has signed the forms. DASIB then forwards copies of the approved forms to the appropriate center point(s) of contact. DASIB retains the original forms with the original signatures. DASIB forwards copies of all approved NESDIS forms to the appropriate center point of contact for each data center. DASIB also coordinates the publication of the new fee schedule in the Federal Register with the data centers.

## **LINKS**

- [Department of Commerce Accounting Principles and Standards Handbook, “Chapter 11 Fees and Revenues”](#)
- [NOAA Finance Manual Chapter 9](#)
- [NESDIS User Fee Policy and Procedures](#)



## Glossary of Acronyms

<b>AA</b>	Assistant Administrator
<b>ACCS</b>	Accounting Classification Structure
<b>ACH</b>	Automated Clearing House
<b>ACIO</b>	Assistant Chief Information Officer
<b>AGO</b>	Acquisitions & Grant Office
<b>AICPA</b>	American Institute of Certified Public Accountants
<b>AIMS</b>	Action Information Management System
<b>AOD</b>	Accounting Operations Division
<b>AOP</b>	Annual Operating Plan
<b>ASAP</b>	Automated Standard Application for Payment
<b>BEX</b>	Budget Execution Office
<b>BIB</b>	Budget Integration Branch
<b>BOP</b>	Budget Operating Plan
<b>CAC</b>	Common Access Card
<b>C-BOT</b>	Commerce Business Opportunities Tool
<b>CBS</b>	Commerce Business System
<b>CCOG</b>	Center for Coasts, Oceans & Geophysics
<b>CFO</b>	Chief Financial Officer
<b>CFS</b>	Core Financial System
<b>CI</b>	Cooperative Institute
<b>CL</b>	Contract Law Attorney
<b>CO</b>	Contracting Officer
<b>COS</b>	Chief of Staff
<b>CR</b>	Continuing Resolution
<b>CSR</b>	Customer Service Representative
<b>CURL</b>	Commerce Unfunded Requirements List
<b>CWC</b>	Center for Weather & Climate
<b>CWIP</b>	Construction Work in Progress
<b>D&amp;F</b>	Determination & Findings
<b>DAA</b>	Deputy Assistant Administrator
<b>DAAS</b>	Deputy Assistant Administrator-Systems
<b>DACS</b>	Data Assembly Centers
<b>DASIB</b>	Data Analysis Systems & Information Branch
<b>DLA</b>	Document Level Adjustment
<b>DLCA</b>	Detail Labor Cost Adjustment
<b>DOC</b>	Department of Commerce
<b>EC</b>	Executive Council
<b>EEO</b>	Equal Employment Opportunity
<b>EOY</b>	End of Year
<b>FAAPS</b>	Forecasting & Advanced Acquisition Planning System



<b>FAB</b>	Finance & Accountability Branch
<b>FASAB</b>	Federal Accounting Standards Advisory Board
<b>FEVS</b>	Federal Employee Viewpoint Survey
<b>FFMIA</b>	Federal Financial Management Improvement Act
<b>FITARA</b>	Federal Information Technology Acquisition Reform Act
<b>FMC</b>	Financial Management Center
<b>FMDS</b>	Financial Management Data System
<b>FMFIA</b>	Federal Managers Financial Integrity Act
<b>FO</b>	Finance Office
<b>FRD</b>	Financial Reporting Division
<b>FSD</b>	Financial Systems Division
<b>FSM</b>	Fall Strategy Meeting
<b>FTE</b>	Full Time Equivalent
<b>FY</b>	Fiscal Year
<b>GAO</b>	Government Accountability Office
<b>GL</b>	General Law Attorney
<b>GMD</b>	Grants Management Division
<b>GOES-R</b>	Geostationary Operational Environmental Satellite-R
<b>GPFRR</b>	General Purpose Federal Financial Reports
<b>HQ</b>	Headquarters
<b>HR</b>	Human Resources
<b>IAA</b>	Interagency Agreement
<b>IOSA</b>	Interagency & Other Special Agreements
<b>IT</b>	Information Technology
<b>IUS</b>	Internal Use Software
<b>IUSD</b>	Internal Use Software in Development
<b>LO</b>	Line Offices
<b>M&amp;A</b>	Management and Administrative
<b>MARS</b>	Management Analysis and Reporting System
<b>MSB</b>	Mission Support Branch
<b>MCR</b>	Management Control Review
<b>NAM</b>	NOAA Acquisition Manual
<b>NASA</b>	National Aeronautics & Space Administration
<b>NCEI</b>	National Centers for Environmental Information
<b>NESDIS</b>	National Environmental Satellite, Data, and Information Services
<b>NOAA</b>	National Oceanic Atmospheric Administration
<b>OCAO</b>	Office of the Chief Administrative Officer
<b>OCFO</b>	Office of the Chief Financial Officer



<b>OGC</b>	Office of General Counsel
<b>OHCS</b>	Office of Human Capital Services
<b>OLC</b>	Office of Legal Counsel
<b>OMB</b>	Office of Management and Budget
<b>ORF</b>	Operations, Research, and Facilities
<b>OSAAP</b>	Office of Systems Architecture & Advanced Planning
<b>P3s</b>	Public-Private Partnerships
<b>PAB</b>	Program Analysis Branch
<b>PAC</b>	Procurement, Acquisition & Construction
<b>PAR</b>	Performance & Accountability Report
<b>PB</b>	President's Budget
<b>PCS</b>	Program Change Summaries
<b>PII</b>	Personally Identifiable Information
<b>PO</b>	Purchase Order
<b>PP&amp;E</b>	Property, Plant & Equipment
<b>PPA</b>	Program, Project & Activity
<b>PPBE</b>	Planning Programming Budget Evaluation
<b>PPMB</b>	Personal Property Management Branch
<b>PWS</b>	Performance Work Statement
<b>QPR</b>	Quarterly Program Review
<b>RPMD</b>	Real Property Management Division
<b>SARB</b>	Satellite Accounting Review Board
<b>SAT</b>	Simplified Acquisition Threshold
<b>SBPO</b>	Senior Bureau Procurement Official
<b>SDM</b>	Strategic Decision Memo
<b>SIP</b>	Strategic Implementation Plan
<b>SLA</b>	Service Level Agreement
<b>SLT</b>	Summary Level Transfer



**NESDIS  
Budget  
Manual**

**NESDIS-HBK-2102.1**  
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<b>SME</b>	Subject Matter Expert
<b>SOA</b>	Statement of Assurance
<b>SOL</b>	Strategic Objective Lead
<b>SOP</b>	Standard Operating Procedures
<b>SOW</b>	Statement of Work
<b>SPM</b>	Spring Planning Meeting
<b>STEP</b>	Strategy, Evaluation & Performance
<b>UDO</b>	Undelivered Order
<b>WBS</b>	Work Breakdown Structure

