Key USCG Property
Lessons Learned & Remaining Issues
EVERYONE HAS THEIR OWN SET OF CHALLENGES

19,000+ Capitalized Property Assets and Improvements

1,493 Operating Locations Worldwide
<table>
<thead>
<tr>
<th>TAG_NO</th>
<th>DESCRIPTION</th>
<th>DIS</th>
<th>LIFE</th>
<th>REM_LIFE</th>
<th>COST</th>
<th>ACC_DEPRN</th>
<th>NBV</th>
<th>VAL_MTHD</th>
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<tbody>
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<td>RP45216</td>
<td>LIGHT STATION</td>
<td>01-JUL-1790</td>
<td>480</td>
<td>-2698</td>
<td>2,759.53</td>
<td>$</td>
<td>$</td>
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</tbody>
</table>
KEY CHALLENGES TO SUCCESS

• Large volume / Complex Data
• System Limitations / Missing Functionality
• Desegregated Management of Key Property Processes
• International Property accountability
• Lack of adequate, trained permanent staff
• Large Construction in Progress
<table>
<thead>
<tr>
<th>Year</th>
<th>Dept</th>
<th>Auditor</th>
<th>Opinion / PP&amp;E Finding</th>
</tr>
</thead>
<tbody>
<tr>
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<td>DOT</td>
<td>DOT IG</td>
<td>Unqualified</td>
</tr>
<tr>
<td>2000</td>
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<td>KPMG</td>
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<td>Qualified / MW</td>
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<tr>
<td>2013</td>
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“The Coast Guard was unable to provide sufficient evidential matter that support transactions and certain balance sheet accounts including fund balance with Treasury, accounts receivable, inventory and related property, general property, plant and equipment including heritage assets and stewardship land, actuarially-derived liabilities, environmental and other liabilities, and net position, as reported in the accompanying DHS balance sheets as of September 30, 2009 and 2008.”

To…FY 2018

“The USCG sustained the progress they had made in FY 2017; however, some control deficiencies related to property, plant, and equipment persisted:

“USCG did not:
- design and implement sufficient controls over the physical count of real property assets to ensure assets are appropriately and timely inventoried to verify their continued existence as recorded in the general ledger; and
- have controls that were operating effectively over the timely recording of fixed asset addition and retirement activity in the general ledger.”
AUDIT APPROACH

Existence
Completeness
R & O
Valuation
Cutoff
ESTABLISH POPULATION
IDENTIFY ASSESSABLE UNITS
DEFINE MATERIALITY
BOUND THE RISK

BALANCE VS PROCEDURES
GEOGRAPHY VS TYPE
EVERYTHING VS HIGHEST RISK
UNITED EFFORT
ENTITY-LEVEL CONTROLS

CONTROLS THAT HAVE A PERVASIVE EFFECT ON AN ENTITY’S INTERNAL CONTROL SYSTEM; ENTITY-LEVEL CONTROLS MAY INCLUDE CONTROLS RELATED TO THE ENTITY’S RISK ASSESSMENT PROCESS, CONTROL ENVIRONMENT, SERVICE ORGANIZATIONS, MANAGEMENT OVERRIDE, AND MONITORING.

- GAO-14-704G (GREEN BOOK), 10.09
PLAN TO WIN, DON'T PLAN TO FAIL
EXPECT GREATNESS, BUT DON'T BURN THEM OUT
INVESTIGATE

CIP Balance Dashboard Version 1.0

Key Performance Indicators
- Total CIP Balance (Net): $2,539.2M
- CIP Breakdown
  - Unallocated (Remain in CIP): ($114.5M)

CIP Allocation by Project
- Allocation Summary
  - Unallocated CIP: ($114.5M)

CIP Allocation by Fiscal Year

Allocation Table:
- FR884 8F 28A4MN 24152352D0A002 1W60037C0001 - - 1/1/2016 Unallocated CIP ($2,330,669.43)
- FR884 8F 28A4MN 24152352D0A002 1W60037C0021 - - 10/2/2017 Unallocated CIP ($5,568,576.85)
- FR884 7U 27A8M0 20162320D0A18 F9134 2/2/2017 Unallocated CIP ($3,460,400.00)
- FR884 8F 28A4MA 28142342D0A23 F0063 2/2/2017 Unallocated CIP ($60,457,382.00)
- FR884 8F 28A4MN KIP FY2016 Null - - 8/12/2016 Unallocated CIP ($1,139,410.00)

CIP Aging Report: Days Outstanding
- 0 - 60: $0.8M
- 60 - 120: ($59.3M)
- 120+: ($56.1M)

Unallocated (Remain in CIP): ($118,408,309.08)
### CULMINATION - MANAGEMENT REVIEWS

**Verification & Validation**

**Management Controls Dashboard Summary**

<table>
<thead>
<tr>
<th>Source</th>
<th>% of Total Debits</th>
<th>CIP RF Debits</th>
<th>Total Debits</th>
<th>Source</th>
<th>% of Total Credits</th>
<th>CIP RF Credits</th>
<th>Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIP Interface</td>
<td>88%</td>
<td>$97,697,263.36</td>
<td>$97,697,263.36</td>
<td>CY</td>
<td>87%</td>
<td>$-</td>
<td>$(40,953,374.93)</td>
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<td>OTA</td>
<td>7%</td>
<td>$9,403,510.60</td>
<td>$9,403,510.60</td>
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<td>7%</td>
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<td>PY</td>
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<td>PY</td>
<td>4%</td>
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<tr>
<td>CIP Other</td>
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<td>$806,445.80</td>
<td>$806,445.80</td>
<td>CIP Other</td>
<td>1%</td>
<td>$-</td>
<td>$(617,870.21)</td>
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</table>

**Debits**

- CIP Rollforward: $97,697,263.36

**Credits**

- Total CIP RF: $97,697,263.36

### CIP to OFA&6100 Tie Out

#### CIP Population

- **Days Gross**: 209,731,375.72
- **Project Accounting**: 103,277,214.62
- **Total Net Activity**: 205,341,581.38

#### CIP Rollforward

- Project Accounting: $103,277,214.62
- Amount of Interl activities: $5,420.29
- Amount of Interl activities not related to CIP in 6100 Dashboard: $354,132.26
- Total: $103,282,760.29

#### 6100 Dashboard

- Net CIP Activity Performed: 1720 (from PA Modules)
- OFA Rollforward: $153,855,856.95
- Total: $153,855,856.95
- Standard Interface Activity Amount: $48,409,783.46
- Total: $153,855,856.95

#### CAR

- Data Amount Reconciliation of CIP 30
- CIP Amount Included in CAR: $97,697,263.36
- CIP Amount not presented in CAR: $-
- Physical Inventory Sampling Methodology
- Leases
- Automate business processes and technical reports
- Address process-level control failures
QUESTIONS

CIP – LCDR Ryan Waitt, ryan.t.waitt@uscg.mil

Personal Property – LCDR Andy Wright, CG-845/CG-844, andrew.w.wright2@uscg.mil, and Mr. Kyle Mathers, CG-844, kyle.d.mathers@uscg.mil

Real Property – Mr. Jim Schindler, james.w.schindler@uscg.mil

OM&S – LCDR Rebecca Corson, rebecca.m.corson@uscg.mil

Leases – LT Miah Clay, miah.a.clay@uscg.mil