



COMDTNOTE 7101

OCT 1 1996

COMMANDANT NOTICE 7101

CANCELLED SEP 30 1997

Subj: COAST GUARD ANNUAL FINANCIAL STATEMENTS

1. PURPOSE. This Notice publishes procedures for the preparation and submission of the Coast Guard financial statements which are subject to the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994.
2. ACTION. Area and district commanders, commanders maintenance and logistics commands, commanding officers of Headquarters units, Commandant (G-A, G-H, G-L, G-M, G-O, G-S, and G-W) and special staff offices at Headquarters shall ensure compliance with the provisions of this directive."
3. DISCUSSION.
 - a. In the proceedings surrounding the CFO Act of 1990, Congress found that the Federal Government was losing significant dollars through fraud, waste, and abuse and that these losses could be significantly decreased by improved financial management. By passing the CFO Act of 1990, Congress decided to try and bring effective financial management to the Federal Government, by providing for the establishment of an adequate system of internal controls within each agency to assure the deterrence of fraud, waste and abuse and the development and issuance of reliable and useful financial information.

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- b. The CFO Act of 1990 as amended by the Government Management Reform Act of 1994 requires that the Coast Guard provide audited statements reflecting the financial results and programmatic performance for all Coast Guard Appropriations and the seven revolving/trust funds. Fulfilling the requirements of the Act will involve the concerted effort of all affected parties in demonstrating the effective execution of assigned programs through reliable financial reports.

4. RESPONSIBILITIES:

- a. Commandant (G-CFP), Director of Finance and Procurement/Chief Financial Officer (CFO). Provides complete, reliable, timely and responsive financial information meeting statutory and regulatory requirements.
- b. Coast Guard Finance Center (FINCEN).
 - (1) Works with other Department of Transportation (DOT) personnel to assure that Office of Management and Budget statement requirements are incorporated into the Departmental Accounting and Financial Information System (DAFIS).
 - (2) Compiles and forwards on a timely basis the required Coast Guard financial statements and related information to the affected fund managers.
- c. Commandant (G-CFM).
 - (1) Ensures that accurate and meaningful performance measures and overviews are presented in the annual CFO Statements.
 - (2) Ensures necessary Financial and Accounting Policies are promulgated in order to provide guidance for the preparation of financial information.
- d. Commandant (G-CFS).
 - (1) Coordinates the submission of the Coast Guard's annual CFO Statements, including liaison with the DOT audit team.
 - (2) Coordinates and monitors financial statement/audit corrective action plans. Act as an internal Coast Guard consultant as needed.
 - (3) Provides information regarding critical milestones which must be met in order to publish the Coast Guard's financial statements.
 - (4) Reviews draft Financial Statements and Performance Measures for reasonableness and consistency.

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- e. Inventory Control Points/Coast Guard Yard.
- (1) Provide timely and accurate financial statement input to FINCEN for consolidation.
 - (2) Assist affected appropriation/fund managers in developing corrective action plans.
- f. Appropriation/Fund Managers.
- (1) Develop and provide accurate and meaningful performance measures and overviews for inclusion in the annual CFO Statements.
 - (2) Evaluate actual closeout results against the project/AFC manager's closeout projections, taking corrective action where necessary.
 - (3) Based on available information, prepare a management representation letter for the involved appropriation/fund which affirms the accuracy of the financial and management information presented in the related CFO Statements, including footnotes and overviews. At the conclusion of related field work by the auditors, forward the representation letter to the Director of Finance and Procurement/CFO via Commandant (G-CFS).
 - (4) If required by the lead auditor, certify in writing, via the CFO, that the annual Confidential Financial Disclosure Reports under his or her cognizance have been reviewed and approved.
 - (5) Develop and implement a timely corrective action plan to address discrepancies identified during the DOT audit of the annual CFO Statements.
 - (6) Provide Commandant (G-CFS) with an opinion from the Fund's legal advisor regarding the extent/potential for any claims against the fund or the Coast Guard.
- g. Allotment Fund Control/Project Target Officers/District budget Officers.
- (1) For AFC 20, 57 and other centrally managed AFC's and Projects, provide FINCEN with year-end account payable accruals for inclusion in the annual CFO Statements. Examples of items to be included are medical liabilities, CHAMPUS claims, travel claims, and household moves. District Budget Officers provide FINCEN with accounts payable accrual for all OE funded fuel. These listings must include the cost of all goods and services received by the Cost Guard, but not paid for by 30 September each year.

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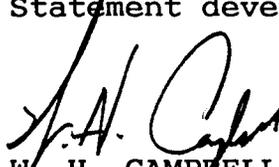
h. Formal Contracting Offices and Marine Safety Offices

(1) Compile all outstanding but unprocessed proper invoices in-house as of 30 September and provide the following information to Commandant (G-CPM) by 15 October:

- (a) Contract or Basic Order Agreement Number
- (b) Amount of invoice
- (c) DAFIS document number
- (d) Date
- (e) Accounting line

i. Commandant (G-LCL) shall provide, based upon the representatives and information provided to the Director of Finance and Procurement/CFO by the Appropriation/Fund Managers and their respective legal advisors, a consolidated "legal letter" to the DOT auditors regarding the extent/potential for claims and litigation, and the likely outcome. This letter shall include any relevant information on matters actually being handled by Commandant (G-LCL).

5. PROCEDURES. A specific time line of critical events affecting the FY 1996 CFO Statement development is provided in enclosure (1).



W. H. CAMPBELL

Director of Finance and Procurement

Encl: (1) Financial Statement and Audit Preparation Plan

CFO ACT - FY 1996
FINANCIAL STATEMENT AND AUDIT PREPARATION PLAN

ACTION ITEM	ACTION OFFICE	RECEIVING OFFICE	START DATE	DUE DATE
* Initiate Draft Performance Measures & Overviews	FUND/APPROP MGTR.	G-CFM		30-Sep-96
* Account Payable/Accrual Balances to FINCEN	AFC/PROJECT OFFICE	FINCEN		30-Sep-96
* Closeout DAFIS/ICPs	FINCEN/ICPs	G-CFS	04-Oct-96	08-Oct-96
* Submit Preliminary Trial Balances to OIG	FINCEN	G-CFS		01-Nov-96
* Draft Statements to Approp/Fund Mgters & OIG	FINCEN/Yard/Acadamy	G-CFS/CFM		15-Nov-96
* Submit Performance Measures/Overviews to G-CFS	G-CFM	G-CFS		21-Nov-96
Incorporate Data from OFA (ie. Treasury & OPM)	FINCEN	G-CFS		10-Dec-96
* Draft Statements/Notes/Overviews to OST/OIG	G-CFS	G-CFS		16-Dec-96
* Submit Fund Mgrs legal letters to G-LCL via G-CFS	FUND/APPROP MGTER	G-LCL	02-Dec-96	16-Dec-96
Draft Cover Letters from COMDT and CFO	G-CFS	G-CFS	30-Dec-96	17-Jan-97
* Fund/Appropriation Mgrs Legal letter due to CFO	G-LCL	G-CFS		17-Jan-97
* Fund Mgrs Representation Letters due to CFO	FUND/APPROP MGTER	G-CFS	03-Dec-96	17-Jan-97
* Receive Audited Financial Statements from OIG	DOT IG	G-CFS		21-Feb-97
* Route Audited Fin Statements to CFM/CBU/CPA/CCS	G-CFS	G-CFS	21-Feb-97	28-Feb-97
Route Audited CFO Statements for Final Clearance	G-CFS	G-CFS	21-Feb-97	28-Feb-97
* Final Audited Fin Statements to OMB via DOT CFO	G-CFS	B-80		28-Feb-97
Exit Conferences	AS REQUIRED	G-CFS		AS REQUIRED
Distribute Audited Statements to Funds Mgrs/FINCEN	G-CFS	ALL		30-Apr-97
Submit Audit corrective "Action" plans to CFO	FUND/APPROP MGTER	G-CFS		30-May-97
Audit corrective "action" plan to Chief of Staff	G-CFS	G-CCS		16-Jun-97
Chief of Staff's approved "action" plan to OIG	G-CCS	OIG		20-Jun-97
* ITEMS REQUIRED ON OR BEFORE DUE DATE				

NOTE: ALL COAST GUARD APPROPRIATIONS/FUNDS ARE SUBJECT TO AUDIT