

# **Construction in Progress and Work in Progress Changes to Major Facility Terms & Conditions**

**Major Facilities Workshop Webinar**

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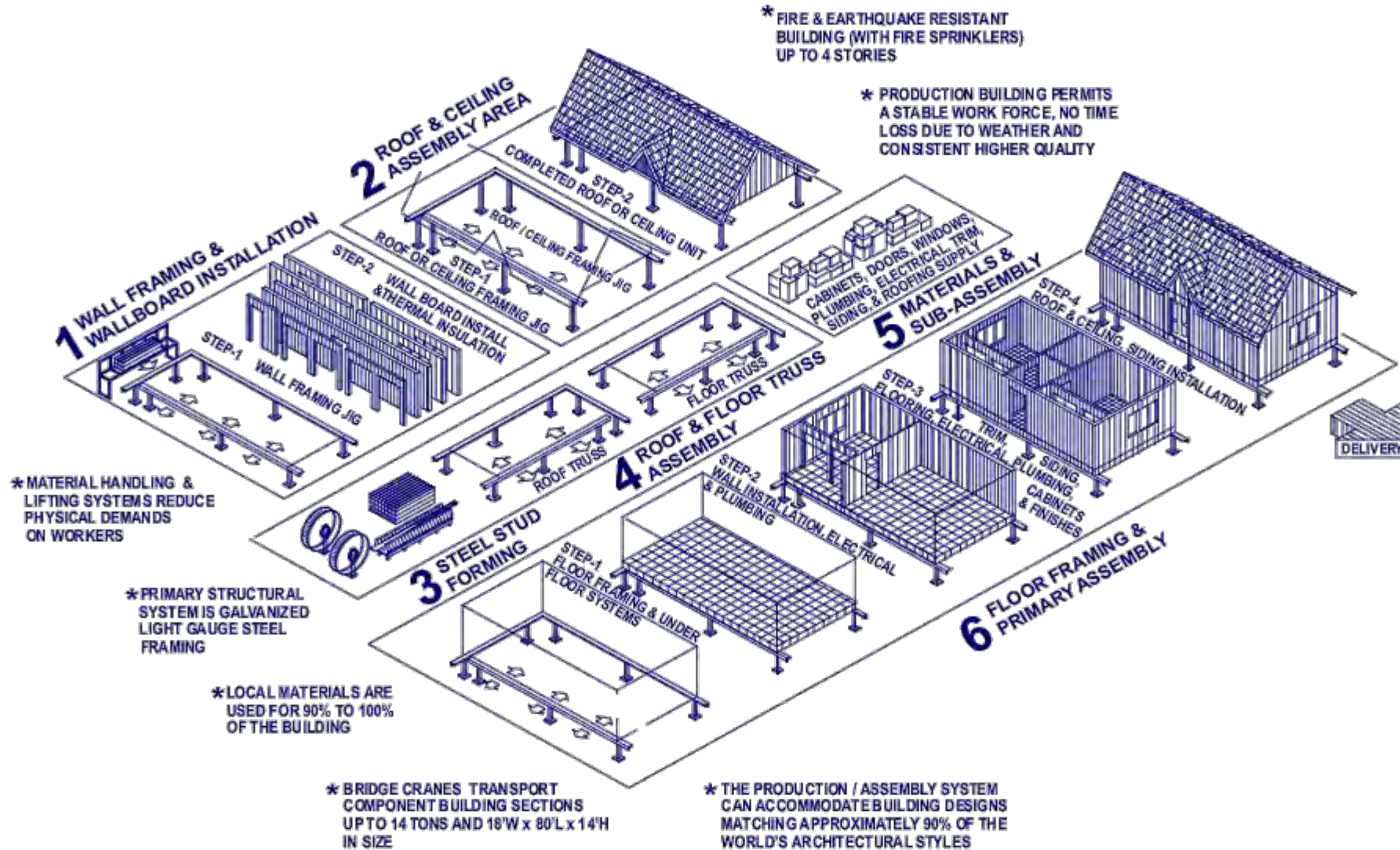


# What are Construction in Progress (CIP) and Work in Progress (WIP)?

- CIP is defined as **real property** that is in the process of being manufactured or fabricated but is not yet complete:
  - ❖ Fixed assets (land, buildings, etc.)
- WIP is defined as **equipment** that is in the process of being manufactured or fabricated but is not yet complete:
  - ❖ Cost >\$5K and **movable in principle** (instruments, ships, planes, etc.)
- CIP and WIP consist of the costs of direct materials, direct labor, direct purchased services, and indirect costs, including general and administrative and overhead costs.

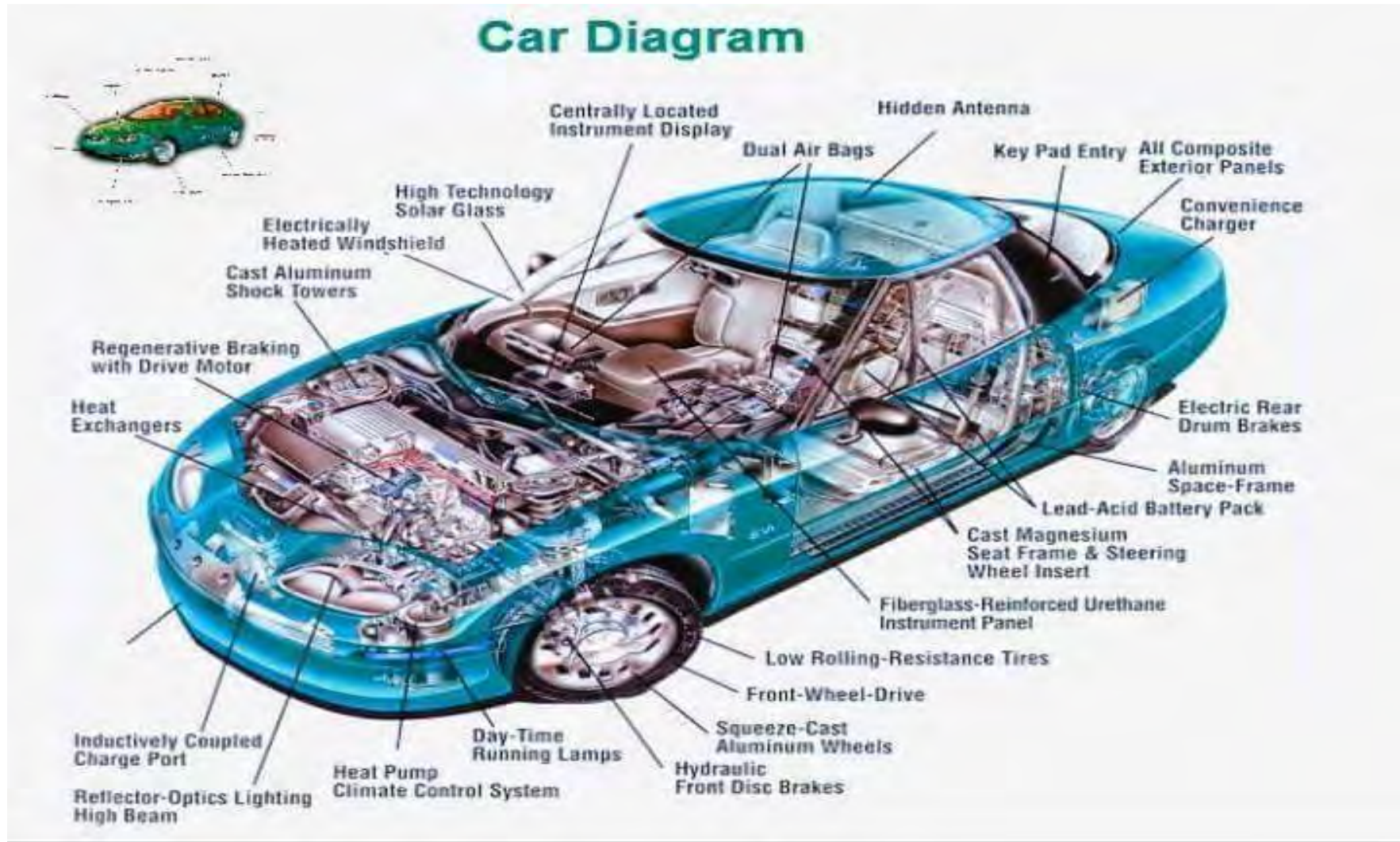


# Construction in Progress (CIP)





# Work in Progress (WIP)



# What's the Problem?

- Until recently, CIP and WIP reporting requirements were included as part of Term 64. *Federally Owned Property*
- A lot of work/detail for Recipients at the **inventory submission**
- Program did not have a role in reviewing WIP and CIP during the annual FOP inventory submission...**more appropriate for reviewing by another NSF office** (Slide 5)
- Solution: Moved reporting requirement to Term 66. *Financial Statement Disclosure* of FOP at the **summary level**



# Modified & Supplemental T&Cs

## 66. Financial Statement Disclosure of Federally-owned Property

If the cognizant NSF Program Officer has designated real property and equipment as Federally-owned property (FOP), the awardee must disclose the total book value of individual FOP assigned to its custody under this award as a separate line item in the balance sheet and/or as a footnote in the audited financial statements. The listing should include all the designated FOP purchased or constructed, including land and buildings under the award or acquired by screening excess through the General Services Administration (GSA). **It should also include Construction-in-Progress (CIP) or Work-in-Progress (WIP) totals for each piece of FOP.** CIP is defined as real property that is in the process of being manufactured or fabricated but is not yet complete. WIP is defined as equipment that is in the process of being manufactured or fabricated but is not yet complete. CIP and WIP consist of the costs of direct materials, direct labor, direct purchased services, and indirect costs, including general and administrative and overhead costs. Costs coded CIP or WIP should not be depreciated.

Note: “Book value”, once FOP is complete, should be depreciated



# Why is this important to NSF?

- It is important to Division of Financial Management since the agency needs to report the “book value” of all FOP in NSF’s annual financial statement.
- NSF relies solely on the Recipient’s audited Financial Statement for this information.
- BFA (DFM, CSB and LFO) will provide guidance, if needed, to Recipients to help ensure their audited financial statement meet the requirements.



# Questions?

