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# CTC ESTIMATES & THE REPORTING OF ENVIRONMENTAL CLEANUP FINANCIAL LIABILITIES

Army Cleanup Workshop  
San Antonio, TX  
(410) 436-1619  
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# COST-TO-COMPLETE ESTIMATES

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*Just the facts....*

# COST-TO-COMPLETE ESTIMATES

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The Chief Financial Officer Act of 1990 requires federal agencies to prepare annual financial reports in accordance with applicable federal financial accounting standards.

# COST-TO-COMPLETE ESTIMATES

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Each component shall use their cost-to-complete estimate for each DERP program category (i.e. Installation Restoration, Military Munitions Response, etc) as the basis for the environmental restoration liability portion of the Component's annual financial statement.

*DERP Management Guidance, Chapter 15, Sep 2001*



# COST-TO-COMPLETE ESTIMATES

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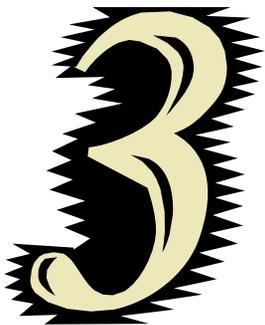


An important distinction to keep in mind is the the cost estimates and the associated documentation falls to the functional community, and the financial community uses those cost estimates to develop the environmental liability estimates that are appropriately recognized and disclosed on the financial statements.

*DoD non-DERP Management Guidance, Nov 2005*

# COST-TO-COMPLETE ESTIMATES

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Several recent audits of the Army's annual financial statements have identified serious deficiencies with the preparation and documentation of the cost-to-complete estimates.

*DoD DERP Management Guidance, Chapter 15, Sep 2001*

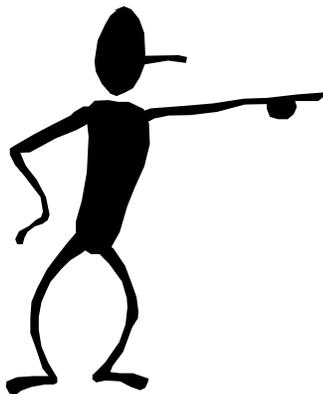


# COST-TO-COMPLETE ESTIMATES



## Army takes Corrective action!!!

*These plans are to be implemented and supported by everyone!!!*



- ✓ ASCIM Memo, 30 Jul 04, Improving the Reporting of Environmental Liabilities
- ✓ Corrective Action Plans in each Cleanup Program area
- ✓ Incorporated in the Army CFO Strategic Plan
- ✓ Incorporated in the Defense Financial Improvement and Readiness Plan



# COST-TO-COMPLETE ESTIMATES

## Management Controls

Controls implemented by the Army.....

- Supervisory Review of Estimates ✓
- Implement Internal Control Program ✓
- Supporting Documentation and Audit Trail ✓

**Quality of the Documentation**



# COST-TO-COMPLETE ESTIMATES

## FY06 Key Program Management Plan Objectives

### Objective: Auditable Environmental Liabilities – Oct 06 Assertion

#### ➤ FY06 PLAN – FOCUS ON DATA QUALITY

- ✓ • System and Processes are in place
- ✓ • Use of IAP Workshops to capture documentation and audit trail
- ✓ • Streamline CTC QC Activities
  - CTC Team member per installation
  - Proactive Approach
  - QC based on IAP Workshop
- ✓ • Build on FY05 data calls
  - Build on FY05 QC results
  - Focus on problem installations