

MANUAL OF ORDERS

REVOKES

MAO 510-2
dtd 12/23/74

NO.

510-2

EFFECTIVE DATE

December 1, 1978

SUBJECT

PAYMENTS ON ACCOUNT OF CONSTRUCTION-DIFFERENTIAL SUBSIDY

Section 1. Purpose:

This order prescribes the procedures and responsibilities for processing vouchers (Standard Forms 1034 and 1034-A) received for payment on account of construction-differential subsidy.

Section 2. Procedures for Processing Construction-Differential Subsidy Vouchers:

2.01 The Region Directors (Region Finance Offices) shall:

- 1 Receive vouchers for payment of construction-differential subsidy (CDS) submitted by shipyards and owners or purchasers of ships.
- 2 Establish accounting control over all vouchers on the date they are received.
- 3 Verify that the required supporting documentation is complete and that the Affidavit attesting to progress of construction has been properly signed, sealed, and notarized.
- 4 Audit the voucher for propriety, in accordance with the procedures in the Office of Financial Management Manual of Procedures and the contracts.
- 5 Verify the mathematical accuracy of the voucher and the supporting documentation, including but not limited to:
 - (1) Determination that the prior amount paid in total and for each hull, if a multiple ship contract, is in agreement with the amount shown on the supporting schedules;
 - (2) Determination that the value of progress to date as certified by the Field Construction Representative has been calculated accurately by the shipyard;

- (3) Determination that all prime contract and sub-contract supports to vouchers conform to a format approved by the Director, Office of Financial Management and the Director, Office of Shipbuilding Costs; and
- (4) Determination that all changes and extras claimed in the voucher have been approved as to price and extent of subsidy in accordance with the terms of the contract.

6 Communicate directly with the shipyards, owners or purchasers, and Field Construction Representatives regarding any required corrections or additional supporting documents.

7 Sign the original voucher and supporting documents where required. In addition, insert the approved amount on each copy of the voucher to be forwarded.

8 Post the approved voucher to contract control schedules to be maintained in accordance with procedures prescribed by the Office of Financial Management.

9 Before certifying payment, submit a copy of the following types of vouchers and supporting documents to the Division of Domestic Costs, Office of Shipbuilding Costs, for prior approval:

- (1) The first voucher from a shipyard which reflects 100 percent completion of the construction of any ship, and each succeeding voucher which involves an adjustment in the price of such ships except for adjustments made pursuant to a formally approved change order incorporated into the contract; and

- (2) All vouchers received from owners or purchasers of ships.

Payment of these vouchers shall not be made until approval has been given by the Division of Domestic Costs.

10 Process the voucher in accordance with Maritime Administrative Order 400-7, "Vendors' Invoices and Public Vouchers," including:

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- (1) Preparation of an administrative verification of the voucher; and
 - (2) Scheduling payment on a "Voucher and Schedule of Payments," Standard Form 1166.
- 11 Forward SF-1166 with an unsupported copy of the voucher to the Regional Treasury Disbursing Office.
 - 12 Forward a copy of the voucher and the supporting documentation (excluding subcontract documentation) by Form MA-37 (Document Transmittal), showing thereon the amount scheduled for payment, the date, and the signature of the person who authorized payment of the voucher, together with an explanation of any amount scheduled for payment that differs from the amount billed, to each of the following:
 - (1) Chief, Division of Domestic Costs, Office of Shipbuilding Costs; and
 - (2) Chief, Division of Accounts, Office of Financial Management.
 - 13 Furnish a monthly report to the Office of Financial Management, Division of Accounts, showing the amount paid to shipyards and to owners or purchasers by voucher for each contract for the month, the total payments year-to-date, and a comparison of the total payments year-to-date to the Region outlay ceiling as allocated by the Division of Budget. More frequent reports shall be made when deemed necessary by the Division of Accounts. The report symbol is MAR 3449.
 - 14 Conduct periodic audits of shipyard financial records to determine whether the shipyard is paying subcontractors for all work done outside the shipyard before such work is included in the value of work completed for purposes of progress payment billings. These audits shall be conducted in accordance with guidance provided by the Office of Financial Management. A copy of each report of such audit shall be forwarded to the Office of Financial Management.

2.02 The Division of Domestic Costs shall:

- 1 Review copies of vouchers and supporting documentation received from the Region Finance Offices for propriety and compliance with contractual requirements.

- 2 Determine that all amounts claimed in the voucher are payable under the provisions of the contract.
- 3 Notify the Office of Financial Management of any adjustments to the voucher, as deemed necessary.
- 4 Notify the Region Finance Offices of approval to pay vouchers reflecting 100 percent completion of the construction of the ship and vouchers from owners or purchasers, which require prior approval as set forth in subsection 2.01 9 of this order.
- 5 Maintain control schedules of vouchers and adjustments thereto, as necessary.

2.03 The Division of Financial Approvals shall:

- 1 Provide guidance to the Region Finance Offices for conducting the periodic audits required in subsection 2.01 14 of this order.
- 2 Receive reports of audits from the Region Finance Offices, review for adequacy, etc., and notify the originator of any deficiencies.

2.04 The Division of Accounts shall:

- 1 Notify the Region Finance Office immediately of any required adjustments to a paid voucher.
- 2 Perform the necessary accounting for CDS payments.
- 3 Coordinate such accounting with the applicable Region Finance Officer.
- 4 Furnish monthly to the Budget Officer and to the Chief, Division of Domestic Costs, a copy of each Region's outlay report together with a consolidated outlay report that shows by Region and Maritime Administration-wide the total outlays for the current month, the outlays year-to-date, and a comparison of actual outlays to planned outlays. More frequent reports shall be made when the Budget Officer finds they are necessary to insure control of funds. The report symbol is MAR 3449.

Section 3. Allocation of Outlay Ceiling:

3.01 General:

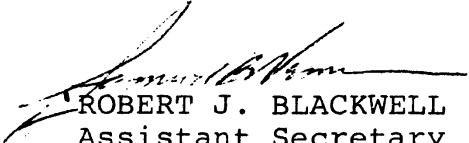
- 1 This section provides for issuance and control of allocations of outlay ceilings. It prescribes procedures designed to insure that outlays are restricted to amounts of outlay ceiling available.
- 2 The allocation of outlay ceiling, issued by the Budget Officer, shall provide the authority by which payments of CDS vouchers may be made.

3.02 Responsibilities:

- 1 The Budget Officer shall:
 - (1) Approve and maintain a fiscal plan of outlays which is based on fiscal plans submitted to the Budget Officer at his request by the Assistant Administrator for Operations and on guidance and directives received from the Office of the Secretary of Commerce.
 - (2) Allocate outlay ceilings to Region Directors and the Assistant Administrator for Operations based on the approved fiscal plan.
 - (3) Provide the Chief, Division of Accounts with current approved fiscal plans of outlays.
- 2 The Chief, Division of Accounts shall:
 - (1) Prescribe the appropriate accounting procedures for the recording of the transactions.
 - (2) Provide the Budget Officer with periodic reports of payments as measured against the approved fiscal plan of outlays.
- 3 The Region Finance Officers shall:
 - (1) Maintain accounting control over allocations of outlay ceilings.

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- (2) Record outlays incurred.
- (3) Control outlays in such a manner so as to maintain the integrity of the outlay ceiling.



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