



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER

SCOTT M. STRINGER  
COMPTROLLER

COMPTROLLER'S MEMORANDUM  
#14-06

**To:** Agency Heads/Fiscal Officers

**From:** Michele Mark Levine   
Deputy Comptroller for Accountancy/Chief Accountant

**Date:** September 11, 2014

**Subject:** Definition of the Term "Training" in Directives #10 and #30; Expansion of *Application Development Stage – Allowable Capital Outlays* Sub-Section in Directive #30

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This Comptroller's Memorandum (CM) defines the term "training" in *Directive #10 – Charges to the Capital Projects Fund*, and *Directive #30 – Capital Assets*. It also expands the *Application Development Stage – Allowable Capital Outlays* sub-section in Directive #30.

Directive #10, Section 3.4.2 (8), under the heading of *Ineligible Expenditures*, has been amended and is reproduced below in its entirety.

Directive #30, Section 9.2.2, under the heading of *Application Development Stage – Allowable Capital Outlays*, has been amended and is reproduced below in its entirety.

Directive #30, Section 9.2.4 (b.), under the heading of *Ineligible Outlays*, has been amended and is reproduced below in its entirety.

New text is italicized.

Directives #10 and #30, as revised by this CM, are available at the Comptroller's website at <http://comptroller.nyc.gov/general-information/comptroller-directives/>.

This CM is effective immediately.

**Directive #10 – Section 3.4.2 Ineligible Expenditures (8)**

Training<sup>2</sup> costs, except for the development of training programs that independently meet the capital eligibility requirements outlined in this directive, including a minimum cost of \$35,000 and a minimum useful life of 5 years;

<sup>2</sup> *“Training” includes all instructional functions regarding an information technology system or piece of equipment or equipment system (most often falling into the category of “end-user-training” or “train the trainer”), whether it is off-the-shelf/standard production or customized. Training does not include a vendor/user final acceptance review/inspection for the sole purpose of the acceptance of a customized system or piece of equipment. Such review/inspection typically occurs as the last step of the Application Development Stage for internally generated computer software or during the commissioning process for a customized system or piece of equipment, solely for the purpose of final acceptance.*

**Directive #30 – Section 9.2.2 Application Development Stage – Allowable Capital Outlays**

*As required by GASB 51, only outlays associated with activities in the Application Development Stage of internally generated computer software should be capitalized. Activities in this stage include the design of the chosen path, including software interfaces, coding, installation of hardware, and vendor/user final acceptance review (which may include testing), including the parallel processing phase. The capitalization of costs explaining or instructing on the asset’s or system’s usage is limited to only those elements involved in demonstrating that the system operates as intended as part of the formal system acceptance.*

Capitalization of outlays should cease no later than the point at which the computer software is substantially complete and operational. *Computer software is deemed to be substantially complete once it is in production and the base application is able to be used (regardless of the actual date it is placed in service). Instructions for end-user trainers and end-users on how the system operates may not be included as a capital expense.*

**Directive #30 – Section 9.2.4 Ineligible Outlays (b)**

Costs incurred in the Post-Implementation/Operation Stage of a project. These costs consist of application training<sup>1</sup> and software maintenance, *regardless of when during the project they are carried out.*

<sup>1</sup> *“Training” includes all instructional functions regarding an information technology system or piece of equipment or equipment system (most often falling into the category of “end-user-training” or “train the trainer”), whether it is off-the-shelf/standard production or customized. Training does not include a vendor/user final acceptance review/inspection, for the sole purpose of the acceptance of a customized system or piece of equipment. Such review/inspection typically occurs as the last step of the Application Development Stage for internally generated computer software or during the commissioning process for a customized system or piece of equipment, solely for the purpose of final acceptance.*