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ACCOUNTS PAYABLE

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CHAPTER 7**ACCOUNTS PAYABLE**0701 **OVERVIEW**

070101. This chapter prescribes the policies and related procedures of the accounts payable and cash disbursement process.

0702 **AUTHORITY AND REFERENCES**

070201. Accounts payable policies and procedures are developed in accordance with the following references.

- A. 5 CFR 1315: Prompt Payment
<http://www.fms.treas.gov/prompt/regulations.html>
- B. OMB Circular A-127 Financial Management Systems
<http://www.whitehouse.gov/omb/circulars/>
- C. OMB Circular A-123 Management Accountability and Control
<http://www.whitehouse.gov/omb/circulars/>
- D. FAR 52.232 Payments, <http://www.arnet.gov/>
- E. Attributes. Required attributes for applicable standard general ledger accounts: <http://www.fms.treas.gov/ussgl/current.html#Section%204>

0703 **ROLES AND RESPONSIBILITIES**070301. **Headquarters.**

A. The NASA Deputy Chief Financial Officer (or their designee), NASA Headquarters is responsible for the approval of waiver request when there is a separation of duties and tasks violation.

B. The Chief, Financial Reports Branch will review the waiver request and recommend its disposition to the NASA Chief Financial Officer.

C. The Agency Vendor Payment Processor is responsible for processing all commercial invoices for contracts that are shared between the different centers. The process is not any different than the vendor payment processor with the exception that the agency role will have the capability of paying contracts that are shared by other centers.

D. The Agency Health & Human Services Processor is responsible for reconciling Centers' and HHS's data and running reports within the SAP system). They will also ensure that each center is properly charged for its recipients' drawdown and billed each month for all IPAC transactions. **Note:** This role is not an SAP role so there will be no way to monitor access to other roles.

070302. NASA Centers.

A. Center's Chief Financial Officer. Waivers will be reviewed and handled on a case-by-case basis. The waiver request will require the signature of the Center's Chief Financial Officer.

B. When the waiver request involves Purchasing roles, the signature of the Center's Procurement Officer will also be required.

C. Competency Center. The competency Center is responsible for posting Treasury confirmations as well as opening and closing expired funds.

0704 DEFINITIONS

070401. Accounts Payable (Account 2110). Accounts payable are amounts owed for goods and services received (i.e., actual or constructive delivery). These accounts represent amounts owed to federal or nonfederal entities for goods and property ordered and received, and for services rendered by organizations and people other than employees

070402. Disbursement in Transit (Account 2120). This account is used to record outlays transmitted to a designated disbursing office by an accounting activity that has not been processed by the disbursing office.

070403. Contract Holdbacks (Account 2130). This account is used to record amounts withheld from contractors pending completion of related contracts. Sources for entries to this account include contract documents, progress payment invoices from contractors or grantees, and contracting officer certifications authorizing release of funds.

070404. Accrued Interest Payable (Account 2140). This account is used to record interest accrued or owed to others.

070405. Other Accrued Liabilities (Account 2190). "Other Accrued Liabilities" is used to record those accounts payable that cannot be classified or assigned to a specific account described in this Chapter.

070406. Accounts Payable. amounts owed for goods and services received (i.e., actual or constructive delivery).

070407. Disbursements. Amounts paid out by Federal agencies during the fiscal year. This term is used interchangeably with the term outlay.

070408. Secure Payment System (SPS). An automated system that allows agencies to electronically certify payment files to an RFC.

070409. Federal Payment. Any payment made by a Federal agency. The term includes, but is not limited to: (1) Federal wage, salary, and retirement payments; (2) vendor and expense reimbursement payments; (3) benefit payments; and (4) miscellaneous payments including, but not limited to, interagency payments; grants; loans; fees; principal, interest, and other payments related to United States marketable and nonmarketable securities, overpayment reimbursements; and payments under Federal insurance or guarantee programs for loans.

070410. Invoice. A bill or other written request for payment.

070411. Standard General Ledger (SGL). - The set of procedural rules and uniform chart of accounts used by agencies to record budgetary and proprietary accounting transactions.

070412. SGL Account. An account, within the uniform chart of accounts used by Federal agencies to record budgetary and proprietary accounting transactions.

070413. Vendor Payment. - The electronic transfer of funds and payment-related information or checks used by the Federal Government for payments to businesses that provide goods and services to Federal agencies and other payment recipients, such as State/local governments and educational institutions.

0705 POLICIES AND PROCEDURES

070501. General. NASA records all accounting transactions in its integrated accounting system, IFMP/ SAP. The general ledger account entries that are generated by each related accounting transaction can be at:

http://fms.treas.gov/ussgl/tfm_releases/effective05/ussgljune2004.pdf

A. Accounts payable include amounts for the following:

1. Goods and other property purchased and received.

2. Services performed by employees, vendors, contractors, grantees, and lessors supported by contractor invoices and other documentation that acknowledges receipt of service.

3. Amounts owed at the end of the accounting period under programs for which no further performance of services by payees is required (such as annuities, insurance premiums, and some cash grants).

B. Amounts recorded as payables shall be supported by documentation that clearly shows the basis for the amount recorded as a payable and the terms upon which payment is to be made.

C. The basis for recording accounts payable shall be a receiving report that clearly shows the quantities and dates received and accepted or services performed and accepted. Such quantities shall be based on actual counts of the items delivered by the vendor. When applicable, accompanying inspection reports for the goods or services shall be attached to the receiving report. In such instances, the inspection report, together with the receiving report, serves as the basis for recording the liability. The basis for recording an accounts payable service shall be signed and dated certification that services have been received and performed satisfactorily.

D. Amounts recorded as payables shall be net of all discounts offered by vendors, which are economically justified.

070502. Accounts Payable Procedures. This section contains operating procedures for accounts payable and cash disbursements. The processes described include the receipt of invoices, the processing of invoice payments, the payment approval process, the disbursement of funds and the accounts payable reconciliation tools.

A. Receipt of Invoices. Vendor invoices are received and date-stamped by the Invoice Receiver. The Vendor Invoice Processor performs preliminary checks (e.g. banking information in vendor master, vendor master data correct), enters the invoices into SAP, and assigns them to the appropriate Processor (Vendor Invoice, IPAC or HHS) based on Center criteria (e.g. Purchase Order numbering sequence). The invoices are then “parked” in SAP.

B. Processing of Vendor Invoices

1. The Vendor Payment Processor accesses parked vendor invoices and is responsible for ensuring the original invoice is returned to the vendor within 7 days of receipt if Prompt Payment requirements are not met. The Vendor Payment Processor is also responsible for tracking all returned invoices and correctly matching them with the re-submitted invoices.

2. A two or three-way match (compare the invoice with the PO and if applicable the goods receipt) is performed by the Vendor Payment Processor to compare quantity and dollar amount between the invoice and SAP. If the invoice passes all status checks, the invoice is placed in "Park Complete" status and routed to all required approvers. After approvals are obtained, the invoice is posted (the "Post" command in SAP saves the document and updates the general ledger). If the invoice fails the status checks, the Vendor Payment Processor will confirm the obligation amount, the procurement line item (PLI) and make the necessary downward adjustments. The invoice is routed to required approvers and posted, upon approval.

3. Then the Vendor Payment Processor will generate the payment proposal which is reviewed by the Accounts Payable Certification Processor. Necessary adjustments, if any, are made and the invoices are scheduled to be paid. LINK to the Cash Disbursement process detailed in the Accounts Payable Cycle Memo).

4. When the vendor does not receive a payment, the Vendor Payment Processor will determine the reason. The Vendor Payment Processor will verify that the payment was issued to the correct vendor, if the payment has cleared Treasury or if the payment was issued to an incorrect vendor and take the necessary actions. When the Vendor Payment Processor determines the status of the payment, the requestor will be notified. If the payment issued was to an incorrect vendor, the Vendor Payment Processor will reissue the check when a credit is received and forward the proper information to the Treasury and if necessary forward the information of the wrong payment to Accounts Receivable.

C. Processing of IPAC Invoices.

1. The Vendor Invoice Processor forwards all intra-agency invoices to the IPAC Processor who handles all transactions between SAP and the IPAC system (LINK to A/P cycle memo regarding IPAC Payment Process). The SAP payment run triggers the interface to pick up IPAC transactions and the download of IPAC transactions are initiated for the appropriate ALC. These IPAC transactions either 1) send information to federal customers' bank accounts to reduce their funds for amounts billed to them through the IPAC/ SAP interface, or 2) increase their funds for IPAC A/P invoices that are being paid to them.

2. The Vendor Payment Processor analyzes IPAC invoices not on the interface error log to determine if reimbursement is due from other Centers, and the initiator of the transaction is informed if an adjustment is required. For IPAC invoices on the error log, the Vendor Payment Processor will record the cost and disbursement in SAP and then post these transactions.

D. Processing of Travel Invoices.

1. The Travel Manager Authorization process in the Travel Manager System depends on the actions of three roles, preparers, reviewers, and approvers, to ensure that errors are detected and corrected before the Travel Authorization is sent to SAP. The process begins when the traveler or preparer enters the itinerary, expenses, and accounting data, and stamps it "SIGNED." This stamp initiates the electronic routing of the document through the approval process.

2. The Funding Organization Manager begins the approval process with a review of the travel itinerary and accounting data for accuracy and validity. If the Travel Authorization is correct, the manager stamps the Travel Authorization to continue the routing process. If it is not correct, the manager may edit the incorrect information and stamp the Travel Authorization to continue the routing process or he/she may stamp the document "RETURN" for the traveler/preparer to correct along with an explanation in the remarks section as to why the document is being returned.

3. Once the document is stamped "APPROVED," it is queued for batch processing into SAP. If the Travel Authorization document is correct, it successfully posts a funds commitment document in SAP. If there are errors in the Travel Authorization, the interface does not post the document in SAP, and it returns an error on the Run Status Report. The Travel Authorization Processor is responsible for researching errors; correcting errors and entering approved Travel Authorization documents into SAP.

4. A Travel Voucher is created from the Travel Authorization in Travel Manager, which supplies much of the needed data for the Travel Voucher. The Funding Organization Manager reviews the components of the Travel Voucher to confirm that the cost is reasonable and that the accounting code information is correct. If the Travel Voucher is correct, the Funding Organization Manager stamps the Travel Voucher to continue the routing process. If the Travel Voucher is not correct, the Funding Organization Manager may do one or two things: (1) edits the incorrect information and stamps the Travel Voucher to continue the routing process or (2) stamp it "RETURN" with an explanation in the remarks columns so that the traveler can correct any errors.

5. The Travel Office performs the last step of the Travel Voucher routing process before the data is picked up by the interface. If the Travel Voucher includes errors, the Travel Office stamps it "RETURN" for the Traveler to correct. Once the Travel Voucher is correct, the Travel Office stamps the document "DISBURSE," which marks the Travel Voucher as complete and locks it from future edits. After the Travel Voucher is stamped "DISBURSE," it is queued for batch processing and payment in SAP. Travel Voucher documents are batch processed four times a day and stamped "DATA LINK" once the batch run is complete. If there are errors in the Travel Voucher, the batch interface does not process the document. The interface generates a Run Status Report, which lists the failed documents with

accompanying error messages. The Travel Payment Processor reviews and corrects the failed documents.

6. After the travel vendor invoices are approved and entered into the system, the Vendor Payment Processor or the Travel Payment Processor will generate the payment proposal (schedule). The payment proposal/schedule is reviewed by the Accounts Payable Certification Processor and will instruct the Travel Payment Processor to make any adjustments. Once any adjustments are made, the travel vendor invoices are scheduled to be paid

E. Processing of HHS Invoices.

1. The Health & Human Services Processor (HHS Processor) handles all manual processes involved to create and maintain the grant recipient account, maintain vendor information and issue necessary letters to recipients. After the recipient account is established, the HHS data interfaces with SAP to update disbursements and costs at the line item level. The drawdown interface posts one drawdown per institution in SAP. SAP spreads drawdown amounts across appropriate outstanding grants or cooperative agreements for the institution. Drawdowns are distributed across all PO's for the recipient by relative PO percentage using the Agency defined algorithm (oldest money first).???

2. All SF272 data interfaces with SAP to automatically update and adjust costs and disbursements at the line item level. The HHS system sends actual amounts that will be spread by grant through the SF272 interface. When there are errors in the interface data, the HHS Processor will receive an error message report. It is the responsibility of the HHS Processor to access the errors, make the corrections and reprocess failed documents. LINK to detailed discussion on the grant process in the Grant and Single Audit Cycle memo.

F. Cash Disbursement Reviews, Approvals and Cash Disbursements.

The Cash Disbursement business process consists of two processes: the SAP transactional data process and the Secure Payment System (SPS) payment transmittal (to Treasury) process. Each process has its own approval and review procedures performed by different levels of management within the organization. The two procedures are detailed below.

1. SAP – Payment Proposal/Schedule Process. The Vendor Payment Processor or Travel Payment Processor pulls the detail payment proposal/schedule together for the check run. The Lead Vendor Payment Processor reviews the detailed payment proposal/schedule for accuracy. The Accounts Payable Certification Processor verifies the detailed payment proposal/schedule, prints the proposal to create and certify a payment for Treasury from SAP and forwards the detailed file to Treasury. The Accounts Payable Certification Processor also creates the summary schedule (Number of invoices, Total dollar value payments, control number) from data

obtained in SAP and forwards it to the Secure Payment System (SPS) Data Entry Operator.

2. SPS - Payment Proposal/ Schedule Certification Process.

Once the detailed payment proposal file has been forwarded, via SAP, to Treasury, the printed proposal needs to be certified and sent to Treasury. This certification function is performed by the SPS system. The SPS system must be accessed by one of the Security Administrators before any data can be input or certified. The SPS Data Entry Operator (SPSS Maintainer) inputs the summary payment proposal/schedule provided by the Accounts Payable Certification Processor into the SPS system.

3. After the data is entered, the summary payment proposal data is verified by one of the Certification Officers. The summary report is compared to the detailed payment proposal/schedule SAP file totals. Once the totals are verified, the Certification Officer certifies the data and submits the file to the Treasury. The Treasury will then compare the certified summary file with the detailed file sent from SAP. After the comparison is made, and assuming no errors were noted, the Treasury will send confirmation back to the Certification Officer once the file is processed for payment.

4. After the Treasury processes the file and confirms the payments, the confirmation will be posted into SAP by the Treasury interface. The Treasury confirmation is interfaced into SAP at the NASA Competency Center and then forwarded to the appropriate Center. The Center then verifies the confirmed data in SAP.

G. Account Relationships and the Automated Reconciliation Tool. To ensure the integrity of the data within general ledger, there are various account relationships that must remain in balance at all times. NASA Headquarters has identified ten relationships used to validate proper general ledger accounts postings. These relationships are part of the mandated month-end reconciliations performed by all Centers. Three of these account relationships pertain to the accounts payable and cash disbursements processes are identified below.

Equation	Relationship			Test
1	49X1	=	21XX +221X	Payables - ITD
2	49XX	=	6100.XXXX - 6100.8XXX + 6330.XXXX + 6400.XXXX	Budgetary to Proprietary - YTD
3	5700	=	6100 + 6330 + 6400 (Direct)	Funded Expenses - YTD

1. With the inception of this tool, the processes for identifying and fixing discrepancies have been standardized across the Agency. However equation 2, Budgetary Proprietary affects accounts payables when the payable is created, however it would be the cost accrual that is in error not an AP disbursement or invoice. Also,

funded expenses do not impact AP since they do not have an AP relationship. These reconciliations are performed by the SGL group.

2. Any issues are logged on standard error logs provided by the Competency Center. These logs are sent to the Competency Center where the discrepancies are investigated and the root causes are fixed. Competency Center actions must be reviewed and approved by the source Center, the Office of the Chief Financial Officer, and NASA Headquarters. Once the root cause is fixed, the Competency Center will either fix the problem entries, or return the errors to the source Center for correction.

H. Module-to-Module Reconciliation. The aim of the module-to-module reconciliation is to make sure that the postings in the general ledger accurately reflect or are equal to postings in the funds management module. In particular, the module-to-module reconciliation is concerned with comparing cumulative totals for the following budgetary classifications: authority, commitments, obligations, costs, and disbursements. The totals for these classifications are taken from the Funds Management module and compared to accounts 4610.2000 & 4590.0000, 4700.0000, 4801.0000, 4901.0000, and 4902.0000 respectively. The accounts payable and cash disbursement cycles are affected by the module-to-module reconciliations for costs and disbursements. This reconciliation is done on a monthly basis.

1. To make accurate comparisons between the FI module, as shown in the general ledger, and the funds management module, two reports are currently used. The FI data is gathered by running the GR55 – ZBW2 report for each of the accounts listed above. The FM data is gathered by using the ZNASAST5B report. Any discrepancies are investigated in SAP and reported with the Competency Center as service requests.

2. In the future, the module-to-module reconciliation will be automated through the account relationship reconciliation tool described above. The user will be able to get the total of the discrepancies for authority, commitments, obligations, costs, and disbursements. The user will also be able to drill down on the results by fund and fund center. Similar to the account relationship reconciliations, the user will log all errors into a spreadsheet and send the spreadsheet to the Competency Center. The Competency Center and the Office of the Chief Financial Officer (OCFO) will then be responsible for correcting both the root cause and erroneous transactions.

I. Final Accounts Payables Reconciliation. The final accounts payable reconciliation involves checking all general ledger accounts for improper balances. This check is completed on a monthly basis as part of the month-end procedures, to find incorrect postings in not just the accounts payable accounts but in all accounts. Currently, this is performed by the SGL group and incorrect transactions may/may not be identified until the account reaches an abnormal balance.

1. A trial balance by appropriation is reviewed to determine which account and appropriation combinations have abnormal balances. Abnormal balances will be investigated and each Center will fix transactional errors or submit service requests to the Competency Center.

070503. External Reporting. For accounts payable external reporting requirements, please refer to Volume 8, External Reporting.

0706 NASA ON-LINE QUICK REFERENCES (OLQR)

070601. The following URLs provide additional assistance:

A. OLQR website. Check the transaction listing for Federal securities. http://olqr-cf.ifmp.nasa.gov/robo/projects/sap_olqr_mission_control_sgl/Standard_General_Ledger_Job_Aids/SAP_Pro_Formas.htm

B. This document details the procedures for periodic review of financial activities. Specifically, Section 1.6.5, Review Abnormal Accounts Payable for SGL account 2110.1000. <http://www.hq.nasa.gov/fmm/docs/pd-03-0006.pdf>.

C. SAP On-line Quick Reference. This listing provides the transaction code that can be found in the current USSGL guidance. http://olqr::cf.ifmp.nasa.gov/robo/projects/sap%20olqr%20mission%20control%20sgl/Standard_General_Ledger_Job_Aids/Pro_Forma_Transaction_Listing.htm

D. SAP On-line Quick Reference. [http://olqrcf.ifmp.nasa.gov/robo/projects/sap%20olqr%20mission%20control%20sgl/Standard_General_Ledger_Job_Aids/Pro_Forma_Disbursements_and_Payables_\(B_series\).htm](http://olqrcf.ifmp.nasa.gov/robo/projects/sap%20olqr%20mission%20control%20sgl/Standard_General_Ledger_Job_Aids/Pro_Forma_Disbursements_and_Payables_(B_series).htm)

E. SAP On-line Quick Reference. http://olqrcf.ifmp.nasa.gov/robo/projects/sap%20olqr%20mission%20control%20sgl/Standard_General_Ledger_Job_Aids/Pro_Forma_-_Subject_Index.htm