CHAPTER 1

0101 INTRODUCTION TO THE FINANCIAL MANAGEMENT REQUIREMENTS (NFMR)

010101. Authority. The responsibility for the promulgation of the NASA Financial Management Requirements (NFMR) is delegated to the Agency Chief Financial Officer, NASA Headquarters by NASA Policy Directive (NPD) 1000.3_, The NASA Organization. Related assignments of responsibility for budgeting, accounting, reporting, fiscal operations and internal control are contained in the 1000 and 9000 series of the NASA Policy Directives (NPDs), and are referenced in the FMR when essential.

010102. Purpose and Applicability. The NFMR constitutes the Agency's official financial management policies. The NFMR communicates matters involving the financial management discipline under the purview of the Agency Chief Financial Officer, NASA Headquarters. The roles and responsibilities of the Agency Chief Financial Officer, NASA Headquarters, are enumerated in NPD 1000.3_. The provisions of the FMR are applicable to "NASA Centers". The term "NASA Centers" will be used throughout these Requirements, in conformity with NPD 1000.3_, to encompass NASA Headquarters and all field Centers and Component Facilities.

010103. Relationship to Issuances Systems of Regulatory Agencies. Regulatory agencies of the Federal Government issue financial budgeting, accounting, and reporting principles, policies, and procedures for the guidance of all agencies. Many of these issuances are mandatory in application; others are specific enough that they do not require special implementation to meet NASA's requirements. Maximum reliance will be placed upon these issuances and they will not be restated in the NFMR except when necessary to specifically implement policies or procedures or provide clarification.

010104. Basic Issuances and Changes. The NFMR will be issued electronically. Changes will be published as necessary. The NFMR exploits the capabilities of electronic research by providing extensive links to external web sites that hold financial policy guidance relevant to NASA operations. Publications of the Office of Management and Budget (OMB), General Accountability Office (GAO) and other external regulatory and advisory offices are linked throughout the NFMR. This enables the Agency to ensure the NFMR user is provided the most up-to-date guidance relevant to any given area of financial research.

010105. Interim Policy. If a policy is needed too urgently to await the reissue of an NFMR volume, the Agency OCFO issues the individual policy as an Interim Policy. Interim policy will be posted on the website, and incorporated into the appropriate NFMR volume when that volume is reissued.

010106. Summary of NFMR Volumes. The NFMR is organized to focus on specific areas of activity and expertise with which members of the NASA finance community must be familiar. The volumes are as follows:

A. Volume 1: Overview. This volume describes the NFMR's function and contents; the objectives of the financial management process - budgeting, accounting, and reporting; definitions of financial management terms; and vital record and emergency operations activities.

B. Volume 2: Information Systems and Requirements. This volume describes the ADP systems NASA uses to conduct financial management activities; and includes information on the standard reports that these systems generate.

C. Volume 3: RESERVED.

D. Volume 4: Budget Formulation. This volume describes how NASA builds the budget request to Congress and OMB.

E. Volume 5: Budget Execution. This volume describes how NASA uses its funds to conduct programs and how NASA maintains administrative control of these funds. The budget execution process for a given year continues until all potential expenditures from NASA obligations incurred in that year are recorded and liquidated.

F. Volume 6: Accounting. This volume describes the policies used throughout NASA's funding cycle to account for resources. Includes:

1. Budgetary accounting: This chapter describes the accounting for an appropriation through its entire life cycle, including apportionments, allocations, obligations, and outlays. The goal is to ensure that agencies use funds only for the purposes and within the time periods and amounts specified in the appropriation and apportionment, and do so in an economical, effective, accountable manner.

2. Proprietary accounting: This chapter describes the accounting for agency assets, use of those assets, agency liabilities, and agency net position. A major focus is Property, Plant, and Equipment (PP&E).

3. Cost Accounting: This chapter describes the accounting for the actual cost of government programs, including their related products, services, and activities, at a greater level of precision than is possible through budgetary, proprietary, or cash accounting. Cost accounting is a crucial step in both Performance Budgeting and Full Cost practices. Cost accounting is addressed in more detail in NFMR Volume 7.

4. Cash Accounting: This chapter describes the accounting for physical control of financial instruments: the mechanisms by which at a program or activity level NASA actually obtains and disburses money, as well as the Treasury's regular receipts and expenditures statements that record those actions. Also see NFMR Volume 15.

G. Volume 7: Cost. This volume describes cost accounting in more detail than in Volume 6. Includes components of direct and indirect costs under Full Cost accounting, including Corporate and Center G&A and Service Pools; how to assign

indirect costs to programs and projects; and requirements for timely, accurate recording of costs and accruals.

H. Volume 8: External Reporting. This volume describes the financial reports NASA prepares for external parties including the Treasury Department, OMB, and Congress. Includes use of the Treasury Department's Government-Wide Financial Reporting System (GFRS) and the Federal Agencies Centralized Trial-Balance System (FACTS I and II). Describes how to prepare NASA's Program and Financial (P&F) schedule and the Statement of Transactions (FMS Form 224), as well as all other required reports. Includes sample formats.

I. Volume 9: Internal Management Controls. This volume describes the internal controls NASA uses to protect its resources from fraud, waste, and abuse; strengthen the accuracy and reliability of accounting and operations data; ensure compliance with Federal laws and regulations and with NASA policy; and evaluate the efficiency of aspects or components of NASA.

J. Volume 10: Anti-Deficiency Act. This volume describes measures to ensure that NASA complies with the Anti-Deficiency Act, which prevents agencies from spending in excess of, or otherwise contrary to the financial stipulations of, their appropriations. Describes potential anti-deficiency risks as well as policies and procedures for reporting suspected anti-deficiency situations, investigating such situations, reporting violations, corrective action, disciplinary action, and anti-deficiency training. In the event of any appearance of conflict between this volume's provisions and the provisions of any other NFMR volume, this volume's provisions take precedence.

K. Volume 11: Payroll. This volume sets forth the general principles, standards, policies, and procedures that assure compliance with statutory and regulatory requirements for the pay, leave, and allowances of NASA employees.

L. Volume 12: Travel. This volume describes financial aspects of policies, regulations, and procedures governing NASA employees on official travel.

M. Volume 13: Contract Financial Management. This volume describes policy and procedures for the financial management of contracts. These include reviewing, certifying, and paying contractor vouchers, invoices, and other payment requests; processing and dispositioning contractor claims against NASA and determining waivers of claims for erroneous payments; and collecting debts contractors owe NASA.

N. Volume 14: Grant Financial Management. This volume describes policy and procedures for financial management of grants. Includes NASA's use of the Department of Health and Human Services' Payment Management System (DHSS\PMS) to transfer grant funds to recipients via letter of credit; administrative review, suspension, and termination of payments; and requirements for grant recipients.

O. Volume 15: Cash Management. This volume describes policies and processes for processing, recording, and reporting NASA's cash activities, i.e., collection, deposit, and disbursement, chiefly through electronic mechanisms; and for managing fund collections. Specifies fund transfer mechanisms, billing procedures, etc.

P. Volume 16: Reimbursable Agreements. This volume describes financial policies and procedures for reimbursable agreements. Includes policy vis-à-vis competition with the private sector; administrative procedures, including for Estimated Price Reports (EPR); advances from customers; billing and collection; financial reports; pricing for reimbursable agreements; and cost waivers.

Q. Volume 17: Working Capital Fund. This volume describes the Working Capital Fund (WCF) purpose and operation; specifies the composition and duties of the WCF corporate board; and describes WCF capitalization and depreciation processes, auditing processes, and financial statements.

R. Volume 18: Special Accounts and Funds. This volume describes accounting requirements for NASA accounts and funds other than the Agency's three primary appropriations. Includes General Fund Receipt Accounts, Clearing Accounts, Deposit Fund Accounts, Trust Funds, and Working Capital Funds.

S. Volume 19, Periodic Monitoring and Contorls Activities. This Volume sets forth policies for the periodic monitoring controls activities that are required to be performed by all NASA Centers for their associated Business Areas.

010107. Tables of Contents and Appendices. A Table of Contents is provided in the beginning of each Volume to assist in locating specific information contained therein. Appendices are provided, where appropriate, to demonstrate procedures, coding, computations, rates, formats, etc. Rates used in appendices may or may not reflect what is current.

010108. Distribution. The basic issuance and all changes to the Financial Management Requirements will be available online, at the following Internet address: http://www.nasa.gov/offices/ocfo/references/ocfo_fmr_detail.html. If problems are experienced in connecting to the web site or online capability is not available, contact your computer support staff. If the computer support staff can not resolve the problem contact the Center Deputy Chief Financial Officer (Finance) for assistance.

010109. Questions and Comments. Questions and comments concerning the content of the NFMR, and requests for revision, exception, and additional coverage, will be referred to the Director, Policy and Business Integration, OCFO, NASA Headquarters.

010110. Related NASA Directives. The following NASA directives are referenced throughout the manual. The NASA Online Directives Information System (NODIS), at http://nodis3.gsfc.nasa.gov/, should be consulted for the latest version of each issuance.

A. Principles and General Policies

1. NPD 1000.3_ The NASA Organization

2. NPR 5100.4_ Federal Acquisition Regulation Supplement (NASA/FAR Supplement)

3. NPD 9050.1_ Official Representational Fund

4. NPD 9050.3_ Administrative Control of Appropriations and Funds

5. NPD 9080.1_ Review, Approval, and Impositions of User Charges

6. NPR 9501.2_ NASA Contractor Financial Management Reporting

7. NPD 9501.1_ NASA Contractor Financial Management Reporting System

B. Financial Reports

1. NPD 9310.1_ Delegation of Authority - To Make the Certification for and to Submit the Certification of Obligations Report

2. NPD 9380.1_ NASA Transactions Affecting the International Balance of Payments

C. Fiscal Operations

1. NPD 9630.3_ Delegation of Authority - To Render Advice on Questions Involving the Propriety of Certain Payments

2. NPR 9645.2_ Delegation of Authority -To Waive Claims for Erroneous Payment of Pay and Allowances, Travel, Transportation, and Relocation Expenses and Allowances

D. NASA Travel Regulations

1. NPD 9710.10 Delegation of Authority - To Authorize or Approve Travel on Official Business and Related Matters.