

**APPENDIX A**

**QUALITY ASSURANCE PROCEDURES**

**A. NASA HELD REAL PROPERTY.**

These processes only apply to NASA Held Real Property. See NFMR, Volume 6, Chapter 4, Section 0409 “NASA Property in the Custody of Contractors and Under Grants and Cooperative Agreements” for processes related to Contractor Held Real Property.

1. On a monthly basis, a property accountant shall:

a. Enter a journal voucher for the costs to be recorded in the accounting system (SAP) for the Work Breakdown Structure (WBS) (or contract) for real property projects to be capitalized.

b. Enter a journal voucher for the NF 1045 vouchers (NASA Real Property Transaction Voucher(s)) received from the Real Property Accountable Officer. The accountant shall:

1) Ensure that any transaction to be capitalized is in accordance with NFMR, Volume 6, 040601. If a transaction should not be capitalized, the accountant will inform the matter to the real property office and advice to flag the item as “non capital” in the real property database.

2) Confirm that amounts on the voucher agree with costs recorded in the general ledger for that project WBS. If they do not agree, the accountant shall document and retain an explanation of the variance.

3) Remove amounts previously capitalized as WIP for the capitalized project. (Note: If current year costs plus amounts previously capitalized as WIP are less than the total amount to be capitalized, the accountant will record a prior period adjustment (SGL account 7400.3730), document the reason for the adjustment and provide a written explanation to NASA Headquarters, Office of the CFO, Property Branch.

c. Run the FBL3N or other appropriate SAP Query for G/L accounts 6100.3200 – 6100.3299 for the current month, to determine if any projects have incurred expenses not identified by the project office which should be capitalized. (Note: if any expenses were recorded to the wrong account number, e-mail or hardcopy notification shall be provided to the appropriate Center individual. A copy of these communications shall be retained.)

d. Submit to NASA Headquarters, Office of the CFO, Property Branch, a listing of all real property transactions posted to the general ledger.

e. At the end of each month, the Center DCFO (F) must submit a monthly certification that Quality Assurance processes were performed.

2. At the end of each quarter, a property accountant shall meet with the Real Property Accountable Officer or other responsible individual and document:

a. Which projects will be complete by the end of the quarter, and thus will be capitalized at that time;

b. Any new projects, their Work Breakdown Structure (or Contract Number), estimated value which will be capitalized and estimated completion date;

c. A status update of any on-going projects to identify changes in estimated value and completion date and obtain the Real Property Accountable Officer's validation of amounts recorded as work in progress for these on-going projects.

3. At the end of the quarter, a property accountant shall run the Capitalization Reconciliation Report from the NASA Real Property Database (<http://facility.hq.nasa.gov/NRPDB>) and reconcile the balances to the SAP Trial Balance for Fund HSFP01995D for real property accounts.

4. Additional quality control procedures can be found in the "Periodic Monitoring and Controls Performed by Centers" at the following web page: <http://www.hq.nasa.gov/fmm/docs/pd-03-0006.pdf>.

**B. NASA-OWNED AND HELD MATERIALS**

1. Monthly, a property accountant shall reconcile data in the general ledger materials and supplies accounts with that in the Logistics System. If the data do not agree, the accountant shall document a variance explanation. If amounts in the logistics system need to be corrected, email or hardcopy shall be provided to the appropriate Center individual to correct the amounts. These communications shall be retained until correct has been verified.

2. Monthly, the property accountant shall submit, to NASA Headquarters, Office of the CFO, Property Branch, the current monthly reconciliation (with supporting documentation) of the general ledger materials and supplies accounts with the Logistics System. If the data do not agree, a documented variance explanation shall be included in the submission to NASA Headquarters.

3. Each month, a certification, signed by the DCFO (F), shall be submitted to NASA HQ, Office of the CFO, Property Branch, that the quality assurance procedures outlined above in Steps A. and B. were completed.

4. If reconciling items were noted in Step b. above prepare corrective journal vouchers to adjust the appropriate accounts and post the journal vouchers in a timely manner.

5. Additional quality control procedures can be found in the “Periodic Monitoring and Controls Performed by Centers” at the following web page: <http://www.hq.nasa.gov/fmm/docs/pd-03-0006.pdf>.

**C. NASA-OWNED AND HELD EQUIPMENT**

1. Monthly, a property accountant shall enter a journal voucher in the accounting system (SAP) based on the Monthly NEMS Report of Transactions to Record. The accountant shall analyze the backup documentation from the SEMO to validate NEMS information to be recorded.

a. The amounts shown on the NEMS report for new acquisitions should agree with costs recorded in the general ledger for those transactions. If amounts do not agree, variance explanations shall be documented.

b. If the equipment item is for a capital lease (based on the review of the documentation), the item shall be recorded as specified in NFMR Volume 6, 0412 and e-mail or hardcopy notification shall be provided to the appropriate Center individual to correct NEMS. These communications shall be retained until correction has been verified.

c. Any transactions on the NEMS report which originally occurred in a previous fiscal year (i.e. Found on Station) shall be recorded as prior period adjustments with a debit or credit to 7400.3730. Reasons for adjustment shall be documented and a copy provided to NASA Headquarters, Office of the CFO, Property Branch.

d. A listing of equipment transactions recorded during the month in the general ledger shall be provided to NASA Headquarters, Office of the CFO, Property Branch.

2. A property accountant shall run the FBL3N SAP Query for G/L account 6100.3100 (for transactions over \$100,000) for the current month to determine if any transactions not identified in NEMS should be capitalized. If any expenses were recorded to the wrong account number, e-mail or hardcopy notification shall be provided to the appropriate Center individual. These communications shall be retained until correction has been verified.

3. A property accountant shall review transfer documents received during the month and confirm that they were properly recorded in the general ledger. If any transactions were not properly recorded, e-mail or hardcopy notification shall be provided to, the appropriate Center individual at your center. These communications shall be retained until correction has been verified.

4. At the end of each month a the property accountant shall meet with the Center, Supply and Equipment Management Officer (SEMO) to determine if any items have been received but are not yet tagged in NEMS. The accountant shall ensure that any untagged items, meeting NASA's capitalization criteria, are appropriately recorded in the general ledger.

5. At the end of each month a property accountant shall complete reconciliation between data shown on a NEMS query of items active with that recorded in the general ledger under Fund HSFP01995D for the equipment account 1750.0100.

6. Additional quality control procedures can be found in the "Periodic Monitoring and Controls Performed by Centers" at the following web page: <http://www.hq.nasa.gov/fmm/docs/pd-03-0006.pdf>.

7. At the end of each month the Center must submit a monthly certification that Quality Assurance process were performed.

**D. NASA PROPERTY IN THE CUSTODY OF CONTRACTORS AND UNDER GRANTS AND COOPERATIVE AGREEMENTS**

1. Monthly a Center Property Accountant will:

a. Review and validate the information submitted by the contractor in CHATS using the validation checklist as prescribed in NFMR, Volume 6, Chapter 4, Appendix C. Any large transfers, fluctuations of 10% or of \$10 million or greater, and anomalies will require follow-up with the reporting contractor.

b. Submit their Monthly contract validations sheet so that Headquarters is aware of any delinquency and errors that may exist in reporting in CHATS.

c. Submit a Center Matrix to the Headquarters OCFO Property Branch detailing all new acquisitions and deletions to facilitate the depreciation process.

d. Submit a Transfer Matrix to the Headquarters OCFO Property Branch detailing items transferred to and from their Center. Headquarters will then follow up to make sure those transfers are recorded in an accurate and timely fashion.

e. Consolidate all transactions that have occurred for both PP&E and Real Property to produce monthly journal vouchers. Once completed, Centers will send Journal Vouchers (JVs) to the Headquarters OCFO Property Branch for review.

f. Upon receiving approval from the Headquarters OCFO Property Branch, post the journal voucher in SAP.

g. Forward the SAP document number to the Headquarters OCFO Property Branch.

2. Monthly a Headquarters OCFO Property Branch Accountant will:

a. Monitor the progress of the Decentralization Plan creating a matrix reflecting the accuracy and timeliness of the Centers reporting which will be updated monthly.

b. Maintain a matrix of delinquent reports and errors in reporting to populate Risk Matrix used to select contracts to be reviewed by Defense Contract Audit Agency (DCAA).

c. Review, validate, and approve the Center-prepared journal voucher and return the JVs to Center for posting.

d. Confirm that the JVs were posted correctly and that general ledger ending balances are reflective of the supporting documentation.

e. Process Monthly Materials Reclassification, reclassifying all Materials over 100K that goes into an end item such Shuttle, ISS, or Hubble. Headquarters will post the Reclass JV before the period closes for previous month.

3. Quarterly, NASA Headquarters, Property Branch will develop a schedule for periodic review of key contractor's NF 1018 data and related critical policies and procedures.

4. Annually, a Headquarters OCFO Property Branch accountant will:

a. Review Centers' validation check lists annually as prescribed in NFMR Volume 6, Chapter 4, appendix XX.

b. Prepare the year-end estimates and submit them to the respective COTRS for their review.

c. Revise estimates based upon information received from COTRS.

d. Post CHATS estimate JV in SAP.

e. Reverse CHATS estimate JV and record actuals based upon contractor-submitted data for the prior fiscal year-end month. ie., September.

5. Additional quality control procedures can be found in the "Periodic Monitoring and Controls Performed by Centers" at the following web page: <http://www.hq.nasa.gov/fmm/docs/pd-03-0006.pdf>.

6. On a quarterly basis, the OCFO Property Branch prepares a journal voucher based on the monthly submissions from all Centers. The information used to prepare the journal vouchers is validated by the Center Property Accountants through monthly discussions with the Project managers prior to submission to HQ.

**E. LEASED PROPERTY**

1. Monthly a property accountant shall:

a. Prepare and post a journal voucher based on the Monthly NEMS Report of Transactions to Record. The accountant shall analyze backup documentation provided by the SEMO to validate NEMS information to be recorded in the general ledger.

b. Amounts shown for new acquisitions should agree with the costs recorded in the general ledger for those transactions. If the amounts do not agree, a variance explanation shall be documented.

c. If any items recorded in NEMS as acquisitions (not capital leases) should be retagged as capital leases (based on review of the documentation), they shall be recorded as specified in NFMR, Volume 6, 041003, and e-mail or hardcopy notification shall be provided to the appropriate Center individual to correct NEMS. These communications shall be retained until correction has been verified.

d. Any transactions on the NEMS report which originally occurred in a previous fiscal year (i.e., Found on Station) shall be recorded as prior period adjustments with a debit or credit to 7400.3730. The reason(s) for adjustment shall be documented and a copy provided to NASA Headquarters, Office of the CFO, Property Branch.

e. The accountant shall run the FBL3N SAP Query for G/L accounts 6100.2321 and 6100.2330 for the current month to determine if any transactions not identified in NEMS, should be capitalized. If any expenses were recorded to the wrong account number, e-mail or hardcopy notification shall be provided to the appropriate Center individual for action. These communications shall be retained until correction has been verified.

2. Quarterly, a property accountant shall:

a. Meet with the Center, Supply and Equipment Management Officer (SEMO) to determine if there are any items received but are not yet tagged in NEMS. The accountant shall ensure that any untagged items, meeting NASA's capitalization criteria, are appropriately recorded in the general ledger.

b. Complete a reconciliation between the data shown on a NEMS query of items active with the data recorded in the general ledger under Fund HSFP01995D for the account 1810.0000, Assets Under Capital Lease.

c. Verify that the ending balance of 2940.000, Capital Lease Liability, equals the previous quarter's ending balance less payments made, plus new leases entered during the quarter.

d. Distribute a data call to the SEMO and Real Property Accountable Officer to request appropriate information for all leases where NASA is the lessee or the lessor. The accountant shall submit a copy of this listing to the NASA Headquarters, Office of the CFO, Property Branch with copies of any new agreements after validating the information as follows: 1) Compare agreement terms with information provided by the SEMO and Real Property Accountable Officer; 2) Identify any additional leases by running the In/Out Grant Report in the NASA Real Property Database and the FBLN3N (for the reporting quarter) SAP Query outlined above.

3. Additional quality control procedures can be found in the "Periodic Monitoring and Controls Performed by Centers" at the following web page: <http://www.hq.nasa.gov/fmm/docs/pd-03-0006.pdf>.

#### **F. SOFTWARE**

1. On a quarterly basis, the OCFO Property Branch prepares journal voucher based on the monthly submissions from all centers. The information used to prepare the journal vouchers is validated by the Center Property Accountants through monthly discussions with the Project Managers prior to submission to HQ.

2. Data received from the CIO and program offices is validated through review of supporting documentation and accounting system queries.

3. Additional quality control procedures can be found in the "Periodic Monitoring and Controls Performed by Centers" at the following web page: <http://www.hq.nasa.gov/fmm/docs/pd-03-0006.pdf>.

#### **G. THEME ASSETS**

1. Quality control procedures can be found in the "Periodic Monitoring and Controls Performed by Centers" at the following web page: <http://www.hq.nasa.gov/fmm/docs/pd-03-0006.pdf> and NASA Theme Assets Accounting Capitalization Desk Guide.