

**COST**

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**CHAPTER 1**  
**INTRODUCTION**

0101 INTRODUCTION

010101. Purpose. This Volume provides guidance on National Aeronautics and Space Administration (NASA) cost accounting and full cost policies, procedures, and responsibilities.

010102. Organization. The sections of the Volume address the cost from differing perspectives. Full Cost sections deal with costs as direct and indirect and discusses their components. The Cost Assignment section deals with the assignment of indirect costs to final cost objects, NASA programs and projects. The Recording Costs and Accruals section addresses requirements for complete and timely recording of cost as individual transactions.

**CHAPTER 2**  
**AUTHORITY**

0201 AUTHORITY

020101. P.L. 101-576, [The Chief Financial Officers Act of 1990](#)

020102. P.L. 103-62, [The Government Performance and Results Act \(GPRA\) of 1993](#)

020103. P.L. 97-255, The Federal Managers Financial Integrity Act of 1982

020104. Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) Number 4 "Managerial Cost Accounting Concepts and Standards for the Federal Government" [[SFFAS 4](#)]

020105. P.L. 103-356, [The Government Management and Reform Act](#) of 1994

020106. P.L., 104-208, Federal Financial Management Improvement Act of 1996

020107. 31 USC 3512(e), Executive Agency Accounting and other Financial Management Reports and Plans

**CHAPTER 3**  
**DEFINITIONS**

0301 DEFINITIONS

030101. Center General & Administrative (G&A). The costs of Center activities such as the Center Director and his immediate staff, Center Management, Center Operations and Systems Management, will be managed through a Center G&A pool and allocated to individual projects based upon on-site workforce.

030102. Cost. Cost is the monetary value of resources used or sacrificed, or liabilities incurred to achieve an objective, such as to acquire or produce a good or to perform an activity or service. Costs incurred may benefit current and future periods. In financial accounting and reporting, the costs that apply to an entity's operations for the current accounting period are recognized as expenses of that period unless resulting in a capitalized asset.

030103. Corporate G&A. The costs of Headquarters activities such as the Administrator and his immediate staff, Mission Directorate management, Headquarters Operations management and Functional management will be managed through a Corporate G&A pool and allocated to individual projects, including Corporate G&A activities implemented and managed by the Centers on behalf of the Agency.

030104. Cost Objective. A cost object or cost objective is an activity, output, or item whose cost is to be measured. In a broad sense, a cost object can be an organizational unit, a function, task, product, service, or customer. The basic cost objective will be a single program or project.

030105. Direct Costs. Direct costs are costs obviously or physically related to a project at the time they are incurred and are subject to the influence of the project manager. Examples include contractor-supplied hardware/software and project labor, whether provided by Civil Service or contractor employees.

030106. Expenditure. A term generally used interchangeably with disbursement. An expenditure/disbursement is a payment to an individual or organization for goods furnished or services rendered that liquidates an obligation.

030107. Expense. Expense is the outflow or other use of resources or incurring of liabilities (or a combination of both), the benefits from which apply to an entity's operations for the current accounting period, but do not extend to future periods.

030108. General and Administrative (G&A) Costs. G&A costs are support costs that cannot be directly related or traced to a specific project in an economical manner, but benefit all activities. Such costs are allocated to a project based on a reasonable, consistent basis. Examples of G&A costs include costs associated with financial management, procurement,

security, and legal activities. Functions included in G&A costs are listed in Appendix 1 to this Chapter.

030109. Indirect Cost. Costs that cannot be specifically or immediately identified to a project, but can subsequently be traced or linked to a project and are assigned based on usage or consumption. The three main groups of indirect costs are Corporate G&A, Center G&A and Service pool costs.

030110. Project. A NASA project is defined as an element of a program that is separately managed, separately budgeted, and uniquely identified within the NASA budgeting and accounting system. Further, a project is generally the lowest level at which a performing Center will budget and account for its direct costs and service costs, and to which it allocates its G&A cost.

030111. Program. A program represents one or more projects that address a common theme or higher-level priority activity within NASA.

030112. Service Pools. Service pools, also known as service accounts, are an accumulation of similar costs and cost types that are distributed to projects by an assignment or allocation methodology that best represents the types of costs in the pools.

030113. Service Pool Costs. Service pool costs are costs that cannot be specifically and immediately identified to a project, but can be subsequently traced or linked to a project and assigned based on usage or consumption. Service pool costs will be “charged” or assigned to a project based on project-controlled use of the service. Examples of service pool costs include information technology and fabrication.

**CHAPTER 4**  
**FULL COST CONCEPTS**

0401 FULL COST CONCEPTS040101. Full Cost

A. NASA's "full cost" policy integrates several fundamental accounting, budgeting, and management concepts. These include: accounting for costs as direct, service pool, and general and administrative (G&A) costs, budgeting for full project costs, and managing projects from a full cost perspective. Direct costs are costs that can be obviously and/or physically linked to a particular project, service costs are costs that cannot be readily or immediately linked to a project but can be subsequently traced to a project, and G&A costs are support costs that cannot be linked to any specific project in an economical manner. Under full cost practices, service costs will be "charged" or assigned to a project based on project-controlled use of the service pool; and G&A costs will be allocated to projects in a consistent, logical manner based on a methodology that relates G&A costs to projects. Under full cost management, project managers are expected to control direct costs (procurements, all other direct costs, civil service labor and travel) and to have significant control or influence over service pool and G&A costs. NASA's full cost policy supports "full disclosure" related to NASA activities and improves matching of costs with performance. The full cost concept is consistent with sound business practice and legal and administrative guidance, including the Chief Financial Officers Act, Government Performance and Results Act, and Federal Financial Management Improvement Act.

B. The basic NASA cost objective is typically a single program (the Agency level "full cost project" since this is the level at which Corporate G&A is applied. The term "program" will be used to represent NASA's final cost objective. The term "project" will be used to represent the Center's final cost objective. A NASA project is defined as an element of a program that is separately managed, separately budgeted, and uniquely identified within the NASA budgeting and accounting system. A project is generally the lowest level at which a performing Center will budget and account for its direct and service costs, and allocates its G&A cost. Therefore, all costs are tied to or associated with NASA's programs. Cost will also be accumulated at the program, budget line item, Center, Mission Directorate, and Agency level.

C. NASA's full cost concept is based on the tenet that the cost effectiveness of purchase and other decisions is improved when the actual customer of a produced item or service is given responsibility and authority, to the extent possible, for choosing the source of the item or service, while being directly accountable for the use of the funds needed to make the purchase. In this way, the detailed knowledge of the customer regarding what he or she needs and can afford is linked to the decision process. Therefore, under the full cost concept, the cost of government-managed capabilities that could be assigned or assessed to a project will need to be reviewed with the responsible project managers, or individuals representing such managers, prior to key decisions and during cost pool/budget formulation.

D. The full cost concept increases the relationship or linkage between supplier and customer demand. Services not in demand by customers may be unnecessary institutional capabilities and or capabilities better supplied by nongovernmental sources . Decisions on such issues could help streamline institutional capabilities NASA has typically managed in favor of lower cost alternatives from outside the Agency or government.

040102. Management Advantages. A number of management advantages are derived from the use of full cost information. These include:

A. Improved, cost effective mission performance through the use of better information for plans, decisions, and disclosure;

B. Strengthened ties between NASA's missions, its programs and projects, and its budget requests;

C. Obtaining maximum program content within constrained budgets;

D. Providing an effective tool for project managers to better manage;

E. Consistency and compliance with sound business practice;

F. Compliance with recent legislative and administrative guidance, including the Chief Financial Officers Act, the Government Performance and Results Act, and the Federal Financial Management Improvement Act of 1996.

**CHAPTER 5**  
**ROLES AND RESPONSIBILITIES**

0501 ROLES AND RESPONSIBILITIES

050101. Agency Management

A. The Chief Financial Officer (CFO) shall:

1. Establish overall policy on accounting for full cost of operations.
2. Provide overall strategic direction on full cost accounting.
3. Establish and coordinate the Corporate G&A allocation process.

B. Headquarters Functional Offices. Headquarters Functional Offices shall Manage Corporate G&A functions.

050102. Mission Directorate Management

A. Mission Directorate Theme Managers shall:

1. Develop, approve, and promote programs and projects using full cost principles and standards, including budget formulation and execution.

2. Include an Institutional Program Office (IPO) role. The IPO focuses on Center institutional matters and performs an integration and coordination function where a Center supports multiple Mission Directorates.

B. Mission Directorate Program Managers shall:

1. Plan and review all program costs. Each program will be reviewed from a full cost perspective, complete with contracted effort, Civil Service, service activity and G&A costs.

2. Review programs using full cost principles and standards, including direct, service pool and G&A costs.

3. Prepare and maintain the full cost program budget, including all associated service pool and G&A costs.

050103. Center Management

A. Center Director shall:

1. Develop and implement necessary organizational mechanisms to assist the Center CFO in providing guidance and oversight for service and G&A pool activities.
2. Appoint a manager, as necessary, for each service activity and/or G&A pool.
3. Determine the number of service activities, as well as the content and funding levels of each activity.
4. Determine the cost assignment method to be used for each service activity. Each cost assignment method shall result from measurements, which can be used to reasonably relate service use with costs.
5. Provide full cost management and technical capabilities necessary to fulfill the objectives of the full cost initiative.

B. Center CFOs shall:

1. Provide written requests to the Agency CFO for any deviations (additions or deletions), including sub-pool definition, from the designated standard service pools each year, prior to Program Operating Plan (POP) submission.
2. Distribute funds among Center cost elements/commitment items and establish funds control. The Center CFO may have to work with projects, service pools, and G&A organizations and other organizations to ensure funds are appropriately set up in the Core Financial module of the Integrated Financial Management system.
3. Direct the overall cost assessment process at the Center, ensuring that all indirect costs are collected and assigned properly to direct programs and projects.

C. Center Project Managers shall:

1. Plan and review all program costs. Each program will be reviewed from a full cost perspective; complete with procurements, all other direct costs, Civil Service labor, service pool costs, and Center G&A costs.
2. Plan and manage all labor and non-labor costs associated with the program.
3. Monitor actual program costs against planning levels contained within the Center's operating plan.
4. Develop work breakdown structures.

D. Center Project Managers shall:

1. Provide day-to-day oversight and primary responsibility for managing a project under full cost.
2. Monitor actual project costs against planning levels contained within the project plan.
3. Plan and manage all labor and non-labor costs associated with the project.
4. Develop a full cost budget for all project elements, including Civil Service labor costs, direct project contracted effort, other direct costs, support provided via service pool and G&A costs.
5. Advise management of major schedule and cost problems and workarounds.

E. Center Service Pool Managers shall:

1. Ensure adequate funds are set up through the Center CFO for labor, travel, and procurement costs in a manner consistent with the approved service pool budget. Notify the Center CFO of any changes among cost elements.
2. Provide technical content oversight (including contract management), budgeting, and assignment of service pool activity costs
3. Plan and manage labor and non-labor costs associated with the service pools
4. Monitor actual service pool costs against planning levels contained within the Center's operating plan
5. Update and maintain service pool operating plans
6. Manage Rate Adjustments

F. Center G&A Manager shall:

1. Ensure adequate funds are set up through the Center CFO for labor, travel, and procurement costs in a manner consistent with the approved G&A budget. Notify the Center CFO of any changes among cost elements.
2. Monitor actual G&A costs against the planned budget levels contained within the Center's operating plan. This includes regular explanations of variances to the Center CFO and Center management.

3. Update and maintain G&A operating plans.
4. Manage G&A rates.

**CHAPTER 6**  
**ELEMENTS OF FULL COST**

0601 ELEMENTS OF FULL COST

060101. Full Cost

A. A project’s costs for procurements, Civil Service labor, and travel are all considered direct costs to that project. Indirect costs of a project include Service Pools and Center G&A. All indirect costs incurred by NASA must be assessed back to the projects. The full costs of projects within any given operating year are represented by the sum of the direct costs and indirect costs.

B Total Program/Project Cost. The full cost of a project is the sum of direct costs, service pool costs, and G&A costs associated with the project. There are six basic types of cost identified to a project. These costs can be classified into two major categories.

Direct Costs	Indirect Costs
Procurements	Service Pool Costs
Civil Service Labor	Center G&A
Travel	Corporate G&A

Table 6-1, Cost Classification

060102. Direct Cost. Direct costs are costs that are obviously and/or physically related to a project at the time they are incurred and are subject to the influence of the project manager. Examples of direct costs include contractor-supplied hardware and project labor, whether provided by Civil Service or contractor employees.

060103. Indirect Costs. Costs that cannot be specifically and immediately identified to a project, but can subsequently be traced or linked to a project and are assigned based on usage or consumption. The three main groups of indirect costs are:

- A. Service pool costs
- B. Center G&A
- C. Corporate G&A

060104. Corporate G&A Costs

A. Corporate G&A cost will include all indirect program/project, non-service pool, and non-Center G&A costs that occur. Program/project budgets will be reduced for the Corporate G&A costs prior to distribution to the Centers. Therefore, these costs are not controllable at the Center level. Additional Corporate G&A costs are incurred at the Centers, but are assessed to the Agency Level prior to assessment back to the Agency Program Level.

B. Corporate G&A Rate

1. The Corporate G&A rate is calculated as follows.

$\text{Corporate G\&A Rate} = \frac{\text{Total Corporate G\&A Costs (\$)}}{\text{Total Project BA (\$)}}$
--

Figure 6.2, Corporate G&A Rate Formula

\* Total Project BA is the sum of a new budget authority (BA) for all direct cost elements for Projects (procurements, Civil Service salaries and benefits, and travel plus service pool costs . Center and Corporate G&A are not included in the total agency BA.

2. Allocation of Corporate G&A will occur on a monthly basis. Corporate G&A costs are allocated to projects based on each project's proportion of total Agency project dollars. Allocation of Corporate G&A will be made at the level of the program Work Breakdown Structure (WBS). The Corporate G&A assessment cycle assesses accrued Corporate G&A costs only to the direct fund centers that contributed direct budgetary resources to the Corporate G&A pool. Each period's assessments in turn are based on fund centers' proportional contributions to the cumulative budgetary resource level in the Corporate G&A pool (where only fund centers that contributed receive a share of the period's assessment). Allocation of Corporate G&A will occur on a monthly basis.

3. NASA Headquarters, Office of the CFO, will issue the Corporate G&A rate via memorandum to the Centers' CFOs and Deputy CFO for use in developing and charging external customers through reimbursable orders. This memorandum will be issued on an annual basis.

4. Centers may not incur obligations or process offsets against Corporate G&A collected from customers. Collections for Corporate G&A must be forwarded to NASA Headquarters, Office of Institutions and Management. When advance payments are received for reimbursable work, the Corporate G&A cost pool will be funded in advance before work commences. If no advance payment is received, the Corporate G&A cost pool will receive funding once NASA has been reimbursed for work performed.

5. Waivers of Corporate G&A must be approved by NASA Headquarters, Headquarters Operations.

C. Corporate G&A Rate Formulation Example

Total Corporate G&A Costs (\$)		Total Agency BA (\$)	
Corporate Management	\$300M	Project 1	\$40M
Chief Engineer	\$80M	Project 2	\$95M
Agency Operations	\$190M	Project 3	\$25M
Corporate Security	\$100 M	Project 4	\$30 M
Other Items	\$70 M	Other projects	\$13,358 M
<b>Total Corporate G&amp;A</b>	<b>\$740M</b>	<b>Total Agency BA</b>	<b>\$13,548 M</b>

Corporate G&A Rate =	Total Corporate G&A Costs (\$740M)	x	100	=	5.5%
	Total Agency BA (\$13,548M)				

Allocate Corporate G&A Costs to Project A			
	Corporate G&A Rate (%)	Project BA (\$)	
Project 1	5.5%	x \$40M	= \$2.2M

Figure 6.3 Calculation of Corporate G&A

060105. Construction of Facilities (CoF) Costs

A The CoF program is currently funded using both institutional and programs funds at all NASA location.

B. Program/project budgets will be reduced for the institutional CoF costs prior to distribution to the Centers.

C Cost is determined by the actual contract amount awarded for the project and is recognized based on contractor billings as work is performed. Cost categories include labor, materials, travel, overhead, and Supervision, Inspection, and Engineering Services (SIES).

D. The CoF costs will be allocated utilizing the same methodology as Corporate G&A.

E. Service pool reports that will provide information regarding CoF cost assessed to Center projects are available on-line at <http://olqr-cf.ifmp.nasa.gov>.

060106. Center G&A Costs

A. Center G&A

1. The costs of many Center activities, such as the Center Director and his or her immediate staff, Center Management, Center Operations and Systems Management, will be managed through a Center pool and allocated to individual projects. Center G&A includes all general and administrative activities required to operate and maintain a Center regardless of programs and projects carried out at the Center. Center G&A support costs include civil service personnel and travel, support service contracts, supplies, equipment, and other goods and services necessary to carry out the general and administrative functions of the

Center. Center G&A costs will be allocated to projects based upon on-site workforce, i.e., Work Force Equivalents (WFEs), which includes on-site civil servant Full-Time Equivalents (FTEs) and contractor Work Year Equivalents (WYEs). The term “on-site” as used here, includes situations where the Center CFO, with approval of the Center Director, designates personnel located outside the gate as “on-site” because a significant amount of Center G&A services are utilized by that program, project or organization. A list of Center G&A functions is provided in Appendix 1, of this volume.

2. Center G&A will be funded through budget transfers from fund centers in order for service pools to perform their services. The budget funds transferred to Center G&A will remain in the pools unless agreed by the Center G&A Manager or Center Director.

3. If a program/project receives approval for any reason to discontinue receiving assessments from Center G&A, the program/project will still be required to pay termination costs. G&A costs will, at a minimum, be required at planned levels for the duration of the operating year.

B. Center G&A Rate

1. The Center G&A rate is calculated as follows.

$\text{Center G\&A Rate} = \frac{\text{Total Center G\&A Costs (\$)}}{\text{Total Center Onsite Direct + Service Pool Work Force Equivalents (WFE)*}}$
--

\* WFE equals the sum of all on-site Center program/project staff Civil Service Full Time Equivalents (FTE) plus the entire Center service pool workforce required to support the program/ WFE is the sum of all Civil Service FTE's excluding Center G&A FTE's plus the contractor WYE's.

Figure 6-4, Center G&A Rate Formula

2. Allocation of Center G&A will occur on a monthly basis. Center G&A costs are allocated to projects based WFE's. WFE equals the sum of all the center program/project staff Civil Service Full Time Equivalents (FTE) plus the entire center service pool workforce required to support the program/projects (FTE) and contractor Work Years Equivalents (WYE). Center G&A must be allocated to the project level WBSs (Level 1).

Total Center G&A Costs (\$)		Total Number of Onsite WFEs	
Salaries/Benefits	\$20M	Project A	130 WFEs
Center Management	\$10M	Project B	20 WFEs
Security	\$2 M	Program 1	18 WFEs
S&MA	\$8 M	Program 2	12 WFEs
Other Items	\$8 M	Other programs/projects	1020 WFEs
<b>Total Center G&amp;A</b>	<b>\$48M</b>	<b>Total Onsite WFE</b>	<b>1200 WFEs</b>

Center G&A Rate					Total Center G&A Costs \$ 48 M
\$40,000 per WFE	=	$\frac{\text{Total Center Onsite Direct + Service Pool Work Force Equivalents (WFE)*}}{1200}$			

Allocate Center G&A Costs to Project A			
	Center G&A Rate	Onsite WFE	
Project A	\$0.040 M/WFE	x 130	= \$5.2M

Figure 6-5, Center G&A Calculation

3. It will be necessary throughout the operating year for each Center to review expenditures and revenues of each Center G&A sub-pool against the remaining current operating year’s requirements in order to determine if all costs of the sub-pool will be adequately recovered through assessments from the customers (projects) based on current rate. Variances in projected sub-pool spending may require adjustments to the rates being used to assess cost to programs/projects.

4. Accurate and complete reporting on a monthly basis is the standard practice for NASA. Agency, Mission Directorate, and Center management will utilize Erasmus reporting monthly to assess the overall health of development projects. In order for this information to be complete and timely, all NASA elements (projects, service pools, Center G&A and Corporate G&A) must submit and maintain financial data every month. Projects and sub-pools are required to record and manage all direct costs in the Core Financial (CF) module of the Integrated Financial Management (IFM) system while tracking all costs (direct, service pool and G&A) in the Business Warehouse (BW).

060107. Service Pool Costs

A. Service Pool

1. Service pools are a means of accumulating and distributing similar costs that can not be directly associated with a particular project at the time the costs are incurred. These costs are subsequently distributed to projects by an assignment or allocation methodology that best represents the types of costs in the pools.

2. Service pools should be established when they are of material amounts, provide useful management information, allow ease of administration, and will

continue to be viable and stable over the long term. The benefits received from each service pool should outweigh the cost of establishing and maintaining that pool.

3. Service pools will be funded through budget transfers from fund centers in order for service pools to perform their services. The budget funds transferred to the service pools will remain in the pools.

4. All service pool costs will be assigned as quickly as possible but not less frequently than monthly either to a specific project, to another service activity or to a G&A activity. Service pool cost will be assigned to programs and projects, with the exception of the Facilities (F&RS), and Information Technology (IT) service pools, which will assign costs to other service pools and Center G&A, in addition to projects.

5. If a program/project receives approval for any reason to discontinue receiving service from a service pool, the program/project will still be required to pay termination costs. Service pool costs will, at a minimum, be required at planned levels for the duration of the operating year.

#### B. Standard Service Pools

1. The approved standard Center Service Pools are as follows. The functions of the standard service pools are defined in Appendix 2 to this chapter.

- a. Facilities and Related Services (F&RS)
- b. Information Technology (IT) Services
- c. Science and Engineering (S&E) Services
- d. Fabrication Services (FS)
- e. Test Services (TS)
- f. Wind Tunnel Services (WTS)
- g. Independent Technical Authority/Safety and Mission Assurance Office (ITA/SMA)

2. A Center must use the standard service pools unless it is clear that the cost of operating a particular service pool exceeds any accruing benefit or a Center does not conduct activities as defined by the standard service pools. Some Centers may need one or more service activities, in addition to the standard activities for reflect mission or organizational differences. The Center CFO is responsible for providing written requests to the Agency CFO for any deviations (additions or deletions), including sub-pool definition, from the above standard service pool list each year prior to Program Operating Plan (POP) submission. The Agency CFO must approve such additions or potential alternative approaches. If approved, the

affected Center service sub-pools must still roll-up to and be mapped to the standard service pools for comparison and benchmarking purposes.

3. It is important to note that the objective of standard service pools is not to attempt to standardize Centers' organizational structures or approaches to delivering services. Rather, the objective is to achieve standardization in how Centers budget and account for these services. . Regardless of the organization and approach used by a Center to provide a service, such as information technology services, the Center will account for information technology service costs using either a service pool or a service account methodology. The service pool methodology accumulates costs in a cost pool and is assigned to benefiting projects based on consumption.

#### C. Service Level Agreements (SLA)

1. Each project manager (customer) at a Center must enter into negotiated agreements with the service pools managers (providers) for products and services required to support his or her project. The negotiated level and type of service must be documented in sufficient detail to serve as a "contract" for an operating year's work. This is referred to as a Service Level Agreement (SLA). Project managers are responsible for providing funding to the service pools based on the terms of the SLA. The service pool managers are responsible for providing services consistent with the SLA.

2. The SLA must be developed annually and updated as necessary to correspond with major changes in the project's scope or schedule.

3. In the event of a rate change, customers must pay the increased costs generated by those increased rates where applicable. In addition, if consumption of a particular product or service increases, the customer is responsible for the increased cost associated with the additional consumption. However, if consumption is less than specified during the SLA negotiation process, customers may be liable for the full value of the agreement in those instances where the revenue associated with a particular agreement is necessary to cover the fixed costs of the pool.

**CHAPTER 7**  
**COST ASSIGNMENT**

0701 COST ASSIGNMENT

070101. Assignment of service pool costs to projects and to G&A cost pools is to be based on consumption. Although there can be many ways to measure consumption and, therefore, assign costs, the key criteria for selection of a basis for cost assignment is the adequacy of the linkage between cost incurred and the benefiting party. The following will be the bases for assigning the cost of each service pool.

<b>Table 7-1 Service Pool Cost Allocation Basis</b>	
<b>Service</b>	<b>Basis of Cost Allocation</b>
Facilities and Related Service	Square Footage (planned)
Information Technology (IT) Service	
Desktop	Seats (planned)
Computing	Central Processing Units (CPU) (planned)
Telecommunications (Telephone)	Lines (planned)
Other IT Service	Actual Direct Labor Hours*
Science and Engineering Service (S&E)	Actual Direct Labor Hours*
Fabrication Service (FS)	Actual Direct Labor Hours*
Test Service (TS)	Actual Direct Labor Hours*
Wind Tunnel Service (WT)	Operating Shifts**
Independent Technical Authority/Safety and Mission Assurance Office	Actual Direct Labor Hours*

\* Actual direct labor hours include both the Civil Service and on-site contractors.

\*\* Wind Tunnel Service pool is only applicable for Ames Research Center (ARC), Glenn Research Center (GRC) and Langley Research Center (LaRC).

070102. S&E, FS, TS, and WT services are labor-intensive; accordingly, service activity labor must be charged directly to benefiting projects or G&A. For F&RS, IT services and ITA/SMA), labor may not be charged directly to benefiting projects or G&A, but instead may be included in the service sub-pool rate.

070103. Basis of Consumption

A. For assessments that use “actual direct labor hours” as the basis of consumption, planned contractor hours, as opposed to actual contractor hours, may be used only where actual on-site contractor hours are not available (monthly reporting for contractor WYE is not supported by most contracts, nor required by the NF 533, Contractor Financial Management Report).

B. All NASA Centers must use the above bases of consumption. Any deviation requires approval by the Agency CFO.

C. Consumption data must be evaluated monthly against the plan (defined through the SLA for service pools) for the operating year and month to assure that the project's WBS or Cost Centers for pool charges are valid. Service providers must understand funding implications when providing support for projects.

070104. Project Cost Assessments

A. Preferred Order of Cost Assessment

1. Actual Cost and Actual Consumption. When actual cost and actual consumption data is available they must be used to assess costs.

2. Planned Cost (standard rate) and Actual Consumption. When actual cost is not available, but actual consumption information is available, the planned cost and actual consumption must be used. Centers employing this method must inform NASA Headquarters, Office of the CFO that this type of assessment process is being used and include a discussion of their plan to develop methods of capturing actual cost to enable the use of Assessment method 1.

3. Planned cost (standard rate) and planned consumption. When neither actual cost nor actual consumption data is available, planned cost and consumption may be used. Centers employing this method must inform NASA Headquarters, Office of the CFO that this type of assessment process is being used and include a discussion of their plan to develop methods of capturing both actual cost and actual consumption to enable use of Assessment method 1.

B. Order of Cost Assessments at the Center. Cost assessments at the Center level must be executed in the following order. Assessments to Corporate G&A by service pools and Center G&A will be allowed based upon materiality and approval by the Center Director.

1. First, assessment of Center level pools, such as Labor and Fringe and Paid Leave, that affect all subsequent service pools and G&A's must occur. These assessments are based upon the movement of actual costs based upon actual consumption.

2. Second, the F&RS service pool assesses its costs based on consumption, to other service pools (IT, S&E, FS, TS, WTS and ITA/SMA), Center G&A, Corporate G&A (if approved) and individual projects.

3. Third, the IT Services pool assesses its costs (including its assessed F&RS cost) based on consumption to the remaining service pools (S&E, FS, TS, WTS and ITA/SMA, but not F&RS), Center G&A, Corporate G&A (if approved) and individual projects. The costs the IT service pool incurs supporting the F&RS pool are included in the rate the IT service pool charges its other customers.

4. Fourth, the remaining service pools (S&E, FS, TS, WTS and ITA/SMA) assess their costs to the projects' Work Breakdown Structure (WBS's). Service pools may not allocate costs to other service pools or to Center G&A. Any costs incurred by the remaining service pools in support of another service pool or Center G&A must be identified during the budget process and included in the rates the service pools use to allocate costs to the projects.

5. Fifth, all Center Level Agency Fee for Services cost pools assess their cost to the Other Center's Center G&A.

6. Sixth, the Center G&A cost pool reviews its cost with the Project WBS's and Corporate G&A (if approved).

7. Seventh, the Center Level Institutional CoF cost pool assesses its cost to the Agency Level Institutional CoF pool.

8. Eight, the Agency Level Institutional CoF assesses its cost to the Agency Level Project WBS's.

9. Ninth, the Center Level (including HQ's) cost pool assesses its cost to the Agency Level Corporate G&A pool.

10. Tenth, the Agency Level Corporate G&A assesses its cost to the Agency Level Project WBS's.

C. Special attention shall be given to cost assessments back to Projects. Consumption data for most pools is the actual Civil Service hours plus planned contractor labor hours. Fund distributions from projects to pools may not occur at the same rate as consumption occurs. Every effort must be made each month to obtain the transfer of sufficient funds from the project for which services are performed to cover assessments against that project prior to the close of the fiscal period.

D. In the event that the project has not yet provided advance funding to the pool, statistical assessment of work performed to the projects must still be recorded. This is necessary so both the service provider (pool manager) and customer (project manager) clearly understand where funds are owed and charges have been incurred. Pool managers must assure that these charges are covered by the end of each quarterly reporting period. "Off Charging" pool costs from one project to another project is prohibited.

E. Assessment Cycle. The assessment cycle allocates primary cost recorded to cost centers to project WBS's and other cost centers as secondary cost. (The primary obligation and cost remain on the procurement document). Funds control the appropriation level is invoked on the buyer side of the cost pool. There is no funds control check during the assessments cycle. If actual cost assessments are required, an interim assessment must be processed to allocate cost incurred from all detailed cost centers by fund to the assessment cost center prior to assessment to projects.

F. Secondary Cost Elements. Secondary cost elements (9000.XXXX) are used to capture the assessments of cost from cost pools to projects. Project WBS, Fund, and Functional area as well as the secondary cost elements are used to maintain consumption data for the assessment cycle.

G. Statistical Cost

1. Statistical costs are costs originally obligated, expensed and recorded under a service pool or G&A pool that are subsequently allocated to a direct program/project. Statistical postings use the secondary cost elements established by service pool and sub-service pool level (e.g. 9000.3000, Facilities and Related Services and 9000.4000, Information Technology).

2. Statistical Cost Assessment

a. Civil Service Leave and Fringe Benefits. Consistent with where labor cost was incurred, a standard rate is applied to salary costs.

b. Service Pools. Service pools assessments are based on the standard rate times units consumed by the project. When service pool labor is direct charged to a project the service pool must also assess the project its fair share of service pool overhead costs.

c. Center G&A. Center G&A cost assessments are based on the standard Center G&A rate and allocation method.

d. Corporate G&A. Corporate G&A cost assessments are based on the standard Corporate G&A rate and allocation method. See paragraph 010602, above.

e. Reimbursables. When assessments are made from cost pools to Reimbursable Orders, the cost will be assessed to the Reimbursable Project WBS, not the Sales Order Number, because the funding was transferred previously for the reimbursable order; therefore, the cost needs to be posted to the Reimbursable Project WBS as statistical cost. Each Reimbursable Order has a unique Reimbursable Project WBS. This allows reports on Reimbursable Orders to display the Direct Charges (Labor, Travel, Procurement) as well as any assessed costs.

H. Actual Direct Cost Charge

1. Procurement. Procurements funded by a project are charged directly to the project.

2. Civil Service Labor. Civil Service labor costs are based on actual transactions recorded in IFMP from the Center's labor distribution system. Centers and

Headquarters must use actual monthly labor cost and consumption data for assessments whenever possible. However, due to timing issues related to month-end cut-off, it is not always feasible to use the most recent month's actual labor information. The previous month's actual labor information will often have to be used until timing and system configuration issues can be further refined. For FY05, Centers will transfer budget from each Project Fund Center to fund a Labor Pool. Assessments back to the Project Fund Center occur based upon actual cost. These assessments are required to record the labor costs to the appropriate Congressional Operating Plan and for managing and reporting back to the Project Fund Center. For FY06, plans are to direct charge labor to the Project Fund Center and Project WBS's.

3. Travel. Cost of travel charged to project or cost center.

I. For those cost assessments using a standard rate multiplied by consumption data, the service pool or G&A managers will need to closely monitor planned costs versus assessed costs variances, as well as cost-assessed variances versus funding received from a project. As with labor posting, reconciliations are needed to settle any significant variances. These reconciliations must be completed in time to support rate reviews.

J. Reconciliation of Variances. Assessments based upon a standard rate assume that at the end of a year, there will be an over or under absorbed cost center. This is because the plan upon which the standard rate is based will rarely be equal to the actual amounts consumed. Therefore, a monthly reconciliation must be performed comparing estimated with actual consumption and adjustments must be made to assessments previously processed to ensure variances are within the allowable tolerance. At the end of the fiscal year, variances within each sub-pool must be reconciled and additional assessments if necessary performed to achieve a zero variance in the pools. The true up of variances in all Sub-pools need not be at the fund level, as funds control occurs on the Cost Pools Fund Center when recording direct purchases.

K. Rate Development, Rate Reviews and Rate Changes

1. Full Cost requires careful planning. During the rate determination phase, strict attention must be paid to the fixed and variable costs of the service, the number and volume of the projected customer base and the previous performance periods. Although a service pool should operate as a "Business Unit," their rates should simply generate enough revenue to "break even" at the end of the fiscal year. For NASA, the "business unit" will equate to a sub-pool. Therefore, when developing rates and negotiating SLAs, consideration should be given to the amount of reserve necessary to ensure fiscal stability for the service year.

2. Throughout the year it will be necessary to review the financial reports of each service pool and Center G&A sub-pool to accomplish these rate reviews. Assurance that consumption data has been "true up" to actuals must be completed prior to recommending rate adjustments. Analysis of cost recorded for the pool should be evaluated against expected costs to assure that all cost accruals have been recorded. Based on the cost information and the "true up" of consumption data, this year end review should primarily address

whether or not a negative rebate or additional assessment needs to occur as part of the final assessment cycle for the fiscal year.

3. During this review, service pool managers will need to report and analyze the following variances: a) all cost elements (procurements, civil servant labor, travel, other service pool charges (if applicable)), b) number of civil servants and contractors on and off-site and c) consumption (volume). Center G&A managers will report and analyze the following variances: a) all cost elements (procurements, civil servant labor, travel, other service pool charges (if applicable)), and b) number of civil servants and contractors on and off-site. Both service pool and G&A managers will show “run-out” plans through the end of the current operating year.

4. Rate changes to recoup costs in a service pool or Center G&A should be avoided and only considered as a last option. Service pool and G&A managers should consider every possible means of either increasing business or deferring expenditures in order to end the year “in the black”. The Center Program Management Committee (PMC) should be active in addressing rate issues. All rate changes will be approved by the Center Director and communicated to the NASA Headquarters, Mission Directorate Headquarters Center Executive (HCE), Mission Directorates, Office of the CFO, and the Associate Administrator for Institutions and Management.

**CHAPTER 8****RECORDING COST AND ACCRUALS**0801 RECORDING COST AND ACCRUALS

080101. NASA's accounting records are maintained on an accrual basis. Financial transactions are recorded in the period of occurrence, even though related cash is disbursed or received during another period. Use of the accrual method is mandated by 31 USC 3512(e) and is intended to provide NASA management with more accurate financial data related to performance, a more realistic picture of the Agency's financial position so that sound budgets can be developed, informed decisions may be made, and NASA's financial statements properly reflect its financial status. The accrual method of accounting applies to all costs, however classified, deferred, or disposed of; to current expense (operating costs), reimbursable costs, inventory costs, prepaid costs, and fixed asset costs. Generally accepted accounting methods will be used in developing accruals. Accruals will be recorded in the appropriate accounts as of the end of each month. Simplified methods for monthly accruals such as inventories of documents and estimates based on previous experience may be used when demonstrated to be reasonably reliable. The Center Deputy Chief Financial Officer, Finance (DCFO (F)) is responsible for implementing proper procedures and ensuring reliable accruals, including approving accruals developed by personnel outside the Financial Management Office.

080102. NASA personnel should manage costs within obligated levels and not permit costs to exceed existing obligated amounts. This requirement applies to all types of obligations including contracts. Cost shall be accrued in accordance with the following instructions and generally accepted accrual accounting principles regardless of whether they exceed cumulative obligations on the contract. In such cases, the nature of the difference should immediately be determined and corrective action shall be immediately taken.

080103. Personnel Compensation, Personnel Benefits and Related Payments

A. Gross Compensation. Gross compensation, including overtime, will be accrued through the end of each month. A labor distribution system may be used to distribute actual charges to cost accounts and to credit accounts payable. A month-end record cutoff shall be made if practicable, such as where daily time records are kept and the only additional effort required is an interim cutoff and report. If a record cutoff is not feasible, cost must be accrued through the end of the month using the most reliable estimating techniques available. Labor cost accruals will be distributed to the appropriate benefiting project(s) and functions. Merit bonuses and awards will be accrued in the month in which the Center Financial Management Office is notified of the liability for payment. The cost of unused annual leave, compensatory time, and credit hours earned will be accrued at fiscal yearend, based upon the difference between the leave liabilities at the end of the prior and current fiscal years.

B. Benefits. Benefits, including NASA contributions to Social Security, retirement funds, the Thrift Savings Plan, and group health and life insurance programs will be accrued in the same manner as gross compensation. Other benefits, such as relocation-related

real estate costs and personnel allowances, shall be accrued in the month in which notification of liability for payment is received.

C. Reemployed Annuitants And Severance Pay. Payments to the Office of Personnel Management for reemployed annuitants and severance pay for former employees will be accrued in the same manner as gross compensation.

D. Recruitment and relocation bonuses and retention allowances. Recruitment and relocation bonuses and retention allowances shall be accrued in the month in which the Center Financial Management Office is notified of the requirement for payment.

080104. Civil Service Labor

A. It is the responsibility of every NASA Civil Service employee to record his or her time as accurately as possible against the particular program, project, service pool, or G&A activity for which the work was performed. The goal is to record to the “direct labor hour” for work performed to the actual Project WBS code assigned for that work. Labor Charge Codes for each particular program, project, service pool overhead function, or G&A function are managed within IFMP and provided to the web-based Time and Attendance Distribution System (WebTADS) for selection by employees when recording time. If the proper labor charge code does not exist, exceptions may be made. In some cases, there are alternative charge codes such as Center or Organization “All Hands,” awards ceremonies, education outreach, and Public Affairs Office events. Use of these codes should be rare and only represent a small fraction of an employee’s time. In cases where alternative codes do not exist, employees should charge their time to the activity upon which they spent most of their time for that pay period.

B. A service pool employee will charge his or her time directly to a project if the employee can identify the specific project. Direct labor must always be charged directly to benefiting projects, if known by the employee, whether the employee is either assigned to a direct or indirect cost pool. Indirect labor associated with pools must be charged to the pool indirect labor project WBS of the service pool. Other costs incurred in the service activity would be accumulated and eventually charged to the benefiting project based on a work order or other basis.

C. Labor Charge Codes also include the assignment of the employees performing organization. The Cost Center within Core Finance is used to identify the organization that an employee is assigned to based upon the Federal Personnel and Payment System (FPPS) or the SF 50, Notification of Personnel Action, for each employee. The recording of labor costs should be made by employee based upon his/her performing organization assignment within FPPS. Reporting will allow the Project Managers to select their specific charge codes (Project WBS, etc.) and see the employees that charged to this code. Reporting will also allow the Service Pool or G&A Manager to utilize the Cost Center(s) associated with their service pool to view where the employees assigned to these cost centers charged their labor. The performing organization should be derived from the FPPS assignment and not changed in labor reporting until a change has been officially made in FPPS.

D. Service pool reports that provide information regarding labor cost assessed to Center projects are available on-line at <http://olqr-cf.ifmp.nasa.gov>.

080105. Travel and Transportation of Persons

A. Accruals for transportation, per diem and miscellaneous costs will be based upon the estimated cost of the trip and accrued in their entirety in the month travel commences. Accrued costs will be adjusted to actuals when invoices and travel vouchers are paid. At fiscal yearend, recorded per diem and miscellaneous costs will be reduced by the amount of travel not performed during the fiscal year.

B. Travel costs not documented by travel orders, such as contracts for the rental of passenger-carrying vehicles not associated with TDY travel will be based upon contractor billings or estimated.

C. Permanent change of station travel and transportation costs shall be accrued when incurred.

080106. Travel Costs

A. Direct travel will be charged directly to benefiting projects, if known by the employee. Indirect travel in support of service pools must be charged to the benefiting service pool indirect travel funds, and should cite the performing organization of the employee as the cost center.

B. Beginning in FY05, Travel funding will remain in the Project Fund Centers for Direct Charge of Travel and be transferred to the 2100 Commitment Item for Funds Control. Service Pool and G&A Pools Travel funding will also remain in the Service Pool or Center G&A Fund Center but be transferred to the Commitment Item 2100 for Funds Control. Corporate G&A travel funding will be transferred to the Commitment Item 2100 at each lower level Fund Center as needed.

C. Travel approval will be managed at the project level for all programmatic travel requirements and at the organizational level for all indirect requirements.

D. Service pool reports that provide information regarding travel performed and assessed to Center projects are available on-line at <http://olqr-cf.ifmp.nasa.gov>.

080107. Transportation of Things

A. Costs evidenced by copies of Government Bills of Lading (GBL) issued to carriers will be accrued in the month the GBL is issued, concurrent with the obligation. At the end of the fiscal year, accrual of costs not covered by GBL's will be based upon billings received or other reliable notices that transportation has been accomplished. Transportation Costs for Permanent Change of Station (PCS) – *detail forthcoming*.

080108. Rents, Communications, and Utilities

A. Leases and Rents. Accruals for leases and rents will be based upon lease or rental agreements. In the absence of language to the contrary, 1/12 of the total annual rent shall be accrued each month.

B. Communications and Utility Service. Accruals for communications and utility service costs shall be based upon billings received. If billings are not available or usage fluctuates significantly, meter readings or estimates of usage will be obtained and priced according to the appropriate schedule of charges.

080109. Other Contractual Services. Costs of contracted services will be accrued as of the end of the month during which the services are performed. If invoices covering the services have not been received or approved, the accrual will be estimated, based upon the known level of activity, previous billings, or the estimates of cognizant NASA personnel.

080110. Supplies and Materials

A. Accruals will be based upon invoice prices, when available or receiving reports using purchase order prices.

B. Direct project or program support purchases for which the end use classification is predetermined will be accrued to the appropriate end use classifications in the month the items are received.

C. Stores and standby stock will be accrued initially against the applicable inventory cost pool.

D. All invoices supported by receiving reports and all receiving reports will be accrued.

080111. Grants, Subsidies, and Contributions. Cost accruals on advance-funded grants may be based upon the recipient's drawdown for the preceding quarter, as reported on the SF 272, or a straight-line calculation. The data reported by each recipient on their June 30 SF 272 shall be compared to the cumulative amount accrued through that date and adjustments made as necessary to bring the accrual into agreement with the data reported by the recipient, so that the amount accrued as of September 30 is as accurate as possible. When NF 533 reports are required on advance-funded contracts, the NF 533 reports will be used as the basis for recording cost rather than the SF 272. Subsidy and contribution costs will be recorded in the month in which administratively approved for payment.

080112. Contract Cost Reporting (CCR)A. Contracts with NASA Form 533 (NF 533) Reporting

1. When submittal of cost information on the NF 533 report is contractually required (normally, for cost type and fixed-price incentive of \$500,000 and greater in value and one year or more in length), the NF 533M (monthly) and NF 533Q (quarterly) reports will be the basis for the development of the cost accrual. (See NPD 9501.1, "NASA Contractor Financial Management Reporting System," and NPR 9501.2\_, "NASA Contractor Financial Management Reporting," for detailed information on NF 533 reporting.) The monthly NF 533M report is due 10 operating days after the close of the contractor's accounting period or as negotiated. No due dates shall be later than the date by which the Center DCFO(F) requires the report for entering accrued cost data into the CCR extension.

2. The NF 533 report is not normally received in time to permit recording of the contractor's actual costs for the current month. The cost accrual is based on the cumulative actual cost through the end of the prior month plus the contractor's estimate for the current month. Once actual costs from the NF 533 are entered in the CCR extension to the Core Financial module of the IFM system, the extension calculates the current month accrual, including a retroactive "adjustment" to align previously accrued cost with subsequently reported actual cost.

3. Contractors' accounting periods commonly differ from the calendar month basis used for NASA accounting. Monthly cost accruals, however, need not include an estimate for the cost to be incurred during the period from the end of the contractor's accounting period to the end of the month, except at the end of the fiscal year.

4. If monthly analysis of the accuracy of a contractor's estimates indicates they are usually significantly inaccurate, appropriate corrective actions shall be promptly taken to ensure that future estimates are reasonably accurate. In the interim, the reported estimates may be increased or decreased to improve the accuracy of the Center's accruals. If, for a given month, there is other reason to believe that the contractor's estimate will be significantly inaccurate, that estimate may be increased or decreased to improve the accuracy of the accrual for the month. Any such adjustments, whether for an individual month or a period of months, are exceptions and must be explained in the Cost Entry Sheet in the CCR Extension. The CCR Administrator will review the explanation prior to his or her acceptance and posting of the accrual. The CCR Administrator must approve or obtain approval before update to the system occurs. If it is necessary to make adjustments to a contractor's estimates for a number of months while corrective actions are implemented to improve the accuracy of the estimates, the effect of such adjustments should be analyzed each month to ensure they are resulting in more accurate accruals. Contractor's actual costs shown on the 533 reports shall not be adjusted in developing cost accruals.

5. Centers are required to use the Contractor Cost Reporting (CCR) system within IFMP for the processing of NF 533 contracts. The CCR will serve as the basis of record for the accrual of contractor costs. The Electronic CCR (eCCR) provides for the

electronic receipt of the NF 533 data from the contractor at the level defined in the contract. NASA's goal is to eventually transition all NF 533s to the eCCR format.

6. Security is also provided within the CCR to maintain specific controls to protect and safeguard the information being reported by NASA Contractors. Three types of user roles have been created that will limit access to individual users. These roles are:

a. CCR Processor. CCR Processor provides access to the Cost Entry Screen for loading of NF 533 data. With the rollout of the eCCR (Electronic upload) this role should be phased out.

b. CCR Analyst. CCR Analyst provides access to the CCR Crosswalk, Cost Entry Screen, and Worksheet. A user with this role can update all three modules, however, they cannot post transactions into R/3.

c. CCR Administrator. CCR Administrator provides access to the CCR Crosswalk, Cost Entry Screen, and Worksheet. A user with this role can update all three modules, and in addition, they can post transactions into R/3.

1) The CCR Administrator will control the User Identification tables and the Authorization to Contract Table within the CCR. They must assure that each user's ID that is added to the User Identification Table has the appropriate Security Role assigned to that level of access. The CCR Administrator must perform periodic reviews of the User ID's with access to all three roles to maintain assurance that proper access is given.

2) The CCR Administrator will also assign the User ID to the Authorization table to specific contracts needed for that User. User can only access contracts where this authorization has been given.

d. Periodic reviews of at least every six months should be completed to validate that the assignment of users to the contracts is still valid. Removal of the User ID mapping to the Contract Number should occur if the access is no longer valid.

7. The CCR consists of four modules. Each module serves a purpose in the generation of monthly cost information for contractor costs.

a. CCR Crosswalk. The CCR Crosswalk provides the logic for the mapping of the NF 533/Contract to the FCS/Funding on the Contract in SAP through the use of the Reporting Category. The Reporting Categories reflect the Work Breakdown Structure of the Contract NF 533 or the tasks to be performed. In the Crosswalk Module the valid AWCS's or FCS codes and fund limits are mapped to the appropriate reporting category. These mappings are used in the CCR Worksheet for generation of the monthly accrual.

b. CCR Cost Entry Sheet. The CCR Cost Entry Sheet provides a table that is loaded manually through Cost Entry screen or electronically through

Interface to input the NF 533 data that is submitted by the Contractor at the Contract WBS level. In this file, the reporting category level is identified for linkage to the CCR Crosswalk FCS's.

c. CCR Accrual Worksheet. The CCR Accrual Worksheet provides visibility for cost transactions generated based on the Crosswalk and Cost Entry Data and the opportunity to make adjustments prior to posting. The CCR Worksheet calculates the Prior Month Adjustment based on the difference between the previous months current month estimate and actuals, and spreads this value and the current month estimate from the CCR Cost Entry Sheet to the FCS's within each reporting category based upon the costing method selected. The CCR contains three types of costing methods: Prorated, Sequence, or Percentage.

1) Prorated FIFO – Default Method. Cost is assigned to FCS's based on a percentage of the uncosted obligations where all elements of the FCS are the same including the Program Year.

2) Sequence. User assigns an order by which cost is allocated to the FCS's mapped to a Reporting Category

3) Percentage. User assigns a percentage of total cost to be allocated to the FCS's mapped to a Reporting Category

d. The CCR Worksheet also calculates and maintains the Cost In Excess of Obligations and Downward Adjustments at the Reporting Category and FCS Level within the contract (Procurement Line Item (PLI) and Accounting Line Item (ALI)).

e. CCR/SL Custom Post Program creates Service Entry Sheets (SES's) to reflect the PLI/ALI spread created by the CCR Worksheet and the Straight-line Accrual Program and records the SES within IFMP to record the cost accrual

8. Unfilled orders are the difference between cumulative costs incurred to date and the amounts obligated to any sellers, and may consist, for the prime contractor, of open purchase orders (including negotiated changes), against which materials have not been received or services have not yet been rendered. The difference between a subcontractor's actual costs reported by the prime and the fund limitations for the subcontractor may also be included. Subcontractor's unfilled orders may contain the same items. Since unfilled orders do not represent cost incurred to date, they shall not be accrued.

9. Termination liability, if reported by a contractor, represents the contractor's estimate of costs incident to stopping work on the contract, in the event of termination. Since these are not costs incurred to date, they shall not be accrued.

10. The final cost to the Government for the contract will be reduced by the amount of discounts taken for prompt payment, so cost accruals shall reflect the total amount of cost and fee incurred on the contract per the NF 533 report, less the amount of discounts taken. The Cost Accrual Worksheet in the CCR Extension provides for adjustments to accruals for discounts.

11. Fees shall be accrued as earned and reported on NF 533 reports or billed by contractors. In the case of award fees, only the base fee shall be accrued each month, unless historical evidence exists to support accrual of an estimated portion of the award fee. Incentive fees shall be accrued when earned in accordance with the incentive fee provisions in the contract. Any accrual adjustments for fees shall be explained in the Cost Entry Sheet in the CCR Extension.

080113. Monitoring NF 533 Timeliness, Contractor Estimates and CCR Accruals

A. The timeliness of receipt of the NF 533 reports and the accuracy of accruals shall be monitored each month. The CCR extension provides Analysis of Accrued Cost, Timeliness of CCR and CCR Adjustment Explanation Reports to assess the timeliness and accuracy of Center accruals and contractor estimates. Transaction codes for these Reports are available on-line at: <http://olqr-cf.ifmp.nasa.gov>. Center Cost Accountants shall review Analysis of Accrued Cost Reports for these contracts each month and ensure adequate narrative comments explaining rates in excess of +/-5 percent are provided. Particular attention shall be paid to those contracts which account for the majority of the Center's total monthly accrued cost. Appendix 3 provides an example and the level of detail required regarding explanation of the variances identified in the Analysis of Accrued Cost Report and CCR Adjustment Explanation Report. Performance shall be tracked against established goals. Center DCFO(F)'s shall regularly review these metrics with Center CFO's.

B. The DCFO(F) shall notify the contracting officer when contractors' NF 533 reports are frequently late or the estimates reported show consistent, significant variances to subsequently reported actuals, so that the contracting officer may pursue corrective action.

C. NF 533 reports should be structured to facilitate accrual accounting in accordance with NASA's prescribed coding structure, in categories that directly relate to the proper funding appropriations. Reporting structures should be designed to also provide cost data in the program/functional management classifications by which NASA managers relate in-house activity. NPD 9501.1, "NASA Contractor Financial Management Reporting System," and NPR 9501.2\_, "NASA Contractor Financial Management Reporting," provide requirements and guidance regarding the development of NF 533 reporting structures.

080114. Contracts Without NF 533 Reporting

A. The Core Financial module of the IFM system provides for straight-line or miscellaneous accruals for contracts without contractor cost reporting. The straight-line extension shall be used when appropriate. Otherwise, miscellaneous cost accruals shall be made, based upon the most appropriate, reliable data available, such as recent statements of costs, contractor billings, or other reasonable projections. NASA will utilize the Straightline Cost Extension within IFMP to manage purchase orders and contracts that are to be costed by the extension or that are miscellaneous costed through manual processes. Service Based PO/Contracts without the NF 533 Indicator on the NASA Data Tab are identified within the Straight-line Extension as straight-line or miscellaneous. On those contracts that are tagged

straight-line, calculations are performed to generate a monthly accrual based upon the remaining contract value divided by the remaining period of performance (POP). The Straightline Extension uses the Prorated Costing Method to spread the calculated accrual to the uncosted obligation by FCS within the PO/Contract. Remaining cost values of the PO/Contract Obligations are fully costed in last period of POP.

B. When the contract provides for advance payments through the Department of Health and Human Services (HHS) Payment Management System, cost accruals will be automatically generated based upon the recipient's drawdowns. For HHS contracts where an NF 533 is received, the cost is based upon the NF 533 through the CCR and the drawdowns are posted manually.

080114. Purchase Orders with Other Government Agencies. Cost accruals for purchase orders with other Government agencies shall be made through the CCR extension where NF 533 reports can be obtained, the straight-line extension where appropriate or by miscellaneous entry based upon the most reliable data available, including NASA Defense Purchase Requests, (NASA Form 523), receiving reports, and cost estimates obtained from the Government agency involved. Estimates of construction work in progress will routinely be obtained from the Department of the Army Corps of Engineers, or other Government agencies. Where estimates cannot be obtained from other Government agencies, accruals will be based upon the purchase order terms and prior billings. Monthly accruals will be recorded through manual Service Entry Sheets.

080115. Minor Items. Minor items of a petty cash nature and such things as COD deliveries may be recorded as costs when payment or final settlement is made without regard to the specific period of actual use.

**CHAPTER 9**  
**COST REPORTING**

0901 COST REPORTING

090101. Reports. Reports that provide information regarding timeliness of reporting, and cost reporting and variance analyses are available on-line at: <http://olqr-cf.ifmp.nasa.gov>. These reports include Analysis of Accrued Cost, Timeliness of CCR and CCR Adjustment Explanation. Descriptions, definitions and the level of detail required for explanation of variances are included in Appendix 4 of this Volume.

**APPENDIX A**  
**CORPORATE GENERAL AND ADMINISTRATIVE ELEMENTS**

Corporate Management & Ops  
Chief Information Officer  
Space Architect  
Corporate Security  
HQ Integrated Financial Management Program (IFMP)  
Corporate IFMP  
Center Based Corporate Activities  
Agency Operations  
Office of Chief Health & Medical Officer  
Office of Chief Engineer  
Office of Safety & Mission Assurance  
NASA Engineering & Safety Center (NESC)  
Independent Verification & Validation (IV&V)  
Corporate CoF

**APPENDIX B**  
**CENTER GENERAL AND ADMINISTRATIVE (G&A) ELEMENTS**

Center Management

Other Personnel Costs-awards, training, conferences, retreats, PCS, lump sum payments,  
worker's comp

Center Investment Accounts

Center Unique Functions:

NASA Research Park Dvlmt (ARC)

Reactor - Plumbrook (GRC)

RASA Support (MSFC)

IFMP Center Implementation

E-Gov Center Implementation

Service Pool Charges to Center G&A

Systems Management

Operations

Logistics

Transportation Services

Publishing/Media Services

Library

Emergency Preparedness

Fire Protection

Medical Services

Security Program

Safety and Mission Assurance

Industrial/Institutional Safety

Non-Programmatic CoF

Environmental Management

**APPENDIX C**  
**STANDARD SERVICE ACTIVITY FUNCTIONS**

<b><u>Service Activity</u></b>	<b><u>Functions</u></b>
Facilities and Related Services	Rental of Real Property Maintenance Operations Modifications & Rehabilitation Design / Engineering Calibration Utilities Environmental Janitorial/Custodial Water Sewage Electricity Natural Gas Fuel Oil Other Energy Source
Information Technology Services	Desktop Computing Super Computers Data Reduction Data Services Applications Support Video Teleconference System Voice Teleconferencing Services Facsimile Audio/Video Telephone
Science and Engineering Services	Engineering Design Engineering Analysis Reports and Documents Drawing Files Computer Aided Design System
Fabrication Services	Contract Services Repair Tooling & Supplies Equipment Replacement

Test Services

Environmental Test  
Propulsion Test  
Optics Test, etc.

Wind Tunnel Services  
(Ames, Langley, and Glenn Research Centers)

Aerodynamics and related services

Independent Technical Authority/  
Safety and Mission Assurance Office

Functions to be defined

**APPENDIX D**  
**NASA COST POOL STRUCTURE**

<b>FY05 NASA COST POOL STRUCTURE</b>				
<b>Pool</b>	<b>Description</b>	<b>Sub-Pool</b>	<b>Description</b>	<b>Secondary</b>
CORP	CORPORATE G&A	CORPGA	CORPORATE G&A	9000.1000
CTR	CENTER G&A	INSTCOF	INSTITUTIONAL COF	9000.1100
CTR	CENTER G&A	INSTCOF	INSTITUTIONAL COF	9000.1101
CTR	CENTER G&A	INSTCOF	INSTITUTIONAL COF	9000.1110
CORP	CORPORATE G&A	WEBTADS	AGENCY FEE - WEBTADS	9000.1200
CORP	CORPORATE G&A	NAAC	AGENCY FEE - NACC	9000.1210
CORP	CORPORATE G&A	CAAS	AGENCY FEE - CAAS	9000.1220
CORP	CORPORATE G&A	IFMPCC	AGENCY FEE - IFMP CC	9000.1230
CORP	CORPORATE G&A	ORACLE	AGENCY FEE - ORACLE	9000.1240
CORP	CORPORATE G&A	EGOV	AGENCY FEE - EGOV	9000.1250
CORP	CORPORATE G&A	OPERACCTS	OPERATING ACCOUNTS	9000.1999
CTR	CENTER G&A	CTRGA	CENTER G&A	9000.2000
CTR	CENTER G&A	CTRGA	CENTER G&A	9000.2100
CTR	CENTER G&A	CTRGA	CENTER G&A	9000.2101
CTR	CENTER G&A	INV	INVENTORY	9000.2200
CTR	CENTER G&A	INV	INVENTORY	9000.2299
CTR	CENTER G&A	INV	INVENTORY	9000.2300
CTR	CENTER G&A	LABOR	LABOR	9000.2400
CTR	CENTER G&A	LABOR	LABOR-NW - ACTIVITY	9000.2401
CTR	CENTER G&A	OTHPER	OTHER PERSONNEL COST	9000.2405
CTR	CENTER G&A	FRNPDLV	FRINGE & PAID LEAVE	9000.2410
CTR	CENTER G&A	UNFUNDLV	UNFUNDED LEAVE	9000.2420
CTR	CENTER G&A	TRAVEL	TRAVEL	9000.2500
F&RS	FACIL & REL SERVICES	FACILSVCS	FACILITIES SERVICES	9000.3000
F&RS	FACIL & REL SERVICES	FACILSVCS	FACILITIES SERVICES	9000.3001
F&RS	FACIL & REL SERVICES	PP&C	Pressurants, Propellants, & Calibration	9000.3100
F&RS	FACIL & REL SERVICES	CALIBR	CALIBRATION	9000.3200
F&RS	FACIL & REL SERVICES	WORKREQ	FACIL WORK REQUESTS	9000.3300
F&RS	FACIL & REL SERVICES	PROPCUST	PROPERTY CUSTODIAN	9000.3400
IT	INFO TECH SERVICES	INFOSVCS	INFORMATION SERVICES	9000.4000
IT	INFO TECH SERVICES	DESKTOP	DESKTOP COMPUTING	9000.4100
IT	INFO TECH SERVICES	DESKTOP	DESKTOP COMPUTING	9000.4101
IT	INFO TECH SERVICES	DESKTOP	DESKTOP COMPUTING	9000.4110
IT	INFO TECH SERVICES	DESKTOP	DESKTOP COMPUTING	9000.4120
IT	INFO TECH SERVICES	TELEPHONE	TELEPHONES	9000.4200
IT	INFO TECH SERVICES	TELEPHONE	TELEPHONES	9000.4210
IT	INFO TECH SERVICES	COMPUTING	COMPUTING SERVICES	9000.4300
IT	INFO TECH SERVICES	IT-DEMAND	IT SERVICE REQUESTS	9000.4400
IT	INFO TECH SERVICES	ITWRKREQ	IT WORK REQUESTS	9000.4500
S&E	S&E SERVICES	ENGINEER	ENGINEERING SERVICES	9000.5000
S&E	S&E SERVICES	R&T	R&T OPERATING ACCT	9000.5100
S&E	S&E SERVICES	SPACE	SPACE OPERATING ACCT	9000.5200

FY05 NASA COST POOL STRUCTURE				
Pool	Description	Sub-Pool	Description	Secondary
S&E	S&E SERVICES	ASCAC	AERO SYS CONCEPTS	9000.5231
S&E	S&E SERVICES	AAAC	AERO & ACOUSTICS	9000.5232
S&E	S&E SERVICES	SMC	STRUCTURE & MAT	9000.5233
S&E	S&E SERVICES	AIRSYS	AIRBORNE SYSTEMS	9000.5234
S&E	S&E SERVICES	ATSC	ATMOSPHERIC SCIENCE	9000.5235
S&E	S&E SERVICES	SEC	SYSTEMS ENGINEERING	9000.5236
S&E	S&E SERVICES	AERO	AERO OPERATING ACCT	9000.5300
S&E	S&E SERVICES	ACOPS	S&E ACOPS	9000.5400
S&E	S&E SERVICES	S&MA	SAFETY & MISSION ASR	9000.5500
S&E	S&E SERVICES	SWALES	SWALES	9000.5511
S&E	S&E SERVICES	PAAC	PAAC	9000.5512
S&E	S&E SERVICES	MEDS	MEDS	9000.5513
S&E	S&E SERVICES	MODTIER2	MOD TIER 2 ASSESSMENTS	9000.5514
S&E	S&E SERVICES	R&DMS995	RES DEV MULTIPLE SUPPORT	9000.5515
S&E	S&E SERVICES	400OPRACT	CODE 400 OPERATING ACCT	9000.5516
S&E	S&E SERVICES	600OPRACT	CODE 600 OPERATING ACCT	9000.5517
S&E	S&E SERVICES	800OPRACT	CODE 800 OPERATING ACCT	9000.5518
S&E	S&E SERVICES	900OPRACT	CODE 900 OPERATING ACCT	9000.5519
S&E	S&E SERVICES	TRANSPORT	TRANSPORTATION DIR	9000.5621
S&E	S&E SERVICES	SCIENCE	SCIENCE DIR	9000.5622
S&E	S&E SERVICES	FLIGHT	FLIGHT SYSTEMS DIR	9000.5623
S&E	S&E SERVICES	S&LSD	S&LSD CORE LAB SUPT	9000.5721
FAB	FABR SERVICES	FABSVCS	FABR SVCS INHOUSE	9000.6000
FAB	FABR SERVICES	FABCONT	FABR SVCS CONTRACTED	9000.6100
TEST	TEST SERVICES	SIMULATION	SIMULATION TEST SERV	9000.7000
TEST	TEST SERVICES	AIRCRAFT	AIRCRAFT TEST SERV	9000.7100
TEST	TEST SERVICES	FLL	FLIGHT LOADS LAB	9000.7200
TEST	TEST SERVICES	ARCJETS	ARC JET FACILITY	9000.7211
TEST	TEST SERVICES	CREWVEHIC	CREW VEHICLE SYS RES	9000.7212
TEST	TEST SERVICES	RF - HFFF	RANGE FACIL - HFFF	9000.7213
TEST	TEST SERVICES	RF - HVGR	RANGE FACIL - HVGR	9000.7214
TEST	TEST SERVICES	RF - EAST	RANGE FACIL - EAST	9000.7215
TEST	TEST SERVICES	FLIGHTSVCS	FLIGHT TEST SERVICES	9000.7216
TEST	TEST SERVICES	TESTSVCS	TEST SVCS INHOUSE	9000.7300
TEST	TEST SERVICES	TESTCONT	TEST SVCS CONTRACTED	9000.7400
WT	WIND TUNNEL SERVICES	WT-FULLSC	FULL SCALE COMPLEX	9000.8000
WT	WIND TUNNEL SERVICES	WT-UNITARY	UNITARY PLAN WT	9000.8100
WT	WIND TUNNEL SERVICES	WT-12FT	12-FOOT PLAN WT	9000.8200
WT	WIND TUNNEL SERVICES	WT-NTF	NATIONAL TRANSONIC	9000.8300
WT	WIND TUNNEL SERVICES	WT-AERO	AERO	9000.8400
WT	WIND TUNNEL SERVICES	WT-SVCS	WIND TUNNEL SERVICES	9000.8500
ITASMA	ITA & SMA	PRJSMA	PROJECT SMA	9000.9000
ITASMA	ITA & SMA	ITASMA	ITA - NON SMA RELATED	9000.9100

NOTE - Match this list with BF as appropriate

**APPENDIX E**  
**DESCRIPTIONS AND DEFINITIONS - “ANALYSIS OF ACCRUED COST” and “CCR**  
**ADJUSTMENT EXPLANATION” REPORTS**

**DESCRIPTIONS:**

- **Analysis A** - This analysis provides a comparison of the cumulative accrued cost with the cumulative actual cost reported by the contractor for the same period.
- **Analysis B** - This analysis provides a comparison of the cost accrued for the current month with the actual cost reported by the contractor for the same period.
- **Analysis C** - This analysis provides a comparison of the contractor’s estimate for the current month with the actual cost reported by the contractor for the same period.
- **Analysis D** - This analysis provides a comparison of the cost accrued for the current month with the contractor’s estimate for the same month; **the variance is the amount by which the contractor’s NF 533 estimate was “adjusted” in developing the cost accrual for the month (see NFMR, Volume 7, Chapter 1.010811.A.4).**

**DEFINITIONS:**

- **Center Cumulative Accrued Cost** - the cumulative contract cost (i.e., contract inception to date) accrued in NASA’s accounting system as of the end of the month being analyzed.
- **Contractor 533 Cumulative Actual Cost** – the cumulative actual cost (i.e., contract inception to date) reported on the contractor’s NF 533 for the month being analyzed (Col. 7.c. – 533M, Col. 7.a. – 533Q).
- **Contractor 533 Actual Cost for Month** – the monthly actual cost (i.e., cost for the specific month alone) reported on the contractor’s NF 533 for the month being analyzed (Col. 7.a. – 533M).
- **Center Accrued Cost for Month** – The amount the Center accrues on a contract for the current month normally includes:
  1. An amount to adjust the cumulative accrued costs to the actual costs reported by the contractor for the prior month;
  2. The contractor’s estimated costs for the current month
  3. The accrual may also include:
  4. An adjustment to the contractor’s estimated costs for the current month, under the conditions set forth in NFMR, Volume 7, Chapter 1.010811.A.4.

For the purposes of this analysis, the amount entered as “Center Accrued Cost for Month” will **ONLY** include 2 and 3 above.

- **Contractor Estimated Cost for Month** – the monthly cost estimate provided on the contractor’s NF 533 for the month being analyzed. This estimate would usually be reported on the prior month’s NF 533 (i.e., the estimate for June would appear in Col. 8.a. on the contractor’s NF 533 for May).

#### **LEVEL OF DETAIL REQUIRED FOR EXPLANATIONS OF VARIANCE ANALYSES - “ANALYSIS OF ACCRUED COST” and “CCR ADJUSTMENT EXPLANATION” REPORTS:**

These reports include the calculation of four variance analyses (described above). The DCFO (F) is responsible for providing, as part of the analysis, narrative comments explaining **each** of the four variances, which is in excess of 5 percent. The requirement for the explanations ensures an analysis of the cause of the variances so that appropriate action can be taken. If comments obtained from the contractor regarding a condition of the contract are appropriate **and explain** the resulting variance, such comments may be enough.

However, comments **solely** from the contractor may not be sufficient in all cases. For example, where the Center is making an adjustment to the contractor’s estimate in developing the accrual, the contractor’s comments alone will not explain the variance; the analysis should also include **financial management’s explanation** of the variance and the adjustment made.

#### **EXAMPLE:**

The Analysis of Accrued Cost required by NFMR, Volume 7, Chapter 1.010811.A.4 is designed to measure the accuracy of the accrual entered into the Agency's accounting system and, where there are variances, quickly pinpoint the reason(s) for their occurrence. The required format, helps the Center assess the accuracy of its accruals on its major cost-type contracts to facilitate the regular review of accrual metrics with the Center CFO required by NFMR, Volume 7, Chapter 1.010812.A. It also provides data for Headquarters to evaluate the Center's accrual performance, as part of its quality assurance responsibilities, and the accuracy of Agency cost data. The Analysis will reflect the variance between accrued and actual costs and identify whether the variance was due to the contractor's estimate from the NF 533 or adjustments made to that estimate by the Center. Centers are required to review the Analysis and take corrective actions as appropriate where chronic significant variances occur.

Centers should not include the amount they enter to adjust the cumulative accrued costs through the end of the prior month to the prior month's subsequently reported cumulative actual cost as part of their "Center Accrued Cost for Month." Inclusion of this value distorts the percentages and defeats the purpose of the Analysis.

An example to illustrate preparation of the Analysis and its intended use:

Contract NASX-XXXX is ongoing. The Center accrued cumulative cost on this contract of \$130,077,000 as of September 30, 2000. The accrual for the month of September alone was \$1,809,000, based solely upon the contractor's estimate for September, shown on the NF 533

submitted in early September. The contractor's cumulative actual cost through September 30, as subsequently reported on the NF 533 submitted in October, was \$130,828,000; the actual cost for the month of September alone was \$2,560,000. The analysis would be completed as shown in Appendix 5.

Analysis A. reveals that the cumulative cost for this contract was underaccrued by \$751,000 in the Agency's accounting system as of September 30, which represented 29.3 percent of the actual cost for the month of September. We then look to the other analyses to determine the reason(s) for this variance. Analysis B. shows that the amount accrued in the Agency accounting system for the month of September alone was \$751,000 less than the actual costs incurred for September. Since the variance in B. equals that in A., this means that the overall cumulative variance shown in A. resulted from the accrual for the month of September, rather than the cumulative effect of variances from a number of months' accruals. Since the variance shown for Analysis C. is the same as that for A. and B., it is clear that the cumulative variance shown in A. and the variance for the month of September shown in B. were both due solely to the inaccuracy of the contractor's estimate for September. There is no variance shown in Analysis D., since the contractor's estimate was used as reported on the NF 533 in preparing the September accrual. Now the accrual for October is prepared. An adjustment is made to correct the \$751,000 variance in September, i.e., to align the cumulative accrued cost through September with the subsequently reported cumulative actual cost. This adjustment is **not** considered part of the "Center Accrued Cost for Month" for purposes of completing the October Analysis of Accrued Cost worksheet, however. The NF 533 submitted in early October shows the contractor's estimate for October to be \$1,388,000. Shortly before the accrual is made, however, the analyst obtains information that the estimate includes \$250,000 for equipment no longer expected to be delivered in October. The analyst decides, therefore, that the accrual for the month of October will be \$1,388,000 less \$250,000, or \$1,138,000. The actual for the month of October, as reported on the NF 533 submitted in November, turns out to be \$1,575,000; the equipment was, in fact delivered in October and more work was performed than expected. The Analysis for the October accrual is shown in Appendix 6.

The October analyses of accrued cost show the following:

- Analysis A. Cumulative contract cost in the Agency's accounting system was underaccrued as of October 31 by \$437,000, which represents 27.7 percent of the October actual cost.
- Analysis B. The \$437,000 underaccrual is due solely to the accrual made in the month of October (indicating the Center properly corrected the prior month's variance). B.3. and B.4. = A.3 and A.5, respectively.
- Analysis C. Of the \$437,000 underaccrual, \$187,000 was due to the inaccuracy of the contractor's estimate for October; more work was performed than planned. This represents 11.8 percent of the 27.7 percent cumulative variance.
- Analysis D. Of the \$437,000 underaccrual, the remainder, or \$250,000, was due to the analyst's adjustment (reduction) of the contractor's NF 533 estimate for October, based

upon information received that indicated equipment would not be delivered in October as planned. The equipment was, however, delivered in October.

It should be noted that  $C.3. + D.3. = A.3.$  Also,  $C.4. + D.5. = A.5.$  (.1 rounding error is not significant), thus accounting for the total October cumulative variance.

**APPENDIX F**  
**VARIANCES**

**Contractor Number and Name: NASX-XXXX, The Contractor**      **Month/Year**      **Explanations of Variances**  
**Sep 2000**

A.	1. Center Cumulative Accrued Cost .....	130077	
	2. Contractor 533 Cumulative Actual Cost (Col.7C 533M*).....	130828	Contractor's estimate
	3. Variance (1-2).....	-751	
	4. Contractor 533 Actual Cost for Month (Col.7A 533M*) .....	2560	
	5. % Variance (3/4).....	-29.3%	

*This analysis provides a comparison of the cumulative accrued cost with the cumulative actual cost reported by the contractor for the same period.*

B.	1. Center Accrued Cost for Month.....	1809	
	2. Contractor 533 Actual Cost for Month (=A4).....	2560	
	3. Variance (1-2).....	-751	
	4. % Variance (3/2).....	-29.3%	

*This analysis provides a comparison of the cost accrued for the current month with the actual cost reported by the contractor for the same period.*

C.	1. Contractor 533 Estimated Cost for Month(Col.8A 533M***) .....	1809	
	2. Contractor 533 Actual Cost for Month (=A4).....	2560	Contractor worked additional hours not originally planned, to make up schedule
	3. Variance (1-2).....	-751	
	4. % Variance (3/2).....	-29.3%	

*This analysis provides a comparison of the contractor's estimate for the current month with the actual cost reported by the contractor for the same period.*

D.	1. Center Accrued Cost for Month (=B1) .....	1809	
	2. Contractor 533 Estimated Cost for Month (=C1) .....	1809	
	3. Variance (1-2) .....	0	
	4. Contractor 533 Actual Cost for Month (=A4).....	2560	
	5. % Variance (3/4).....	0%	

This analysis provides a comparison of the cost accrued for the current month with the contractor's estimate for the same month; the variance is the amount by which the contractor's NF 533 estimate was "adjusted" in developing the cost accrual for the month.

