



**NATIONAL AERONAUTICS AND  
SPACE ADMINISTRATION**

**FINANCIAL MANAGEMENT  
REQUIREMENTS**

**VOLUME 1**

**OVERVIEW**

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OFFICER**

**OVERVIEW**

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## CHAPTER 1

0101 INTRODUCTION TO THE FINANCIAL MANAGEMENT REQUIREMENTS (NFMR)

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

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

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

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

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

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

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

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

C. Volume 3: RESERVED.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Principles and General Policies

1. NPD 1000.3\_ The NASA Organization
2. NPR 5100.4\_ Federal Acquisition Regulation Supplement (NASA/FAR Supplement)
3. NPD 9050.1\_ Official Representational Fund
4. NPD 9050.3\_ Administrative Control of Appropriations and Funds
5. NPD 9080.1\_ Review, Approval, and Impositions of User Charges
6. NPR 9501.2\_ NASA Contractor Financial Management Reporting
7. NPD 9501.1\_ NASA Contractor Financial Management Reporting System

B. Financial Reports

1. NPD 9310.1\_ Delegation of Authority - To Make the Certification for and to Submit the Certification of Obligations Report
2. NPD 9380.1\_ NASA Transactions Affecting the International Balance of Payments

C. Fiscal Operations

1. NPD 9630.3\_ Delegation of Authority - To Render Advice on Questions Involving the Propriety of Certain Payments
2. NPR 9645.2\_ Delegation of Authority -To Waive Claims for Erroneous Payment of Pay and Allowances, Travel, Transportation, and Relocation Expenses and Allowances

D. NASA Travel Regulations

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

## CHAPTER 2

0201 OBJECTIVES AND POLICIES OF FINANCIAL BUDGETING,  
ACCOUNTING AND REPORTING

020101. Purpose. This chapter sets forth the basic objectives of NASA's budgeting, accounting and reporting management system and the general policies to be followed in carrying out those objectives. These policies constitute the basis for development and implementation of the NASA system for financial budgeting, accounting, and reporting, in accordance with Federal accounting standards.

020102. Applicability. The provisions of this chapter are applicable to NASA Centers, including Component Facilities.

020103. Objectives. The fundamental objective for the NASA financial budgeting, accounting and reporting system is to satisfy, in an efficient and economic manner, the needs of responsible NASA officials for reliable, accurate, timely, and complete financial data, in order to ensure effective:

A. Administrative control over and accounting for appropriations so responsible officials may establish and document that NASA financial transactions are within amounts appropriated and apportioned, and for purposes legally authorized and administratively approved;

B. Budget formulation and execution;

C. Management and deployment of resources to achieve optimum results in the execution of missions and conduct of activities;

D. Control over property and other assets; and

E. Responsiveness to the requirements of the Congress, the Government Accountability Office, the Office of Management and Budget, the General Services Administration, the Department of the Treasury, the Federal Accounting Standards Advisory Board, and other external agencies with respect to financial operations and status.

020104. General Policies.

A. NASA's policy is that the management of finances involved in the execution of NASA missions and the conduct of NASA activities is an integral and essential element of the total management function and responsibility of the agency and officials at all levels of the organization. This policy is based in part on the following considerations:

1. NASA is entrusted with public funds and charged by law with the responsibility for control over and accounting for the expenditure of those funds.

2. Within the law, and consistent with sound and conscientious discharge of NASA's public responsibility, the expenditure of funds must be accomplished so that missions are executed and activities conducted in the most efficient and economical manner.

3. The expenditure of public funds is not merely a ministerial function, but a discretionary function which requires the exercise of sound judgment based on reliable information.

B. Financial management functions that are inherently Governmental in nature shall be performed by Federal employees. Office of Management and Budget (OMB) Circular A-76, "Performance of Commercial Activities," May 29, 2003, in its Attachment A, defines an "inherently Governmental function" as:

" An inherently governmental activity is an activity that is so intimately related to the public interest as to mandate performance by government personnel. These activities require the exercise of substantial discretion in applying government authority and/or in making decisions for the government. Inherently governmental activities normally fall into two categories: the exercise of sovereign government authority or the establishment of procedures and processes related to the oversight of monetary transactions or entitlements."

C. Center management should ensure there is an adequate staff of trained and experienced Federal employees in appropriate positions to ensure proper management of the various financial management activities and effective internal controls over monetary transactions. Where functions are contracted out which are not inherently governmental, but closely support the performance of inherently governmental functions, management shall provide an enhanced degree of oversight of contractor performance of these activities to ensure that any final action regarding these activities complies with Federal laws and policies and reflects the independent judgment of agency officials and that there is reasonable identification of contractors and their work products.

D With respect to projected goals for and actual consumption of, human and material resources (as expressed in financial terms), both provisions of law and management policy require NASA budget formulation and execution be based on projected costs to establish goals for commitment, obligation, cost and expenditure, and that the financial accounting and reporting system be designed to measure actual results in those same terms.

E. The Antideficiency Act provide that obligations may not be incurred and expenditures may not be made unless there is an appropriation or fund balance available. Also, appropriations by the Congress are requested, made, administered, and accounted for in terms of authority to obligate and expend. NASA accounting records must identify obligations incurred and liquidated with the applicable appropriation.

F. The basic instrument by which NASA meets the objectives set forth in Section 106 of the Budget and Accounting Procedures Act of 1950, as amended, is the Financial Classification Structure (FCS). The FCS sets forth a uniform classification of all NASA activity and is used in the collection, reporting, and presentation of financial information for a variety of purposes including planning, budgeting, accounting and reporting. The coding structure has been designed to meet the management needs of Headquarters Offices and NASA Centers. All NASA financial transactions will be classified and coded in accordance with the FCS.

020105. Financial Accounting and Reporting Policies. The following policies related to financial accounting and reporting apply throughout NASA:

A. Financial accounting and reporting will be performed at the highest level of aggregation possible commensurate with established objectives. Duplicate records and reports will be avoided, and Headquarters and Center requirements will be combined and integrated to that end. Centers will determine operating procedures wherever possible. The NASA Financial Management Requirements (NFMR) will establish minimum requirements for the agency-wide financial accounting and reporting system.

B. The accounting system will provide internal controls for safeguarding assets, ensuring that bills are promptly processed for goods and services sold, promoting the accuracy and reliability of financial data, and encouraging adherence to approved policies. The system of checks and balances will be sufficient to disclose conditions and transactions not in conformance with legal, administrative, and accounting requirements, and to ensure that funds are disbursed only for purposes for which they are legally available and administratively authorized. Recorded transactions will be adequately documented so they may be traced from original documents to financial statements.

C. Agency program and fund management concepts and systems require that commitments be recorded in order to provide a certified reservation of funds to support the awarding of obligation of funds.

D. Payments will be recorded in accounts and reported at the level of the NASA Financial Classification Structure (FCS) to facilitate administrative control of funds and assist in budget formulation and execution, including commitments, obligations, and costs.

F. Cost accounts will be maintained on an accrual basis, i.e., costs and income will be recorded in accounts in the period in which incurred or earned (see NFMR Volume 7). In the application of this policy, every effort will be made to ensure a comprehensive accrual at fiscal year-end, and reasonable efforts will be made to record costs accurately on an accrual basis each month.

G. Obligations are liquidated on the accrual basis, i.e., when goods or services are received and related costs are recorded. Costs will be classified in accounts according to the appropriation which financed the costs. Costs will be reconciled to obligations incurred at the appropriation level for each Center. Within each appropriation, costs will be classified first by FCS and then by those capitalized and expensed as a cost of current operations. The system of classification will be uniform so that total costs including overhead may be determined irrespective of which appropriation financed the costs or whether the costs are finally accounted for as capital or expense. Where it is necessary or desirable to specify agency-wide treatment of a cost item or method of cost allocation, Centers will adopt the specified treatment or method for internal operations and reports as well as for reporting to the Agency OCFO.

H. Disbursements will be charged only against costed obligations. In the case of contracts funded with multiple appropriations, disbursements will be charged directly against the specific, underlying costed obligations in instances where there is sufficient data to make a direct linkage. This is the preferred method of charging disbursements against obligations. In the absence of sufficient linkage data as determined above, the Deputy Chief Financial Officer (Finance) or their designee, in consultation with the cognizant contracting officer, will use estimating techniques to develop paying instructions that will be used to charge disbursements against costed obligations. The paying instructions should result in a reasonable allocation of the disbursement to costed obligations based on the nature of the work performed. Payment methods that direct that payments be made from the earliest available fiscal year funding sources, or that provide for proration across appropriations assigned to the line item, or a combination thereof, may be used if that methodology reasonably reflects how much each of the appropriations support contract performance. Paying instructions should be revised as necessary to achieve the intended purpose of a reasonable allocation of payments among appropriations based on work actually performed and estimates of future performance. Paying instructions shall be documented. Where a standard or general practice is followed for recording disbursements on contracts funded with multiple appropriations, the documentation shall describe the practice. The documentation shall be available for review. Where payment instructions for a multiple-funded contract differ from the standard practice, those documented instructions shall be retained in payment records together with the associated paid contractor invoices. Adjustments to the appropriations actually charged resulting from revised paying instructions should be promptly recorded.

I. Government-Owned/Held property, other than real property and materials held for issue, which are located at another Center, will generally be recorded by the Center where the assets are physically located. When such assets are physically located at other than the funding Center, accountability may, by mutual agreement, remain with the funding Center. Real property will be recorded and reported by the Center where the real property is physically located.

J. Government-Owned/Contractor-Held Property, Plant and Equipment (PP&E), and materials held for issue, will be recorded and reported by the

Center having cognizance of the contract under which the contractor is accountable--whether or not property administration is assigned to others. When contractor-operated facilities are located on a NASA Center, real property will be recorded and reported by the Center where located.

K. Inventories, Government-Owned/Held materials, supplies and non-capital equipment in inventory will be classified uniformly in the general ledger accounts. Items purchased specifically for use on a project may be charged directly to the project providing the items are used, consumed, or applied within a reasonable period of time. Materials, supplies, and non-capital equipment, not charged directly will be priced at average costs when issued for use. Inventory accounts will be supported by inventory records, which will be reconciled with the controlling accounts.

L. Statistical sampling may be used in the examination of payment documents in amounts of \$2,500 or less when it has been demonstrated that economies will be achieved and a valid statistical sampling plan is used. A valid statistical sampling plan must provide the basis for the certification of payment including the following:

1. A description of the objective of the audit and the appropriate universe of payment documents defined in quantitative terms. The audit emphasis must be commensurate with the risk to the Government. Statistical sampling of all payment documents not subject to complete audit coverage is required.

2. Appropriate sampling methods and sample size needed to meet the audit objective.

3. Appropriate procedures for estimating the characteristics of the universe of payment documents from the data sampled. Internal controls will be established to effectively monitor errors detected within the sampling process to ensure undetected payment errors are minimized. If more than the predetermined number of sample errors is found, management action is required.

M. Quality Assurance Evaluations will be conducted to provide responsible NASA officials with an independent evaluation of the degree to which NASA financial accounting and reporting systems conform to the principles and standards prescribed. Such reviews shall also examine the extent to which the concepts and application of NASA financial accounting and reporting systems are adequate to permit responsible NASA officials to exercise proper financial controls.

020106. Responsibilities:

A. The Agency Chief Financial Officer, NASA Headquarters, is responsible for establishing policies, standards, and procedures applicable to NASA financial budgeting, accounting and reporting functions and activities, and conducting periodic, systematic reviews of Center financial budgeting, accounting and reporting practices.

B. At Centers, the Chief Financial Officer is responsible for application of the provisions of the NFMR to meet the needs and directives of Center management, under functional direction of the Agency Chief Financial Officer, NASA Headquarters.

C. Program Managers shall determine management needs for data, status information, estimates, and reports, consistent with these provisions and the NFMR.

020107. Deviations:

A. Requests for exceptions from these FMR policies should be made only when circumstances and urgently compelling reasons justify departures NASA policy and NASA management needs for uniformity and consistency.

B. Requests for exceptions will be submitted in writing through the Center CFO to the Director of Policy and Business Integration, OCFO, NASA Headquarters.

## CHAPTER 3

## 0301 DEFINITIONS OF FINANCIAL MANAGEMENT TERMS

030101. General. This chapter contains definitions of terms generally used by NASA for budgeting, accounting, reporting, and general financial operations, and in the related fields of planning, project approval, and funding. Definitions of terms used in specific applications can be found in the chapter dealing with the subject matter.

A. Need for Common Understanding. NASA personnel must have a common understanding of terms used in order to communicate effectively with one another. The uniform use of terms defined here will help achieve that objective.

B. Arrangement of Terms. Terms are arranged in alphabetical order using the first word of the term defined.

C. Definitions.

1. Accounting System. Principles, methods, and procedures relating to the incurrence, classification, recording, and reporting of the transactions of an organization.

2. Accounts Payable. Amounts owed by NASA to others based on invoices or other evidence of receipt of goods or services, i.e., the amount due for goods or services which have been received but for which payment has not been made.

3. Accounts Receivable. Amounts owed by others to NASA for goods furnished or services rendered. Such amounts include reimbursements earned and refunds receivable.

4. Accrual Basis of Accounting. Method of accounting where revenues and expenses are identified with specific periods of time and are recorded as incurred without regard to the date of receipt or payment of cash.

5. Administrative Limitation. Restraint imposed within NASA on the use of an appropriation or other fund for the purpose of controlling commitments, obligations, costs, and outlays.

6. Advances. Money offered in contemplation of the receipt of goods, services, or other assets. There are two types of advances: advances issued by the Government and advances received by the Government. Advances issued by the Government include travel advances made in contemplation of future travel expenses, contract financing to contractors made in contemplation of future receipt of goods or services, and advances to grantees to conduct research for NASA. Advances received by the Government are prepayments made in contemplation of the later receipt of goods, services, or other assets.

7. Allotment. Authorization to incur commitments, obligations, and outlays within a specific amount pursuant to an appropriation or other statutory authority. The allotment constitutes a legal limitation on the total amount of funds stated thereon, to be utilized in accordance with procedures governing the administrative control of appropriations and funds, as implemented by NASA Policy Directive (NPD) 9050.3\_.

8. Apportionment. Distribution by the Office of Management and Budget of amounts available for obligation and outlay in an appropriation or fund account. The amounts may be available only for specified time periods, activities, functions, projects, objects, purposes, or combinations thereof. The specified amounts limit obligations to be incurred.

9. Appropriation. Statutory authority that allows Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation usually follows enactment of authorizing legislation.

10. Appropriation Refunds. Recoveries of erroneous or excess payments that are credited to an appropriation or fund account. Recoveries of advances, or amounts disbursed as a result of oversight, which are for credit to an appropriation or fund account. Refunds include recoveries for such items as salary or invoice overpayments, or the return of the unused portion of a travel advance.

11. Appropriation Reimbursements. Amounts received by NASA as repayment for commodities sold or services furnished either to the public or to another Government entity that are authorized by law to be credited directly to a specific appropriation. Reimbursements received, or to be received, for credit to a specific appropriation account.

12. Assets. Any item of economic value owned by NASA. The item may be physical in nature (tangible) or a right to ownership (intangible) that is expressed in terms of cost or some other value. Also includes prepayments and deferred charges applicable to current and future accounting periods.

13. Authorization Act. Approved legislation, which authorizes the appropriation of funds for an agency's programs.

14. Budget. Formal estimate of future revenues, obligations to be incurred, and outlays to be made during a definite period of time.

15. Budget Authority. Authority provided by law to enter into obligations that will result in immediate or future outlays involving Government funds.

16. Budget Year. Fiscal year for which estimates are submitted. Budget submissions generally contain data concerning the Prior Year (the FY immediately preceding the current year), the Current Year (the FY immediately

preceding the budget year), the Budget Year (the FY for which estimates are submitted) and four subsequent years.

17. Capitalized Assets. Assets with a unit acquisition cost of \$100,000 or more, an estimated useful life of two years or more, which are not intended for sale in the ordinary course of operations, and have been acquired or constructed with the intention of being used, or being available for use by the Agency.

18. Capitalized Lease. Property lease that is equivalent to an installment purchase of property and meets the criteria in NFMR Volume 6, Chapter 4. In accordance with OMB Circular A-11, "Preparing and Submitting Budget Estimates," (Section 33 and Appendix B), for all lease purchases and leases of capital assets, there must be sufficient budgetary resources up-front to cover the present value of the lease payments discounted using Treasury interest rates.

19. Center. NASA sites led by a Center Director, as listed in NPD 1000.3\_.

20. Center Support. All general and administrative activities required for operating and maintaining a Center regardless of the programs and projects carried out at the Center. Center support costs include civil service personnel, travel, support service contracts, supplies, equipment, and other goods and services necessary to carry out the general and administrative functions of the Center.

21. Certifying Officer. Government officer or employee who by reason of his or her employment is charged with accountability for public funds. The term is commonly applied to individuals who certify invoices for payment. The term is also used to refer to officials who certify availability of funds.

22. Closed Accounts. Appropriation or fund accounts in which legitimate obligations or adjustments cannot be paid and are not available for any purpose. After an account is closed, any obligations or adjustments must be paid from a current appropriation available for the same purpose.

23. Collateral Equipment. Building-type equipment, built-in equipment, and large, substantially affixed equipment normally acquired and installed as a part of a facility project. The removal of such equipment would impair the usefulness, safety, or environment of the facility and would involve substantial cost because of the special or unique services required for the initial installation.

24. Collections. Amounts received by the Federal government during the fiscal year. Collections are classified into two major categories: budget receipts (general fund receipts) and offsetting collections. Budget receipts are collections from the public (based on the Government's exercise of its sovereign powers) and from payments by participants in certain voluntary federal social insurance programs. Offsetting collections are collections from Government accounts or from transactions

with the public that is of a business-type or market-oriented nature (reimbursable agreements, refunds and advances).

25. Commitments. Administrative reservations of funds based on approved requisitions, procurement requests, authorizations to execute contracts, or other written evidence.

26. Component Facility. Organizations geographically separated from the Center to which they are assigned, as listed in NPD 1000.3\_. These also include the NASA Shared Services Center and the Competency Center.

27. Constructive Delivery. Concept under which costs are accrued as a contractor performs work on a contract, where goods are manufactured to Government specifications, since the Government takes title to goods as work progresses.

28. Contingent Liability. Potential liability created by a past transaction or event that may become an actual liability due to consequences of a future event. A contingent liability will be recognized when a past event or exchange transaction has occurred, a future outflow of resources is probable, and the future outflow or sacrifice of resources is measurable.

29. Continuing Resolution. Legislation enacted by the Congress to provide authority for an agency to continue operations when regular appropriations have not been enacted by the beginning of a fiscal year.

30. Contract Administration. Contract administration is the management function that ensures both the Government and contractor faithfully execute a contract. Contract administration includes the functions of reviewing contractor performance and compliance with the contract terms (quality assurance plan), processing contract payments, negotiating change orders, and monitoring the closeout of contract operations. A large portion of the NASA contract administration services are performed by DoD activities and NASA reimburses DoD for the cost of those services.

31. Contract Value. Total definitized cost (including fee) of all work to be performed under a contract, through the most recently executed modification.

32. Contractor-Acquired Property. Property procured or built by a contractor but paid for and owned by NASA.

33. Cost Accounting. Method of accounting, which provides for accumulation and recording of all elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or specific job.

34. Cost Finding System. System whereby costs are derived using a combination of (1) data contained in the official records of the Agency and (2) data derived from statistical and computational applications. Such a system does not provide accounts for accumulating current cost data on a continuous basis and integrating

these data with the general ledger. Cost information can be provided when needed on an occasional basis or for a special purpose. The cost data may not be as precise as data provided by an integrated cost accounting system.

35. Cumulative Obligations. Total obligations incurred during a specific period, including obligations for which disbursements have been made.

36. Decommitment. Downward adjustment of a previously recorded commitment.

37. Deobligation. Downward adjustment of a previously recorded obligation attributable to a contract termination or modification, price revision or correction of amounts originally recorded.

38. Deposit Fund. Fund established to account for receipts that are either (1) held in suspense temporarily and later refunded or paid upon administrative or legal determination as to proper disposition thereof, (2) held as security to assure compliance with contractual terms or as collateral against customer damage, or (3) held as an agent for others and paid out at the direction of the depositor. Such funds are not directly available for salaries, expenses, grants, or other Government outlays.

39. Direct Labor Hours. Hours worked for labor or services, which are directly assignable to a specific project, system, or task. Although hours representing labor or services of an overhead nature are directly attributable to a service output, these hours are not considered as direct in this context. However, where various categories of personnel such as cost analysts, budgeting and programming specialists, clerical employees, etc. have been assigned to facilitate the "total project management concept," the work performance should be classified as direct labor hours when the efforts can be directly related to specific projects.

40. Direct Program. Activities, which are clearly programmatic in nature and are planned, budgeted, and authorized by a project manager. Direct program activities include civil service personnel, travel, end-item purchases or services procured through the using contracts, grants, and purchase orders.

41. Disbursement. Outlay of public moneys and the rendering of accounts in accordance with the laws and regulations governing the distribution of public moneys. (See also Outlays).

42. Equipment. Tangible items of a durable nature used in operations including but not limited to items such as word processors, typewriters, personal computers, calculators, furniture, copiers, machinery, and ADP equipment (excluding ADP software).

43. Expired Appropriation. Appropriation account no longer available for obligation, but available for payment of existing obligations. (See also Closed Accounts).

44. Facility Project. Consolidation of applicable specific individual facility work, including related collateral equipment, required to fully reflect all of the needs, generally relating to one facility, which have been or may be generated by the same set of events and which are required to be accomplished at one time in order to provide for the planned initial operational use of the facility or a discrete portion thereof.

45. Fair Value. The price for which an asset could be bought or sold in an arm's-length transaction between unrelated parties (e.g., between a willing buyer and a willing seller). For capitalized assets, the determination of fair value should be documented and the documentation retained while the asset is on NASA's books.

46. Federal Accounting Standards Advisory Board (FASAB). Board created to consider and recommend the accounting standards and principles for the Federal Government to improve the usefulness of Federal financial reports.

47. Fiscal Year. Federal Government's yearly accounting period which begins on October 1 and ends on the following September 30.

48. Full Cost Accounting. Accounting principles and standards that relate to the total cost of providing goods and services and include direct, service, and general and administration costs that are identified to appropriate programs/projects and provided information to manage NASA activities from a full-cost perspective.

49. Functional Management. Responsibility for making decisions with respect to planned and actual utilization of resources necessary for the proper functioning of Centers. Emphasis is placed on functions, organizations, facilities, personnel, and other resources necessary for the achievement of NASA's basic objectives.

50. Fund Control. Management control over the use of allotments and resources authorizations to assure that (1) funds are economically and efficiently used only for authorized purposes and (2) obligations and disbursements do not exceed amounts authorized.

51. Funding. Issuance of allotments by NASA Headquarters, which provides authority to incur commitments and obligations and make payments within appropriations approved by Congress and the apportionment limitations established by the Office of Management and Budget.

52. Government-Furnished Equipment (GFE). NASA-owned equipment furnished to a recipient or contractor for use under the terms of a grant, cooperative agreement, or contract where title remains with NASA.

53. In-House. Activities performed within the confines of a Center or immediate adjacent areas. This effort contributes to the accomplishment of a program or project and provides appropriate general and administrative support required to operate and maintain a Center regardless of the projects carried out at the Center.

Either civil service or support contract personnel can accomplish in-house functions. (See also Out-of-House.)

54. Incremental Funding. Act of increasing the funding ceiling of a contract in successive increments.

55. Interest. Charges for the use of money commonly computed as a percentage of outstanding principal. The most common applications of interest in NASA are penalties the Government must pay vendors when principal amounts due are not paid on time and amounts NASA collections from delinquent debtors. The rates used in these two situations are set annually by the Treasury Department.

56. Invested Capital. Net value of capital assets.

57. Lease. Instrument conveying an interest in land, buildings, or other structures and facilities for a specified term, revocable as specified by the terms of the instrument, in consideration of payment of a rental fee.

58. Liabilities. Amounts owed by NASA for items received, services rendered, expenses incurred, assets acquired, construction performed (regardless of whether invoices have been received), and amounts received but as yet unearned.

59. Limitation. Statutory or administratively imposed restriction within an appropriation or other authorization or fund which establishes the maximum amount which may be used for specified purposes.

60. Non-Collateral Equipment. Equipment other than collateral equipment. Such equipment, when acquired and used in a facility or a test apparatus, can be severed and removed after erection without substantial loss of value or damage thereto or to the premises where installed. (See also Collateral Equipment.)

61. Obligational Authority. Authority to incur obligations granted by an allotment or a "citation of funds" authorization. Appropriation, apportionment, allotment, or an administrative subdivision of an allotment authorizing the occurrence of obligations within a specified amount against the allotment without further recourse to the office which granted the authority.

62. Obligation Limitation. Maximum amount established for obligations, which may be incurred for a specified purpose, pursuant to a statutory requirement, apportionment action, or administrative determination.

63. Obligation. Obligation means a legally binding agreement that will result in outlays, immediately or in the future.

64. Operating/Program Expenses. Expenses incurred in conducting ordinary activities of NASA. Expenses result in outflows of assets or occurrences of liabilities. Excludes capital expenditures, unfunded expenses, and cost of goods sold.

65. Out-Of-House (Off-Site). Activities performed outside the confines of a Center or immediate adjacent areas. (See also In-House.)

66. Outlays. Amount of checks issued or other payments; net of refunds and reimbursements. Total budget outlays consist of the sum of outlays from appropriations and funds included in the unified budget, less offsetting receipts. Outlays of off-budget Federal entities are excluded from the unified budget under provisions of law, even though these outlays are part of total Government spending. Federal outlays are recorded on the cash basis of accounting.

67. Outstanding Orders. Amount of orders for goods or services outstanding for which a liability has not been accrued; includes orders for goods and services for which advance payments have been made, but for which goods or services have not been received.

68. Over Obligation. When the aggregate of obligations exceeds the amount of funds legally available for obligation. An over obligation is a violation of the Antideficiency Act (31 USC 1341).

69. Performance and Accountability Report (PAR). Consolidated report published annually by the NASA Chief Financial Officer which brings together reports required under various statutes, includes the Agency audited financial statements and performance measures. The PAR addresses the objectives of the Federal Manager's Financial Integrity Act, the Federal Financial Management Improvement Act, and NASA's Five-Year Financial Plan.

70. Permanent Change of Station (PCS). Permanent transfer of an employee from one official duty station to another. For details refer to the Code of Federal Regulations, section 302-1.7.

71. Prime Contract. Contract into which NASA enters directly.

72. Program. A program is a strategic investment by a Mission Directorate or Mission Support Office that has defined architecture, requirements, funding level, and a management structure that supports one or more projects

73. Program Management. Responsibility for making decisions with respect to planned and actual execution of specific program objectives. Emphasis is placed on technical, schedule, and cost objectives of the program, and the means to achieve them, including appropriate use of Centers, contractors, and other Government agencies.

74. Program Stock. Material acquired, by direct purchase or issue from Stores Stock, for a specific program and stored until required.

75. Program Support. Activities that contribute to accomplishment of a program or project which are planned, budgeted, and authorized by a project manager and coordinated by a functional manager. Program support activities include civil service personnel and travel, support service contracts, supplies, equipment and minor contracts linked to a specific program.

76. Project. Within a program, an undertaking with a scheduled beginning and end, which normally involves one of the following primary purposes: (1) design, development, and demonstration of major advanced hardware items; (2) design, construction, and operations of a new launch vehicle (and associated ground support) during the research and development phase; and (3) construction and operation of one or more aeronautical or space vehicles and necessary ground support in order to accomplish a scientific or technical objective. It is a basic building block in relation to the NASA program and represents varying aggregations of specific individual jobs or tasks, each of which is individually planned, approved, and managed at the appropriate level.

77. Project Approval Document (PAD). Document which, when signed by the Administrator or designee, authorizes and directs the responsible designated official(s) to initiate and carry out a project within the scope defined in the document and within resources established through the NASA system for resources authorizations and allotments.

78. Real Property. Land, buildings, structures, other structures and facilities and leasehold improvements.

79. Refunds. See Appropriation Refunds.

80. Reimbursable Outlay. Outlay made for or on behalf of another agency, fund, or appropriation, or for a private individual, firm, or corporation. Reimbursable work done for public service agencies or the private sector shall be on an advance payment basis, except that reimbursement for such costs may be accepted on a progress payment basis or after completion of the work for state or local government agencies pursuant to an intergovernmental cost-sharing agreement, or for Federal grantees or subgrantees, when they are prohibited from advancing such funds (see NFMR Volume 16).

81. Reimbursements. Amounts collected or to be collected for commodities, work, or services furnished or to be furnished to another appropriation or fund or to an individual, firm, or corporation, which by law may be credited to an appropriation or fund account. Amounts to be collected include accounts receivable, reimbursements earned but not billed and amounts anticipated for the remainder of the year. Amounts collected may also include interagency orders accepted and on hand, for

which delivery has not been made, to the extent that the order is a valid obligation of the ordering agency and the collection will be credited to the appropriation being reported.

82. Reimbursements Anticipated. Amounts of reimbursements expected to be received for the performance of work, providing services, or procurement of material for others.

83. Reimbursements Earned. Portion of reimbursable orders from other agencies and customers for which the performance of service and delivery has been completed by the performing activity

84. Revenue. Amount realizable from providing services or goods to others on a reimbursable basis and from miscellaneous and special fund receipts.

85. Stand-by Stock. Material held for emergencies or other unspecified contingencies.

86. Statement of Federal Financial Accounting Standards (SFFAS). Published accounting principles adopted by the Federal Accounting Standards Advisory Board. These statements are the body of standards that are Federal generally accepted accounting principles.

87. Statutory Limitation. Amount stated by Congress in an Authorization, Appropriation or other Act which establishes the maximum amount which may be used under the appropriation (or more than one appropriation) for a specified purpose, or other limitation of agency authority or operations which has the force and effect of law.

88. Stores Stock. Material held in inventory by a Center, which is repetitively procured, stored, and issued on the basis of recurring demand.

89. Subcontracts. Contract entered into by a prime contractor and a supplier, distributor, vendor or firm to furnish supplies or services for performance of a prime contract.

90. Uncosted Obligations. Obligations incurred for which costs have not been accrued. Represents materials or services ordered but not received or placed in use.

91. Unexpended Appropriations. Amounts of spending authority at the reporting date that are either (1) unobligated and not canceled, rescinded, or withdrawn or (2) obligated, but not yet expended (for example, undelivered orders).

92. Unfilled Customers Orders. Amount of reimbursable orders received by NASA from Government agencies and other customers for which costs have not been incurred.

93. Unfunded Transactions. Cost-type transactions that have no effect on appropriated funds. Includes cost of goods and services transferred to or from NASA's Centers and other US Government agencies without reimbursement.

94. Unobligated Balance. Portion of an allotment which has not been obligated.

95. Unobligated Commitments. Outstanding commitments against a specific appropriation or fund, or allotment (i.e., commitments not yet obligated or canceled).

96. Workyears. Workyear equivalents are computed by dividing total hours compensated (includes regular hours, annual leave, sick leave, compensatory time used, and overtime, and excludes leave without pay) by 2,087 hours.

**CHAPTER 4****VITAL RECORDS AND EMERGENCY OPERATIONS**0401 PURPOSE

This chapter provides policy guidelines for the preservation of NASA financial management records and reports which are considered vital for continued operations or are essential for the protection of the rights and interests of employees, contractors and others. It also references general policy guidance for the Agency to ensure the performance of essential functions and preserve the continuity of NASA operations under emergency conditions.

0402 REFERENCES

040201. NPD 1040.4A, NASA Continuity of Operations This NASA Policy Directive addresses NASA's ability to maintain the operation of its critical mission essential functions, or implement transfer of critical mission essential functions to alternate locations in the event of emergencies and disastrous events resulting in long-term disruptions of normal operations.

040202. NPR 1040.1 NASA Continuity of Operations (COOP) Planning Procedural Requirements. This NASA Procedural Requirement provides NASA Management, Center Directors, Chief information Officers, Program Managers, and network administrators, with a step by step approach to preparing a Continuity of Operations Plan, which addresses long-term losses or disruptions of primary mission-essential operations, support facilities, Information Technology systems, and other essential interdependencies.

040203. NPD 1440.6, NASA Records Management. This NASA Policy Directive addresses the oversight and management of the records management functions including the vital records described below.

040204. NPR 1441.1, Records Retention Schedules. This NASA Procedural Requirement sets forth the retention periods for the Federal records of the National Aeronautics and Space Administration.

040205. NPD 8710.1, NASA Emergency Preparedness Program. This NASA Policy Directive addresses NASA's baseline capability requirements for responding to emergencies.

040206. NPR 8715.2, NASA Emergency Preparedness Plan Procedures and Guidelines This NASA Procedural Requirement provides NASA Headquarters and NASA Centers, including Component Facilities, with requirements for developing

emergency preparedness procedures and for effectively working with regional organizations of the Department of Homeland Security's Federal Emergency Management Agency for response to national emergencies.

0403 DEFINITIONS

040301 Vital Records. Records that are determined to be essential for maintaining the continuity of NASA operations during a national emergency are considered vital records. The vital records program includes two basic categories.

A. Emergency Operating Records. This category consists of records outlining the essential functions of NASA for the duration of emergency conditions. Included are emergency plans and directive(s); orders of succession; delegations of authority; staffing assignments; selected program records needed to continue the most critical agency operations; related policy or procedural records that assist staff in conducting operations under emergency conditions; and for resuming normal operations after an emergency. These records, in paper or microfiche form, should be utilized without reliance on mechanical equipment. Microfiche readers at Federal Emergency Management Agency (FEMA) Regional Centers are not considered mechanical because the readers are handheld battery operated equipment.

B. Rights and Interests Records. This category is composed of records required for the preservation of the rights and interests of individual citizens and the Government. Included are financial interests, for example, payroll data and manual or automated listings of other claims of employees, contractors and vendors (accounts payable) etc.; legal proceedings; and proof of ownership records. Financial management rights and interests records may be in an automated format, on paper, or in microfiche form.

0404 RESPONSIBILITIES

040401. NASA Chief Financial Officer. The NASA CFO shall:

A. Implement NASA records management functions within the OCFO organizations by ensuring the designation of organizational Records Liaison Officers who will coordinate with Center Records Managers who will, in turn, coordinate with the Agency Records Officer as appropriate.

B. Ensure that the OCFO supports the NASA Emergency Preparedness Program.

040402. Center CFO and Headquarters Director of Operations Each Financial Management Office is responsible for implementing and insuring compliance with requirements of the vital records program within the office's respective activities by

identifying, selecting, and furnishing copies, reproductions or automated storage of vital records to the Center Records Management Officer for transfer to a storage site.

#### 0405 VITAL RECORDS

040501. All records vital to emergency operations should be maintained on a current basis at FEMA Regional Centers. Storage of vital financial management records will be limited to copies or reproductions generated from existing procedures. Therefore, Centers are not to develop records or systems for the sole purpose of vital record(s) storage.

040502. All rights and interests records should be maintained on a reasonably current basis at a designated safe haven site. A safe haven site includes another NASA office, Government installation, Emergency Operating Center, or an adequately protected site, i.e., fire-resistant vault.

040503. The vital records program will be effective if the data selected are current, complete, adequately protected, accessible, and immediately usable. The program should be simple, economical, and not threatened by budget or procedural difficulties. It should be reviewed at least once a year to obtain valuable information through tests under different simulated emergency conditions. Such tests are not conclusive, but nonetheless provide the best available means of ensuring program effectiveness.

#### 0406 EMERGENCY OPERATIONS

040601. The records storage program discussed above is applicable in situations where Centers' planning contemplates a safe haven site only for vital records. Where Centers' emergency plans contemplate staffs and actual operations at a safe haven site, consideration should also be given to the following items:

A. Functions that financial management personnel will be expected to perform, i.e., voucher examination, accounting.

B. Number of persons required and assigned to a site to perform such functions.

C. Availability of supplies and forms (standard, stock, and NASA) which will be required.

D. Availability of office equipment such as personal computers, calculators, typewriters, desks, reproduction equipment, etc.

E. Availability of an authorized certifying officer, cashier, and facilities for safeguarding cash.

F. A contingency plan to provide for the continuity of data processing resources during adverse events which would prevent or reduce normal operations. Normal operations can be disrupted by natural causes, i.e., floods, earthquakes, storms, fires, or water damage; equipment failures; human errors, or deliberate adverse acts by one or more individuals. The contingency (backup and recovery) plan for each Center must consider the use, criticality, and sensitivity of the data processed. The plan should include sound documentation, alternate equipment, periodic evaluations, and be structured to incorporate procedures that provide the capability to respond to a variety of adverse events.

040602. Assumptions to Consider In Emergency Planning. During an emergency, some relaxation of legal and procedural requirements may occur. Planning of the Central agencies assumes, however, that current standards will continue to be required. Adequate preparation should, therefore, be provided for all contingencies.

040603. Coordination Arrangements for storing vital records and developing emergency operating plans will be coordinated with each Center's Emergency Planning Coordinator, Records Management Officer, and Computer Security Official.