



NASA Procedural Requirements

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2017**COMPLIANCE IS MANDATORY**[Printable Format \(PDF\)](#)

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Subject: Budget Execution**Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [Chapter6](#) | [AppendixA](#)
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Appendix F. Actions Required for the Commitment of Funds for Government Contract Procurement Actions

F.1. This Appendix summarizes actions required by NASA for the commitment of funds as relates to Government Contracts procurement actions. Such actions involve the procurement of goods and services and other requirements which the Agency has properly justified in the appropriation, allotment, and commitment process.

F.2. Generally, in a simple procurement action the maximum amount of the obligation to be incurred appears on the commitment document (e.g., procurement request) and is the amount to be recorded as a commitment. When the exact amount of the related obligation is known (i.e., by receipt of the obligating document), the obligation is recorded and the balance of unobligated commitments is reduced. However, in a more complicated type of contract, such as one authorizing variations in the quantity to be delivered, there may continue to be a requirement for a commitment in excess of the obligation.

- a. A commitment for a proposed firm fixed-price contract, purchase order, or other proposed fixed-price agreement shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. Upon receipt of the related obligating document, the unobligated commitment shall be reduced by the amount of the obligation.
- b. A commitment for fixed-price contracts with economic price adjustment, incentive provisions and prospective or retroactive price re-determination (see FAR 16.203-206) shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. After the contract is executed, that portion of the ceiling or maximum price stated in the contract which does not constitute an obligation remains a commitment to the extent that there is a reasonable anticipation that an additional obligation will ultimately be incurred. The amount of such commitment need not be the maximum or ceiling price stated in the contract, but shall be the amount which may be conservatively estimated to be sufficient to cover the additional obligation which will materialize, based on judgment and experience, allowing for contingencies of price revision downward.
- c. For purposes of estimating and recording, commitment records may treat estimates covering price and quantity variances for several outstanding contracts under the same allotment as a single commitment item. This avoids detailed recordkeeping for each commitment under each individual outstanding contract. Such records, if utilized, must be maintained in a manner that will facilitate audit.
- d. For Cost-reimbursable, Time-and-Materials, Labor-Hour, and Letter Contracts, a commitment shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. Upon receipt of the related obligating document, the balance of unobligated commitments shall be reduced by the amount of the obligation. In the case of an incrementally funded contract, the amount of fund availability certified and committed shall be the increment of the contract to be funded by the contemplated contractual document.
- e. For definite and indefinite quantity contracts, requirements contracts, and basic ordering agreements (see FAR 16.501-504 and 16.7), commitments shall be recorded under these contracts or agreements (when items, prices, or quantities are not specified, but are to be the subject of subsequent orders) as follows:

f. If the contract indicates the funds to be charged and if the incurrence of the obligation is authorized without further recourse to a fund-certifying official, a commitment shall be recorded in the estimated amount of the obligation eventually to be incurred under the contract. The amount of the estimate may be set forth specifically in the contract or in the related procurement directive or purchase request which bears the certification of fund availability. The requirement for an authorization to incur an obligation will be satisfied if the contract or other authorizing document provides authority to incur an obligation, or an authorization to issue the authority to incur an obligation. Commitments initially recorded under provisions of this subparagraph shall be reviewed at frequent intervals. If a rate of obligation under the contract results in excessive unobligated commitments, the OCFO shall request appropriate officials to reevaluate requirements under the contract with a view to authorizing an adjustment to be made in the amount committed.

g. If a reasonably firm estimate of requirements under the contract is not established as evidenced by a certification of fund availability or contractual provisions, or there is a specific contractual provision which precludes such recording, a commitment shall be recorded only upon issuance of an appropriate authorization to order specific items and quantities. For example, if the contract merely provides that required quantities will be ordered from a specified contractor when and if needed, a commitment shall not be recorded in excess of any stated minimum order until funds are certified on the purchase request relating to a specific order.

h. If it is anticipated at the time the contract is executed that accepted deliveries may exceed the quantity specified in the agreement, a commitment balance shall be retained for the amount of such anticipated excess deliveries (see FAR 12.40 1- 403). The amount to remain as a commitment shall be based on judgment and will not necessarily be equal to the amount of the maximum allowable deliveries.

i. When the executed contract provides for subsequent "provisioning" (i.e., identifying and ordering the specific parts at a later date), the estimated cost established in the contract clause (although not an obligation until specifically defined) shall be retained in the records as an unobligated commitment (see FAR 52.2).

j. An authorization to amend or modify a non-incrementally funded contract shall be recorded as a commitment at the time of certification of fund availability in the amount of the estimated cost of such amendment or modification. Where the authorization is to amend or modify an incrementally funded contract, only those amendments or modifications which add funds in addition to the previously funded increment shall be certified for fund availability and committed. The commitment recorded shall be in the amount of the additional funding.

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