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NASA Procedural Requirements

NPR 9690.1
Effective Date: September 30,
2008
Expiration Date: September
30, 2016

COMPLIANCE IS MANDATORY

Investments (Revalidated, November 10, 2011)

Responsible Office: Office of the Chief Financial Officer

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Change History

NPR 2800.1A, Security of Information Technology

| Chg# | Approved | Description/Comments |
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| 1 | 11/10/2011 | Update to comply with 1400 Compliance, with administrative changes, title changes, update applicable documents, and added Appendix C for references. |

Preface

P.1 Purpose

This NASA Procedural Requirements (NPR) provides the financial management requirements for Investments.

P.2 Applicability

- a. This NPR is applicable to NASA Headquarters and NASA Centers, including Component Facilities and Technical and Service Support Centers
- b. In this directive all mandatory actions (i.e. requirements) are denoted by statements containing the "shall" or specifically state that NASA is required to comply.
- c. In this directive, all document citations are assumed to be the latest version, unless otherwise noted.

P.3 Authority

- a. 51 U.S.C. § 40901, Science, Space and Technology Education Trust Fund.
- b. 51 U.S.C. § 40902, National Aeronautics and Space Administration Endeavor Teacher Fellowship Trust Fund.
- c. NASA Policy Directive (NPD) 9010.2, "Financial Management."

P.4 Applicable Documents

- a. OMB Circular No. A-11, Preparation, Submission and Execution of the Budget.
- b. OMB Circular No. A-136, Financial Reporting Requirements.
- c. Treasury Financial Manual (TFM), Volume 1, Part 2, Chapter 4300, Reporting Instructions for Accounts Invested in the Department of the Treasury Securities.
- d. Treasury Financial Manual, Volume 1, Bulletin 2007-03, Intragovernmental Business Rules.
- e. Statement of Federal Financial Accounting Standard (SFFAS) No.1, Accounting for Selected Assets and Liabilities.

P.5 Measurement/Verification

Quality assurance reviews and analysis of financial and budgetary reports and data submitted through the continuous monitoring program will be used to measure compliance with this NPR.

P.6 Cancellation

NPR 9690.1, Investments, dated September 30, 2008.

Revalidated on November 10, 2011, Original Signed By:

/S/ Terry Bowie NASA Deputy Chief Financial Officer

Chapter 1. Investments

1.1 Overview

1.1.1 This chapter prescribes the accounting requirements for recording and reporting investment transactions. Investments represent the value of securities with the U.S. Treasury.

1.2 Agency Requirements

1.2.1 NASA invests in market-based Government accounting series bonds and bills issued by the U.S. Treasury. Treasury issues bills at a discount with a maturity date of 6 months or less from the date of issue. Treasury issues bonds at a discount or premium. Bonds carry a stated rate of interest, payable semiannually. Market-based bonds mature in more than 10 years. In accordance with Treasury Financial Manual (TFM) 2-4300, Reporting Instruction for Accounts Invested in the Department of the Treasury Securities. NASA may not invest funds before the funds are deposited, collected, and considered available to Treasury. NASA makes investments using two of its trust funds which are non-revolving trust funds. The National Aeronautics and Space Administration, Endeavor Teacher Fellowship Trust contains funds that are invested in Treasury bills and those in the Science, Space, and Technology Education Trust Fund are invested in Treasury bonds and bills.

1.2.2 NASA is required to record and report investment transactions in accordance with the directives prescribed in the Statement of Federal Financial Accounting Standard (SFFAS) No. 1, Accounting for Selected Assets and Liabilities. Office of Management and Budget (OMB) Circulars No. A-11 Preparation, Submission and Execution of the Budget, and A-136, Financial Reporting Requirements TFM 2-4700, Agency Reporting Requirements for the Financial Report of the United States Government, and TFM 2-4300 (see 1.2.1). Investments should be recognized at their acquisition cost. If the acquisition cost differs from the face (par) value, the security should be recorded at the acquisition cost, which equals the security's face value plus or minus the premium or discount on the investment. Subsequent to their acquisition, investments in U.S. Treasury securities should be carried at their acquisition cost, adjusted for amortization of the discount or premium as applicable. Premiums and discounts should be amortized over the life of the Treasury bonds using the interest method and Treasury bills using the straight-line method.

1.2.3 NASA shall distinguish between the different types of investment activities (investments, redemptions, and unrealized discounts) by using a point account with the 4-digit appropriation fund or receipt account Treasury Account Symbol (TAS) to classify realized earnings as receipts. Interest receivable is recognized as it is earned on investments in interest-bearing securities.

1.2.4 NASA investments in U.S. securities (securities issued by the U.S. Treasury and Federal agencies) are intragovernmental investments and should be accounted for and reported as Federal assets separately from Non-Federal assets. Investments in securities issued by non-Federal entities are considered Non-Federal assets. NASA shall reconcile and confirm investment balances and activity with Treasury's Bureau of Public Debt (BPD) on a quarterly basis.

1.2.5 The components of investments including the market value of the investments should be disclosed in notes to the financial statements, in accordance with the reporting requirements detailed in OMB Circular A-136. NASA is also required to include investment balances in budget reports and schedules. The BPD reports NASA's investment transactions affecting the Fund Balance with Treasury (investment, redemption, and interest received) using the TAS and Business Even Type

Code (BETC) applicable to the appropriate trust fund and event.

1.3 Roles And Responsibilities

1.3.1 NASA Agency Chief Financial Officer (CFO)/ Deputy CFO. NASA Agency CFO and DCFO are responsible for investing funds; recording, reporting, and reconciling investment transactions; and monitoring the Fund Balance with Treasury reported by Treasury's Bureau of Public Debt.

1.3.2 NASA Regional Finance Office/Goddard Space Flight Center CFO. NASA Regional Finance Office/Goddard Space Flight Center CFO is responsible for disbursing interest received on investments as required by 42 U.S.C. § 2467.

1.4 Delegation of Authority

The Agency CFO or DCFO may determine that any of the stated responsibilities may be performed in coordination with or delegated to NASA Centers or Technical and Service Support Centers.

Appendix A. Definitions

Accrued Interest. This is interest earned on a security instrument that has not been paid or received.

Business Event Type Code (BETC). Identifies the type of activity (gross disbursement, offsetting collection, investment in Treasury securities, etc.) and the effect of a transaction on the FBWT. Is used in combination with the TAS to classify transactions reported to Treasury through all GWA-compliant FMS systems. BETC in effect replaces the transaction codes and standard sub-classes that were used on the old central accounting reports.

Discount. The discount is the difference between the price and the par value when less than par value is paid or received for a security.

Earned Interest Realized. The earned interest is interest earned and paid on a security instrument.

Interest Method. The method used to determine the amount of amortization of discount or premium. The amount amortized is the difference between the effective interest recognized for the period and the nominal interest for the period as stipulated in the U.S. Treasury security. The effective interest rate (the actual interest yield on amounts invested) multiplied by the carrying amount of the Treasury security at the start of the accounting period equals the interest income recognized during the period (the carrying amount changes each period by the amount of the amortized discount or premium).

Intragovernmental Fiduciary Confirmation System (IFCS). An internet-based application for confirming and reconciling fiduciary balances (quarterly and year-end). Federal agencies and departments that engage in fiduciary intragovernmental transactions utilize IFCS as the official confirmation system. Agencies and departments must use the IFCS to confirm and reconcile activity and balances activity for investments, borrowings, FECA transactions, and employee benefits transactions.

Market-based U.S. Treasury Securities. Debt securities that the U.S. Treasury issues to Federal entities without statutorily determined interest rates. Although the securities are not marketable, their terms (prices and interest rates) mirror the terms of marketable U.S. Treasury securities.

National Aeronautics and Space Administration Endeavor Teacher Fellowship Trust Fund. The Trust Fund, established in tribute to the crew of the Space Shuttle Challenger, consists of gifts and donations. Other amounts may also be transferred from the National Aeronautics and Space Administration Gifts and Donations Trust Fund. The Trust Fund may be invested and re-invested in public debt securities with maturities suitable for the needs of the Trust Fund. Interest earned shall be credited to the Trust Fund. Income accruing from the Trust Fund principal shall be used to create the National Aeronautics and Space Administration Endeavor Teacher Fellowship Program. NASA is authorized to use such funds to award fellowships to selected United States nationals who are undergraduate students pursuing a course of study leading to certified teaching degrees in elementary education or in secondary education in mathematics, science, or technology disciplines.

Non-Federal Securities. Securities issued by a Non-Federal entity, including State and local governments, private corporations, and Government-sponsored enterprises, regardless of whether the securities are federally guaranteed. This includes investments by Federal agencies in money market as well as mutual funds, even if the money market or mutual fund's assets consist entirely of Federal securities.

Par Value. Par value represents the stated or face amount of a security.

Premium. The premium is the difference between the price and the par value when more than par value is paid or received for a security.

Science, Space, and Technology Education Trust Fund. This Trust Fund was established to make grants for programs directed at improving science, space, and technology education in the United States. Appropriated funds will be invested in U.S. Treasury securities with interest credited to the Trust Fund on a quarterly basis. That interest will be available for the purpose of making grants. Of the funds made available by this Trust Fund, \$250,000 will be disbursed each calendar quarter hereafter to the Challenger Center for Space Science Education.

Unrealized Discount. The unrealized discount is the value of the discount carried until a security is redeemed or matures.

Appendix B. Acronyms

BETC Business Event Type Code

BPD Bureau of Public Debt

CFO Chief Financial Officer

DCFO Deputy Chief Financial Officer

NPR NASA Procedural Requirements

OMB Office of Management and Budget

SFFAS Statement of Federal Financial Accounting Standards

TAS Treasury Account Symbol

TFM Treasury Financial Manual

U.S.C. United States Code

Appendix C. Reference Document

C.1 Treasury Financial Manual, Volume 1, Part 2, Chapter 1500, Description of Accounts Relating to Financial Operations

C.2 Federal Trust Fund Accounting Guide, "United States Standard General Ledger Accounting Guidance"

C.3 NPR 9290.1, Special Accounts