



# NASA Procedural Requirements

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**COMPLIANCE IS MANDATORY**

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Request Notification of Change

(NASA Only)

## Subject: NASA Contractor Financial Management Reporting

Responsible Office: Office of the Chief Financial Officer

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## Chapter 3. NASA Form 533 Financial Management Reports

### 3.1 General

3.1.1 The NASA Contractor Financial Management Reporting System consists of the reports, accompanying remarks, and analyses discussed below. See Appendix B for report formats and detailed instructions.

3.1.2 NASA Form 533 M – a report which provides monthly data on actual and planned costs and labor hours, short-term cost projections, estimates to complete, and contract values.

3.1.3 NASA Form 533 Q – a report which provides quarterly time-phased cost and labor hour estimates. It is also used to submit the initial baseline and subsequent revisions. The NF 533 Q may also be used by contractors to submit time-phased cost estimates in response to a Request for Proposal (RFP).

3.1.4 Detailed instructions for report preparation are provided on the reverse of the forms. Supplementary instructions are set forth below. Where the term “footnote(s)” is used, the information required may be submitted on the forms themselves or in the Narrative Remarks.

### 3.2 Initial Report

3.2.1 All contractors whose contracts contain an NF 533 M or NF 533 Q reporting requirement shall submit an initial report in the NF 533 Q format within 30 working days after contract award.

3.2.2 The initial report provided by the contractor shall reflect the original contract value detailed by negotiated reporting categories and be the original contract baseline plan. This plan, plus authorized changes, is subsequently used in columns 7b and 7d of the NF 533 M for comparison of actual to planned cost. The NASA Contracting Officer may require additional detail, such as quarterly or semiannual phasing over the life of the contract, inclusion of unexercised options, or an initial report whenever options are exercised.

3.2.3 NF 533 M reporting shall begin no later than ten days following the close of the contractor’s accounting period after initial incurrence of cost. NF 533 Q reporting begins with the initial report. In instances where work begins under a letter contract, submission of monthly and quarterly reports may precede the initial report, since the baseline is not yet established through negotiations.

### 3.3 Completion of Reports

3.3.1 Submission. The value of contractor financial management information in meeting the objectives outlined in paragraph 1.2 is dependent upon timely submission of required NF 533 reports. NASA management cannot make fully informed decisions unless it has current data on contractor cost. NASA cannot ensure accurate cost accruals in its accounting system unless it has the necessary data prior to the close of its accounting month. The standard due dates set forth below are designed to ensure that the information will be available when it is needed. Contractors should submit the reports earlier than the required due dates whenever possible. Electronic methods of submitting NF 533 data are preferred to expedite availability of the information.

3.3.1.1 The NF 533 M (Appendix B) is due not later than ten working days following the close of the contractors’ monthly accounting period. An NF 533 M need not be submitted in months in which an NF 533 Q is submitted (unless the NASA Contracting Officer directs submission of both reports), so long as NF 533 Q reports are completed in accordance with the requirements in paragraph 3.4 to provide NASA with the proper monthly data to develop its cost accruals.

3.3.1.2 The NF 533 Q (Appendix B) is due not later than the 15th day of the month preceding the quarter being reported in columns 8a, 8b, and 8c (e.g., the report for the quarter beginning July is due not later than June 15).

3.3.2 NF 533 Supplementary Instructions

3.3.2.1 General

a. Costs and hours reported shall be based upon the contractor’s accounting periods and derived from actual cost and budget records maintained by the contractor. Costs incurred are amounts paid, payable, or otherwise accrued for materials consumed

and services used through the reporting date.

b. Costs incurred include direct and indirect costs and shall be reported on an accrual basis as resources are applied to performance of contract work, rather than on a cash disbursement basis or as orders are placed.

c. Costs should be reported on the basis of the contractor's most current data for actual rates experienced at the time the report is prepared, rather than on the basis of Defense Contract Audit Agency (DCAA) approved provisional billing or bidding rates. Provisional rates (and related cost) and rates used to determine indirect actual cost shall be disclosed in the footnotes.

d. Where contracts contain negotiated ceilings, the NF 533 will only show costs incurred up to the ceilings and footnotes shall be provided by the contractor to discuss the amount of and reason for costs incurred in excess of the ceilings. A breakdown of excess costs by cost element may be required by the contracting officer.

e. Costs incurred shall be reported irrespective of whether they exceed the "Fund Limitation" (NF 533, block 4). Reporting of such excesses will not be construed as evidence of approval by the Government or satisfaction of the notifications to the NASA Contracting Officer required by the contract.

f. Actual costs (and related hourly data) reported shall include costs incurred in performing currently authorized work included in the most recently executed contract modification plus additional authorized work for which execution of modifications is pending, i.e., all work which the NASA Contracting Officer has directed, whether or not negotiated.

3.3.2.2 Elements of Cost, Fees, and Performance Incentives – Reporting requirements for commonly required elements of cost, fees, and performance incentives are discussed below. The reporting categories discussed do not represent all those which may be required on a particular contract, nor must all the items discussed be required.

#### a. Costs

(1) Direct Labor. Direct labor can be directly identified to a particular subdivision of work. It is reported to NASA on the NF 533 as hours are incurred, with accruals for direct labor to the end of the contractors' accounting period.

(2) Materials. Commercial, off-the-shelf items that are purchased for contract work are to be reported to NASA when accepted by the contractor. Material will not be reported as an element of cost under a subdivision of work until it is used on, consumed by, or applied to that subdivision of work.

(3) Equipment. Costs for manufactured equipment, i.e., equipment produced to specific requirements that make it useless to anyone else without rework shall be reported on the NF 533 as the equipment is manufactured. In cases where actual costs are not readily available, the straight-line method for estimating accrued costs or the use of supplemental information obtained from the vendor is acceptable to calculate the incurred cost.

(4) Leases. Lease costs shall be reported on the NF 533, prorated over the life of the lease. In some cases, circumstances could warrant treatment of the cost of a lease as indirect.

(5) Travel. Travel is reported as costs are incurred, generally using the dates of travel to determine the period in which the cost will be reported.

#### (6) Subcontracts

(a) Actual and estimated costs reported by prime contractors shall include subcontractors' incurred cost for the same accounting period. Where subcontract costs are material, they should be separately identified on NF 533 reports.

(b) The prime contractor shall include in the total cost of each subdivision of work the accrued cost (including fee, if any) of related subcontractor effort. Subcontractors should, therefore, be required to report cost to the prime contractor, using the accrual method of accounting.

(c) If the G&A and fee reported by a subcontractor are at the total subcontract level, these costs shall be allocated to specific subdivisions of work.

(d) Cost incurred for fixed-price subcontracts will be obtained from progress payments, engineering estimates of work performed, subcontractor billings, receiving reports, or other available evidence of cost incurred. The practice of accruing cost on fixed-price purchases at the time of receipt is acceptable when the Government (or its prime contractor) is not in fact incurring a liability or financial interest until that time, such as purchase of products that are commercially available for sale to the general public. In the case of fixed-price subcontracts with progress payments, a liability or financial interest is incurred as the work progresses, so the cost should be accrued and reported as work is performed, under the theory of "constructive delivery."

(e) For firm fixed-price (FFP) subcontracts with a value greater than \$500,000, the prime contractor shall document the methodology used to generate the subcontractor cost reported and provide this information to the NASA Contracting Officer and Center Deputy Chief Financial Officer (Finance). Any changes in the reporting methodology shall be discussed in the NF 533 Narrative Remarks (see paragraph 3.6) in the month in which the change occurs.

(f) When a prime contractor finds it necessary to adjust costs reported by a subcontractor, such adjustments will be documented and reported as a separate line item on the prime's report and explained in the footnotes.

(7) Overhead. Overhead is an accumulation of costs into various "pools," normally subdivided further by functional or departmental associations, such as engineering overhead, manufacturing overhead, and materials handling overhead. A variety of overhead pools may be used within a contractors' accounting system. These costs are normally distributed on the basis of direct labor dollars (or hours) or material dollars.

(8) General and Administrative (G&A). G&A is an accumulation of indirect costs applicable to the direction and control of the contractors' activities as a whole. This category would not include costs classified as overhead. Commonly included under G&A are costs for officers' salaries, general and corporate offices, legal and auditing staffs, office supplies, insurance, and taxes. Total cost incurred, exclusive of G&A expenses, is usually used as the basis of distribution to the various cost objectives.

b. Fees. The two types of fees discussed here are fixed and award fee. Fee is generally reported at the contract summary, rather than detailed, WBS level. If any of the following fee categories do not pertain, they should not be included in the NF 533. The reporting structure need not include all categories discussed, but where amounts involved are material, appropriate categories should be required to enable NASA to make an accurate monthly cost accrual.

(1) Fixed Fee. Fixed fee is a consistent fee arrangement negotiated within limits set forth in the contract (see Federal Acquisition Regulation (FAR) 52.216-8 for the standard contract clause) and fixed at the inception of the contract. It shall be reported as a separate line item on the NF 533 as it is incurred over the life of the contract.

(2) Award Fee

(a) Award fee is an amount a contractor may earn in whole or in part based upon evaluations of performance during the contract period. The amount of award fee available is negotiated and included in the contract. Criteria are established to enable NASA to judge performance and determine the amount to be paid. The standard evaluation period is six months.

(b) There are six award fee categories which may be used for NF 533 reporting: Base Fee, Fee Earned, Interim Fee, Provisional Fee, Potential Additional Fee, and Total Fee. Award fee should be reported in the appropriate categories under the general heading "Award Fee," following the "Total Cost" line.

(c) For all of the categories, applicable award fee element amounts may be shown in the body of the NF 533 or in footnotes. The calculation of the amounts should be footnoted on the report itself or explained in the Narrative Remarks.

(3) Base Fee. Base fee is a fixed amount a contractor earns for satisfactory performance. Base Fee should be the first line item listed under the award fee heading and reported as it is earned over the life of the contract.

(4) Fee Earned

(a) Fee earned includes only fees awarded in final determinations. It applies to contracts where performance can be measured conclusively at each evaluation period, e.g., service contracts, as well as final evaluations in non-service contracts. The contractor keeps the fee earned regardless of subsequent evaluations.

(b) Fee earned should be reported on the NF 533 M in columns 7a Actual Cost Incurred/Hours Worked During Month and 7c Cum To Date Actual Cost Incurred/Hours Worked in the month in which the contractor is informed of its score and the amount of award fee earned. The amount shown should reconcile to the contract modification(s) in which fee has been awarded. Monthly estimates should not be reported on the Fee Earned line, but as Potential Additional Fee.

(5) Interim Fee

(a) Interim payments of award fee are made as a result of interim evaluations. Interim Fee awarded is subject to change, based upon the final rating; NASA may have to pay the contractor more, or the contractor may have to repay NASA.

(b) Interim Fee is reported in columns 7a Actual Cost Incurred/Hours Worked During Month and 7c Cum To Date Actual Cost Incurred/Hours Worked in the month in which the contractor is informed of its score and the interim fee amount awarded. The amount shown should reconcile to the contract modification(s) in which fee has been awarded. Monthly estimates should not be reported on the Interim Fee line but as Potential Additional Fee.

(6) Provisional Fee

(a) Some contracts allow for a specified percentage of available award fee to be provisionally paid on a prorated basis more frequently than at the end of an evaluation period, pending actual evaluation.

(b) Provisional Fee should be reported in columns 7a Actual Cost Incurred/Hours Worked During Month, 7c Cum To Date Actual Cost Incurred/Hours Worked, and 8 Estimated Cost/Hours to Complete based upon the contractual arrangement and amounts invoiced.

(c) When a contractor is notified of the award for the current evaluation period, final or interim, NASA will either pay to or collect from the contractor any difference between the amount awarded and provisional payments made during the period. At the beginning of each evaluation period, therefore, the balance reported on the NF 533 for Provisional Fee will begin again at zero.

(7) Potential Additional Fee

(a) Potential Additional Fee is the difference between the amounts available that the contractor expects to earn based on previous evaluations (on the particular contract) and fees reported in the other categories. Where it is material in relation to contract cost, it should be reported for NASA's cost accrual purposes only. Amounts reported shall be based upon realistic assumptions such as historical data, e.g., the most recent rate of fee awarded or average rate of fee awarded from contract inception.

(b) The rationale used shall be explained in the contractor's Narrative Remarks.

(c) Potential Additional Fee should be reported in columns 7a Actual Cost Incurred/Hours Worked During Month, 7c Cum To Date Actual Cost Incurred/Hours Worked, and 8 Estimated Cost/Hours to Complete.

(d) When a contractor is notified of the Fee Earned or the Interim Fee amount, the sum previously reported as Potential Additional Fee for that evaluation period should be dropped from the NF 533.

c. Performance Incentives

(1) Positive and negative performance incentives may be included in cost-plus award-fee contracts. Performance incentives are separate from award fees. They measure performance after delivery and acceptance and are objective. When performance exceeds the standard, the contractor may request incentive payment.

(2) Performance incentives should be reported on the NF 533 as a separate line item, after award fee items. Normally, amounts reported for performance incentives should only be amounts the contractor has been paid. Dependent upon the performance incentive structure, estimated amounts may be shown for ensuing months, with agreement by the NASA Contracting Officer and footnotes explaining the rationale.

3.3.2.3 Hour or Workforce Data

a. Reporting of hour or workforce data shall be on an accrual basis and may differ by individual contract requirements. General reporting guidelines are as follows:

b. Direct labor hours are hours worked which are directly identifiable to a specific project, system, or task. Direct labor hours reported shall correspond with the functional categories or direct labor cost (at the total contract level and subordinate indentures

of the work).

c. All hourly data shall be so identified, either by the letter "H," treated as a separate line item in column 6, Reporting Category, or otherwise.

d. Indirect Labor Hours are hours incurred for common objectives, such as payroll, maintenance, or computer support which cannot be charged to any single direct effort.

(1) Direct Labor Hours. Generally, hours worked should be charged as direct labor whenever legitimately possible. Prime and subcontractor's direct labor hours should be separately identified on the prime contractor's NF 533 summary page. Both should be identified to the proper contract WBS in the detailed portion of the NF 533.

(2) Indirect Labor Hours. Generally, direct labor hours identified to the contract WBS need not include an allocation of indirect hours (such as leave taken) or hours for computer support services which benefit the entire contract. Usually the indirect costs associated with the indirect labor hours should be spread across the contract WBS at the required detail level.

(3) Uncompensated Overtime. Reporting of uncompensated overtime, also known as "green time" or "volunteer time," may be required on NF 533 reports as a separate line item or in the footnotes. Reporting should be consistent throughout the life of the contract; any changes should be discussed in the contractor's Narrative Remarks when made.

3.3.2.4 Management Information. Reporting of management information items may be required by the contract. These items do not involve incurred cost but are used by NASA for managing, planning, and developing budgets. Prompt payment discounts taken, unfilled orders, and termination liability are examples of management information line items, which should appear below the Total Cost and Fee line on the NF 533.

a. Contractors are required to indicate full incurred costs on NF 533 reports submitted. They should also show the amount of discounts offered to and taken by NASA.

b. The actual cost the Government pays for a contract will be reduced by the amount of discounts taken. The cost NASA accrues in its accounts, therefore, should be the total cost reported on the NF 533, less discounts taken.

c. Contractors may report an estimate for prompt payment discounts expected to be taken in a time period in column 8. Columns 7a and 7c should reflect only discounts actually taken by NASA.

d. Unfilled Orders Outstanding.

(1) Reporting of unfilled orders in column 10 of the NF 533 M or column 11 of the NF 533 Q is optional, as directed by the NASA Contracting Officer. Amounts of unfilled orders shall, however, always be included in the values shown in columns 8 and 9 of the reports as provided in the detailed instructions on the reverse of the forms.

(2) The amount of unfilled orders outstanding is the difference between cumulative costs incurred to date and amounts obligated to suppliers and subcontractors. A prime or subcontractor's unfilled orders include open purchase orders (including negotiated changes), against which materials have not been received nor services rendered, and the difference between a subcontractor's actual costs reported by the prime and fund limitations for the subcontractor. A fund limitation is often less than the total estimated amount to be purchased, just as the amount reported in block 4, "Fund Limitation," may be less than that reported in block 3, "Contract Value," for the prime contract. The total unfilled orders outstanding, when added to the prime contractor's actual costs, normally should not exceed the prime contractor's fund limitation.

(3) A separate reporting category for unfilled orders, below the "Total Cost" and "Fee" line, may be specified in the contract where time phasing of this element of data is considered essential.

e. Potential termination liability refers to an estimate of costs incident to stopping work on the contract in the event of termination at a given point in time. Since such costs, in all likelihood, will never be incurred, they normally need not be reported and will not be accrued by NASA. If desired as management information, however, an estimate of costs to cover the contingency of termination may be reported if it is specifically identified on the NF 533 as a separate item below "Total Cost" and "Fee."

f. Prior period adjustments may occur for a variety of reasons, such as changes in direct or indirect cost rates, corrections to prior charges, audit findings, or litigation. They shall be reported in columns 7a and 7c of the NF 533 M and column 7a of the NF 533 Q with footnotes discussing the reasons for and amount of the adjustments.

### 3.4 NASA Form 533 Q Supplementary Instructions

3.4.1 Cost Incurred/Hours Worked – NASA needs to receive the NF 533 Q prior to the quarter being forecast in order for project management to obtain maximum benefit from cost forecasts. Column 7 of the report, therefore, shall include cumulative actual cost through the second month of the prior quarter plus an estimate for the last month of the quarter.

3.4.2 Estimated Cost/Hours to Complete – The appropriate period identification (months, quarters, and fiscal years) shall be inserted in columns 8a through 8h based upon the Government's fiscal year. Table C depicts the appropriate column headings. NASA may require that the total of column 8i, "Balance of Contract," to be broken out by fiscal years in the Narrative Remarks.

**Table C. NF 533 Reporting Periods**

NF 533 Q Reporting Period	7. Cost Incurred Hours Worked	8. Estimated Cost/Hours to Complete								
	a. Cum. Actual End of Prior Month									
	b. Est. During Month	Month	Month	Month	Quarter	Quarter	Quarter	Balance of FY	Next FY	Balance of Contract
	c. Cum. To Date	a.	b.	c.	d.	e.	f.	g.	h.	i.
1. Qtr. Beg. October (NF 533 Q due Sep. 15)	a. Act. thru Aug. b. Est. for Sept.	Oct.	Nov.	Dec.	Jan./ Mar.	Apr./ Jun.	Jul./ Sept.	N/A	Complete as Headed Based on Gov't Fiscal Year (Oct 1 – Sept. 30.)	
2. Qtr. Beg. January (NF 533 Q due Dec. 15)	a. Act. thru Nov. b. Est. thru Dec.	Jan.	Feb.	Mar.	Apr./ Jun.	Jul./ Sept.	Oct./ Dec.	Jan./ Sept.		
3. Qtr. Beg. April (NF 533 Q due Mar. 15)	a. Act. thru Feb. b. Est. thru Mar.	Apr.	May	Jun.	Jul./ Sept.	Oct./ Dec.	Jan./ Mar.	Apr./ Sept.		
4. Qtr. Beg. July (NF 533 Q due Jun. 15)	a. Act. thru May b. Est thru Jun.	Jul.	Aug.	Sep	Oct./ Dec.	Jan./ Mar.	Apr./ Jun.	Jul./ Sept.		

### 3.5 Cost Estimates

3.5.1 Although NASA does not prescribe a system for contractor

3.5.2 cost estimating, NASA management must have visibility as to how major program efforts will affect anticipated budget requests. Decisions on commencing, terminating, or changing long-range, large dollar value programs must be made far in advance. Such decisions must include consideration of anticipated dollar impact from budgetary and cost forecast standpoints. Well-planned and prepared cost estimates will provide NASA management with a valuable tool for comprehensive evaluation of the particular program or project by:

- a. Assuring that all elements of cost are considered, whether performed by NASA or contractor personnel.
- b. Providing an effective base for comparing competing approaches.
- c. Portraying anticipated time phasing in order to plan for funding requirements.

(1) Short- and long-term cost estimates, which include all data entered in columns 8 and 9a on NF 533 M and NF 533 Q reports, shall be based on the most current and reliable information available.

(2) In all estimate columns, contractors shall include potential overruns or underruns as soon as they are recognized. These estimates are used for planning purposes only and are not binding on the contractor or NASA. Data entered will not be simply a restatement of negotiated baseline values. Procedures used by the contractor to develop cost estimates should be documented and provided to the NASA Contracting Officer upon request.

(3) Contractor estimates should be reported through each individual contractor's accounting period. This applies when a contractor's accounting period differs from the Government's accounting calendar month, as well as when prime and subcontractors' accounting periods are different.

(4) The "Estimated Final Cost/Hours" column (9a), enables NASA to compare contract value to the current estimate at completion and identify potential over or underruns. Estimates for the month following the month of the report (the month specified in block 2 and reported in column 7) are required in column 8a of the NF 533 M. Column 8b may be used for estimates for a period specified by the NASA Contracting Officer. Estimates for the balance of the contract are entered in column 8c. The amounts shown in column 9a, therefore, equal the sum of the amounts shown in columns 7c, 8a, 8b, and 8c. Amounts reported in these columns shall be based on the contractor's best estimate for completion, including all authorized work, whether or not negotiated. Reported amounts should be the latest current estimates. If the balance of the contract spans more than one fiscal year, a breakdown by fiscal year may be required.

(5) On both the NF 533 M and NF 533 Q, the "Estimated Final Cost/Hours - Contractor Estimate" (column 9a) is the total estimated cost/hours for completion of the contract, including outstanding undefinitized changes and any overruns or underruns. On the NF 533 M, this should equal the sum of columns 7c, 8a, 8b, and 8c. On the NF 533 Q, this should equal the sum of columns 7c and 8j.

(6) The NF 533 Q provides time-phased estimates for four monthly periods, including a current month estimate (7b) and the three months in the quarter being reported (columns 8a, 8b, and 8c). It also provides estimates for three quarters (columns 8d, 8e, and 8f), by fiscal years (columns 8g and 8h), and for the balance of the contract (column 8i). The total to complete (column 8j) represents the sum of columns 8a through 8i.

(7) Column 7b Cost Incurred/Hours Worked During Month Planned and 7d Cost Incurred/Hours Worked Cum. to Date Planned of the NF 533 M represent the negotiated baseline plan plus authorized changes for the contract. There may not be a direct relationship between the estimates provided in section 8 (Estimated Cost/Hours to Complete) of the NF 533 M and columns 7b and 7d. Columns 7b and 7d represent the negotiated baseline plan plus authorized changes, unlike the estimates provided in columns 8a, 8b, and 8c.

### 3.6 Narrative Remarks

3.6.1 Analytical remarks on items materially affecting historical or projected cost or performance shall accompany each NF 533 M and NF 533 Q. The remarks may be presented in the letter transmitting the report, as a section of the report, or in footnotes.

3.6.1.1 Analyses shall be concise, timely, and factual and identify present causes of problems and their effect upon cost and schedule, as of the report date and projected as far into the future as is practicable. Analyses should pinpoint exact causes and effects, as well as corrective actions, rather than being a compilation of statistics.

3.6.1.2 The effect of technical problems, changes, breakthroughs, and deficiencies on current performance (technical, cost, and schedule) and projected resource requirements shall be brought to NASA's attention.

3.6.1.3 Analyses shall be integrated to indicate the correlation and relative impact upon overall objectives by anomalies in time, labor application, cost, procurement, technical, and other variables.

3.6.1.4 Whenever a problem is foreseen by the contractor, the action proposed or taken to prevent its occurrence or recurrence shall be explained.

3.6.2 The Narrative Remarks shall explain technical assumptions used in formulating the data, such as significant accelerations or slips in schedule or other items, technical in nature, that may affect cost in the reported or future financial periods.

3.6.3 Contracts shall specify types of variances which require narrative explanations, the criteria for determining when variances will require explanations, and the nature of the explanations. Reporting requirements may be established for monthly, cumulative to date, fiscal year, or estimate at completion variances and be expressed in terms such as percentages, dollars, and hours. Types of variances include, but are not limited to, the following:

- a. Actual Cost or Hours versus Plan.
- b. Shift in planned resource utilization in support of performance between consecutive reports.
- c. Anticipated overruns or underruns.

3.6.4 A Reconciliation of Changes from the original negotiated contract baseline (as reflected in the initial NF 533 Q) shall be included as part of the contractor's Narrative Remarks for the month in which the changes occur.

3.6.5 Changes shall be reconciled first to the present contract value by including only negotiated changes (supplemental agreements) and then to the Contractor's Estimated Final Cost by including changes authorized, but not finalized. If the Contractor's Estimated Final Cost includes any overruns or underruns, they should be fully identified and explained. In addition, the contractor may have proposed changes which have not been approved by NASA, but for which tentative costs have been determined. These items should be reported as changes "Under Consideration but not Authorized." Figure 2 is a sample Reconciliation of Changes.

<b>Contract Number : <u>NNH09ZZ99C</u></b>		<b>Report Date: <u>12/31/10</u></b>
Original Contract Value (Excludes priced options for 3 years: \$3,000,000)		<u>\$2,200,000</u>
Options Exercised	<u>\$1,000,000</u>	
Cumulative Overruns/Underruns(-) Definitizations	<u>\$0</u>	
Other Supplemental Agreements: (Show number & Date)		
#1, 6/09	<u>\$500,000</u>	
#2, 11/10	<u>\$800,000</u>	
Present Contract Value (Col.9b, NF 533 M/Q)		<u>\$4,500,000</u>
Authorized Undefined Changes (Show number & Date)		
#1, 5/10	<u>\$100,000</u>	
#2, 7/10	<u>\$250,000</u>	
Subtotal (Value of all Authorized Work)		<u>\$4,850,000</u>
Anticipated Future Overrun/ Underrun	<u>\$100,000</u>	
Contractor's Estimate (col. 9a, NF 533 M/Q)		<u>4,950,000</u>
Unexercised Options	<u>\$2,000,000</u>	
Under Consideration but not Authorized	<u>\$600,000</u>	

**Figure 2 Reconciliation Of Changes**

3.6.6 New change order direction to the contract may require identification of the cost effect on subdivisions of work. This is accomplished through a matrix using estimates or quoted amounts as in the fo

3.6.7 rmat illustrated in Table D and on the reverse of the NF 533 M and NF 533 Q or in another format agreed upon with NASA. The subdivision of work level to be identified will be agreed upon by NASA and the contractor. Similar explanations may be required for transfers of amounts from one subdivision to another as a result of shifting work from one WBS item to another.

**Table D. New Change Orders Identified To Subdivision of Work**

Subdivision of Work	Change Order Number			
	129	130	131	132
Design	\$5.00			
Tooling and STE	\$5.00	\$10.00		
Production			\$40.00	\$44.00
Test			\$20.00	\$20.00
<b>Total</b>	\$10.00	\$10.00	\$60.00	\$64.00

3.6.8 There are many other factors that may influence the final cost on a contract. Significant items of this nature should also be included under this section of the report. The following examples are typical:

- a. Pending union negotiations (e.g., changes in pay, fringe benefits).
- b. Changes in the contractors' organizational structure.
- c. Business backlog (e.g., changes in customer mix, products).

- d. Changes in manufacturing processes.
- e. Changes in policies affecting the following:
  - (1) Subcontracting (make or buy decisions).
  - (2) Fixed asset improvement programs.
  - (3) Direct/indirect method of charging.
  - (4) Cost centers.
  - (5) Accounting or estimating methodologies.

### 3.7 Electronic Reporting

Electronic contractor cost reporting is preferred. In particular, electronic reporting is encouraged to permit contractor submission of NF 533 reports earlier than the standard due dates. Currently available technologies and transmission capabilities to facilitate electronic reporting should be used whenever possible.

### 3.8 Reporting After Completion of Work

3.8.1 NF 533 M reporting and NF 533 Q reporting are required until the final NF 533 M is submitted. However, a significant amount of time may pass between completion of work on a contract and final closeout, due to final reporting, payment and acceptance requirements, property disposal considerations, and other administrative matters. If no significant additional costs are being incurred or are anticipated, then one of the following alternatives may be directed by the NASA Contracting Officer, with concurrence of the NASA Center Chief Financial Officer and cognizant Project Manager:

- a. Summary NF 533 M reporting only, on a quarterly basis.
- b. Reporting only when changes in actual cost occur.
- c. Suspension of NF 533 reporting altogether.

3.8.2 The final NF 533 M should be clearly identified as such and shall only contain actual cost.

3.8.3 If the cost of a contract changes after submission of the "final" report, the contractor shall submit a revised NF 533 M for the month in which the cost change is recognized.

### 3.9 Supplemental Management Information Reports

It is NASA policy that NF 533 reports be structured to eliminate the need for supplemental financial management reporting; the report formats are designed to facilitate presentation of a wide range of financial information. NASA and its contractors should work together to ensure that NF 533 reporting structures provide all the financial management information NASA needs and are compatible with contractors' accounting systems. Any contractual requirement for supplemental financial management information reports will be considered an exception under the provisions of paragraph 1.4.3. If such reports are required, they shall reconcile with the NF 533's. The NF 533 or its authorized substitute (see paragraph 1.4) is always the official financial management reporting document.

### 3.10 Noncompliance

If a contractor fails to comply with contractual financial management reporting requirements and the contract provides for award fees, the award fee plan may provide that the grade and amount of award fee be reduced. In the event a contractor fails to submit required NF 533 reports on a timely basis or in an accurate manner, NASA is not required to make payment on cost and fee vouchers by contractual due dates and may withhold payment until compliance with NF 533 requirements is clearly demonstrated. In some cases, individual contract language may provide for return of vouchers or other action for noncompliance with financial management reporting requirements.

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