



NASA Procedural Requirements

COMPLIANCE IS MANDATORY

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Responsible Office: Office of the Chief Financial Officer

[| TOC](#) | [Preface](#) | [Chapter1](#) | [AppendixA](#) | [ALL](#) |

Chapter 1. General Overview

1.1 Overview

1.1.1 Accounting Objectives. The primary objectives of NASA's accounting and financial management processes are to provide accurate and timely information to the public, the Congress, the President, and NASA management on the following:

a. Budgetary Integrity. NASA's financial reporting assists in fulfilling its duty to be publicly accountable for funds used in accordance with the appropriations laws that establish NASA's budget for a particular fiscal year, as well as, the related laws and regulations. NASA's financial reporting provides information that helps the reader to determine:

(1) How NASA's budgetary resources have been obtained and used and whether their acquisition and use were in accordance with the legal authorization.

(2) The status of NASA's budgetary resources.

(3) How information on NASA's use of budgetary resources relates to information on the costs of NASA program operations and whether information on the status of budgetary resources is consistent with other accounting information on assets and liabilities.

b. Operating Performance. NASA's financial reporting assists report users in evaluating NASA's performance, including the costs of programs and projects, program efforts, and accomplishments during the reporting period; the manner in which these efforts and accomplishments have been financed; and the management of the entity's assets and liabilities. Additionally, NASA's financial reporting provides information that helps the reader to determine:

(1) The costs of NASA's programs, projects, and activities including the composition of and changes in these costs.

(2) The efforts, planned projections, and accomplishments associated with NASA's programs and changes over time in relation to costs.

(3) The efficiency and effectiveness of NASA's management of its assets and liabilities.

c. Stewardship. NASA's accounting and financial reporting assists report users in assessing the impact of NASA's operations and investments for the period and how, as a result, NASA's financial condition has changed or may change in the future. NASA's accounting and financial reporting also addresses the status of NASA's assets including its property, plant, and equipment.

d. Systems and Control. NASA's accounting and financial reporting assists report users in understanding whether NASA's financial management systems, accounting processes, and administrative controls are adequate to ensure that:

(1) Transactions are executed in accordance with budgetary and financial laws and other requirements, consistent with the purposes authorized, and are recorded in accordance with Federal accounting standards.

- (2) Assets are properly safeguarded to deter fraud, waste, and abuse.
- (3) Performance measurement information is adequately supported.

1.2 Agency Requirements

1.2.1 General Policy. NPR 9010.1 states that the Agency requires the management of finances involved in the execution of NASA missions and the conduct of NASA activities as integral and essential element of the total management function. The management of finances is the responsibility of the Agency and officials at all levels of the organization. This policy is based in part on the following considerations:

- a. NASA is entrusted with public funds and charged by law with the responsibility for control over and accounting for the use of those funds.
- b. Within the law and consistent with sound and conscientious discharge of NASA's public responsibility, the use of funds must be accomplished so that missions are executed and activities conducted in the most efficient and economical manner.
- c. The use of public funds is not merely a ministerial function, but a discretionary function which requires the exercise of sound judgment based on reliable information.

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

- a. Financial accounting and reporting are performed at the highest level of aggregation possible that commensurate with established objectives. Duplicate records and reports will be avoided, and Headquarters and Centers' requirements will be combined and integrated.
- b. All NASA activities maintain strong 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, including separation of duties, is 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 are adequately documented so they may be traced from original source 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 obligations (see NPR 9470.1, "Budget Execution").
- d. Payments are 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.
- e. Cost accounts are maintained on an accrual basis, i.e., costs and income are recorded in accounts in the period in which incurred or earned. In the application of this policy, every effort is made to ensure a comprehensive accrual at fiscal year-end, and reasonable efforts are made to record costs accurately on an accrual basis each month.
- f. Property, Plant, and Equipment items that meet NASA's capitalization criteria are recorded soon as practicable and the financial records maintained in accordance with the provisions of NPR 9250.1, "Property, Plant, and Equipment and Operating Materials and Supplies." Operating materials and supplies that are held for future use are recorded as assets and expensed when issued for use in accordance with the provisions of NPR 9250.1.
- g. Quality assurance evaluations are conducted to provide responsible NASA officials with an independent evaluation of the degree to which NASA's 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's financial accounting and reporting systems are adequate to permit responsible NASA officials to exercise proper financial controls.

1.2.3 Accounting Principles. The following principles shall govern the collection and reporting of NASA's accounting and financial management information:

- a. Usefulness. Financial management data is gathered and processed to meet specific internal management needs or external requirements. Reports are be tailored to the specific user.
- b. Timeliness. Accounting and financial management data is delivered within an appropriately short time period so that it has usefulness to influence management decisions. Final quarterly and yearly data is available in time to meet external reporting requirements.
- c. Reliability and Completeness. Accounting and financial management information is complete and accurate, verifiable, drawn from the official records and systems, and meets the needs of management and external

requirements. Transactions are supported by source documents or other evidence.

d. Comparability and Completeness. Accounting and financial management data is recorded and reported in the same manner throughout NASA using uniform definitions. Accounting and financial reporting provides management the ability to compare actual expenditures and costs with the budgeted amounts. Consistency over time is maintained.

1.2.4 Hierarchy of Accounting Standards. The NASA offices shall adhere to the hierarchy of Federal Generally Accepted Accounting Principles (GAAP) in the order of precedence listed below:

- a. The individual Statements of Federal Financial Accounting Standards (SFFASs).
- b. Interpretations related to the SFFASs are issued by the Office of Management and Budget (OMB) in accordance with the procedures outlined in the OMB Circular A-134, Financial Accounting Principles and Standards.
- c. Requirements contained in the OMB's Financial Reporting Requirements, Circular A-136 (revised).
- d. Accounting principles published by other authoritative standard-setting bodies and authoritative sources if the use of such accounting principles improves the meaningfulness of the financial statements.
- e. United States Government Standard General Ledger (USSGL) published by the Department of Treasury (Treasury) Financial Management Service, through its Treasury Financial Manual.
- f. Policies and guidance published NPDs and NPRs.
- g. Interim policies and guidance issued by NASA Headquarters Office of the Chief Financial Officer (OCFO) through various memoranda. Such interim guidance subsequently will be incorporated into the NPRs.

1.2.5 General Ledger Controls. General Ledger accounts shall be grouped and subsidiary records will be maintained to provide the accounting detail necessary to properly record transactions and to prepare timely, accurate, and meaningful financial statements and reports for all management levels and external sources.

1.2.6 Financial Control and Recording of Assets. Assets shall be controlled and recorded as an integral part of the accounting system. Supplies and materials are recorded based on information provided by the Supply and Equipment Management Officer who is responsible for inventory management and reporting. Capitalized equipment and real property are recorded at the detailed item level, thus providing independent financial control. Reconciliation of capitalized equipment and real property detailed records with the supply and equipment management records and the real property records are done on a periodic basis as prescribed in NPR 9250.1, "Property, Plant, and Equipment and Operating Materials and Supplies."

1.2.7 Allotment Controls. Administrative controls shall be implemented in accordance with NPD 9050.3, "Administrative Control of Appropriations and Funds" to prevent commitments and obligations from exceeding amounts allotted. Such administrative controls include appropriate procedures for certification of funds availability prior to obligation. Accounting records will provide a basis for determining that funds are available for incurring commitments or obligations and to ensure that expenditures are not in excess of allotments.

1.3 Roles and Responsibilities

1.3.1 NASA CFO and Deputy CFO (DCFO) shall:

- a. Comply with the provisions of the CFO Act and the applicable provisions of the NPDs and NPRs for financial management.
- b. Establish policies, standards, and procedures applicable to NASA's financial accounting and reporting functions and activities, and conduct periodic, systematic reviews of Centers' financial accounting and reporting practices.

1.3.2 Center CFOs, Deputy CFOs, and NASA Shared Services Center (NSSC) financial managers shall apply the provisions of the NPDs and NPRs for financial management and the directives of Center and NSSC management.

1.3.3 Mission, program, and project officials shall determine management needs for data, status information, estimates, and reports, consistent with these provisions of NASA applicable NPDs and NPRs.

| [TOC](#) | [Preface](#) | [Chapter1](#) | [AppendixA](#) | [ALL](#) |

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