

**SUPPORTING STATEMENT**  
**NASA CONTRACTOR FINANCIAL MANAGEMENT REPORTING SYSTEM**  
**(NASA FORMS 533M AND 533Q)**

A. Justification

1. The NASA Contractor Financial Management Reporting System, comprised of NASA Forms (NF) 533M and 533Q (Enclosure 1), is the basic financial medium for contractor reporting of estimated and incurred costs, providing essential data for projecting costs and hours to ensure that contractor performance is realistically planned and supported by dollar and labor resources. The data provided by these reports is an integral part of the Agency's accrual accounting and cost-based budgeting systems required under 31 U.S.C. 3512 (Enclosure 2). The reports provide the data used to generate accounts payable, shown on the Agency's audited financial statements, as required by the Chief Financial Officers Act of 1990 and OMB Circular A-136. The reports provide data necessary to achieve compliance with SFFAS #4, Managerial Cost Accounting Concepts and Standards for the Federal Government. The NF 533 system is implemented through NASA Policy Directive (NPD) 9501.1 (Enclosure 3, revised), "NASA Contractor Financial Management Reporting System," NASA Procedural Requirements (NPR) 9501.2 (Enclosure 4, revalidated), "NASA Contractor Financial Management Reporting," and the NASA FAR Supplement (NFS), 48 CFR 1842 and 1852 (Enclosure 5).
2. The reported information is used by NASA program, project, resource and financial managers to develop budgets, analyze contractor performance and prepare monthly cost accruals.
3. While the NF 533M and 533Q provide standard reporting formats, reporting line items are customized as appropriate for each contract. See Chapter 2 in NPR 9501.2. Reports vary substantially, therefore, in form, content and complexity. In addition, contractors employ a wide variety of accounting and reporting systems. These factors pose difficulty in providing standardized electronic interfaces for reporting. NASA encourages electronic reporting (See NPR 9501.2, paragraph 3.3.1) wherever practicable. In addition, the system permits contractors to substitute reports, including electronic reports, generated from their existing management systems, so long as the requisite data elements are included. In a number of cases, contractors submit NF 533 data as email attachments. This approach is not practical, however, for major contracts with complex NF 533 reporting requirements. There are a limited number of cases in which NF 533 reports are submitted directly into an extension to NASA's integrated accounting system to provide for standard electronic submission of NF 533 data.

4. The system permits contractors to substitute reports, including electronic reports, generated from their existing management systems, so long as the requisite data elements are included; i.e., information already available may be used.

The financial data elements provided on the NF 533 are not collected by any other data collection mechanism in use by NASA.

5. Because the reporting requirements are customized for each contract, the system facilitates simplification of those requirements for smaller contracts with small businesses.
6. Without these reports, NASA would not be able to meet the requirements of the applicable laws and regulations for accrual accounting and financial statements. More importantly, NASA would not have a sound basis for development of program and project budgets or evaluation of contractors' financial performance.
7. The NF 533M is a monthly report. This reporting frequency is required to ensure that we have current management and accrued cost information upon which to base management decisions. The NF 533Q is a quarterly report which provides the contractor's latest cost estimates for contract completion, spread over the life of the contract.

The NF 533 reports may contain confidential or proprietary information, such as contractors' overhead and general and administrative rates, but such information is properly protected by the Agency (see NPR 9501.2, paragraphs 1.7 and 1.8).

8. The Notice of Information Collection under OMB Review was published on January 5, 2009, page number 321, of the Federal Register. No public comments were received in response to that notice. No changes have been made since that time.
9. Not applicable.
10. See NPR 9501.2, paragraph 1.7.
11. Not applicable.
12. Approximately 850 NASA contracts meet the criteria for NF 533 reporting. NF 533M reports are submitted monthly; NF 533Q reports are submitted quarterly. Where both reports are required, a NF 533M is not due in months in which a NF 533Q is submitted. Since the data required is to be a natural product of the contractor's existing accounting, management and reporting systems, minimal manipulation of the data should be required. Based on past

surveys and discussion with contractors, we estimate an average of 9 hours per request, for both the NF 533M and NF 533Q.

$$875 \times 12 = 10,500$$

$$9 \text{ Hours} \times 10,500 \text{ (\# of Responses)} = 94,500 \text{ Hours}$$

13. Report data is generated from existing systems contractors need for their internal accounting, budgeting and management information. There are, therefore, no special systems start-up or operational/maintenance costs related to NF 533 reporting.

The data reported is to be generated from contractors' existing cost, budgeting, scheduling and technical performance systems; their internal management system shall be relied upon to the maximum extent possible (see NPR 9501.2, paragraph 2.5.1). Contractors are also allowed to submit internal report formats other than the NF 533s, so long as the required data elements are included. There is, therefore, no "cost" to the respondents (contractors) for submitting the NF 533M and NF 533Q reports. They are fully reimbursed for any and all costs incurred in the preparation and submission of these reports as part of the remuneration they receive under their contract.

14. Annualized cost to the Federal Government is estimated to be \$5.3 million. This includes contract costs reimbursed (see #13, above) for report setup, periodic preparation, approval, mailing, discussion with NASA, etc., plus in-house costs involving communication with contractors, receipt, processing and analysis of reports, accounting system entry, problem resolution, and system maintenance. Hours to accomplish these activities were estimated and labor was generally priced at \$30 to \$50 per hour plus fringe benefits and burden.

The total estimated cost is \$5.5 million. This is determined by multiplying the estimated price of the labor (range \$40 to \$60/hr) by the estimated total hours (122,400). The calculation of all estimated numbers is provided below.

$$875 \text{ (\# of contracts receiving 533)} \times 12 \text{ (\# of 533s/contract/year)} = 10,500$$

$$10,500 \text{ (\# of 533s/year)} \times 9 \text{ (\# of hours/533)} = 94,500 \text{ (\# of hours/year)}$$

$$94,500 \times 58 \text{ (average labor price - rounded)} = \$5,481,000$$

15. Not applicable.
16. Not applicable.
17. Not applicable

18. Not applicable

B. Collections of Information Employing Statistical Methods

Not applicable.