

**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), "NASA Contractor Financial Management Reporting System," NASA Procedural Requirements (NPR) 9501.2 (Enclosure 4), "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. Therefore options are provided that allow contractors with major contracts to determine a practical method for data submission.

NPR 9501.2 has recently been revised to state that electronic reporting is preferred (See Paragraph 3.3.1) and the NF 533 instructions have been revised to direct contractors to NASA's Electronic Forms System (NEFS) as an option for receipt and completion of the form. The NF 533 is available electronically to contractors via NEFS. The NEFS is a suite of tools for filling out, signing, submitting, archiving, and tracking electronic forms using a desktop computer. It uses a commercial software application from FileNet Corporation called Desktop eForms to access electronic form capabilities. This software is available for contractors to download via the NEFS webpage. 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. 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. NPR 9501.2 was updated to further reflect the importance of coordination and collaboration of all NASA impacted parties when determining the information to be collected (See Chapter 2). The intent of the revision is to improve coordination among multiple offices that request NF 533 data and eliminate requests for duplicative data.

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 March 5, 2012, page number 13153, of the Federal Register (Enclosure 6).

NASA received comments from Tech America challenging the estimate of the public burden of performing the information collection requirement. Tech America questioned the \$0 cost to the public for compliance with the requirement. We explained that the public incurs no cost because contractors

are fully reimbursed for any and all cost as provided in the terms of their contract and there are no “total capital and start-up” or “total operation and maintenance and purchase of services” costs associated since NASA policy requires that data reported is generated from the contractors’ existing system. The contractors’ internal management system shall be relied upon to the maximum extent possible.

They also questioned whether NASA considered the time necessary for collection and review of the information prior to submission; specifically questioning the inclusion of the time needed to monitor whether reporting is required and to compile and collect the required information. We explained that the burden estimate was determined by considering the time for report setup, preparation, and submission and described the processes included. That the reporting requirement is determined when contracts are let, modified, or options are exercised. And that although the information collected is required to be reported in NASA reporting categories, the level of detail is determined with regard to the contractor’s management system and contractors are allowed to submit internal report formats used when collecting cost data as part of their normal business process. The estimated burden provided by NASA includes the review of collected information prior to submission.

Balancing the need for information and its benefits with the burden and cost to collect the information is an ongoing challenge. We recognize that knowledge of the requirements is important in the reduction of the cost and burden of reporting. While we have recently developed a training class, we are planning to develop more guidance for both NASA and our contractors to ensure that the cost reporting system is run in a way that provides NASA with the amount of data needed to monitor cost without overwhelming our contractors with burden.

9. Not applicable.
10. See NPR 9501.2, paragraph 1.7.
11. Not applicable.
12. Approximately 800 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.

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 information collection hours of each contractor varies. Some contractors use less time while others use more. Nine hours is the average estimated time burden of contractors providing cost reports to NASA. This estimate was determined by considering the time for report setup, preparation, and submission. Report setup is based on the reporting requirements defined in the contract. Report preparation includes the monthly compilation of the reports. Report submission includes the review and approval of the information to be reported along with the mailing, e-mailing, or downloading of the data.

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 \$5.1 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. We estimate 86,400 total annual hours to accomplish these activities and labor was generally priced at \$40 to \$60 per hour plus fringe benefits and burden.

The total Federal Government estimated cost, \$5.1 million, is determined by multiplying the estimated price of the labor (range \$40 to \$60/hr) by the estimated total hours (101,080).

15. The number currently reported as the estimated burden is reduced from the previously reported number due to the reduction in contracts meeting the criteria for reporting.
16. Not applicable.
17. Not applicable

18. Not applicable

B. Collections of Information Employing Statistical Methods

Not applicable.