

OMB Control Number 2700-0017

TITLE: NASA Property in the Custody of Contractors, NASA Form 1018 and Limited Property Management Survey Analysis (PMSA), NASA Form 1019

TYPE OF INFORMATION COLLECTION: Revision of a currently approved information collection

A. JUSTIFICATION

1. NASA is revising this information collection in accordance with 31 USC 3512(b), requiring the establishment and maintenance of accounting systems that provide, in part:

- (1) complete disclosure of the financial results of the activities of the agency;
- (2) adequate financial information the agency needs for management purposes;
- (3) effective control over, and accountability for, assets for which the agency is responsible
- (4) complete property management survey analysis (PMSA) to approve property management system for all recipients with NASA property in NF-1019 to populate NF1018 Section 20 a. and b. This will correct errors recipients are receiving in NF1018.

31 USC 3512(c) stipulates that agency heads “establish internal accounting and administrative controls that reasonably ensure that— revenues and expenditures applicable to agency operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained.”

31 USC 3515(b) requires that agency financial statements reflect “...the overall financial position of the offices, bureaus, and activities covered by the statement, including assets and liabilities thereof...”

The Statement of Federal Financial Accounting Standard (SFFAS) Number 6, “Accounting for Property, Plant and Equipment,” sets forth accounting standards for all Federally-owned property, plant and equipment (PP&E), including depreciation of such PP&E. SFFAS #6 paragraph 18 states “property, plant and equipment also includes ...property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors)...” OMB guidance on “Form and Content of Agency Financial Statements” requires that agency financial statements be prepared in accordance with SFFAS Number 6.

The contracts and solicitations with property associated only. The Federal Acquisition Regulation, 45.107(a) (1) stipulates that the contracting officer shall insert clause 52.245-1, Government Property, in—

- (i) All cost reimbursement, time-and-material, and labor-hour type solicitations and contracts; and
- (ii) Fixed-price solicitations and contracts when the Government will provide Government property.
- (iii) Contracts or modifications awarded under FAR Part 12

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Property clause 52.245-1 (f) (iii) discusses the requirements for contractor maintenance of custodial Records of Government property. This section states, “The Contractor shall create and maintain records of all Government property accountable to the contract, including Government-furnished and Contractor-acquired property.”

(A) Property records shall enable a complete, current, auditable record of all transactions and shall, unless otherwise approved by the Property Administrator, contain the following:

- (1) The name, part number and description, manufacturer, model number, and National Stock Number (if needed for additional item identification tracking and/or disposition).
- (2) Quantity received (or fabricated), issued, and balance-on-hand.
- (3) Unit acquisition cost.
- (4) Unique-item identifier or equivalent (if available and necessary for individual item tracking).
- (5) Unit of measure.
- (6) Accountable contract number or equivalent code designation.
- (7) Location.
- (8) Disposition.
- (9) Posting reference and date of transaction.
- (10) Date placed in service.

Section (f)(1)(vi) Reports, states “The Contractor shall have a process to create and provide reports of discrepancies, loss of Government property, physical inventory results, audits and self-assessments, corrective actions; and other property related reports as directed by the Contracting Officer.”

The NASA FAR Supplement clause 1852.245-73, Financial reporting of NASA Property in the Custody of Contractors, further refines this requirement to give contractors direction on the submission of data associated with these forms.

48 Code of Federal Regulation (CFR) Part 45.105 and Federal Acquisition Regulation (FAR) 45.105, Contractors’ Property Management System Compliance. The agency responsible for contract administration shall conduct an analysis of the contractor’s property management policies, procedures, practices and systems.

NASA Fiscal Year 2020 Agency Financial Report showed that over \$30 billion of the Agency’s \$103,468 billion in capitalized property, plant and equipment was held by contractors. The capital asset total equates to nearly 43% of the items in NASA’s capital inventories. The FY 2020 NF1018 report showed that there was more than \$76 billion of NASA property in the custody of Contractors. To (1) meet the requirements referenced above, (2) to ensure accurate reporting of Government-owned, contractor-held property on the financial statements and (3) to provide information necessary for effective property management, at the end of each fiscal year NASA obtains data annually on the custodial Government property records maintained by its contractors via the NASA Forms (NFs) 1018 and 1019. Contractor costs associated with the preparation of these reports is included in the remuneration they receive under their contract(s).

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2. Indicate how, by whom, and for what purpose the information is to be used

The NASA Office of Strategic Infrastructure/Logistics Management Division uses the information collected to:

- meet CFR and FAR reporting requirements associated with its property management and accounting system
- ensure capital values are properly reflected on NASA financial statements

Without this important property management information, NASA would not be able to properly account for all of its property in the custody of Contractors and obtain an unqualified opinion on its financial statements.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology to reduce burden.

NASA contractors are only required to transcribe property information from the records they already maintain, to the NASA Form 1018.

Beginning with reporting for FY 1999, NASA implemented the NF1018 Electronic Submission System (NESS), a web-based system, for NF1018 reporting. This system has received widespread acceptance. During the most recent (2019) reporting period virtually all of the respondents utilized the NESS Electronic NF1018 PDF. Effective with the report due as of September 30, 2001, NASA eliminated the requirement for any paper copies if the NASA award recipient uses the NESS to report its Government property assigned to the award. This process provides an additional incentive for recipients to submit electronically. In addition, NASA has provided the recipients with NF1018 reporting training, with substantial emphasis on the information being supplied for uploading into NESS and verified by the Property Administrator, Industrial Property Officer and Financial Property Accountant. The electronic form checks mathematical calculations and prompts users to facilitate proper form preparation.

The NESS promotes input accuracy by checking mathematical calculations. The NESS also incorporates user prompts to enable proper data entry completion. Access to the NESS is available to NASA award recipients at <https://ness.nasa.gov/contractor>.

4. Describe efforts to identify duplication

The NASA Office of the Chief Financial Officer obtains contractor property information periodically throughout the fiscal year from only its top 55 award recipients. Those submissions only capture information on property with values exceeding \$100,000 as of FY19 and \$500,000 and higher as of FY20.

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5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

The FAR and CFR requires all contractors, large and small, to maintain custodial property records and to submit property reports. Recipients of NASA awards are reimbursed for this work, either directly or indirectly through contract costs or prices. However, unlike larger business entities, small businesses, with small holdings are not required to submit more frequent, reports to the agency related to property holdings.

All recipients with NASA awards are offered NASA Electronic Submission (NESS) annual training several occasions starting June-September; and additional training is provided by NASA Centers Contract Property Offices. There is no significant amount of NASA property held by small businesses, hence, there is no significant impact on such organizations.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

Should the collection not be conducted or conducted less frequently than annually, NASA could not rely upon the data on contractor-held property. NASA would not be in compliance with the NASA FAR Supplement, and would not be able to receive an unqualified audit opinion on its financial statements.

7. Explain any special circumstances associated with the information collection.

Not applicable. There are no special circumstances associated with this collection.

8. Provide the date and page number of publication in the Federal Register for the 60-day and 30-day FNRS, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB.

60-day FRN: Federal Register Volume 86, Number 140, on 7/26/2021. Yes, comments were received. All comments, along with their responses, have been included in the OMB submission package as supplemental documentation.

30-day FRN: Federal Register Volume 86, Number 209, on 11/2/2021.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No gifts are provided by NASA, and no payments other than applicable remuneration.

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10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

An Initial Privacy Threshold Analysis (IPTA) was completed in the Privacy & CUI Assessment Tool (PCAT) on 06/25/2019. The analysis determined that due to the nature of the collection, a Privacy Impact Assessment (PIA) is not required at this time.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

Questions of a sensitive nature, as described above, are not included.

12. Provide estimates of the hour burden of the collection of information.

Estimates for reporting requirements are based upon actual data for the NF1018 reports submitted during the 2019 reporting period.

A NF1018 (and now, NF1019) reporting clause is included in all cost reimbursement contracts with property and any other NASA award when it is known at the time of award that property will be provided to the recipient or the recipient will acquire property to which the Government will have title. The actual number of recipients with reporting requirements will vary from year to year due to fluctuations in the number of applicable contracts with a reporting requirement. Therefore, we can only provide an estimate of the requirement.

Negative reports are required from recipients who had property to ensure the completeness of the data in the Agency's PP&E accounts and on its financial statements. We assumed an average of 1.5 hours for electronic reports from contractors with no property holdings (negative response), an average of 5 hours for contractors with total property less than \$1 million, and an average of 23 hours for contractors with total property over \$1 million. There is considerable work required to develop the data to be reported, particularly where the contractor holds substantial quantities of NASA's property. Various calculations and determinations must be made prior to actual input of the data.

The table below provides estimated hours to complete the NF1018 and NF1019, estimated cost to the public.

| Respondent Category Upper (reportable property) | Number of Respondent s | Frequency of Reporting | Estimated response time per response | Burden Hours |
|--|------------------------------|---------------------------|--|--------------|
| Businesses or other for-profit with property over \$1.M in value | 107 | Annual | 1380 minutes (23 hours) | 2,461 |

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| Respondent Category Mid-Range (reportable property) | Number of Respondents | Frequency of Reporting | Estimated response time per response | Burden Hours |
|---|-----------------------|------------------------|--------------------------------------|--------------|
| Businesses or other for-profit with property under \$1.M in value | 230 | Annual | 300 minutes (5 hours) | 1150 |

| Respondent Category Lower Limit (for negative reports) | Number of Respondents | Frequency of Reporting | Estimated response time per response | Burden Hours |
|---|-----------------------|------------------------|--------------------------------------|--------------|
| Businesses or other for Profit with no property | 389 | Annual | 90 minutes (1.5 hours) | 583.5 |

Total estimated burden hours = 4,195

Explanation of difference:

The variance between the upper, mid-range, and lower limit is due to the fact that the 726 NASA awards have varying levels of property to report, ranging from a total property level of \$13 billion to no property to report (negative responses). For those contracts that do not have property to report, the process only requires the completion of the NF1018 and approval of a supervisor. We estimate that the completion of the form without the need to report property takes 1.5 hours.

The upper limit of reporting takes into consideration those contracts that must report a **significant** amount of property (total property over \$1 million) on an annual basis. We estimate that the maximum hours to complete the NF1018 and NF1019 for these contracts is 23 hours.

For NASA awards with total property less than \$1 million (the mid-range), we estimate that the maximum hours to complete the NF1018 and NF1019 is 5 hours.

13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.

The “cost” associated with this information collection includes the cost of compiling the data, entering it on the NF1018, and submitting the completed NF1018 and NF1019. NASA award recipients are reimbursed for this “cost” through the remuneration they receive under their contracts.

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NASA award recipients are required to maintain records for NASA property in their custody by the Federal Acquisition Regulation, Code of Federal Regulation and their particular awards, not as a result of this information collection.

14. Provide estimates of annualized costs to the Federal government.

The maximum potential of annualized cost to NASA is estimated to be \$296,376. This includes communication with contractors, receipt and processing of the reports, accounting system entry at NASA Center and Agency levels, input to Agency financial statements, problem resolution, system maintenance, contractor and NASA personnel training and policy development and maintenance. Hours to accomplish these activities were estimated and labor was priced conservatively at an average of \$53 per hour, including fringe benefits and burden. Implementation of the FASAB accounting standards has led to the need for increased monitoring of the accuracy of NASA award recipients' NF1018s/NF1019s, thus increasing the cost to the Government.

Table below depicts the estimated cost to the government.

| Action | Number of Respondents | Hours per Response | Total Government Hours | Cost p/Hour (\$53) | TOTAL COST |
|--|------------------------------|---------------------------|-------------------------------|---------------------------|-------------------|
| Communication with NASA Award Recipient | 310 | 1 | 310 | \$53 | \$16,430 |
| Receipt, Processing, and Verification of Reports | 726 | 2 | 1,452 | \$53 | \$76,956 |
| Accounting System Entry | 726 | 2 | 1,452 | \$53 | \$76,956 |
| Problem Resolution | 100 | 2 | 200 | \$53 | \$10,600 |
| System Maintenance | 726 | 2 | 1,452 | \$53 | \$76,956 |

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|---|-----|---|-----|------|----------|
| Training (NASA Personnel and NASA Award Recipients) | 726 | 1 | 726 | \$53 | \$38,478 |
|---|-----|---|-----|------|----------|

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14

There is no increase in burden associated with this renewal. Though an additional form – the NF-1019 – is now included, respondents completing the NF-1018 in previous cycles were already collecting the same information that the NF-1019 standardizes. As such, the addition of the NF-1019 is not expected to increase overall total burden hours.

16. For collections of information whose results will be published, outline plans for tabulation and publication.

Not applicable. The results of this collection of information will not be published.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Not applicable. NASA will display the expiration date within the required PRA Statement

18. Explain exceptions to the Certification for Paperwork Reduction Act Submissions, per OMB Form 83-I.

This information collection complies with 5 CFR1320.9. NASA takes no exception to the regulatory provisions.

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