



NASA Financial Management Manual

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FMM 9030 CRITERIA FOR RECORDING AND REPORTING COMMITMENTS

9031-1 PURPOSE

This chapter establishes prerequisites for recording and reporting commitments. Commitments are administrative reservations of allotments and resources authority based on approved requisitions, procurement requests, authorization to execute contracts, or other written evidence which authorizes the creation of obligations without further recourse to the official responsible for certifying the availability of the allotment and resources authority. Commitments are the sum of unobligated commitments and obligations incurred; that is, they are the cumulative amount of commitments incurred including adjustments to previously recorded commitments .

9031-2 APPLICABILITY

The provisions of this chapter apply to recording and reporting commitments under all appropriations available to NASA for which commitment accounting is prescribed.

9031-3 REFERENCES

- a. The "Antideficiency Act," 31 USC 1341, 1351, 1501-1557.
- b. NASA Policy Directive (NPD) 9050.3_, Administrative Control of Appropriations and Funds.
- c. Federal Acquisition Regulation (FAR) Chapter 12, Subpart 12.401-403; Chapter 16, Subpart 16.202-207, 301-306, 401-405, 501-503, 601-603 and 701-703; and Chapter 52, Subpart 52.2.

9031-4 NEED FOR COMMITMENT DATA

It is necessary in the management of resources to have data available on commitments, the authorizations issued to incur obligations. Commitment data, including information on obligations actually incurred, is necessary to know the balance of allotments and resources authority available to finance further program accomplishment. It is also desirable that financial reports to all levels provide full information on the status of available resources authority in terms of uncommitted as well as unobligated balances. These data are necessary for management to evaluate monthly financial progress in carrying out programmed procurement activities. They are also helpful in the review and justification of budgets, apportionment requests, reprogramming actions and financial plans; and in the administration of funding programs.



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Moreover, the responsibility of Headquarters and Centers to maintain control over obligations and commitments to preclude violations of NASA Policy Directive 9050.3_ makes necessary a system for uniform recording and reporting of commitments.

9031-5 POLICY

- a. Commitments shall be recorded and certified in accordance with the provisions of this chapter. Since commitments are authorizations to incur obligations, the basic principles applicable to recording valid obligations are equally applicable to recording commitments. Therefore, commitments shall be incurred only for those proposed contracts to be entered into or orders to be placed for goods or services which shall be executed with a bona fide intent that the contractor, or other performing activity, commence work and perform the contract without unnecessary delay.
- b. Certification of commitments is not required for fund source 41 and 42 activity but the availability of funds must be verified before obligations are authorized. Verification of funds availability is also done at the obligation stage of the accounting process for store stock issues, Government Bills of Lading (GBL's) and carrier account activity. Certification of commitments is not required in the situations above but the verification of funds availability is required before the obligation is authorized and recorded.
- c. Generally, Headquarters and Centers shall have operating budgets, financial operating plans, or similar devices for controlling costs and obligations which would make formal commitment accounting unnecessary in the areas listed in sub-paragraph b.
- d. Commitments shall be recorded promptly against allotments and other subdivisions of funds. In addition, commitments shall be recorded against the available and applicable resources authorization. Recorded commitments shall be adjusted promptly upon occurrence of any transaction which increases or decreases such commitments.
- e. Availability of allotments and resources authority shall be determined before a commitment is incurred or a change is made which increases the amount of the original commitment. A completed procurement request, certifying that funds are available, shall be required prior to committing the Government to contract for products or services.
- f. Commitment accounts and documents shall be maintained in accounting offices. Deputy Chief Financial Officers (Finance) are responsible for establishing procedures to ensure prompt receipt and control of documentary evidence to support commitments. When necessary documentation is not promptly received, aggressive action shall be initiated to obtain it.



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9031-6 *RESPONSIBILITIES*

a. HEADQUARTERS

- (1) The Chief Financial Officer (CFO), NASA Headquarters, is responsible for overall administration of the provisions of this chapter.
- (2) The Director, Financial Management Division, NASA Headquarters, is responsible for specific application of the provisions of this chapter.

b. OFFICIALS TO WHOM ALLOTMENTS AND RESOURCES AUTHORITY ARE ADDRESSED

- (1) The Director of each NASA Center is responsible for administrative control of Center allotments and resources authority and ensuring the adequacy of practices to preclude violations of 31 USC and carrying out responsibilities contained in paragraph 5e of NPD 9050.3_.
- (2) Center Deputy Chief Financial Officers (Finance) are responsible for local administration of the provisions of this chapter, subject to functional direction from the Director, Financial Management Division, NASA Headquarters.

9031-7 *COMMITMENTS IN EXCESS OF AVAILABLE FUNDS*

A directive or order authorizing an obligation to be incurred (i.e., commitment) in excess of available allotments and resources authorizations is a violation of NPD 9050.3_. Commitments shall not be incurred in excess of available resources authorization at the level specified by the granting authority. Creation of commitments in excess of available resources authorization does not by itself necessarily constitute a violation of 31 USC 1341; however, creation of commitments in excess of available resources authorization is subject to administrative discipline as provided in Attachment A, NPD 9050.3_.

9031-8 *RECORDABLE COMMITMENTS AND DOCUMENTATION REQUIRED*

- a. Commitments shall be recorded only on the basis of appropriate documentary evidence consisting of firm requisitions, procurement requests, authorizations to issue orders, or other authorized written evidence signed by authorized persons, having the effect of firm orders or authorizations to enter into specific contracts or other obligations. The commitment document shall include the specific amount of the commitment, the signature of the fund certifying official and the date the document was certified.



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- b. Acceptable evidence of the existence of a commitment must meet all of the following:
 - (1) Be in writing;
 - (2) Embody a certification by an accounting, financial management, or other authorized fund certifying official that sufficient funds are available to cover the obligation which is intended to follow;
 - (3) Authorize incurrence of an obligation without further approval by or recourse to the fund certifying official; and
 - (4) Be released by the fund certifying official (i.e., pass from his or her control) to the procurement officer or other authorized person for the purpose of incurring an obligation against NASA.
- c. Written evidence that a valid commitment document exists is acceptable until a copy of the document as prescribed in subparagraph b above is received. In such instances, immediate action shall be taken to obtain the prescribed copy of the actual document. Written evidence may be a letter, facsimile, email, other written communication, or a record of a telephone conversation signed by the individual certifying the availability of resources authority. Information must be included to support a determination that a valid recordable commitment exists. While specific details may vary, the following information should be included:
 - (1) Number, date and type of commitment document,
 - (2) Actual or estimated amount of the obligation to be incurred,
 - (3) Quantity and brief description of supplies or services being procured,
 - (4) Complete accounting classification, and
 - (5) Statement that certification of fund availability was made.
- d. An approved program, financial operating plan, or operating budget shall not be considered a commitment because each must be implemented by specific requisitions, purchase requests, or directives requiring commencement or procurement actions. Similarly, a commitment is not created if the authorizing document indicates it is for planning purposes and the fund certifying official has not certified funds availability.
- e. Subauthorizations, other subdivisions of funds, and similar general funding devices are not commitments and shall not be so recorded.



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9031-9 **CONTRACTS**

- a. **CERTIFICATION OF FUND AVAILABILITY.** NASA FAR Supplement, Chapter 18, Subpart 1804.7301 requires that there be a certification of fund availability before an obligation is incurred. A variety of documents are used to inscribe an accounting certification that indicates availability of funds. These documents, if they meet the criteria of this chapter, are valid support for recording commitments. The amount to be recorded as a commitment initially is the amount for which fund availability has been certified and is based on the cost estimate set forth in the commitment document.
- b. **AMOUNT TO BE COMMITTED.** Generally, in a simple procurement action the maximum amount of the obligation to be incurred appears on the commitment document (e.g., procurement request) and is the amount to be recorded as a commitment. When the exact amount of the related obligation is known (i.e., by receipt of the obligating document), the obligation is recorded and the balance of unobligated commitments is reduced. However, in a more complicated type of contract, such as one authorizing variations in the quantity to be delivered, there may continue to be a requirement for a commitment in excess of the obligation.
- c. **FIXED-PRICE AND LEVEL OF EFFORT TERM CONTRACTS.** A commitment for a proposed firm fixed-price contract, purchase order, or other proposed fixed-price agreement shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. Upon receipt of the related obligating document, the unobligated commitment shall be reduced by the amount of the obligation.
- d. **FIXED-PRICE CONTRACTS WITH ECONOMIC PRICE ADJUSTMENT; INCENTIVE PROVISIONS; AND PROSPECTIVE OR RETROACTIVE PRICE REDETERMINATION;**
 - (1) A commitment for a fixed-price contracts with economic price adjustment, incentive provisions and prospective or retroactive price redetermination (see FAR 16.203-206) shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. After the contract is executed, that portion of the ceiling or maximum price stated in the contract which does not constitute an obligation remains a commitment to the extent that there is a reasonable anticipation that an additional obligation will ultimately be incurred. The amount of such commitment need not be the maximum or ceiling price stated in the contract, but shall be the amount which may be conservatively estimated to be sufficient to cover the additional obligation which will materialize, based on judgment and experience, allowing for contingencies of price revision downward.



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- (2) For purposes of estimating and recording, commitment records may treat estimates covering price and quantity variances for several outstanding contracts under the same allotment as a single commitment item. This avoids detailed recordkeeping for each commitment under each individual outstanding contract. Such records, if utilized, must be maintained in a manner that will facilitate audit.
- e. **COST-REIMBURSEMENT, TIME-AND-MATERIALS, LABOR-HOUR, AND LETTER CONTRACTS.** A commitment shall be recorded in the amount shown on the applicable commitment document, for which fund availability is certified. Upon receipt of the related obligating document, the balance of unobligated commitments shall be reduced by the amount of the obligation. In the case of an incrementally funded contract, the amount of fund availability certified and committed shall be the increment of the contract to be funded by the contemplated contractual document.
 - f. **INDEFINITE-DELIVERY CONTRACTS AND AGREEMENTS.** These include definite and indefinite quantity contracts, requirements contracts, and basic ordering agreements (see FAR 16.501-504 and 16.7). Commitments shall be recorded under these contracts or agreements (when items, prices, or quantities are not specified, but are to be the subject of subsequent orders) as follows:
 - (1) If the contract indicates the funds to be charged and if the incurrence of the obligation is authorized without further recourse to a fund-certifying official, a commitment shall be recorded in the estimated amount of the obligation eventually to be incurred under the contract. The amount of the estimate may be set forth specifically in the contract or in the related procurement directive or purchase request which bears the certification of fund availability. The requirement for an authorization to incur an obligation will be satisfied if the contract or other authorizing document provides (1) authority to incur an obligation, or (2) an authorization to issue the authority to incur an obligation. Commitments initially recorded under provisions of this subparagraph shall be reviewed at frequent intervals. If a retarded rate of obligation under the contract results in excessive unobligated commitments, the DCFO shall request appropriate officials to reevaluate requirements under the contract with a view to authorizing an adjustment to be made in the amount committed.
 - (2) If a reasonably firm estimate of requirements under the contract is not established as evidenced by a certification of fund availability or contractual provisions, or there is a specific contractual provision which precludes such recording, a commitment shall be recorded only upon issuance of an appropriate authorization to order specific items and quantities. For example, if the contract merely provides that required quantities will be ordered from a specified contractor when and if needed, a commitment shall not be recorded in excess of any stated minimum order until funds are certified on the purchase request relating to a specific order.



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- g. **CONTRACTS AUTHORIZING VARIATION IN QUANTITIES.** If it is anticipated at the time the contract is executed that accepted deliveries may exceed the quantity specified in the agreement, an unobligated commitment shall be retained for the amount of such anticipated excess deliveries (see FAR 12.401-403). The amount to remain as an unobligated commitment shall be based on judgment and will not necessarily be equal to the amount of the maximum allowable deliveries. (See subparagraph d(2).)
- h. **SOLICITATION PROVISIONS AND CONTRACT CLAUSES.** When the executed contract provides for subsequent "provisioning" (i.e., identifying and ordering the specific parts at a later date), the estimated cost established in the contract clause (although not an obligation until definitized) shall be retained in the records as an unobligated commitment (see FAR 52.2).
- i. **CONTRACT AMENDMENTS AND MODIFICATIONS.** An authorization to amend or modify a non-incrementally funded contract shall be recorded as a commitment at the time of certification of fund availability in the amount of the estimated cost of such amendment or modification. Where the authorization is to amend or modify an incrementally funded contract, only those amendments or modifications which add funds in addition to the previously funded increment shall be certified for fund availability and committed. The commitment recorded shall be in the amount of the additional funding.

9031-10 INTERAGENCY ORDERS

Commitments relating to interagency orders shall be recorded at the time the applicable provisions of FMM 9031-8 are met.

9031-11 IMPLEMENTATION

A copy of any instruction issued by Centers in implementation of this chapter will be forwarded to the Director, Financial Management Division, NASA Headquarters.