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**DRD Introductory Paragraph:**

Financial Management Reports consist not only of the populated NF 533M and NF 533Q Forms themselves, but also other forms, analyses, and management information (described in the body of this Data Preparation Instruction) which constitute the **Narrative** section of the Reports. JPL does not consider a Monthly or Quarterly Financial Management Report to be complete if it does not include this **Narrative** section.

***Preparation instructions for the NF 533M/Q Forms follow below in Paragraphs A through H:***

1. ***GENERAL***

NF 533M and NF 533Q Forms shall be prepared at the Total Subcontract level of the Work Breakdown Structure (WBS) (see RM-003), and include all costs and fees from the inception of the Subcontract.

1. ***REPORTING CATEGORY: (NF 533M/Q Forms – Column 6)***

Enter the titles from the “Elements of Cost and Fee” column of the Definitized Cost and Fee Plan (see DRD RM-002, Paragraph 1) into Column 6 of the NF 533M/Q Forms. In addition, if JPL has provided Advance Funding to the Subcontractor that has driven the Subcontract Value higher than the Definitized Subcontract Value, then include a line titled “Advance Funding” in Column 6 and a corresponding entry in Column 9b that quantifies the difference between those two values. Column 6 entries will be the same on both the NF 533M and NF 533Q Forms.

1. ***PLANNED COST: (NF 533M Form - Columns 7b and 7d)***

Entries in Columns 7b and 7d must be taken from the latest revision to the Subcontractor’s Definitized Cost and Fee Plan (which should reflect the negotiated cost of all work definitized by the end of the Report Month).

1. ***RECOGNITION OF DIRECT COST INCURRED/HOURS WORKED:***

**(NF 533M Form - Columns 7a and 7c; NF 533Q Form - Column 7a)**

Amounts entered in these Columns for Direct Costs and Hours Worked must be the **actual** costs recorded on the month-end cost reports produced by the Subcontractor’s accounting system (a system that has been determined by the Defense Contract Audit Agency (DCAA) or by JPL to be adequate for accumulating, reporting, and billing costs on government Contracts). Only adjust these costs in accordance with the definition of “Incurred Cost” negotiated and documented in the Definitized Cost and Fee Plan (DRD RM-002, Paragraph 1).

1. ***RECOGNITION OF INDIRECT COSTS INCURRED***

***(NF 533M Form - Columns 7a and 7c; NF 533Q Form - Column 7a)***

|  |  |
| --- | --- |
| **SUBCONTRACTOR ACCOUNTING YEAR** | **INSTRUCTIONS FOR APPLYING****INDIRECT RATES TO INCURRED COST** |
| **PAST YEARS** | Use the latest actual year-end indirect rates for each accounting year. Any update to the actual year-end rates for any past year must be applied retroactively to calculate the cumulative cost incurred for that year. Reflect the resulting cost increase or decrease on the NF 533 Forms for the report month in which the update to the rate calculation occurred. **NOTE**: **Do not apply** DCAA-approved **billing rates** to calculate Indirect Costs Incurred **UNLESS** they also happen to be the latest actual year-end indirect rates. |

Indirect Costs Incurred (e.g., Overheads, Burdens, G&A) are amounts calculated by applying indirect rates to the incurred cost of their respective bases. Unless limited by the existence of ceiling rates in the Subcontract, determine the amounts for Indirect Costs entered in these columns by applying indirect rates as described on the following tables:

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|  |  |
| --- | --- |
| **SUBCONTRACTOR ACCOUNTING YEAR** | **INSTRUCTIONS FOR APPLYING****INDIRECT RATES TO INCURRED COST** |
| **CURRENT YEAR** | Use the latest published forward pricing or bidding rates. If published forward pricing rates or bidding rates are revised during the current year, retroactively apply the revised rates to the cumulative cost incurred to date for the current year, and reflect the resulting cost increase or decrease on the NF 533 Forms for the report month in which the revised forward pricing rates were published. **NOTE**: **Do not apply** DCAA-approved **billing rates** to calculate Indirect Costs Incurred **UNLESS** they also happen to be the latest published forward pricing/bidding rates for the current year. |

1. ***RECOGNITION OF FEE:***
2. ***(NF 533M Form - Columns 7a and 7c) (NF 533Q Form - Column 7a)***
	1. ***FIXED FEE: [IF APPLICABLE]*** Report Fixed Fee as it is incurred over the life of the Subcontract. Base the Cumulative to Date Fixed Fee reported in Column 7c of the NF 533M Form and Column 7a of the NF 533Q Form on the percentage of work subject to Fixed Fee that has been completed by the Subcontractor through the month-end report date on the NF 533M Form. Report Fixed Fee as a separate line item from any other Fees on NF 533M and NF 533Q Forms.
	2. ***INCENTIVE/AWARD FEE: [IF APPLICABLE]*** The Cumulative to Date Incentive/Award Fee reported in Column 7c of the NF 533M Form and Column 7a of the NF 533Q Form will be the amount you are allowed to invoice JPL (per the Incentive/Award Fee provisional billing instruction in the “Allowable Cost and Payment” Article of the Subcontract) for the work you have completed through the month-end report date on the NF 533M Form. Report each type of Incentive and Award Fee negotiated into the Subcontract on a separate line item from any other Fees on the NF 533M and NF 533Q Forms.
3. ***ESTIMATED COST/HOURS TO COMPLETE***
4. ***(NF 533M/Q Forms – Columns 8) often referred to as the.Estimate to Complete (ETC)***
5. ***ESTIMATED FINAL COST/HOURS***
6. ***(NF 533M/Q Forms – Column 9a) often referred to as the.Estimate at Completion (EAC)***
7. ***ESTIMATED COMPLETION DATE (NF 533Q Form only – Column 10)***
8. The costs entered in Columns 8 and 9a, and the date entered in Column 10 (NF 533Q Form only) are specifically **not** to be artificially constrained to conform to the values in the existing Definitized Cost and Fee Plan (RM-002, Paragraph 1); the current funding limitation on the Subcontract; or the current Subcontract Value. However, be advised that the submittal of NF 533M and NF 533Q Forms to JPL **will neither relieve the Subcontractor** from any Limitation of Funds or Limitation of Cost status notification requirements in the Subcontract provisions, nor serve as a formal notice to JPL of early or late delivery, or acquiescence to such delivery by JPL
	1. ***General instructions for Columns 8****.* Enter the costs and fees realistically expected to be incurred during the period of time associated with each of the Columns, based on the most current realistic schedule for performing all remaining authorized work. These costs and fees are estimates that will be used by JPL for planning purposes only, and are not binding on the Subcontractor or JPL. However, make a concerted effort to ensure the realism of the costs and fees in these Columns, and apply the most current direct labor rate and indirect rate projections available to the Subcontractor. Identify these rates in the **Narrative** section of the Monthly and Quarterly Financial Management Reports
	2. ***Columns 8 instructions unique to the NF 533M Form:***
		1. Column 8a must be the estimate for the month FOLLOWING the report month in Block 2 on the NF 533M Form.
		2. Column 8b must be the estimate for the month which falls two months after the report month in Block 2 of the NF 533M Form.

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1. ***UNFILLED ORDERS OUTSTANDING***

***(NF 533M Form – Column 10 and NF 533Q Form – Column 11)***

* 1. ***UNFILLED ORDERS OUTSTANDING: NF 533M Form: (Column 10)*** Enter an amount for Unfilled Orders Outstanding, calculated as follows:

|  |  |  |
| --- | --- | --- |
| Total dollar value of purchase orders issued to your suppliers, and the incremental funding provided to your subcontractors, through the month-end report date on the NF 533M Form | LESS: | Cumulative-to date cost incurred (NF Form 533M, Column 7c) for products received from and work performed by your suppliers and subcontractors through the month-end report date on the NF 533M Form |

Generally, enter the direct cost for unfilled orders on the lines for the Materials and Subcontracts cost elements, and then burden and apply Fee to them to arrive at the Total Cost + COM + Fee for all Unfilled Orders Outstanding.

* 1. ***UNFILLED ORDERS OUTSTANDING: NF 533Q Form: (Column 11)*** Enter an estimate of the Unfilled Orders Outstanding as of the end of the quarter reflected in Column 7c of the NF 533Q Form.

**DRD Paragraph A: Monthly Narrative**

***VARIANCES AND EXPLANATIONS (Monthly Financial Management Report – Narrative)***

1. ***Dollar Variance Calculation***

In the **Narrative** section of the Monthly Financial Management Report, calculate Dollar Variances (differences) between specific amounts on the NF 533M Form, displaying them as shown below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **CUMULATIVE to DATE** |  | **at COMPLETION** |
|  |
| ActualsCol. 7c |  | PlannedCol. 7d |  |  **Dollar**Variance |  | SubcontractorEstimateCol. 9a |  | SubcontractValueCol. 9b |  |  **Dollar**Variance |
| **COST+FEE** |  | **$** | **-** | **$** | **=** | **$** | **$** | **-** | **$** | **=** | **$** |

1. ***Percent Variance Calculation***

Calculate Percent Variances as shown on the Table below. Display these in the **Narrative** section of the Monthly Financial Management Report as shown below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **CUMULATIVE to DATE** |  | **at COMPLETION** |
|  |
| **Dollar**Variance |  | PlannedCol. 7d |  |  **Percent**Variance |  | **Dollar**Variance |  | SubcontractValueCol. 9b |  |  **Percent**Variance |
| **COST + FEE** |  | **$** | **÷** | **$** | **=** |  **%**  | **$** | **÷** | **$** | **=** |  **%** |

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1. ***Variance Thresholds and Explanations Note to CTM: If EVM is instituted on this subcontract, and JPL is receiving Cost Performance Report (CPR) Variance Analyses that adequately address the questions in Paragraphs C.1 and C.2 below, then these paragraphs may be removed from this DPI.***

If any Dollar or Percent Variance exceeds the thresholds shown on the following table, provide a narrative explanation of the Variance as described below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **CUMULATIVE to DATE** |  | **at COMPLETION** |
|  |  |  |  |
| **COST + FEE** |  | Dollar Variance Threshold | +/- **$ TBD** |  | Dollar Variance Threshold | +/- **$ TBD** |
| **COST + FEE** |  | Percent Variance Threshold | +/- **15 %** |  | Percent Variance Threshold | +/- **10 %** |

* 1. ***In the narrative explanation for a Cumulative to Date Variance,*** address the following questions:
		1. What is the primary element of cost (including direct labor hours as an element of cost) that is driving the variance?
		2. What is the primary task associated with the variance?
		3. Is the problem primarily with the Plan (schedule accelerations or slips; unrealistic original estimation of resources required; inability to include authorized but undefinitized work in the Plan), or is it with the Actuals (incurrence of considerably more or less resources than could have reasonably been expected, possibly due to a technical problem, or an unanticipated increase or decrease in rates)?
		4. Is the cause of the variance contained, or will it continue to impact cost performance in the coming months? To what extent?
		5. To what extent have you reflected the impact of the problem on the monthly Schedule Update (see DRD RM-004) and in Columns 8 and 9a on the NF 533M Form?
	2. ***In the narrative explanation for an at Completion Variance,*** address the following points:
		1. How much of the variance is due to the inclusion of authorized but undefinitized work in the Contractor Estimate (Col 9a)?
		2. How much of the variance is due to the projection of non-fee bearing costs at completion, and to what extent have these costs already been incurred? What is the likelihood that your projection of non-fee bearing costs will grow in the coming months?
1. ***Incurred Cost Adjustments***
	1. The Subcontractor may adjust an actual cost amount from their internal month-end accounting reports before entering it onto the NF 533M Form as an incurred cost. This would be done to enable the reporting of incurred cost according to the negotiated definition of this term published in DRD RM-002. If applicable, quantify and explain each of these adjustments separately in the **Narrative** section of the Report.
	2. The actual costs reflected on the Subcontractor’s internal month-end accounting reports may include changes to prior period Cost Incurred/Hours Worked for a variety of reasons, such as changes in direct or indirect rates, correction of prior charges, or incorporation of the results of audit findings and litigation. These prior period changes will flow through to be reflected in Columns 7a and 7c of the NF 533M Form (and in Column 7a of the NF 533Q Form). If applicable, quantify the cost impact and the reason for each prior period change in the **Narrative** section of the Report.

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**DRD Paragraph B.5: Quarterly Narrative - Funding Profile**

***QUARTERLY UPDATE to MONTHLY FUNDING PROFILE for NEXT 6 MONTHS (NF 533Q Form – JPL)***

Preparation Instructions: To facilitate the preparation of this funding profile update, **JPL has modified the standard NF 533Q Form** (see the modified Form at the end of this Data Preparation Instruction) as follows:

1. Columns 8a through 8f now contain the Subcontractor’s Estimate to Complete by **month** for  **six months,** beginning with the start of the new Government Fiscal Quarter in Column 8a;
2. A 4-row table titled “Quarterly Update to Monthly Funding Profile for Next 6 Months” has been appended to the bottom of the standard NF 533Q Form. On this table, **for each month** identified in Columns 8a through 8f, the Subcontractor will:
	1. ***Row 1: Estimated TOTAL COST + COM + FEE: Cumulative-to-Date through Month:*** Enter the cumulative to date estimate of TOTAL COST + COM + FEE through each month, based on input on the NF 533Q Form;
	2. ***Row 2: Projection of Unfilled Orders Outstanding (UOO) at each Month-End:*** Enter your projection of the estimated cost (thru Fee) of Unfilled Orders Outstanding as of the end of each of these six months Unfilled Orders Outstanding is defined in the **Data Preparation Instructions for DRD RM-002, Paragraph 2.**
	3. ***Row 3: Estimate of Additional Cost plus Fee if Subcontract is Terminated during the month:***  Enter an estimate of the additional cost and Fee (in excess of the amounts on Rows 1 and 2) that the Subcontractor would incur if the Subcontract were to be terminated during that month.
	4. ***Row 4: TOTAL FUNDING REQUIRED Cumulative-to-Date through each Month:*** Enter the sum of your entries on Rows 1, 2, and 3. Row 4 then reflects the Subcontractor’s estimate of the total Funding they will require, cumulative-to-date, through each month identified in Columns 8a through 8f of the NF 533Q Form.

**DRD Paragraph B.6: Quarterly Narrative - Reconciliation Log**

***533Q RECONCILIATION OF CHANGES – JPL (for the Quarter beginning: ## / ## / 20##)***

Preparation Instructions: To facilitate the preparation of this reconciliation, JPL has replaced the NPR 9501.2d form and instructions (Para. 3.6.4, and Figure 4) with a revised form (see document titled “533Q: Reconciliation of Changes – JPL (rev 04/23/2010) at the end of this Data Preparation Instruction) and the following instructions for completing the revised form:

1. The form consists of **5 Columns**:
	1. **Column 1** is headed by a line titled “**BASIC SUBCONTRACT: Definitized**”. Beneath this are listed three **CHANGE ACTION CATEGORIES** (Scope Changes, Overrun Costs, and Advance Funding), with Sub-categories listed beneath each of these. Assign each individual Change Action that occurs through the month-end reported in Column 7a of the NF 533Q Form to a Sub-category, and identify it (Title/Description and associated Subcontract Modification number) on a separate Row under that Sub-category. If there are more than two Change Actions in any Sub-category, add as many additional Rows (and the corresponding boxes for dollar amount input) as needed.
	2. **Columns 2, 3,** and **4** are titled **“COST”, “FEE”, and “TOTAL”** respectively. Input the appropriate dollar amounts into the boxes in these Columns for all of the Change Actions you have identified in **Column 1**.
	3. **Column 5** is titled “**IMPACT COLOR CODE.**” Each Change Action Sub-category affects the dollar value of at least one of the three documents described in Paragraph B below. A color code has been assigned to each of these documents (see paragraph B below) and Column 5 identifies by color code which of the documents is affected by that Change Action Sub-category.

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1. Across the bottom of the form are **3 Rows,** one for each of the documents that can be impacted by a Change Action:
	1. The **TOTAL DEFINITIZED COST/FEE PLAN** (**Color Code GREEN**). The boxes in Columns 2, 3, and 4 of this Row will contain the sum of the amounts in each Column that are on a Row with a GREEN box in Column 5. The amount in Column 4 of this row should equal the amount of the Total Definitized Value of the Definitized Cost and Fee Plan revision in effect at the end of the month reported in Column 7a of the NF 533Q Form.
	2. The **SUBCONTRACT VALUE** (**Color Code TAN**) The boxes in Columns 2, 3, and 4 of this Row will contain the sum of the amounts in each Column that are on a Row with a TAN box in Column 5.. The amount in Column 4 of this row should equal the Subcontract Value at the end of the month reported in Column 7a of the NF 533Q Form.
	3. The **SUBCONTRACTOR’S ESTIMATE AT COMPLETION (EAC) (Color Code PURPLE)**. The boxes in Columns 2, 3, and 4 of this Row will contain the sum of the amounts in each Column that are on a Row with a PURPLE box in Column 5. The amount in Column 4 of this row should equal the total amount reported in Column 9a of the NF 533Q Form.

**DRD Paragraph D: [If Applicable]**.

1. **[IF APPLICABLE]** Provide a separate NF 533M Form and a separate NF 533Q Form with your Monthly/Quarterly Financial Management Report for each Subcontract Phase (e.g., Phase A, Phase B, Phase C/D, Phase E).

The titles and content of these Phases will be negotiated.

Column 6 on each of these separate forms shall reflect the same elements of cost/fee as those on the NF 533M and NF 533Q Forms for the Total Subcontract.

1. **[IF APPLICABLE]** Provide a separate NF 533M Form and a separate NF 533Q Form with your Monthly/Quarterly Financial Management Report for each WBS Item/Subdivision of work (e.g., WBS 1.1, WBS 1.2, WBS 2.1).

The titles and content of these subdivisions will be negotiated.

Column 6 on each of these separate forms shall reflect the same elements of cost/fee as those on the NF 533M and NF 533Q Forms for the Total Subcontract, with the following exceptions:

* 1. There will be **no rows or entries for Fee**
	2. There will be **no row or entry for Advance Funding**