

National Aeronautics and
Space Administration



Office of Inspector General
Washington, DC 20546-0001

July 2, 2009

Ms. Shannon Atkinson, Chief Financial Officer
SETI Institute
515 North Whisman Road
Mountain View, California 94043

SUBJECT: Final Memorandum on Initial Review of Gilbert Associates, Inc., Audit Report on SETI Institute for the Fiscal Year Ended September 30, 2007 (Report No. ML-09-004; Assignment No. D-09-001-00)

Dear Ms. Atkinson:

As the Federal oversight agency for the single audits of the SETI Institute, we performed an initial review of your reporting package for the fiscal year ended September 30, 2007. The single audit is required by the Office of Management and Budget (OMB) Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations." The audit firm of Gilbert Associates, Inc., performed the audit. We used the "Uniform Guide for Initial Review of A-133 Audit Reports," published by the President's Council on Integrity and Efficiency, to determine whether the reporting package contained the required reports, schedules, and statements. We did not review the related audit workpapers that support the audit.

Based on our review of the reporting package for the fiscal year ended September 30, 2007, we determined that the audit report substantially met the reporting standards of the Government Accountability Office's "Government Auditing Standards" and OMB A-133 reporting requirements, with the following exceptions:

1. We noted that both the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (DCF) reported an incorrect Catalog of Federal Domestic Assistance (CFDA) prefix for a NASA Intergovernmental Personnel Agreement (IPA) program. The IPA program was reported with a CFDA prefix for the Office of Personnel Management (OPM), instead of NASA's prefix (i.e., 43), even though NASA reimbursed SETI the salary, benefits, and travel costs incurred under this program.
2. The auditors incorrectly reported the dollar threshold used to distinguish between Type A and Type B programs in the Schedule of Findings and Questioned Costs and the DCF. The correct threshold is \$319,894, not \$300,000. However, the error in the threshold did not affect the selection of major programs for testing during the single audit for fiscal year 2007.

Recommendation

In our May 11, 2009, draft of this memorandum, we recommended that the SETI Institute submit a corrected DCF to the Federal Audit Clearinghouse that replaces the OPM CFDA prefix with NASA's prefix and corrects the Type A threshold amount.

In your response of July 1, 2009 (Enclosure), you concurred and described appropriate corrective actions. Therefore, we have closed this recommendation.

We also noted that Gilbert Associates, Inc., did not indicate the existence of a management letter in its "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*," April 7, 2008, even though one was issued. The auditors' management letter, "Observations and Recommendations Resulting from Our Audit of Your Financial Statements for the Year Ended September 30, 2007," was dated April 7, 2008. According to "Government Auditing Standards," the auditors should have referred to the management letter in the report on internal control. Although we are not making a recommendation on this matter, this requirement must be met in your next single audit.

We appreciate the courtesies extended during our review. If you or your staff would like to meet with us to further discuss this review, please contact Mr. Mark Jenson, Financial Statement Audits Director, at 202-358-0629.

Sincerely,

signed

Evelyn R. Klemstine
Assistant Inspector General for Auditing

cc:
Assistant Administrator for Procurement
Gilbert Associates, Inc.
National Science Foundation

Management's Comments

July 1, 2009



NASA Office of Inspector General
Attn: Evelyn Klemstine
Washington, DC 20546-0001

Dear Ms. Klemstine:

Thank you for the opportunity to respond to the audit findings you presented in to your draft memorandum on the initial review of Gilbert Associates, Inc Audit Report for the SETI Institute's fiscal year 2007.

The SETI Institute and Gilbert & Associates concur with both findings and offer the following responses:

- 1) Management concurs with the finding that the CFDA numbers used for the NASA IPA projects were listed incorrectly. We regret this error and will correct it in the future. A revised Data Collection Form will be submitted on or before July 10, 2009.
- 2) Gilbert & Associates concurs with the finding that the dollar threshold used to distinguish between type A and Type B programs in the Schedule of Findings and Questioned Costs and in the Data Collection Form should have been \$319,894 instead of \$300,000. They regret the error and will correct it in the future. A revised Data Collection Form will be submitted on or before July 10, 2009.

Please contact me at 650-960-4520 if any additional information is needed.

Best regards,

A handwritten signature in cursive script that reads "Shannon Atkinson".

Shannon Atkinson
Chief Financial Officer

Cc: Gilbert Associates, Inc.