

# NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The CARES Act was enacted in March 2020 to address the COVID-19 outbreak and, in part, provided funding for federal agencies to respond to the pandemic and fund loans, grants, and other forms of assistance for businesses and state and local governments. The National Aeronautics and Space Administration (NASA) received \$60 million in CARES Act funding within its Safety, Security, and Mission Services appropriation to prevent, prepare for, and respond to the coronavirus domestically or internationally. In addition, Section 3610 of the Act allows agencies to reimburse contractors for any paid leave caused by the pandemic, and to keep employees and subcontractors in a ready state, including to protect the life and safety of government and contractor personnel. This provision is particularly relevant to an agency like NASA that relies so heavily on private contractors for its science and space exploration projects.

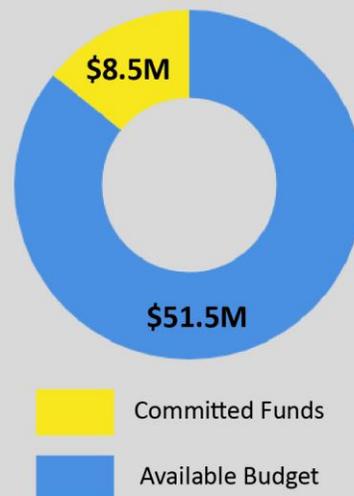
NASA, along with multiple other federal agencies, modified operations in response to the coronavirus pandemic following guidance established by the Centers for Disease Control and Prevention. This included mandating telework for federal and contractor workforces, closing facilities, and canceling all non-essential travel. By mid-April 2020, 12 of the Agency's 18 major facilities across the country were closed to all employees except those necessary to protect life and critical infrastructure. The remaining 6 facilities remained open for work designated "mission critical" that could not be accomplished remotely.

As of May 5, 2020, NASA has committed approximately \$8.5 million of the \$60 million in emergency funding. The majority of the committed funds relate to contractor impact claims, information technology services, and cleaning supplies. Future use of the remaining funds are expected to include increased cleaning efforts at each NASA facility as well as purchases of personal protective equipment.

In addition to the CARES Act funds, NASA has launched multiple initiatives to respond to the pandemic. The Agency started an employee crowdsourcing initiative to solicit new ideas focused on developing personal protective equipment; developing new ventilation devices; and using NASA data, data analytics, high performance computing, artificial intelligence, and other capabilities to predict the spread of COVID-19 and address its environmental, economic, and societal impacts. Agency engineers have also designed a new ventilator and oxygen helmet specifically for coronavirus patients with milder symptoms. Both items are under review by the Food and Drug Administration for emergency-use authorization.

## NASA CARES Act Funding

**\$60 million total appropriated to NASA**



Source: NASA OIG depiction of Agency funding as of May 5, 2020.

## Oversight of Contracts, Grants, and Cooperative Agreements

Typically, NASA spends approximately 80 percent or more of its available resources on contracts, grants, and cooperative agreements to fund research and development, and purchase supplies, services, and equipment to fulfill the Agency's mission. With the implementation of the CARES Act, the NASA OIG anticipates an increase in these procurement actions. Moving quickly to use these funds effectively while avoiding fraud, waste, and abuse is a critical but challenging task. Additionally, for reimbursement of Section 3610 funds, it is imperative for NASA to ensure these funds are appropriately identified, recorded, and segregated, since the reimbursement may be paid not only from

NASA's CARES Act funding but from its annual appropriations. Furthermore, it will be incumbent upon contracting officers to communicate and oversee contractor activity and obtain appropriate documentation to identify contractors that qualify for this relief. Based on the results of ongoing and previous work, the OIG believes this oversight to be the top challenge facing the Agency in administering CARES Act and Agency funds related to the pandemic.

NASA's challenges with contracting and acquisition oversight are long-standing and have been reported on the Government Accountability Office's (GAO) High-Risk list and as a top management challenge by the OIG for the past 14 years. The Agency has been responsive to recommendations; however, continued improvement in this area is needed.

Collectively, the OIG's audit and investigative work has consistently shown that NASA's poor management and oversight of contracts, grants, and cooperative agreements has resulted in inappropriate expenditures, wasted taxpayer dollars, and negative impacts to the Agency's mission. Specifically, some of the OIG's most recent audit reports have identified that NASA lacks visibility into contract costs; contracting officers approved contract modifications and issued task orders to contracts without proper authority; and NASA lacked an appointed on-site technical monitor, which contributed to issues with monitoring contractor performance.<sup>1</sup> Both the NASA OIG and GAO have also reported on issues with NASA's use of service contracts, specifically related to improvements needed for collecting data, streamlining requirements, and utilizing independent government cost estimates—the government's best estimate of a contract's potential costs.

The same concerns hold true regarding NASA's oversight of grants and cooperative agreements. Past OIG audits have reported instances where NASA and award recipients did not ensure proper administration and management of awards, as well as grant funds that were not used for their intended purpose. The OIG's investigative work for both contracts and grants also identified fraud and misconduct related to collusion among bidders, employers, and contractors; bribes and kickbacks; use of counterfeit and defective parts; and conflicts of interest.

Finally, the OIG's prior oversight activities of NASA's Recovery Act funding in 2009 identified that generally the Agency used funds in accordance with the requirements and goals of the Act; however, the OIG identified \$2 million in questioned costs, internal control weakness, and poor project oversight.<sup>2</sup> Protecting NASA's investments is of the utmost importance, and Agency contracting personnel need to be attentive to fraud indicators and be proactive in their efforts to prevent such fraud before it occurs. Moving forward, the OIG will continue to provide oversight of NASA's procurement activities and tracking of pandemic funding.

**For more information on the NASA Office of Inspector General visit <http://oig.nasa.gov/>.**

<sup>1</sup> NASA OIG, *NASA's Management of Space Launch System Program Costs and Contracts* (IG-20-012, March 10, 2020) and *NASA's Management of the Space Launch System Stages Contract* (IG-19-001, October 10, 2018).

<sup>2</sup> American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 (2009).