



January 5, 2010

TO: American Recovery and Reinvestment Act Senior Accountable Official
American Recovery and Reinvestment Act Implementation Executive

FROM: Acting Assistant Inspector General for Auditing

SUBJECT: Final Memorandum on Analysis of NASA's Final Agency-Wide
Recovery Act Plan (Report No. IG-10-006; Assignment No. A-09-009-03)

The American Recovery and Reinvestment Act (Recovery Act) requires Federal Offices of Inspector General (OIGs) to assess their agency's compliance with Recovery Act mandates and with the Office of Management and Budget's (OMB) April 3, 2009, "Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009" (OMB Guidance). On the basis of this requirement, NASA OIG conducted a review of NASA's Agency-Wide Recovery Act Plan for use of funds provided under the Recovery Act that was submitted to OMB on May 15, 2009. We analyzed the Agency-Wide Recovery Act Plan to assess compliance with the requirements of the OMB Guidance.

Executive Summary

Our initial review of the final NASA Agency-Wide Recovery Act Plan identified several compliance issues with respect to fulfilling requirements of the OMB Guidance. Specifically, NASA's Agency-Wide Recovery Plan provided insufficient detail about the Agency's broad Recovery Act goals in terms of outputs, outcomes, and expected efficiencies. In addition, the Plan did not include a projection of the expected rate of competition nor a rationale for those numbers, as required by the OMB Guidance. Lastly, the Plan did not address the use of fixed-price contracts as a percentage of all dollars spent or describe the steps planned to maximize the use of fixed-price contracts where practicable for ARRA-funded contracts.

Based on our discussion of these issues with the NASA Recovery Act Implementation Executive, we determined that the Agency is aware of these non-compliance issues and is taking steps to address them. In addition, OMB conditionally accepted NASA's Agency-Wide Recovery Act Plan as submitted on May 15, 2009. NASA is currently awaiting guidance from OMB regarding deadlines and formats for updating its Recovery Act Program Plans. Once the issues noted by the OIG have been addressed and updates are submitted to OMB, we will conduct a follow-up review of NASA's Agency-Wide Recovery Plan.

We issued the draft memorandum on December 17, 2009. In NASA's response, received January 5, 2010, the Recovery Act Implementation Executive stated the Agency concurred with the observations noted in this memorandum.

Background

The OMB Guidance requires Federal agencies receiving Recovery Act funds to develop an agency-wide plan to serve as the formal, documented plan for how Recovery Act funds will be applied and managed. These plans must describe each agency's broad Recovery Act goals, the extent to which the agency will rely on competitively bid contracts, and agency accountability mechanisms for Recovery Act activities. The OMB Guidance also requires agencies to develop a summary table that breaks down the Recovery Act funds by the amount awarded to each individual project. In addition, the agency-wide plans must describe the processes in place for senior managers to regularly review the progress and performance of major Recovery Act programs, including identifying areas of risk and developing risk mitigation plans.

The OMB Guidance requires the following data in agency-wide program plans:

1. Broad Recovery Goals – outputs, outcomes, or expected efficiencies;
2. List of Recovery Programs within the Agency – each individual program receiving Recovery Act funds;
3. Funding Table – Agency plan for obligations and gross outlays;
4. Competition on Contracts – excludes contracts under grants, describes past competition achievements and the steps taken and planned to maximize competition;
5. Contract Type – excludes contracts under grants, describes use of fixed-price contracts and the steps taken and planned to maximize the use of fixed-price contracts; and
6. Description of Agency Accountability Mechanisms – review of performance results and process to engage agency senior leaders.

Initial OIG Review of NASA's Agency-Wide Recovery Act Plan

In our initial review of NASA's final Agency-Wide Recovery Act Plan, we identified several compliance issues with respect to fully addressing the six data elements specified in the OMB Guidance. However, OMB conditionally accepted NASA's Agency-Wide Plan as submitted in May of 2009, contingent upon OMB receiving an updated version of the Plan once modifications based on changes to NASA's fiscal year (FY) 2009 Operating Plan were completed. Based on OMB's conditional acceptance of the Agency-Wide Plan, NASA uploaded the plan to NASA's Recovery Act Web site in May of 2009. Once further guidance is received from OMB, the Agency will revise the Agency-Wide Recovery Act Plan. The OIG will review the changes at that time to ensure the issues noted in our initial review have been adequately addressed.

At the time NASA's Agency-Wide Plan was sent to OMB, NASA's FY 2009 Operating Plan had not received Congressional concurrence.¹ Because the exact allocations of funding were subject to change based on recommendations from Congress, NASA did not include specific funding details in its Agency-Wide Plan, as required by the OMB Guidance.

¹ Subsequent to our review, Congress approved NASA's Operating Plan in July 2009.

One of the compliance issues we noted during our review of the Plan was the lack of detail about the Agency's broad Recovery Act goals in terms of outputs, outcomes, and expected efficiencies. We also noted that the Plan did not include a projection of the expected rate of competition or a rationale for such a projection, as required by the OMB Guidance. In addition, the Plan did not fully address the use of fixed-price contracts.

The table below provides details about the compliance issues we noted during our initial review of NASA's Plan. Included in the table is the resolution or planned resolution to each issue, as provided by the NASA Recovery Act Implementation Executive. Data elements that NASA fully complied with were not included in the table.

Table 1: Compliance Issues Noted in NASA's Agency-Wide Recovery Act Plan		
Reporting Element	Compliance Issue	Resolution
Broad Recovery Goals	The Plan addressed the Agency's broad recovery goals but did not provide sufficient detail as to the intended result of those goals, such as outputs, outcomes, and expected efficiencies.	At the time NASA's Agency-Wide Plan was submitted to OMB, NASA's FY 2009 Operating Plan had not received Congressional concurrence. Because the exact allocations of funding, and thus the goals resulting from the use of Recovery Act funds, could not be determined without concurrence on the Operating Plan, these details could not be included by the May 15, 2009 deadline. Subsequent to our review, Congress concurred with NASA's FY 2009 Operating Plan and changes to both the Agency-Wide and Program-Specific Recovery Act Plans are being made to include all of the information required by OMB Guidance.
Competition on Contracts (excludes contracts under grants)	The Plan did not include a projection of the expected rate of competition or rationale for the projection, as required by the OMB template.	OMB accepted the incomplete data pending an update to be submitted at an as-yet undetermined date.
Contract Type (excludes contracts under grants)	The Plan did not address the use of fixed-price contracts as a percentage of all dollars spent or describe the steps taken and planned to maximize the use of fixed-price contracts where practicable for ARRA-funded contracts.	NASA reported that because of the nature of its projects, few fixed-price contracts would be awarded. The Agency's justification is posted at required locations, such as www.recovery.gov , in accordance with the Recovery Act.

From our review of the Plan and discussions with NASA officials, we concluded that the Agency is taking the appropriate steps to address the outstanding issues related to the OMB Guidance requirements. NASA's updated Plans will be submitted to OMB once additional OMB

guidance is issued with instructions for doing so, and we will review the changes to ensure the issues noted in our initial review have been adequately addressed.

In NASA's response, received January 5, 2010, the Recovery Act Implementation Executive stated the Agency concurred with the observations noted in this memorandum. The response also noted that, "OMB has informed the Agency that the Recovery Accountability & Transparency Board (RATB) is currently responsible for Recovery.gov, and providing any opportunities for updating the Agency-wide and Program Plans posted there. We have been informed that the RATB intends to provide this opportunity early this calendar year."

We appreciate the courtesies extended during our review. If you have any questions or need additional information, please contact Ms. Laura B. Nicolosi, Director, at 202-358-2562, or Mr. John Apker, Project Manager, at 202-358-2978, of the Office of Audits, Institutional Management and Recovery Act Activities Directorate.

/s/

Debra D. Pettitt

cc:

NASA General Counsel

Scope and Methodology

We performed this review from May 2009 through November 2009. This review was not an audit conducted in accordance with government auditing standards. We limited our scope to reviewing the NASA Agency-wide Recovery Act Program Plan as submitted by the Agency to OMB on May 15, 2009 in order to assess its compliance with the Recovery Act requirements for Agency-wide Program Plans as outlined in OMB's April 3, 2009 "Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009" (OMB Guidance). We did not use computer-processed data to perform this review and there was no prior OIG audit coverage of this issue.