

IG-00-032

AUDIT REPORT

**NASA CONTRACT AUDIT
FOLLOW-UP SYSTEM AT
JOHNSON SPACE CENTER**

May 19, 2000



National Aeronautics and
Space Administration

OFFICE OF INSPECTOR GENERAL

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Acronyms

ACO	Administrative Contracting Officer
CAS	Cost Accounting Standards
CATS	Corrective Action Tracking System
DCAA	Defense Contract Audit Agency
DoD	Department of Defense
FAR	Federal Acquisition Regulation
FY	Fiscal Year
GAO	General Accounting Office
NPG	NASA Procedures and Guidelines
OIG	Office of Inspector General
OMB	Office of Management and Budget
PNM	Price Negotiation Memorandum
RCA	Reportable Contract Audit

W

May 19, 2000

TO: A/Administrator

FROM: W/Inspector General

SUBJECT: INFORMATION: NASA Contract Audit Follow-up System at
Johnson Space Center
Report Number IG-00-032

The NASA Office of Inspector General has completed an audit of the NASA Contract Audit Follow-up System at Johnson Space Center (Johnson). We found that NASA policies and procedures for resolution and disposition of contract audit findings and recommendations comply with the Office of Management and Budget (OMB) Circular A-50¹ requirements.² However, the contract audit follow-up system at Johnson can be improved. The system did not include complete records of actions taken on findings and recommendations for all 16 sampled Defense Contract Audit Agency (DCAA) audit reports for which the resolution and disposition authority had been delegated to the Department of Defense (DoD).³ We separately determined that the DoD administrative contracting officers (ACO's) had resolved the findings for 11 of the 16 reports, recovered \$1.1 million of questioned costs that were allocated to NASA contracts, and negotiated indirect rates that affected the NASA contracts. Further, when NASA retained resolution authority for resolution and disposition of audit findings, we found Johnson contracting officers did not track and report four of five reportable contract audit reports⁴ that identified questioned costs of \$2.4 million. Also, Johnson contracting officers did not resolve or disposition the reportable findings and recommendations related to two of the five reports within 6 months after issuance of a final audit report as prescribed by OMB Circular A-50. As a result, the benefits of contract audit findings and recommendations were delayed and potentially not maximized.

¹ OMB Circular A-50, "Audit Followup," September 29, 1982, replaces and rescinds Circular No. A-50, "Executive Branch Action on General Accounting Office Reports," dated January 15, 1979, and incorporates certain provisions previously set forth in Circular A-73, "Audit of Federal Operations and Programs," revised, dated November 27, 1979.

² The Circular requires all agencies, including NASA, to establish audit follow-up systems "to assure the prompt and proper resolution and implementation of audit recommendations." It also requires that the follow-up systems provide for a complete record of action taken on both monetary and nonmonetary findings and recommendations.

³ When contractors have both DoD and NASA contracts, NASA may delegate to the DoD contract administration functions, including resolution and disposition authority on DCAA audit findings and recommendations.

⁴ A detailed definition of a reportable contract audit report is in Appendix B. The Defense Contract Audit Agency provides NASA a monthly list of audits that are identified as reportable contract audits because NASA has the authority to resolve and disposition the audit findings and recommendations. Disposition is achieved when the contracting officer renders a decision as to the treatment of the audit recommendation and has executed a contractual document with the contractor.

Background

NASA uses the services of other Federal agencies to perform audits of contractors, educational institutions, and nonprofit organizations receiving NASA grants and contract awards. In fiscal years (FY's) 1997 and 1998, NASA spent a total of \$32 million (\$16.5 and \$15.6 million, respectively) on contract audit services provided by the DCAA. Of the \$32 million, NASA paid \$7 million for audit services performed for NASA contracts at Johnson.

Policies and procedures concerning NASA contract audit follow-up systems are contained in the NASA Federal Acquisition Regulation (FAR) Supplement and NASA procedures and guidelines. Those policies and procedures require that NASA contract audit follow-up systems track all audits for which NASA has resolution and disposition authority and that audit recommendations be resolved as expeditiously as possible within 6 months of issuance of the final audit report. The NASA FAR Supplement also requires that when contract administration is delegated, NASA contracting officers should at least semiannually review and document in the contract files the status and disposition of significant audit findings.

Recommendations

In response to a prior audit of the NASA Contract Audit Follow-up System at Marshall Space Flight Center (Marshall), the NASA Associate Administrator for Procurement concurred with two audit findings and recommendations. The Associate Administrator for Procurement agreed to reemphasize Agency and Federal requirements to ensure that NASA contracting officers maintain a dialogue with DoD ACO's who have been delegated administration on NASA contracts and to resolve contract audit report recommendations within 6 months of issuance of the final audit report. Therefore, we are making no other recommendation for corrective action on these issues. However, we recommend that the Director, Johnson Space Center, provide the definition of reportable audit reports to Johnson contracting officers and establish performance standards for Johnson contracting officers to ensure effective contract audit follow-up.

Management Response and OIG Evaluation

Johnson management reissued to all procurement personnel a Procurement Advisory Notice emphasizing the importance of tracking and reporting contract audit report recommendations. The procurement notice included the definition of reportable audits. Johnson management also discussed with the NASA Headquarters Office of Procurement the inclusion of specific criteria into performance plans. Johnson determined that the current performance standards would be sufficient because Agency oversight provides for tracking and dispositioning of audit findings, and the Office of Procurement plans to issue additional guidance.⁵ The standards hold Johnson supervisory contract specialists responsible for the Center's compliance with applicable standards, regulations, and guidelines. Furthermore, the Office of Procurement separately

⁵ The guidance resulted from recommendations contained in Audit Report IG-00-010, issued March 6, 2000.

confirmed with us that the Office of Procurement would provide for a review of the effectiveness in resolving and implementing audit recommendations during the procurement management surveys conducted at each NASA center.

Management's actions are responsive to the recommendations. Management's comments imply, however, that NASA contracting officers do not have a responsibility to document the status and disposition of audits of subcontractors. Management relies on the provision of the NASA FAR Supplement 1842.73, "Audit Tracking and Resolution," which states, "NASA contracting officers will maintain a dialogue with DOD Administrative Contracting Officers (ACO) who have been delegated activities on NASA contracts." The FAR, however, states, in part, "The contracting officer is responsible for the determination of price reasonableness for the prime contract, including subcontracting costs." Subcontracts are an integral part of a prime contract. DoD ACO's have the responsibility to inform NASA contracting officers of significant issues on prime contract and subcontract audit findings. Our position is that NASA's discussions with the DoD ACO's regarding such significant findings should be documented in the NASA contract files. Without the required documentation, Johnson may not be able to ensure that audit findings and recommendations were resolved in a timely manner and that the resolutions equitably protected NASA's interests. We found multiple examples of significant dollar recoveries at the subcontractor level (one report involved a recovery of \$851,000), but no evidence of recoveries or documentation in the reviewed NASA contract files regarding discussions on the status of audit findings resolved by the DoD ACO's. The Associate Administrator for Procurement has informed us that the forthcoming policy clarification to be issued in response to our audit at Marshall, which is discussed earlier, will emphasize the role of the NASA contracting officer relative to subcontract audits.

Details on the status of the recommendations are in the Executive Summary.

[original signed by]

Roberta L. Gross

Enclosure

Final Report on Audit of NASA Contract Audit Follow-up System at
Johnson Space Center

FINAL REPORT
AUDIT OF NASA CONTRACT AUDIT FOLLOW-UP SYSTEM AT
JOHNSON SPACE CENTER

W

May 19, 2000

TO: H/Associate Administrator for Procurement
M/Associate Administrator for Space Flight
AA/Director, Johnson Space Center

FROM: W/Assistant Inspector General for Auditing

SUBJECT: Final Report on the Audit of the NASA Contract Audit Follow-up System at
Johnson Space Center Redacted Report
Assignment Number A9904500
Report Number IG-00-032

The subject final report is provided for your use and comment. Please refer to the Executive Summary for the overall audit results. Our evaluation of your response is incorporated into the body of the report. Your comments on a draft of this report were responsive to the recommendations. Management's actions are sufficient to close the recommendations for reporting purposes.

If you have questions concerning the report, please contact Mr. Lorne A. Dear, Program Director, Procurement Audits, at (818) 354-3360 or Ms. Anh Doan, Auditor-in-Charge, at (818) 354-9773. We appreciate the courtesies extended to the audit staff. The final report distribution is in Appendix F.

[original signed by]

Russell A. Rau

Enclosure

cc:

AO/Chief Information Officer

B/Chief Financial Officer

B/Comptroller

BF/Director, Financial Management Division

G/General Counsel

R/Associate Administrator for AeroSpace Technology

JM/Director, Management Assessment Division

bcc:

AIGA, IG, Reading (w/o Enclosures) Chrons

JSC/BD/Manager, Procurement Policy and Systems Office

/BG/Manager, Space Station Procurement Office

/Audit Liaison Representative

W/JPL/180-300/L. Dear

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NASA Office of Inspector General

IG-00-032
A9904500

May 19, 2000

NASA Contract Audit Follow-up System at Johnson Space Center

Executive Summary

Background. NASA uses the services of other Federal agencies to perform audits of contractors, educational institutions, and nonprofit organizations receiving NASA grants and contract awards. In fiscal years (FY's) 1997 and 1998, NASA spent \$32 million (\$16.5 million and \$15.6 million, respectively) on contract audit services provided by the Defense Contract Audit Agency (DCAA). Of the \$32 million, NASA paid \$7 million for audit services performed for NASA contracts at the Johnson Space Center (Johnson).

To improve the effectiveness and efficiency of Government operations, the Office of Management and Budget (OMB) Circular A-50 requires all agencies, including NASA, to establish audit follow-up systems "to assure the prompt and proper resolution⁶ and implementation of audit recommendations." Resolution should occur within a maximum of 6 months after issuance of a final report, and corrective action should proceed as rapidly as possible. The Circular also requires that the follow-up systems provide for a complete record of action taken on both monetary and nonmonetary findings and recommendations. Furthermore, the Circular establishes 11 standards that follow-up systems must meet, including assuring that "performance appraisals of appropriate officials reflect effectiveness in resolving and implementing audit recommendations."

As part of its oversight duties, the NASA Headquarters Office of Procurement conducts surveys at NASA installations that address, in part, contract audit follow-up of reportable contract audit (RCA)⁷ reports.

* We have redacted portions of this report due to references to process information. The redacted passages do not affect the validity of this report or management's response.

⁶ Resolution is the point at which the audit organization and agency management or contracting officials agree on action to be taken on reported findings and recommendations; or in the event of disagreement, resolution is the point at which the audit follow-up official determines the matter to be resolved.

⁷ A detailed definition of a reportable contract audit report is in Appendix B. The Defense Contract Audit Agency provides NASA a monthly list of audits that are identified as reportable contract audits because NASA has the authority to resolve and disposition the audit findings and recommendations. Disposition is achieved when the contracting officer renders a decision as to the treatment of the audit recommendation and has executed a contractual document with the contractor.

Objective. The overall audit objective was to evaluate the adequacy of NASA's contract audit follow-up system at Johnson. Additional details on the objective, scope, and methodology are in Appendix A.

Results of Audit. NASA policies and procedures for resolution and disposition of contract audit findings and recommendations comply with the OMB Circular A-50 requirements. However, the contract audit follow-up system at Johnson can be improved. The system did not include complete records of action taken on findings and recommendations for 16 of 16 sampled DCAA audit reports for which the resolution and disposition authority had been delegated to the Department of Defense (DoD). As a result, Johnson procurement personnel may not be able to ensure that audit findings and recommendations were resolved in a timely manner and that the resolutions were in NASA's best interest (Finding A).

Johnson procurement personnel did not track and report four of five reportable contract audit reports that identified \$2.4 million in questioned costs and did not resolve or disposition⁸ two of the five RCA reports' findings and recommendations within the 6 months after report issuance pursuant to OMB Circular A-50. Consequently, audit findings were not resolved in a timely fashion, and NASA funds that should have been disallowed, withheld, or reduced could not be reallocated to benefit other NASA programs (Finding B).

Recommendations. We recommend that NASA management provide the definition of reportable audit reports to Johnson contracting officers. Also NASA management should establish performance standards for Johnson contracting officers that address their effectiveness in resolving and implementing audit recommendations. During our audit of the NASA Contract Audit Follow-up at Marshall Space Flight Center, NASA management agreed to take NASA-wide corrective actions regarding (1) communication with DoD administrative contracting officers (ACO's) who have been delegated activities on NASA contracts and (2) resolution of contract audit report recommendations within 6 months of issuance of the final audit report. Therefore, we are making no other recommendations for corrective action on these issues.

Management's Response. Johnson management issued to all procurement personnel a Procurement Advisory Notice emphasizing the importance of tracking and reporting contract audit report recommendations. The procurement notice included the definition of reportable audits. Johnson management considers the current performance standards sufficient in light of the Agency oversight that provides for tracking and dispositioning of audit findings and the additional guidance⁹ that the Office of Procurement will issue in relation to a similar audit conducted at Marshall Space Flight Center. Those standards would hold Johnson supervisory contract specialists responsible for the Center's compliance with applicable standards, regulations, and guidelines. Furthermore, the Office of Procurement separately confirmed with the Office of Inspector General that it would provide for a review of the effectiveness in

⁸ Contract audit report disposition is achieved when the contracting officer renders a decision as to the treatment of the audit recommendation and has executed a contractual document with the contractor.

⁹ The guidance resulted from recommendations contained in Audit Report IG-00-010, issued March 6, 2000.

resolving and implementing audit recommendations during the procurement management surveys conducted at each NASA Center. The complete text of the response is in Appendix E.

Evaluation of Management's Response. The actions taken by management are responsive to the recommendations. We consider the recommendations dispositioned and closed for reporting purposes.

Management's comments imply, however, that NASA contracting officers do not have a responsibility to document the status and disposition of audits of subcontractors. Management relies on the provision of the NASA FAR Supplement 1842.73, "Audit Tracking and Resolution," which states NASA contracting officers will maintain a dialogue with DoD ACO's who have been delegated activities on NASA contracts (emphasis supplied). The FAR, however, states, in part, "The contracting officer is responsible for the determination of price reasonableness for the prime contract, including subcontracting costs." Subcontracts are an integral part of a prime contract. DoD ACO's have the responsibility to inform NASA contracting officers of significant issues on prime contract and subcontract audit findings. Our position is that NASA's discussions with the DoD ACO's regarding such significant findings should be documented in the NASA contract files. Without the required documentation, Johnson may not be able to ensure that audit findings and recommendations were resolved in a timely manner and that the resolutions equitably protected NASA's interests. We found multiple examples of significant dollar recoveries at the subcontractor level (one report involved a recovery of \$851,000), but no evidence of recoveries or documentation in the reviewed NASA contract files regarding discussions on the status of audit findings resolved by the DoD ACO's. The Associate Administrator for Procurement informed us that the forthcoming policy clarification to be issued in response to our audit at Marshall will emphasize the role of the NASA contracting officer relative to subcontract audits.

Introduction

Policies and procedures concerning NASA contract audit follow-up systems are contained in the NASA Federal Acquisition Regulation (FAR) Supplement 1842.7301¹⁰ and NASA Procedures and Guidelines (NPG) 1200.1.¹¹ The policies and procedures require that NASA contract audit follow-up systems track all contract and OMB Circular A-133¹² audits for which NASA has resolution and disposition authority and that audit recommendations be resolved as expeditiously as possible within 6 months of the issuance of the final audit report. NASA FAR Supplement 1842.7301 also requires that, when contract administration is delegated, NASA contracting officers should at least semiannually review and document in the contract files the status and resolution of significant audit findings.

Because DCAA performs contract audits for NASA, it relies on the DCAA to identify the RCA reports and provide the Agency monthly lists of those reports (defined in Appendix B). The NASA Office of Procurement provides the Centers the RCA report lists for their use in contract audit follow-up. NASA Centers submit to Headquarters quarterly status reports on actions taken on the RCA reports findings and the targeted dates for resolution and disposition. Records of action taken on findings in the RCA reports are subsequently input into a NASA procurement tracking system. For FY's 1997 and 1998, Johnson submitted status reports on a total of seven RCA reports.¹³

The NASA Office of Inspector General (OIG) is responsible¹⁴ (1) to review NASA's policy for obtaining contract administration and audit services, including those from the DCAA and (2) to evaluate NASA's follow-up systems and specific categories of contract audit work performed in connection with NASA programs.

¹⁰ NASA FAR Supplement 1842.7301, "NASA External Audit Follow-up System," January 26, 1998.

¹¹ NPG 1200.1, "Management Accountability and Control, Audit Liaison, and Audit Follow-up," October 8, 1997.

¹² OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," revised June 24, 1997.

¹³ These RCA reports, included in the NASA procurement tracking system, were not the subject of our findings.

¹⁴ Responsibility is assigned in the Inspector General Act of 1978.

Findings and Recommendations

Finding A. Completeness of Follow-up System Records When NASA Delegated Resolution Authority

The Johnson contract audit follow-up system did not include complete records of action on contract audit findings and recommendations for all 16 sampled DCAA audit reports¹⁵ for which NASA delegated resolution and disposition authority to DoD. Although Johnson procurement personnel maintained some dialogue with the DoD administrative contracting officers (ACO's) who have been delegated activities on NASA contracts, Johnson did not document the status and resolution of significant audit findings in the contract files as required by NASA FAR Supplement 1842. As a result, Johnson may not have been able to ensure that audit findings and recommendations were resolved in a timely manner and that the resolutions equitably protected NASA's interests. Specifically, NASA may not have been able to ensure that recovered questioned costs were appropriately distributed to NASA contracts.

OMB and NASA Guidance

OMB Circular A-50¹⁶ requires that agencies establish contract audit follow-up systems “to assure the prompt and proper resolution and implementation of audit recommendations.” The systems must provide “complete records of action taken on both monetary and nonmonetary

To fulfill the requirements of the Circular, NASA FAR Supplement 1842 requires NASA contracting officers to communicate with DoD ACO's who have been delegated activities on NASA contracts. The NASA contracting officers are required to conduct a review of the DoD ACO's contract files, no less frequently than semiannually and to document in their contract files the status and disposition of significant DCAA audit findings.

NASA Delegation of Resolution and Disposition Authority

NASA delegated to DoD the authority for resolution and disposition of the findings in the 16 reports reviewed (Appendix C lists the reports). However, Johnson procurement personnel did not document the status and resolution of the report findings delegated to DoD ACO's. Therefore, Johnson's contract audit follow-up system did not have complete records of the resolution and disposition status of the audit findings, and as a result, the amount of questioned costs recovered and changes in billing rates on NASA contracts was not readily apparent. Illustrations of our conclusions follow.

¹⁵ The 16 DCAA audit reports include 7 incurred cost, 5 cost accounting standards, and 4 operation audits.

¹⁶ OMB Circular A-50, “Audit Follow-up,” September 29, 1982.

- Seven reports related to incurred cost audits¹⁷ in which DCAA questioned specific costs charged by the contractor to the Government, including NASA, or questioned the rates used by the contractor. One report, for example, questioned \$3.5 million in costs charged, and the ACO upheld all the questioned costs and questioned rates. NASA's share of the questioned costs was \$20,000. The Johnson contract file did not have any record of the recovery.
- Five reports related to Cost Accounting Standards (CAS) and identified noncompliances with CAS 403¹⁸ and 410,¹⁹ significant inadequacies in cost accounting practices, and a contractor's inadequate disclosure statement.²⁰ The Johnson contract files did not include any status or documentation of the resolution and disposition of the CAS issues.
- Four of the 16 reports related to operation audits²¹ that identified significant deficiencies in billing, budgeting, planning, and internal controls. One audit report, for example, identified eight significant deficiencies in the contractor's X-PRESS Card program.²² Those deficiencies caused the inclusion of unallowable costs²³ in the contractor's claimed costs and exposed the company to the risk of card misuse by the cardholders. Another report noted that the contractor did not make appropriate corrections to previously identified significant deficiencies in its billing system internal controls. Those deficiencies caused major billing errors, and DCAA recommended partial disapproval of the contractor's billing system until the contractor corrected the deficiencies. All four report findings were resolved and dispositioned; however, the Johnson contract files did not have any record of the status and disposition of the deficiencies.

Johnson indicated that 10 of the 16 audit reports were related to NASA subcontractors. NASA delegated to DoD ACO's the authority to resolve and disposition the audit findings. NASA Form 1430, Letter of Contract Administration Delegation, General, requires the DoD ACO's, among other things, to (1) obtain DCAA audit reports as requested and submit the reports to the NASA contracting officer, (2) make secondary delegations as necessary and provide copies of the delegations to the NASA contracting officer, (3) provide immediate input to the NASA procurement office of significant program issues or problems, and (4) provide input to the monthly report that includes the contractor's systems, significant findings

¹⁷ Incurred cost audits involve an examination of the contractor's cost representations so the auditor may express an opinion as to whether such incurred costs are reasonable, applicable to the contract, and not prohibited by the contract, by statute or regulation, or by previous agreement with, or decision of, the contracting officer.

¹⁸ CAS 403, Allocation of Home Office Expenses to Segments.

¹⁹ CAS 410, Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives.

²⁰ A disclosure statement describes a contractor's cost accounting practices to be used for estimating, accumulating, and reporting contract costs.

²¹ Operation audits are audits of a contractor's business operation. For example, the primary audit objective in reviewing a contractor's budgetary systems and data is to establish that a sound budgetary system is operating for company planning and cost control purposes. A secondary objective is to obtain a comprehensive overview of the contractor's financial planning process.

²² The X-PRESS Card program is a corporate procurement card program used to make low-dollar purchases of goods and services.

²³ Unallowable cost means any cost which, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost reimbursements, or settlements under a Government contract to which it is allocable.

related to these systems, CAS violations, and issues that could affect NASA contracts. The DoD ACO's have the responsibility to inform the NASA contracting officers of reportable subcontract audit findings, and those findings should have been documented in the NASA contract files. The NASA contract files reviewed contained no documentation regarding the status and resolution of audit findings.

We separately determined that the DoD ACO's had resolved and dispositioned the findings for 11 of the 16 reports.²⁴ For the 11 reports, the DoD ACO's had recovered about \$1.1 million of questioned costs and negotiated indirect rates that affected the NASA contracts. Because Johnson contracting officers did not maintain adequate documentation, their contract files lacked the resolution and disposition information on the 11 report findings and recommendations. As a result, Johnson may not be able to ensure that audit findings and recommendations were resolved by the DoD ACO's in a timely manner and that the resolutions equitably protected NASA's interests.

Corrective Actions To Be Taken by Management

We identified a similar finding during our audit of the NASA Contract Audit Follow-up at Marshall Space Flight Center²⁵ and made a recommendation to the Associate Administrator for Procurement. The Associate Administrator for Procurement concurred with the finding and will reemphasize to all contracting officers the NASA FAR Supplement 1842.7301(3) requirements to (1) maintain a dialogue with DoD ACO's who have been delegated resolution authority on NASA contracts and (2) conduct semiannual reviews and document the status and resolution of audit findings. Further, contracting officers will require that delegated DoD ACO's provide NASA with detailed information on the resolution and disposition status of DCAA audit findings and recommendations. Therefore, we are making no other recommendation for corrective action on this issue. As a result of our review at Johnson, however, we plan to follow-up with the Office of Procurement regarding the pending policy clarification on documenting, in contract files, the status of significant audit findings on NASA prime contracts, including subcontracts with significant findings.

²⁴ The 11 audit reports included 4 incurred cost, 3 CAS, and 4 operation audit reports (see Appendix C).

²⁵ Audit Report IG-00-010, dated March 6, 2000.

Finding B. Tracking Reportable Contract Audit Reports

Johnson contracting officers did not track and report four of five reportable contract audit reports²⁶ that identified questioned costs of \$2.4 million and did not resolve or disposition the RCA findings and recommendations related to two of the five reports within 6 months of issuance of a final report as prescribed by OMB Circular A-50. The reports were not tracked and reported because Johnson contracting officers relied on the DCAA monthly lists of RCA reports only and were not aware of the reportable contract audit reporting requirements. Also, Johnson did not monitor contracting officers' timeliness in resolving the RCA findings and recommendations or establish performance standards for contracting officers to provide effective contract audit follow-up. As a result, funds related to the audit findings (see Appendix D) that had not been reported and resolved in a timely manner could not be reallocated to benefit other NASA programs

OMB and NASA Guidance

OMB Circular A-50 requires agencies to assign a high priority to the resolution of audit recommendations and to implementation of corrective actions. The Circular states that "Resolution shall be made within a maximum of six months after issuance of a final report or, in the case of audits performed by non-Federal auditors, six months after receipt of the report by the Federal Government. Corrective action should proceed as rapidly as possible." Further, the Circular requires that agencies:

Provide semi-annual reports to the agency head on the status of all unresolved audit reports over six months old, the reasons therefor, and a timetable for their resolution; the number of reports or recommendations resolved during the period; the amount of disallowed costs; and collections, offsets, write-offs, demands for payment and other monetary benefits resulting from audits.

The Circular also requires that performance appraisals of appropriate officials reflect effectiveness in resolving and implementing audit recommendations.

Additionally, NASA FAR Supplement 1842.7301 states that the NASA "external audit follow-up system tracks all contract and OMB Circular No. A-133 audits where NASA has resolution and disposition authority. The objective of the tracking system is to ensure that audit recommendations are resolved as expeditiously as possible, but at a maximum, within 6 months of the date of the audit report."

Tracking RCA Reports

Johnson contracting officers did not track and report four of five RCA reports (see Appendix D for details on the four reports). Johnson did not include these audit reports as action items in its RCA reports list submitted to NASA Headquarters because Johnson contracting officers relied on the DCAA monthly lists of RCA reports only and were not aware of the RCA reporting requirements. The four RCA reports consist of the following:

²⁶**Deliberative process information omitted.**

- Two reports related to defective pricing in which DCAA questioned specific costs charged by the contractor to NASA. One DCAA report questioned \$167,000 in overstated labor costs, and the NASA ACO recovered \$17,500 of the questioned costs. The other defective pricing report questioned \$262,000 in overstated subcontract and material costs. Johnson did not report the two defective pricing audits, and the NASA procurement tracking system did not include any record of the questioned costs.
- One report involved an incurred cost audit in which DCAA questioned unallowable and unreasonable costs of \$187,000. This audit report was not reported in the NASA procurement tracking system.
- One operation audit report identified a \$1.8 million cost savings. The NASA ACO resolved and dispositioned the report audit finding and recommendation, and NASA's share of the cost savings is \$1.3 million. The \$1.3 million was not reported in the NASA procurement tracking system.

Resolution and Disposition of Audit Findings and Recommendations

Johnson did not resolve and disposition two of the five RCA audit reports not reported to NASA Headquarters. One²⁷ of the two reports involved a defective pricing audit in which DCAA questioned \$262,000 in overstated subcontract and material costs. During our audit, Johnson stated its disagreement with DCAA's questioned costs but as of November 1999, did not resolve or disposition the audit findings. The other audit report²⁸ related to an incurred cost audit in which DCAA questioned \$187,000 in unallowable and unreasonable consultant services, stock dividends, and entertainment and employee morale costs. The questioned costs did not impact the allowable general and administrative rate. Johnson did not report this audit report in the NASA procurement tracking system, but was concerned that the contractor failed to provide any data to support its costs. A Johnson contracting officer e-mailed and advised the contractor on September 29, 1997, to take appropriate measures to support future costs. We could not find any documentation that the contractor concurred with the Johnson contracting officer's e-mail and took the action to identify and exclude unallowable costs from the overhead and general and administrative costs as required by the FAR.²⁹ We believe that this audit report should have been resolved, dispositioned, and reported in the NASA procurement tracking system because of the significant finding concerning unallowable and unreasonable costs (see Appendix B for the definition of a reportable contract audit report). Johnson recently notified the NASA OIG that the contractor is in the process of clarifying its policies and procedures to provide for the identification and exclusion of unallowable cost from its overhead and general and administrative expenses as required by FAR.

Timeliness and Performance Standards to Provide Effective Contract Audit Follow-up

²⁷ DCAA Audit Report 2661-98D42000001, dated May 5, 1998.

²⁸ DCAA Audit Report 3121-97J10250035, dated September 19, 1997.

²⁹ FAR 31.201-6, Accounting for Unallowable Costs.

Johnson has not established performance standards for contracting officers to provide effective contract audit follow-up. Johnson indicated that audit follow-up is simply one of many important aspects of a contracting officer's performance and is unlikely to have specific criteria associated with it. Johnson also stated that a general criteria addressing the contract specialist's performance related to contract management was sufficient. Further, the procurement surveys, conducted by the NASA Headquarters Office of Procurement, address, in part, contract audit follow-up of reportable contract audits. The NASA Headquarters review teams³⁰ obtained the RCA reports list from the NASA Headquarters Office of Procurement as part of their overall contract review and determined how the audits were used in the negotiation or development of the contracts. The contract management performance standard and procurement surveys, however, did not specifically address Johnson contracting officers' effectiveness in resolving and implementing audit recommendations. Therefore, Johnson should establish performance standards that address contracting officers' timeliness and effectiveness in resolving and implementing audit recommendations as required by OMB Circular A-50.

Other Issues for Consideration

Although forward pricing audit reports are not subject to Circular OMB A-50 time limits for resolution or reporting requirements, we observed that price negotiation memorandums (PNM's)³¹ did not always show the extent to which the contracting officers relied on the DCAA audit report recommendations or the reasons for any variances from the audit recommendations. Further, the PNM is used by DCAA in defective pricing audits. NASA management should consider emphasizing with all contracting officers the need to provide more details in the PNM as required by the FAR.³² The PNM's must include many items such as (1) the extent to which the contracting officer relied on the submitted cost or pricing data and its use in negotiating the price; (2) any field pricing assistance recommendations, including the reason for any pertinent variances from them; (3) the Government's negotiation objective and the negotiated position; and (4) when the determination of price reasonableness is based on a cost analysis, the summary must address each major cost element.

Corrective Action To Be Taken by Management

During our audit of the NASA Contract Audit Follow-up at Marshall Space Flight Center,³³ the Associate Administrator for Procurement concurred with a similar finding regarding the timeliness of NASA's audit resolution. The Associate Administrator will reemphasize to all

³⁰ The NASA review teams conducted procurement management surveys at NASA Centers under the authority of NASA Handbook 1101.3, "The NASA Organization," with an emphasis on compliance with procurement statutes and initiatives, regulations, procedures, and systemic procurement processes.

³¹ Price Negotiation Memorandums are used to document in the contract file the principal elements of the negotiated agreement.

³² FAR 15.406-3, Documenting the Negotiation.

³³ Audit Report IG-00-010 was issued March 06, 2000.

Center procurement personnel the requirement to resolve contract audit report recommendations within the 6 months from issuance of the final audit report, as required by OMB Circular A-50 and NASA FAR Supplement 1842.7301. Therefore, we are making no other recommendation on this issue.

Recommendations for Corrective Action

The Director, Johnson Space Center, should:

- 1. Provide the definition of reportable audit reports to Johnson contracting officers.**
- 2. Establish performance standards that address the effectiveness of Johnson contracting officers in resolving and implementing audit recommendations, as required by OMB Circular A-50.**

Management's Response

Concur with recommendation 1 and concur with the intent of recommendation 2. Johnson management reissued Procurement Advisory Notice 95-13R1 emphasizing the importance of tracking and reporting on contract audit reports and recommendation. The notice includes a definition of reportable audits. Johnson management also discussed with the NASA Headquarters Office of Procurement the inclusion of specific criteria into performance plans. Johnson determined that current performance standards are sufficient because Agency oversight provides for tracking and dispositioning of audit findings and the Office of Procurement plans to issue additional guidance.³⁴ The standards hold Johnson supervisory contract specialists responsible for the Center's compliance with applicable standards, regulations and guidelines. Furthermore, the Office of Procurement separately confirmed with the Office of Inspector General that the Office of Procurement would provide for a review of the effectiveness in resolving and implementing audit recommendations during the procurement management surveys conducted at each NASA Center. Finally, the Office of Procurement previously agreed to issue a policy clarification on NASA contracting officer responsibilities related to subcontract audits.

Evaluation of Management's Response

The actions taken by management are responsive to the recommendations. We consider the recommendations dispositioned and closed for reporting purposes.

³⁴ The guidance resulted from recommendations contained in Audit Report IG-00-010 issued March 06, 2000.

Appendix A. Objective, Scope, and Methodology

Objective

The overall objective of the audit was to evaluate the adequacy of NASA's contract audit follow-up system at Johnson Space Center. Specifically, we determined whether:

- Policies and procedures for resolution and disposition of contract audit findings and recommendations are in compliance with OMB Circular A-50 requirements.
- Follow-up activities ensure the prompt and effective resolution and disposition of contract audit recommendations, including the recording of action taken on all findings and recommendations.

We did not assess the adequacy of the ACOs' resolution of audit findings.

Scope and Methodology

We performed the detailed audit work at Johnson Space Center, Houston, Texas. We reviewed OMB Circular A-50 requirements; NASA's policies, including NASA FAR Supplement 1842.73, Procurement Notice 97-2, and NASA Procedures and Guidelines 1200.1; and other agencies' policies referenced in NASA guidelines such as DoD Directive 7640.2³⁵ and the DCAA Contract Audit Manual. We interviewed Johnson and DoD contracting officers to determine whether audit findings and recommendations were resolved and dispositioned promptly and effectively. We also interviewed the Johnson representative in charge of the contract audit follow-up system at the Center and NASA headquarters officials in the Offices of the Chief Financial Officer and Procurement.

To determine whether NASA's follow-up activities ensure the prompt and effective resolution and disposition of contract audit recommendations, we selected the DCAA audit reports containing findings and reviewed the audit recommendations with the applicable Johnson contracting officers. We randomly selected 100 out of 1,296 DCAA audits billed during FY's 1997 and 1998.³⁶ We identified and reviewed 26 DCAA audit reports containing findings, including 5 forward pricing audit reports.³⁷ We also reviewed seven reportable contract audit reports reported by Johnson for FY's 1997 and 1998.

³⁵ DoD Directive 7640.2, "Policy for Follow-up on Contract Audit Reports," August 16, 1995.

³⁶ Johnson provided the FY's 1997 and 1998 billing data.

³⁷ Forward Pricing audit reports are not subject to Circular A-50 time limits for resolution or reporting requirements. Records on the status of reports, maintained in official contract files, meet the Circular requirement.

Appendix A

FY's 1997 and 1998 Audit Reports Reviewed

Type of Audit	Number of Audits	Number of Reports			
		Reviewed	With Findings	Delegated to DoD ¹	Retained by NASA ²
Incurring Cost	840	20	8	7	1
Cost Accounting Standards	203	20	6	5	1
Operation	53	20	5	4	1
Defective Pricing ³	20	20	2		2
Subtotal	1,116	80	21	16	5
Forward Pricing ⁴	180	20	5	2	3
Total	1,296	100	26	18	8

¹ NASA delegated to DoD the authority for resolution and disposition of contract audit findings and recommendations.

² NASA retained the authority for resolution and disposition of contract audit findings and recommendations.

³ The purpose of a defective pricing audit is to test whether the price, including profit, negotiated in a pricing action was increased by a significant amount because the contractor furnished cost or pricing data that was not accurate, complete, and current.

⁴ A forward pricing audit involves an assessment of both the proposal (offer) and the offeror's ability to successfully accomplish the prospective contract and a determination that the proposal is acceptable for negotiation of a fair and reasonable price.

Management Controls Reviewed

We examined Johnson policies and procedures concerning the contract audit follow-up process. We also reviewed Johnson practices to track contract audit reports and to follow up on audit recommendations for timely resolution and disposition.

We considered management policies and procedures to be adequate. However, controls need to be strengthened to ensure that contracting officers maintain a dialogue with the DoD ACO's (Finding A) and report and resolve audit recommendations within 6 months as required by OMB Circular A-50 (Finding B).

Audit Field Work

We performed the audit field work from June 1999 through January 2000. We conducted the audit in accordance with generally accepted government auditing standards.

Appendix B. Reportable Contract Audit Reports

The DCAA Contract Audit Manual 7640.1, Volume 2, Chapter 15, defines reportable contract audit reports as:

- (1) Those reports containing findings and recommendations, whether or not the findings are qualified, covering estimating system surveys, accounting and related internal control system reviews, defective pricing reviews, and cost accounting standards (CAS) matters. (Reports containing only favorable findings and recommendations, such as CAS reports recommending that a contractor's proposed accounting change be approved, or estimating system surveys that only contain "suggestions for improvements" are not reportable.)
- (2) Those reports covering operations audits, incurred costs, settlement of final indirect cost rates, final pricing submissions, termination settlement proposals, and claims if reported costs or rates questioned or unsupported/qualified equal \$100,000 or more.
- (3) Reports on audit-determined final indirect cost rates and Form(s) 1, to the cognizant Administrative Contracting Officer (ACO) when the auditor cannot reach an agreement with the contractor.

Appendix C. Audit Reports for Which NASA Delegated Resolution and Disposition Authority

****Deliberative process information omitted****

Appendix D. Reportable¹ Contract Audits Not Reported by Johnson

****Deliberative process information omitted****

Appendix E. Management's Response

National Aeronautics and
Space Administration
Lyndon B. Johnson Space Center
2101 NASA Road 1
Houston, Texas 77058-3696



BD5

Reply to Attn of:

MAR 29 2000

TO: NASA Headquarters
Attn: W/Assistant Inspector General for Auditing

FROM: AA/Director

SUBJECT: Management Response to OIG's Draft Report on the Audit of the NASA Contract Audit Follow-up System at Johnson Space Center, Assignment Number A9904500

We have reviewed the subject report, and thank you for the opportunity to provide our comments. This response has been coordinated with the Office of Space Flight and the Office of Procurement. We are pleased to see your review determined that our policies and procedures for resolution and disposition of contract auditing findings and recommendations do comply with OMB Circular A-50 requirements.

While we concur with the recommendations, and our actions either taken or on-going are discussed in the enclosure, we disagree with the magnitude of the problems identified. The audit report includes many Defense Contract Audit Agency (DCAA) subcontractor audits, for which JSC does not have direct follow-up and resolution responsibility. The wording of finding A is also misleading in the suggestion that proper recovery of questioned costs was in question.

We have further addressed these issues in the enclosure while acknowledging that some changes were made to the report following a January meeting held with Procurement personnel and audit staff. If you have any questions regarding this response, please contact Ms. Pat Ritterhouse, Audit Liaison Representative, at 281-483-4220.

A handwritten signature in cursive script that reads "George W. S. Abbey".

George W. S. Abbey

Enclosure
BA/R. K. Gish
W-JS/E. D. Lee
HQ/H/J. Horvath
HQ/M/G. Gabourel
JPL/180-300/L. A. Dear

Management Response to OIG's Draft Report on the Audit of the NASA
Contract Audit Follow-up System at Johnson Space Center

Auditor's Findings

"NASA policies and procedures for resolution and disposition of contract audit findings and recommendations comply with the OMB Circular A-50 requirements. However, the contract audit follow-up system at Johnson can be improved. The system did not include complete records of actions taken on findings and recommendations for 16 of 16 sampled DCAA audit reports for which the resolution and disposition authority had been delegated to the Department of Defense (DoD)."

Recommendations for Corrective Action

The Director, Johnson Space Center, should:

1. Provide the definition of reportable audit reports to Johnson contracting officers.
2. Establish performance standards that address the effectiveness of Johnson contracting officers in resolving and implementing audit recommendations, as required by OMB Circular A-50.

JSC Comments

Recommendation 1. Concur. We have reissued to all Procurement personnel a Procurement Advisory Notice (PAN) 95-13R1 emphasizing the importance of tracking and reporting of contract audit reports and recommendation. This PAN includes a definition of reportable audits. See Attachment 1. We consider this recommendation closed.

Recommendation 2. Concur with the intent of the recommendation. During the course of the audit field work, we provided an example of current performance plans which includes general criteria regarding audit follow-up as part of a contracting officer's performance. Inclusion of specific criteria into performance plans was discussed with the NASA Headquarters Office of Procurement, and it was determined that with the Agency oversight provided for tracking and disposition of audit findings, and the additional guidance expected from the Office of Procurement resulting from a similar audit conducted at Marshall Space Flight Center, the current performance standards are sufficient. Audit oversight is one of many areas that comprise standards for a contracting officers' performance. We will remain diligent in addressing audit follow-up and tracking as in all other areas of performance. We consider this action sufficient to close the recommendation for tracking purposes

General Comments

We acknowledge that NASA/JSC contracting officers were not always documenting in their contract files the status and disposition of significant audit findings at the prime

Enclosure

Appendix E

contract level. This documentation requirement will be re-emphasized with all JSC contracting officers.

Your report suggests that the Procuring Contracting Officer (PCO) has a responsibility to document the status and disposition of audits of subcontracts. However, the NASA FAR Supplement (NFS) 1842.73 – Audit Tracking and Resolution, states that “NASA contracting officers will maintain a dialogue with DOD Administrative Contracting Officers (ACO) who have been delegated activities on NASA contracts. A review will be conducted no less frequently than semiannually, and the status and disposition of significant audit findings will be documented in the contract file (emphasis added).” This clearly implies that the documentation is required at the prime level only, not the subcontract level. This understanding has been verified with the NASA Headquarters personnel responsible for the policy.

The Government-wide audit resolution and disposition system clearly delineates responsibilities, and there are checks and balances in the system to ensure that the cognizant government officials are accomplishing their jobs. Through this system, rates are adjusted so that all government contracts, including NASA contracts, automatically receive any credits or debits necessary as a result of a particular audit. There is no need to track these adjustments separately on each contract and subcontract. In addition, on just one of the contracts discussed in the report, NAS 15-10000 for the International Space Station, there are over 100 first tier subcontracts over \$1M with more than 170 second tier subcontracts greater than \$1M. It would be impractical for a PCO to document the status and disposition of all reportable audits pertaining to every one of those first tier subcontractors, let alone all of the lower tier subcontractors. It would also be impractical for the Administrative Contracting Officer (ACO) for each one of those subcontractors to coordinate with the PCO for each subcontractor involved.

PROCUREMENT ADVISORY NOTICE 95-13R1**Dated: 01/28/00****SUBJECT:**

Tracking and Reporting of Contract Audit Reports and Recommendations

AUTHORITY:

OMB Circular A-50, Audit Followup

REFERENCE:

- NASA Policy Directive 1200.1 - Management Accountability and Control, Audit Liaison, and Audit Followup;
- NASA Procedures and Guidelines 1200.1 - Management Accountability and Control, Audit Liaison, and Audit Followup;
- JSC Policy Directive 1200.7 - JSC Internal Control Management Program;
- JSC Policy Directive 9920.1 - JSC Audit Management.
-

PURPOSE:

This Procurement Advisory Notice establishes NASA JSC procedure for (i) tracking Defense Contract Audit Agency (DCAA) nonproposal audit reports and recommendations and (ii) reporting the status of reportable audit reports until resolution and disposition are achieved. This revision better defines the current process of tracking and reporting audit recommendations, updates the References, and updates the name of the Procurement Policy and Systems Office.

BACKGROUND:

Nonproposal audits shall be resolved by formal review and approval procedures similar to those required for prenegotiation position approvals. These are audits such as estimating system surveys, accounting system reviews, contract incurred costs, indirect cost settlements, termination settlement, defective pricing, final pricing or contract closing, cost accounting standards, noncompliance reports, and operations audits. In accordance with OMB Circular A-50, the system described below is established to track DCAA audit reports and assure the prompt and proper resolution of audit recommendations of reportable audit reports.

REQUIREMENTS:

The objective of the tracking and reporting of contract audit reports and recommendations

<http://www4.jsc.nasa.gov/org/bd/pans/95-13R1.htm>

3/29/2000

Attachment

Appendix E

is to ensure that responsibility has been assigned for resolution and disposition of the DCAA reportable audits and that resolution occurs as expeditiously as possible but within six months of the date of the audit report. The status of these audit reports shall be reported to the Procurement Policy and Systems Office (PPSO) and to NASA Headquarters quarterly until they are dispositioned.

DEFINITIONS:

Resolution. Resolution is defined as the point at which the auditor and the Contracting Officer (CO) agree on the action to be taken; or, in the event of disagreement, when the CO's position has been reviewed and approved at one level above the CO.

Disposition. Disposition of a contract audit report is achieved when one of the following has occurred: the CO renders a decision as to the treatment of the audit recommendation and a contractual document has been executed; the CO issues a final decision pursuant to the Disputes Clause, and 90 days elapses without contractor appeal to the Armed Services Board of Contract Appeals; audit reports have been superseded by, or incorporated into, a subsequent report; or actions deemed necessary by the CO have been taken, so that no further actions can be reasonably anticipated. Should the contractor appeal a CO's final decision to the Armed Services Board of Contract Appeals within the 90-day limit or to the Claims Court within 12 months after a final decision, the audit must be reinstated as an open report *in litigation*. The reinstated report is dispositioned once a decision has been rendered on an appeal made to the Armed Services Board of Contract Appeals or U.S. Claims Court and any corrective actions directed by the Board or Court have been completed and a contractual document has been executed.

Reportable Audits: Reportable audits include expenditure and system audits which contain findings and recommendations covering estimating system surveys, accounting system reviews, defective pricing reviews, cost accounting standards, noncompliance issues, internal control reviews, and operations audits. Audit reports covering incurred costs, settlement of final indirect cost rates, final pricing submissions, termination settlement proposals, equitable adjustment claims, hardship claims, and escalation claims are reportable if questioned or qualified costs or rates equal \$100,000 or more.

PROCEDURES:

Tracking of Audit Reports: When a nonproposal audit report is received at JSC, the person (s) who received the report shall immediately notify the PPSO of the receipt and ensure the PPSO has a copy for tracking purposes. The PPSO will determine which CO has responsibility for resolution of any reportable audit report and will notify that CO of the responsibility.

Reporting of Status: After reportable audits are identified, the responsible CO must forward a status report on each open reportable audit to the PPSO quarterly on March 5, June 5, September 5, and December 5. The report shall be submitted on the attached format, "Reportable Contract Audit Followup", until the audit is resolved and dispositioned. The PPSO will integrate these reports for the Center, route them through the Office of Procurement for concurrence, and forward them to NASA Headquarters quarterly.

EFFECTIVE DATE:

This Procurement Advisory Notice is effective immediately, supersedes Procurement Advisory Notice 95-13, dated November 7, 1995, and shall remain in effect until superseded or rescinded.

Randy K. Gish
Director, Office of Procurement

Appendix F. Report Distribution

National Aeronautics and Space Administration (NASA) Headquarters

A/Administrator
AI/Associate Deputy Administrator
B/Chief Financial Officer
B/Comptroller
BF/Director, Financial Management Division
C/Associate Administrator for Headquarters Operations
G/General Counsel
H/Associate Administrator for Procurement
J/Associate Administrator for Management Systems
JM/Director, Management Assessment Division
L/Associate Administrator for Legislative Affairs
M/Associate Administrator for Space Flight
P/Associate Administrator for Public Affairs
Q/Associate Administrator for Safety and Mission Assurance
R/Associate Administrator for Aerospace Technology
S/Associate Administrator for Space Science
Y/Associate Administrator for Earth Science
Z/Associate Administrator for Policy and Plans

NASA Centers

Director, Ames Research Center
Director, John H. Glenn Research Center at Lewis Field
Director, Goddard Space Flight Center
 Chief Financial Officer, Goddard Space Flight Center
Director, Johnson Space Center
Director, Langley Research Center
 Chief Financial Officer, Langley Research Center
Director, John F. Kennedy Space Center
 Chief Counsel, Kennedy Space Center

Non-NASA Federal Organizations and Individuals

Assistant to the President for Science and Technology Policy

Deputy Associate Director, Energy and Science Division, Office of Management and Budget

Branch Chief, Science and Space Programs Branch, Energy and Science Division, Office of Management and Budget

Associate Director, National Security and International Affairs Division, Defense Acquisition Issues, General Accounting Office

Professional Assistant, Senate Subcommittee on Science, Technology, and Space

Chairman and Ranking Minority Member -- Congressional Committees and Subcommittees

Senate Committee on Appropriations

Senate Subcommittee on VA, HUD, and Independent Agencies

Senate Committee on Commerce, Science, and Transportation

Senate Subcommittee on Science, Technology, and Space

Senate Committee on Governmental Affairs

House Committee on Appropriations

House Subcommittee on VA, HUD, and Independent Agencies

House Committee on Government Reform

House Subcommittee on Government Management, Information, and Technology

House Subcommittee on National Security, Veterans Affairs, and International Relations

House Committee on Science

House Subcommittee on Space and Aeronautics

Congressional Member

Honorable Pete Sessions, U.S. House of Representatives

NASA Reader Survey

NASA Assistant Inspector General for Auditing

Reader Survey

The NASA Office of Inspector General has a continuing interest in improving the usefulness of our reports. We wish to make our reports responsive to our customers' interests, consistent with our statutory responsibility. Could you help us by completing our reader survey? For your convenience, the questionnaire can be completed electronically through our homepage at <http://www.hq.nasa.gov/office/oig/hq/audits.html> or can be mailed to the Assistant Inspector General for Auditing, NASA Headquarters, Code W, Washington, DC 20546-0001.

Report Title: NASA Contract Audit Follow-up at Johnson Space Center

Report Number: _____ **Report Date:** _____

Circle the appropriate rating for the following statements.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	N/A
1. The report was clear, readable, and logically organized.	5	4	3	2	1	N/A
2. The report was concise and to the point.	5	4	3	2	1	N/A
3. We effectively communicated the audit objectives, scope, and methodology.	5	4	3	2	1	N/A
4. The report contained sufficient information to support the finding(s) in a balanced and objective manner.	5	4	3	2	1	N/A

Overall, how would you rate the report?

- | | |
|-----------|------|
| Excellent | Fair |
| Very Good | Poor |
| Good | |

If you have any additional comments or wish to elaborate on any of the above responses, please write them here. Use additional paper if necessary. _____

How did you use the report? _____

How could we improve our report? _____

How would you identify yourself? (Select one)

- | | |
|---------------------|--|
| Congressional Staff | Media |
| NASA Employee | Public Interest |
| Private Citizen | Other: _____ |
| Government: _____ | Federal: _____ State: _____ Local: _____ |

May we contact you about your comments?

Yes: _____ **No:** _____

Name: _____

Telephone:

Thank you for your cooperation in completing this survey.

Major Contributors to the Report

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