

IG-02-013

**AUDIT
REPORT**

**LOCKHEED MARTIN SPACE OPERATIONS'
USE OF PROFESSIONAL AND CONSULTANT
SERVICES**

March 26, 2002



National Aeronautics and
Space Administration

OFFICE OF INSPECTOR GENERAL

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Acronyms

ACO	Administrative Contracting Officer
CSOC	Consolidated Space Operations Contract
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DOD	Department of Defense
FAR	Federal Acquisition Regulation
LMSO	Lockheed Martin Space Operations
NPD	NASA Policy Directive
SEAT	Science, Engineering, Analysis, and Test

March 26, 2002

W

TO: A/Administrator

FROM: W/Counsel to the Inspector General

SUBJECT: INFORMATION: Lockheed Martin Space Operations' Use of Professional and Consultant Services
Report Number IG-02-013

The NASA Office of Inspector General has completed an audit of Lockheed Martin Space Operations' (LMSO's)¹ use of professional and consultant services. Professional and consultant services are services performed by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor.² We found procurements of professional and consultant services that did not meet Federal Acquisition Regulation (FAR) requirements for competition and professional and consultant service costs that did not meet FAR requirements for allowability. Specifically, LMSO officials had not prepared written justifications for noncompetitive procurements of services and did not maintain evidence on the nature and scope of the furnished services. As a result, the Agency has reduced assurance that LMSO obtained the best available source or price for professional and consultant services and that the work performed was proper and did not violate law or regulations. Also, \$383,777 charged to NASA for professional and consultant services may include unallowable costs.

Background

LMSO manages and performs two major contracts with NASA's Johnson Space Center (Johnson), the Consolidated Space Operations Contract (CSOC), NAS9-98100, and the Science, Engineering, Analysis, and Test (SEAT) contract, NAS9-19100.³ The CSOC

¹ LMSO, based in Houston, Texas, is a business unit of Lockheed Martin Technology Services Group in Cherry Hill, New Jersey.

² Federal Acquisition Regulation Part 31.205-33 provides this definition. The NASA budget includes a separately stated amount for services titled, "professional, administrative, and management advisory services." The NASA budget amount applies to services obtained by NASA under a contract and does not apply to professional and consultant services obtained by a NASA contractor under a subcontract. Therefore, the NASA budget amount does not apply to the audit objectives and scope.

³ NASA awarded NAS9-19100 to Lockheed Martin Engineering and Sciences Company, but due to reorganizations and other changes within Lockheed, the contract is currently managed and performed by LMSO.

and SEAT contract require LMSO to comply with FAR requirements pertaining to professional and consultant services. The contracts require LMSO to competitively award subcontracts to the maximum extent possible. This includes documenting efforts to identify potential sources for the services and the reasons sources were incapable of performing the subcontract requirements. The Defense Contract Management Agency (DCMA) is responsible for the Government's oversight of LMSO's purchasing system.

In addition, the FAR states that professional and consultant costs are allowable costs only when supported by documented evidence of the nature and scope of the furnished service. Support would include details of the agreement between LMSO and the consultant, invoices from consultants that provide sufficient detail on the nature of the actual services performed, and the consultant's work products. The Defense Contract Audit Agency (DCAA) is responsible for reviewing LMSO's incurred costs for allowability.

Contracting for professional and consultant services is susceptible to problems such as noncompliance with laws and regulations related to competition and conflict of interest, circumvention of related internal controls, and potential improper use of funds. Although the costs for these services are generally low-dollar costs, they are considered sensitive costs.⁴ Weaknesses in the procurement and contract administration processes exist in this sensitive cost area that, taken in combination, pose a risk of abuse to NASA.

Recommendations

We recommended that NASA coordinate with the DCMA to require LMSO to prepare written justifications for future noncompetitive selections of professional and consultant services and to maintain documentation on the details of actual services performed by the professionals or consultants including deliverable items such as required analyses and reports. Adequate documentation provides NASA assurance that professional and consultant service subcontracts are allowable contract costs and that LMSO awarded the subcontracts to the best available source at a reasonable price, particularly in the absence of competition. We also recommended that NASA request that DMCA include professional and consultant service subcontracts in future risk assessments and reviews of LMSO's purchasing system and that DCAA review LMSO costs for professional and consultant services in future incurred cost audits. Because the professional and consultant service subcontracts are vulnerable to improper use, additional review by the DCMA and DCAA will give NASA improved oversight of such services.

⁴ FAR 9.5, "Organizational and Consultant Conflicts of Interest," states that organizational and consultant conflicts of interest result when other activities or relationships limit a person's ability to give impartial advice to the Government or objectively perform contract work. The U.S. General Accounting Office (GAO) identified consultant service costs as sensitive in publication GAO/AFMD-8.1.2, "Guide for Evaluating and Testing Controls Over Sensitive Payments," May 1993.

Management's Response and OIG Evaluation

NASA concurred with the findings and recommendations. The DCMA will initiate actions to ensure that LMSO prepares written justifications when professional or consultant services are obtained noncompetitively and that LMSO maintains documentation identifying the nature and scope of furnished professional and consultant services. Further, DMCA will include professional and consultant service subcontracts in future risk assessments and purchasing system reviews and the DCAA will include costs for professional and consultant services in the next incurred cost audit.

Management's completed actions are responsive to the recommendations. Details on the status of the recommendations are in the recommendation sections of the report.

[original signed by]

Francis P. LaRocca

Enclosure

Final Report on Audit of Lockheed Martin Space Operations' Use of Professional and Consultant Services

**LOCKHEED MARTIN SPACE OPERATIONS' USE OF
PROFESSIONAL AND CONSULTANT SERVICES**

March 26, 2002

W

TO: M/Associate Administrator for Space Flight
JSC/AA/Acting Director, Lyndon B. Johnson Space Center

FROM: W/Assistant Inspector General for Audits

SUBJECT: Final Report on the Audit of Lockheed Martin Space Operations' Use of
Professional and Consultant Services
Assignment Number A-00-021-02
Report Number IG-02-013

The subject final report is provided for your information and use. Please refer to the Executive Summary for the overall audit results. Our evaluation of your response is incorporated into the body of the report. The corrective actions completed for the recommendations were responsive and 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 Mr. Doug Orton, Auditor-in-Charge, at (281) 244-1159. We appreciate the courtesies extended to the audit staff. The final report distribution is in Appendix F.

[original signed by]

Alan J. Lamoreaux

Enclosure

cc:

AI/Associate Deputy Administrator
B/Acting Chief Financial Officer
B/Comptroller
BF/Director, Financial Management Division
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Contents

Executive Summary, i

Introduction, 1

Findings and Recommendations, 3

Finding A. Controls Over Noncompetitive Procurements of
Professional and Consultant Services, 3

Finding B. Contractor Support for Professional and Consultant
Service Costs, 8

Appendix A - Objectives, Scope, and Methodology, 13

Appendix B - Summary of Prior Reviews and Findings, 15

Appendix C - Subcontracts Reviewed, 17

Appendix D - Task Directives Reviewed, 18

Appendix E – Management’s Response, 19

Appendix F - Report Distribution, 25

NASA Office of Inspector General

IG-02-013
A-00-021-02

March 26, 2002

Lockheed Martin Space Operations' Use of Professional and Consultant Services

Executive Summary

Background. Under the CSOC contract, LMSO manages and provides space operations services to meet the requirements of NASA's space flight and science programs. The CSOC is a \$2 billion cost-plus-award-fee contract with a period of performance from October 1, 1998, to December 31, 2003. Under the SEAT contract, LMSO provides support to Johnson's science, engineering, analysis, and test functional areas. The SEAT contract is a \$1.7 billion cost-plus-award-fee contract with a period of performance from May 1, 1993, to December 31, 2003.

To carry out its responsibilities under the two contracts, LMSO frequently procures goods and services from other sources through subcontracts. This approach includes obtaining professional and consultant services. Contractors, such as LMSO, are required to follow Government policies regarding competition in awarding their subcontracts and must keep sufficient records to support the related costs subsequently charged to the Government. Prior NASA Office of Inspector General and Department of Defense Office of Inspector General audits have identified weaknesses in prime contractor controls over professional and consultant services (see Appendix B). We performed this audit as part of our continuing effort to provide oversight in areas that are sensitive and that present a risk to NASA.

The DCMA is responsible for the Government's oversight of LMSO's purchasing system, which includes the award and management of professional and consultant service subcontracts. The DCAA is responsible for reviewing incurred costs, including costs for professional and consultant services.

Objective. The overall audit objective was to determine whether NASA had adequate controls over LMSO's use of professional and consultant services. Specifically, we determined whether LMSO's management controls ensured compliance with FAR requirements for such services. See Appendix A for details on the audit objectives, scope, and methodology. We reviewed six subcontracts, valued at \$10.9 million, for professional services that LMSO awarded under the CSOC as of December 31, 2000. We also reviewed one \$9.9 million subcontract for professional services that LMSO awarded under the SEAT contract (see Appendix C).

Results of Audit. NASA's controls over LMSO's use of professional and consultant services can be improved, and LMSO's management controls did not ensure compliance with FAR requirements. Weaknesses in the procurement and contract administration

processes exist in this sensitive cost area that, taken in combination, pose a potential risk to NASA. For two of seven professional and consultant service subcontracts we reviewed, LMSO officials had not properly justified noncompetitive procurements (Finding A) and did not maintain sufficient records on actual services performed (Finding B). As a result, NASA has reduced assurance that LMSO obtained the best available source or price for the services paid for under the two subcontracts. Further, \$383,777 charged to NASA for professional and consultant services may include unallowable costs.

Recommendations. We recommended that NASA ask the DCMA administrative contracting officer (ACO) to: (1) require LMSO to prepare written justifications when professional or consultant services are obtained noncompetitively, (2) include professional and consultant service subcontracts in reviews of LMSO's purchasing system, and (3) require LMSO to establish procedures for obtaining temporary professional services through subcontracts. We also recommended that NASA ask the DCAA to review costs for temporary professional services obtained under two⁵ LMSO subcontracts in DCAA's next incurred cost audit and to include professional and consultant service costs in samples selected for future incurred cost audits.

Management's Response. NASA concurred with all the recommendations and has requested that DCMA and DCAA take the recommended actions.

Evaluation of Management's Response. We consider management's comments responsive and commend the Agency for taking immediate actions to strengthen oversight of LMSO's professional and consultant service subcontracts.

⁵ Two of seven subcontracts we reviewed may include professional and consultant service costs that do not meet FAR requirements for allowability (Finding B).

Introduction

LMSO's Responsibilities in Subcontracting. The Agency's CSOC and SEAT contracts give LMSO authority to subcontract for professional and consultant services and require LMSO to award and administer subcontracts according to requirements in FAR, Part 44, "Subcontracting." LMSO must maintain a purchasing system that promotes efficient and effective use of Government funds. The purchasing system must include processes that select the best source for a subcontract and oversight controls that ensure the proper award and administration of subcontracts. Oversight controls are critical to protecting NASA's interest because most LMSO subcontracts for professional and consultant services involved sources not subject to Government oversight.⁶ FAR Part 44 requires LMSO to comply with Government policies in subcontract awards, including the Government policy of full and open competition in contracting.⁷

LMSO obtained temporary professional services to conduct work on the CSOC and SEAT contracts through two competitively awarded subcontracts with Liberated Staffing Services, Inc. (Liberated).^{8,9} Under the subcontracts, Liberated provided temporary professionals on a direct labor hour basis through task directives issued by LMSO. LMSO paid Liberated \$0.95 for each hour the temporary professionals worked. For the subcontract with Liberated under the CSOC, LMSO also paid Liberated a 7-percent handling fee on travel costs incurred by the temporary professionals. LMSO acquired the services of 130 professionals under 305 task directives issued to Liberated through May 2001.

Oversight of Professional and Consultant Services. NASA delegated some contract administration responsibilities for the CSOC and SEAT contracts, including reviews of LMSO's purchasing system, to the DCMA. The DCMA is responsible for conducting purchasing system reviews to evaluate LMSO's purchasing of material and services, including subcontracts. The DCMA ACO uses the purchasing system review as a basis for approving LMSO's purchasing system.

The most recent DCMA purchasing system review at LMSO occurred in September 1997, and the DMCA ACO approved the purchasing system on October 8, 1997. The

⁶ Many subcontractors providing professional services to LMSO do not have contracts with the Government and, therefore, are not subject to Government oversight. An example of such oversight is a DCMA review of purchasing systems.

⁷ FAR, Part 6, "Competition Requirements," prescribes policies and procedures to promote full and open competition in the acquisition process.

⁸ LMSO uses subcontract G962318J76 to obtain services under the SEAT contract. The period of performance for this subcontract is October 1, 1998, through September 30, 2002, with an option to extend through December 31, 2003. The estimated value of the subcontract, with options, is \$9.9 million.

⁹ LMSO uses subcontract GA67386B14 to obtain services under the CSOC. The period of performance for this subcontract is August 30, 1999, through December 31, 2002, with options to extend the period to December 31, 2003. The subcontract has a not-to-exceed value of \$6 million through December 31, 2001.

approval remains in effect until withdrawn or canceled by the ACO. In September 2000, the DCMA prepared a risk assessment¹⁰ on LMSO's purchasing system and concluded that LMSO's operations posed a low risk to the Government. The DCMA will prepare another risk assessment in calendar year 2003 to determine the need for a purchasing system review.

¹⁰ Every 3 years, starting with the DCMA ACO's approval of LMSO's purchasing system, the DCMA performs a risk assessment to determine whether a full review of the purchasing system is necessary. If the assessment indicates risks are acceptable, no actions are taken until the next risk assessment. If risks are considered unacceptable, the DCMA performs a full review of the contractor's purchasing system.

Findings and Recommendations

Finding A. Controls Over Noncompetitive Procurements of Professional and Consultant Services

LMSO did not properly justify the noncompetitive hiring of temporary professionals and consultants. Specifically, LMSO did not prepare written justifications for professional services on 16 task directives, totaling \$1.02 million, that we reviewed under the 2 subcontracts with Liberated. This condition occurred because LMSO officials identified the individuals it favored for providing professional and consultant services and arranged the individual's rates of compensation in a manner that circumvented LMSO's approved purchasing system. Further, since 1997, the DCMA performed only risk assessments¹¹ rather than full purchasing system reviews of LMSO's procurement system. As a result, NASA had reduced assurance that LMSO obtained the best possible sources for the services at the most reasonable prices, and there is an increased risk of potential conflicts of interest.

Federal Contracting Requirements

FAR, Part 6, "Competition Requirements," directs contracting officers to take specific actions that ensure compliance with Government policy on full and open competition in Government contract awards. The contracting officer must solicit offers from as many potential sources as is practical. To identify potential sources, the contracting officer conducts a market analysis, documents the analysis, and retains the documentation in the contract file. A contracting officer can award a noncompetitive procurement when only a single qualified source is available to perform the contract requirements. However, the contracting officer must prepare a written justification that explains why a competitive procurement is not appropriate. The justification must describe the market analysis and analysis results, identify other sources that are available, explain the selected source's unique qualifications, and explain why the available sources that were not selected were unqualified.

FAR, Part 44, "Subcontracting," requires the LMSO to comply with Government policies in subcontract awards, including the Government policy of full and open competition. To ensure LMSO competitively awards subcontracts to the maximum extent practical, the CSOC and SEAT contract incorporated FAR Clause 52.244-5, "Competition in Subcontracting."

¹¹ DCMA conducts risk assessments to determine whether a contractor purchasing system review is needed based on factors having a bearing on the risk posed to the Government. Factors include, but are not limited to, results of previous reviews of the contractor's purchasing system, the amount of time since the last review, and the contractor's Government contract mix. Therefore, a risk assessment would not necessarily identify problems with proper justifications for noncompetitive procurements.

LMSO Acquisition Procedures

LMSO implemented Purchasing Procedure P-003, “Limited Source Procurements,” (July 1997) to establish procurement procedures for maximizing competition in subcontract awards. By its own terms, the procedure “applies to all procurements,” and its stated purpose is to “provide a policy concerning limited source procurements and to maximize competition in all aspects of procurement.” The procedure prescribes substantial requirements to justify and support with documentation any decision to procure goods or services on a noncompetitive basis. Procedure P-003 requires LMSO personnel requesting a noncompetitive procurement to prepare either a “letter of justification” or a “limited source questionnaire” that includes detailed explanations of:

- the reason comparable goods or services will not suffice;
- other sources that have been considered and, if none, why;
- the reason the recommended source is the only one that can provide the required product or service, including sufficient facts and rationale; and
- the reason services cannot be obtained through other agencies or companies, when the services of a particular individual or company are requested.

LMSO also had established procedures to avoid potential conflicts of interest regarding individuals hired to provide management and proposal support services. Lockheed Martin Purchasing Procedure P-062, “Retaining Management or Proposal Support Contractor Services,” required management and proposal support contractors¹² to sign a Conflict of Interest Disclaimer Statement. The purpose of the disclaimer was to prevent potential conflicts of interest that could result from hiring prior Lockheed employees, NASA employees, or others who were personally involved in the program or technical area in which they would be providing services.

Written Justifications Not Prepared

For all 16 task directives reviewed (see Appendix D), LMSO did not prepare written justifications for the temporary professionals hired on a noncompetitive basis. Although Liberated was contractually required to furnish LMSO qualified professionals, officials at LMSO identified, by name, the specific individuals it wanted Liberated to retain as temporary professionals. LMSO also estimated the number of hours for the individuals

¹² LMSO defines a management and proposal support contractor as “an independent contractor possessing special knowledge, skill, or training which may be combined with operational experience, whose services take the form of advice, information, opinions, recommendations or assistance to management and who will not interface with present or potential customers, legislators, or legislative personnel. The contractor may be used to assist executive management in areas such as strategic planning, technical development, policy formulation, market opportunities, and decision making or may provide services in support of a specific bid opportunity or program such as review teams and proposal support.”

and specified the maximum cost. As a result, Liberated had no independent discretion under the subcontracts with LMSO and performed only the administrative functions associated with processing the necessary paperwork for hiring, paying, and reimbursing the individuals LMSO identified.

LMSO retained all discretion and authority to determine who was to be hired and the cost for the 16 task directives we reviewed. Therefore, it is our opinion that LMSO, not Liberated, conducted the procurements and was subject to the competition requirements of the CSOC and SEAT contracts and LMSO's internal procurement procedures. LMSO should have selected temporary professionals on a competitive basis to the maximum practical extent or should have justified the decision not to use competitive procedures as set forth in LMSO's Purchasing Procedure P-003.

LMSO Practice

LMSO officials stated that it was LMSO practice not to prepare written justifications on temporary professional services obtained under the two subcontracts with Liberated.¹³ The officials also stated that letters of justifications were not required because the subcontracts with Liberated were task order-type subcontracts that LMSO awarded on a competitive basis. However, Procedure P-003 states, "All purchase requisitions, requests for subcontracts or other forms of request for directed, single or sole source items must be accompanied by a letter of justification or a completed limited source questionnaire" The 16 tasks fit the category of "other forms of request," and the requirement would, therefore, apply. In our opinion, the requests were within the requirements of LMSO Procedure P-003, and LMSO should have prepared written justifications for the professionals hired without full and open competition for the services.

DCMA Oversight of Subcontracts

NASA delegated surveillance of LMSO's purchasing system to the DCMA for both the CSOC and SEAT contracts. Subcontract management issues, such as a lack of justifications for noncompetitive awards, should normally be identified during DCMA's review and approval of a contractor's purchasing system. However, DCMA's last full review of LMSO's purchasing system was in 1997, prior to award of the subcontracts with Liberated. DCMA officials told us that the purchasing system and the decision to continue its approval is re-evaluated every 3 years. Because DCMA had limited resources, it used a risk assessment to determine whether a full purchasing system review was needed. Based on the results of its risk assessment performed in September 2000, DCMA determined that a full purchasing system review was not needed. A DCMA risk assessment, however, would not necessarily identify the types of problems we identified during the audit because

¹³ LMSO's practice was to prepare written justifications on other subcontracts for professional services. We reviewed five other subcontracts for professional services that LMSO awarded to companies other than Liberated. LMSO noncompetitively awarded four of the five subcontracts. LMSO officials prepared written justifications for those four subcontracts.

the assessment focuses on the past performance of the contractor, and the volume, complexity, and dollar value of the subcontracts. The focus on the past performance of the contractor includes considering the results of Government audits. Therefore, DCMA should consider this finding in its future risk assessments and include professional and consultant service subcontracts in its reviews of the LMSO purchasing system.

Increased Risks to NASA

LMSO's practice of not preparing written justifications reduces the assurance that the best possible sources were obtained for the services at the most reasonable prices. Under the contracting process with Liberated, LMSO officials identified the individuals it favored for providing services and arranged the rates of compensation for the individuals in a manner that circumvented LMSO's approved purchasing system and, in effect, left NASA without assurance that the costs incurred for temporary professional services were reasonable. Further, without adequate justifications for noncompetitive selections from a single source, DCMA oversight reviews cannot be as effective in evaluating the contractor's system of internal controls, such as identifying potential conflicts of interest.

Improvements Needed

We understand NASA's need to delegate some contract administration functions to DCMA and to rely on DCMA to help ensure that the contractor has effective procedures and follows them. We also understand the need for DCMA to focus limited resources and to use a risk-based approach to the extent possible in overseeing subcontract management. However, LMSO's use of the two subcontracts to obtain temporary professionals to support NASA work on a directed, sole-source basis is not consistent with the intent of Government policies on competition and is not in NASA's best interests. Accordingly, NASA and the DCMA need to take actions to ensure LMSO complies with competition requirements and follows LMSO established procedures on limited source procurements.

Recommendations, Management's Response and Evaluation of Response

The NASA Johnson Center Director should direct the contracting officers for NAS 9-98100 and NAS 9-19100 to coordinate with the DCMA ACO to:

- 1. Require LMSO to follow its established internal procedures by preparing written justifications for future noncompetitive selections of temporary professionals obtained under the subcontracts with Liberated.**
- 2. Include professional and consultant service subcontracts in future LMSO risk assessments and purchasing system reviews.**

Management's Response. Concur. NASA asked the DCMA to direct LMSO to prepare written justifications for future competitive selections of temporary professionals as required by LMSO's established internal procedures. NASA also asked the DCMA to review professional and consultant service subcontracts as part of the next regularly scheduled contractor purchasing system or risk assessment review. The complete text of management's response is in Appendix E.

Evaluation of Management's Response. Management's completed actions are responsive to the recommendations. Management's actions are sufficient to disposition recommendations 1 and 2 for reporting purposes.

Finding B. Contractor Support for Professional and Consultant Service Costs

Professional and consultant services costs did not meet FAR requirements for allowability. Specifically, for 7 (44 percent) of the 16 task directives¹⁴ we reviewed, adequate support did not exist for costs charged to NASA. This occurred because LMSO officials did not consider the services to be professional and consultant services as defined by the FAR and, therefore, did not maintain evidence of actual services performed.¹⁵ In addition, LMSO did not have written procedures for obtaining temporary professional services through subcontracts. Without evidence for the nature and scope of the services provided by the temporary professionals, NASA has reduced assurance that the work performed was proper and did not violate law or regulations. Further, \$383,777 charged to NASA for professional and consultant service subcontracts may include unallowable costs.

FAR, NASA, and GAO Requirements

FAR, Subpart 31.205-33, “Professional and Consultant Service Costs,” states that professional and consultant services are allowable costs only when supported by evidence of the nature and scope of the service the consultant furnished under the subcontract. FAR requires the contractor to maintain the following:

- Details of the agreement between the consultant and contractor (for example, work requirements and rate of compensation) and details of actual services the consultant performed.
- Invoices from the consultant with sufficient details regarding the time the consultant spent on the subcontract and the nature of the actual services the consultant performed.
- Consultant’s work products and documents related to the work the consultant performed. Examples include trip reports, minutes of meetings, and collateral memoranda and reports.¹⁶

NASA Policy Directive (NPD) 1200.1A, “Internal Management Controls and Audit Liaison and Followup,” June 1, 2000, requires management to establish management

¹⁴ Thirteen of the task directives were under the subcontract with Liberated for the SEAT contract. The other three task directives were under the subcontract with Liberated for the CSOC.

¹⁵ FAR Subpart 31.201-2(d) requires contractors to maintain records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with applicable cost principles in the FAR and agency supplements. FAR Subpart 31.205-33 further identifies records contractors are to maintain in support of professional and consultant services costs.

¹⁶ Trip reports should indicate persons the consultant visited and subjects the consultant discussed during the visits.

controls that protect resources, including contract funds, from improper use and to ensure actions are in compliance with laws and regulations.

The GAO “Guide for Evaluating and Testing Controls Over Sensitive Payments” provides a framework for management to evaluate the effectiveness of controls over sensitive payment areas, including professional and consultant services. The guide states that controls should prevent or detect noncompliance with related laws and regulations and the misuse of public funds. Specifically, management should ensure that contract and consulting services are authorized, payment amounts are correct, and receipts support the payments for goods and services. Although the GAO guide does not require management to follow its framework, the guide assists management in identifying risks, such as sensitive payment areas, and in carrying out its control responsibilities under NPD 1200.1A.

LMSO Procedures

LMSO had procurement procedures that were approved by the Government. The procedures included maintaining documentation to support costs billed to NASA and the Government. However, LMSO did not have a written procedure that addressed documenting costs for professional and consultant services and the requirements of FAR Part 31.205.

Task Directives for Professional Services

LMSO did not have adequate evidence to support the costs charged to NASA for 7 of the 16 task directives we reviewed.¹⁷ Therefore, some or all of the related costs on the seven tasks directives may not be allowable under FAR requirements. The deficiencies in documentation follow:

- **Insufficient detail on invoices.** Neither Liberated’s invoices to LMSO nor the professionals’ invoices¹⁸ to Liberated on the seven task directives included adequate descriptions of the actual services performed by the professionals. Liberated’s invoices to LMSO were based on invoices that the temporary professionals had submitted to Liberated. The invoices reflected the total number of hours worked on specific task directives during the reporting period, which was usually a week. Under the terms of the two subcontracts with Liberated, LMSO task order managers must sign each temporary professional's invoice before it is submitted to Liberated. Liberated generated a weekly invoice for billable hours based on the professionals’ invoices. Liberated then submitted its invoices and copies of the professionals’ invoices to LMSO. LMSO paid the invoices and billed NASA without requiring descriptions of the services.

¹⁷ LMSO officials had adequate evidence to support the costs charged to NASA for the other nine task directives.

¹⁸ Liberated required the professionals’ to submit timecard-like invoices titled “Receiving Reports.”

- Undocumented work products. LMSO officials could not provide us evidence of work products or other records to support the actual work performed by the temporary professionals under the seven task directives. The LMSO files did not contain work products or other records, such as trip reports, minutes of meetings, collateral memoranda, or reports to show that the temporary professionals performed all the tasks called for in the task directives.

The following table shows the seven task directives and Liberated’s charges to LMSO through May 25, 2001.

Task Directives Not Meeting FAR Requirements

Task Directive Number	Contract	Billed Amounts
35	SEAT	\$ 35,665
36	SEAT	79,329
145	SEAT	24,939
146	SEAT	41,301
187	SEAT	36,430
325	SEAT	14,099
7400-09/02-002	CSOC	152,014
Total		\$383,777

Applicability of FAR to the Provided Services

LMSO officials involved in the seven task directives believed that the FAR did not apply to the services the temporary professionals provided.¹⁹ LMSO officials could not clearly explain the distinction between the services provided under the seven task directives and other professional services the officials believed were subject to the FAR.

However, it is our opinion that the services provided on the seven tasks were covered by the FAR and that LMSO should have had the required information for the services to be considered allowable and billed to NASA. Examples of the services provided on the seven tasks follow:

- An engineer with experience in robotics was hired under task directive 35 to support the SEAT contract. The task involved trouble-shooting support in the Robotic System Evaluation Laboratory and identifying alternative operational methods and equipment. An LMSO official initially estimated the task would

¹⁹ FAR 31.205-33(a) defines professional and consultant services as “services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor.” The FAR section further states that the services are “generally acquired to obtain information, advice, opinions, alternatives, conclusions, recommendations, training, or direct assistance, such as studies, analysis, evaluations, liaison with Government officials, or other forms of representation.”

take 200 hours at a cost of \$10,190, but the task was subsequently amended to 700 hours at a cost of \$35,665. The task directive stated that the task was to result in several work products, including a conceptual system design, an implementation plan, and a system specification document. However, LMSO officials could not provide us the work products prepared by the engineer.

- An aeronautical engineer was hired under task directive 7400-09/02-002 to support the CSOC contract. The task involved (1) evaluating and recommending technical solutions and approaches for operations automation related to CSOC mission control center operations, (2) supporting LMSO's development of fixed-price contracting plans, and (3) performing other tasks as assigned. An LMSO official initially estimated the task for 1,000 hours at a cost of \$75,950, but subsequently added another 1,000 hours at an additional \$75,950. The directive did not identify specific work products to be furnished by the engineer. LMSO officials could not provide us work products prepared by the engineer to support the costs incurred under the task.

For the seven tasks, LMSO officials did not have adequate detailed information as required by the FAR on either the invoices or actual work products. In our opinion, these services and deliverable products fit the FAR examples of professional and consultant services for "... alternatives, studies, recommendations..." and LMSO should have had the required documentation to support the costs charged to NASA.

We discussed our concerns on these tasks with a DCAA official²⁰ who stated that the nature of the tasks was within the definition of the FAR and that such documentation is generally expected and needed to verify incurred costs.

DCMA and DCAA Oversight

DCMA purchasing system reviews and DCAA audits of incurred costs use a risk-based approach to select individual items for review. The risk-based approach focuses a review on items for which the risk and expected benefit are greatest. The approach also balances the audit staff and time required to review an item in relation to the risk of it being unallowable and its dollar value. The dollar value of individual professional and consultant service subcontracts are normally lower than other items of incurred costs. Although professional and consultant services subcontracts are sensitive to improper use or conflict of interest, the DCMA and DCAA are less likely to select the subcontracts for review because of their lower dollar value.

Effect on Contract Costs

Without evidence for the nature and scope of the services provided by the temporary professionals, NASA has reduced assurance that the work performed was proper and did

²⁰ DCAA has responsibility for reviewing incurred costs on Government contracts and final proposed costs prior to contract closing to determine whether the costs are allowable and properly allocated.

not violate law or regulations. Lacking adequate supporting information, we question whether the \$383,777 charged to NASA on these seven tasks adequately met FAR requirements and, therefore, may not be allowable. The DCMA should direct LMSO to improve its procedures for obtaining temporary professional services, and the DCAA should examine the allowability of the costs.

Recommendations, Management's Response, and Evaluation of Response

The NASA Johnson Center Director should direct the NASA contracting officers for NAS 9-98100 and NAS 9-19100 to:

- 3. Request the DCMA ACO to require LMSO to establish formal, written procedures for obtaining temporary professional services through subcontracts including the following:**
 - Controls for determining whether the services are professional and consultant services as defined by FAR 31.205-33(a).**
 - Documentation maintained on the details of actual services performed by the professionals or consultants including deliverable items such as required analyses and reports.**

- 4. Request the DCAA to review LMSO costs for professional and consultant services obtained under subcontracts G962318J76 and GA67386B14 in the next incurred cost audit and to include professional and consultant services costs in samples selected for future incurred cost audits.**

Management's Response. Concur. NASA asked the DCMA to initiate actions to ensure the adequacy of LMSO's procedures for obtaining professional and consultant services through subcontracting. NASA also asked the DCMA to have the DCAA audit costs relating to temporary professional services obtained under the subcontracts with Liberated available for the next incurred cost audit and to include professional and consultant services in representative audit samples for future incurred cost audits. In addition, the fiscal year end incurred costs audits will resolve the \$383,777 in potential unallowable costs (see Appendix E).

Evaluation of Management's Response. Management's completed actions are responsive to the recommendations. Management's actions are sufficient to disposition recommendations 3 and 4 for reporting purposes.

Appendix A. Objectives, Scope, and Methodology

Objectives

The overall objective was to determine whether NASA had adequate controls over Lockheed Martin Space Operation's (LMSO's) use of professional and consultant services. Specifically, we determined whether the contractor's management controls ensured compliance with Federal Acquisition Regulation (FAR) requirements.

Scope and Methodology

The initial scope of the audit was professional and consultant service subcontracts that were active in 1998 - 2000 under NAS9-98100. During that period, LMSO had six active professional and consultant service subcontracts totaling \$10.9 million. Based on the results of our review, we expanded the scope of the audit to include a \$9.9 million subcontract under NAS9-19100. We examined the subcontracts, statements of work, single-source justification memoranda, cost and price analyses, consultants' invoices and work products, payment approvals, task directives, and miscellaneous correspondence. We also compared each subcontract against requirements in the FAR and relevant LMSO policies and procedures, interviewed contractor personnel who requested the consultant services, LMSO procurement officials, NASA contracting officers, Defense Contract Audit Agency managers, and the Defense Contract Management Agency administrative contracting officer.

Use of Computer-Processed Data

We obtained computer-generated data on subcontract awards and tested the data by comparing data to source documents for the sampled subcontracts. The tests showed that the computer-processed data were sufficiently reliable to be used in meeting the audit objectives.

Management Controls Reviewed

We reviewed management controls over compliance with FAR allowability requirements and the award of subcontracts for professional and consultant services. We determined that management controls over compliance with the FAR allowability requirements and over justifications for noncompetitive procurements need improvement as discussed in Findings A and B.

Appendix A

Audit Field Work

We performed audit field work from February 2001 through January 2002 at Johnson Space Center and at LMSO facilities in Houston, Texas. We performed the audit in accordance with generally accepted government auditing standards.

Appendix B. Summary of Prior Reviews and Findings

NASA Office of Inspector General Reviews. The NASA Office of Inspector General issued two audit reports on contractors' use of professional and consultant services and two audit reports on subcontract management. (Copies of the four reports are available at www.hq.nasa.gov/office/oig/hq/issuedaudits.html.)

“Thiokol’s Use of Professional and Consultant Services,” Report Number IG-01-019, March 30, 2001. Thiokol Propulsion’s justifications for noncompetitive procurements of the professional and consultant services were inadequate and untimely. As a result, NASA had reduced assurance that Thiokol obtained the best available source or price for consultant services paid for under the seven subcontracts reviewed. In response to our recommendations, the NASA administrative contracting officer, in conjunction with the Defense Contract Management Agency (DCMA), requested Thiokol (1) to ensure that contractor personnel submit justifications for noncompetitive procurements to include a statement addressing efforts to identify other sources and the reasons why other sources are incapable of performing the subcontract requirements and (2) to ensure that the justifications be submitted and approved prior to initiation of work. The DCMA administrative contracting officer instructed the Defense Contract Audit Agency (DCAA) to include professional and consultant services costs as part of the incurred cost audit for calendar year 1999. Further, the NASA contracting officer requested the DCMA administrative contracting officer to (1) include professional and consultant services costs, including the allocation of these services, in their surveillance reviews and (2) notify the NASA contracting officer when NASA did not receive reasonable benefits as a result of the allocation.

“Untied Space Alliance’s Use of Professional and Consultant Services,” Report Number IG-01-012, March 16, 2001. United Space Alliance (USA) officials charged NASA for professional and consultant services costs that did not meet Federal Acquisition Regulation (FAR) requirements for allowability and prepared inadequate and untimely justifications for noncompetitive procurements of the professional and consultant services. Specifically, USA officials did not: maintain evidence on the nature and scope of the furnished services; maintain adequate support for decisions to noncompetitively award the service subcontracts; or prepare written justifications for the noncompetitive awards prior to initiation of the work. As a result, USA charged NASA \$468,673 for the services that did not meet FAR requirements for allowability, and the Agency had reduced assurance that USA obtained the best available source or price for professional and consultant services. In response to our recommendations, NASA, in conjunction with the DCMA, directed USA to maintain required support for professional and consultant costs and asked the DCAA to include reviews of professional and consultant services costs in its next audit of USA’s incurred costs. NASA also directed USA to maintain additional support for decisions to award professional and consultant services subcontracts on a noncompetitive basis. In addition, the DCMA established a process that includes reviews of professional and consultant service subcontracts in semiannual surveillance reviews.

Appendix B

“Allied-Signal Subcontract Management,” Report Number IG-99-042, September 16, 1999, and “Raytheon Subcontract Management,” Report Number IG-00-002, December 21, 1999. Purchasing department buyers for the two contractors did not maintain documentation to support justifications for noncompetitive procurements. The contractors' purchasing policies did not require contractor personnel to keep supporting documentation. Additionally, Government oversight reviews of the contractors' procurement systems did not include examinations of supporting documentation for noncompetitive procurements. As a result, NASA had reduced assurance that the contractor maximized the competition of its subcontracts. In response to our recommendations, NASA management instructed the contractors to maintain adequate documentation in support of noncompetitive procurements. NASA management also took actions to include reviews of supporting documentation in future reviews of the contractors' purchasing systems.

Department of Defense (DOD) Inspector General Reviews. The DOD Office of Inspector General issued two audit reports on consultant service contracts.

“Contracts for Professional, Administrative, and Management Support Services,” Report Number D-2000-100, March 10, 2000, and “Use of Unpaid Consultants by the DoD Exchange Services,” Report Number D-2001-005, October 16, 2000. Report Number D-2000-100 discusses a review of procurement procedures for professional, administrative, and management support service contracts at 15 DOD contracting activities and program offices. The report identified problems in each of 105 sampled contract actions. Problems included undefined requirements, inadequate technical reviews, inadequate negotiation memorandums, inadequate competition, and lack of cost control. The DOD Office of Inspector General recommend that the Deputy Under Secretary of Defense (Acquisition Reform) develop training on planning and defining requirements for contracts for professional, administrative, and management support services; train contracting and program personnel in the award and administration of contracts for these services; and emphasize, in the training, the need to avoid the kinds of deficiencies noted in the report.

Report Number D-2001-005 discusses the Army and Air Force Exchange Service's inappropriate engagements of consultants who had financial affiliations with the Exchange Service. The Exchange Service did not require unpaid consultants to file financial disclosure reports, which could have assisted in identifying potential conflicts of interest. The DOD Office of Inspector General recommended that the Commander, Army and Air Force Exchange Service, require the consultants to file financial disclosure reports and attend annual ethics training, alter the relationship between its board of directors and the consultants, and establish policy on the use of unpaid consultants.

Appendix C. Subcontracts Reviewed

	<u>Subcontract Number</u>	<u>Dollar Value</u>
Consolidated Space Operations Contract (NAS 9-98100):	GA67386B14*	\$ 6,000,000
	G998717B28	4,053,232
	GB53786B14	409,050
	GA74257B22	300,000
	OB53780B14	97,500
	G998721B28	<u>30,000</u>
Subtotal		\$10,889,782
Science, Engineering, Analysis and Test Contract (NAS 9-19100):	G962318J76*	<u>9,952,982</u>
Total		<u>\$20,842,764</u>

* Subcontract with Liberated Staffing Services, Inc.

Appendix D. Task Directives Reviewed

<u>Contract Number</u>	<u>Task Directive Number</u>	<u>Billed Hours</u>	<u>Billed Dollars</u>
NAS 9 - 19100	14	1,605	\$ 81,775
NAS 9 – 19100	35*	700	35,665
NAS 9 – 19100	36*	1,557	79,329
NAS 9 – 19100	135	1,331	81,569
NAS 9 – 19100	145*	471	24,939
NAS 9 – 19100	146*	780	41,301
NAS 9 – 19100	148	787	41,278
NAS 9 – 19100	180	1,505	67,650
NAS 9 – 19100	187*	688	36,430
NAS 9 – 19100	325*	252	14,099
NAS 9 – 19100	336	841	53,529
NAS 9 – 19100	343	444	24,398
NAS 9 – 19100	366	130	6,819
NAS 9 – 98100	7400-09/02-001	1,120	65,064
NAS 9 – 98100	7400-09/02-002*	2,001	152,014
NAS 9 – 98100	7110-5/8-004	1,986	210,469
Totals	16	16,198	\$1,016,328

* Lockheed Martin Space Operations (LMSO) did not maintain adequate documentation to support the work actually performed by the professionals and consultants under these seven task orders. LMSO billed NASA a total of \$383,777 for the seven task orders.

Appendix E. Management's Response

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



March 18, 2002

Reply to Attn of: BD5

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

FROM: AA/Acting Director

SUBJECT: Management Response to OIG's Draft Audit Report: Lockheed Martin
Space Operations' Use of Professional and Consultant Services,
A-00-021-02

We have reviewed the subject draft audit report, and thank you for the opportunity to provide comments. This response was coordinated with the Office of Space Flight. Because of the close working relationship maintained with your staff throughout the course of the audit field work, and the sharing of preliminary findings and concerns with all parties involved including JSC, Lockheed Martin, the Defense Contract Management Agency and the Defense Contract Audit Agency, we have taken the corrective actions necessary to strengthen oversight of consultant services. This proactive sharing of concerns allows immediate and proper attention to correct any known or potential deficiencies.

We concur with the recommendations which are discussed individually in the enclosure, with specific actions taken as identified. With actions already implemented, and your acceptance of those actions, we will consider the audit closed on issuance of the final report. If you have any questions regarding this response, please contact Ms. Pat Ritterhouse, JSC Audit Liaison Representative, at 281-483-4220.

A handwritten signature in black ink, appearing to read "Roy S. Estess".

Roy S. Estess

Enclosure

cc:
BH/R. Chapman
BN/M. Ruiz
HQ/JM/J. Werner
HQ/M/F. Gregory
HQ/MX/G. Gabourel
JPL/W/180-300/L. Dear

Appendix E

Management Response to OIG's Draft Audit Report: Lockheed Martin Space Operations' Use of Professional and Consultant Services, A-00-021-02

Auditor's Findings

"NASA's controls over LMSO's use of professional and consultant services can be improved, and LMSO's management controls did not ensure compliance with FAR requirements. Weaknesses in the procurement and contract administration processes exist in this sensitive cost area that, taken in combination, pose a potential risk to NASA. For two of seven professional and consultant service subcontracts we reviewed, LMSO officials had not properly justified noncompetitive procurements (Finding A) and did not maintain sufficient records on actual services performed (Finding B). As a result, NASA has reduced assurance that LMSO obtained the best available source or price for the services paid for under the two subcontracts. Further, \$383,777 charged to NASA for professional and consultant services may include unallowable costs."

Recommendations for Corrective Action

The NASA Johnson Center Director should direct the contracting officers for NAS 9-98100 and NAS 9-19100 to coordinate with the DCMA ACO to:

1. Require LMSO to follow its established internal procedures by preparing written justifications for future noncompetitive selections of temporary professionals obtained under the subcontracts with Liberated.
2. Include professional and consultant service subcontracts in future LMSO risk assessment and purchasing system reviews.

JSC Comments

Concur with both recommendations. Based on earlier meetings between your staff, NASA, Lockheed Martin, and the Defense Contract Management Agency (DCMA) Administrative Contracting Officer (ACO), we agreed with the need to strengthen oversight of the professional and consultant services costs. Meetings were also held with Lockheed Martin and the contracting officers to discuss the audit findings, and determine why company procedures in place were not being used to obtain services provided by this subcontractor, Liberated Staffing. We have requested the DCMA ACO to initiate actions to ensure contractor compliance with its procedures. To further ensure this direction is being followed, we have requested that professional and consultant service subcontracts be included in future LMSO risk assessments and purchasing systems reviews, as shown in the attached letter. Based on the actions already taken, we consider recommendations 1 and 2 closed.

Enclosure

Auditor’s Findings

“Professional and consultant services costs did not meet FAR requirements for allowability. Specifically, for 7 (44 percent) of the 16 tasks directives we reviewed, adequate support did not exist for costs charged to NASA. This occurred because LMSO officials did not consider the services to be professional and consultant services as defined by the FAR, and, therefore, did not maintain evidence of actual services performed.

.

Without evidence for the nature and scope of the services provided by the temporary professionals, NASA has reduced assurance that the work performed was proper and did not violate law or regulation. Lacking adequate supporting information, we question whether the \$383,777 charged to NASA on these seven tasks adequately met FAR requirements, and therefore, may not be allowable.”

Recommendations for Corrective Action

The NASA Johnson Center Director should direct the NASA contracting officers for NAS 9-98100 and NAS 9-19100 to:

3. Request the DCMA ACO to require LMSO to establish formal, written procedures for obtaining temporary professional services through subcontracts including the following:
 - Controls for determining whether the services are professional and consultant services as defined by FAR 31.205-33(a).
 - Documentation maintained on the details of actual services performed by the professionals or consultants including deliverable items such as required analyses and reports.
4. Request the DCAA to review LMSO costs for professional and consultant services obtained under subcontracts G962318J76 and GA67386B14 in the next incurred cost audit and to include professional and consultant services costs in samples selected for future incurred costs audits.

JSC Comments

Concur with both recommendations. For Recommendation 3, we met with Lockheed Martin representatives, and determined that different procedures were being used in conjunction with this one subcontractor than were being used with other subcontractors to acquire consultant and professional services. As stated in the draft report, the LMSO Purchasing Procedure P-003, which has been superseded by LMAP 2.310, prescribes substantial requirements to justify and support with documentation any decision to procure goods and services on a noncompetitive basis. As further stated in your report, LMSO also agreed these procedures “apply to all procurements.” The problem arose

Appendix E

when LMSO did not adhere to its own policy in acquiring services provided by Liberated Staffing. As discussed earlier, we have requested LMSO to adhere to company policy. Adherence to policy already in effect should eliminate any similar future findings.

For Recommendation 4, we requested the DCAA to include costs for professional and consultant services obtained under these two subcontracts in the next incurred cost audit. With actions already taken, we consider recommendations 3 and 4 closed on issuance of the final report.

As discussed with your staff, the potentially unallowable costs of \$383,777 will be resolved during the final negotiation of the fiscal year end incurred cost audits. The JSC cognizant contracting officers will continue to monitor all contract activity, including DCAA audits, future risk assessments or purchasing system reviews as part of our contract oversight.

National Aeronautics and
Space Administration

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



February 26, 2002

Reply to Attn of BH-02-36

United Space Alliance
Attn: DCMA/Susan Stefanovic
555 Gemini Avenue
Houston, TX 77058

Subject: Contracts NAS 9-19100 and NAS 9-98100, Office of Inspector General,
Draft Audit Report Number A-00-021-02 dated February 21, 2002, Lockheed
Martin Space Operations' Use of Professional and Consultant Services

Based upon the recommendations contained in the subject draft audit report, you are requested to initiate the following actions: (1) ensure contractor compliance with its internal procedures relating to the justification for acquiring noncompetitive professional or consultant services; (2) review professional or consultant service subcontracts as part of the next regularly scheduled contractor purchasing system or risk assessment review; and (3) ensure the adequacy of contractor procedures for obtaining temporary professional and consultant services through subcontracting.

It is further requested that the Defense Contract Audit Agency (DCAA) audit costs relating to temporary professional services obtained under Liberated Staffing Services, Inc. subcontracts GA67386B14 and G962318J76 during its next incurred cost audit. DCAA should also consider including professional and consultant services in representative audit samples for future incurred cost audits.

Please advise this office of your plan to address these issues and when they have been satisfactorily resolved. If you have any questions, please call the undersigned at 281-483-8501.

Original Signed By:

Robin P. Chapman
Contracting Officer
Projects Procurement Office

Enclosure

Attachment

Appendix E

BH/02/36

2

bc:
BD/P. H. Ritterhouse
BH/R. Chapman
BH/S. A. Delp
BH/S. K. Miller
BN/M. D. Ruiz

BH/RChapman:lj:02/25/02:38501

Appendix F. Report Distribution

National Aeronautics and Space Administration (NASA) Headquarters

A/Administrator
AI/Associate Deputy Administrator
B/Acting Chief Financial Officer
B/Comptroller
BF/Director, Financial Management Division
G/General Counsel
H/Assistant Administrator for Procurement
HK/Director, Contract Management Division
HS/Director, Program Operations Division
J/Assistant Administrator for Management Systems
JM/Director, Management Assessment Division
L/Assistant Administrator for Legislative Affairs
M/Associate Administrator for Space Flight

NASA Centers

Chief Counsel, John F. 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
Director, Acquisition and Sourcing Management Team, General Accounting Office
Senior Professional Staff Member, Senate Subcommittee on Science, Technology, and Space
Director, Defense Contract Management Agency
Director, Defense Contract Audit Agency

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

Appendix F

Chairman and Ranking Minority Member – Congressional Committees and Subcommittees (Cont.)

House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations

House Subcommittee on Technology and Procurement Policy

House Committee on Science

House Subcommittee on Space and Aeronautics, Committee on Science

Congressional Member

Honorable Pete Sessions, U.S. House of Representatives

NASA Assistant Inspector General for Audits 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 Audits; NASA Headquarters, Code W, Washington, DC 20546-0001.

Report Title: Lockheed Martin Space Operations' Use of Professional and Consultant Services

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)

- | | |
|---|--|
| <input type="checkbox"/> Congressional Staff | <input type="checkbox"/> Media |
| <input type="checkbox"/> NASA Employee | <input type="checkbox"/> Public Interest |
| <input type="checkbox"/> Private Citizen | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> 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

Lorne Dear, Program Director, Procurement Audits

Nora Thompson, Program Manager, Procurement Audits

Richard Dix, Program Manager, Procurement Audits

Doug Orton, Auditor-in-Charge

Bobbie Wells, Auditor

Nancy C. Cipolla, Report Process Manager

Debbie Schuerger, Program Assistant