

National Aeronautics and  
Space Administration

**Office of Inspector General**  
Washington, D.C. 20546-0001



July 21, 2004

**TO:** M/Associate Administrator for Space Flight  
Return-to-Flight Task Group/Executive Secretary

**FROM:** W/Assistant Inspector General for Auditing

**SUBJECT:** Report on Audit of the Return-to-Flight Task Group's Business Processes  
Assignment Number A-04-022-00  
Report Number IG-04-021

At the request of the Executive Secretary, the Office of Inspector General conducted an audit of the Return-to-Flight (RTF) Task Group's business processes. Specifically, we determined whether controls were established to ensure that (1) expenditures were reasonable, necessary, and properly accounted for and (2) goods and services were acquired in accordance with the Federal Acquisition Regulation (FAR). The NASA Office of Space Flight provides operating funds necessary for the Task Group to perform its evaluations. Current estimated operating costs for the Task Group through March 2005 are about \$5.3 million. The enclosure provides details on the objectives, scope, and methodology for the audit.

Based on our review of the highest-valued procurement actions totaling about \$670,000 and representing 77 percent of total procurement costs as of February 29, 2004, we concluded that the Executive Secretary and his staff established and implemented effective internal controls over the financial and procurement processes of the Task Group. (We note that the Executive Secretary at the time of the audit is no longer with the RTF Task Group, and a replacement Executive Secretary was assigned to the position). While we found no internal control weaknesses in the Task Group's business processes, we noted that cost data for the Task Group were inaccurately reported in NASA's official financial system, the Core Financial Module. This problem is identical to that previously detailed in a memorandum to the NASA Chief Financial Officer communicating the results of our audit of internal controls over Columbia Accident Investigation Board costs.

We appreciate the courtesies and cooperation provided to the staff during this audit. If you have any questions, please contact me at (202) 358-2572.

[Original Signed By]

David M. Cushing

Enclosure

cc:

A/Administrator

A/Special Assistant to the Administrator

ADT/Associate Deputy Administrator for Technical Programs

B/Chief Financial Officer

B/Deputy Chief Financial Officer for Resources (Comptroller)

D/Chief Engineer

G/General Counsel

GG/Attorney Advisor

Q/Associate Administrator for Safety and Mission Assurance

M/Deputy Associate Administrator for International Space Station  
and Space Shuttle Programs

OJD/Director, Management Systems Division

JSC/Center Director

JSC/MA/Space Shuttle Program Manager

JSC/MM/Space Shuttle Business Office Manager

LaRC/Center Director

Colonel Richard O. Covey, USAF (Ret.), Co-chair, Return-to-Flight Task Group

Lieutenant General Thomas Stafford, USAF (Ret.), Co-chair, Return-to-Flight Task  
Group

Dr. Daniel Crippen, Management Panel Chair, Return-to-Flight Task Group

Mr. Jim Adamson, Operations Panel Chair, Return-to-Flight Task Group

Mr. Joseph Cuzzupoli, Technical Panel Chair, Return-to-Flight Task Group

## Objectives, Scope, and Methodology

### Objectives

Our audit objectives were to determine whether the Return-to-Flight (RTF) Task Group established controls to ensure that:

1. Expenditures were reasonable, necessary, and properly accounted for; and
2. Goods and services were acquired in accordance with the Federal Acquisition Regulation (FAR).

### Scope and Methodology

To accomplish our objectives, we performed the following:

- Interviewed the Task Group's former Executive Secretary and Budget Manager to obtain background information, understand the Task Group hierarchy, and determine if specific policies related to our objectives were established.
- Obtained and reviewed the RTF Task Group Procedures and Guidelines, dated January 2004.
- Reviewed Requests for Support to determine if requests were properly controlled and approved.
- Reviewed operating expenses of the Task Group. As of February 29, 2004, the total operating expenses of the Task Group were about \$1.7 million.<sup>1</sup> Of that amount, \$869,000 was for 11 contracts and other procurements initiated by or on behalf of the Task Group. We selected for review the 2 highest-valued procurement actions from those 11 procurements. The two procurement actions represented costs incurred totaling \$670,000 (77 percent).
- Interviewed procurement officials at the Lyndon B. Johnson Space Center and the Langley Research Center to obtain additional information on the acquisitions selected for review.
- Obtained the applicable documents for review to determine if procurement agreements were reasonable, necessary, and in accordance with the FAR.
- Compared Task Group costs incurred for the two contracts reviewed to NASA's Core Financial Module to determine if costs were properly accounted for and recorded in accordance with NASA policy.

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<sup>1</sup>Total operating costs include procurements, travel, and salaries. We limited our review to procurement costs only.

### **Use of Computer-Generated Data**

We noted significant differences in costs tracked by the Task Group Budget Manager when compared to data from NASA's Core Financial Module. Our review indicated that cost data reported in NASA's official financial system related to the Task Group were inaccurate. Therefore, we were unable to rely on the Core Financial Module.

### **Management Controls Reviewed**

We identified and assessed the controls over the Task Group fund control process and the process of acquiring services. We also evaluated controls that would ensure services the Task Group acquired were determined to be adequate prior to payment.

### **Audit Work**

The audit was performed at Lyndon B. Johnson Space Center and Langley Research Center from February 2004 to June 2004 in accordance with generally accepted government auditing standards.