



O F F I C E O F
I N S P E C T O R G E N E R A L

SEMIANNUAL REPORT



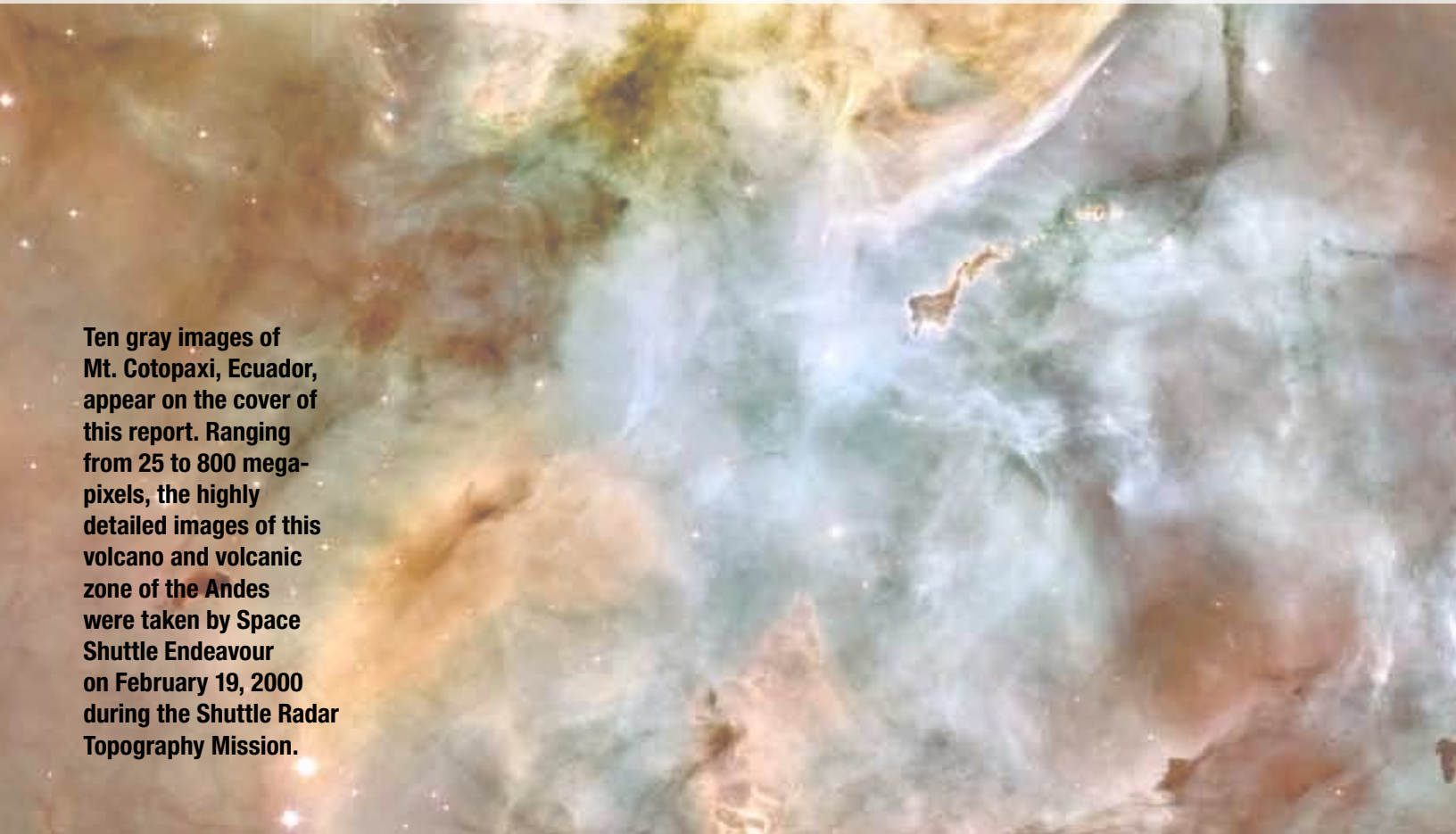
APRIL 1-SEPTEMBER 30, 2009



THE CARINA NEBULA



Ten gray images of Mt. Cotopaxi, Ecuador, appear on the cover of this report. Ranging from 25 to 800 megapixels, the highly detailed images of this volcano and volcanic zone of the Andes were taken by Space Shuttle Endeavour on February 19, 2000 during the Shuttle Radar Topography Mission.





FROM THE INSPECTOR GENERAL

Thomas J. Howard
Acting Inspector General

It is an honor to present the NASA Office of Inspector General (OIG) Semiannual Report to Congress for the period of April 1 through September 30, 2009.

This report summarizes the OIG's significant accomplishments, activities, and recommendations. Throughout this semiannual period, our audit work has addressed issues associated with operating the Space Shuttle, designing and building a new human space flight system, improving financial management, enhancing program and contract management, and minimizing vulnerabilities to the Agency's information technology security posture. Our investigative efforts have resulted in the prosecution of individuals who have made false certifications involving parts for space vehicles, misused public office for personal gain, and illegally accessed NASA's information technology systems.

We have also been actively engaged in monitoring NASA's compliance with the accountability and transparency provisions of the American Recovery and Reinvestment Act and ensuring that the Agency is using its funds (\$1 billion for programs and facilities) to achieve the Act's objectives. We are coordinating our efforts with the Recovery Accountability and Transparency Board and will keep the Agency and Congress fully informed of our activities to ensure transparency and deter and detect fraud, waste, and mismanagement.

This report reflects our continuing commitment to focus OIG efforts on the issues, programs, and operations that are most critical to the Agency, the Administration, and Congress. We hope that you find the report informative.

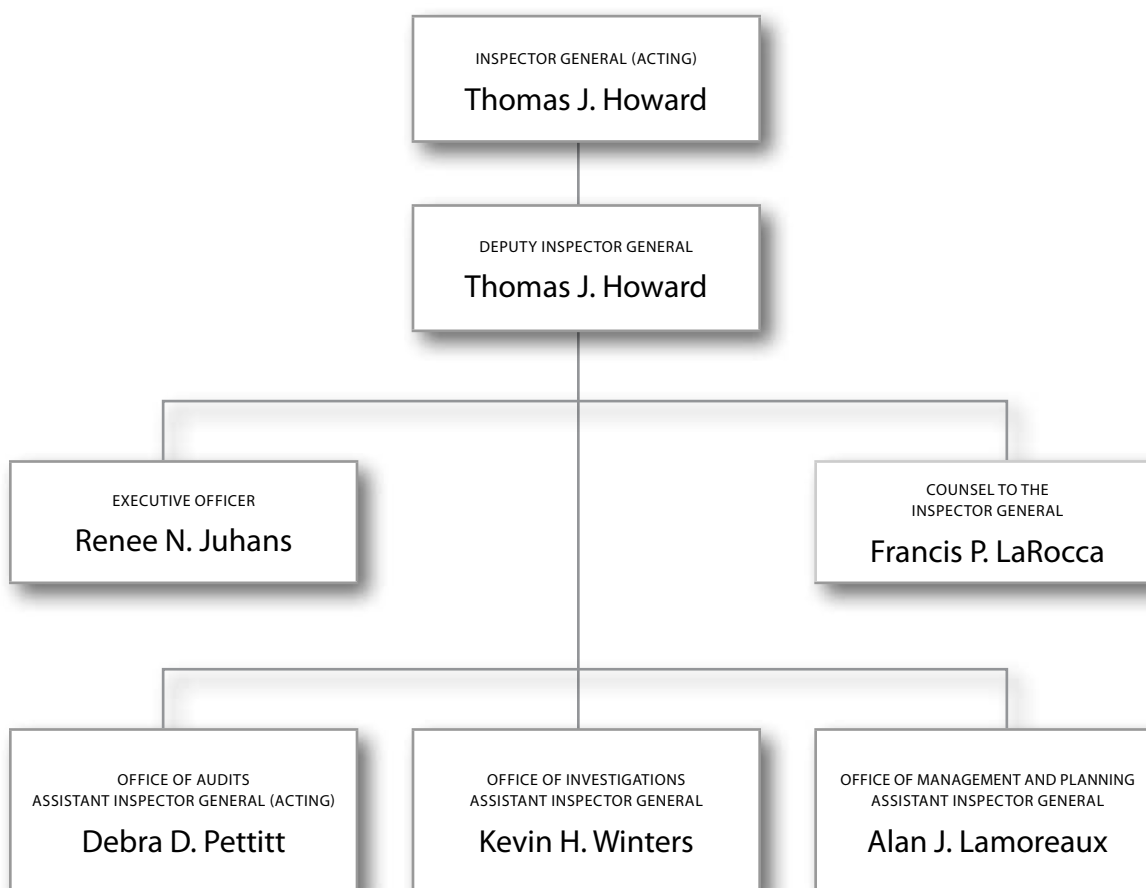
A handwritten signature in black ink that reads "Thomas J. Howard". The signature is written in a cursive, flowing style.

Thomas J. Howard
Acting Inspector General

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ORGANIZATION



THE NASA OFFICE OF INSPECTOR GENERAL (OIG) conducts audits, reviews, and investigations of NASA programs and operations to prevent and detect fraud, waste, abuse, and mismanagement and to assist NASA management in promoting economy, efficiency, and effectiveness. The OIG's fiscal year (FY) 2009 budget of \$33.6 million supported the work of audit, investigative, and administrative activities.

THE INSPECTOR GENERAL (IG) provides policy direction and leadership for the NASA OIG and serves as an independent voice to the Administrator and Congress by identifying opportunities and promoting solutions for improving the Agency's performance. The Deputy Inspector General provides overall direction to the Assistant Inspectors General and Counsel to the Inspector General in the development and implementation of diverse audit, investigative, legal, and support operations of the OIG. The executive officer serves as the OIG liaison to Congress and other Government entities, conducts OIG outreach both within and outside of NASA, and manages special projects.

THE OFFICE OF COUNSEL TO THE INSPECTOR GENERAL provides legal advice and assistance to OIG senior management, auditors, and investigators. The office serves as OIG counsel in administrative litigation and assists the Department of Justice (DOJ), when the OIG participates as part of the prosecution or civil team or when the OIG is a witness or defendant.

THE OFFICE OF AUDITS (OA) is responsible for conducting independent and objective audits, reviews, and other examinations to improve the economy, efficiency, and effectiveness of NASA programs, projects, operations, and contractor activities. In addition, the OA oversees the work of the independent public accounting firm that is under contract by the OIG to conduct the annual audit of NASA's financial statements.

THE OFFICE OF INVESTIGATIONS (OI) investigates allegations of crime, cybercrime, fraud, waste, abuse, and misconduct that could have an impact on NASA programs, projects, operations, and resources. The OI refers its findings either to the DOJ for criminal prosecution and civil litigation or to NASA management for administrative action. Through its investigations, the OI identifies crime indicators and recommends measures for NASA management that are designed to reduce NASA's vulnerability to criminal activity.

THE OFFICE OF MANAGEMENT AND PLANNING (OMP) provides financial, procurement, human resources, administrative, and information technology (IT) services support to the OIG staff.

SIGNIFICANT AUDITS AND INVESTIGATIONS

Acquisition and Contracting

NASA continues to operate within the confines of a limited budget that demands the efficient acquisition of hardware and services. Effective contract management is critical to NASA's success in achieving its overall mission. The OIG's focused efforts in this area identified opportunities for NASA to improve its contract oversight and consequently improve its ability to control costs.

OIG Finds Unsupported Fees in JPL Contract

NASA's federally funded research and development center (FFRDC), the Jet Propulsion Laboratory, is operated under a contract with California Institute of Technology (Caltech), a private nonprofit educational institution.

The current 5-year cost-plus-award-fee (CPAF) contract, awarded to Caltech in November 2002, is valued at approximately \$7.5 billion—\$1.5 billion per year, including available award fees of \$22 million. The current contract also includes an award term incentive, allowing Caltech to earn term extensions on the contract in increments of 3 or 9 months for up to an additional 5 years. The potential total value of these incentives is \$7.5 billion.

We found that NASA could improve its management of the JPL contract:

- NASA's overall assessment of contractor performance may have been overstated because the Agency's performance evaluations for FY 2007 were incomplete or did not otherwise comply with its guidance.
- The contractor's poor performance on a large, significant project was offset in NASA's assessment by higher performance on smaller projects because the Agency did not use proportional weighting in its evaluations.
- NASA's award of \$16 million in fees and 27 months of contract term extensions, valued at \$3.375 billion, were unsupported because the Agency's performance evaluation factors did not include an assessment of required cost control measures.
- NASA does not have assurance that the existing contract still meets its needs or provides the best value for the taxpayer because the Agency did not fully comply with Federal Acquisition Regulation requirements for a 5-year comprehensive review of the use and need for the FFRDC.

- NASA's use of a single CPAF contract for all aspects of the FFRDC creates a significant administrative and management burden for the Agency that is unnecessary, given that there is a basis for the contracting officer to establish fair and reasonable prices for routine operations and maintenance of the facility.

The Assistant Administrator for Procurement and the NASA Management Office at the JPL concurred with our recommendations to address these issues and agreed that there are potential monetary benefits associated with their implementation.

NASA Should Reconsider the Award Evaluation Process and Contract Type for the Operation of the Jet Propulsion Laboratory (IG-09-022, September 25, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-022-R.pdf>

NASA Agrees to Provide SOFIA Program Managers with Tools to Ensure Long-Term Success

As reported in our March 31, 2009, Semiannual Report, we found that program managers had established adequate risk assessment and quality assurance processes to oversee contractor performance with respect to the accomplishment of near-term goals for the Stratospheric Observatory for Infrared Astronomy (SOFIA) program. However, we also found that program managers had not completed actions required to address the long-term servicing needs of the aircraft and lacked an effective cost control process to evaluate the program's cost efficiency in meeting schedule milestones.

NASA management generally concurred with the report's recommendations and proposed appropriate actions to ensure the long-term viability of the program. However, the Associate Administrator for the Science Mission Directorate did not concur with our recommendation to improve the Earned Value Management System, stating that the SOFIA program was in compliance with applicable NASA policy requirements. We requested additional management comments on the nonconcurrency, maintaining that the SOFIA program was not in compliance with NASA policy or the SOFIA Program Plan because the system in place only monitored cost at the program's top level without integrating cost and schedule at the work package level. Additional comments from the Associate Administrator in April 2009 addressed our recommendation, stating that the program approach would be expanded to cover data at the work package level, and described planned actions to revise the program's Award Fee Determination Plans.

The Agency's actions in response to our recommendations will help ensure that SOFIA program managers have the tools required for long-term success, including the information needed to better estimate the cost of aircraft spare parts and maintenance requirements and to monitor long-term cost and schedule performance.

Final Memorandum on Audit of the Stratospheric Observatory for Infrared Astronomy (SOFIA) Program Management Effectiveness (IG-09-013, March 27, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-013.pdf>

Addendum (IG-09-013-a, May 7, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-013-a.pdf>

Congress Increases Interest in Federal SBIR Programs

In August 2009, the Acting Inspector General testified at a hearing held by the Senate Committee on Commerce, Science, and Transportation on waste, fraud, and abuse in Federal Small Business Innovation Research (SBIR) programs. The Acting IG discussed the OIG's audit and investigative work, which has identified instances of fraud, waste, and abuse by program participants that bring into question the effectiveness of the program's internal controls. Of the 46 SBIR investigations that were closed since 2001, 8 (17 percent) resulted in criminal convictions, civil judgments, or administrative corrective actions. At the time of the hearing, there were five open investigations involving allegations of potential fraud, waste, or abuse in the SBIR program.

While NASA has taken corrective action to improve internal controls in the SBIR program, we continue to identify the same violations in recent and ongoing investigations that we identified and reported as early as 1992. Specifically, we found that some SBIR contractors received awards from multiple agencies for essentially the same work; submitted different proposals to multiple agencies but provided all of them the same deliverable; or misrepresented information, including the role of a principal investigator who was supposed to perform the research.

In an August 13, 2009, memorandum to NASA, we recommended that NASA consider our past audit and investigative work concerning the SBIR program when conducting the Statement of Assurance Process for 2009. We also recommended that NASA consider whether the SBIR program's internal controls represent a vulnerability that should be monitored. Management agreed with our recommendations.

NASA's Small Business Innovation Research (SBIR) Program (IG-09-023, August 13, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-023.pdf>

OIG Recommendations Will Improve Oversight of Export-Controlled Technology

NASA could improve its oversight and monitoring of small business contractor transfers of critical technology and technical information to foreign nationals and countries of concern. Although the large corporations and universities we reviewed generally had adequate procedures to protect export-controlled technology from illegal transfer, the procedures at the small business contractors did not adequately protect export-controlled technology. Specifically, we found a lack of export-control awareness among small business contractors, NASA, and small business procurement personnel. As a result, small business

contractors are at increased risk of improperly releasing critical technology and technical information. Increased awareness of export regulations and improved oversight and monitoring of small business contractors' compliance should enhance and reduce the attendant risks to NASA's mission and national security.

NASA procurement personnel also were not always aware of export-control regulations. Although NASA is not directly responsible for a contractor's compliance with export regulations, it is responsible for administration of the export-control program at NASA Centers and facilities. We determined that NASA procurement officials do not monitor exports as part of their contract administration duties and NASA's export-control outreach efforts did not include small business procurement personnel.

Recently, the Department of Defense (DoD) and other agencies developed a draft policy to remind contractors of their responsibility to comply with export-control laws and regulations. We recommended that NASA monitor modifications made to the draft policy and amend NASA policy accordingly, that NASA require contracting officers to monitor and oversee contractors' compliance with export-control regulations, and that NASA expand its export-control outreach to include personnel involved in the administration of SBIR contracts and small business contractors. NASA proposed actions that were responsive to the intent of our recommendations.

Improvements Needed in NASA's Oversight and Monitoring of Small Business Contractor Transfers of Export-Controlled Technologies (IG-09-018, July 14, 2009)
<http://oig.nasa.gov/audits/reports/FY09/IG-09-018.pdf>

NASA to Improve Monitoring and Oversight of Grants

OA reviewed five grants and cooperative agreements between Wheeling Jesuit University (WJU) and NASA and found that NASA inappropriately approved, obligated, and partially expended more than \$4 million of facility and administrative (F&A) costs. We found that the NASA grant officers in charge of the WJU agreements did not adequately review WJU's cost proposals. Specifically, they failed to note that WJU had included F&A costs as direct costs in its cost proposals. By inappropriately approving F&A costs as direct costs, NASA could be reimbursing WJU for administrative costs in excess of the allowable Federal cap. In addition, we found that the grant officers did not note that one of the cost proposals contained \$4,501 in duplicative labor costs.

We recommended that NASA provide its grant officers with training on Office of Management and Budget (OMB) Circular No. A-21, "Cost Principles for Educational Institutions," and that the Agency work with the Department of Health and Human Services, Division of Cost Allocation (the Federal agency responsible for negotiating and approving rates for F&A costs related to educational agreements) and renegotiate

WJU's F&A rate to ensure that administrative costs do not exceed the allowable Federal reimbursement cap. The Assistant Administrator for Procurement concurred with our recommendations.

Final Memorandum on Review of Wheeling Jesuit University Cost Proposals (IG-09-020, August 3, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-020-R.pdf>

NASA's Improved Management of Future Conferences Will Ensure Fiscal Responsibility

We found that NASA generally followed Federal regulations and program policies and procedures for planning and conducting the December 2007 Space Flight Awareness (SFA) awards event. Specifically, NASA's process for selecting honorees was performed in accordance with policies and criteria provided in its SFA Policy Document. We also found that NASA's use of appropriated funds to award, transport, and provide meals and refreshments to honorees was generally in accordance with Federal regulations and NASA policies.

However, we concluded that the Agency could improve the management of these events, should they be held in future years. Specifically, while the objective of providing awards to employees and contractors for their contributions to Shuttle safety and mission success is sound in principle, the circumstances of the December 2007 event bring into question what expense is reasonably necessary to accomplish that objective.

In the case of the December 2007 conference event, 232 honorees received a 7-day, 6-night trip to Orlando, Florida, in December at a cost to NASA of \$542,307. In addition, 41 Kennedy Space Center honorees who participated in the 7-day Orlando event received a separate 3-day, 2-night trip to Johnson Space Center at a cost of \$43,431. However, these amounts do not represent the full cost to NASA for the event because they do not include labor (salary and benefits) costs for NASA and contractor employees who participated. We estimate that salaries and benefits for the honorees represent an additional \$424,265, bringing the total cost of the awards event to \$1,010,003.

We recommended that before conducting future SFA conference events, NASA determine what expenses are reasonably necessary to achieve the objective and also revise the SFA Policy Document to establish criteria for use in planning these events. NASA management concurred with our recommendation.

Opportunities to Improve the Management of the Space Flight Awareness Honoree Launch Conference Event (IG-09-017, July 27, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-017.pdf>

Oversight Improvements Needed for DCMA-Dispositioned Questioned Cost Recommendations

The Defense Contract Audit Agency (DCAA) provides contract audit services to NASA. In fiscal years 2005–2007, DCAA issued 50 audit reports with at least \$100,000 of questioned costs on NASA's cost-reimbursable procurement actions. The Defense Contract Management Agency (DCMA) provides contract administration functions. DCMA administrative contracting officers (ACOs) dispositioned 36 of the 50 reports; 14 reports were dispositioned by NASA contracting officers.

We found that both NASA contracting officers and DCMA ACOs implemented DCAA recommendations and maintained accurate records on the status, resolution, and disposition of findings and recommendations. However, NASA contracting officers did not always maintain sufficient oversight on reports dispositioned by DCMA. Agency guidance requires NASA contracting officers to communicate with DCMA ACOs before ordering contract negotiations or subsequent to the resolution of DCAA recommendations. The DCMA maintained a system for tracking, monitoring, and reporting the resolution status of DCAA recommendations, but NASA contracting officers did not always comply with the communications guidance and did not have sufficient oversight or tools in place to determine whether all reportable contract audits dispositioned by NASA or DCMA were promptly implemented or resolved.

We recommended that NASA direct its contracting officers to communicate with DCMA ACOs on the resolution and disposition status of DCAA findings and recommendations and to enter and update applicable information in NASA's Corrective Action Tracking System. We also recommended that NASA revise its guidance to clearly state that DCMA-dispositioned audit reports are to be entered into the tracking system or that the DCMA is to be asked to provide periodic status reports on the resolution of DCAA audit recommendations. NASA concurred with our recommendations and proposed corrective actions.

Final Memorandum on the Audit of NASA's Implementation of Defense Contract Audit Agency Audit Recommendations during the Administration of Cost-Reimbursable Procurement Actions (IG-09-014, April 24, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-014.pdf>

Former NASA Chief of Staff Convicted

After a 4-day trial in the U.S. District Court for the District of Columbia, a former NASA employee, who previously served as the Agency's Chief of Staff, was found guilty of making two false statements to NASA and violating a conflict of interest statute. Sentencing is set for November 6, 2009.

Indictment reported March 31, 2008, page 20.

Former Chief Scientist Pleads Guilty to Conflict of Interest Charge

A former chief scientist in the Earth Sciences Division at Goddard Space Flight Center waived indictment and pled guilty to a criminal information charge of committing acts affecting a personal financial interest (conflict of interest). The OIG investigation determined that the former employee participated personally and substantially in a NASA contract involving a company in which his spouse had a financial interest.

NASA Contractor Agrees to Civil Settlement

A contractor that inflated the labor costs charged to NASA on two multi-million-dollar time-and-material delivery orders agreed to a civil settlement. The contractor agreed to pay \$237,129 to NASA and an additional \$137,871 to the U.S. Treasury.

Business Owner and Employee Agree to Restitution

A business owner and his employee were charged with fraud for billing Kennedy Space Center for thousands of dollars in automotive maintenance work that was never performed. The owner and his employee entered a pre-trial diversion program and agreed to jointly pay \$13,986 in restitution to the U.S. Government.

NASA Subcontractors Indicted

Two companies were charged with fraud involving aircraft or space vehicles and conspiracy in a 65-count superseding indictment. The charges related to allegations that the companies submitted false certifications concerning the quality of the titanium supplied to NASA and DOD prime contractors.

Original indictment reported March 31, 2009, page 20.

Former NASA Managers Debarred for Conflicts of Interest

Two former NASA project managers at Johnson Space Center were debarred from obtaining contracts with the Government for a period of 3 years. The managers were previously convicted for violating a conflict of interest statute. A NASA OIG investigation revealed the managers had participated in NASA contracting decisions related to a company in which both knew they had a financial interest. In addition, a business owned by one of the managers was debarred for 3 years, as was the manager's wife.

Convictions reported March 31, 2008, page 23, and September 30, 2008, page 18; sentencings reported March 31, 2009, page 20.

Former NASA Resource Specialist Debarred for Theft

A former NASA resource program specialist was debarred from receiving Government contracts for a period of 5 years. The employee was previously convicted and sentenced for theft related to her fraudulent use of a NASA-provided purchase card.

Conviction reported September 30, 2007, page 19; sentencing reported March 31, 2008, page 23.

Former Administrative Assistant Debarred for Mail Fraud

A former NASA contract employee, who had served as an administrative assistant, was debarred from receiving Government contracts for a period of 5 years. The debarment arose from the employee's conviction and sentencing for mail fraud related to fraudulent claims submitted to and paid by NASA.

Conviction reported September 30, 2007, page 21; sentencing reported March 31, 2008, page 24.

Former NASA Contract Employee Debarred for False Claims

A retired NASA contract employee was debarred from receiving Government contracts for a period of 3 years. The employee was previously sentenced for presenting false claims to his employer and NASA for reimbursement.

Sentencing reported September 30, 2006, page 19.

Former NASA Employee Debarred for Theft

A former NASA Goddard Space Flight Center employee, who previously pled guilty to theft, was debarred from obtaining Government contracts for a period of 3 years. The debarment was based on investigative findings that the individual employed a fraudulent scheme where she altered NASA vendor accounts to direct vendor payments to her personal bank account.

Arrest and plea reported March 31, 2008, page 16; sentencing reported September 30, 2008, page 15.

Information Technology

NASA's leadership continues to address many of the IT security and management control issues that the OIG has raised in past audits, evaluations, and investigations. IT security and management controls are crucial to NASA's IT systems and to NASA achieving its overall mission. During this semiannual reporting period, we continued to work with NASA to improve IT operations and security.

NASA to Begin FISMA Reporting of National Security Systems

We found that NASA did not comply with Federal Information Security Management Act (FISMA) requirements for the reporting of national security systems for FYs 2007 and 2008 because NASA had not clearly assigned this responsibility to a specific NASA office. Further, NASA had not formally designated an entity with appropriate resources to complete the annual independent evaluations of its national security systems required by the FISMA. We notified the Agency about this issue in February 2009, and NASA immediately assigned the responsibility to the Office of the Chief Information Officer (OCIO). In response to our report, NASA tasked the Office of Protective Services (OPS) to work with the OCIO to gather and compile the required information to report to the OMB and stated that a formal agreement with an independent entity to evaluate NASA's national security systems was being developed. We consider management's proposed actions to be responsive and will close the related recommendation after verifying that the Agency has established a formal agreement with an entity with the appropriate resources to conduct the annual independent evaluation of NASA's national security systems.

Final Memorandum on the Audit of the Reporting of NASA's National Security Systems (IG-09-024, August 28, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-024-summary.pdf>

NASA's PIV Card Process Improvements Will Decrease the Risk of Inappropriate Issuance

We reviewed the effectiveness of NASA's processes for developing and issuing personal identity verification (PIV) cards in compliance with Homeland Security Presidential Directive 12 (HSPD-12), "Policy for a Common Identification Standard for Federal Employees and Contractors," August 27, 2004. We found that NASA did not fully comply with Federal guidance or with its own policy on incorporating new requirements into ongoing projects. NASA also did not conduct a gap analysis to ensure that ongoing projects incorporated HSPD-12 requirements. As of January 2009, NASA had issued 98.5 percent of the PIV cards it planned to issue—more than 70,000—from a PIV card issuer that had not been accredited in accordance with Federal standards. We also found that NASA did not fully develop internal controls to efficiently and effectively implement HSPD-12.

While NASA concurred with our recommendations, we requested additional comments for more detail on the Agency's plans to address procedural requirements for planning and managing project development and the recommendation for a gap analysis. The additional comments addressed our questions.

NASA's Processes for Providing Personal Identity Verification (PIV) Cards Were Not Completely Effective in Meeting Federal Requirements (IG-09-015, April 27, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-015.pdf>

Addendum (IG-09-015-a, June 4, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-015-a.pdf>

U.S. Federal Trade Commission Issues Temporary Restraining Order and Shuts Down Internet Service Provider

The U.S. Federal Trade Commission (FTC) issued a temporary restraining order against an Internet Service Provider identified by the NASA OIG and other law enforcement agencies as a major source of child pornography, spam, and malicious software. The order was based on information, provided by the NASA OIG, from an ongoing investigation into a criminal enterprise that was using large numbers of compromised computer systems. The shutdown of the company resulted in a worldwide reduction in spam of approximately 10 to 15 percent. The FTC also filed suit against the company for unfair and deceptive practices. The company did not attend the FTC hearings, which resulted in a default judgment issued in favor of the FTC. The company is in the process of being liquidated; proceeds will be sent to the U.S. Treasury.

Swedish Citizen Indicted on Theft Charges

A Swedish citizen was indicted on five counts of theft of Cisco Systems, Inc., code via computer intrusions. Two of the counts related to intrusions into NASA systems at Ames Research Center and the NASA Supercomputing Facility at Ames. NASA's estimated damages resulting from these intrusions were \$5 million.

Retired NASA Employee Pleads Guilty to Violation of NASA Regulations

A retired NASA employee was charged with and entered a guilty plea to one count of Title 18, United States Code, Section 799 (18 U.S.C. 799), "Violation of NASA Regulations," and agreed to pay \$1,000 in restitution. The plea was the result of an OIG investigation into the former employee's use of NASA computers to search for and view child pornography. Sentencing is pending.

Safety (Managing Risk)

NASA is challenged with effectively managing technologically complex programs while protecting the public from harm, ensuring the safety of employees, and preventing damage to high-value equipment and property. We continued to work in concert with the Agency to ensure appropriate attention is focused on effective risk management and the resolution of safety issues.

NASA's Human-Rating Requirements Effectively Managed for Ares I Project

In 2007, NASA assembled a diversified group of astronauts, engineers, safety engineers, flight surgeons, and mission operations specialists to rewrite the NASA Procedural Requirements (NPR) for human-rating requirements for space systems. This group reviewed human-rating documents from the last 45 years that were used in the development of Mercury, Gemini, Apollo, Skylab, the Space Shuttle, and the International Space Station. The lessons learned from these programs, and information from numerous books and studies, resulted in NPR 8705.2B, "Human-Rating Requirements for Space Systems," issued May 6, 2008.

We found that the Agency had incorporated the human-rating requirements included in NPR 8705.2B into the appropriate program and project plans for the Ares I project. Accordingly, our report did not include any recommendations.

NASA's Management of Ares I Human-Rating Requirements (IG-09-016, May 21, 2009)
<http://oig.nasa.gov/audits/reports/FY09/IG-09-016.pdf>

Business Owner Pleads Guilty

The owner of a business that supplies parts to NASA contractors pled guilty to four counts of fraud involving aircraft or space vehicle parts. Our investigation found that the business counterfeited reputable suppliers' packaging and used them for substandard O-rings that were sold to NASA contractors. Sentencing is pending.

Indictment reported March 31, 2009, page 14.

Business and Owner Debarred for Fraud Involving Space Vehicle Parts

A business owner and his business were debarred from receiving any Government contracts for a period of 10 years. The owner, who was subcontracted to build a part for the Space Shuttle Endeavour, covered up damage to the part and did not inform NASA or the prime contractor. The owner pled guilty to one count of fraud involving space vehicle parts and faces up to 10 years in jail and a \$250,000 fine.

Conviction reported March 31, 2009, page 14.

Financial Management

Financial management remains a significant management challenge for NASA. During this semiannual reporting period, the independent external auditor and the OIG continued to assess and make recommendations to assist NASA in addressing weaknesses and improving financial management.

NASA's Financial Management Systems Are Not FFMIA Compliant

The Federal Financial Management Improvement Act (FFMIA) requires that each agency implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

In NASA's FY 2008 Performance and Accountability Report, management and the Agency's independent public accounting firm, Ernst & Young LLP, stated that NASA's financial management systems did not comply substantially with FFMIA. Specifically:

- Certain subsidiary systems, including some property systems, were not integrated with the Core Financial Module and were not complemented by sufficient manual preventative and detective controls.
- Although significant improvement was made in prior years, NASA's management continued to identify certain transactions that were being posted incorrectly due to improper configuration or design within the Core Financial Module.
- Reviews of general and application controls over financial management systems identified certain departures from requirements specified in OMB Circular A-127, *Financial Management Systems*, and OMB Circular A-130, *Management of Federal Information Resources*.
- NASA was unable to meet certain requirements to ensure compliance with federal accounting standards. For example, NASA did not have a process and controls surrounding how it identifies and estimates environmental cleanup costs in accordance with Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment*.

The NASA OIG will continue to monitor the Agency's progress toward resolving instances of noncompliance with FFMIA and report, as needed, on progress made in future semiannual reports.

Other Audit and Investigative Matters

Improvements Needed in the Management of Assets Required for NextGen Research or Development

Congress authorized development of the Next Generation Air Transportation System (NextGen) in Public Law 108-176, “Vision 100—Century of Aviation Reauthorization Act,” December 12, 2003. This law also established the Joint Planning and Development Office (JPDO) to coordinate the efforts of various agencies, including NASA and the Federal Aviation Administration (FAA). NextGen will replace the Nation’s existing air transportation system by 2025 to accommodate an expected tripling of air travel.

Overall, we determined that NASA had taken some actions to work effectively with the JPDO:

- NASA had implemented an organizational structure to support research and development (R&D) activities, assigning responsibility to accomplish NextGen R&D activities to the Aeronautics Research Mission Directorate (ARMD).
- The ARMD reformulated programs and projects to execute its NextGen responsibilities, developed program and project plans that supported JPDO’s plans, assigned responsibility and defined supervisory positions to support the accomplishment of those plans, and established project plan milestones and schedules to ensure progress toward NextGen objectives.

However, concurrent with those actions in support of the NextGen, when faced with impending budget reductions, the ARMD eliminated or reduced three aeronautics research capabilities that the JPDO and the National Research Council had identified as critical for achieving NextGen goals. This resulted in delayed or canceled milestones in two NASA-led projects and affected the FAA’s development of critical NextGen technologies. We determined that the ARMD may have been able to minimize the impact on NextGen development, had it conducted benefit-cost analyses and coordinated more effectively with the JPDO and the FAA on the consequences of its decisions.

We recommended that the ARMD Associate Administrator establish a policy to conduct and document benefit-cost analyses of investment decisions concerning major capabilities needed for NextGen and use the JPDO’s research transition teams to coordinate these investment decisions. The Associate Administrator concurred in principle with the recommendation to establish policy or procedures, or both, to ensure that it conducts and documents benefit-cost analyses but noted that the analyses’ scope might be limited when changes are required quickly, adding that the ARMD will document justification for such changes. The Associate Administrator concurred with using the JPDO’s research transition teams to coordinate investment decisions. The ARMD’s actions in response to our recommendations should improve coordination and management of NextGen technical and schedule risks.

NASA Could Improve Analyses and Coordination in Support of the Joint Planning and Development Office to Develop the Next Generation Air Transportation System (IG-09-019, July 30, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-019.pdf>

LDCM Requirements Changes Could Increase Mission Costs and Delay Launch Schedule

The Landsat program is jointly managed by NASA's Science Mission Directorate and the Department of the Interior's U.S. Geological Survey (USGS). We found that project management followed applicable guidance and effectively identified, reported, and mitigated acquisition risks for the Landsat Data Continuity Mission (LDCM). However, NASA's efforts to develop, launch, and operate a land remote sensing system to maintain long-term data continuity are in jeopardy because no Federal agency has overall responsibility for the Landsat program and because the LDCM baseline requirements changed after the contract award, resulting in increased project costs and possible launch schedule delays.

NASA management concurred with our recommendations, which called for increased NASA-USGS coordination and an emphasis on adequately considering stakeholder expectations and user community interests prior to contract award. Specifically, we recommended that NASA coordinate with the USGS to assist in developing a plan to continuously provide Landsat-type data, should Landsats 5 and 7 fail before the LDCM is operational, and in establishing the National Land Imaging Program, to include developing plans for future Landsat missions. We also recommended that NASA request an independent analysis of the impact late changes in the LDCM requirements have had on cost and schedule and that NASA issue guidance to quantify, prior to contract award, technical and programmatic risks associated with undefined system-level requirements for major mission elements.

The Landsat Program Is Not Meeting the Goals and Intent of the Land Remote Sensing Policy Act of 1992 (IG-09-021, September 2, 2009)

<http://oig.nasa.gov/audits/reports/FY09/IG-09-021.pdf>

NASA Recovers \$8,000

The OIG received an allegation that the State of California held unclaimed property belonging to NASA. We notified the NASA Office of the Chief Financial Officer, which claimed an \$8,000 credit balance from Sun Microsystems.

NASA's Unclaimed Property Held by the California State Controller's Office (ML-09-003, April 22, 2009)

<http://oig.nasa.gov/audits/reports/FY09/ML-09-003.pdf>

Individual Charged with Attempting to Illegally Obtain and Export Propulsion Technology

As the result of a joint investigation by our office with the Immigration and Customs Enforcement and the Defense Criminal Investigative Service, an individual was arrested on April 15, 2009, and charged in the U.S. District Court for the Southern District of Florida on five counts of violating the Arms Export Control Act and one count of violating the Missile Technology Control Regime. The charges arose when the individual sought to purchase technology related to a rocket motor for export to South Korea.

Former Government Employee Pleads Guilty to Wire Fraud

A Transportation Security Administration employee pled guilty to wire fraud in U.S. District Court for the Eastern District of Kentucky in connection with his role in fraudulently obtaining excess Government equipment (including NASA computers) and selling them for personal profit through an Internet auction site.

Two FAA Employees Indicted and One Convicted for Stealing and Selling U.S. Government Equipment for Personal Gain

Two employees of the Federal Aviation Administration (FAA) were each initially charged with one count of wire fraud. Superseding indictments for other charges were filed against the defendants for the theft of Government property. The two FAA employees fraudulently obtained at least 20, and possibly up to 76, excess Government computers from NASA via GSAXcess.gov by falsely certifying that the equipment was to be used for official FAA business. The defendants then sold the equipment throughout San Bernardino County, California, for personal gain. One defendant was convicted on two counts of wire fraud, one count of mail fraud, and one count of unlawful monetary transactions. The other defendant is awaiting trial.

Former NASA Employee Sentenced for Theft

A former NASA employee, who had been employed by NASA as a psychologist within NASA's Employee Assistance Program, pled guilty to theft after investigative activity revealed that he had used his position to obtain employment with outside psychiatric treatment centers and had performed work at those centers while on Government time. The employee was fined \$250 and ordered to pay \$950 in restitution to NASA. Additionally, he agreed to pay \$7,344 to the U.S. Treasury in a global civil settlement agreement with the U.S. Attorney's Office.

Individual Indicted after Extorting NASA

A resident of North Carolina was charged in a state court for extortion after an investigation disclosed that the individual, upon recovery of a NASA buoy from the North Carolina coastline, refused to return the buoy and threatened to destroy it unless he was compensated for his recovery efforts.

Former NASA Contract Employee Convicted

A former NASA contract employee at the Kennedy Space Center was arrested and charged for theft related to his fraudulent use of a Government vehicle refueling credit card. The former employee admitted to refueling personal vehicles over a period of several years. He entered a Florida pre-trial diversion program and agreed to pay \$5,238 in restitution, \$100 in court costs, and \$30 in drug testing fees, as well as perform 50 hours of community service.

Gun Possession Leads to Pre-Trial Diversion Program

A visitor to the Michoud Assembly Facility, New Orleans, Louisiana, charged with possession of a handgun on NASA property, entered a Federal pre-trial diversion program within the Eastern District of Louisiana for a 12-month period.

Contract Employee Sentenced for Writing Bad Checks

The Ames Research Center Public Safety Office and Ames Exchange Lodge reported the theft of U.S. Government services by a former L-3 Vertex contract employee, who wrote checks worth a total of \$3,876 from June through September 2006 from an insufficiently funded checking account. The lodge is a nonappropriated Government activity that provides low-cost, temporary lodging to NASA employees and contractors. The former contract employee pled guilty in the U.S. District Court for the District of Colorado and was sentenced to probation for 1 year and ordered to pay restitution of \$3,876 to NASA.

LEGAL MATTERS

Whistleblower Cases

This semiannual period saw an increased number of whistleblower cases referred to OIG Legal for review. We analyzed five cases and are processing one for referral to the NASA Administrator under the Federal Acquisition Streamlining Act. We referred another case to the DoD OIG. We determined that two cases did not warrant further investigation because the matters did not meet requirements of the whistleblower statute. Another case is being reviewed.

Legal Training

Training provided to NASA OIG special agents at their various in-service training sessions included criminal and civil case law and statutory updates, requirements for obtaining a valid search warrant, whistleblower protection, advice of rights, and the legal use of force. We provided this training in accordance with the “Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority,” December 8, 2003.

REGULATORY REVIEW

During this reporting period, the OIG reviewed and commented on 20 directives and regulations, including one that was withdrawn. The following were of particular interest to the OIG.

NASA Office of Inspector General Programs

NASA Policy Directive (NPD) 9800.1B, “NASA Office of Inspector General Programs,” was published in the NASA Online Directives Information System (NODIS) library on June 9, 2009. The NPD includes revisions in accordance with the IG Reform Act of 2008. Specifically, NPD 9800.1B

- revises the policy statement to add Counsel to the list of OIG programs;
- adds provisions to the “Responsibility” section;
- adds the Strategic Plan Results Report to the “Measurements” section; and
- revises the list of references.

NASA Environmental Management System

We reviewed a draft of NPR 8553.1B, “NASA Environmental Management System,” which was being revised to comply with Executive Order 13423, “Strengthening Federal Environmental, Energy, and Transportation Management.” The OIG withheld its concurrence because the draft NPR did not adequately incorporate the requirement that performance standards and performance evaluations of the Agency’s senior officials and relevant staff include successful implementation of the Executive Order.

SIGNIFICANT OUTREACH ACTIVITIES

During this reporting period, the NASA OIG engaged in a number of significant outreach activities that involved coordinating with the Agency, the accountability community, and other Federal agencies.

- On September 21, 2009, Acting NASA IG Tom Howard addressed the 2009 Astronaut candidates at NASA Headquarters. During the presentation, Acting IG Howard discussed the role and responsibilities of Federal Inspectors General and how the NASA OIG carries out its responsibilities. In addition to addressing questions, Acting IG Howard reiterated the duty of all NASA employees who observe crime, fraud, waste, abuse, or mismanagement to report such observation or allegation to the OIG.
- On September 15–17, 2009, the Assistant Inspector General for Investigations and OI staff members addressed participants at the 2009 NASA Mishap Investigation Technical Interchange Meeting and Training Session at JPL. During the session, the OIG presenters discussed the role of the OIG in accidents and mishap incidents, the collection and preservation of evidence, and the impact of counterfeit parts in contributing to accidents and mishaps.
- The Chief Acquisition Officers Council (CAOC) was established to provide a forum for senior level procurement executives throughout the Federal Government to monitor and improve the acquisition system. Acting IG Tom Howard served as the Council of the Inspectors General on Integrity and Efficiency (CIGIE) liaison to the CAOC and reported to the IG community on relevant CAOC initiatives and activities.
- The OIG legal staff assisted the IG Academy and the Federal Law Enforcement Training Center in updating a legal portion of a refresher training program that is available to OIG agents nationwide.
- NASA OIG officials participated in a nationwide series of fraud awareness training sponsored by the NASA Acquisition Integrity Program. The programs, targeted to Agency procurement officials, addressed areas such as the role of the OIG, fraud indicators, reporting requirements, and the confidentiality that informants will be afforded when they report suspicious activities to the OIG.

AWARDS

26th Annual Administrative Professional Awards

Program Support Specialist Donna Woods received a NASA Administrative Professional Award for her dedication, commitment, and tireless support of OI's Computer Crimes Division (CCD). Ms. Woods serves as the only program support specialist for the division and is an invaluable part of the CCD team.



Left to right: Tom Luedtke, Associate Administrator for Institutions and Management; OI Program Support Specialist Donna Woods; and Sherri McGee, Director, Workforce Management Division.

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Appendix A. Inspector General Act Reporting Requirements

INSPECTOR GENERAL ACT CITATION	REQUIREMENT DEFINITION	CROSS-REFERENCE PAGE NUMBER(S)
Section 4(a)(2)	Review of Legislation and Regulations	24
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	7–22
Section 5(a)(2)	Recommendations for Corrective Actions	7–22
Section 5(a)(3)	Prior Significant Audit Recommendations Yet to Be Implemented	33
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	37
Sections 5(a)(5) and 6(b)(2)	Summary of Refusals To Provide Information	None
Section 5(a)(6)	OIG Audit Products Issued—Includes Total Dollar Values of Questioned Costs, Unsupported Costs, and Recommendations that Funds Be Put to Better Use	31–32
Section 5(a)(7)	Summary of Significant Audits and Investigations	7–22
Section 5(a)(8)	Total Number of Reports and Total Dollar Value for Audits with Questioned Costs	35
Section 5(a)(9)	Total Number of Reports and Total Dollar Value for Audits with Recommendations that Funds Be Put to Better Use	None
Section 5(a)(10)	Summary of Prior Audit Products for which No Management Decision Has Been Made	None
Section 5(a)(11)	Description and Explanation of Significant Revised Management Decisions	None
Section 5(a)(12)	Significant Management Decisions with which the Inspector General Disagreed	None
Section 5(a)(13)	Reporting in Accordance with Section 5(b) of the Federal Financial Management Improvement Act of 1996 Remediation Plan	18

Appendix B. Statistical Information

During the period April 1 through September 30, 2009, the Office of Audits issued 15 products, including 2 addendums.

Table 1: Audit Products and Impact

REPORT NO./ DATE ISSUED	TITLE	IMPACT
Audit Area: Acquisition and Contracting		
IG-09-013-a 5/7/09	Addendum to Final Memorandum on Audit of the Stratospheric Observatory for Infrared Astronomy (SOFIA) Program Management Effectiveness	Reduced risk of cost overruns and schedule delays for the SOFIA program.
IG-09-014 4/24/09	Final Memorandum on the Audit of NASA's Implementation of Defense Contract Audit Agency Audit Recommendations during the Administration of Cost-Reimbursable Procurement Actions	Prompted changes to ensure prompt resolution of significant DCAA audit findings and recommendations.
IG-09-017 7/27/09	Opportunities to Improve the Management of the Space Flight Awareness Honoree Launch Conference Event	Improved management for future events, considering fiscal and appearance issues to ensure best use of taxpayer money.
IG-09-018 7/14/09	Improvements Needed in NASA's Oversight and Monitoring of Small Business Contractor Transfers of Export-Controlled Technologies	Improved NASA's oversight and increased contractor compliance with export-control regulations.
IG-09-020 8/3/09	Final Memorandum on Review of Wheeling Jesuit University Cost Proposals	Improved monitoring and oversight of grant proposals to ensure appropriateness of submitted costs prior to approval.
IG-09-022 9/25/09	NASA Should Reconsider the Award Evaluation Process and Contract Type for the Operation of the Jet Propulsion Laboratory	Improved processes for selection, award, and evaluation of the JPL contract, ensuring best value for NASA and the taxpayer.
IG-09-023 8/13/09	NASA's Small Business Innovation Research (SBIR) Program	Internal controls for the SBIR Program will receive senior-level Agency attention and monitoring.
Audit Area: Information Technology		
IG-09-015 4/27/09	NASA's Processes for Providing Personal Identity Verification (PIV) Cards Were Not Completely Effective in Meeting Federal Requirements	Improvements to NASA's PIV card processes, which will decrease the risk of issuing cards to individuals with no right or legitimate need to access NASA facilities or systems.
IG-09-015-a 6/4/09	Addendum	
IG-09-024 8/28/09	Final Memorandum on the Audit of the Reporting of NASA's National Security Systems	Improved FISMA reporting and reasonable assurance that national security systems maintain an appropriate security posture.

Table 1: Audit Products and Impact (continued)

REPORT NO./ DATE ISSUED	TITLE	IMPACT
Audit Area: Safety (Managing Risk)		
IG-09-016 5/21/09	NASA's Management of Ares I Human-Rating Requirements	Provided assurance that human-rating requirements were appropriately managed for the Ares I project.
Audit Area: Other		
ML-09-003 4/22/09	NASA's Unclaimed Property Held by the California State Controller's Office	Recovery of \$8,000.
IG-09-019 7/30/09	NASA Could Improve Analyses and Coordination in Support of the Joint Planning and Development Office to Develop the Next Generation Air Transportation System	Improved coordination and management of NextGen technical and schedule risks.
IG-09-021 9/2/09	The Landsat Program Is Not Meeting the Goals and Intent of the Land Remote Sensing Policy Act of 1992	The Nation's land imaging needs will be better supported by implementing the recommendations.
Audit Area: Initial Review		
ML-09-004 7/2/09	Initial Review of Gilbert Associates, Inc., Audit Report on SETI Institute for the Fiscal Year Ended September 30, 2007	Ensure compliance with generally accepted government auditing standards and OMB Circular A 133 requirements.

During this reporting period, April 1 through September 30, 2009, the OA closed one review that was initiated in response to allegations after determining that the allegation was unsubstantiated and did not warrant detailed audit or review.

Table 2: Allegations Unsubstantiated

DATE CLOSED	ALLEGATION	CONCLUSION
8/14/09	NASA's decision to allow the Jet Propulsion Laboratory (JPL) to both manage and compete in the Small Business Technology Transfer (STTR) Program results in a conflict of interest.	No evidence to substantiate the complainant's allegation of a conflict of interest. NASA has implemented various methods to minimize the JPL's ability to compromise the STTR Program.

Table 3: Prior Significant Audit Recommendations Yet to Be Implemented

REPORT NO./ DATE ISSUED	TITLE	DATE RESOLVED	NUMBER OF RECOMMENDATIONS		LATEST TARGET CLOSURE DATE
			OPEN	CLOSED	
NEW SINCE LAST REPORTING PERIOD					
Audit Area: Acquisition and Contracting					
IG-09-013 3/27/09	Final Memorandum on Audit of the Stratospheric Observatory for Infrared Astronomy (SOFIA) Program Management Effectiveness	5/7/2009	5	1	4/15/2010
IG-09-012 3/19/09	Evaluation and Oversight of NASA's University-Affiliated Spaceport Technology Development Contract Needed Improvement	3/19/2009	3	3	11/15/2009
IG-09-004 10/31/08	More Stringent Entrance Criteria Needed for Project Life-Cycle Reviews	1/27/2009	1	2	12/31/2009
IG-09-004-a 1/27/09	Addendum				
Audit Area: Space Operations and Exploration (Transition)					
IG-09-011 2/25/09	NASA's Constellation Standing Review Boards Established Without Due Regard for Member Independence Requirements	2/25/2009	2	0	1/31/2010
Audit Area: Financial Management					
IG-09-007 12/15/08	Ernst & Young LLP Final Report, "Information Technology Management Letter Comments"	12/15/2008	2	0	12/15/2008
IG-09-006 11/17/08	Audit of the National Aeronautics and Space Administration's Fiscal Year 2008 Financial Statements	11/17/2008	22	0	11/15/2009
Audit Area: Other					
IG-09-003 11/13/08	Final Memorandum on the Review of NASA Stolen Property at Goddard Space Flight Center and Marshall Space Flight Center	11/13/2008	1	4	12/1/2009

Table 3: Prior Significant Audit Recommendations Yet to Be Implemented (continued)

REPORT NO./ DATE ISSUED	TITLE	DATE RESOLVED	NUMBER OF RECOMMENDATIONS		LATEST TARGET CLOSURE DATE
			OPEN	CLOSED	
REPORTED IN PREVIOUS SEMIANNUAL REPORTS					
Audit Area: Acquisition and Contracting					
IG-07-029 9/18/07	Audit of NASA Education and Training Grants	9/18/2007	1	4	12/31/2009
Audit Area: Information Technology					
IG-07-014 6/19/07	Controls over the Detection, Response, and Reporting of Network Security Incidents Needed Improvement at Four NASA Centers Reviewed	6/19/2007	4	4	5/31/2010
IG-06-007 3/17/06	NASA's Implementation of Patch Management Software Is Incomplete	3/17/2006	1	1	9/30/2010
IG-05-016 5/12/05	NASA's Information Technology Vulnerability Assessment Program	5/12/2005	1	3	9/30/2010
Audit Area: Space Operations and Exploration (Transition)					
IG-08-018 4/28/08	Final Memorandum on the Standing Review Board for the Orion Crew Exploration Vehicle Project	2/9/2009	7	1	1/30/2010
IG-08-018-a 2/9/09	Addendum				
IG-07-013-a 2/19/08	Addendum to Final Memorandum on Marshall Space Flight Center's Approach to Establishing Product Data Management and Mechanical Computer-Aided Design Software Tools as Standard Center-Wide (IG-07-013, July 24, 2007)	2/19/2008	1	2	1/29/2010
IG-07-005 1/29/07	NASA's Plan for Space Shuttle Transition Could Be Improved by Following Project Management Guidelines	5/7/2007	1	2	12/31/2009
Audit Area: Safety (Managing Risk)					
IG-08-027 9/3/08	Glenn Research Center Needs to Better Define Roles and Responsibilities for Emergency Response	9/3/2008	1	5	12/10/2009
IG-08-025 9/19/08	[A NASA] Center's Security Program Needed Improvement	9/19/2008	4	4	7/1/2011
IG-08-014 3/31/08	National Aviation Operations Monitoring Service	3/31/2008	1	2	12/31/2009

Table 3: Prior Significant Audit Recommendations Yet to Be Implemented (continued)

REPORT NO./ DATE ISSUED	TITLE	DATE RESOLVED	NUMBER OF RECOMMENDATIONS		LATEST TARGET CLOSURE DATE
			OPEN	CLOSED	
Audit Area: Other					
IG-08-021 7/8/08	Final Memorandum on the Review of NASA's Plan to Build the A-3 Facility for Rocket Propulsion Testing	7/8/2008	1	1	12/31/2009
IG-08-005 12/11/07	NASA's Accounting for Capitalized Real Property Designated as Inactive	12/11/2007	4	0	3/31/2010
IG-08-004 12/11/07	NASA's Accounting for Real Property Leased to Other Entities	12/11/2007	4	0	3/31/2010
IG-08-001 11/15/07	Audit of the National Aeronautics and Space Administration's Fiscal Year 2007 Financial Statements Performed by Ernst & Young LLP	11/15/2007	3	24	11/30/2009
IG-07-003 11/21/06	Governance of the Systems, Applications, and Products Version Update Project Needs Improvement	11/21/2006	1	5	9/30/2009*
Audit Area: Other					
IG-08-017 6/2/08	Actions Needed to Ensure Scientific and Technical Information Is Adequately Reviewed at Goddard Space Flight Center, Johnson Space Center, Langley Research Center, and Marshall Space Flight Center	7/16/2008	1	6	9/30/2010
IG-04-025 9/7/04	NASA's Implementation of the Mission Critical Space System Personnel Reliability Program	9/7/2004	1	6	1/31/2010

*The OIG is working with management to determine a revised target closure date.

Table 4: Monetary Accomplishments Regarding OIG Recommendations

	NUMBER OF AUDIT REPORTS	TOTAL QUESTIONED COSTS
No management decision made by beginning of period	2	\$369,600
Issued during period	2	\$16,041,600
Needing management decision during period	4	\$16,411,200
Management decision made during period		
Amounts agreed to by management	4	\$16,411,200
Amounts not agreed to by management	0	0
No management decision at end of period		
Less than 6 months old	0	0
More than 6 months old	0	0

Table 5: Status of A-133* Findings and Questioned Costs Related to NASA Awards

Total audits reviewed	174	
Audits with recommendations	53	
Recommendations with questioned costs		
	NUMBER OF RECOMMENDATIONS	COSTS FOR REVIEW
Beginning balance	227	\$22,110,047
Recommendations added during the reporting period	67	\$9,484,574
Recommendations dispositioned (costs disallowed/questioned costs recovered/sustained)	(143)	(\$17,426,369)
Ending balance	151	\$14,168,252

* OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," requires Federal award recipients to obtain audits of their Federal awards.

Table 6: Legal Activities and Reviews

FOIA matters	21
Appeals	0
Inspector General subpoenas issued	75
Regulations reviewed, including one withdrawn	20

Table 7: Investigations Activities**a. Complaint Intake Disposition**

SOURCE OF COMPLAINT	ZERO FILES ¹	ADMINISTRATIVE INVESTIGATIONS ²	MANAGEMENT REFERRALS ³	PRELIMINARY INVESTIGATIONS ⁴	TOTAL
Hotline	69	17	12	13	111
All others	67	6	2	60	135
Total	136	23	14	73	246

¹ Zero files are complaints for which no action is required or that are referred to NASA management for information only or to another agency.

² Administrative investigations include non-criminal matters initiated by OI as well as hotline complaints referred to OA.

³ Management referrals are complaints referred to NASA management for which a response is requested.

⁴ Preliminary investigations are complaints where additional information must be obtained prior to initiating a full criminal or civil investigation.

b. Full Investigations Opened this Reporting Period

Full criminal/civil investigations ¹	29
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¹ Full investigations evolve from preliminary investigations that result in a reasonable belief that a violation of law has taken place.

Table 7: Investigations Activities (continued)**c. Cases Pending at End of Reporting Period**

Preliminary investigations	67
Full criminal/civil investigations	127
Administrative investigations	32
Total	226

d. Qui Tam¹ Investigations

Opened this reporting period	2
Pending at end of reporting period ²	20

¹ A qui tam is a civil complaint filed by an individual on behalf of the U.S. Government under the civil False Claims Act.

² The number of qui tam investigations is a subset of the total number of investigations opened and pending.

e. Judicial Actions

Cases referred for prosecution	38
Indictments/criminal informations	19
Convictions/plea bargains	10
Sentencing/pre-trial diversions	4
Civil settlements/judgments	2

f. Administrative Actions

Recommendations to NASA management for disciplinary action		11
Involving a NASA employee	5	
Involving a contractor firm	0	
Involving a contract employee	6	
Administrative/disciplinary actions taken		14
Against a NASA employee	7	
Against a contractor firm	0	
Against a contract employee	7	
Recommendations to NASA management on program improvements		9
Matters of procedure	8	
Safety issues or concerns	1	
Referrals to NASA management—information only		36
Referrals to other agencies		5
Suspensions or debarments from Government contracting		11
Involving an individual	9	
Involving a contractor firm	2	

g. Investigative Receivables and Recoveries

Judicial	\$430,538	
Administrative	\$22,390	
Total	\$452,928	
Total to NASA		\$302,803

Defense Contract Audit Agency Audits of NASA Contractors

The Defense Contract Audit Agency (DCAA) provides various audit services to NASA on a reimbursable basis. The DCAA provided the following information during this period on reports involving NASA contract activities.

DCAA Audit Reports Issued

During this period, the DCAA issued 195 audit reports on contractors who do business with NASA. Corrective actions taken in response to DCAA audit report recommendations usually result from negotiations between the contractors doing business with NASA and the Government contracting officer with cognizant responsibility (e.g., the DCMA and NASA). The cognizant agency responsible for administering the contract negotiates recoveries with the contractor after deciding whether to accept or reject the questioned costs and recommendations for funds to be put to better use. The following table shows the amounts of questioned costs and funds to be put to better use included in DCAA reports issued during this semiannual reporting period and the amounts that were agreed to during the reporting period.

Table 8: DCAA Audit Reports with Questioned Costs and Recommendations that Funds Be Put to Better Use, and Amounts Agreed To^{1,2}

	AMOUNTS IN ISSUED REPORTS	AMOUNTS AGREED TO
Questioned costs	\$14,455,000	\$2,150,000
Funds be put to better use	\$175,197,000	\$142,974,000

¹ This data is provided to the NASA OIG by the DCAA and may include forward pricing proposals, operations, incurred costs, cost accounting standards, and defective pricing audits. Because of limited time between availability of management information system data and legislative reporting requirements, there is minimal opportunity for the DCAA to verify the accuracy of reported data. Accordingly, submitted data is subject to change based on subsequent DCAA authentication.

² The data presented does not include statistics on audits that resulted in contracts not awarded or in which the contractor was not successful.

Appendix C. Glossary and Acronyms

Glossary

Administrative Investigation. An administrative investigation is an inquiry into allegations of misconduct, wrongdoing, or administrative matters, the results of which could lead to disciplinary action.

Disallowed Cost (the IG Act of 1978 definition). A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the Government.

Investigative Recoveries. Investigative recoveries are the total dollar value of (1) recoveries during the course of an investigation (before any criminal or civil prosecution); (2) court (criminal or civil) ordered fines, penalties, and restitutions; and (3) out-of-court settlements, including administrative actions resulting in non-court settlements.

Investigative Referrals. Investigative referrals are cases that require additional investigative work, civil or criminal prosecution, or disciplinary action. Those cases are referred by the OIG to investigative and prosecutive agencies at the Federal, state, or local level or to agencies for management or administrative action. An individual case may be referred for disposition to one or more of these categories.

Judicial Actions. Investigative cases referred for prosecution that are no longer under the jurisdiction of the OIG, except for cases on which further administrative investigation may be necessary. This category comprises cases investigated by the OIG and cases jointly investigated by the OIG and other law enforcement agencies. Prosecuting agencies will make decisions to decline prosecution; to refer for civil action; or to seek out-of-court settlements, indictments, or convictions. Indictments and convictions represent the number of individuals or organizations indicted or convicted (including pleas and civil judgments).

Latest Target Closure Date. Management's current estimate of the date it will complete the agreed-upon corrective action(s) necessary to close the audit recommendation(s).

Management Decision (the IG Act of 1978 definition). The evaluation by management of the findings and recommendations included in an audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including actions that management concludes are necessary.

Material Weakness. Reportable conditions that the agency head determines to be significant enough to report outside of the agency. A reportable condition is a control deficiency, or combination of control deficiencies, that in management's judgment should be communicated because it represents significant weaknesses in the design or operation of internal controls that could adversely affect the organization's ability to meet its internal control objectives.

Questioned Cost (the IG Act of 1978 definition). A cost that is questioned by the OIG because of (1) alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the audit, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Recommendation Resolved. A recommendation is considered resolved when (1) management agrees to take the recommended corrective action, (2) the corrective action to be taken is resolved through agreement between management and the OIG, or (3) the Audit Follow-up Official determines whether the recommended corrective action should be taken.

Recommendation that Funds Be Put to Better Use (the IG Act of 1978 definition). A recommendation by the OIG that funds could be more efficiently used if management took actions to implement and complete the recommendation, including (1) reductions in outlays; (2) deobligation of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; (5) avoidance of unnecessary expenditures noted in pre-award reviews of contract or grant agreements; or (6) any other savings that are specifically identified. (Note: Dollar amounts identified in this category may not always allow for direct budgetary actions but generally allow the Agency to use the amounts more effectively in the accomplishment of program objectives.)

Qui Tam. Latin for “who as well.” A lawsuit brought by a whistleblower on behalf of the Government under the civil False Claims Act, where a share of recoveries can be awarded to the whistleblower.

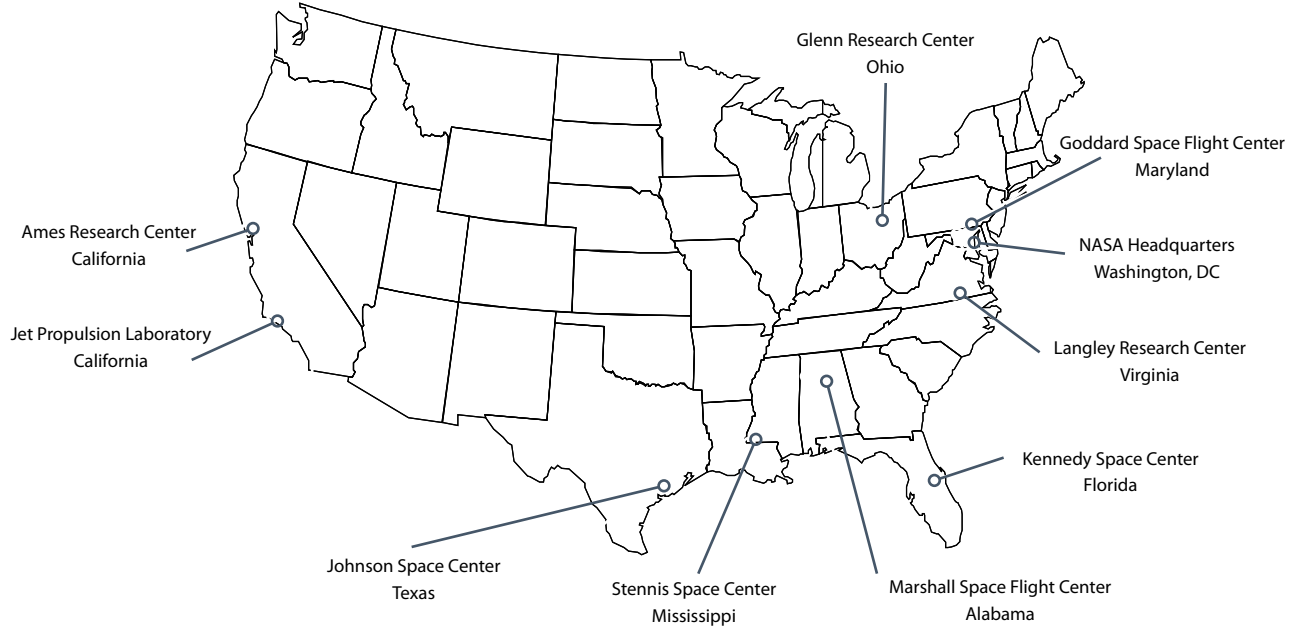
Unsupported Cost (the IG Act of 1978 definition). An unsupported cost is a cost that is questioned by the OIG because the OIG found that, at the time of the audit, the cost was not supported by adequate documentation.

Acronyms

ACO	Administrative Contracting Officer
ARMD	Aeronautics Research Mission Directorate
CAOC	Chief Acquisition Officers Council
CCD	Computer Crimes Division
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMP	Continuous Monitoring Program
CPAF	Cost-Plus-Award-Fee
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DoD	Department of Defense
DOJ	Department of Justice
F&A	Facility and Administrative
FAA	Federal Aviation Administration
FFMIA	Federal Financial Management Improvement Act
FFRDC	Federally Funded Research and Development Center
FISMA	Federal Information Security Management Act
FOIA	Freedom of Information Act
FTC	Federal Trade Commission
FY	Fiscal Year
HSPD	Homeland Security Presidential Directive
IG	Inspector General
IT	Information Technology

JPDO	Joint Planning and Development Office
JPL	Jet Propulsion Laboratory
LDCM	Landsat Data Continuity Mission
NASA	National Aeronautics and Space Administration
NODIS	NASA Online Directives Information System
NPD	NASA Policy Directive
NPR	NASA Procedural Requirement
OA	Office of Audits
OCIO	Office of the Chief Information Officer
OI	Office of Investigations
OIG	Office of Inspector General
OMB	Office of Management and Budget
OMP	Office of Management and Planning
OPS	Office of Protective Services
PIV	Personal Identity Verification
R&D	Research and Development
SFA	Space Flight Awareness
SBIR	Small Business Innovation Research
SOFIA	Stratospheric Observatory for Infrared Astronomy
STTR	Small Business Technology Transfer
USGS	U.S. Geological Survey
WJU	Wheeling Jesuit University

Appendix D. NASA OIG Offices of Audits and Investigations



NASA OIG Headquarters

300 E St., SW, Suite 8V39
Washington, DC 20546-0001
Tel: 202-358-1220

Ames Research Center

NASA Office of Inspector General
Ames Research Center
Moffett Field, CA 94035-1000
Tel: 650-604-2679 Audits
Tel: 650-604-5135 Investigations

Glenn Research Center

NASA Office of Inspector General
Mail Stop 501-9
Glenn Research Center
at Lewis Field
Cleveland, OH 44135-3191
Tel: 216-433-5413 Audits
Tel: 216-433-2364 Investigations

Goddard Space Flight Center

NASA Office of Inspector General
Code 190
Goddard Space Flight Center
Greenbelt, MD 20771-0001
Tel: 301-286-0497 Audits
Tel: 301-286-9316 Investigations

NASA Office of Inspector General
Office of Investigations
402 East State Street
Room 3036
Trenton, NJ 08608
Tel: 609-656-2543

Jet Propulsion Laboratory

NASA Office of Inspector General
Jet Propulsion Laboratory
4800 Oak Grove Drive
Pasadena, CA 91109-8099

Office of Audits
Mail Stop 180-202
Tel: 818-354-9743

Office of Investigations
Mail Stop 180-203
Tel: 818-354-6630

NASA Office of Inspector General
Office of Investigations
Glenn Anderson Federal Building
501 West Ocean Boulevard
Suite 5120
Long Beach, CA 90802-4222
Tel: 562-951-5480

Johnson Space Center

NASA Office of Inspector General
Lyndon B. Johnson Space Center
2101 NASA Parkway
Houston, TX 77058-3696

Office of Audits
Mail Stop W-JS
Building 1, Room 161
Tel: 281-483-0483

Office of Investigations
Mail Stop W-JS2
Building 45, Room 514
Tel: 281-483-8427

Kennedy Space Center

NASA Office of Inspector General
Mail Stop KSC/OIG
Kennedy Space Center, FL
32815-0001
Tel: 321-867-4073 Audits
Tel: 321-867-4714 Investigations

Langley Research Center

NASA Office of Inspector General
Langley Research Center
Hampton, VA 23681-2199

Office of Audits
Mail Stop 292
Tel: 757-864-8500

Office of Investigations
Mail Stop 205
Tel: 757-864-3263

Marshall Space Flight Center

NASA Office of Inspector General
Mail Stop M-DI
Marshall Space Flight Center, AL
35812-0001

Tel: 256-544-1149 Audits
Tel: 256-544-9188 Investigations

Stennis Space Center

NASA Office of Inspector General
Office of Investigations
Building 3101, Room 119
Stennis Space Center, MS 39529
Tel: 228-688-1493

Web Site Address:
<http://oig.nasa.gov>

Cyberhotline:
<http://oig.nasa.gov/hotline.html>

Toll-Free Hotline:
1-800-424-9183 or
TDD: 1-800-535-8134



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GO TO: <http://oig.nasa.gov/hotline.html>

WRITE: NASA Office of Inspector General
P.O. BOX 23089, L'Enfant Plaza Station
Washington, DC 20026

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If requested, anonymity is assured to the extent permitted by law.
Information is confidential.