

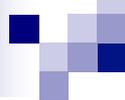
Implementation of The American Recovery and Reinvestment Act of 2009 at NASA

NASA APPROPRIATIONS Under American Recovery and Reinvestment Act of 2009

Under the ARRA of 2009 Section II H. R. 1—17 Appropriated to NASA \$1.002 Billion Dollars broken down as follows:

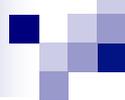
- SCIENCE - \$400,000,000, to accelerate Earth Science/Climate Research missions and to increase NASA's Supercomputing capabilities
- AERONAUTICS - \$150,000,000, System-level research, development and demonstration activities related to aviation safety, environmental impact mitigation and NextGen
- EXPLORATION - \$400,000,000
- CROSS AGENCY SUPPORT - \$50,000,000, to restore NASA-owned facilities damaged by natural disasters in 2008
- OFFICE OF INSPECTOR GENERAL - an additional amount for Office of Inspector General, \$2,000,000, to remain available until September 30, 2013

Note – except for OIG, all of the above must be obligated by 9/30/2010



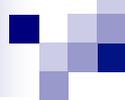
OMB ARRA Guidance

- Updated Implementing Guidance for the American Recovery and Reinvestment Act issued April 3, 2009
- Divided into Seven Sections:
 - Section 1- General Information
 - Section 2 – Agency Plans and Public Reporting
 - Section 3 - Governance and Risk Management
 - Section 4 – Budget Execution
 - Section 5 – Grants
 - Section 6 – Contracts
 - Section 7 – Loans and Loans Guarantees (not applicable to NASA)



Section 1 - General Information

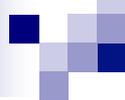
- Purpose of Guidance is to identify requirements and guidelines Federal agencies most implement in order to effectively manage activities under the Recovery Act of 2009
- Identifies steps required to meet crucial accountability requirements
- Summarizes critical requirements which must be immediately implemented (Sections 2 through Section 7)



Section 1 – General Information (Continued)

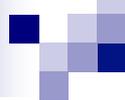
Other agency responsibilities include compliance with

- Section 1605 of the Recovery Act, which requires only US produced iron, steel and manufactured goods be used in construction, alteration, and maintenance projects.
- Section 1606 of the Recovery Act, requires the payment of not less than the prevailing wages under the Davis-Bacon Act to "all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act."



Section 2 - Agency Plans and Public Reporting

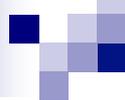
- The amount of reporting is necessary to meet accountability and transparency objectives identified in the Recovery Act
- Eight different levels of reporting required:
 - 2.2 Major Communications
 - 2.3 Funding Notification Report
 - 2.4 Weekly Reports
 - 2.5 Monthly Reports (cancelled)
 - 2.6 Award Level Reporting
 - 2.7 Agency Wide Recovery Act Plans
 - 2.8 Program Specific Recovery Act Plans
 - 2.9 Program Specific Plan for Infrastructure Investments
 - 2.10 Recipient Reporting



Sub-Section 2.2

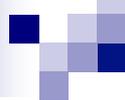
Major Communications

- NASA needs to determine which major communications should be posted to the announcements section of Recovery.gov.
- Announcements should be in the form of a press release, short overview, focus on programs with major impact and be of broad interest to the general public.
- These communications should be cleared by the senior accountable official at NASA.



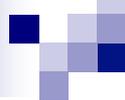
Sub-Section 2.3 Funding Notification Report

- Federal agencies are required to provide information on the funding notifications made for all award types. Agencies must submit a Funding Notification Report for all funding included in agency communications. Agencies must also submit information on significant solicitations or other actions which will be publically available through other information sources, including publication on the agency website, FedBizOpps.gov, Grants.gov, GovLoans.gov, etc.



Sub-Section 2.4 – Initial Weekly Reports

- Beginning March 3 and each week through May 12 NASA must submit the following information to OMB:
 - By Treasury Account, total appropriations, total obligations, and total expenditures as recorded in agency financial systems on a cumulative year-to-date basis; and
 - A short bulleted list of the major actions taken to date and major planned actions. “Major” actions include those of likely interest to senior government officials, Congress, and the public.
- The Information reported will be publicly available on the Recovery.com website



Sub-section 2.5 – Monthly Financial Reports

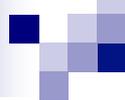
- Cancelled per guidance issued April 3, 2009.

Sub-Section 2.6 – Award Level Reporting

- NASA must immediately report Recovery Act award obligations based on current procedures for USASpending and Recovery Act awards should be included in the USASpending Files.
 - For Contracts: Information will be reported through FPDS. For Recovery Act data, NASA must enter the Treasury Account Symbol (TAS) in the *Description of Requirement* field.
 - For Grants and Cooperative Agreements: NASA will submit information on Federal assistance transactions in the FAADS PLUS file format currently required for reporting on USASpending.gov. Submissions will be required 5 days after the close of each month starting on May 5th, instead of the current 20 days.

Sub-Section 2.6 – Award Level Reporting (cont.)

- Current reporting under the Federal Funding Accountability and Transparency Act only requires information above \$25,000 to be reported to USASpending.gov.
- The Recovery Act requires reporting on all funding, though it does allow for reporting of aggregates for amounts under \$25,000.
- Beginning May 5th, NASA must be prepared to report all Recovery Act funding through FPDS or in their FAADS PLUS files.

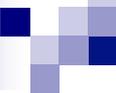


Sub-section 2.7 - NASA Recovery Act Plans

- Draft Plans Due to OMB NLT May 1, 2009
- NASA must develop formal documented plans for how the recovery funds will be applied and managed.
- The Plan should describe both broad Recovery Act goals and how different parts of NASA are coordinating efforts toward successful implementation and monitoring. NASA must provide a summary table that lists each Recovery Act program and the amount of Recovery Act funds covered by the plan broken-out by appropriation title.

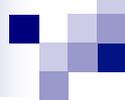
Sub-section 2.8 - NASA Recovery ACT Program Plans

- Separate plans are required for each Recovery Act program specifically named in the legislation.
- NASA's Recovery Program Plans should be a summary of specific Recovery Act projects and activities.
- Final Recovery Act Program Plans were due May 15, and include:
 - Funding Table – Agency Funding Listed by Program, Project or Activity
 - Objectives, Goals and Public Benefits
 - Type and scope of activities to be performed
 - Characteristics – types of financial awards, targeted recipients, methodology for award selection
 - Delivery Schedule: schedule with milestones for major phases of the program's activities
 - Environmental Review Compliance



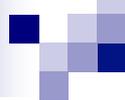
Sub-section 2.8 - NASA Recovery ACT Program Plans (cont.)

- Savings or costs - expected increases or reductions in future operational costs.
- Measures - expected quantifiable outcomes consistent with the intent and requirements of the legislation and the risk management requirements of Section 3.5, with each outcome supported by a corresponding quantifiable output(s)
- Monitoring/Evaluation - description of the agency process for periodic review of program's progress to identify areas of high risk, high and low performance, and any plans for longer term impact evaluation.
- Transparency - description of agency program plans to organize program cost and performance information available at applicable recipient levels.
- Accountability - description of agency program plans for holding managers accountable for achieving Recovery Act program goals and improvement actions identified.
- Barriers to Effective Implementation - a list and description of statutory and regulatory requirements, or other known matters, which may impede effective implementation of Recovery Act activities and proposed solutions to resolve by a certain date.
- Federal Infrastructure Investments - a description of agency plans to spend funds effectively to comply with energy efficiency and green building requirements and to demonstrate Federal leadership in sustainability, energy efficiency and reducing the agency's environmental impact.



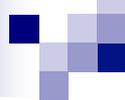
Sub-Section 2.9 – Federal Infrastructure

- Program plans must include a description of how the agency intends to spend funds effectively to comply with energy efficiency and green building requirements and to demonstrate Federal leadership in sustainability, energy efficiency and reducing the agency's environmental impact.



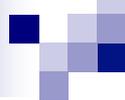
Sub-Section 2.10 – Recipient Reporting

- The Recovery Act has extensive reporting requirements for recipients.
- Recipients are defined as any entity receiving Recovery Act funds through contracts or grants.
- Reporting requirements only apply to the prime non-Federal recipients of Federal funding, and the sub-awards or sub-contracts awarded through the prime recipient.



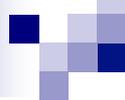
Sub-Section 2.10 – Recipient Reporting (cont.)

- Prime Recipient Reports are due 10 days after the end of each calendar year quarter beginning Oct. 10 and must include:
 - The amount of Recovery Act funds received.
 - A detailed list of all Recovery Act projects or activities including; the project name, description, current completion status, number of jobs created or retained, and detailed information on any subcontracts.



Section 3 – Governance and Risk Management

- Establishes the Recovery Act Accountability and Transparency Board (the “Board”) in coordinating government-wide policy on the Recovery Act.
- Identifies OMB’s role as coordinating Recovery Act activities until the Recovery Act Accountability and Transparency Board is in place.
- Requirement to identify Senior Accountable Official for Recovery Act Activities at NASA, identified as the CFO, Ron Spoepfel.
- Designated Julie Pollitt as Recovery Act Implementation Official
- Identifies specific risks NASA must include in the Risk Mitigation process.
- Suggest Methods for tracking progress against accountability measures.

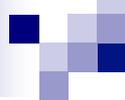


Section 3 – Governance and Risk Management

- The Recovery Act Accountability and Transparency Board (the “RATB”)
- The RATB is responsible for coordinating and conducting oversight of Federal spending under the Recovery Act to prevent waste, fraud, and abuse.
- The RATB fulfills these responsibilities by monitoring the accountability objectives of the law, including the following:
 - Funds are awarded and distributed in a prompt, fair, and reasonable manner;
 - The recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner;
 - Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated;
 - Projects funded under this Act avoid unnecessary delays and cost overruns; and
 - Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

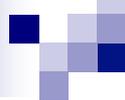
Composition of the Board

- In accordance with Section 1522 of the Recovery Act the President designated Earl Devaney as Chairman of the Board, (former Inspector General, DOI).
- Members of the Board include the Inspectors General of the Departments of:
 - Agriculture
 - Commerce
 - Education
 - Energy
 - Health and Human Services
 - Homeland Security
 - Justice
 - Transportation
 - Treasury
 - Treasury Inspector General for Tax Administration; and
 - NASA
 - NSF
 - NEA
 - Smithsonian



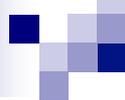
Functions of the Board

- Section 1523 of the Recovery Act identifies the functions of the Board:
 - General functions include coordinating and conducting oversight of covered funds to prevent fraud, waste, and abuse.
 - Specific functions include:
 - Reviewing whether contract reporting of covered funds meets applicable standards.
 - Reviewing whether contract/grant competition requirements for covered funds are satisfied.
 - Auditing or Reviewing covered funds to determine the occurrence of wasteful spending, poor contract or grant management or other abuses.



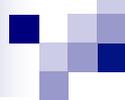
Functions of the Board (cont.)

- Reviewing whether there are sufficient qualified acquisition and grant personnel overseeing covered funds.
- Reviewing whether acquisition and grant personnel overseeing covered funds receive adequate training.
- Reviewing whether there are appropriate mechanisms for interagency collaboration relating to covered funds.



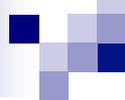
Functions of the Board

- The Board will submit to the President and the Congress:
 - Flash reports detailing potential management and funding problems requiring immediate attention.
 - Quarterly reports summarizing findings of the Board and agencies' Inspectors General.
 - Annual reports consolidating quarterly reports.
- All submitted reports shall be made publicly available and posted on the Board's website.
- The Board shall make recommendations to agencies on measures to prevent fraud, waste, and abuse of covered funds.



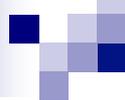
Powers of the Board

- Section 1524 of the Recovery Act requires the Board to conduct audits and review of spending of covered funds and coordinate such activities with the Inspectors General to avoid duplication and overlap of work.
- The Board may:
 - Conducts its own independent audits and reviews of covered funds.
 - Collaborate on audits and reviews with the Inspectors General of an agency.



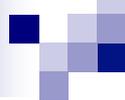
Section 3 – Risk Mitigation

- The guidance does not identify specific reporting relating to risk management. However, it does recommend to assess how well the Federal government and funding recipients are progressing in meeting the objectives, NASA should consider how they would track progress against accountability measures, such as the following:
 - Audits and investigation of Recovery Act funds occurring to identify wasteful spending and minimize waste, fraud, and abuse;
 - Qualified personnel overseeing Recovery Act funds;
 - Opportunities to use competitive awards maximized;
 - Timely award of dollars;
 - Timely expenditure of dollars;
 - Timely completion of planned work;
 - Cost overruns minimized; and
 - Improper payments minimized.



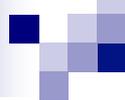
Program Specific Risk

- NASA should be identifying, prioritizing, and mitigating program specific-risks.
- NASA risk management efforts should focus on items that may negatively impact the achievement of programmatic objectives.
- Whenever possible, NASA should leverage existing practices (e.g., assessments required under OMB Circular A-123) and teams (e.g., senior assessment teams) to manage risk.



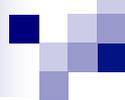
Program Specific Risk

- NASA should perform risk assessments for programs that receive Recovery Act funding. Risk assessments should include:
 - Which program are receiving the most funding;
 - Are program outputs and outcomes clear and measurable;
 - Are existing resources sufficient to achieve program objectives and proper award and management in accordance with statutory and regulatory requirements;
 - Who is (are) the final recipient(s) of funds (e.g., contractor, sub-contractor, state, locality, educational institution);
 - Are existing internal controls sufficient to mitigate the risk of waste, fraud, and abuse adequately;
 - Are there performance issues with (potential) funding recipients; and
 - Are there leading indicators or lagging indicators (e.g., error measurements) to monitor ongoing program performance?
- Agencies should also develop a plan for monitoring and reassessing risk throughout Recovery Act funding availability and project close-out.



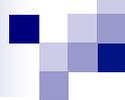
Risk Management Reporting Requirements

- Initially, risk assessments, mitigation plans, and reporting for risks specific to an agency or program are for internal agency use. Agencies are also required to include in program-specific planning documents information about how managers will be held accountable for achieving recovery program goals and improvement actions identified.
- NASA will eventually be required to report on their risk mitigation efforts to OMB or the Board, including performance measures for the accountability objectives with associated performance ranges.



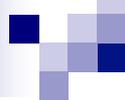
Section 4 – Budget Execution

- NASA will utilize current OMB guidance on budget execution found in OMB Circular A-11. OMB will publish additional guidance, after enactment of the Recovery Act.
- NASA has established unique Treasury Appropriation Fund Symbols (TAFSS) in their financial systems for all Recovery Act funding.
- If NASA will be using Recovery Act funds to procure goods or services from other agencies through inter-agency agreements, they should inform the performing agencies as soon as possible.
- If NASA will be performing any services for other agencies that receive Recovery Act funds via an interagency agreements, NASA must also fulfill the Recovery Act reporting requirements.



Section 4 – Budget Execution (Cont.)

- Co-Mingling of Recovery Act Funds
 - To maximize transparency of Recovery Act spending required by Congress and the Administration, NASA must not co-mingle Recovery Act funds with other funds. NASA must separately track apportionments, allotments, obligations, and expenditures related to Recovery Act funding within its financial systems.
 - If NASA needs to use Recovery Act funds in conjunction with other funds to complete projects. They may do so, but they must separately track and report the use of Recovery Act funds for these projects.



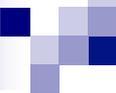
Section 4 – Budget Execution (Cont.)

- Using Recovery Act Funds for Fixed Costs
 - Recovery Act Funds should not be used to pay fixed costs, administrative support cost for a program, project, or activity for which Congress provided appropriations in a prior Act.
 - However, NASA can exercise judgment in using Recovery Act funds provided for a new program, project, or activity to support fixed administrative costs.

Section 4 – Budget Execution (Cont.)

■ **Inspectors' General special rules in reporting Recovery Act spending.**

- Inspectors' General (IGs) will be required to separately report obligations associated with oversight of Recovery Act programs. IGs will need to report the supplemental funding received for oversight activities separately in their budget execution reports and submissions to Recovery.gov.
- IGs will also report other funds not provided through the Recovery Act that they otherwise use to monitor Recovery Act programs.
- The purpose of these requirements is to provide the Administration with a basis to inform Congress and the public how much money IGs are obligating on oversight of Recovery Act funded activities.



Section 5 – Grants and Cooperative Agreements

- NASA should structure any grants to result in meaningful and measurable outcomes that are consistent with NASA plans and that promote the goals of the Recovery Act.
- NASA should consider weighing evaluation criteria for grant awards to favor applicants with demonstrated ability to deliver programmatic result and accountability objectives included in Recovery Act, such as, jobs creation and preservation.
- NASA is expected to follow the same laws, principles, procedures, and practices in awarding discretionary grants with Recovery Act funds as they do with other funds.
- Announcements and award notices must include prominent labels and tags that clearly distinguish them as “Recovery Act” actions.

Section 5 – Grants and Cooperative Agreements (Cont.)

- NASA must initiate additional oversight mechanisms in order to mitigate the unique implementation risks of the Recovery Act. At a minimum, NASA should be prepared to evaluate and demonstrate the effectiveness of standard monitoring and oversight practices.
 - Performance Management and Accountability - adapt current performance evaluation and review processes to include the ability to report periodically on completion status of the program or activity, and program and economic outcomes, consistent with Recovery Act requirements.
 - In consultation with the Inspectors General, NASA shall establish procedures to validate the accuracy of information submitted on a statistical basis and/or risk based approach as approved by OMB.
 - Consistent with normal practices, NASA must use appropriate internal control assessments to assess the risk of program waste, fraud, and/or abuse. NASA must also develop defined strategies, with input from the Inspector General, to prevent or timely detect waste, fraud, or abuse.

Section 5 – Grants and Cooperative Agreements (Cont.)

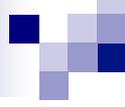
- Consistent with Section 3 of this Guidance, NASA will perform a risk analysis of Recovery Act programs and request OMB to designate any high risk programs as Single Audit major programs, i.e., programs which must be tested in a particular year.
 - OMB will use the OMB Circular A-133 Compliance Supplement to notify auditors of compliance requirements which should be tested for Recovery Act awards. OMB will issue interim updates as necessary to keep Recovery Act requirements current.
 - OIGs will provide technical assistance and training to CPA firms performing single audits, as well as, perform quality control reviews to ensure single audits are properly performed and improper payments and other non-compliance is fully reported. OIGs will perform follow-up reviews of Single Audit quality with emphasis on Recovery Act funds and report the results on Recovery.gov.
- In addition to single audits, OIGs will use risk assessment techniques where data is available to identify high risk programs and non-Federal entities to be targeted for priority audits, inspections, and investigations with faster turnaround reporting.
- OIGs will perform audits and inspections of their respective agencies awarding, disbursing, and monitoring of Recovery Act funds to determine whether safeguards exist for funds to be used for their intended purposes.

Section 6 - Contracts

- NASA must still follow FAR requirements and must:
 - Post on FedBizOps:
 - Rationale for using other than fixed price or competitive approaches.
 - A description of goods or services that is clear and concise.
 - Requirements for modifications to a contract and task orders under delivery order contracts.
 - Separately track Contracting Officer warrants issued for Recovery Act activities.
 - Provide a summary of any contract or order (or modification to an existing contract or order), including a description of the required products and services, using such funds shall be posted in a special section of the web site Recovery.gov unless the contract or order is both fixed-price and competitively awarded.
 - Mitigate schedule, cost, and performance risk.
 - Define contract requirements that deliver meaningful and measurable outcomes consistent with agency plans and the goals of Recovery Act.

Section 6 – Contracts (cont.)

- Expeditiously award contracts using available streamlining flexibilities.
- Apply sufficient and adequately trained workforce to responsibly plan, evaluate, award, and monitor contracts.
- Ensure an adequate number of qualified government personnel are available to perform inherently governmental functions during the acquisition life-cycle; and
- Provide appropriate agency oversight at critical decision points.
- If NASA obligates funds provided under the Recovery Act to an existing order or contract, including but not limited to a Government-wide Acquisition Contract (GWAC), multi-agency contract, General Services Administration (GSA) Federal Supply Schedule contract, or agency indefinite-delivery/indefinite-quantity (ID/IQ) contract, they must be reported as “Recovery” actions and provide a summary of the contract or order (or modification to an existing contract or order), including a description of the required products and services, which will be made available publicly and linked to Recovery.gov.
- If a contract or modification to an existing contract is not both fixed price and competitively awarded, it will be reported in a special section of the Recovery.com website.

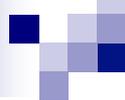


Section 6 – Contracts (Cont.)

- NASA should place special emphasis on responsibility determinations and pre-award surveys of potential contractors to ensure they have the experience, skills, production, technical knowledge and financial capabilities to perform the work and deliver results.
- The contractor must be qualified and eligible to receive an award under applicable federal laws.

Section 6 – Contracts (Cont.)

- NASA must provide for appropriate oversight of contracts to ensure outcomes that are consistent with and measurable against NASA's plans and goals under the Recovery Act. This includes:
 - Ensuring that incentive and award fees are effectively administered.
 - Implementing quality assurance procedures established for the contract.
 - Documenting timely inspection and acceptance of deliverables.
 - Promptly identifying deficiencies related to contractor performance, cost, and schedule.
 - Completing timely contractor performance evaluations that accurately reflect the contractor's actual performance, supported by appropriate documentation.
- Recovery Act matters under consideration for FAR coverage or other government-wide guidance include:
 - Special Buy American Act requirements.
 - Additional requirements for contractor reporting.
 - Expanded GAO/OIG access to contractor records.



Section 6 – Contracts (Cont.)

- The Recovery Accountability and Transparency Board, will oversee and monitor implementation of the Recovery Act through periodic reporting on the use and expenditure of funds. Reporting will be in a variety of areas including:
 - Progress against program schedule and performance objectives;
 - Qualification and number of acquisition, grants and program management staff.
 - Use of competition.
 - Timeliness of awards.
 - Dollars obligated and expended.