IG-97-033

AUDIT REPORT

AUDIT OF NASA'S MOSCOW LIAISON OFFICE

July 18, 1997

National Aeronautics and Space Administration

OFFICE OF INSPECTOR GENERAL

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National Aeronautics and
Space Administration

Headquarters
Washington, DC 20546-0001

Reply to Attn of: W

July 18, 1997

TO: I/Associate Administrator for External Relations

Lyndon B. Johnson Space Center
Attn: AA/Center Director

FROM: W/Acting Assistant Inspector General for Auditing

SUBJECT: Audit of NASA's Moscow Liaison Office
Assignment Number A-HQ-96-001
Report Number IG-97-033

Enclosed is our final report on the audit of NASA's Moscow Liaison Office (NMLO). The Associate Administrator for External Relations, who has administrative responsibility for the NMLO, requested the audit. The review shows that NASA can make its Russian operations more efficient by: (1) strengthening controls over travel and support resources, and (2) clearly defining the purpose of the NMLO. We estimate that NASA could have saved over $1.9 million if management controls and NASA guidance were more effectively used. However, NASA can achieve significant cost savings in the future if actions are taken to implement our recommendations.

A draft report was issued on April 23, 1997. Management's official response was received on June 20, 1997. The response is summarized after each recommendation and is presented in its entirety as Appendix 7. The response indicates that management either implemented, or has planned corrective actions that are responsive to the intent of the recommendations.

Recommendations 1, 5, and 7 are considered closed with the issuance of this report. Recommendations 2, 3, 4, and 6 remain open. Recommendation 2, will be closed after the requested additional supporting documentation is provided. We request to be included in the concurrence cycle for closure of recommendations 3,4 and 6.

If you have any questions or need additional information, please call Karl Allen at (202) 358-2595, or me at (202) 358-1232.

Robert J. Wesolowski

Enclosure

cc:
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JSC/OA/R. Brinkley
NASA's Moscow Liaison Office/D. Englund

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ACRONYMS USED

Code I	NASA's Office of External Relations
Code M	NASA's Office of Space Flight
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
Embassy	The United States Embassy in Moscow
FAAS	Foreign Affairs Administrative Support
FAR	Federal Acquisition Regulation
FGB	Space Station Functional Cargo Block
FSN	Foreign Service National
FY	Fiscal Year
GCTC	Gagarin Cosmonaut Training Center
GSFC	Goddard Space Flight Center
HQ	Headquarters
ISS	International Space Station
JPL	Jet Propulsion Laboratory
JSC	Johnson Space Center
JWG	Joint Working Group
LaRC	Langley Research Center
LeRC	Lewis Research Center
MSFC	Marshall Space Flight Center
MTLO	Moscow Technical Liaison Office
NASA	National Aeronautics and Space Administration
NHB	NASA Handbook
NMLO	NASA Moscow Liaison Office
NMI	NASA Management Instruction
OIG	Office of Inspector General
Phase 1	NASA's Space Shuttle/Mir Docking Program
PSCN	Program Support Communications Network
RSA	Russian Space Agency
SAGE III	Stratospheric Aerosol and Gas Experiment III
SES	Senior Executive Service
SM	Space Station Service Module
STAC	Science and Technology Advisory Council
TDY	Temporary Duty Travel
TIM	Technical Interchange Meeting
TOMS	Total Ozone Mapping Spectrometer Project
TTI	Tech Trans International

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AUDIT OF NASA'S MOSCOW LIAISON OFFICE

NASA HEADQUARTERS, WASHINGTON, D.C.

EXECUTIVE SUMMARY

BACKGROUND

On June 17, 1992, the Presidents of the United States and Russia signed a joint space agreement with the intent of increasing cooperation between the two countries in space and science. Pursuant to that, NASA and Russia entered into several agreements that lead to a substantial amount of cooperative scientific work with Russia, primarily with the International Space Station (ISS) Program. NASA records show that 3,201 individual travelers, both NASA and contractor personnel, went to Russia from April 1994 through December 1995. We estimate that all costs associated with that travel could be as high as $41 million.

In response to the increased workload, NASA established the NASA Moscow Liaison Office (NMLO) within the United States Embassy in Moscow (Embassy). As of August 1996, the NMLO had a staff of 38 full time NASA and contractor employees and a Fiscal Year (FY) 1997 budget of $2.1 million. Additional background information is shown in Appendix 1.

OBJECTIVES

We performed our audit at the request of the Associate Administrator for External Relations, who has administrative responsibility for the NMLO. The overall audit objective was to evaluate management controls over both travel to Russia and the operations of the NMLO. Based on the preliminary survey results, we refined the objective to determine whether:

- Temporary duty travel to Russia was reasonable, allowable, and properly controlled.
- The costs incurred by the NMLO were properly planned, monitored and applied to the correct appropriations.
- NMLO support resources such as housing, vehicles, and equipment were acquired and used economically and efficiently.

- The NMLO was planned, staffed, and organized so that its objectives were met efficiently and effectively.

Additional information on objectives, scope and methodology is shown in Appendix 2.

RESULTS OF AUDIT

We found several aspects of NASA's Russian operations to be well managed in that:

- The purpose for most travel to Russia was generally well supported.
- Costs incurred by the NMLO were properly planned, monitored and well documented.
- NMLO funding procedures improved significantly since the office was established

However, NASA can make its Russian operations more efficient by: (1) strengthening controls over both travel and the acquisition and use of NMLO resources, and (2) developing an NMLO mission statement. We estimate that NASA could have saved over $1.9 million, during our review period, if management controls and NASA guidance were more effectively used.

RECOMMENDATIONS

We recommend the Associate Administrator for External Relations:

1. Initiate a process to ensure that delegations make better use of interpreters and translators located in Russia by incorporating those personnel into current and future work.

2. Improve management control in order to provide better tracking and monitoring of travel to Russia. Some suggested steps would be to: (a) consolidate all travel records at one location; (b) maintain an accurate, perpetual record of every traveler and trip to Russia and monitor that record to assess the amount of travel to Russia.

3. Prior to the expiration of the current housing lease, initiate, complete, and fully document a process for finding the most reasonably priced housing for NASA staff living in Moscow.

4. Ensure that the NMLO performs a complete detailed analysis of vehicle and office equipment usage, past and planned, to determine the appropriate number of vehicles and supply of office equipment to maintain.

5. Improve the security of the NASA office at the Moscow Renaissance Hotel by: (a) changing the door lock to a cipher lock and having the NMLO responsible for maintaining the combination and changing it frequently; and (b) removing the NASA emblem on the door.

6. Prior to hiring additional staff: (a) develop a mission statement that defines the purpose of the NMLO, and (b) develop a position analysis for determining and justifying each staff needed to meet the mission of the NMLO.

We recommend the Manager, Space Station Program Office:

7. Ensure that the MTLO develops a mission statement that clearly defines the purpose of the MTLO and ensures adequate coordination between the MTLO and NASA working groups traveling to Russia.

Management has either implemented or planned corrective actions that are responsive to the intent of these recommendations.

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OBSERVATIONS AND RECOMMENDATIONS

OVERALL EVALUATION

We found several aspects of NASA's Russian operations to be well managed in that:

- The purpose for most travel to Russia was generally well supported.
- Costs incurred by the NMLO were properly planned, monitored and well documented.
- NMLO funding procedures improved significantly since the office was established

However, the efficiency of NASA's Russian operations can be improved in the areas of travel to Russia, acquisition and use of NMLO resources, and NMLO planning and staffing. Such action could save NASA a significant amount of money.

TRAVEL TO RUSSIA

We identified about $746,000 in travel costs that we believe could have been avoided without impacting the joint NASA/Russian programs. Specifically, for the period of April 1994 through December 1995:

- About $647,000 in travel costs were incurred by Interpreters and Translators whose services were readily available in Russia.
- Fifteen of the 59 NASA group trips to Russia that we analyzed (25 percent of the sample) included nearly $99,000 in travel costs that were not completely justified.

With the increased cooperative work with Russia, NASA has incurred extensive travel to Russia. From April 1994 through December 1995, NASA records show that 3,201 travelers (including contractor employees) went to Russia for 115,781 days - a daily average of 180 people on Temporary Duty Travel (TDY). The costs for meals and lodging alone for this volume of travel was almost $52,000 daily. In addition, travelers to Russia incurred additional costs. Appendix 3 shows the estimate of travel and support costs.

During a February 1996 meeting of NASA management, the NASA Administrator recognized the high volume of travel to Russia and

questioned its need. The Administrator said that there were over 130 NASA travelers at the Renaissance Hotel in Moscow on any given night. The Administrator suggested that management take steps to reduce the travel by as much as 75 percent. Based on our estimate of total travel costs, that reduction would equate to annual savings of about $16.6 million. Other NASA managers acknowledged the high volume of travel and said that it was necessary, but undisciplined, and that the travel should be analyzed to determine where reductions could be achieved.

Some guidelines for controlling foreign travel are contained in NASA Management Instruction (NMI) 9710.1n, ATTACHMENT A - CONDITIONS AND LIMITATIONS ON DELEGATION OF AUTHORITY TO AUTHORIZE OR APPROVE TRAVEL ON OFFICIAL BUSINESS AND RELATED MATTERS. NMI 9710.1 requires that, for program travel, management should assure the number of individuals is limited to those directly involved in the project and expected to make a material contribution.

We analyzed the travel to Russia, taking into account the Administrator's concerns and the NMI requirements. Our analysis consisted of: (1) an overall assessment of total travel and the applicable management controls, and (2) a sample of actual group trips to Russia. Based on this analysis, we identified two areas where travel costs could be reduced without impacting NASA's cooperative work with Russia, (1) travel for Interpreters, and (2) questionable trips and travelers.

Travel for Interpreters and Translators

Based on our review of total NASA travel to Russia for the period April 1994 through December 1995, we identified 56 groups of travelers to Russia that brought along their own interpreters and translators. This occurred even though personnel readily available in Russia could have provided translation services. During the period selected for our review, interpreters incurred about $647,000 in travel costs.

Interpreters and translators were readily available for use in Russia through either the NMLO which had a staff of five full-time interpreters, the support contractor TTI, or the Embassy which, according to Embassy Officials, had a cadre of interpreters and translators that could be provided upon request. TTI provided most of the interpretation services to groups conducting meetings in Russia, through a subcontractor, Amigo International. Amigo could, and

often did, provide as many interpreters as necessary upon request, sometimes as many 25 interpreters at one time.

Group leaders interviewed said that they needed to take along their own interpreters because they were trustworthy considering the nature of the material discussed. In addition, the group team leaders said that bringing these personnel with them rather than relying on personnel stationed in Russia was more effective and efficient in meeting their objectives. The group leaders also felt that using interpreters already located in Russia would not have been cost effective because it would have taken too much time to bring them up to standard with the subject matter.

The group leaders' reasoning for taking their own interpreters with them to Russia may be valid although it was not possible for us to ascertain that validity. However, 402 groups traveled to Russia without bringing their own interpreters. Several group trips that we analyzed appeared to be missions of similar sensitivity and complexity as those groups that brought interpreters. Yet those groups were able to accomplish their objectives using interpreters located in Russia. Considering the cost of $647,000, and the availability of interpreters and translators in Russia, this condition presents an opportunity for cost savings. NASA travelers to Russia could accomplish their work more efficiently by beginning to work with interpreters located in Russia, so that future work can be accomplished more efficiently.

Questionable Trips and Travelers

We analyzed a judgmental sample of 59 group trips to Russia to determine if each trip was necessary to accomplish the work required by one of the several NASA/Russian programs (such as Space Station, Space Science, Aeronautics, etc.). We also determined if the number of travelers in each group was controlled and limited to those that were directly involved and making a material contribution to the overall purpose of the trip. This sample represented 13 percent of all groups that traveled to Russia during our review period April 1994 through December 1995.

Our analysis showed that 44 of the 59 trips were justified and supported. The trips usually consisted of large delegations of Americans who participated in Technical Interchange Meetings (TIMs) or Joint Working Groups (JWGs) with their Russian counterparts. Generally, trip team leaders provided adequate support to justify the need for the trips.

However, we questioned 15 of the 59 group trips analyzed (25 percent) because either the entire trip, or portions thereof, were not program related, or travelers within the group did not materially contribute to the trip's objectives as required by NMI 9710.1n. These questionable trips were the result of inadequate management control over travel to Russia. As a result, NASA incurred nearly $99,000 in unnecessary travel costs relating to those trips for the period of April 1994 through December 1995.

We questioned these 15 trips for these primary reasons.

- The entire trip or portions of it were not directly attributable to any of the joint NASA/Russian programs and consisted of tours or other non-mission-related activities. For example, trip number IH/94-079 was a TIM for the ISS. The trip included 70 travelers and took place between October 11 and 29, 1994. Generally, the purpose of the travelers and the duration of the trip was well supported. However, the need for seven of the 70 travelers, who were NASA and Boeing higher-level managers, was questionable. Supporting documentation showed that those individuals spent seven days in Russia on "tours" and other unsupported activities.

- Individuals within the delegation were not directly involved in the subject of the trip and did not materially contribute to the trip's objectives as outlined in NMI 9710.1n. For example, trip number IH/94-071 was for a joint NASA/Russian solar dynamics meeting. The trip team leader asked one of the technical staff from the Lewis Research Center (LeRC) to attend. That person told us that he was merely an observer during the meeting, felt that he did not materially contribute to the meeting, and believed that there was no reason for him to be there.

Appendix 4 provides the detailed results of our sample.

Controls Over Travel to Russia Need Strengthened

Management controls over travel to Russia need to be strengthened. Specifically: (1) there should be a central control point for monitoring and approving the travel to ensure that it is done in accordance with the NMI; and (2) there needs to be a more complete record of the actual travelers and travel dates to help monitor and account for the travel. The absence of these controls contributed to the unnecessary travel.

NMI 9710.1n requires that, for foreign travel, when individuals from more than one primary organization are expected to participate in the trip, management should develop procedures for assessing the entire list of proposed attendees. Financial Management Manual (FMM) section 9745 assigns that responsibility to the International Relations Division of Code I.

We found that Code I's International Relations Division did little monitoring of Russian travel. Group team leaders interviewed said that they alone were responsible for selecting the individual travelers for each trip and Code I never questioned them. Furthermore, if the trip involved travelers from more than one organization (as most trips did), there was never any overall control point to assess and approve the entire group of travelers and their length of stay in Russia.

There was also no consolidated, accurate record of travel to Russia. This made it difficult to monitor overall travel to Russia. Code I kept 458 individual files for travel to Russia - one for each trip. Each file contained information such as travelers, travel dates, purpose of trip, visa information, etc. Several individuals within Code I kept a portion of the files, but there was no consolidated record. In addition, the ISS and the Phase I Program Offices at JSC, and the NMLO in Moscow, kept files that were identical to the files that were kept by Code I.

The information kept in the trip files was not completely accurate. The names of travelers and travel dates were based on visas and invitation letters that usually contained more travelers' names and longer travel dates than what actually occurred. If some travelers did not go to Russia, there was usually no indication of cancellation in any of the records. Thus, the travel records kept by Code I were inaccurate in that they often did not reflect the actual travelers and the actual travel dates. In order for us to perform our audit we had to create a consolidated report of NASA travel to Russia by extracting information from each of the 458 individual files, and by contacting team leaders.

Without a perpetual, consolidated record of actual NASA travel to Russia it is difficult to: monitor travel to detect any unneeded travelers and trips, identify personnel staying longer than necessary, and assess the total cost to NASA. By consolidating the travel records, NASA will improve its management control over travel to Russia. Consolidating the travel records will also make staff more available to perform other duties.

Summary

The NASA Administrator had a valid concern about the amount of travel to Russia. The large amount of travel was costly, required considerable administrative support, and imposed a burden on both the Embassy and the Russian Government:

- The travel was costly. We identified over $746,000 in what we considered unnecessary travel, of which $99,000 was based on only a 13 percent judgmental sample.

- The travel required considerable administrative support. Travel for space flight activities alone required the full-time support of two JSC employees and one HQ employee - in addition to the support required from the NMLO. An HQ contractor employee was also needed to work the visa process with the Russian Consulate in Washington.

- The large amount of travel created an enormous burden on both the Embassy and the Russian government (Moscow had 100,000 official visitors during 1995) as noted by news articles, State Department Officials, Russian Government Officials, and the NASA Russian Representative. The former NASA Russian Representative stated that Russian Government Officials have complained about the volume of NASA visitors in that there were too many people coming for specific meetings, and too many people coming in general. Those Russian officials said that the high number of NASA travelers have kept the Russians from doing their own work, and have overloaded their transportation systems, security systems and facilities.

Although our audit showed that the purpose and size of most travel groups were well supported, we identified about $746,000 in actual travel costs that, in our opinion, could have been eliminated without impacting NASA's cooperative work with Russia. By setting up stronger management controls over travel to Russia, as outlined above, NASA has an opportunity to reduce both travel and administrative costs incurred by NASA, the Embassy, and the Russian government.

RECOMMENDATION 1

The Associate Administrator for External Relations should initiate a process to ensure that delegations make better use of interpreters and translators located in Russia by incorporating those personnel into current and future work.

Management's Response

Starting in early 1995, Code I took action to increase staffing at the NMLO to provide in-house capability for translation and interpretation. In addition, NASA has put in place two contracts, one managed by JSC for exclusive support for ISS personnel, and one managed by Code I which encompasses all of the NASA Enterprise programs. Both contracts have in-country resources to provide interpreter and translator support to NASA TDY travelers in Russia.

Evaluation of Management's Response

Management's action is responsive to the recommendation. We consider this recommendation closed.

Management suggests that our $41 million estimate of total NASA travel to Russia be reviewed and properly annotated, or removed from the report. The $41 million estimate was indeed properly annotated in Appendix 3 to the report. We emphasize, once again, that this estimate of total travel is based on Code I's records. If those records showed more travelers and more travel days than what actually occurred, there was no evidence or other indication to show that.

As was discussed with several NASA officials, our estimate of travel costs consisted of these additional items not included in NASA HQ's record of travel costs: 1) travel costs for contractor employees; and 2) travel support costs such as interpreters, local transportation, meeting facilities, etc.

Also, the NMLO based its record of actual NASA travelers, on a form that each Team Leader was supposed to fax to the NMLO upon his or her arrival in Russia. During our stay at the NMLO, only 15 percent of the trip Team Leaders submitted those forms.

RECOMMENDATION 2

The Associate Administrator for External Relations should improve management control in order to provide better tracking and monitoring of travel to Russia. Some suggested steps would be to: (a) consolidate all travel records at one location; and (b) maintain an accurate, perpetual record of every traveler and trip to Russia and monitor that record to assess the amount of travel to Russia.

Management's Response

The Office of External Relations, working with NASA Enterprise Associate Administrators, established additional policy guidance related to travel to Russia. Program managers agreed to put in place mechanisms to ensure that contractor travel to Russia was approved by NASA program managers on a per trip basis. In conjunction with the promulgation of policy guidance, the Office of External Relations

established a numerical tracking system for NASA travel to Russia. This system permitted close review, at one location, of plans for Agency-wide travel to Russia. In addition, a process was established to maintain, at the NMLO, records of actual travel to Russia.

Evaluation of Management's Response

Management's action appears responsive to the recommendation. We request the Office of External Relations provide us with: 1) a copy of the additional policy guidance related to travel to Russia that complemented the existing guidance in place for overseas travel, 2) evidence to support the mechanisms put in place by program managers to ensure contractor travel to Russia was approved on a per trip basis, and 3) a current copy of the NMLO's record of actual travel to Russia. Upon satisfactory review of these records, the recommendation will be considered closed.

ACQUISITION AND USE OF RESOURCES

The NMLO did not acquire and use its support resources efficiently. Specifically:

- The price paid for the apartments to house the NASA employees in Moscow may not be reasonable.
- There was no support for the need of all NMLO vehicles.
- Some equipment purchased by the NMLO was not needed.
- NASA equipment at the Moscow Renaissance Hotel was not secured.

This occurred because NASA did not carefully define the NMLO's objectives and plan its anticipated needs before acquiring resources such as housing, vehicles and equipment. As a result, the NMLO incurred questionable expenditures of over $1.1 million, and left about $87,000 worth of equipment at risk of misuse.

NASA's general policy for acquiring and using resources is stated in NMI 4000.3A - SUPPLY AND EQUIPMENT MANAGEMENT which states:

- Only equipment and supplies that are necessary for the performance of NASA requirements will be acquired.
- NASA supply and equipment assets will be protected against loss, theft, waste, and abuse.

Furthermore, resources should be acquired at a reasonable price. The definition for a fair and reasonable price is best described in the Federal Acquisition Regulation (FAR), subpart 31.201-3 that says that a cost is reasonable if in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. We found that those practices were not followed by the NMLO when it acquired apartments, vehicles, and equipment:

Apartment Lease Price May Not Be Reasonable

There was no documentation to support the reasonableness of the $6,000 per month per apartment that NASA paid to house its employees in Moscow. Documentation that we reviewed showed prices for western apartments with similar security to be at least $850 per month less. The unreasonably priced apartments were the result of NASA's need to staff the NMLO and house its employees together in a short period of time. As a result, NASA could be paying over $447,000 per year more for housing, and may already have paid nearly $895,000 more since the lease's inception in August 1994.

As of August 22, 1996, 12 NASA employees lived in 11 apartments in Moscow, paid for by NASA. The housing was at the Volga Apartments, located about 7 kilometers from the Embassy. The apartments were furnished, were in good condition, and had some modern conveniences. The apartment building had a concierge who kept the keys; thus, security was not a problem. Also, each apartment was connected to NASA phone lines via the Program Support Communication Network (PSCN) out of MSFC, providing each employee with a NASA telephone line and E-mail.

NASA leased the apartments through a company called CASA International Ltd. out of England. The lease term was from August 1994 through August 1997 at $6,000 per apartment per month or $792,000 per year. We interviewed key employees and reviewed the lease file to find out why the Volga apartments were selected, and if there was sufficient evidence in the lease files to support the reasonableness of the cost.

The former Acting NASA Russian Representative noted in an E-mail message, that the cost was reasonable because: the apartments were totally furnished including linen and house cleaning service; the apartments were secure; and the cost of the apartments included all utilities and parking spaces.

The NMLO Contracting Officer (CO) reiterated that information. The CO said that in the early days of the office (circa July 1994), NASA staff stayed in hotels and received actual subsistence. Because of the high cost (about $5,000 to $6,000 per month, in actual subsistence per employee), there was an urgency to get living space. The CO said that NASA's main criteria were to have all of the apartments located together, with adequate security. Once NASA found something that met that criteria they entered into the three-year lease.

There were conflicting accounts as to the price and availability of housing in 1994. Several NASA officials said that at the time of the lease, housing in Moscow was much less available and was much more expensive. However, an official from TTI, who was tasked in early 1994 to find suitable housing for NASA employees in Moscow, told us that he found several reasonable groups of apartments for about $3,000 per month per apartment.

There was no external documentation in either the lease files or other records to support the reasonableness of the $6,000 per month cost of the apartments - either currently, or for 1994. Evidence in the lease file showed prices for similar apartments to be much less than $6,000 per month. According to information from two Moscow real estate companies, furnished apartments with western style fixtures and a concierge ranged from $1,700 - $2,050 for 2-room apartments, to $2,975 - $5,150 for 4-room apartments. The information listed over 90 suitable apartments in Moscow. Based on that information, we estimated that NASA may be overpaying as much as $37,287 per month and a possible overpayment of $889,200 since the lease inception. Additional information concerning the calculation of housing overpayment is in Appendix 5.

NASA officials said that when the lease expires in August 1997, they will renegotiate the lease, but moving to different locations will be difficult because of the PSCN connections. NASA has the potential to save as much as $447,444 per year by obtaining less expensive housing for its employees. The potential cost savings warrants a complete market study of suitable housing and an analysis of all associated costs. NASA should begin that study now so that all available options will be analyzed and the results documented by the time the lease term expires in August 1997. This will put NASA in a more favorable position to either renegotiate the current lease or obtain other housing.

The Need for the NMLO Vehicles Was Not Supported

NMLO records also did not support the need for all of the NASA vehicles maintained and used by the NMLO. This was the result of inadequate planning and justification for the need of vehicles in Russia. As a result, since October 1994, NASA incurred questionable costs of about $215,000, for the purchase and maintenance of the vehicles, and for drivers and car telephones.

As of August 22, 1996, the NMLO had four vehicles - three 7-passenger vans, and one sedan. The four vehicles cost $131,795. (Appendix 6 shows additional vehicle cost information.) There was a driver assigned to each vehicle who kept a vehicle usage log that showed each trip, itinerary, kilometers traveled, and passengers.

Our analysis of the vehicle usage records showed that the vehicles were used mostly to take staff to and from work every day. Over half of the trips were between the Embassy and the Volga apartments. Otherwise, the vehicles were seldom used. We analyzed a sample of vehicle usage records for four randomly chosen months (September, November, and December 1995, and July 1996.) Based on these records, we found that:

- The vehicles were parked at the Embassy 74 percent of the time during nine-hour workdays.

- Sixty-five percent of all of the trips were between the Embassy and the Volga apartments. Almost every day, four separate vehicles transported 13 employees to and from work.

- The sedan was used almost exclusively to transport the NASA Russian Representative to and from work. Other than that, it was parked at the Embassy 87 percent of the time.

The purchase of the vehicles occurred for two reasons:

- First, NASA management allowed the NMLO to purchase the original two vans and the sedan before the NMLO proposed a plan estimating how the vehicles would be used. The NMLO did not prepare any detailed documentation of planned mileage and usage to support the need for the vehicles. Also, there was no evidence that NASA management ever questioned that need.

- Second, the support for the purchase of the fourth vehicle,

another 7-passenger van, stated that the current vehicles were "over taxed" and the process of clearing cargo through customs required "constant" trips to the airport. An analysis of the vehicle usage records for September 1995 (the month when the Acting Russian Representative signed the justification document) showed: (1) the three vehicles were parked at the Embassy 62 percent of the time; and (2) less than 5 percent of the trips taken, were to the airport.

Some NASA officials stated that, even though the NMLO vehicles were unused, it was very important to have vehicles available for use due to the difficulty of obtaining other transportation. Also, NMLO officials indicated that with the acceleration of the ISS program and the newly established NASA office space at various locations in Moscow (Khrunichev Space Center, Rocket Space Center-Energia, Renaissance Hotel, the Moscow Mission Control Center), four vehicles will not be enough. However, the NMLO did not perform any studies to support those contentions, and as of August 1996, those needs had not been realized. The planned annual cost for the vehicles is over $20,000 per vehicle. This includes costs for fuel, maintenance, drivers, and telephones. These costs represent a substantial saving that NASA can realize if it would perform a complete detailed analysis of vehicle usage, past and planned (also considering the costs for alternative transportation), and maintain the appropriate number of vehicles based on that analysis.

Some NMLO Equipment Was Not Needed

The NMLO purchased equipment that, according to both the NMLO equipment usage records and our observation, was seldom used. This occurred because NMLO management acquired equipment before defining the mission and needs of the office. As a result, NASA spent about $83,000 on equipment that was seldom used.

During our audit fieldwork at the NMLO, the following equipment was observed not to be needed:

EQUIPMENT	QUANTITY	TOTAL COST
Laptop Computers	24	$75,041
Portable Printers	14	$5,014
Cellular Phones	2	$3,000
TOTAL		$83,555

Laptop Computers. The NMLO Administrative Officer said that the laptop computers were necessary because groups traveling in Russia used them during their working group meetings. As of August 22, 1996, all but four computers sat unused in the NMLO. We question the need for 24 computers because:

- A review of the sign-out logs for 1995 and 1996 showed that once during 1996, NASA travelers used 20 computers at once for about a 30-day period. Otherwise no more than 5 were ever taken out at any one time. We did not test the accuracy of the sign-out log.

- TTI supplied laptop computers and printers for NASA on short notice and charged NASA over $30,000 for such during 1995.

- NASA had two computers available for use by travelers staying at the Renaissance Hotel in Moscow.

Portable Printers. The NMLO Administrative Officer said that the portable printers were necessary because groups traveling in Russia used them during their working group meetings. As of August 22, 1996, all but three of the printers sat unused in the NMLO. We question the need for 14 printers because:

- A review of the sign-out log for 1995 and 1996 showed that printers were only used 15 times during that time period. Once during 1996, five printers were out at once, otherwise, no more than two were ever out at any one time. We did not test the accuracy of the sign-out log.

- TTI supplied portable printers for NASA at short notice (as noted above).

- There was a printer available for use by travelers staying at the Renaissance Hotel in Moscow.

Cellular Phones. The NMLO purchased cellular phones for both the Code I Russian Representative, and the MTLO manager. We believe that the cellular phones were unnecessary because both managers had NASA phones in their apartments, every vehicle had phones installed, and every NASA Russian facility had phone lines. During our stay at the NMLO, the phones were not carried by the two individuals but were kept in their respective apartments.

NASA established the NMLO quickly in order to accommodate the abrupt increase in the workload with the Russians. As a result, the NMLO did not perform sufficient analysis up front, to determine its equipment needs. After several years in operation, the NMLO now has an opportunity to analyze its equipment needs and to make the appropriate adjustments based on that analysis.

NASA Equipment at The Renaissance Hotel Was Not Secure

The NASA Office at the Renaissance Hotel in Moscow was not secured.

- The Hotel concierge, who was responsible for controlling access to the office, did not check for proper identification before allowing access.
- The unstaffed office was conspicuously marked with the NASA logo.
- The door to the office was continually propped open with a trash can during the evening hours.

As a result, over $87,000 worth of NASA equipment, telephone lines, and potentially sensitive information was at risk to theft and misuse.

NASA established a small, unmanned office at the Renaissance Hotel in Moscow for use by NASA travelers. The office contained a photocopying machine, a fax machine, two computers, a printer, four NASA phone lines, one local phone line, and various PSCN equipment. According to NASA Officials, this office space greatly reduced costs to NASA for telephones, faxes, photocopying and computer rental, because NASA is no longer charged the local rate by the hotel, for such services.

The hotel concierge kept the key to the office. According to the NMLO Manager, the concierge was supposed to ask for NASA

identification and check to see if the person was a registered guest, before giving out the key. When the auditor asked for a key to the office, the concierge provided it without checking for proper identification and without checking if the auditor was a registered guest.

The NASA office was on the sixth floor where most NASA visitors stayed, and it was in good condition. There was a NASA logo on the door to the office showing all hotel visitors where the NASA office was located. During the evening hours, we observed that the door to the office was continually propped open with a trash can, and on at least seven occasions with no one present.

Such practices left the NASA equipment at risk of loss and abuse. An unauthorized person could steal equipment, use NASA phone lines, and look for sensitive files on the computers.

This risk can be reduced by:

- Changing the key lock to a cipher lock and having the NMLO responsible for maintaining the combination and changing it frequently. A cipher lock would eliminate: (1) the need for the Concierge's involvement; (2) the risk of lost, stolen, or duplicated keys; and (3) the need to prop the door open.

- Removing of the NASA emblem on the door. This would eliminate the risk of showing non-authorized persons the location of the office.

RECOMMENDATION 3 The Associate Administrator for External Relations should, prior to the expiration of the current housing lease, initiate, complete, and fully document a process of finding the most reasonably priced housing for NASA staff living in Moscow.

Management's Response The NASA Russian Representative is currently implementing a process to research and assess the rental market in Moscow to ensure that housing provided for the NASA staff is consistent with operational and security standards, meets U.S. Embassy criteria for safety and security, and is obtained at prevailing prices for housing of adequate quality. This process includes appropriate supporting documentation.

Evaluation of Management's Response

Management's action is responsive to the recommendation. We will keep this recommendation open pending our review of management's final action.

Management suggested, in its response, that we did not confer with the proper personnel in forming our observation. We reiterate that our audit observation was based on: 1) review of records that NASA had to support the purchase and acquisition of the Volga apartments, and 2) discussions with NASA personnel (who were supposed to be NASA's official representatives in dealing with NASA/Embassy matters). As was stated in the body of the report, there was nothing in those records to support the reasonableness of the cost of the apartments. We could not rely solely on testimonial evidence because, although several NASA officials told us that the prices for the Volga apartments were reasonable for 1994, there were some individuals who told us that those prices were not reasonable.

RECOMMENDATION 4

The Associate Administrator for External Relations should ensure that the NMLO perform a complete detailed analysis of vehicle and office equipment usage, past and planned, to determine the appropriate number of vehicles and supply of office equipment to maintain.

Management's Response

Plans are in place to perform the indicated detailed analysis on a routine basis. Detailed vehicle and office equipment analysis will be completed by August 1, 1997.

Evaluation of Management's Response

Management's action is responsive to the recommendation. We will keep this recommendation open pending our review of management's final action.

RECOMMENDATION 5

The Associate Administrator for External Relations should improve the security of the NASA office at the Moscow Renaissance Hotel by: (a) changing the door lock to a cipher lock and having the NMLO responsible for maintaining the combination and changing it frequently; and (b) removing the NASA emblem on the door.

Management's Response

A cipher lock is being procured for the door to the NASA office at the Moscow Renaissance Hotel. The NASA emblem has been removed from the door of the office.

Evaluation of Management's Response

Management's action is responsive to the recommendation. We consider this recommendation closed.

NMLO PLANNING AND STAFFING

NASA did not establish the NMLO in a way to ensure that the office's objectives were met efficiently and effectively. This occurred because NASA did not follow its own procedure for establishing a new office as outlined in NASA Handbook (NHB) 1101.3. As a result:

- NASA did not clearly define the purpose of the MTLO.
- The NMLO could not support the need for proposed additional administrative staff.

NHB 1101.3 - THE NASA ORGANIZATION sets the policy for establishing, modifying, and documenting the NASA organizational structure and for assigning organizational responsibilities. Chapter 601 provides guidelines for organizational changes (such as establishing a Moscow office). These guidelines include the following requirements

- A mission statement that includes a narrative on the mission, responsibilities, lines of succession, any special relationships, and an organizational chart.
- A current onboard position analysis and a proposed position plan based on the approved ceiling, which reflect the number of positions by supervisor, scientist and engineer, professional and administrative, and clerical and support categories, as well as the total number of SES positions. The plan should also reflect an analysis of any proposed staffing increases or decreases.
- A "from/to" listing for all personnel assignments, and a brief statement of responsibilities for all new positions.

NASA did not perform these procedures when it established the NMLO. NASA quickly set up and staffed the office in mid-1994 when work with Russia accelerated. As a result, NASA staffed the office, selected housing, and purchased equipment before the purpose and mission of the Moscow office was adequately defined.

NASA Did Not Clearly Define the Purpose of the MTLO. Without a clearly defined mission statement, the purpose of the MTLO was unclear. Much of the work performed by the

MTLO appeared to duplicate that which was performed by NASA working groups traveling in Russia. There was also a lack of coordination between the MTLO and those same working groups.

The MTLO consisted of 10 professional employees permanently stationed in Moscow. As such they are de facto Embassy employees, but funding for their salaries is provided by NASA. The MTLO reports administratively to the NASA Russian Representative, and functionally to the Space Station Program Manager at JSC. Through discussions with MTLO personnel and review of monthly progress reports, we found that generally the MTLO staff monitors the Phase I Shuttle/Mir activities and the progress of the Russian portion of the work on ISS. The MTLO manager then reports this progress back to NASA management in the United States by way of weekly and monthly reports. The MTLO staff performs its work through site visits, discussions with their Russian contacts, and attendance at TIMS.

Based on our review of NASA travel to Russia, we found that the NASA working groups that traveled to Russia were involved with the same programs and projects as the MTLO staff, and performed many of the same tasks. For example:

- The work performed by the MTLO, as described by the staff or by the monthly and weekly reports, involved monitoring the Russians' progress in their development of the ISS Functional Cargo Block (FGB) and the Service Module (SM). During 1995, 15 separate NASA working groups with a total of 234 people traveled to Russia to work on those same programs.

- In addition, the MTLO staff and reports indicated work performed in the following areas: flight crew training, Phase I mission science working groups, ISS Solar Array Project, Spektr Module, and the Priroda Module. During 1995, 44 separate NASA working groups with a total of 234 people traveled to Russia to work on those same projects.

Our review of the trip reports produced by some of those working groups that traveled to Russia showed that much of

the work performed was identical to the work described by the MTLO staff, (i.e., project monitoring, site visits, discussions, TIMs.)

Our discussions with both the working group team leaders and with the MTLO staff also showed some lax coordination between the groups traveling to Russia and the MTLO. All of the team leaders that we interviewed said that they had no involvement with the MTLO staff. Likewise, some of the MTLO staff told us that since joining the MTLO, they fell out of touch with the working groups stationed back in the United States. Some staff told us that the work that they did, could just as easily have been done by NASA personnel on TDY. One of the MTLO monthly reports indicated that there was a problem of the MTLO not knowing who was in Russia for specific meetings and when.

The OIG did not evaluate the technical value of the work performed by the MTLO staff. However, without a mission statement that clearly defines the purpose of the MTLO, there is no way to compare and measure what the MTLO does against what they are supposed to do. As a result, there is an appearance that the duties of the MTLO, and the working groups traveling to Russia, overlap. A clearly defined mission statement will:

- ensure that the duties of the MTLO are carried out efficiently in coordination other NASA working groups traveling in Russia.

- enable NASA management to measure and monitor the MTLO's progress in meeting its mission.

The NMLO Did Not Support the Need For Proposed NMLO Administrative Positions. The NMLO was planning to hire a Deputy Russian Representative, a Personnel Assistant, and an Accounting Technician. NMLO managers said these positions were required to reduce the heavy workload of the NMLO administrative staff. Also, it would allow the Russian Representative to perform more liaison-type activities, and less office management-type activities. The Deputy Russian Representative will be a NASA employee grade GS-14/15. The Personnel Assistant and Accounting

Technicians will be contractors with salaries of $18,475 and $12,575 respectively.

We did not find support for the additional staff. We did observe that:

- NASA did not clearly define the purpose of the NMLO administrative staff as a whole, and did not analyze each proposed position within the staff to determine how the positions will be filled to meet the overall mission. Thus, there is no way to support the need for those positions in meeting the NMLO mission.

- The NMLO effectively supported every NASA traveler to Russia (the purpose of the NMLO administrative staff as described by NMLO management), with its current staffing level. Thus, there was no apparent need for the additional staff.

The additional staff proposed by the NMLO would cost NASA over $163,000 annually for salaries and housing. NASA management should define the mission of the NMLO and the need for additional staff in achieving its mission more efficiently, before hiring these additional staff.

RECOMMENDATION 6 The Manager, Space Station Program Office, should ensure that the MTLO develop a mission statement that clearly defines the purpose of the MTLO and ensures adequate coordination between the MTLO and NASA working groups traveling to Russia.

Management's Response A charter for the NMLO has been developed and is being circulated to cognizant offices within NASA for concurrence. With respect to item (b), such a procedure already exists which has been approved by the State Department and implemented by NASA.

Evaluation of Management's Response Management's action is responsive to the recommendation. We will keep this recommendation open pending our review of management's final action.

RECOMMENDATION 7 The Associate Administrator of External Relations should, prior to hiring additional NMLO staff: (a) develop a mission statement that clearly defines the purpose of the NMLO, and (b) develop a position

analysis for determining and justifying each staff needed to meet the mission of the NMLO.

Management's Response

The Manager, Space Station Program Office has developed a formal charter for the MTLO which delineates functions, responsibilities, and communications procedures.

Evaluation of Management's Response

Management's action is responsive to the recommendation. We consider this recommendation closed.

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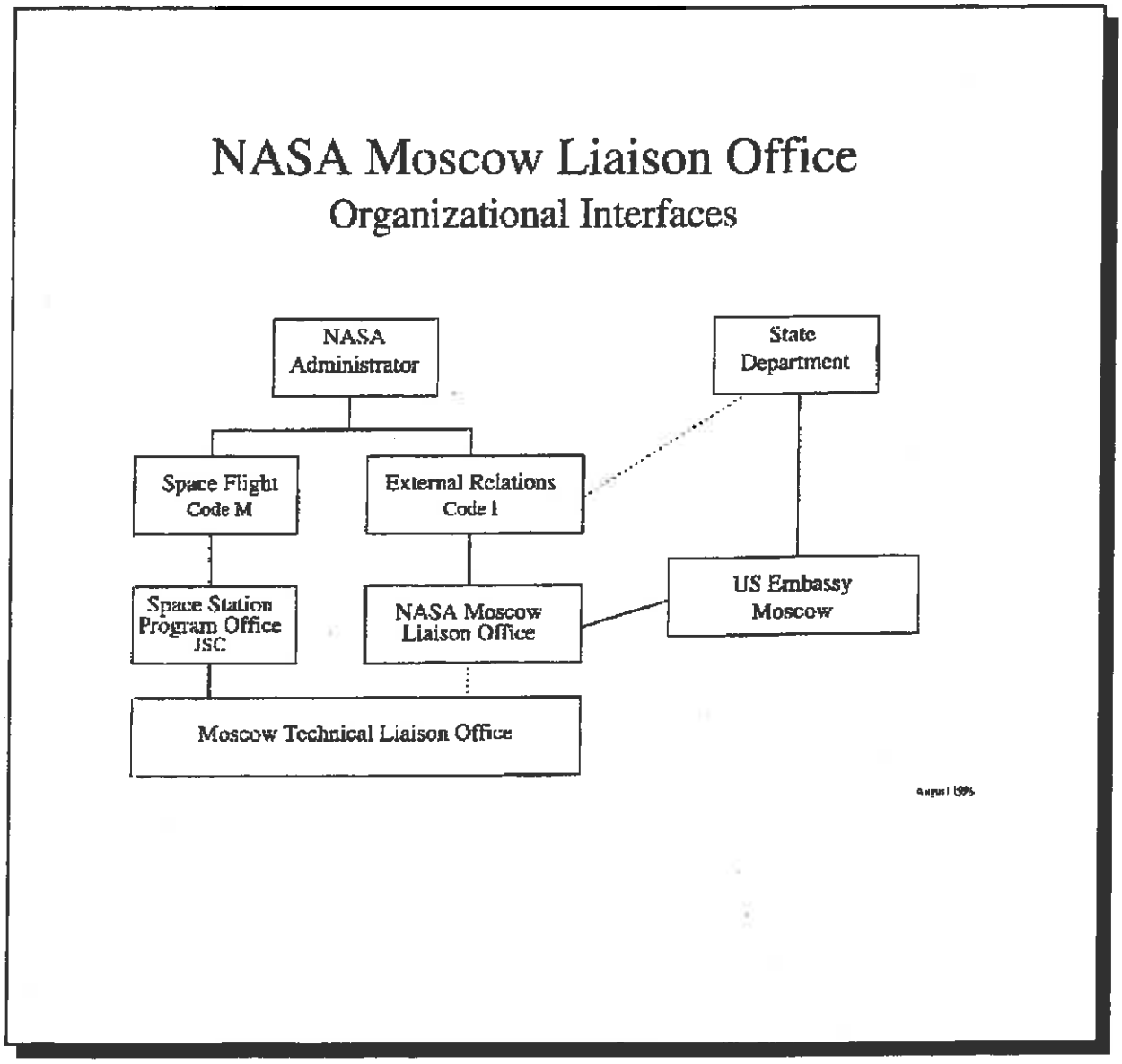
BACKGROUND

To accommodate the increased workload resulting from the agreements with Russia, NASA established an office in the Embassy. The office consisted of: he NMLO, managed by NASA's Office of External Relations (Code I); and the MTLO, managed by NASA's Office of Space Flight (Code M).



BACKGROUND

Although no office mission statement was ever written, through discussions with management, we found that:

- The NMLO: (1) serves as a liaison between NASA and the Embassy, and (2) provides administrative support for NASA travelers in Russia.

- The MTLO provides technical support for the ISS Program.

Both staffs share the same office space, equipment, and resources and are collectively referred to by NASA as the NMLO.

As of August 22, 1996 the NMLO staff consisted of 12 NASA employees, and 26 contractor employees (12 Americans from Boeing, Honeywell, and Tech Trans International (TTI), and 14 Russian citizens who were paid as independent contractors through TTI as shown in the following tables:

NMLO MANAGEMENT

POSITION DESCRIPTION	NUMBER	EMPLOYER	GRADE
NASA Russian Representative	1	NASA	SES
Deputy Russian Representative (1)	1	NASA	GS-14
Administrative Officer	1	NASA-Excepted	Equiv. to 12 step 7

BACKGROUND

MOSCOW TECHNICAL LIAISON OFFICE

POSITION DESCRIPTION	NUMBER	EMPLOYER	GRADE
Space Station Manager	1	NASA	GS-15
Contracting Officer	1	NASA	GS-15
Communications Director	vacant	NASA	GS-13-15
Safety and Mission Assurance Mgr.	1	NASA	GS-14
Space Station Technical Specialists	7	NASA	GS-13-14
Space Station Technical Specialists	6	Boeing	N/A
Space Station Technical Specialists	2	Honeywell	N/A
Space Station FGB Manager	3	Boeing	N/A

NMLO ADMINISTRATIVE SUPPORT STAFF

POSITION DESCRIPTION	NUMBER	EMPLOYER	SALARY (2)
Special Assistant	1	TTI	N/A
Administrative Assistant	1	Local Hire (3)	$17,570
Shipping Clerk	1	Local Hire	$10,742
Secretary	2	Local Hire	$11,234 & $12,817
Administrative clerk	1	Local Hire	$11,234
Personnel Assistant	vacant	Local Hire	$18,475
Accounting Technician	vacant	Local Hire	$12,575
Chief Interpreter	1	Local Hire	$18,191
Interpreter/Translator	4	Local Hire	$16,796 - $17,570
Driver	4	Local Hire	$10,518

BACKGROUND

Table Explanatory Notes:

(1) Hired after audit fieldwork was complete.

(2) Annual salary budget for FY 1997. Consists of basic salary, meal allowance, within-grade increase, and insurance.

(3) Staff are all local Russian citizens paid as independent contractors through TTI.

There was also a staff of nine NASA employees (Director, Astronauts, Flight Surgeons, and Life Science Specialists), and seven contractor employees (Secretaries, Interpreters, and Drivers) at the Gagarin Cosmonaut Training Center (GCTC) in Star City, Russia. In addition, NASA had office space or equipment at several other Russian institutions that do business with NASA, e.g., Khrunichev Space Center, Rocket Space Center-Energia, the Renaissance Hotel, the Moscow Mission Control Center, and the Volga apartments.

Codes M and I are the primary funding sources for all of NASA's Russian facilities. FY 1995 and FY 1996 funding for the facilities, from Codes M and I, was $1.2 million and $1.8 million, respectively.

OBJECTIVES, SCOPE AND METHODOLOGY

OBJECTIVES

The overall audit objective was to evaluate management controls over both travel to Russia and the operations of the NMLO. Based on the results of a preliminary survey, we refined that objective to determine whether:

- Temporary duty travel to Russia was necessary, allowable, and properly controlled. (Due to resource constraints, we did not evaluate Russian travel to the United States, which is also funded by NASA.)

- NMLO support resources such as housing, vehicles, and equipment were acquired and used economically and efficiently.

- The NMLO was planned, staffed, and organized so that its objectives were met efficiently and effectively.

- Costs incurred by the NMLO were properly planned, monitored, and applied to the correct appropriations.

SCOPE

We conducted our audit fieldwork between January and August 1996, at various locations in both the United States and Russia. We reviewed records, transactions, and events that occurred from April 1994 through August 1996. We did not audit the activities of TTI, a JSC contractor responsible for providing logistical support in Moscow.

METHODOLOGY

Audit methodology varied depending on the audit objective as explained by the following.

- To evaluate travel to Russia, we judgmentally selected and analyzed a sample of group trips from each NASA Center.

- To evaluate the acquisition and use of support resources, we inspected NASA property at the NMLO; the Volga Apartments; and the Renaissance Hotel, all in Moscow, and at the GCTC in Star City, Russia. We also analyzed records associated with the above facilities.

OBJECTIVES, SCOPE AND METHODOLOGY

- To ensure that the NMLO was planned, staffed, and organized so that its objectives were met efficiently and effectively, we reviewed NASA Handbook (NHB) 1101.3 - The NASA Organization, and interviewed Code I officials at Headquarters (HQ). We also interviewed NASA and contractor employees at the NMLO in Moscow and the GCTC in Star City, Russia.

- To determine whether costs incurred by the NMLO were properly planned, monitored, and applied to the correct appropriations, we interviewed applicable personnel and analyzed financial records at HQ, the NMLO, and the Embassy's Budget and Fiscal Office in Moscow.

We conducted our audit in accordance with generally accepted government auditing standards.

SAMPLING METHODOLOGY

Every NASA traveler to Russia (NASA or contractor) was part of an overall group trip to which Code I assigned a specific, sequential trip number. Group trips had anywhere between 1 and 70 travelers. Each group had to be officially invited to Russia by some branch of the Russian government, and had to be cleared through the Embassy. As part of that official invitation and clearance process, each group trip had an official purpose as reported to the Embassy and the Russian government, and an official group team leader. Code I, through either the Space Flight Division or International Relations Division, maintained a separate file for each of the 458 group trips to Russia that occurred during our review period, April 1994 through December 1995. Each file contained various information about the trip including a clearance telegram from the US Embassy that officially cleared each traveler on each delegation to enter the country, and an official invitation from the Russian host.

In order to identify the universe of travelers, we had to create our own record by extracting information from all 458 separate trip files. The information in those files usually contained more names than the actual number of travelers, and the travel dates were usually for more travel days than what actually occurred. Therefore, to get a more precise universe of actual travelers and travel dates we had to do additional work such as contacting delegation team leaders, to get a more accurate list of actual travelers and actual travel dates.

Based on our work we identified what we believe was an accurate universe of 3,201 travelers to Russia from April 1994 through December 1995. These travelers stayed in Russia a total of

OBJECTIVES, SCOPE AND METHODOLOGY

115,781 days for an average of 180 travelers per day (115,781/640 days). Although it is possible that this universe may not be 100% accurate as far as the exact travelers and travel dates, we believe that it is our best estimate for the universe of travel to Russia. To get a 100 percent accurate listing, we would had to have analyzed trip reports, and interview travelers for all 458 trips, which was not necessary to perform the analysis needed to answer our audit objectives.

We sorted the universe by NASA center, and selected a sample of entire groups of travelers to Russia to assess the purpose and duration of the trip, the need for each individual on the trip, controls over the trip, and supporting documentation. We did not use any statistical sampling method as such was not suitable or appropriate based on the universe of travel, and the purpose of our analysis. We analyzed a sample of 59 groups which represented 13 percent of total group trips. It is our opinion that the sample size was sufficient to meet the audit's objectives.

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ESTIMATE OF TRAVEL AND SUPPORT COSTS

Records show that, from April 1994 through December 1995, NASA paid costs to support 3,201 travelers to travel to Russia for over 115,000 travel days. Based on that volume of travel, we estimate that total travel and support costs could be as high as $41 million, as shown in the following table.

CENTER	COST
JOHNSON	$29,361,333
MARSHALL	$ 3,240,037
LEWIS	$ 2,921,679
AMES	$ 2,380,697
HEADQUARTERS	$ 1,807,687
LANGLEY	$ 478,389
JET PROPULSION LAB	$ 329,813
KENNEDY	$ 270,399
GODDARD	$ 260,920
DRYDEN	$ 81,264
WALLOPS	$ 9,143
TOTAL	$41,141,361

The total number of travelers and durations were taken from individual trip files maintained by Code I. Those files often contained more travelers and longer durations than what actually occurred. Although NASA management could not provide other records to show actual travelers and actual durations, the actual costs are most likely less than $41 million.

Travelers were both NASA employees and non-NASA personnel as follows:

- NASA travelers - 1,590
- Non-NASA travelers - 1,611

ESTIMATE OF TRAVEL AND SUPPORT COSTS

The majority of the non-NASA personnel were contractor employees, but a small percentage of those travelers were family, other government agencies, and academia personnel. All were NASA business-related.

To estimate the total travel and support costs, we analyzed actual travel costs incurred by a sample of travelers and applied those costs to the total number of travelers and their durations as was recorded by NASA Code I.

The costs incurred consisted of the usual travel costs such as:

- airfare (from $1,050 to $2,622 round trip)
- lodging (as much as $198/night)
- per diem ($98/day)
- other miscellaneous expenses (taxis, telephone, faxes, etc.)

In addition, travel to Russia required much support costs, usually provided by a contractor. Such costs were for:

- local transportation and drivers ($60 to $160/day)
- interpreters ($100 to $200/day)
- meeting rooms and setups ($300 to $400/day)
- other miscellaneous charges (clerical support, photocopying, computer rentals, etc.)

Since the NMLO was established, NASA management has taken steps to reduce the costs of travel to Russia by:

- Establishing a vast communications network with capabilities for tele-conferences, video conferences, and E-mail. This includes less expensive fax and telephone service from numerous locations in Russia.
- Negotiating a lower price for lodging at the Moscow Renaissance Hotel.

RESULTS OF REVIEW OF SAMPLED GROUP TRIPS TO RUSSIA

We analyzed a sample of 59 of the 458 group trips to Russia that took place from April 1994 through December 1995. We analyze each trip to assess its purpose and the number of travelers in conjunction with the requirements of NMI 9710.1n. We also assessed the trips duration, controls over the number of travelers, and documentation to support the purpose and results of the trip. We performed our analysis through:

- Discussions with each team leader.
- Discussions with some individual travelers.
- Review of trip reports or other documentation generated as a result of the trip.
- Review of the official trip file maintained by Code I.
- Discussions with personnel in Russia such as NMLO or GCTC employees, if applicable.

Based on our analysis we questioned all or some portion of 15 trips because:

- The purpose of the trip was administrative in nature and appeared to have been work that probably could have been done by someone stationed in Russia.
- The entire trip or portions of it were not directly attributable to any of the joint NASA/Russian programs and consisted of tours or otherwise unknown activities.
- Individuals within the delegation were not directly involved in the subject of the trip and did not materially contribute to the trip's objectives as outlined in NMI 9710.1n.

The following table summarizes the results of our review of group trips to Russia.

SAMPLE #	TRIP #	QUESTIONED COST
1	IH-94-002	$4,757.00
2	IH/94-003	$3,643.00

RESULTS OF REVIEW OF SAMPLED GROUP TRIPS TO RUSSIA

3	IH-94-027	$0.00
SAMPLE #	TRIP #	QUESTIONED COST
4	IH-94-064	$0.00
5	IH-95-253	$0.00
6	IH/94-020	$0.00
7	IH/94-027	$0.00
8	IH/94-030	$0.00
9	IH/94-049	$0.00
10	IH/94-071	$3,663.00
11	IH/94-076	$12,848.00
12	IH/94-079	$30,721.00
13	IH/94-083	$3,538.53
14	IH/94-090	$0.00
15	IH/94-101	$0.00
16	IH/94-104	$1,716.00
17	IH/94-105	$16,949.00
18	IH/95-007	$0.00
19	IH/95-020	$0.00
20	IH/95-022	$0.00
21	IH/95-023	$0.00
22	IH/95-027	$0.00
23	IH/95-029	$0.00
24	IH/95-048	$0.00
25	IH/95-053	$4,534.00
26	IH/95-061	$858.00

RESULTS OF REVIEW OF SAMPLED GROUP TRIPS TO RUSSIA

27	IH/95-062	$0.00
28	IH/95-071	$0.00
SAMPLE #	TRIP #	QUESTIONED COST
29	IH/95-090	$0.00
30	IH/95-107	$0.00
31	IH/95-111	$0.00
32	IH/95-115	$0.00
33	IH/95-116	$0.00
34	IH/95-132	$0.00
35	IH/95-147	$0.00
36	IH/95-151	$0.00
37	IH/95-158	$0.00
38	IH/95-185	$0.00
39	IH/95-198	$0.00
40	IH/95-201	$0.00
41	IH/95-212	$10,258.00
42	IH/95-216	$0.00
43	IH/95-227	$0.00
44	IH/95-230	$0.00
45	IH/95-244	$0.00
46	IH/95-245	$0.00
47	IH/95-253	$0.00
48	IH/95-274	$0.00
49	IR/94-002	$2,765.00
50	IR/94-005	$0.00

RESULTS OF REVIEW OF SAMPLED GROUP TRIPS TO RUSSIA

51	IR/94-006	$0.00
52	IY-94-002	$0.00
53	IY-95-006	$764.00
SAMPLE #	TRIP #	QUESTIONED COST
54	IY/95-001	$0.00
55	IY/95-005	$0.00
56	IY/95-007	$1,043.00
57	IY/95-008	$0.00
58	IY/95-?1	$770.00
59	IY/95-?2	$0.00
Totals		$98,827.53 (See Page 7)

Trip IH/94-002: This trip took place from May 16 through 27 1994 and was for the NASA/Russian joint safety assurance working group. The group consisted of 16 people, mostly from JSC. The trip report indicated that there were two afternoon tours of RSA: one on Wednesday, May 18 and another on Wednesday, May 25. Elimination of those two tours would have saved one day of travel for 16 people. We question one day of lodging and per diem for 16 people, or $4,757.

Trip IH/94-003: The group consisted of two travelers from the NASA HQ General Counsels's office, and one traveler from JSC. The purpose of the trip was to force Russia into an interim agreement with NASA on the ISS. According to the trip leader, the main sticking point in the agreement involved Liabilities and Data Rights Protection. Those issues required the work and negotiation of the two NASA legal staff. The trip leader was not aware of the purpose of the third traveler from JSC and did not know what that person did while in Russia. There was no documented evidence to support what that person, who has since retired, did. We question the cost of that person's travel, or $3,642.55

Trip IH/94-071: The purpose of the trip was a joint NASA/Russian solar dynamics meeting.

RESULTS OF REVIEW OF SAMPLED GROUP TRIPS TO RUSSIA

The Chief of the Power Systems Division at LeRC was asked by the team leader to attend. That person said that he was merely an observer during the meeting, he did not materially contribute to the meeting, and believed that there was no reason for him to go. We questioned the cost of that person's travel, or $3,663.

Trip IH/94-076: The trip took place from September 20 through 28, 1994 and included six travelers, mostly from HQ. The purpose of the trip, according to the trip report, was to meet with RSA officials and the Science Technology Advisor Committee (STAC) to prepare for the NASA Administrator's visit the following month, and to set up the STAC joint working group. The trip report indicated that the meeting with RSA and STAC took place only on September 23, 1994. The team leader could not explain what happened on the other days. Also, there was no support or justification for two of the travelers (Director of JSC, and AA for Legislative Affairs) who had no affiliation with the STAC. We therefore question as unsupported, part of the trip for four travelers, and question the entire trip for two travelers, or $12,848.

Trip IH/94-079: Trip was a TIM for the ISS. The trip consisted of 70 travelers from JSC and took place between October 11 and 29, 1994. Generally, the purpose of each traveler and the duration of their trips was well supported. However, the need for seven NASA and Boeing managers was questionable. Supporting documentation showed that these individuals spent seven days in Russia of which several days were spent on tours and the rest was unsupported. Total questioned cost associated with those travelers was $30,721.77.

Trip IH/94-083: The trip consisted of one traveler, a Program Support Specialist from HQ Code I, who traveled to Moscow for eight days to work with the NMLO on various administrative issues such as tracking travel and preparing requests for travel. The work was all administrative in nature and, in our opinion, did not require travel to the NMLO and could have been accomplished through telephone or E-mail. Total questioned costs was $3,276.

Trip IH/94-104: Purpose of this trip was a meeting with the STAC and involved seven travelers from HQ and JSC. According to the trip reports, the meetings took place November 10 through 12, 1994. Yet, three of the travelers arrived on November 7 for unknown and unsupported reasons. The team leader could provide no explanation. We question three people's unsupported travel for two days, or $1,716.

Trip IH/94-105: The official purpose of the trip was to support the Progress launch. The trip consisted of four people from JSC who traveled to Russia from November 8 through 14, 1994.

RESULTS OF REVIEW OF SAMPLED GROUP TRIPS TO RUSSIA

The trip report showed that the trip consisted of touring facilities and museums, meeting people, and observing a launch and docking. The team leader said that although the trip was helpful to improve relations with the Russians as part of the Phase I project, it could have been eliminated without impacting the program. We questioned the entire trip, or $16,949.

Trip IY/94-(unnumbered): The travel took place from April 17 through 30, 1994. One GSFC employee traveled from the United States to Minsk, Belarus (4/19), to St. Petersburg, Russia (4/21-22/94); and to Berlin, Germany (4/24-29/95). While in Russia, the traveler visited St. Petersburg University, met with colleagues, and toured the city. When asked who authorized this trip, the traveler's response was, "Is someone supposed to authorize it? I went because I wanted to go." We can see no benefit that NASA received from this trip. We questioned the amount associated with traveling to Russia, or $770.

Trip IR/94-002: Trip consisted of three people from HQ and took place September 19 through 23, 1994. The purpose of the trip, according to the team leader, was to assess the Russian capabilities in aeronautics. The delegation needed to: (1) understand the Russian's knowledge of aeronautics; (2) define the "apparatus of partnership"; (3) assess the Russian's facilities; and (4) prepare for the upcoming Joint Working Group (JWG). Considering the objective of this trip and the work that was accomplished, we believe the trip could have been accomplished with just the two technical experts - the Director of the High Speed Research Division, and the Director of the
Aero space Plane Division. It is our opinion that the additional traveler for five days was unnecessary. We question the need for the one traveler or $2,765.12.

Trip IH/95-061: Purpose of this trip was a meeting with the STAC and involved four travelers. The trip report shows that the meetings took place on March 9 through 11, 1995, with departure on March 12. However, the trip leader stayed until March 15 with the reason undocumented and unexplained. The first Astronaut launch to go on the Mir space station took place on March 14. An E-mail note in the file suggested that this was the reason the team leader scheduled the entire trip. We question three days of travel for one person as unsupported, or $858.

Trip IH/95-212: Trip took place in September 1995. Two people from JSC went to Moscow for ten days to stay at and evaluate different hotels in Russia and to negotiate lower hotel costs for NASA travelers. It is our opinion that the trip was unnecessary and should have been done by staff who were already duty stationed in Moscow. We question the total cost of the trip, or

RESULTS OF REVIEW OF SAMPLED GROUP TRIPS TO RUSSIA

$10,258.

Trip IY/95-006: The trip lasted from June 25 through July 1, 1995 and consisted of one traveler from GSFC and one traveler from JPL. There were two purposes of this trip: (1) To attend the Earth Observing System (EOS) Calibration Working Group Meeting, and (2) to discuss, with their Russian counterparts, calibration and validation of the Priroda module. For the first part of the trip, the GSFC traveler was the chair of the EOS Int'l group, so it was his duty to attend. The JPL traveler attended the meeting but he really had no affiliation with the working group. This meeting took place Tuesday and Wednesday, June 27 and 28. On Thursday and Friday, June 29 and 30, both travelers worked on the Priroda portion of the trip although this was the JPL travelers specialty. Much of this travel by both travelers was unnecessary. The JPL traveler's expertise was needed for only two days worth of travel. We believe he should have arrived on Wednesday thus saving $264 in per diem. The GSFC traveler's services were unnecessary after Wednesday. He should have left Thursday and saved $500 in per diem. Total questioned costs was $764.

Trips IY/95-007 and IY/95-008: Trips were concurrent TIMs for the NASA/Russian TOMS and SAGE III projects respectively. The TOMS TIM consisted of 13 NASA travelers from HQ, GSFC, and LaRC, and lasted from July 14 through July 22, 1995. The SAGE III TIM consisted of 21 travelers from those same centers and lasted from July 22 through July 29, 1995. Both groups had the same team leader and several travelers stayed for both TIMS. Each group had a support person who assisted with various clerical tasks such as typing and copying. These two persons performed the same basic duties for both trips. Rather than have the same person stay and support both TIMS, the team leader, for no justifiable reason, had one support person depart after the first week and had another support person arrive for the second week, incurring additional airfare of $1,043. We question that additional airfare.

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CALCULATION OF HOUSING OVERPAYMENT

APARTMENT NUMBER	NUMBER OF OCCUPANTS	NEXT HIGHEST COST (1)	OVERPAYMENT
53	1	$1,375	$4,625
60	1	$1,375	$4,625
61	1	$1,375	$4,625
65	4	$5,150	$ 850
68	1	$1,375	$4,625
80	2	$2,050	$3,950
95	3	$4,500	$1,500
104	3	$4,500	$1,500
106	1	$1,375	$4,625
145	1	$1,375	$4,625
161	3	$4,500	$1,500

TOTAL MONTHLY OVERPAYMENT	$37,287
ANNUAL OVERPAYMENT	$447,444
OVERPAYMENT SINCE LEASE INCEPTION	$894,888

Explanatory Note:

1.) Based on the next highest estimate for similar apartments taken from information provided by Amapco Ltd. and Penny Lane realty of Moscow.

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NMLO VEHICLES AND COSTS

TYPE	COST (INCLUDES PHONE)	DATE PURCHASED	ODOMETER READING (8/23/96)	COST INCURRED TO DATE (1)
Chevy Impala	$31,821	6-5-95	13,970 km	$17,033
GM Astro Van	$31,760	10-17-94	38,196	$27,082
GM Astro Van	$31,760	10-17-94	46,926	$27,082
GM Astro Van	$36,445	10-12-95	18,493	$12,310
Totals	$131,794			$83,507

Questioned costs calculated as:

Purchase price	$131,794
Costs incurred	$ 83,507
Total	$215,301

Explanatory Note:

(1) Cost incurred since date of purchase. Includes maintenance ($17,016/year/four vehicles included telephone expense), and drivers (each vehicle is assigned a specific driver).

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National Aeronautics and
Space Administration
Headquarters
Washington, DC 20546-0001

Reply to Attn of: IH

JUN 20 1997

TO: W/Acting Assistant Inspector General for Auditing

FROM: I/Associate Administrator for External Relations

SUBJECT: Draft Report
Audit of NASA's Moscow Liaison Office
Assignment Number A-HQ-96-001

We have reviewed the subject draft report dated April 23, 1997, concerning the audit of the NASA Moscow Liaison Office (NMLO), which was requested by this office. We note with satisfaction the IG's overall findings that NASA travel to Russia was generally well supported, and that costs incurred by the NMLO were properly planned, monitored and well documented. We acknowledge the finding that operations of the NMLO can be made more efficient, and have been taking appropriate actions toward that end as our support requirements in Moscow have evolved over the past three years.

We appreciated the opportunity to meet with your staff to review the initial draft report dated March 5, 1997, and note that a number of our comments at that time have been incorporated in the current draft report. Enclosed are comments relative to the specific recommendations developed by the IG and forwarded in the April 23 draft report. These comments have been coordinated between the Office of External Relations, appropriate Headquarters offices and the Johnson Space Center. If you have any questions on these comments, please contact Ms. Shirley Perez, (202) 358-1619.

John D. Schumacher

Enclosure

cc:
M/Mr. Trafton
JSC/Mr. Abbey

Office of External Relations

Comments on **A-HQ-96-001**

Recommendation #1:

Associate Administrator for External Relations should initiate a process to ensure that delegations make better use of interpreters and translators located in Russia by incorporating those personnel into current and future work.

Data collected by the IG's staff relative to NASA travel to Russia covered the period from April 1994 to December 1995. Starting in early 1995, after an initial evaluation period to assess the impact of program travel to Russia, Code I took action to increase the permanent staffing at the NMLO to provide in-house capability for translation and interpretation. In addition, NASA has put in place two contracts, one managed by the Johnson Space Center for exclusive support for International Space Station program personnel, and one managed by the Office of External Relations which encompasses all of the NASA Enterprise programs, both of which have in-country resources to provide interpreter and translator support to NASA TDY travelers in Russia. Interpreter and/or translator support may on occasion be required from the U.S. in cases where continuity in highly technical discussions or complex negotiations must be maintained. This recommendation has been implemented.

Observations

It should be noted that the projected total NASA travel-related costs of $41 million cited in the report, and used in part to support recommendations #1 and #2, are likely much higher than the actual travel-related costs for the period surveyed. As the report itself indicated, the total cost figure was developed by applying a representative cost per traveler to the total number of travelers who requested travel to Russia during the survey period (not the total number of actual travelers), and applying the cost to the total duration of the requested travel (travel was routinely requested to cover periods much greater than required to account for meeting delays, postponements, etc., which occurred quite frequently). An example of the kind of discrepancy this can cause between projected and actual costs: The audit report projected Headquarters travel-related costs for the period April 1994 to December 1995 to be $1.8 million. Actual Headquarters travel budget expenditures for travel to Russia between March 1994 and September 1995 were $219, 246. Given that other travel related costs (ground transportation, local equipment and meeting rooms, etc.) normally would not exceed the actual travel and per diem costs, the actual travel-related costs for Headquarters travel to Russia during the period surveyed by the IG would be on the order of less than $300,000, or roughly 16% of the figure cited in the report.

Likewise the number of traveler-days in Russia, derived from the files of requested travel, and used in the IG's projection of travel-related costs, was 115,781 days for the 21 month period surveyed. NASA records of actual travel, maintained by the NMLO, show that traveler-days for 1996 (a representative 12 month period) was 11, 572. Based on the actual travel records, NASA traveler-days in Russia for a 21 month period would not be expected to exceed more than about 24,000, or roughly 20% of the figure cited in the report.

Due to the potentially significant deviation between figures derived from travel planning files and those based on actual travel completed, it is requested that reference to the $41 million in travel-related costs and the 115,781 traveler-days be reviewed and appropriately annotated, or removed from the report.

Recommendation #2:

Associate Administrator for External Relations should improve management control in order to provide better tracking and monitoring of travel to Russia.

In 1994, after the U.S. and Russia agreed to a three phase program of human space flight cooperation, NASA had to rapidly undertake a broad range of activities with its Russian counterparts, requiring significant travel to Russia, in order to achieve ambitious program milestones. It soon became apparent that the amount of program travel to Russia would require increased management control. Accordingly, the Office of External Relations, working with the NASA Enterprise Associate Administrators, established additional policy guidance related to travel to Russia to complement existing guidance in place for overseas travel. For example, Officials-in-Charge and Center Directors agreed to approve individual requests for travel to Russia at the Associate Administrator and Center Director (or deputy) level. Additionally, program managers agreed to put in place mechanisms to ensure that contractor travel to Russia was approved by NASA program managers on a per trip basis. Officials-in-Charge and Center Directors accepted responsibility for making managers who were responsible for scheduling meetings in Russia aware of their responsibility for limiting the numbers of travelers to those critical to achieving the objectives of the activity in Russia. In conjunction with the promulgation of policy guidance, the Office of External Relations established a numerical tracking system for NASA travel to Russia. This system permitted close review, at one location, of plans for Agency-wide travel to Russia. In addition, a process was established to maintain, at the NMLO, historical records of actual travel to Russia. With these processes in place, the Office of External Relations was better prepared to provide feedback and recommendations to Enterprise senior managers, who implement travel policy and manage and control program travel through their respective budget authority. Subsequently, in a memorandum to Officials-in-Charge and Center Directors in

December 1994, the Acting Deputy Administrator indicated that sufficient procedures had been put in place to ensure proper control over personnel traveling to Russia on NASA-related business. This recommendation has been implemented.

Recommendation #3:

Associate Administrator for External Relation should, prior to the expiration of the current housing lease, initiate, complete, and fully document a process for finding the most reasonably priced housing for NASA staff living in Moscow.

The Office of External Relations has made plans to improve upon the process that was used initially in 1994 to secure appropriate housing for NASA permanent staff in Moscow. The NASA Russian Representative is presently implementing a process to research and assess the rental market in Moscow to ensure that housing provided for the NASA staff is consistent with operational and security standards, meets U.S. Embassy criteria for safety and security, and is obtained at prevailing prices for housing of adequate quality. This process includes appropriate supporting documentation. Key factors in the search process include:

- Price comparison with comparable Moscow housing
- Use of U.S. Embassy housing experts and established real estate offices
- Security considerations
- Ability to co-locate NASA personnel
- Ability to support NWAN network connectivity
- Vehicle parking and security

It is important to note that the great majority of permanent NASA staff in Moscow are assigned there for specific programmatic functions. The senior program management has decided that in addition to cost, factors such as safety, security, and communications are important in the evaluation of candidate sites. This recommendation has been implemented.

Observation

The Volga apartments are 4-room apartments that by U.S. standards in terms of quality, security and amenities, are probably best described as adequate middle class housing. NASA worked closely with U.S. Embassy Moscow to obtain this suitable housing at a reasonable price. The price negotiated for the initial lease of apartments for NASA permanent staff in Moscow is comparable to that paid by the U.S. Embassy Moscow to house its personnel. It is also worth noting that several Western firms also use the Volga apartments, and all of them pay essentially the same amount as does NASA.

The current cost of a comparably equipped apartment at the Rosinka, a complex of apartments leased by the U.S. Embassy for its staff, is about $5500 per month. Given that the Rosinka complex is located at a significantly greater distance from the center of Moscow (and the Embassy), the price of the Volga apartments would appear to be reasonable.

Another indicator that the original Volga cost is not significantly out of line is that USAID is presently leasing one in-town apartment for a family for $5500 per month. The apartment is about the same size as the Volga units, but does not include furniture, appliances, security or guarded parking.

This contrasts with the IG report conclusion that NASA could save $447,000 per year on apartment rental by getting better priced accommodations. Based on the number of existing NASA apartments, that suggests that NASA should actually be paying $2600 per month per unit. While the cost of apartments in Moscow has fallen during the past couple of years (since the current lease was signed), a recent and thorough search conducted in coordination with U.S. Embassy Moscow for a TDY apartment of 3 rooms found that there are no suitable properties available at this time in Moscow at that price. This report assumption should be reviewed and does not appear to be based on any discussion with U.S. Embassy administrative personnel in charge of housing.

Recommendation #4:

Associate Administrator for External Relations should ensure that the NMLO performs a complete detailed analysis of vehicle and office equipment usage, past and planned, to determine the appropriate number of vehicles and supply of office equipment to maintain.

Plans are in place to perform the indicated detailed analyses on a routine basis. Factors to be considered in the vehicle analysis include:

- Actual and forecast requirements in support of permanent and TDY employees.
- Capability of the U.S. Embassy to support NASA needs.
- Availability of alternative means of transportation including:
  * cost
  * reliability
  * security
  * insurance
  * safety

Early in the period covered by the draft IG audit report, when the initial forecast of vehicle needs was established, it should be noted that the U.S. Embassy

motorpool was unable to support NASA's requirements for vehicles, and rental vehicles, when they were available, were exceptionally highly priced and their quality was low. For example, in 1994 the going rate for a car (without driver) was $150-$200 per day. As of 1996, a survey of rental prices found no prices under $100 per day. Today's rates paid by commercial firms are in the range of $36 per hour for a van and $30 per day for a car. Based on current NASA vehicle requirements, owning the vehicles is more cost effective than renting them on a case-by-case basis. Additionally, by owning the vehicles, we are able to manage their maintenance, thus ensuring they are in safe and reliable driving condition, a state not routinely achieved by local rental vehicles. Leasing is not yet considered to be a feasible option, and the Embassy motorpool is still unable to meet NMLO requirements.

Concerning detailed analysis of office equipment needs:

- Laptop computers were provided by the NASA Wide Area Network (NWAN) program to support JSC TDY travelers. One of the factors that was considered in the decision to position office equipment at the NMLO for TDY travelers was the significantly high rate of damage to portable equipment which was being carried by TDY travelers back and forth to Russia. Should the detailed analysis indicate the number of computers on hand is in excess to local needs, action will be taken to return the excess computers to the NWAN program for redistribution as necessary.

- The analyses will take into consideration the availability and cost of equipment support from local support contractors.

Detailed vehicle and office equipment analyses will be completed by August 1, 1997.

Recommendation #5:

Associate Administrator of External Relations should improve security of the NASA office at the Moscow Renaissance Hotel by: (a) changing the door lock to a cipher lock and having the NMLO responsible for maintaining the combination and changing it frequently; and (b) removing the NASA emblem on the door.

A cipher lock is being procured for the door to the NASA office at the Moscow Renaissance Hotel. In the meantime, the NASA Russian Representative has worked with the hotel to strengthen security procedures. The Concierge is required to obtain positive identification from those personnel requesting access to the office before access is authorized and the key made available. These procedures have been checked on several occasions since the IG visit to Moscow, and on every occasion have found to be properly enforced. The NASA emblem

has been removed from the door of the office. This recommendation is expected to be fully implemented following installation of a cipher lock by August 1, 1997.

Recommendation #6:

Associate Administrator for External Relations should, prior to hiring additional staff: (a) develop a mission statement that defines the purpose of the NMLO; and (b) develop a position analysis for determining and justifying each staff needed to meet the mission of the NMLO.

A charter for the NMLO has been developed and is being circulated to cognizant offices within NASA for concurrence. With respect to item (b), such a procedure already exists which has been approved by the State Department and implemented by NASA. The process includes the development and approval of position descriptions for each NMLO staff position. This recommendation will be fully implemented by August 1, 1997.

Recommendation #7:

The Manager, Space Station Program Office should ensure that the MTLO develops a mission statement that clearly defines the purpose of the MTLO and ensures adequate coordination between the MTLO and NASA working groups traveling to Russia.

The Manager, Space Station Program Office has developed a formal charter for the MTLO which delineates functions, responsibilities and communications procedures. A copy of the MTLO charter is attached to this response. This recommendation has been implemented.

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