

***National Aeronautics and Space Administration
Advisory Council***

Audit, Finance, and Analysis Committee

February 10, 2011

Members:

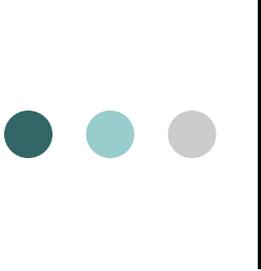
Mr. Robert Hanisee, Chairman

Hon. William Campbell

Hon. Michael Montelongo

Dr. Howard Stanislawski

Mr. Jeffrey Steinhoff



Audit, Finance & Analysis Committee

Abridged Agenda

Public Meeting February 7, 2011

Review of FY2010 Financial Statement Audit

*Terry Bowie, NASA DCFO (Finance)
Mustapha Wai, OCFO Quality Assurance
Division*

*Chief Financial Officer (CFO) Update/
Overview of OCFO Organization*

Dr. Beth Robinson, NASA CFO

Financial Steering Group (FSG) Update

Kevin Buford, OCFO Policy Division

Unfunded Environmental Liability Update

*Olga Dominguez, Assistant
Administrator, Strategic Infrastructure
Kenneth Kumor,
Environmental Management Division*

Earned Value Management

*Sandra Smalley, Office of the Chief Engineer
Jerald Kerby, Marshall Space Flight Center*

NASA Shared Services Center

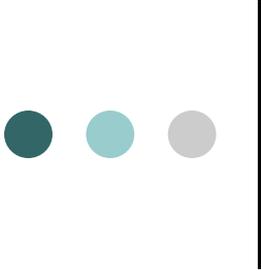
*Richard Arbuthnot, Executive Director
NASA Shared Services Center*

Continuous Monitoring Program

Doug Glenn, OCFO Financial Mgmt. Div.

Budget Reporting

*Andrew Hunter, DCFO
Agency Budget, Performance, and
Strategy*



Audit, Finance & Analysis Committee

Abridged Agenda

Public Meeting February 8, 2011

Status of Space Shuttle Transition

*Jonathan Krezel, Lead
Space Shuttle Transition and
Retirement*

Constellation Program Update

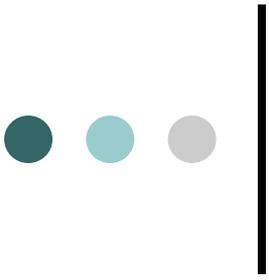
*Andrew Hunter, DCFO
Agency Budget, Performance, and
Strategy*

SAP Accounting System Update

Nadine Tremper, OCFO Systems Division

Monthly Business and Accounting Report

*Frank Petersen, OCFO
Quality Assurance Division*

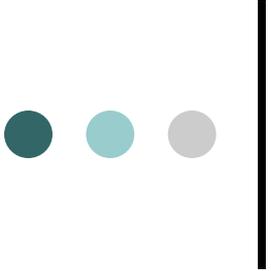


FY2010 Financial Statement Audit Results

FY2010 AUDIT OPINION

The Past Decade of Financial Statement Audit Results At A Glance

Fiscal Year		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Independent Auditor		PwC	PwC	PwC	E&Y						
Audit Opinion		D	C	D	D	D	D	D	D	D	Q
Internal Control Deficiency	PP&E	MW	SD								
	Environmental Liability Estimation	RC	—	—	RC	RC	—	—	—	SD	SD
	Federal Financial Management Improvement Act (FFMIA)	RC	RC	RC	RC	RC	—	—	—	SD	—
	Financial Information Technology	RC	RC	RC	—	—	—	—	—	—	—
	Financial Statements Preparations Process & oversight	RC	MW	—	—						
	Fund Balance with Treasury	—	—	MW	MW	MW	—	—	—	—	—
	General Control Environment	—	—	—	MW	—	—	—	—	—	—



FY 2010 AUDIT OPINION

External Auditors: Ernst & Young

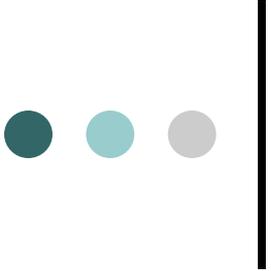
A Qualified Opinion—after 7 years of Disclaimer

No Material Weaknesses

E&Y Identified 2 Significant Deficiencies in financial reporting internal controls

1. Contractor Held PP&E
2. Estimating Environmental remediation costs

A Qualified Opinion means that except for the effect of the qualification (Significant Deficiencies) the financial statements present fairly, in all material respects, the financial position and the results of operations in conformity with Generally Accepted Accounting Principles



FY 2010 AUDIT OPINION

Resolution of Issues

Property, Plant, and Equipment

Space Shuttle

-- fully written off at year's end

International Space Station

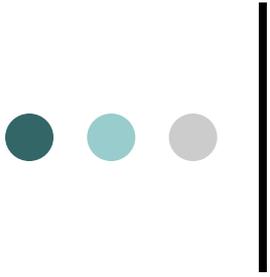
-- Estimates under SFFAS 35 accepted

OM&S

--NASA changed accounting from Consumption Method (write-off as consumed) to Purchase Method (write-off as purchased)

Barter Agreements

--Decision to NOT capitalize (place on NASA's books) sustained



OCFO Organization

OCFO HQ Organization



OCFO Structure as/of 01/21/11

OFFICE OF THE CHIEF FINANCIAL OFFICER (2)

Dr. Elizabeth "Beth" Robinson- CFO

Executive Officer- Jenny Kishiyama

CENTER CHIEF FINANCIAL OFFICERS

*Paul Agnew – ARC
Valerie Zellmer – DFRC
Larry Sivic (Acting) – GRC
Julie Baker – GSFC
Dale Johnson – JPL
Dorothy Swanson – JSC
Susan Kroskey – KSC
Kenneth Winter – LaRC
Pam Hanes– MSFC
Jim Bevis - SSC*

AGENCY FINANCIAL OPERATIONS (2)

*Deputy Chief Financial Officer (Finance)
Terry Bowie*

*Associate Deputy Chief Financial Officer (Finance)
Bruce Ward*

MISSION SUPPORT OFFICE (7)

*Vacant
Director*

New

AGENCY BUDGET, STRATEGY AND PERFORMANCE (1)

*Deputy Chief Financial Officer
(Agency Budget, Strategy and Performance)
Andrew Hunter*

New

Arrows indicate functions that previously were part of Agency Financial Operations

FINANCIAL & BUDGET SYSTEMS MANAGEMENT DIVISION (9)
*Nadine Tremper
Director*

POLICY DIVISION (9)
*Kevin Buford
Director*

FINANCIAL MANAGEMENT DIVISION (35)
*Douglas Glenn
Director*

Funds Control Branch
Property Branch
External Reporting Branch
Data Analysis Branch

QUALITY ASSURANCE DIVISION (12)
*Frank Petersen
Director*

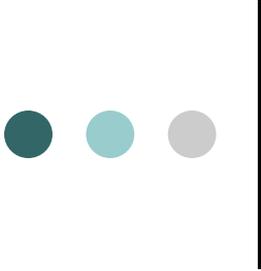
BUDGET DIVISION (22)
*Chantale Wong
Director*

- Human Space flight Team
- Science Team
- Aeronautics, Technology & Education Team
- Cross-Agency Support Team
- Integration Team

STRATEGIC INVESTMENTS DIVISION (20)
*Cynthia Lodge
Director*

New

- Strategic Planning & Performance Mgmt Branch
- Program Analysis Branch



2011 OCFO Strategic Plan

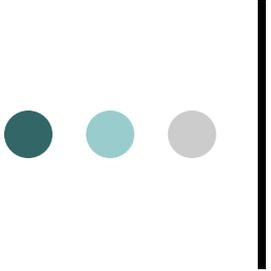
Blueprint for Financial Management Transformation

Vision

- To be the credible expert, trusted advisor and source of quality information on matters related to finance and resources, including the management of associated risk, for NASA programmatic and institutional decision making

Rationale

- Improve financial management capability and outcomes by adopting a decision support orientation
- Strengthen NASA's financial management profile
- Improve enterprise decision-making

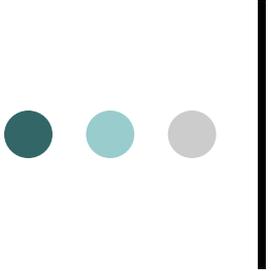


2011 OCFO Strategic Plan

Blueprint for Financial Management Transformation

Goals

- (Enhance Capabilities) Build the capabilities to deliver CFO value-added products and services
- (Ensure Financial Stewardship) Provide effective stewardship of NASA's resources by maintaining appropriate internal controls and balancing competing Agency needs/requirements
- (Deliver a Positive Customer Experience) Consistently provide a timely and quality customer experience for internal and external stakeholders
- (Promote Clear Communications and a Culture of Respect) Promote effective communication and collaboration in a culture of respect, and operate seamlessly throughout the OCFO organization.



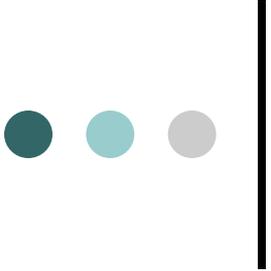
NASA Financial Steering Group (FSG)

- History and Purpose

- Chartered in 2006, revitalized mid-2008
- Chaired by the Deputy CFO(F), run by Assistant Deputy CFO
- Key communication forum for the NASA financial community
- Supports NASA CFO and the Executive Roundtable (ERT) in implementing strategic direction & policy for the financial management community
- Develops recommendations on matters related to financial policy, financial systems initiatives, and financial process improvement initiatives
- Vetting and approval body for Agency-wide financial process and task teams

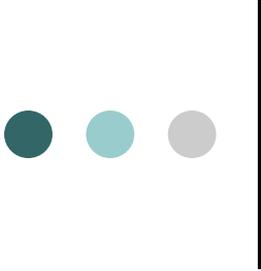
- Membership

- Members include DCFOs, OCFO/HQ Division Directors, and staff from NASA Shared Services Center, NASA Enterprise Application Competency Center, Procurement, and HQ Budget Management Systems
- Members lead or serve as members of initiatives/task teams to recommend and implement financial management improvement efforts



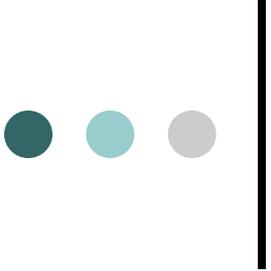
NASA Financial Steering Group (FSG)

- Meetings
 - Meets weekly; key source for sharing financial management information throughout the NASA community
 - Updates provided from Budget, Quality Assurance Division, Financial Management Division, and each Center on a rolling basis
 - All financial organizations (HQ Divisions, Centers) raise issues and share best practices
- FSG Teams (Example)
 - During 2009-2010, 17 FSG teams were established and worked to resolve over 50 financial management issues (e.g., NSSC Post Transition, Accounts Payable)



Continuous Monitoring Program

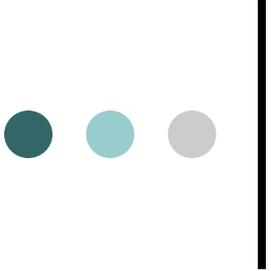
- Internal controls are a basic management responsibility
- The Federal Managers' Financial Integrity Act of 1982 requires management to maintain adequate systems of internal control and to assert annually to the President and the Congress on the adequacy of internal controls and any material weaknesses
- The NASA CFO has instituted a proactive program called the Continuous Monitoring Program to systematically monitor
 - Internal controls in key areas selected because of their importance to the operation and their risk to NASA
 - Compliance with Generally Accepted Accounting Principles
 - Evidence for balances of activity reported in its financial statements are corrected in a timely manner



Continuous Monitoring Program

Continuous monitoring provides:

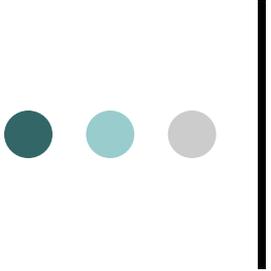
- Ongoing assurance that internal controls are operating as intended
- The ability to identify errors and discrepancies early and to take prompt actions to correct them
- A means of identifying and taking corrective actions to address the root causes of identified problems
- The ability to be out front and avoid larger problems
- A model of implementing the concepts in the Federal Managers' Financial Integrity Act



Continuous Monitoring Program

Continuous Monitoring Program Manual

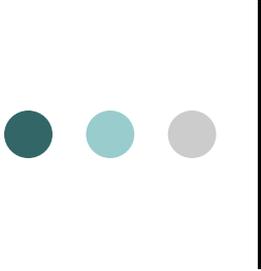
- Living document that adapts to NASA's changing environment
- Provides a road map to the Center CFOs as to monitoring needs and priorities
- FY2011 updates focus on:
 - Process changes
 - New internal controls
 - Invalid transaction codes



Continuous Monitoring Program

Examples of New/Modified Continuous Monitoring Activities

- Reconcile unobligated balances
- Review of all Real Property Work in Progress supporting documentation
- Validate planned depreciation postings
- Review aging of open obligations
- Validate selected cost estimates



Financial Systems Update

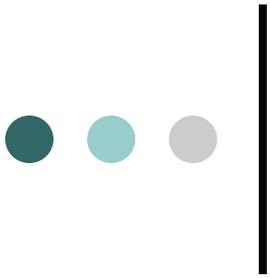
Financial System Status

The SAP Enterprise Resource Planning (ERP) is in a “steady state” of operation.

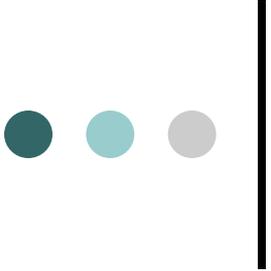
- NASA currently utilizes version ERP Central Component (ECC) 6.0
- Upgrading Oracle database to version 11 this spring.
- Two annual releases planned each year (October and May)

System Initiatives

- Replace NASA Supply Management System (NSMS) with SAP
- Implement Treasury Account Symbols into the Federal Procurement Data System
- Implement electronic signatures for contracting documents



Unfunded Environmental Liabilities



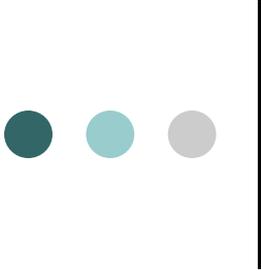
UEL UPDATE

Deficiencies Cited:

1. Lack of continuing validation program for IDEAL to assess the accuracy of remedial estimates and update models, as appropriate
2. Disclosure items can be enhanced by the Joint Review process
3. Some SFFAS No. 6 costs are categorized in SFFAS No. 5 data sets
4. Environmental control processes as reflected in Agency NPRs have not been updated to reflect the policies on remediation UEL and PP&E EL estimation processes

NASA Initiatives: End of FY 2010 Until Today:

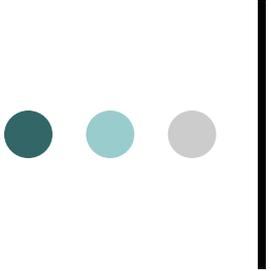
- NASA has begun migrating its environmental restoration management system to the NASA Environmental Tracking System (NETS) platform. Presently we are defining the specific requirements to be included in the remediation management modules OCFO needs are being solicited and will be incorporated into the system
- OCFO and EMD are coordinating on development of a Corrective Action Plan for the deficiencies cited
- Validation tests of the IDEAL models for selected remediation elements at five NASA Centers indicate that overall the model estimates are within 12% of the actual costs experienced



UEL UPDATE

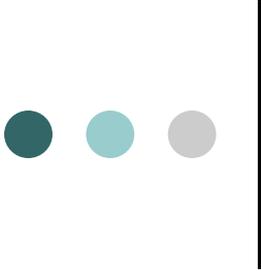
Next Steps:

- Continue development of the restoration management system within NETS.
- OCFO and EMD jointly complete the Corrective Action Plan.
- Offer additional UEL face-to-face training as part of a NASA restoration workshop to be held on March 1-3, 2011.
- Update the Remediation UEL Joint Review Form to better capture financial statement disclosure items.
- Redouble efforts to emphasize that User Defined Estimates are to be used instead of IDEAL model estimates whenever possible. IDEAL model estimates continued to decline in FY 2010 to only comprise 18.5% of total estimated NASA UEL.



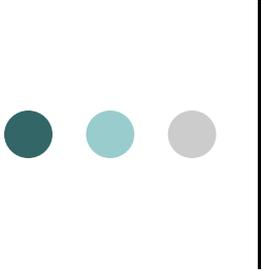
NASA EVM Capability Project

- *Develop and pilot an agency-wide, in-house EVM capability to address ANSI/EIA-748 guidelines*



Current EVM Capability Project Status

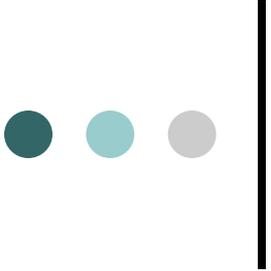
- Entered implementation phase
 - 1st Pilot kicked-off at JSC week of April 5th, 2010 and initial gap analysis complete
 - EVA pilot cancelled in June 2010 because of changes/uncertainty within the CxP and the project office
 - Documented Results/ Lessons Learned/Issues Papers (end of July)
 - Two Issue Papers Submitted for Consideration
 - Inconsistency between Plan and Performance
 - Business Rules and Actual Cost
 - 2nd Pilot has started with review of data and setup support
 - Started in Sept. at GSFC
 - Completion date scheduled for June 2011



Issue Papers

- Inconsistent Plan and Performance
 - NASA's project plans were level loaded as opposed to reflecting time phased planned work which results in inaccurate cost variances and EVM metrics. The following are two effects:
 1. Artificial variances are created which dilute the value of EVM metrics in providing meaningful performance data for the responsible manager, monthly project reviews, and external senior management reviews of project performance
 2. The predictive value of EVM performance metrics that enables developing credible Estimates at Complete (EAC) for work remaining is compromised

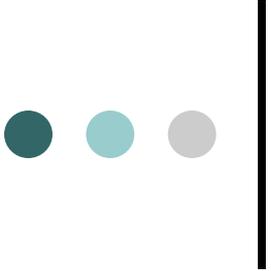
- Business Rules and Actual Costs
 - NASA business rules and cost distribution methodologies impact NASA's effective use of the Earned Value approach to project management. The following are three effects:
 1. Artificial Variances
 2. Distorts EVM data
 3. Significantly impairs predictive ability of EVM



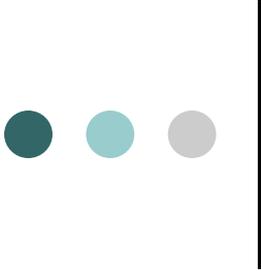
Path Forward

- Continue ICESat2 Pilot and document lessons learned, update documentation as needed
- Develop transition strategy for long-term implementation
- Continue to provide Steering Committee with information to make decisions for Agency
- Enter into O&M upon successful Operational Readiness Review (ORR)
- Project Close (Agency-wide implementation IS NOT in scope for this project)

NASA needs to understand what EVM can and cannot do on costs

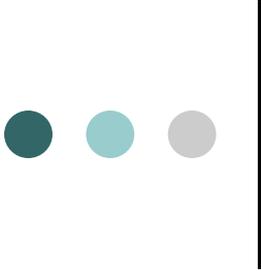


NASA Shared Services Center



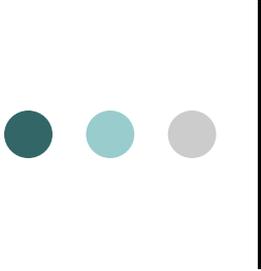
NASA Shared Services Center (NSSC)

1. Scope of Activities
2. Customer Satisfaction Surveys
3. Performance Metrics
4. Reasons for late payments
5. E-invoicing Initiatives
6. Enterprise Service Desk (ESD)/Enterprise Service Request System (ESRS)



What is the NASA Shared Services Center (NSSC)?

- The NSSC was established in 2006 and is focused on providing high-quality products and services, and potential cost avoidances through consolidating, standardizing, and automating a variety of transactional and administrative activities in four lines of business
 - Procurement
 - » Grants, SBIR and STTR Contracts, Agency-wide Contracts
 - Financial Management
 - » Accounts Payable, Accounts Receivable, Payroll, Financial Reporting
 - Human Resources
 - » Benefits, Personnel Action Processing, SES Case Documentation
 - Information Technology
 - » Enterprise License Management, Tier-1 Help Desk



NSSC Metrics

Description	FY 2010	FY 2011 (First Quarter)	Totals since Go Live – March 2006
Employees	522	525	525
Activities	52	52	52
Customer Inquiries	88,444	21,206	380,583
Grants	7,578	1,090	22,226
Travel Vouchers	119,894	16,883	378,889
AP Invoices Paid	75,115	17,909	201,362
Initial Calls Resolved	28,836 @ 97%	5,762 @ 93%	153,613 @ 97%
Budget	\$63M	\$63M	
Payroll	\$54M	\$54M	

Broad-Based Surveys—Overall Satisfaction

Summary of Changes in Performance

Functional Area	Survey	Prior Score ¹	2010 Score ¹	Change	Direction	% Change	Quartile ²
Human Resources	General HR	3.21	3.81	0.60	↑	19%	2 nd
	Leave Donor and Advanced Sick Leave	3.74	4.16	0.42	↑	11%	1 st
	SES Case Documentation	4.44	4.73	0.29	↑	7%	1 st
	Financial Disclosure – Filers	3.60	3.90	0.30	↑	8%	2 nd
	Financial Disclosure – Legal	3.56	4.46	0.90	↑	25%	1 st
	Personnel Action Processing	3.63*	4.20	0.57	↑	16%	1 st
	Employee Recognition and Awards ⁴	3.21	3.80	0.59	↑	18%	3 rd
Procurement	On-Site Training	4.29	4.18	-0.11	↓	-3%	1 st
	Off-Site Training	3.78	3.95	0.17	↑	4%	2 nd
	Grants & Cooperative Agreements	3.82	3.85	0.03	↑	1%	2 nd
	SBIR and STTR Award Processing	3.69	3.76	0.07	↑	2%	3 rd
Financial Management	PCS Travel Voucher Processing ⁴	3.55	4.05	0.50	↑	14%	1 st
	PCS Relocation Service ⁴	3.55	3.80	0.25	↑	7%	3 rd
	Foreign Travel ⁴	3.57	3.60	0.03	↑	1%	3 rd
	Extended TDY	3.55	3.50	-0.05	↓	-1%	4 th
	Accounts Receivable	4.17*	4.08	-0.09	↓	-2%	1 st

↑ = Increase – statistically significant³

↑ = Increase – NOT statistically significant³

↓ = Decrease – NOT statistically significant³

↓ = Decrease – statistically significant³

Notes: 1. Survey questions have a five point response scale (1 = "Strongly Disagree", 5 = "Strongly Agree"); mean scores are shown

2. Quartile comparisons are based on previous service provider surveys, with rankings applicable at time of survey

3. Statistical significance is determined by conducting a t-test (95% confidence)

* Prior score is from the baseline survey

4. Since the overall satisfaction question in the 2008 survey differed from the 2010 survey, the test for statistical significance is not relevant

Key Performance Indicators – FY 2010

FY10 On-Time Payment Percentages by Month												
Center	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
ARC	96.54%	97.97%	97.32%	96.55%	97.67%	96.80%	97.71%	97.42%	97.34%	97.40%	99.30%	98.30%
DFRC	92.41%	95.59%	96.06%	94.65%	96.12%	98.00%	96.12%	98.80%	96.86%	98.78%	98.67%	98.39%
GRC	99.74%	99.85%	99.59%	98.98%	99.13%	99.07%	99.40%	99.80%	99.56%	99.04%	99.89%	98.86%
GSFC	98.20%	96.84%	97.14%	96.42%	97.71%	96.51%	97.08%	97.89%	98.92%	97.20%	98.54%	98.05%
HQ	93.98%	98.98%	96.10%	97.45%	97.70%	94.53%	96.62%	96.77%	96.82%	95.79%	96.59%	96.86%
JSC	96.23%	96.44%	98.09%	95.99%	96.60%	97.06%	98.51%	99.04%	98.50%	98.86%	98.24%	98.78%
KSC	99.31%	99.59%	100.00%	98.66%	99.38%	99.43%	99.50%	99.76%	99.80%	99.60%	99.28%	99.71%
LaRC	98.13%	98.99%	97.91%	99.09%	99.67%	99.52%	99.63%	100.00%	99.49%	99.18%	99.10%	98.69%
MSFC	97.86%	96.90%	97.48%	98.11%	98.38%	100.00%	99.26%	98.43%	99.02%	99.24%	98.82%	98.64%
NSSC	98.29%	100.00%	100.00%	100.00%	98.63%	100.00%	99.19%	100.00%	99.22%	100.00%	100.00%	100.00%
SSC	97.10%	91.96%	96.15%	94.29%	95.41%	100.00%	96.88%	100.00%	99.16%	98.33%	97.16%	100.00%
Total	97.53%	97.88%	97.83%	97.46%	98.17%	98.00%	98.28%	98.74%	98.78%	98.33%	98.74%	98.51%

FY10 Interest Per \$1M by Month												
Center	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
ARC	\$ 143	\$ 6	\$ 22	\$ 9	\$ 18	\$ 168	\$ 65	\$ 17	\$ 52	\$ 17	\$ 2	\$ 12
DFRC	\$ 32	\$ 71	\$ 57	\$ 20	\$ 9	\$ 35	\$ 13	\$ 10	\$ 65	\$ 26	\$ 5	\$ 18
GRC	\$ 47	\$ -	\$ 5	\$ 47	\$ 11	\$ 17	\$ 25	\$ -	\$ 2	\$ 3	\$ -	\$ 37
GSFC	\$ 36	\$ 15	\$ 6	\$ 15	\$ 19	\$ 28	\$ 20	\$ 13	\$ 1	\$ 45	\$ 11	\$ 44
HQ	\$ 58	\$ 5	\$ 18	\$ 7	\$ 31	\$ 14	\$ 33	\$ 24	\$ 19	\$ 39	\$ 20	\$ 22
JSC	\$ 10	\$ 19	\$ 2	\$ 7	\$ 5	\$ 1	\$ 13	\$ 6	\$ 6	\$ 19	\$ 1	\$ 1
KSC	\$ 1	\$ -	\$ -	\$ 2	\$ 3	\$ 2	\$ -	\$ 6	\$ 1	\$ -	\$ 1	\$ -
LaRC	\$ 31	\$ 9	\$ 9	\$ 14	\$ -	\$ 3	\$ 2	\$ -	\$ -	\$ 4	\$ 6	\$ 21
MSFC	\$ 9	\$ 43	\$ 17	\$ 1	\$ 57	\$ -	\$ 1	\$ -	\$ 6	\$ 1	\$ 9	\$ 1
NSSC	\$ 7	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 225	\$ -	\$ 2	\$ -	\$ -	\$ -
SSC	\$ 10	\$ 212	\$ 9	\$ 19	\$ 27	\$ -	\$ 10	\$ -	\$ -	\$ 3	\$ 45	\$ -
Total	\$ 21	\$ 23	\$ 7	\$ 9	\$ 18	\$ 15	\$ 14	\$ 7	\$ 7	\$ 18	\$ 6	\$ 13

Parameters:

- (1) Green: $\geq 98\%$; Yellow: $< 98\% \geq 97\%$; Red: $< 97\%$ of total
- (2) Green: $\leq \$200$; Yellow: $> \$200$ and $\leq \$300$; Red $> \$300$

Key Performance Indicators – FY 2011

FY11 On-Time Payment Percentages by Month												
Center	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
ARC	97.64%	98.73%	99.56%									
DFRC	98.80%	98.16%	97.84%									
GRC	99.37%	99.29%	98.93%									
GSFC	98.92%	98.19%	96.84%									
HQ	99.45%	98.03%	95.07%									
JSC	98.53%	98.25%	98.50%									
KSC	99.48%	99.25%	99.20%									
LaRC	99.89%	98.07%	98.97%									
MSFC	99.41%	97.75%	99.61%									
NSSC	100.00%	98.41%	98.25%									
SSC	100.00%	100.00%	97.76%									
Total	99.19%	98.45%	98.13%									

FY11 Interest Per \$1M by Month												
Center	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
ARC	\$ 7	\$ 12	\$ 28									
DFRC	\$ 33	\$ 29	\$ 96									
GRC	\$ 1	\$ 1	\$ 62									
GSFC	\$ 15	\$ 8	\$ 19									
HQ	\$ 1	\$ 10	\$ 39									
JSC	\$ 5	\$ 1	\$ 1									
KSC	\$ 2	\$ 1	\$ 3									
LaRC	\$ 2	\$ 30	\$ 11									
MSFC	\$ -	\$ 5	\$ 1									
NSSC	\$ -	\$ 4	\$ 2									
SSC	\$ -	\$ -	\$ -									
Total	\$ 6	\$ 5	\$ 10									

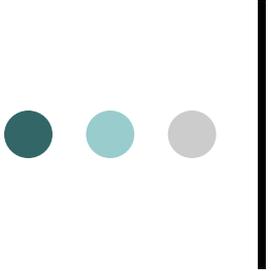
Parameters:

- (1) Green: $\geq 98\%$; Yellow: $< 98\% \geq 97\%$; Red: $< 97\%$ of total
- (2) Green: $\leq \$200$; Yellow: $> \$200$ and $\leq \$300$; Red $> \$300$

Reasons for Late Payments as a % of Late Payments – FY 2011

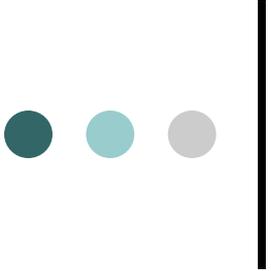
FY11 % of Late Payments by Reason Code												
Reason Code	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept
1 - NSSC Delay	21.95%	20.43%	11.01%									
7 - Systems Delay	0.00%	0.00%	22.02%									
11 - Delay in Receipt of Cost	14.63%	10.75%	7.34%									
12 - Late Receipt of Invoice (DBO)	17.07%	4.30%	8.26%									
13 - Late Receipt of Approval	39.02%	27.96%	23.85%									
14 - Delay in Receipt of Funding	4.88%	9.68%	12.84%									
21 - Center Technician Delay (CBA)	0.00%	20.43%	11.01%									
Other	2.44%	6.45%	3.67%									
Total	100.00%	100.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

INTEREST REASON CODES	
1A NSSC Technician Delay	9 Calculation Error
1B NSSC Systems Delay (AWMS/Tech Doc)	10 Misdirected Invoice
1C NSSC Civil Servant Delay	11 Delay in Receipt of Cost
1D 1 Day or Less To Process Payment	12 Late Receipt of Invoice
2 Late Receipt of PO/Contract	13 Late Approvals
4 Late Good Receipt	14 Funds Not Available
5 Other (Requires Explanation)	15 Treasury Delays
7 SAP/Software Related	16 PO/Correct Requires Corrections
8 CMM/Software Related	20 Technician Delay (Center)
	21 Late CBA Reconciliation



E-Invoicing

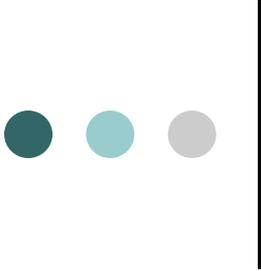
- Recommendation
 - Implement a total (end-to-end) electronic invoicing solution
- Approach description
 - Select electronic invoicing tool based on established requirements, re-engineer procedures and begin change management efforts in FY11; Centers transition to the electronic invoicing solutions in waves in FY12 after a successful pilot of one or two Centers; all Centers targeted to be on board during FY13
- Expected outcomes
 - Increase one-time payments, increase internal controls/audit transparency, improve data accuracy, vendor benefits, and cost savings
 - Selection and configuration of the solution will drive cost savings



Enterprise Service Desk(ESD)/Enterprise Service Request System (ESRS)

To Begin June 1, 2011

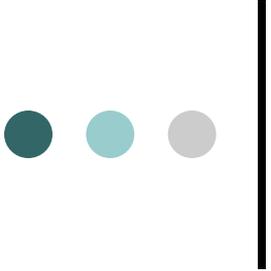
- Supports NASA's IT Infrastructure Integration Program (I3P) in the areas of End-User, Communication, Web, and Enterprise Applications services
- The Enterprise Service Desk (ESD) provides for centralized capability at the NSSC for NASA personnel to receive support for I3P services and activities; users receive this support via:
 - Tier-0 Self Service Website serving up knowledge articles and self-help information related to I3P services, status, and orders
 - Tier-1 Help Desk providing call agent personnel to document, escalate, track, and resolve I3P incidents and problems received from NASA and I3P customers
 - IT Infrastructure Notification capability informing customers of planned and unplanned outages/problems/issues related to the I3P environment, systems, and services
 - Enterprise Service Request System (ESRS) providing the capability to order IT services from various I3P contracts via a Web-based ordering application; the ESRS also includes a workflow capability for approval processing and supports monthly reconciliation processing of I3P contract invoices against NASA ordered services
- Once ESD is stabilized
 - ESD (including ESRS operations) are funded via NSSC charge-backs beginning FY12; estimated costs are \$8M annually (ESD and ESRS combined)
 - Estimated staffing is two to three FTEs and 60 contractors (incrementally hired as needed to align with I3P contract transitions)



Scope of Inspector General (IG) Audit-

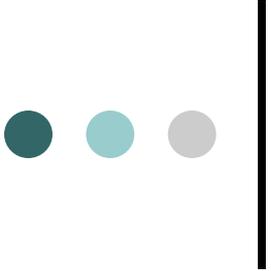
“Status of Services Transferred from NASA Centers and Headquarters to the NASA Shared Services Center”

- Conducted from February 2009 – January 2011
- Objective was to determine whether the consolidation and transfer of institutional support services from NASA Centers to the NSSC was conducted in a timely, efficient, and cost-effective manner
- Initially focused on Human Resources Services
- Expanded to include Financial Management, Procurement, and Information Technology Services
- Work performed at NASA HQ, NSSC, Glenn Research Center, Johnson Space Center, Kennedy Space Center, Langley Research Center, and Marshall Space Flight Center



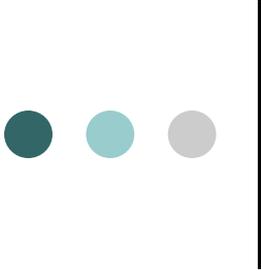
IG Audit Results

- Services not transferred timely or as planned
 - Most services occurred on time and as planned
 - Accounts payable and accounts receivable services delayed due to concerns expressed by the finance community that additional time was needed to ensure systems were ready and personnel were trained
 - Delay resulted in NASA incurring ~\$3.75M in additional expenses
 - Three Human Resources services returned to the Centers due to unexpectedly high costs (health fairs, recruiting events, and awards ceremonies)
 - Returning these services to the Centers resulted in fewer Center positions available for redirection to other functions
 - Benefits counseling services were a source of transition problems in that some NASA employees were unsatisfied with the advice provided by the contractor staff
 - NSSC hired additional civil service staff experienced in managing Federal benefits, which resulted in higher benefits counseling costs for the NSSC



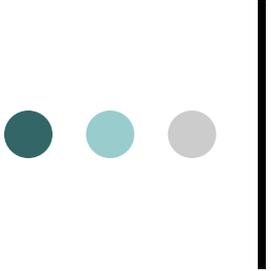
OIG Audit Results (cont'd)

- Guidance for redirection of positions not established
 - NASA originally expected that ~200 civil service positions would be reallocated to “critical mission-related activities” upon transfer of services to the NSSC
 - NASA did not define “critical mission-related activities” or provide the Centers with a consistent plan for how positions should be redirected to such activities
 - 77 positions were redirected and 50 positions eliminated through attrition at the five Centers visited (employees were placed in new positions or assigned to backfill positions in the same functional areas from which the services had been transferred)
 - Due to NASA’s failure to define “critical mission-related activities”, the auditors were unable to determine to what extent NASA achieved its goal of reducing the number of Center-based positions dedicated to institutional support



OIG Audit Results (cont'd)

- Projected cost savings based on unreliable data
 - Per the NSSC 2003 Implementation Plan Report, NASA estimated savings of \$6 million per year by establishing the NSSC
 - In May 2009, three years after its inception, the NSSC reported projected cost savings of \$121 million from FY 2006 through FY 2015 and achievement of the ROI break-even point December 2008
 - The audit analysis determined that cost data supplied by the Centers were not reliable or verifiable
 - The audit analysis also found that NASA did not include in its ROI calculations \$15.25 million of funding the Agency used to supplement its start-up costs (\$3.75M AP/AR delay; \$5.2M other Agency procurement services previously funded by corporate G&A; \$6.3M associated with Hurricane Katrina impacts)
 - NASA's claim of \$121 million for FY 2006 – FY 2015, and the reported breakeven point of December 2008, was based on flawed data and therefore is not accurate



OIG Recommendations

- The NASA Associate Administrator for Mission Support conduct a full cost benefit assessment before transferring services performed at the Centers and Headquarters or assigning new services to the NSSC
- The NASA Associate Administrator for Mission Support develop a plan with milestones for the periodic re-evaluation of services performed by the NSSC to ensure the arrangement continues to be cost effective for NASA
- The NASA Administrator for Mission Support define “critical mission-related activities” and develop a plan to ensure that resources affected by the transfers to the NSSC are redirected to those activities (with the AA for Mission Support documenting any instances where resources are not redirected)
- The Associate Administrator for Mission Support, going forward, provide clear guidance to the Centers regarding data to be gathered and methodology to be used for projected cost savings for NSSC activities to ensure the savings are supported by documented and verifiable cost data

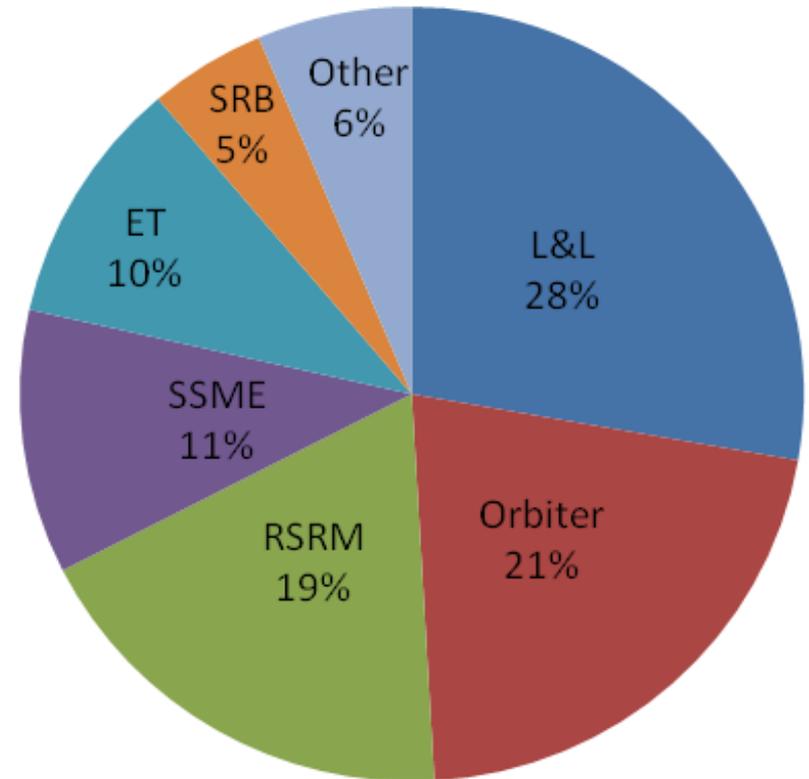


Space Shuttle Transition & Retirement

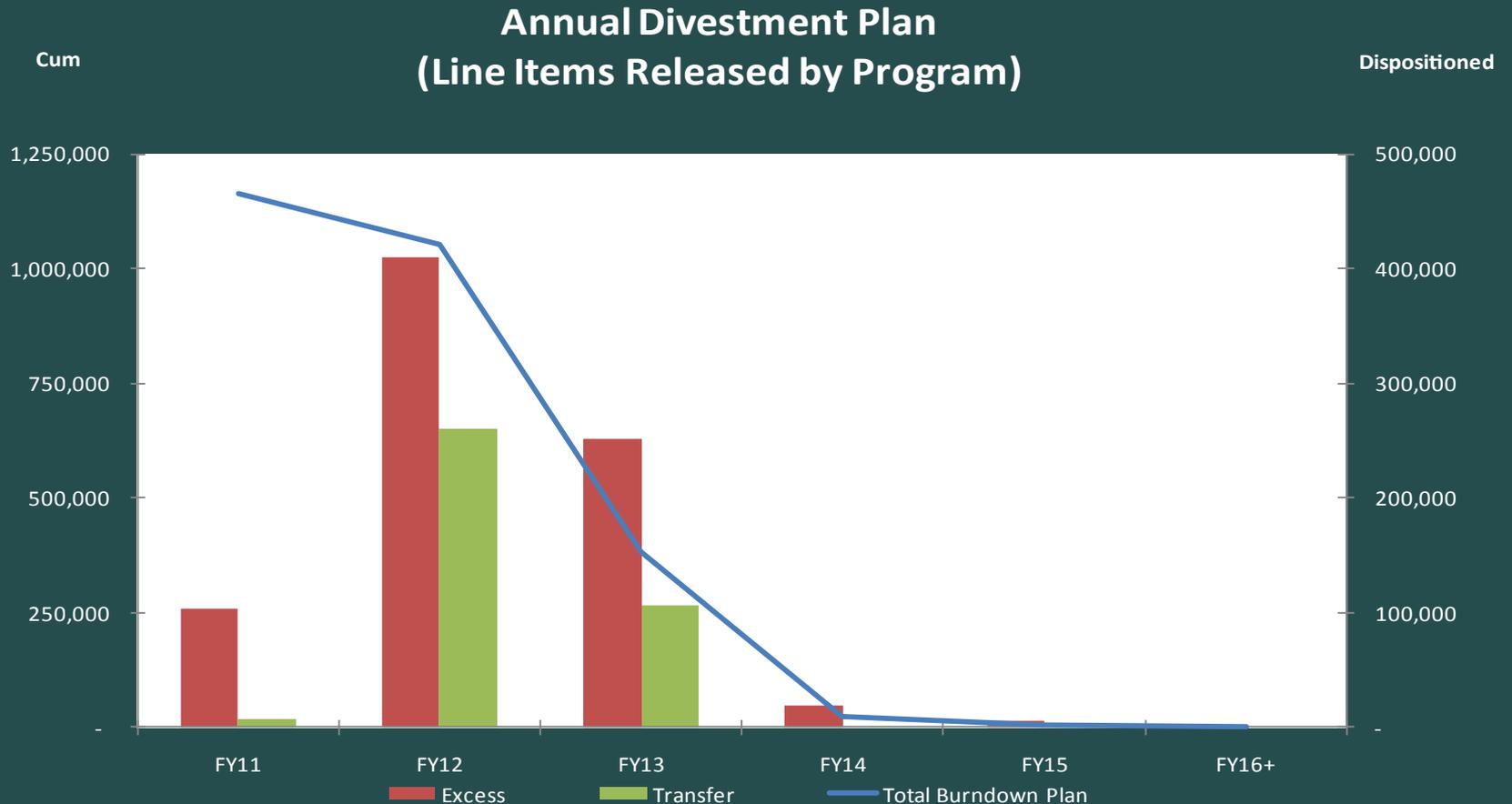


SSP Property Line Items by Element

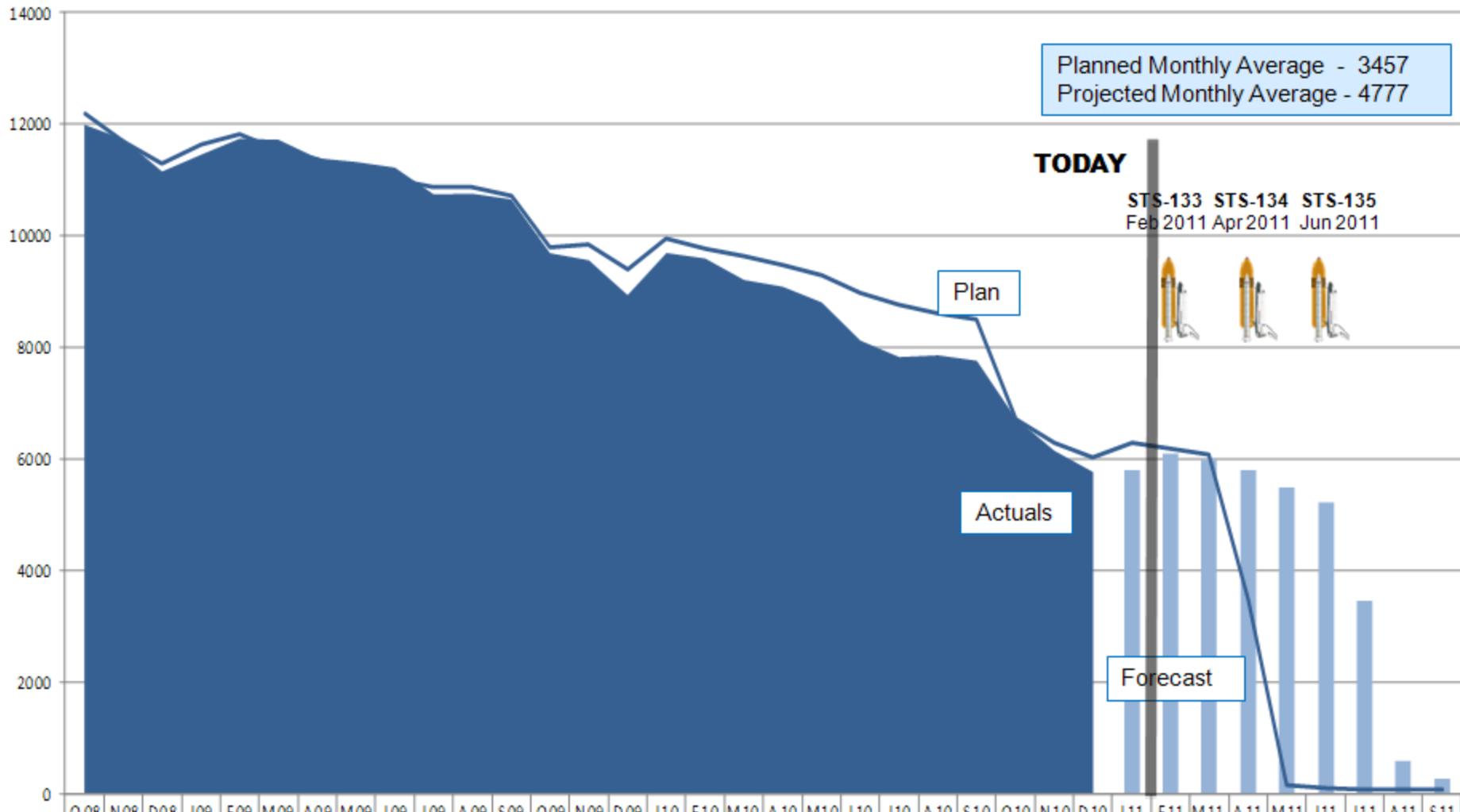
ELEMENT	# of Line Items
Launch & Landing	322,595
Orbiter	248,127
RSRM	213,823
SRM	128,471
SSME	119,743
ET	56,070
Other	74,027
TOTAL	1,162,856



Baseline SSP Property Divestment Plan Under Constellation “Program of Record”



Space Shuttle Workforce Plan



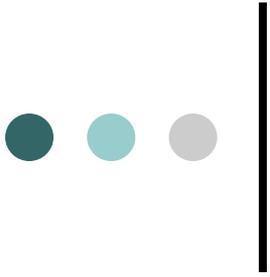
Planned Monthly Average - 3457
 Projected Monthly Average - 4777

TODAY

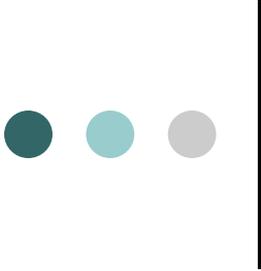
STS-133 Feb 2011
 STS-134 Apr 2011
 STS-135 Jun 2011



	O 08	N 08	D 08	J 09	F 09	M 09	A 09	M 09	J 09	J 09	A 09	S 09	O 09	N 09	D 09	J 10	F 10	M 10	A 10	M 10	J 10	J 10	A 10	S 10	O 10	N 10	D 10	J 11	F 11	M 11	A 11	M 11	J 11	J 11	A 11	S 11		
SSP Actuals	1200	1174	1116	1146	1175	1173	1140	1133	1123	1075	1076	1066	9693	9566	8942	9698	9599	9213	9092	8811	8125	7828	7860	7763	6731	6148	5765											
SSP Forecast																												5788	6083	5984	5809	5483	5211	3449	592	276		
SSP Plan	1218	1170	1130	1164	1181	1154	1138	1111	1100	1088	1087	1072	9786	9851	9404	9938	9768	9643	9477	9297	8967	8771	8596	8512	6716	6285	6017	6294	6191	6067	3471	136	86	76	74	65		



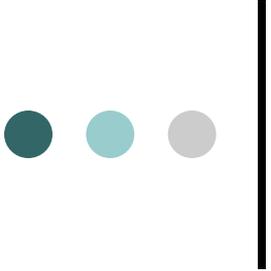
Monthly Business and Accounting Report (MBAR)



Key Purpose and Objective

- **Purpose:** *NASA OCFO's Agency Monthly Business and Accounting Report (MBAR) is a business tool and financial management mechanism used to facilitate the tracking, monitoring, and reporting of financial management performance indicators both within NASA and externally.*

- **Objectives to:**
 - ❑ Serve as a framework for tracking key internal financial management and business process indicators
 - ❑ Serve as a framework for tracking key external financial management indicators reported on MTS
 - ❑ Provide senior management with information on business process performance
 - ❑ Facilitate communication with responsible process owners
 - ❑ Ensure monitoring of remedial actions for exceptions reported



Monthly Business and Accounting Report

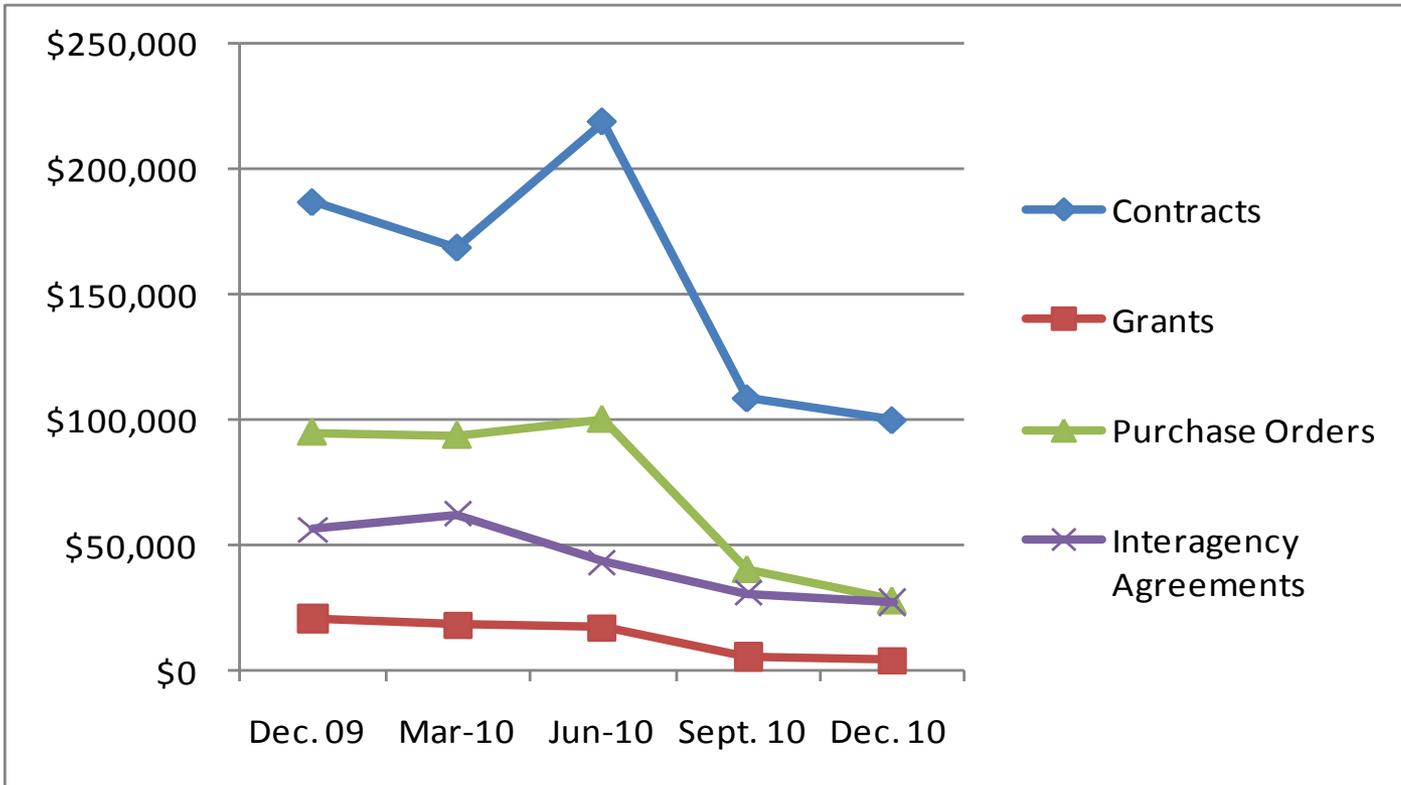
- The MBAR is:
 - Intended for audiences across all of NASA
 - Intended to be thought provoking reflective
 - A living document and interactive process
- More value can be derived through expanded awareness
- Prototype of the new design rolled out in Q4 2010

Procurement Vehicle Closeout Summary

Quarter		Dec. 2009	March 2010	June 2010	Sept. 2010	Dec. 2010	% Change
Dollars Per Procurement Vehicle Type (in	Contracts	\$186,811	\$168,783	\$218,873	\$108,946	\$100,259	-46%
	Grants	\$20,864	\$18,316	\$17,300	\$5,706	\$4,317	-79%
	Purchase Orders	\$95,186	\$93,933	\$100,294	\$40,627	\$28,181	-70%
	Interagency Agreements	\$56,386	\$62,687	\$43,512	\$30,873	\$27,281	-52%
	Total	\$359,247	\$343,719	\$379,979	\$186,152	\$160,038	-55%
Number of Procurement Vehicles	Contracts	3,078	3,066	3,054	2,764	2,638	-14%
	Grants	3,762	2,957	2,462	1,586	1,229	-67%
	Purchase Orders	18,261	17,773	18,122	15,365	14,301	-22%
	Interagency Agreements	1,858	1,784	1,700	1,456	1,363	-27%
	Total	26,959	25,580	25,338	21,171	19,531	-28%

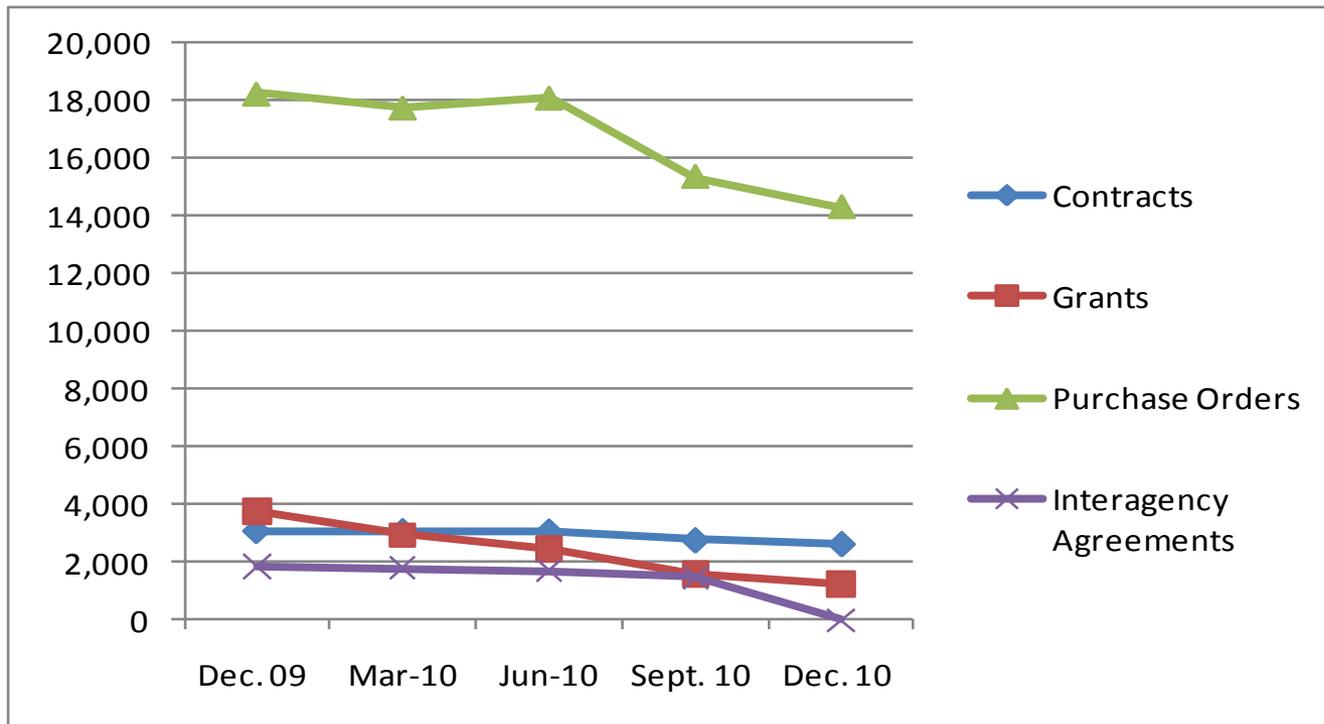
Procurement Vehicle Closeout Summary

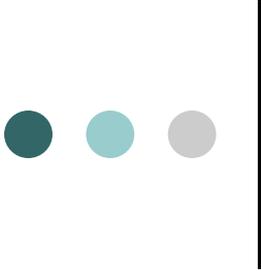
Dollar Per Procurement Vehicle Type



Procurement Vehicle Closeout Summary

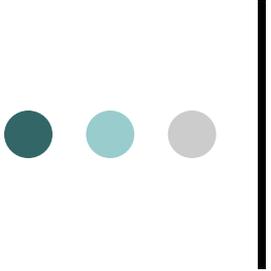
Number of Procurement Vehicles





Roadmap to a Clean Financial Statement Audit Opinion

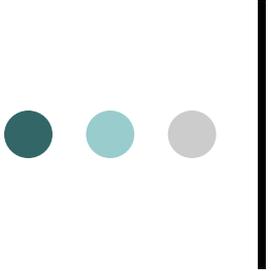
- Flawless execution of Continuous Monitoring Program (CMP)
- Improve oversight of Contractor-Held assets including close coordination with contractors (primarily Boeing), Defense Contract Audit Agency (DCAA) and Defense Contract Management Agency (DCMA)
- Environmental Liability issues—Complete corrective action plan and continue migration from IDEAL (parametric estimating model) to NETS (NASA Environmental Tracking System)



FY 2011 Financial Statement Audit

- Not yet underway
- Inspector General (IG) put external audit contract out for bids

Timeline—No decision yet...but needs to be soon to initiate FY2011 audit



Audit, Finance, and Analysis Committee

No specific recommendations at this time.

But

E&Y noted that NASA has not completed its development of procedures or estimates to record and disclose asbestos cleanup costs (2012 requirement)

There is a question as to whether this is a health issue or an environmental liability issue

Committee suggests to OCFO staff:

- 1. Develop a White Paper on Agency approach*
- 2. Vet with SFFAS, OMB, IG, and E&Y*