

OFFICE OF INSPECTOR GENERAL (OIG)

Budget Authority (in \$ millions)	Actual	Estimate	FY 2013	Notional			
	FY 2011	FY 2012		FY 2014	FY 2015	FY 2016	FY 2017
FY 2013 President's Budget Request	36.3	38.3	37.0	37.0	37.0	37.0	37.0

INSPECTOR GENERAL OVERVIEW IG-2

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FY 2013 BUDGET

Budget Authority (in \$ millions)	Actual	Estimate	FY 2013	Notional			
	FY 2011	FY 2012		FY 2014	FY 2015	FY 2016	FY 2017
FY 2013 President's Budget Request	36.3	38.3	37.0	37.0	37.0	37.0	37.0
Change From FY 2012 Estimate	--	--	-1.3				
Percent Change From FY 2012 Estimate	--	--	-3.4%				

Note: The FY 2012 estimate includes a \$1 million transfer from NASA's Cross Agency Support account to the OIG to commission "a comprehensive independent assessment of NASA's strategic direction and agency management." The \$1 million transfer is for a one time-study and will not affect future budgets.

For FY 2013, the NASA Office of Inspector General (OIG) requests \$37.0 million. This request will support the work of 206 auditors, investigators, analysts, specialists, lawyers, and support staff located at NASA Headquarters in Washington, DC, and 11 other locations throughout the United States.

OIG conducts audits, reviews, and investigations of NASA programs to prevent and detect fraud, waste, abuse, and mismanagement and to assist NASA management in promoting economy, efficiency, and effectiveness.

The OIG Office of Audits (OA) conducts independent and objective audits of NASA programs, projects, operations, and contractor activities. In addition, OA oversees the work of the independent public accounting firm that conducts the annual audit of NASA's financial statements. OA reviews target high-risk areas and Agency management challenges, responds to NASA's changing needs and priorities, and provides measurable results that help NASA achieve its space exploration, scientific, and aeronautics research missions.

The Office of Investigations (OI) investigates allegations of cybercrime, fraud, waste, abuse, and misconduct related to NASA programs, projects, operations, and resources. OI refers its findings to the Department of Justice for criminal prosecution and civil litigation or to NASA management for administrative action. Through its investigations, OI develops recommendations for NASA management to reduce the Agency's vulnerability to criminal activity. Given that NASA spends approximately 85 percent of its budget on contracts and grants, OI targets its resources to maintaining the integrity of NASA's procurement process and the safety of NASA's missions and information systems. In the procurement area, OI's caseload includes investigations of false claims submitted by NASA contractors, conflict of interest cases involving NASA employees who place private gain before public service, and Procurement Integrity Act violations.

Finally, OI seeks to prevent and deter misconduct at NASA through an aggressive "lessons learned" approach with NASA management. To this end, OIG works with NASA officials to remedy vulnerabilities within their programs and operations that may have allowed misconduct to occur.

EXPLANATION OF MAJOR CHANGES FOR FY 2013

None.

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ACHIEVEMENTS IN FY 2011

In FY 2011, OA issued 31 audit products, and identified \$7.5 million in questioned costs and \$107.1 million in funds that could have been put to use more effectively.

The OIG's audit products included reports on:

- NASA's efforts to effectively manage its Mars Science Laboratory project to accomplish its exploration objectives while meeting revised milestones and controlling costs;
- NASA management of its National Polar-orbiting Operational Environmental Satellite Systems Preparatory Project;
- The challenges facing NASA in its transition to commercial crew transportation services; and
- NASA's selection of display locations for the retired Space Shuttle orbiters.

In addition, OA reported on NASA's use of grant funds, controls over spending for NASA's academic training program and its Small Business Innovation Research (SBIR) program, and weaknesses in NASA's information technology security. Other reports assessed NASA's facilities maintenance program and the reliability of the Agency's real property asset data.

In FY 2011, OI investigated a wide variety of criminal and administrative matters involving procurement fraud, theft, counterfeit parts, ethics violations, and computer intrusions, leading to more than \$24 million in criminal, civil, and administrative penalties and settlements. More than \$2.8 million of these funds were returned directly to NASA. Overall OI investigative work resulted in 30 indictments, 26 convictions, 35 sentencing, nine civil settlements, 49 administrative actions, and eight suspensions and debarments.

Examples of OI's work over the past year include a public report summarizing the results of an investigation into allegations of misconduct by a former senior NASA employee and several contractor employees relating to a \$1.26 billion NASA space communications contract, a sentence of 41 months imprisonment and three years probation for a former NASA Chief of Staff for conspiring to steer approximately \$600,000 in NASA funds to one of his clients, and guilty verdicts on multiple criminal counts against the owners of a company that received more than \$3 million in SBIR grants from NASA.

KEY ACHIEVEMENTS PLANNED FOR FY 2013

Going forward, OIG will focus its audit work in the areas identified in November 2011 as NASA's top management and performance challenges:

- Future of U.S. Space Flight;
- Project Management;
- Infrastructure and Facilities Management;
- Acquisition and Contract Management; and
- Information Technology Security and Governance.

In ongoing audits, OIG is examining NASA's efforts to develop the Multi-Purpose Crew Vehicle, the use and effectiveness of NASA's management of lease agreements on its real property, and management practices and challenges that contribute to cost overruns, schedule delays, and performance shortfalls in

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its programs and projects. In addition, OIG is continuing its work assessing NASA's information technology security and governance, overseeing the work of the independent accounting firm performing the audit of NASA's financial statements, and reviewing NASA grants to fund scientific research, scholarships, fellowships, and educational activities.

BUDGET EXPLANATION

The FY 2013 request is \$37 million, a \$0.3 million or 0.8% decrease from the FY 2012 enacted level of \$37.3 million. The FY 2012 enacted level is \$1 million less than the FY 2012 estimate because the estimate includes a \$1 million transfer to the OIG from NASA's Cross Agency Support account to commission "a comprehensive independent assessment of NASA's strategic direction and Agency Management." The \$1 million transfer is for a one time study and will not affect future budgets.

OIG will continue to identify opportunities to promote efficient and effective spending in accordance with the November 2011 Executive Order on "Promoting Efficient Spending" to meet the \$37 million funding level. Specifically, the FY 2013 request includes:

- \$31.6 million (85 percent of the proposed budget) for personnel and related costs, including salaries, benefits, monetary awards, workers' compensation, permanent change of station costs, and Government contributions for Social Security, Medicare, health and life insurance, retirement accounts, and Thrift Savings Plan accounts. Salaries include the required additional 25 percent law enforcement availability pay for criminal investigators.
- \$1.1 million (three percent), for travel, per diem at current rates, and related expenses. OIG staff is located at 11 offices on or near NASA installations and contractor facilities.
- \$2.8 million (eight percent), for the annual audit of the Agency's financial statements.
- \$1.5 million (four percent), for operations expenses, including equipment, training, government vehicles, special equipment for criminal investigators, transit subsidies, and information technology equipment unique to OIG.

In accordance with the Inspector General Reform Act of 2008 (P.L. 110-409) the Inspector General certifies that \$0.4 million for staff training and \$0.1 million to support the Council of Inspectors General on Economy and Efficiency satisfy all known training requirements and planned contributions to the Council.