

FY 2021 Inspector General Act Amendments Report

Background

The Inspector General Act Amendments of 1988 (P.L. 100-504) require that Federal agencies report on the actions taken in response to Office of Inspector General (OIG) audit reports and corresponding audit recommendations. Specifically, the 1988 Amendments require agencies to report on: 1) Management Action Taken on OIG Reports containing Monetary Benefits and; 2) Management Action Not Taken on OIG Audit Reports in Excess of One-Year.

In addition, the Office of Management and Budget (OMB) outlines specific “action requirements” on Federal agencies in its Circular No. A-50, “Audit Follow-up.” The Circular requires that agencies ensure final management decisions on OIG audit recommendations are reached within 180-days after the issuance of an audit report and that corresponding corrective actions begin as soon as practicable.

Key terminology specific to NASA’s FY 2021 reporting under the Inspector General Act Amendments of 1988 follows:

Corrective Action consists of management’s planned or proposed remediation efforts intended to mitigate an audit finding.

Disallowed Costs are questioned costs that management has sustained or agreed should not be charged to the Government.

Final Management Action is the point in time when corrective action, taken by management in conjunction with a final management decision, is completed.

Final Management Decision is reached when management evaluates the OIG’s findings and recommendations and determines whether or not to implement a proposed recommendation.

Funds to be Put to Better Use (FPTBU) are potential cost savings, identified by the OIG, which could be realized through the implementation of an audit recommendation.

Questioned Costs are those costs identified by the OIG as being potentially unallowable because of either: a) a purported violation of law, regulation, contract, grant, cooperative agreement, or other device governing the incurrence of cost; b) a finding that, at the time of the audit, such cost is not supported by adequate documentation or; c) a finding that the cost incurred for the intended purpose is unnecessary or unreasonable.

Resolution is the point at which NASA and the OIG agree on action(s) to be taken in response to an audit recommendation or, in the event of disagreement, the point at which the Audit Follow-up Official determines the matter to be resolved.

NASA's Audit Follow-up Program

NASA utilizes the results of OIG audits to improve the overall efficiency and effectiveness of the Agency's programs, projects, and functional activities. NASA is also committed to ensuring timely and responsive final management decisions, along with timely and complete final management action on all audit recommendations issued by the NASA OIG. To this end, NASA has implemented a comprehensive program of audit follow-up intended to ensure that audit recommendations issued by the OIG are resolved and implemented in a timely, responsive, and effective manner. NASA's audit follow-up program is a key element in improving the overall efficiency and effectiveness of NASA's programs, projects and operations.

NASA's Mission Support Directorate (MSD) serves as the Agency's Office of Primary Responsibility for policy formulation, oversight, and functional leadership of NASA's audit follow-up program. MSD implements audit follow-up program activities through an Agency-wide network of Audit Liaison Representatives (ALRs) who, in turn, are responsible for executing audit follow-up program activities at the Mission Directorate, Field Center, and Mission Support Office levels. In conjunction with NASA's network of ALRs, MSD provides the infrastructure to implement NASA's audit follow-up program. The program utilizes NASA's Audit and Assurance Information Reporting System (AAIRS) to track and monitor OIG audit reports and corresponding recommendations, as well as to support internal and external reporting.

Consistent with the requirements outlined in OMB Circular A-50, MSD monitors audit recommendations issued by the OIG to ensure that a final management decision is reached within 180-days of the issuance of a final audit report. A final management decision is reached when either: 1) Management agrees to implement corrective actions in response to an OIG audit recommendation; or 2) Management determines that implementing a particular audit recommendation is imprudent, impractical, or not cost beneficial. In those instances where a final management decision cannot be reached, resolution is achieved in conjunction with NASA's Audit Follow-up Official (AFO), consistent with provisions of OMB Circular A-50.

When a final management decision to implement an audit recommendation has been made, corrective action is pursued as rapidly as practicable. In some instances, the corrective actions associated with a final management decision may span multiple fiscal years due to factors such as the complexity or cost of the planned corrective actions, or unexpected delays in the formulation, review, and approval of NASA policies, procedural requirements, or regulations. In these instances, MSD engages with the OIG and respective NASA Component (e.g., Mission Directorate, Field Center, or Mission Support Office) to ensure communication and coordination regarding necessary revisions to timelines and milestones associated with the implementation of these recommendations.

FY 2021 Audit Follow-up Results

The Inspector General Act Amendments of 1988 require that heads of Federal agencies report on management action taken, or remaining to be taken, in response to OIG audit reports containing monetary benefits. For the purposes of this report, monetary benefits consist of: 1) Questioned

Costs; or 2) Funds to be Put to Better Use (FPTBU), as defined above. NASA's FY 2021 results of management action on OIG reports with monetary benefits are found in Table 1.

The 1988 Amendments also require that Federal agencies report on those OIG recommendations for which a final management decision had been made in a prior fiscal year, but final management action is still ongoing. NASA's FY 2021 results of management action not taken on OIG reports in excess of one-year are found in Table 2.

In addition to the statutory reporting requirements delineated in the 1988 Amendments, OMB Circular A-50 requires that final management decisions on OIG audit recommendations be made within 180-days of the issuance of a final audit report. Results of final management decisions made during FY 2021 are found in Section 3 of this report.

NASA's overall FY 2021 reporting in conjunction with the requirements of the Inspector General Act Amendments of 1988 and OMB Circular A-50, follows:

1. Management Action on OIG Reports with Monetary Benefits

The cumulative prior year carry-over amount of OIG identified monetary benefits pending final management action at the beginning of FY 2021, consisted of:

- \$231,584,131 in questioned costs identified in three OIG audit reports issued in FY 2017¹, and FY 2020²; and
- \$193,000,000 in FPTBU identified in one OIG report issued in FY 2019³.

During the course of FY 2021, the OIG issued one audit report to NASA containing monetary benefits consisting of \$246,060 in questioned costs. Also during FY 2021, final management action was taken by NASA on \$214,715,182 in questioned costs; and \$193,000,000 in FPTBU initially identified by the OIG in four audit reports issued in fiscal year 2019, 2020 and 2021.

Final management action remaining to be taken by NASA on current and prior-year OIG identified monetary benefits as of September 30, 2021, consists of a total of \$17,115,009 which is comprised of \$17,115,009 in questioned costs, and \$0 in FPTBU. These monetary benefits were identified in one OIG audit report⁴ issued to NASA in FY 2017.

Table 1 summarizes NASA's actions taken with respect to monetary benefits identified in OIG audit reports issued during FY 2021, as well as residual (carry-over) monetary benefits identified

¹ "Construction of Test Stands 4693 and 4697 at Marshall Space Flight Center" (IG-17-021; May 17, 2017).

² "NASA's Management of Crew Transportation to the International Space Station" (IG-20-005; November 14, 2019); and "NASA's Management of the Orion Multi-Purpose Crew Vehicle Program" (IG-20-018; July 16, 2020).

³ "NASA's Progress with Environmental Remediation Activities at the Santa Susana Field Laboratory" (IG-19-013, March 19, 2019).

⁴ "Construction of Test Stands 4693 and 4697 at Marshall Space Flight Center" (IG-17-021; May 17, 2017).

in OIG audit reports issued in prior fiscal years, that required management action during FY 2021.

Table 1

| Management Action on OIG Audit Reports with Monetary Benefits For the Year Ended September 30, 2021 | | | | | | |
|--|--|-------------------------|----------------------|--------------------------------------|----------------------|--|
| Category | | Questioned Costs | | Funds to be Put to Better Use | | Total Monetary Benefits (Dollars) |
| | | No. of Reports | Dollars | No. of Reports | Dollars | |
| Line 1 | Beginning Balance: Audit reports with monetary benefits issued in prior years requiring final management action (prior year carry-over into FY 2021) | 3 | \$231,584,131 | 1 | \$193,000,000 | \$242,584,131 |
| Line 2 | Plus: Audit reports with monetary benefits issued during FY 2021 requiring final management action | 1 | \$246,060 | 0 | \$0 | \$246,060 |
| Line 3 | Total audit reports with monetary benefits requiring final management action during FY 2021 [line 1 + 2] | 4 | \$231,830,191 | 1 | \$193,000,000 | \$424,830,191 |
| Line 4 | Audit reports with monetary benefits on which final management action was taken during FY 2021 | 3 | \$214,715,182 | 1 | \$193,000,000 | \$407,715,182 |
| Line 5 | Ending Balance: Audit reports with monetary benefits awaiting final management action at the end of FY 2021 [line 3 - line 4] (carry-over into FY 2022) | 1 | \$117,115,009 | 0 | \$0 | \$17,115,009 |

2. Management Action Not Taken on OIG Reports in Excess of One-Year

As of September 30, 2021, a total of 61 recommendations in 26 OIG audit reports remain open in excess of one year since the issuance of the corresponding final audit reports. These 61 OIG recommendations open for more than one year at September 30, 2021, fall across seven functional areas of Agency operations/activities, specifically:

- Earth/Space Science (18 recommendations);
- IT/Cybersecurity (15 recommendations);
- Human Explorations and Operations (12 recommendations);
- Infrastructure Management (5 recommendations);
- Health/Safety/Security Management (4 recommendations);
- Acquisition Management (4 recommendations); and
- Budget/Financial Management (3 recommendations)

Although these recommendations remain open in excess of one year after issuance of the corresponding audit reports, NASA management either has, or continues to, aggressively pursue those actions needed to fully implement the OIG's recommendations. NASA has completed corrective actions on 2 of the 61 recommendations (3 percent), and is currently awaiting the OIG's determination with regard to sufficiency of those actions for closure. Final management

action on the remaining 59 OIG recommendations open in excess of one year since the issuance of the corresponding final audit reports are planned for completion between the first-quarter of FY 2022 and second quarter of FY 2024.

By way of comparison and perspective, as of September 30, 2020, a total of 44 recommendations in 23 OIG audit reports were open, pending completion of final management action, in excess of one year since the issuance of the corresponding final audit reports.

Table 2 summarizes those OIG audit reports and associated recommendations issued prior to FY 2021 that remain open in excess of one year after the issuance of the corresponding final audit reports.

Table 2

| OIG Audit Reports and Recommendations Open in Excess of One-Year (As of September 30, 2021) | | | | | |
|--|----------------------|---|------------------------|---------------|--------------|
| Report Date | Report Number | Report Title | Recommendations | | |
| | | | Open | Closed | Total |
| 8/8/2012 | IG-12-017 | Review of NASA's Computer Security Incident Detection and Handling Capability | 2 | 1 | 3 |
| 7/22/2014 | IG-14-026 | Audit of the Space Network's Physical and Information Technology Security Risks | 1 | 3 | 4 |
| 3/28/2016 | IG-16-015 | Audit of the Spaceport Command and Control System | 1 | 0 | 1 |
| 11/2/2016 | IG-17-003 | NASA's Earth Science Mission Portfolio | 1 | 1 | 2 |
| 3/9/2017 | IG-17-012 | NASA's Management of Electromagnetic Spectrum | 1 | 1 | 2 |
| 4/13/2017 | IG-17-017 | NASA's Plans for Human Exploration beyond Low Earth Orbit | 1 | 5 | 6 |
| 5/17/2017 | IG-17-021 | Construction of Test Stands 4693 and 4697 at Marshall Space Flight Center | 3 | 0 | 3 |
| 4/5/2018 | IG-18-015 | NASA's Management of GISS: The Goddard Institute for Space Studies | 1 | 7 | 8 |
| 5/14/2018 | IG-18-017 | NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2017 | 1 | 2 | 3 |
| 10/22/2018 | IG-19-002 | Audit of NASA's Historic Property | 3 | 2 | 5 |
| 3/26/2019 | IG-19-014 | NASA's Engineering and Technical Services Contracts | 3 | 0 | 3 |
| 5/7/2019 | IG-19-018 | NASA's Heliophysics Portfolio | 3 | 1 | 4 |
| 5/29/2019 | IG-19-019 | Management of NASA's Europa Mission | 1 | 9 | 10 |
| 6/18/2019 | IG-19-022 | Cybersecurity Management and Oversight at the Jet Propulsion Laboratory | 1 | 9 | 10 |
| 10/21/2019 | IG-20-001 | NASA's Security Management Practices | 4 | 4 | 8 |
| 11/7/2019 | IG-20-004 | Review of NASA's Fiscal Year 2019 Digital Accountability and Transparency Act Submission | 2 | 3 | 5 |
| 11/14/2019 | IG-20-005 | NASA's Management of Crew Transportation to the International Space Station | 1 | 7 | 8 |
| 3/3/2020 | IG-20-011 | NASA's Management of Distributed Active Archive Centers | 2 | 1 | 3 |
| 3/10/2020 | IG-20-012 | NASA's Management of Space Launch System Program Costs and Contracts | 4 | 4 | 8 |
| 3/17/2020 | IG-20-013 | Audit of NASA's Development of Its Mobile Launchers | 2 | 2 | 4 |
| 4/10/2020 | IG-20-016 | NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2019 | 1 | 3 | 4 |
| 6/25/2020 | IG-20-017 | Evaluation of NASA's Information Security Program under the Federal Information Security Modernization Act for Fiscal Year 2019 | 6 | 3 | 9 |

| | | | | | |
|---------------|-----------|---|-----------|-----------|------------|
| 7/16/2020 | IG-20-018 | NASA's Management of the Orion Multi-Purpose Crew Vehicle Program | 1 | 2 | 3 |
| 8/27/2020 | IG-20-021 | Audit of NASA's Policy and Practices Regarding the Use of Non-Agency Information Technology Devices | 5 | 0 | 5 |
| 9/14/2020 | IG-20-022 | NASA's Management of the Stratospheric Observatory for Infrared Astronomy Program | 1 | 8 | 9 |
| 9/16/2020 | IG-20-023 | NASA's Planetary Science Portfolio | 9 | 2 | 11 |
| Totals | | | 26 | 61 | 141 |

3. Final Management Decisions Made Within 180-Days of Report Date

During FY 2021, the OIG issued 18 audit reports containing 129 recommendations addressed to NASA which required a final management decision within six months of the respective final report dates. Final management decisions were made within six months of issuance of the corresponding final audit reports on 128 (99 percent) of the OIG recommendations issued during FY 2021.

The one remaining unresolved recommendation pertains to the OIG's September 2021 report entitled, "NASA's Construction of Facilities" (IG-21-027). In the report, the OIG recommended that NASA revised its Procedural Requirements 8820.2G to define and establish parameters for the use of institutional and programmatic Construction of Facilities (CoF) funds and establish a cost-sharing method for facilities that will have more than one user. NASA concurred with the recommendation and stated that the management planned to develop a process for evaluating large investment renewal projects and would consider opportunities for cost-sharing institutional and programmatic CoF projects. However, the OIG stated that management's proposed actions were partially responsive to the recommendation as management did not indicate that cost-sharing methods will be defined in policy.

For the five-year period ended September 30, 2021, 562 OIG audit recommendations in 72 audit reports were issued to NASA requiring a final management decision within six months of the respective final report dates. Final management decisions were made within six months of the respective final reports dates on 561 (99.8 percent) of these recommendations, including the currently unresolved recommendation relating to NASA's Construction of Facilities, as noted above.

4. Audit Recommendation Closure Efficiency

During the course of FY 2021, a total of 133 OIG audit recommendations (including 115 recommendations issued in prior fiscal years) were closed based on responsive management action taken by NASA.

Of the 133 audit recommendations closed by the OIG during FY 2021:

- 69 recommendations (52 percent) were closed within one year of issuance of the associated audit reports;

- 50 recommendations (37 percent) were closed between one and two years of issuance of the associated audit reports; and
- 14 recommendations (11 percent) were closed in excess of two years of issuance of the associated audit reports

For comparative purposes, during FY 2020, a total of 151 OIG audit recommendations (including 131 recommendations issued in prior years) were closed based on responsive management action taken by NASA. Of these 151 recommendations closed by the OIG during FY 2020:

- 43 recommendations (28 percent) were closed within one year of issuance of the associated audit reports;
- 83 recommendations (55 percent) were closed between one and two years of issuance of the associated audit reports; and
- 25 recommendations (17 percent) were closed in excess of two years of issuance of the associated audit reports