

FY 2023 NASA's Annual OIG Audit Follow-up Activity 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 2023 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 Office of the Executive Secretariat (OES) serves as the Agency's Office of Primary Responsibility for policy formulation, oversight, and functional leadership of NASA's audit follow-up program. OES 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, OES provides the infrastructure to implement NASA's audit follow-up program. The program utilizes NASA's Audit and Assurance Information Reporting System 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, OES 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, 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, OES 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 2023 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 2023 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 2023 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 2023 are found in Section 3 of this report.

NASA's overall FY 2023 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 2023, consisted of \$23,931,655 in questioned costs, which were initially identified in one OIG audit report¹ issued in FY 2017 and two OIG audit reports² issued in FY 2022.

During the course of FY 2023, the OIG issued two audit reports³ to NASA containing monetary benefits consisting of \$84,867,103 in questioned costs and one report⁴ containing \$4,000,000 in FPTBU.

Final management action by NASA on OIG identified monetary benefits was taken on three audit reports⁵ issued in FY 2017 and FY 2022 containing a total of 23,931,655 in questioned costs.

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

² "NASA's Management of the Mobile Launcher 2 Contract" (IG-22-012, June 9, 2022) and "NASA's Management of its John Hopkins University Applied Physics Laboratory Portfolio" (IG-22-017, September 29, 2022)

³ "NASA's Software Asset Management" (IG-23-008, January 12, 2023) and "NASA's Management of the Space Launch System Booster and Engine Contracts" (IG-23-015, May 25, 2023)

⁴ "NASA's Management of the Space Launch System Booster and Engine Contracts" (IG-23-015, May 25, 2023)

⁵ "Construction of Test Stands 4693 and 4697 at Marshall Space Flight Center" (IG-17-021; May 17, 2017), "NASA's Management of the Mobile Launcher 2 Contract" (IG-22-012, June 9, 2022), and "NASA's Management of its John Hopkins University Applied Physics Laboratory Portfolio" (IG-22-017, September 29, 2022).

Final management action remaining to be taken by NASA on current and prior-year OIG identified monetary benefits as of September 30, 2023, consists of a total of \$88,867,103, which is comprised of \$84,867,103 in questioned costs and \$4,000,000 in FPTBU. These monetary benefits were identified in two OIG audit reports⁶ issued to NASA in FY 2023.

Table 1 summarizes NASA's actions taken with respect to monetary benefits identified in OIG audit reports issued during FY 2023, as well as residual (carry-over) monetary benefits identified in OIG audit reports issued in prior fiscal years, that required management action during FY 2023.

Table 1

Management Action on OIG Audit Reports with Monetary Benefits For the Year Ended September 30, 2023						
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 2023)	3	\$23,931,655	0	\$0	\$23,931,655
Line 2	Plus: Audit reports with monetary benefits issued during FY 2023 requiring final management action	2	\$84,867,103	1	\$4,000,000	\$88,867,103
Line 3	Total audit reports with monetary benefits requiring final management action during FY 2023 [line 1 + 2]	5	\$108,798,758	1	\$4,000,000	\$112,798,758
Line 4	Audit reports with monetary benefits on which final management action was taken during FY 2023	3	\$23,931,655	0	\$0	\$23,931,655
Line 5	Ending Balance: Audit reports with monetary benefits awaiting final management action at the end of FY 2023 [line 3 - line 4] (carry-over into FY 2024)	2	\$84,867,103	1	\$4,000,000	\$88,867,103

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

As of September 30, 2023, a total of 65 recommendations in 27 OIG audit reports remain open in excess of one year since the issuance of the corresponding final audit reports.

These 62 recommendations fall across nine broad functional areas:

- Earth and Space Science Audits (13 recommendations)
- Financial Management (4 recommendations)
- Human Capital Management (2 recommendations)
- Human Exploration and Development of Space (22 recommendations)

⁶ "NASA's Software Asset Management" (IG-23-008, January 12, 2023) and "NASA's Management of the Space Launch System Booster and Engine Contracts" (IG-23-015, May 25, 2023)

- Information Assurance Audits (1 recommendation)
- Information Technology Program Audits (2 recommendations)
- Infrastructure and Facilities Management (6 recommendations)
- Physical Security/Safety (5 recommendations)
- Program/Project Management (10 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 65 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 60 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 2024 and second quarter of FY 2026.

By way of comparison and perspective, as of September 30, 2022, a total of 67 recommendations in 29 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 2023 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, 2023)					
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
3/9/2017	IG-17-012	NASA's Management of Electromagnetic Spectrum	1	1	2
10/22/2018	IG-19-002	Audit of NASA's Historic Property	3	2	5
5/29/2019	IG-19-019	Management of NASA's Europa Mission	1	9	10
10/21/2019	IG-20-001	NASA's Security Management Practices	2	6	8
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	1	2	3
3/10/2020	IG-20-012	NASA's Management of Space Launch System Program Costs and Contracts	3	5	8
3/17/2020	IG-20-013	Audit of NASA's Development of Its Mobile Launchers	2	2	4
7/16/2020	IG-20-018	NASA's Management of the Orion Multi-Purpose Crew Vehicle Program	1	2	3
9/16/2020	IG-20-023	NASA's Planetary Science Portfolio	1	10	11
10/2/2020	IG-21-001	Audit of NASA's Compliance with the Geospatial Data Act	1	3	4
10/27/2020	IG-21-002	NASA's Management of Its Acquisition Workforce	2	2	4

OIG Audit Reports and Recommendations Open in Excess of One-Year (As of September 30, 2023)					
Report Date	Report Number	Report Title	Recommendations		
			Open	Closed	Total
10/1/2020	IG-21-004	NASA's Management of the Gateway Program for Artemis Missions	3	5	8
12/3/2020	IG-21-006	NASA's Management of Hazardous Materials	2	6	8
1/27/2021	IG-21-011	NASA's Efforts to Mitigate the Risks Posed by Orbital Debris	3	4	7
9/8/2021	IG-21-027	NASA's Construction of Facilities	3	3	6
11/15/2021	IG-22-003	NASA's Management of the Artemis Missions	4	5	9
11/30/2021	IG-22-005	NASA's Utilization of the ISS and Commercialization of Low Earth Orbit	1	0	1
1/11/2022	IG-22-007	NASA's Management of Its Astronaut Corps	1	3	4
3/14/2022	IG-22-009	NASA's Insider Threat Program	1	1	2
4/6/2022	IG-22-010	NASA's Volatiles Investigating Polar Exploration Rover Mission	4	0	4
4/7/2022	IG-22-011	NASA's Cost Estimating and Reporting Practices for Multi-Mission Programs	3	4	7
6/9/2022	IG-22-012	NASA's Management of the Mobile Launcher 2 Contract	5	1	6
6/14/2022	IG-22-013	NASA's Management of the Earth Science Disasters Program	3	4	7
6/28/2022	IG-22-014	NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2021	4	4	8
8/4/2022	IG-22-015	Ames Research Center's Lease Management Practices	7	3	10
Totals		27	65	95	160

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

During FY 2023, the OIG issued 16 audit reports containing 140 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 138 (99 percent) of the OIG recommendations issued during FY 2023.

One unresolved recommendation pertains to the OIG Report, "NASA's Partnerships with International Space Agencies for the Artemis Campaign." NASA is currently working with the OIG to resolve this recommendation.

For the five-year period ended September 30, 2023, 407 OIG audit recommendations in 60 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 387 (95 percent) of these recommendations, including the currently unresolved recommendation.

4. Audit Recommendation Closure Efficiency

During the course of FY 2023, a total of 128 OIG audit recommendations (including 104 recommendations issued in prior fiscal years) were closed based on responsive management action taken by NASA.

Of the 128 audit recommendations closed by the OIG during FY 2023:

- 44 recommendations (34.4 percent) were closed within one year of issuance of the associated audit reports.
- 53 recommendations (41.4 percent) were closed between one and two years of issuance of the associated audit reports.
- 31 recommendations (24.2 percent) were closed in excess of two years of issuance of the associated audit reports.

For comparative purposes, during FY 2022, a total of 110 OIG audit recommendations (including 100 recommendations issued in prior years) were closed based on responsive management action taken by NASA. Of these 110 recommendations closed by the OIG during FY 2022:

- 56 recommendations (51 percent) were closed within one year of issuance of the associated audit reports.
- 43 recommendations (39 percent) were closed between one and two years of issuance of the associated audit reports.
- 11 recommendations (10 percent) were closed in excess of two years of issuance of the associated audit reports.