Office Of Inspector General

Semiannual Report

October 1, 1978 - March 31, 1979

Made Pursuant To Section 5 Of Public Law 95-452

NASA
National Aeronautics and Space Administration

April 30, 1979

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NASA OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT FOR PERIOD ENDING

MARCH 31, 1979

FOREWORD

The NASA Office of Inspector General was created by the Inspector General Act of 1978, Public Law 95-452, signed into law by the President on October 12, 1978. As required by Section 5 of the Act, this report summarizes the activities of the office for the six-month period ending March 31, 1979.

Section 9 of the Act transferred the NASA "Management Audit Office" and the NASA "Office of Inspections and Security" to a new office headed by an Inspector General. The existing NASA organizational structure did not include a position of "Inspector General." Therefore, it was necessary to appoint, on a temporary basis, an individual to head the new office pending nomination by the President of an Inspector General, and his confirmation by the Senate. Accordingly, on September 29, 1978, NASA Administrator Robert A. Frosch appointed Robert F. Allnutt, Associate Deputy Administrator of NASA, Acting Inspector General, effective upon enactment of the statute.

In the intervening months, every attempt has been made to establish and operate the new office in a manner designed to assure that the Inspector General, once appointed, will have maximum flexibility in managing the office to accomplish his statutory functions. Thus, for example, the key positions of Assistant Inspector General for Auditing and Assistant Inspector General for Investigations, established by Section 3 of the Act, have not been filled except on an acting basis; and the organization has been maintained in the initial form created by Section 9 of the Act.

Smooth integration of the Inspector General's functions with NASA management processes is of crucial importance to fulfilling the purpose of the Act, and to maintaining effective and efficient management of NASA programs; that is to say, the Inspector General must be a key part of NASA management. At the same time, the Inspector General must maintain both the reality and the appearance of independence. Achieving these goals will be a major challenge to the Inspector General and to NASA in the initial months of his service.

On March 8, 1979, President Carter nominated Eldon D. Taylor to be the NASA Inspector General. His nomination is pending before the Senate Committees on Commerce, Science, and Transportation and on Governmental Affairs.

The Office of Inspector General has had the continuing interest and support of Administrator Frosch and Deputy Administrator Alan M. Lovelace. The career staff of the office is adjusting well to new demands and priorities in an effort to meet the expectations of the Act. The future success of the office will depend on continued support from the Congress, NASA management and the Inspector General's staff.

Robert F. Allnutt
Acting Inspector General

April 30, 1979

CHAPTER I

INTRODUCTION

A. NASA Organization, Funding, and Programs - NASA was established by the National Aeronautics and Space Act of 1958. NASA conducts space and aeronautical activities for peaceful purposes for the benefit of all mankind. Its programs, designed to achieve goals specified by Congress in that Act, are the subject of annual authorization and appropriation acts. In the conduct of authorized programs, NASA currently employs about 23,000 civil servants and has a budget of $4.35 bill on for Fiscal Year 1979. NASA's space and aeronautical programs are principally carried out by its Headquarters, 10 field Centers, and the National Space Technology Laboratories. Some 80% of the funds appropriated for NASA programs are expended through contracts and grants with industry and universities. Further details on the key program offices and NASA installations and their principal roles and programs are summarized in Appendix I.

B. NASA Office of Inspector General - The NASA Office of Inspector General (OIG) was established by passage of the Inspector General Act of 1978, Public Law 95-452. The office currently consists of the existing NASA Audit, Inspections, and Security Offices. In addition to the

authorized OIG staff of 85, approximately 186 staff years of audit services are obtained through reimbursable agreements with other Federal agencies. Further details on the operations of the OIG are in Appendix II.

CHAPTER II

ACTIONS TAKEN TO PREVENT AND DETECT FRAUD, ABUSE, AND ERROR

A. Background - Prior to the establishment of the OIG in October 1978, steps had already been taken to emphasize the detection of fraud, waste, and error by directing specific initiatives in the FY 1979 audit plan and distributing instructional material, such as data on computer fraud. In December of 1978 the NASA Administrator reminded all NASA managers of their obligation to conduct the public's business with the utmost integrity, and of the President's concern for the detection and prevention of fraud, waste, and error. The Administrator specifically asked them to be alert for opportunities for improving NASA operations, particularly internal controls that prevent wrongdoing and inefficiencies and to utilize the new OIG in carrying out their program responsibilities.

B. Awareness - Actions to prevent and detect fraud, abuse, and error include:

-- keeping auditors and investigators abreast of current activities in the area

-- maintaining close liaison with the Department of Justice

-- emphasizing internal controls in the effort to prevent fraud and abuse

-- selective audits of areas vulnerable to fraud, abuse, and other irregularities

C. Complaints or Information from Employees to the Inspector General - Section 7 of the Inspector General Act provides that employees may provide information or complaints to the I.G. with assurance of confidentiality and protection from reprisal. These complaints are a source of information about fraud, waste, or mismanagement. To facilitate easy communication between employees and the OIG, NASA established focal points for employees to relay their information or complaints to the I.G. (see Appendix III for copy of Administrator's Special Announcement). During the initial month of operation, several audits and investigations were initiated as a result of the information furnished by employees.

CHAPTER III

AUDIT ACTIVITIES

A. Audit Policy - The NASA Office of Audit is responsible for audits of all NASA operations, including operations of NASA contractors. Internal audits are performed by NASA auditors located in regional audit offices at most NASA installations. Since most of NASA's major contractors are also major Department of Defense (DOD) contractors, it has been found to be efficient to use the services of DOD auditors. Therefore, with limited exception, audits of NASA contractors are performed on a reimbursable basis by the Defense Contract Audit Agency (DCAA). For similar reasons, NASA's grant activity is audited by the Department of Health, Education, and Welfare (DHEW) Audit Agency. The NASA regional audit offices are responsible for assuring that appropriate audits are performed of NASA contractors located within their assigned area.

B. Audit Planning - The Office of Audit plans its work on a fiscal year basis. The development of the annual audit plan includes both internal audits and audits of major contractors. The contractor audit coverage by DOD and DHEW is planned by those agencies in coordination with the NASA regional audit office. With regard to internal activities, an audit universe developed by the Office of Audit in 1978

identified all areas which should be audited at least once each five years. In establishing the annual audit plan, several factors must be considered to assure a balanced audit coverage within available resources. These include:

-- Management interests and requests for audit are solicited through discussions at both Center Director level and NASA Headquarters senior management level.

-- Matters of current Congressional interest, OMB initiatives, GAO audits both within and outside NASA, and problems publicized at other government agencies.

C. Audit Reporting - Consistent with the U.S. Comptroller General's audit standards, the NASA audit process is designed to assure that audit objectives are clearly conveyed, that all facts are obtained and fairly presented, and that management views on audit conclusions are obtained and appropriately considered. Internal audit reports are issued initially to the director of the audited organization. When NASA policy questions are involved or significant differences of opinion exist between the Office of Audit and the audited organization, senior NASA management is requested to assess the Center position and comment on the report. Issues which cannot be resolved at the senior management level are referred to the NASA Administrator.

Audit reports on NASA contractors are usually submitted directly to the procuring activity within NASA. NASA regional audit offices receive copies of audit reports on major NASA contractors and other NASA contractors where the results of audit disclosed deficiencies which require special attention. These reports are reviewed by the NASA regional audit offices, and where appropriate, the reports are submitted to Center officials to assure that action is taken. The more significant items are submitted to NASA Headquarters officials either for information or action where matters have not been resolved satisfactorily by Center officials.

D. Audit Performance - Currently NASA has approximately 9,500 active prime contracts with about 2,500 contractors located throughout the United States. In FY 1978 NASA's procurement awards to business firms, educational institutions and nonprofit organizations were about $3.4 billion. NASA is reimbursing DCAA and other Federal Government audit agencies approximately $6.7 million per year for audit services, equivalent to the efforts of about 186 auditors. The latest measurable results reported for contractor audits show that the auditors questioned $173 million on actions completed during FY 78. This resulted in a net savings of approximately $24 million.

In comparison to NASA's audit plans in recent years, the FY 1979 internal audit plan includes increased emphasis in procurement audits due to expanded audit coverage of areas susceptible to fraud, waste, and abuse. It also emphasizes audits of automatic data processing, financial management, NASA Headquarters operations, and other functions identified by the GAO as requiring more internal audit coverage in NASA. The plan includes follow-up effort to determine if corrective actions agreed upon by management in prior audits have been taken. It also allows for special assistance to management in various forms, including special studies and review of policies and regulations. Direct audit effort planned for FY 1979 by the Office of Audit is distributed as follows:

Functional/Program Area	Percent
Contractor Audits	11%
Procurement	20
Financial Management	13
Facilities	10
Property Administration	5
Automatic Data Processing	13
Program Audits	12
Other	16
Total	100%

Included in Appendix IV is a list of internal audits which completed the formal reporting process during the six-month period ending March 31, 1979. Management positions have been obtained and all audit actions completed other than normal follow up. A listing of contractor audit reports

selected by NASA Office of Audit for distribution to NASA Officials for information or action is set forth in Appendix V. There were no highly significant problems, fraud, abuse, or waste disclosed by the audits. Significant findings and recommendations from the audit effort are summarized in Sections E1 and E2 below.

In general, management actions taken or initiated to date are responsive to the internal and contractor audit findings and recommendations.

E. Summary of Significant Findings and Recommendations

1. Internal Audits

PROCUREMENT ADMINISTRATION

Support Services Contracts - At one Center the audit of support services activities consisting of 37 active contracts valued at $47.4 million and 25 inactive contracts valued at $36.9 million showed the need for more effective controls and procedures in the following areas of contract administration.

-- timely closing of physically completed contracts

-- over half of the active contracts required extensions due to lack of timely procurement planning for follow-on contracts

-- placement of work orders to contractor personnel

-- monitoring contractor employees time and attendance

Responsive actions are being taken by the Center to improve management and administration of the support contracts.

Validation of Contract Costs - One cost-plus-a-fixed fee (CPFF) type contract was observed where the responsibility for approval of contract cost vouchers had not been delegated to the cognizant government auditor. As a result, billings in excess of $5.6 million had been processed without assurance as to the propriety or allowability of the charges. In a related matter, the accuracy of Contractor Monthly Financial Reports had not been validated for almost three years. Appropriate corrective actions have been initiated.

FINANCIAL MANAGEMENT

Payroll - An audit of payroll at one location showed that internal controls in the reporting and certification of time and attendance of employees required improvement to assure time reported as worked is reliable and properly certified by a supervisor and to assure that overtime work is properly authorized. Management agreed to take corrective actions including revision and clarification of policies and instructions and the conduct of training seminars for timekeepers.

PROPERTY ADMINISTRATION

Equipment Management - An audit of special purpose mobile equipment (SPME) showed that the usage of the equipment did not justify the amount of preventive maintenance being performed. Most of the equipment was near or had passed the expected life of economical use, and repair costs exceeded the original acquisition cost. Management is considering the recommendations for establishment of maintenance guidelines on a combined time/usage basis and for the deferral of preventive maintenance on equipment in extended storage. Also a replacement plan and budget for SPME replacement will established.

AUTOMATIC DATA PROCESSING

Computer Security - An audit disclosed that the following improvements were needed at a computer facility to safeguard automatic data processing (ADP) equipment and magnetically stored data valued at over $14 million:

- -- risk analysis and physical security plan
- -- improved controls over access to data network
- -- back-up procedures
- -- improved physical security controls

Management initiated corrective actions which included assigning responsibility for protective activities to one high-level ADP management official at the facility.

An audit at another computer facility showed that review and improvements were needed in the following areas:

-- access to computer facilities and data storage areas

-- controls and protection of Privacy Act Information

-- periodic risk management and analyses requirements

-- development of formalized contingency plans

-- off site back-up data storage requirements

Management concurred with most of the recommendations but, in some areas, is deferring action until agency guidelines are issued on computer security. An agency-wide study of computer security was made, proposed agency guidelines were prepared and they are currently being reviewed within NASA prior to issuance.

ADP Tape Management - An audit at a computer complex showed the following:

-- management emphasis and attention needed in the following areas to achieve maximum magnetic tape use and more effective control

  o retention and control of tapes in the libraries

  o multiple categories and locations of tapes in the libraries

  o tape library record keeping

-- procurement actions could have resulted in savings through reduction in quantities or elimination of procurements

  o two procurements of magnetic tape were made at a cost of $132,000 when a significant number of tapes in the libraries were potentially available for use

  o a procurement of self-loading magnetic tape cartridges costing $115,000 could have been reduced had additional consideration been given to the consolidation of data on other tape

-- magnetic computer tape evaluation process concerning retention/rejection criteria needed attention

With a few exceptions, management generally agreed with the recommended changes. The major exception was that management believed that the procurement quantities cited above had been adequately considered and the ordered quantities were justified. However, management procedures to assure efficient procurement of computer supplies have been reemphasized.

An audit of a magnetic tape certification facility showed that it is operating in a cost-effective manner with generally satisfactory operating procedures and practices. However, the following problem areas were identified.

-- approximately 143,000 tapes currently in storage could be released for potential reuse under newly established criteria

  o the Center where the facility is located is currently purchasing new digital tapes at a rate of $75,000 a month

- o immediate release of eligible digital tapes from storage would substantially reduce the Center's requirement for the purchase of new digital tapes and would provide more efficient use of the tape certification facility

-- tapes with questionable value were being recertified at the facility for future reuse

Management agreed to take the necessary action to improve the above problem areas.

OTHER IN-HOUSE AND FUNCTIONAL AREAS

Word Processing Systems - At one installation the audit of the use and management of Word Processing Systems (WPS) costing about $486,000 showed limited use and productivity because of insufficient training of operators, limited applications available and obsolete equipment. Recommendations were made to develop operating policies and procedures for acquiring and using WPS and to obtain an expert in-depth study of the WPS operations to develop future applications and improve productivity. Corrective action has been initiated on the recommendations.

Office Moves and Modifications - Office moves and modifications at one installation were estimated at about $800,000 in FY 1978. An audit showed the following problems:

-- the responsibility for space management was fragmented between two different Directorates

-- the approval/disapproval authority for moves and modifications were being accomplished with less than adequate justifications

-- costs were not adequately considered in the review and approval process

Management concurred with most of the audit recommendations and is taking responsive corrective actions.

Reliability and Quality Assurance Activities - The results of an audit at one Center showed:

-- criteria established for prompt recognition and reporting of problems associated with spacecraft hardware were not being achieved as prescribed by the Center's Problem Reporting and Corrective Action System. Delays in the reporting of hardware failures by contractors could result in program slippages of critical spacecraft hardware.

-- quality assurance support of a key Center laboratory could be improved through the assignment of additional personnel and through a revision of that laboratory's Safety, Reliability, and Quality Assurance Support Plan.

-- there was no assurance that all Center procurement requests were being forwarded to Safety, Reliability, and Quality Assurance (R&QA) for screening to assure that R&QA provisions were being placed in Center procurements.

The Center generally agreed with the recommendations on these matters and is taking corrective actions.

Calibration Activities - The audit at one Center revealed that:

-- there were about 2,100 line items of equipment, valued at about $10 million, assigned to one laboratory which were not in an active calibration status. Some of the equipment probably should have been in the active periodic calibration cycle.

-- the follow-up system for items past due for calibration is generally ineffective. Past-due notices were issued for 36 items due for calibration in March 1978. However, at June 30, 1978, not one of these items had been submitted for calibration, nor had any of the items been reclassified to a status not requiring calibration.

To meet quality standards, properly calibrated equipment must be used, as appropriate. Management concurred in the audit recommendations and has taken corrective action.

2. Contractor Audits

Overpayment of Progress Payments - The audit disclosed that a contractor had been overpaid about $3.3 million in progress payments under a fixed price contract. The overbilling resulted from the contractor's failure to compute progress payment billings in accordance with established accounting practices. In response to the audit recommendation and action of the Contracting Officer, the contractor submitted a revised invoice, thereby reducing the Government's cash outlay.

Report on Energy Conservation Opportunity to Reduce Consumption - A contractor's annual energy cost amounted to $3.2 million of which about 88% was for the consumption of electrical energy.

An estimated $194,000 could be saved annually if the audit recommendations are accepted to set thermostats for heating/cooling to the NASA guidelines, and if illumination levels were maintained at the NASA recommended ranges. Further reductions in energy consumption could be realized if low energy lamps were used.

The contractor agreed to study the audit recommendations. This matter has been referred to NASA management for follow up and appropriate action.

Report on Manpower Utilization Excessive Nonproductivity (Idle Time) Rates - The ratio delay techniques used in the audit showed that nonproductivity (idle time) was about 34% in selected departments. The auditor estimated that if the level of nonproductivity for these departments was reduced, annual costs avoidance for excess nonproductivity could be as much as $3.7 million.

The auditor recommended that the contractor establish a program to improve supervisory monitoring of employee work and activities, appoint alternate supervisors during vacation periods, and evaluate supervisor performance.

Because of prior reports on this issue, NASA Headquarters management requested Center management to follow up on the matter. A Center review team assessed the contractor's manpower allocation procedures and methods for measuring and controlling productivity. The results of the team review were reported

to NASA Headquarters management including the measures taken to increase contractor personnel awareness of the need to decrease nonproductive time and improve productivity.

Report on Subcontract Administration Need for Improvement in Operations Related to Financial Management - This audit showed that substantial subcontract cost growth has occurred; the prime contractor repeatedly understated the estimates at completion for subcontract work; there is a lack of verifiable documentation supporting the prime contractor's adjustments to subcontractors' "estimated at completion" costs (EAC); and there is a need for prime contractor awareness and agressive management action on business management problems at a number of subcontractor locations. To some degree, this latter condition exists because subcontractors refused to authorize government representatives to release information in government audit reports to the prime contractors.

The auditor recommended that the contractor reconcile the estimates submitted by the subcontractors with the EACs reported to NASA; maintain a record of the reconciliation; support all adjustments with verifiable documentation; and explain all adjustments to EACs in the financial reports submitted to NASA. Also, the auditor recommended that the prime contractor initiate action to obtain appropriate audit reports related to subcontract performance.

This report was forwarded to the NASA lead Center for follow up to assure corrective action and to the NASA Headquarters Program Office with a suggestion that the Program and Project Office conduct a special management and technical review and assessment of significant contract changes including effectiveness of engineering change procedures and practices. Corrective action is being taken.

Noncompliance with Cost Accounting Standard Allocation of General and Administrative (G&A) Expenses - Based on the DCAA auditor's opinion, the Defense Contract Administration Service (DCAS) in March 1978 determined that the contractor's use of a single element direct labor base to allocate Divisional G&A expense for 1978 was in noncompliance with the Standard. In June 1978 the Armed Services Board of Contract Appeals accepted the contractor's use of a direct labor base to allocate G&A for FY 1977. However, this was for a period prior to the establishment of CAS 410. In February 1979 the DCAS reversed the prior determination of noncompliance with CAS 410. Notwithstanding the DCAS reversal, the audit position is that the contractor is in noncompliance with CAS 410. The estimated 1978 cost to NASA of the noncompliance is about $1 million.

Because of this apparent difference of opinion and the dollar impact, NASA audit recommended that this matter be pursued by NASA management. This would include further discussions with appropriate DOD representatives.

Implementation and Control of Word Processing Activities - The audit disclosed that a contractor's management of word processing activites needed strengthening to assure effective, efficient, and economical operations. The audit indicated that significant progress in implementing and controlling word processing activities could best be achieved through the establishment of a single organizational element having centralized authority and responsibility for all aspects of word processing. The auditors estimated that implementation of a centralized and comprehensive word processing program would provide an estimated cost avoidance of $567,000 annually.

Actions taken by the contractor and by the NASA Center are responsive to the audit recommendations.

Need for Greater Use of Interactive Computer Graphics (ICG) - The audit disclosed that a contractor has effectively used ICG equipment in electrical drafting operations, but the use of this equipment should be made in other operations. The auditor recommended that ICG also be used in the electrical, mechanical and fluid design disciplines, and in all drafting functions. It was estimated that an annual cost avoidance ranging from $.5 to $1 million could be achieved, depending upon future engineering and drafting workload requirements.

Since the contractor did not agree with the audit recommendation, this matter has been submitted to NASA management for follow up and appropriate action.

Pension Cost Claim for Unfunded Past Service Liabilities as a Close-out Cost - The audit disclosed that the contractor's pension cost claim in the amount of $1.3 million was for unfunded past service liabilities which had not been amortized as of the completion date of the contract. The auditor recommended that the contractor's claim not be accepted since the recoupment of these past service costs as a close-out cost in one year would not meet the allowable cost criteria set forth in the NASA Procurement Regulation. Also, such costs are not acceptable for other reasons including noncompliance with the contractor's disclosed accounting practices and applicable Cost Accounting Standards.

The contractor does not agree with the auditor's recommendations. Therefore, it has been submitted to NASA's management for follow up and appropriate action.

F. Advice, Assistance, and Special Reviews for Management - The performance of scheduled reviews represents the primary audit activity within the OIG. However, during the year NASA management may need special audit services.

The OIG provides advice, assistance, and special reviews to Headquarters or installation management on a request basis, subject to the availability of resources and other priorities. Responding to such requests fosters a cooperative relationship with management, and allows the OIG to advise on current problems of management concern.

Within the past six months, the OIG has responded to several management requests for special audit services. Some examples are:

-- One audit office was requested by installation management to lend assistance in closing a contract involving a final settlement claim of approximately $6 million for pension, insurance, and termination severance pay. The OIG provided a wide range of continuing audit counsel in in-house discussions and in contractor meetings. The ultimate result was that the claimed settlement costs were not allowed. Final contract closing is in process.

-- In connection with a potential strike of an installation contractor, the installation director requested OIG participation in determing the cost impact of demands for the establishment of an employee pension plan. An auditor participated in developing cost estimates for various union proposals in the area of pensions.

-- A NASA procurement official requested a specific OIG review of one contract type to insure that abuses identified in another federal agency were not present within NASA. A special audit is currently in process.

-- Center management requested audit assistance in verifying that contractor employees met the qualifying requirements called for in the contracts. The OIG is performing a review in the area with the assistance of the DCAA.

-- A Headquarters program office requested an audit of a prime contractor's administration of subcontracts and related financial management reporting. The audit approach and objectives were coordinated with DCAA. The audit disclosed a need for significant improvements.

CHAPTER IV

INVESTIGATION ACTIVITIES

A. Introduction - The NASA Inspections function is organizationally based in Headquarters with all Regional Inspectors reporting directly to the Director of Inspections. Their basic goal is to conduct professional fact-finding investigations and inspections which are thorough, objective and unbiased. Although NASA will perform preliminary investigations in suspected criminal matters; i.e., those matters covered by Title 18, U.S. Code, such as fraud against the Government, theft of Government property, and bribery, such cases are referred to the FBI. In the event the FBI does not conduct investigation, such as when prosecution is declined by the U.S. Attorney, NASA completes such investigation as may be necessary for the determination of appropriate administrative action. NASA conducts full field investigations in matters not covered by Title 18, U.S. Code, for example, allegations of leaks of Source Evaluation Board information, of violation of NASA's Standards of Conduct Regulations and complaints of racial, sexual or other forms of proscribed discrimination. The NASA Inspections Division has

agency-wide jurisdiction for all investigatory matters involving NASA employees, contractors, and property.

Investigative priorities are set by the Director of Inspections after consultation with the Regional Inspector assigned to the case. Liaison with the Department of Justice, the Federal Bureau of Investigation and the United States Attorneys is routinely maintained by the Director of Inspections and by the Regional Inspectors.

To assure appropriate action and follow-up is taken on matters investigated, NASA management officials are responsible by directive for:

1. Determining the appropriate action to be taken by NASA when the investigation or inspection produces evidence of a matter requiring corrective action.
2. Advising the Director of Inspections of the action taken as a result of a report of an inspection or investigation originating in the Inspections Division.

B. Summary of Problems, Referrals to Prosecutive Authorities, and Prosecutions and Convictions Resulting

1. During FY 1977 and FY 1978, NASA reliability and quality assurance personnel discovered the receipt of some inferior semi-conductors rebranded with the names of major semi-conductor manufacturers and remarked as of the highest quality (JAN or JANTX grade). NASA investigation determined that the products were sold as high-grade transistors to Government contractors, including a major aerospace contractor, at inflated prices when, in fact, they were substandard.

Actions:

-- August 24, 1976 - Referred to FBI.

-- November 28, 1978 - Federal Grand Jury returned 39 count indictment naming four persons and charging conspiracy, mail fraud, and making false statements to various Federal agencies.

-- December 4, 1978 - The four defendants pled not guilty.

-- February 13, 1979 - Two defendants pled guilty to one count each of violation of 18 U.S.C. 1001. One defendant was later sentenced to nine months in jail and fine of $7,500, and the other was sentenced to three years probation and a $4,000 fine (12 days to be served in jail).

-- February 15, 1979 - Third defendant placed on probationary status for one year under the pretrial diversion plan, as he was a juvenile during part of the offense period. Fourth defendant was dismissed.

-- FBI investigation is continuing. Additional indictments are expected.

2. Investigation into numerous questionable costs that were charged by a contractor to a NASA contract. The charges included lease of a new luxury automobile for firm's President, a new luxury automobile for personal use of President's wife, and charges for "moving expense" of employee. Audit assistance from the Defense Contract Audit Agency (DCAA) obtained and revealed that the allegations of improper/illegal costing by contractor were substantially correct. DCAA has either disallowed or asked for additional substantiating data on claimed expenses of over $85,000.

Actions:

-- January 10, 1977 - Referred to FBI for investigation.

-- August 15, 1978 - Assistant U.S. Attorneys for Los Angeles and San Francisco declined prosecution inasmuch as DCAA had disallowed the illegal or questionable expenses.

-- NASA is continuing with further investigation to determine whether all of the illegal or questionable charges have been identified, so as to assure that the contractor is not overpaid.

3. Allegation of payment of $10,000 by a contractor to the Small Business Administration (SBA) to remain under that program.

The matter also involved allegations that a computer project was mismanaged with funds wasted as a result, and that illegal or questionable costs were billed to the contract by the contractor.

Actions:

-- June 27, 1977 - Criminal allegations referred to FBI. FBI informed SBA.

-- December 21, 1978 - Assistant U.S. Attorney declined prosecution on the bribery allegation since it could not be substantiated. Also declined prosecution on the other allegations because DCAA disallowed all questionable costs.

-- NASA investigation and audit into other allegations is in process.

4. A salvage contractor failed to reimburse NASA for scrap removed from a NASA Center. NASA investigation (surveillance) revealed that the contractor removed over 30 truckloads of scrap metal but provided payment for only four loads, amounting to an estimated loss to the Government of over $9,000.

Action:

-- August 2, 1977 - Assistant U.S. Attorney advised he would consider prosecution for

Theft of Government Property or Fraud Against the Government if the allegations can be substantiated. Active investigation by FBI and NASA is continuing.

5. A major NASA aerospace contractor subcontracted for recovery of precious metals from excessed NASA property (Saturn engines). NASA investigation disclosed that approximately $40,000 in gold was unaccounted for by the subcontractor.

Actions:

-- March 25, 1977 - Referred to the FBI.

-- June 21, 1978 - Owner of subcontractor firm indicted on one count of embezzlement of Government property. Subject pled not guilty, was tried and found not guilty on August 25, 1978.

-- Consideration of civil suit against the subcontractor dropped in view of bankruptcy. Other possible remedies under consideration.

6. Marijuana growing at a NASA facility.

Action:

-- April 1977 - Referred to Federal and State narcotics authorities. Four contractor employees arrested by State authorities in October 1978. Prosecution is pending.

7. Overtime falsifications by contractor employees at a NASA facility.

Actions:

-- October 19, 1977 - Referred to FBI. Presented to Assistant U.S. Attorney (AUSA) in October 1978.

-- October 11, 1978 - AUSA advised that, in his opinion, the facts of the case would not support a successful prosecution.

-- The contractor reimbursed the Government, revised its time and attendance accounting procedures, and discharged the involved employees.

8. False interview expense vouchers submitted by contractor's Personnel Officer of over $6,000 were claimed as contract costs. To date, $5,000 has been recovered and contractor's voucher approval and payment procedures have been revised.

Action:

-- July 20, 1978 - Referred to FBI. Investigation is continuing.

9. A computer program was stolen by a NASA employee when he resigned in October 1978. A duplicate program left at the installation was found to have been tampered with and made useless.

Action:

-- November 30, 1978 - The case was referred to the FBI, whose investigation was recently completed.

-- December 15, 1978 - The stolen program was recovered by NASA.

-- Presentation to the Grand Jury pending.

10. Eleven of fifteen solar panels in an experiment at a NASA facility were missing. The OIG investigation did not determine why the panels were missing.

Action:

-- March 6, 1979 - The matter was referred to the FBI, whose investigation is continuing.

11. A construction contractor with five contracts totaling more than $20 million, with modifications and claims in litigation, was discovered to have knowingly prepared and submitted false job certifications to NASA in 1976 and 1977. This involved the qualifications of three employees on structural work.

Action:

-- March 20, 1978 - Referred to FBI.

-- Subsequent investigation by the FBI and NASA into the false certifications disclosed possible additional violations by the contractor, including false claims, false statements, kickbacks, and Davis-Bacon Act labor-law violations. On a subsequent procurement, NASA declared the contractor "not responsible." General Accounting Office (GAO) upheld NASA on protest. FBI investigation expanded and team, including OIG, pursuing all aspects of case under direction of Assistant U.S. Attorney. Testimony being presented to Federal Grand Jury.

C. Inspections Division

Statistical Summary

	Cases
Pending in NASA as of September 30, 1978:	215
New Cases Opened during Period:	179
Closed during Period:	253
Pending in NASA as of March 31, 1979:	141

Breakdown of Pending Cases:

Fraud Against the Government	33
Theft of Government Property	20
Misuse of Government Time and Equipment	19
Waiver of Claim	16
Standards of Conduct	9
Discrimination Complaint	6
Abuse of Time and Attendance	4
Miscellaneous	34

CHAPTER V

OTHER INITIATIVES OF THE OFFICE OF INSPECTOR GENERAL

Certain actions and highlights concerning NASA's implementation of the Inspector General Act of 1978 (I.G. Act) have been detailed previously in this report. In addition, the OIG has engaged in the following activities.

A. Action on General Accounting Office (GAO) Review of NASA Audit - In December 1977 the GAO issued a report concerning internal audit coverage in NASA. The deficiencies outlined in the report were:

-- need for additional audit staff

-- inadequate audit coverage at Headquarters, some Centers, and component installations

In response to the report, the following actions were taken.

-- a review of all activities subject to internal audit indicates that, in order to reach an optimum goal of a 5-year audit cycle, of all programs, a staff increase of over 100 would be required, to a total audit staff of over 160.

-- in FY 1979 NASA management evaluated the Office of Audit staffing needs and, as an intitial step, increased the audit staff by 5 to a total of 58.

-- two additional positions have been provided to the Inspector General staff in FY 1979

These increases to our audit manpower were made during FY 1978 and 1979 when agency manpower had been reduced by 924 civil servants. The Inspector General is expected to review the allocation of available manpower and apparent needs for additional resources.

B. Action on GAO Audit of Computer Auditing - In September 1977 GAO issued a report with the general criticism that not enough computer auditing is being done in the Executive Departments. The following actions were taken in response to this report.

-- increased emphasis was placed on computer auditing. Since the date of this GAO report, eight audit reports concerning the computer area have been issued by the NASA Office of Audit. Four of these reports were finalized during the period covered by this OIG report.

-- increased computer related training for the professional audit staff.

-- recruited highly-qualified computer expert to manage computer-related auditing activities. This will assist in complying with the Additional GAO Audit Standards - Auditing Computer Based Systems.

C. Coordination with GAO - In January 1979 NASA OIG representatives met with the GAO to discuss mutual audit plans. The purpose of this discussion was to avoid duplication and insure effective coordination and cooperation as contemplated by Sec. 4(c) of the I.G. Act. The meeting proved to be very productive. It is anticipated that periodic meetings will be held in the future.

D. Technical Assistance in Audits - The OIG is testing a program to broaden the scope of its audit reports by utilizing technical assistance as an integral part of selective audits. NASA resources that are independent of operations will assist in this endeavor, when needed. Other sources of technical assistance will also be explored. This process adds an extra dimension to the audits of NASA activities by giving managers a more comprehensive insight into their operations.

E. Inspections/Investigations Resources - As indicated elsewhere, the NASA Inspections Division has a small professional staff consisting of a Director and eight investigators nationwide. The decrease in pending cases

indicated by the statistical summary (Chapter IV, Para. C) is more a reflection of administratively closing old cases on which necessary action had been completed than a reflection of work accomplished during the reporting period. The staff is hard pressed to keep apace of the current case workload of allegations and complaints of fraud and abuse, and conducting investigations of discrimination complaints. It is also expected that three of the eight investigators will retire within the next six months, resulting in lost productive time for the recruiting and orientation of their replacements.

APPENDIXES

NASA ORGANIZATION, FUNDING, AND PROGRAMS

A. NASA Organization and Funding - The National Aeronautics and Space Administration was established by the National Aeronautics and Space Act of 1958, PL 85-568. NASA conducts space and aeronautics activities for peaceful purposes for the benefit of all mankind. NASA's activities are designed to maintain leadership in research, technology and utilization, and more specifically to:

-- Extend our knowledge of the Earth, its environment, the solar system, and the universe;

-- Expand the practical applications of space technology;

-- Develop, operate, and improve manned and unmanned space vehicles;

-- Improve the civil and military usefulness of aeronautical vehicles, while minimizing their environmental effects and energy consumption;

-- Disseminate pertinent findings to potential users; and

-- Promote international cooperation in peaceful activities in space.

To accomplish the nation's objectives in space and aeronautics has required the development of an effective but complex organizational structure. NASA currently employs about 23,000 civil servants and in FY 1978 the NASA budget was $4.1 billion. For FY 1979, Congress approved a budget of $4.35 billion for NASA procurement and activities. NASA procurement awards to business firms, educational institutions, nonprofit organizations, and the Jet Propulsion Laboratory usually represent about 80% of the total NASA budget.

NASA Headquarters exercises central management over the agency's space flight centers, research centers, and other installations. Headquarters' responsibilities include the determination of NASA programs and projects; establishment of management policies, procedures, and performance criteria; evaluation of progress and review; and analysis of all phases of the aerospace program.

NASA employs a system of structured goals and objectives to plan, direct, and control its resources to meet the goals of the Space Act. The overall organizational structure is characterized by a program management approach. The Agency's underlying organizational philosophy is that NASA Headquarters is responsible for the general management of R&D programs and institutional resources. The functions of project management, the management of individual research and technology tasks, and the maintenance of the Center's capability are the responsibility of NASA field installations.

The Agency's systems are based on and supported by established policies and procedures, budget and fund control, segregation of duties, built-in checks and balances, management surveys by Headquarters offices, and Office of Inspector General (OIG) audits and reviews.

NASA procedures require functional managers to assess the effectiveness of the performance of their function throughout the Agency. Management surveys are one of the techniques employed in making such assessments. These reviews complement the audits and reviews conducted by the OIG. The reports of such surveys are reviewed and considered in planning and audit program development.

The following list shows the range of functional surveys performed by NASA Headquarters organizations.

Procurement Management
Financial
Equipment
Supply
Safety, Environmental Health, Reliability and Quality Assurance
Personnel Management
Cost Review
Administrative Telecommunciations
Facilities (Master Plans, Real Property and Utilization)
Aircraft Operations
Automatic Data Processing
Scientific and Technical Information
Publications Management

NASA has also established a Vulnerability Assessment Ad Hoc Study Group to be co-chaired by the Inspector General and the Associate Administrator for Management Operations. This study of systems, programs and activities, will initially focus on key functional areas, such as finance, procurement, and property management.

Planning direction and management of NASA's research and development programs is the responsibility of five program offices:

-- Office of Aeronautics and Space Technology
-- Office of Space and Terrestrial Applications
-- Office of Space Transportation Systems
-- Office of Space Tracking and Data Systems
-- Office of Space Science

An integral and important part of the overall NASA operations is the ten NASA space flight centers, research centers, and other installations located throughout the United States. Each installation is assigned certain principal roles of fundamental importance in meeting NASA's overall program goals.

Ames Research Center: Principal roles include short haul aircraft and rotocraft systems technology, computational fluid dynamics, planetary probes, and life sciences.

Dryden Flight Research Center: Principal roles include aeronautical flight testing, research and operations, as well as providing a contingency recovery landing site for Space Shuttle flights.

Goddard Space Flight Center: Principal roles include the development and operation of each orbital flight experiments and automated spacecraft to conduct scientific investigations and demonstrate practical applications; the management of the tracking and data acquisition activities for each orbital missions; and management of the Delta launch vehicle.

Johnson Space Center: Principal roles include management of the integrated Space Shuttle Program and of the Orbiter development project; astronaut training; mission planning, operation and control; and application of remote sensing to agricultural assessments and other earth resources uses.

Kennedy Space Center: Principal roles are the launch of payloads on expendable launch vehicles, the launch of Space Shuttle operational test flights, and preparation for launch of Shuttle Operational missions.

Langley Research Center: Principal roles include long haul aircraft systems technology emphasizing fuel conservation, safety and environmental effects; aerospace structures technology; environmental quality monitoring by remote sensing; and advanced space systems technology.

Lewis Research Center: Principal roles include aeronautical propulsion technology; space and terrestrial energy systems; and management of the Centaur expendable launch vehicle.

Marshall Space Flight Center: Principal roles include management of the Space Shuttle main engine, solid rocket booster and external tank projects; management of NASA's development activities on the Spacelab and Inertial Upper Stage; management of large automated spacecraft projects such as the Space Telescope and High Energy Astronomy Observatory; experiments in materials processing in space; and solar heating and cooling.

The National Space Technology Laboratories: Principal roles are support of Space Shuttle engine development and testing; regional earth resources research and technology transfer; and support functions for other government agencies located there.

Wallops Flight Center: Principal roles include management and launch of sounding rockets and ballons; and operation of an instrumented flight range.

Appendix 1A shows the location of the NASA major and component installations.

B. NASA Programs - NASA objectives are achieved through the following programs:

Space Transportation Systems: A program to provide all the transportation and related capabilities required to conduct space

operations. The major development objective is the reusable Space Shuttle, the key element of a versatile, economical transportation system to provide a wide variety of users with round trip access to space during the 1980s and beyond.

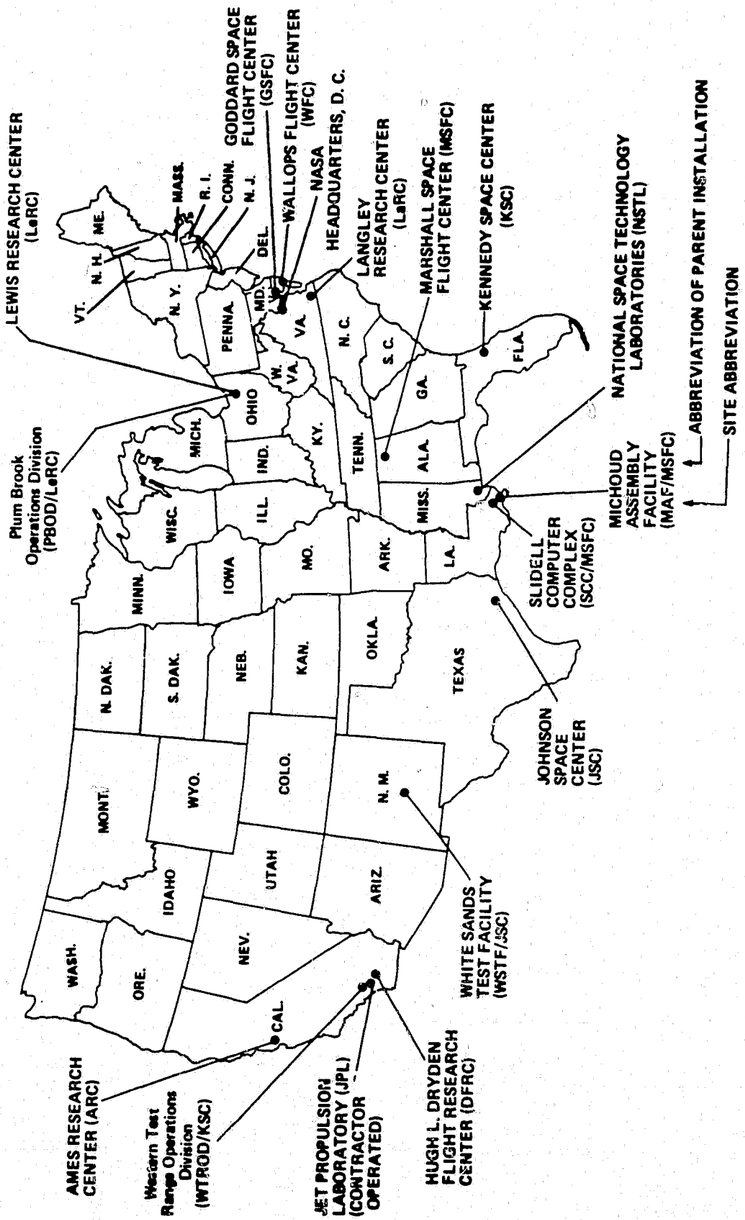
Space Science: A program utilizing space systems, supported by ground-based and airborne observations, to conduct a broad spectrum of scientific investigations. The objective is to advance our knowledge of the Earth and its space environment, the Sun, the planets, interplanetary and interstellar space, as well as the other stars of our galaxy and the universe.

Space and Terrestrial Applications: A program, using space, aircraft, and ground-based systems, to identify and demonstrate the useful applications of space techniques in the areas of remote sensing to acquire information which will assist in solution of Earth resources and environmental problems; advanced communications satellite systems technology; and materials processing research and experimentation. The program includes activities to accelerate the dissemination to both the public and the private sectors of advances achieved in NASA's research, technology and development programs.

Aeronautics and Space Technology: A program to conduct the fundamental research and develop the technology required to maintain United States leadership in aeronautics and space. The program also provides for identification and evaluation of elements of NASA's aeronautics and space technology which can benefit national energy programs.

Tracking and Data Acquisition: A program, utilizing a worldwide network, to support Earth orbital, deep space, suborbital and aeronautical activities.

LOCATION OF NASA MAJOR AND COMPONENT INSTALLATIONS



NASA OFFICE OF INSPECTOR GENERAL ORGANIZATION & STAFFING

The Inspector General Act of 1978, PL 95-452, established the NASA Office of Inspector General (OIG). The purpose of the enactment was to establish an OIG for three major purposes:

1. To conduct and supervise audits and investigations relating to programs and operations of the National Aeronautics and Space Administration;

2. To provide leadership and coordination and recommend policies for activities designed (a) to promote economy, efficiency, and effectiveness in the administration of, and (b) to prevent and detect fraud and abuse in, such programs and operations; and

3. To provide a means for keeping the head of the establishment and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

On March 8, 1979, the President nominated Mr. Eldon D. Taylor to be the Inspector General for NASA, subject to confirmation by the U.S. Senate.

The Inspector General Act, in establishing a NASA Office of Inspector General, directed the transfer and consolidation of the Office of Audit and the Office of Inspections and Security. NASA has completed such a transfer of function and assigned personnel. Appendix II-A shows the current organization of the NASA OIG.

The NASA OIG is a Headquarters staffed function, but is geographically dispersed with offices at NASA Headquarters and with audit and inspections staffs at most field installations. This organizational structure generally provides on-site audit and inspections coverage of the centralized and decentralized operations and functions of NASA. The OIG's predecessor organizations (Office of Audit and Office of Inspections and Security) were similarly organized. Appendix II-B and Appendix II-C show the detailed structure of the two component offices making up the OIG. The following tabulation presents information on the number of professional and clerical personnel currently assigned to the Office of Inspector General:

	Office of I.G.	Office of Audit	Office of Inspections & Security	Total
Headquarters				
Professional	1	6*	13	20
Administrative	1	3	3	7
Total	2	9	16**	27
Field Offices				
Professional	-	43	5	48
Administrative	-	6	4	10
Total	-	49	9	58
Grand Total	2	58	25	85

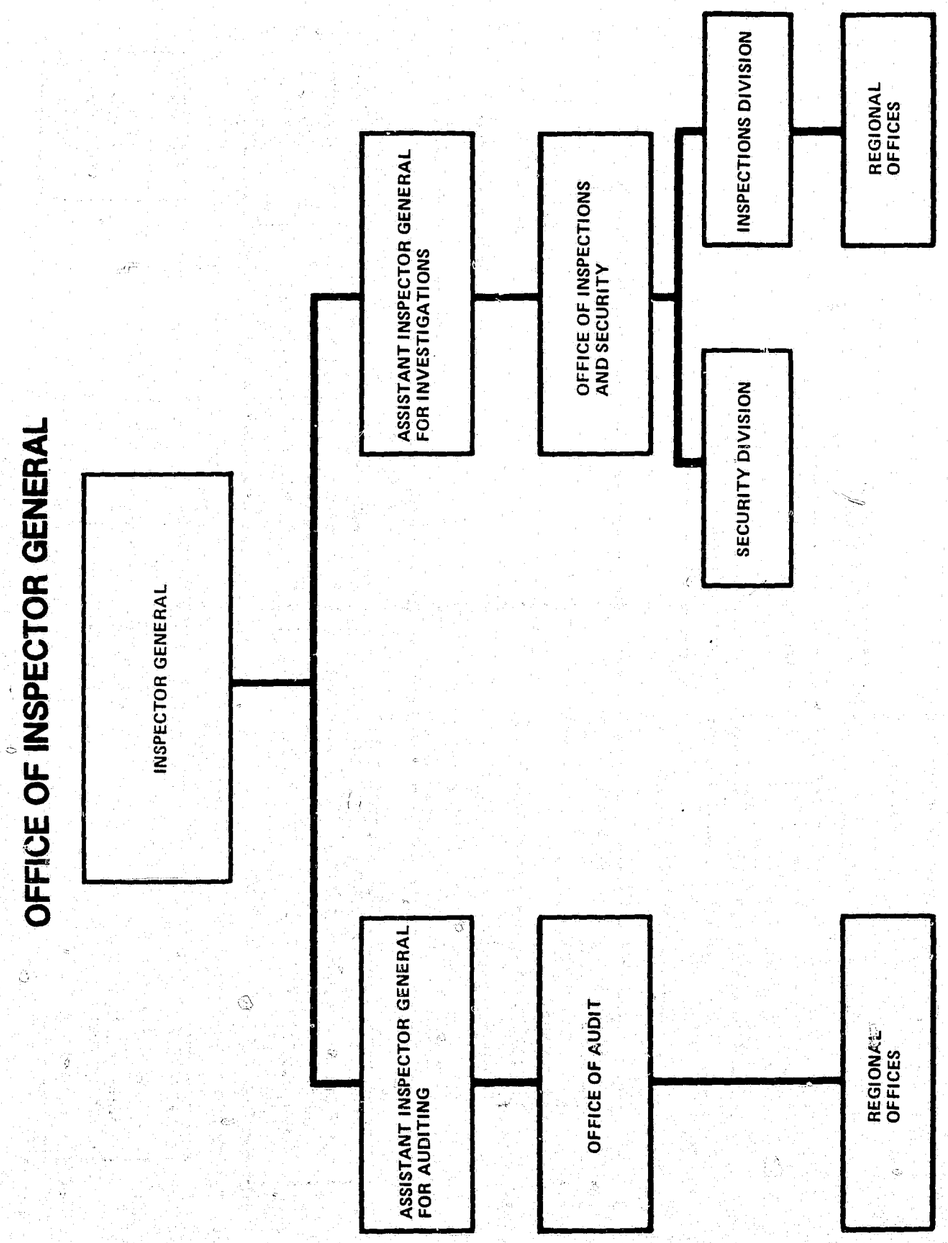
*One employee detailed to Congress until July 1, 1980.

**Nine employees (8 professional, 1 administrative) are assigned to the NASA Security function.

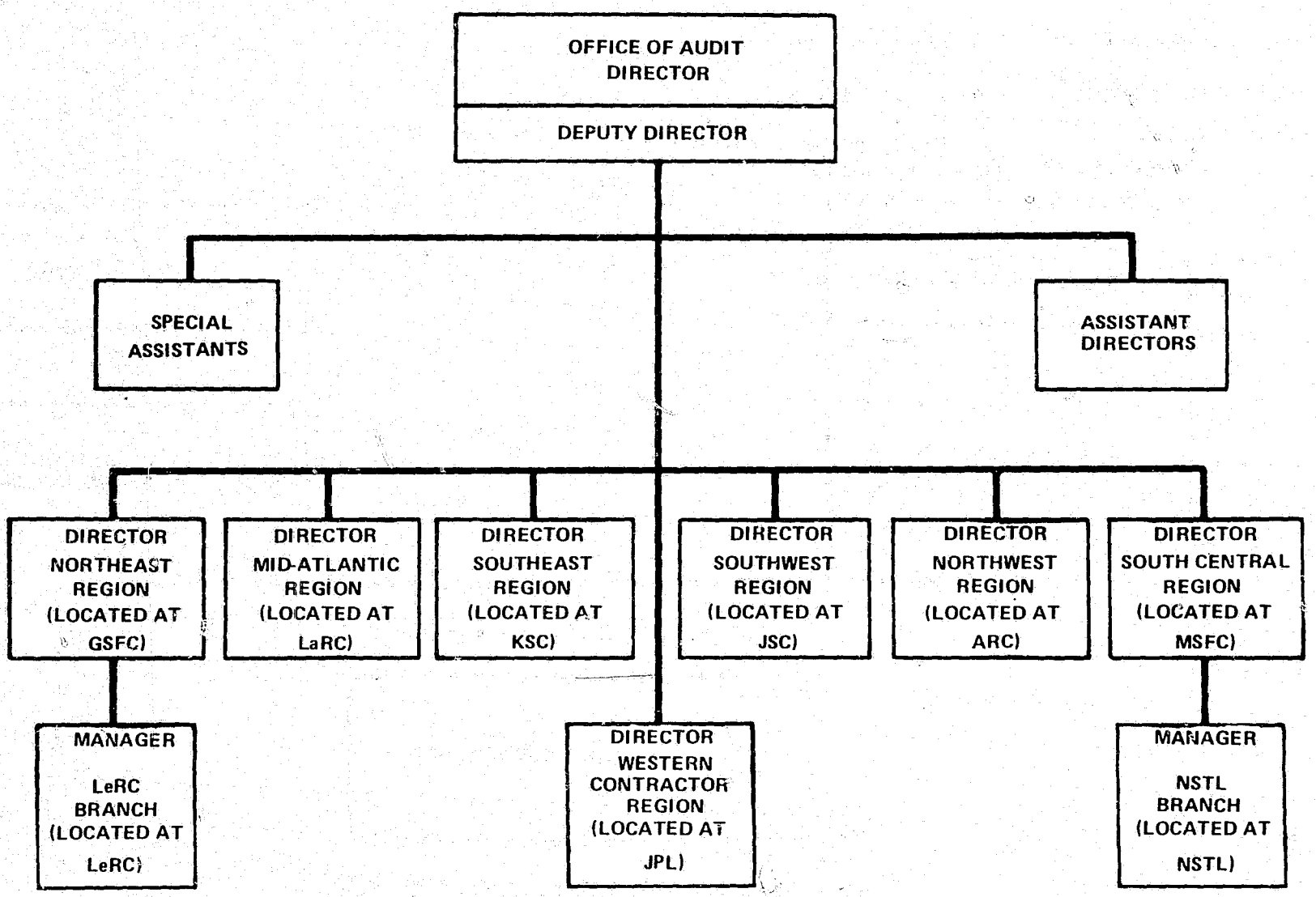
The field office professional staffs are distributed around the NASA installations as follows:

Field Location	Auditors	Inspectors	Total
Ames	5	1	6
Goddard	9		9
Johnson	7	2	9
Kennedy	5	1	6
Langley	4		4
Lewis	3		3
Marshall	8	1	9
NSTL	1		1
JPL	1		1
Total	43	5	48

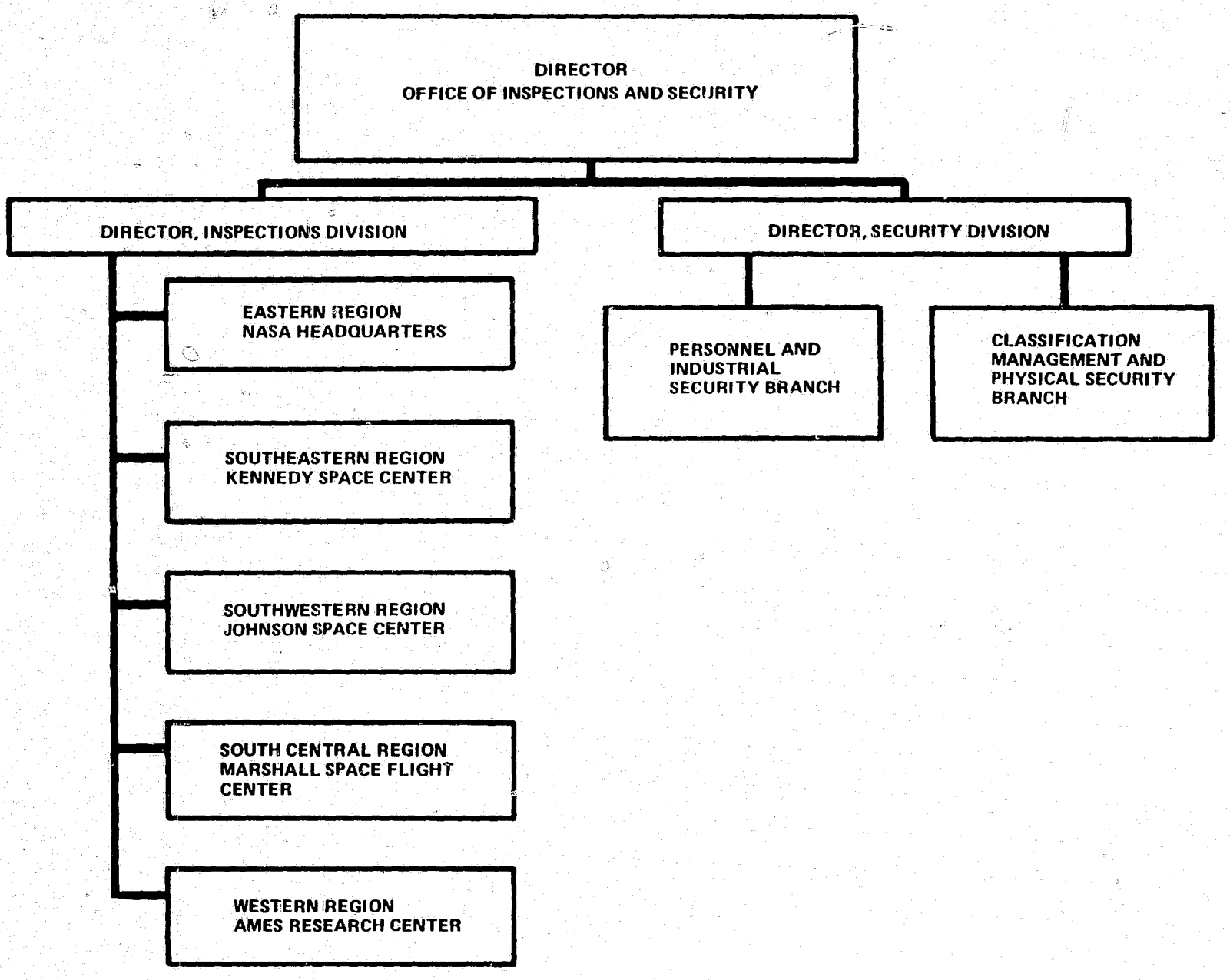
In addition to the NASA employees assigned to the OIG, approximately 186 staff years of audit services are obtained annually from the Defense Contract Audit Agency and the Health, Education and Welfare Audit Agency to audit NASA contractors and grantees.



OFFICE OF AUDIT



OFFICE OF INSPECTIONS AND SECURITY



Special Announcement

National Aeronautics and Space Administration

Date: February 27, 1979

Subject: Complaints or Information from Employees to the Inspector General

The Inspector General Act of 1978 established an Office of Inspector General in NASA by combining the NASA Office of Audit and the NASA Office of Inspections and Security.

Section 7 of the Act provides that employees may complain to the Inspector General with assurance of confidentiality and protection from reprisal. Your complaints may be a valuable source of information about fraud, waste, or mismanagement. To facilitate easy communication between employees and the Office of Inspector General, we have established and identified focal points for employees to bring their complaints or information to the attention of the Inspector General. I urge any employee who has information about fraud, waste, or mismanagement to report it to these focal points and meet with an appropriate representative of the Office of Inspector General so that full facts about the matter may be submitted. This system does not, however, replace existing procedures for resolving employee grievances, EEO complaints, or other personal concerns.

You may remain anonymous in making your report. If you do give your name to the Inspector General's office, it will be held in confidence to the maximum extent permitted by law. Your identity will not be revealed without your prior consent or unless confidentiality is not possible because of any judicial or administrative proceeding. For your convenience, a copy of the Employee Complaints Section of the Inspector General Act and a list of telephone numbers in the Office of Inspector General are on the back of this announcement.

Robert A. Frosch
Administrator

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EMPLOYEE COMPLAINT SECT. OF I.G. ACT OF 1978 (P.L. 95-452)

Employee Complaints

Sec. 7.(a) The Inspector General may receive and investigate complaints or information from an employee of the establishment concerning the possible existence of an activity constituting a violation of law, rules, or regulations, or mismanagement, gross waste of funds, abuse of authority or a substantial and specific danger to the public health and safety.

(b) The Inspector General shall not, after receipt of a complaint or information from an employee disclose the identity of the employee without the consent of the employee, unless the Inspector General determines such disclosure is unavoidable during the course of the investigation.

(c) Any employee who has authority to take, direct others to take, recommend, or approve any personnel action, shall not, with respect to such authority, take or threaten to take any action against any employee as a reprisal for making a complaint or disclosing information to an Inspector General, unless the complaint was made or the information disclosed with the knowledge that it was false or with willful disregard for its truth or falsity.

FOCAL POINTS FOR EMPLOYEE COMPLAINTS

NASA HEADQUARTERS

Asst. Inspector General for Investigations (or Director, Inspections Div.) 755-8304
Asst. Inspector General for Auditing. 755-3481

AUDIT OFFICES AND LOCATION	NASA INSTALLATIONS COVERED	SR. OFFICIAL & FTS NO.
Northeast Region, GSFC	GSFC, WFC	Regional Dir. - 344-5561
LeRC Branch, LeRC	LeRC, Plumbrook Sta.	Branch Manager 294-6683
Mid-Atlantic Region, LaRC	LaRC	Regional Dir. - 928-2121
Southeast Region, KSC	KSC	Regional Dir. - 823-4664
Southwest Region, JSC	JSC, WSTF	Regional Dir. - 525-3151
Northwest Region, ARC	ARC, DFRC, KSC-WLOD	Regional Dir. - 448-5665
South Central Region, MSFC	MSFC, MAF, SCC	Regional Dir. - 872-3620
NSTL Branch, NSTL	NSTL.	Branch Manag[illegible] 494-2324
Western Contractor Region, JPL	JPL	Regional Dir. - 792-5138

INSPECTIONS OFFICES AND LOCATION		
Eastern Region, HQ.	GSFC, LaRC, LeRC, WFC	Regional Insp. 755-8304
Southeastern Region, KSC	KSC	Regional Insp. 823-4714
South Central Region, MSFC	MSFC, MAF, NSTL	Regional Insp. 872-4123
Southwestern Region, JSC	JSC, WSTF	Regional Insp. 525-3960
Western Region, ARC	ARC, DFRC, JPL KSC-WOSO, NASA-JPL	Regional Insp. 448-5557

INTERNAL AUDITS COMPLETED
NASA OFFICE OF INSPECTOR GENERAL

For the Period October 1, 1978 - March 31, 1979

Report Title

PROCUREMENT ADMINISTRATION

Audit of Proposal Evaluation

Audit of Support Services Contracts

Audit of Contract Closing Procedures (Performed at two locations)

Audit of Sole Source Procurements and Firm Fixed Price R&D Study Contracts

Audit of Contract Cost Management and Control

FINANCIAL MANAGEMENT

Audit of Imprest Fund

Review of Unbilled Reimbursable Costs

Audit of Payroll Operations and Time and Attendance Policies and Practices

Audit of Travel Practices

Audit of Automated Payroll System Using "Audit Through the Computer Techniques"

PROPERTY ADMINISTRATION

Audit of Disposition of Precious Metal Fittings

Audit of Management of Aircraft Spares and Repair Parts

Observation of Physical Inventory of Stores Stock

Audit of Special Purpose Mobile Equipment

Report Title

CONSTRUCTION AND MANAGEMENT OF FACILITIES

Survey of Center Shop Activities

Audit of Energy Conservation Program (Performed at two locations)

AUTOMATIC DATA PROCESSING

Audit of Controls and Procedures for Safeguarding Computer Operations

Audit of Automatic Data Processing Tape Management Practices

Audit of the Magnetic Tape Certification Facility

Audit of Acquisition and Maintenance of Computer Software

Survey of ADP Operations (Performed at two locations)

Survey of General Purpose Computer Utilization

PROGRAMS

Audit of Calibration of Systems and Equipment including the Use of Controlled Standards and Measurements and the Recall and Identification of Participating Items

Audit of Data Systems Laboratory

Audit of Supersonic Cruise Aircraft Research (SCAR) Program

Audit of Aircraft Energy Efficiency (ACEE) Project

Audit of Plum Brook Station Standby Operations

Audit of Metrology Program

Audit of Reliability and Quality Assurance Activities

Report Title

MISCELLANEOUS OTHER ACTIVITIES

Audit of Personnel Training Activities

Audit of Word Processing Systems

Audit of Office Moves and Modifications

Audit of Personnel Operations and Programs

Review of an Employee Complaint Concerning Dedication Ceremonies

CONTRACTOR AUDIT REPORTS
SUBMITTED TO NASA OFFICIALS
NASA OFFICE OF INSPECTOR GENERAL

For the Period October 1, 1978 - March 31, 1979

The audits listed below were performed by the Defense Contract Audit Agency and HEW Audit and relate primarily to NASA's major contractors. The scope of these audits is largely focused on internal controls and operational cost avoidance. They were selected for submission to NASA Officials by the Office of Audit either for information or action. There are over a thousand other audit reports relating to such areas as proposal evaluations and costs incurred on all of NASA's contractors.

Report Title

Review of Contractor Financial Management Reports

Review of Timekeeping Procedures and Physical Observations (Floor Check)

Report on Follow-up Survey of Estimating Systems

Report on Review of Timekeeping Procedures and Physical Observations

Joint Report on Evaluation of Word Processing

Report on Floor Check and Review of Timekeeping Practices

Report on Review of Personnel Qualifications and Wage Rates

Report on Evaluation of Claim for Additonal Funding for the Hourly and Salaried Pension Plans

Report on Floor Check and Review of Timekeeping System

Report on Review of Subcontractor Financial Data in NASA Form 533, Financial Management Report on Prime Contract

Report on Review of Interactive Computer Graphics Utilization

Report Title

Subcontract Administration Operations and Financial Reporting

Review of Contractor's Energy Management Program

Review of Contractor's Implementation of Word Processing

Report on Evaluation of Subcontract Administration

Report on Physical Observations (Walk Throughs) and Review of Timekeeping System

Follow-up Report on Accounting Systems Survey

Report on Manpower Utilization - Assurance Management Operations

Report on Follow-up Review of Automatic Data Processing

Report on Review of DD 633 Cost Element Breakdown for Comparison with Billings

Report on Evaluation of Internal Procedures and Practices Related to Plant Cost Transfers

Report on Contractors Financial Condition

Report on Review of Off-site Facilities Overhead and G&A Accounting Practices

Report on Floor Check and Review of Timekeeping Practices

Report on Review of Vacation Accruals

Report on CAS Noncompliance Found During Evaluation of Price Proposal

Report on Review of Progress Payments

Report on Review of Business Operations

Audit of Cost Under Federal Grants and Contracts

Report Title

Report on Accounting System Survey

Joint Report on Review of Word Processing Operations

Report on G&A Expenses Non-Compliance CAS 410

Review of Design and Drafting Operations

Report on Follow-up Survey of Estimating Systems

Report on Adequacy and Compliance of Changes in Revised Disclosure Statement, Revision No. 6

Report on Adequacy and Compliance of Changes in the Revised Disclosure Statement, Revision No. 7, (Division)

Report on Adequacy and Compliance of Changes in the Revised Disclosure Statement, Revision No. 7, Home Office

Report on Evaluation of Cost Overrun Proposal

Report on Review of NASA Form 533 Financial Management Report

Assist Audit of Review of Timekeeping Policies and Procedures and Results of Floor and Gate Check

Report on Follow-up Audit of Subcontract Administration

Report on Review of Contractor Financial Management Reports

Report on Follow-up Audit Review of Overtime Procedures and Controls

Report on Review of Timekeeping Policies, Procedures and Practices, and Floor Check

Report Title

Report on Manpower Utilization

Report on Energy Conservation

Report on Computer Aided Design and Manufacturing

REPORT OF THE
NASA ADMINISTRATOR

NASA

National Aeronautics and
Space Administration

Washington, D.C.
20546

Office of the Administrator

MAY 24 1979

TO: W/Acting Inspector General

FROM: A/Administrator

SUBJECT: Office of Inspector General - Semiannual Report, October 1, 1978 - March 31, 1979

I have reviewed the first semiannual report of the Office of Inspector General submitted under section 5 of P. L. 95-452.

We anticipate that the President's nomination of Mr. Eldon D. Taylor to be Inspector General of NASA will be confirmed by the Senate in the near future. I believe that the actions you have taken will facilitate Mr. Taylor's performing his statutory functions after he assumes his post. NASA appreciates your serving as Acting Inspector General in the interim.

Robert A. Frosch

END