



NASA Policy Directive

NPD 1200.1D
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COMPLIANCE IS MANDATORY

[Printable Format \(PDF\)](#)

Request Notification of Change (NASA Only)

Subject: NASA Internal Control and Accountability

Responsible Office: Office of Internal Controls and Management Systems

1. POLICY

a. NASA's policy is to establish and maintain programmatic, financial, and institutional internal controls to provide reasonable assurance that federally mandated and NASA-specific control objectives are met. Internal control objectives are achieved by ensuring that:

- (1) Mission and mission-support activities comply with the NASA Strategic Management and Governance Handbook.
- (2) Resources are used consistent with Agency goals and objectives.
- (3) Programs, resources, and management activities are protected from fraud, waste, abuse, and mismanagement.
- (4) Costs are controlled and risks are sufficiently assessed and mitigated.
- (5) Laws, regulations, Executive orders, and oversight agency mandates are followed.
- (6) Reliable and timely information is obtained, maintained, reported, and used for decision-making.
- (7) Risk assessments, self assessments, audits, and other review activities actively engage management's attention and direction to correct any deficiencies and make improvements to internal control.
- (8) Programs achieve their intended results.

b. NASA's policy is to define internal control and accountability as decisive governance over organizational structure; policies and procedures; processes for managing programmatic, financial, and institutional activities; checks and balances; and tools and techniques to uphold the Agency's integrity, efficiency, and effectiveness.

c. NASA's policy is to comply with the Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control, which provides Government-wide requirements for internal control and accountability based on the Federal Managers' Financial Integrity Act.

d. This Act requires the Government Accountability Office (GAO) to set standards for the design, implementation, and continual improvement of internal control. The five standards required by GAO for internal control are control environment, risk assessment, control activities, information and communications, and monitoring. Some major NASA policies for compliance with the five standards are listed in the following paragraphs:

(1) Control environment - the organizational structure and culture created by management and employees to sustain organizational support for effective internal control. NASA's policy is to promote a control environment of responsible leadership, positive work attitude, and high performance by the workforce. This policy direction is set forth particularly in the following directives:

(i) The primary NASA Policy Directive (NPD) 1000.0, Strategic Management and Governance Handbook, which sets forth the philosophical, structural, and process framework for effectively and efficiently managing the Agency.

(ii) NPD 1000.3, The NASA Organization, which presents a foundation of leadership with a hierarchy of organizations within which roles and responsibilities are described.

(iii) NPD 1280.1, NASA Management System Policy, which establishes the requirement and minimum criteria for management systems within NASA that define and control the way work is accomplished.

(iv) NPD 1400.1, Documentation and Promulgation of Internal NASA Requirements, which documents the fundamental framework for all internally developed NASA requirements documents including directives. NASA directives establish and maintain the foundation for a controlled work environment, e.g., the established program/project management methodology described in NPD 7120.4, NASA Program/Project Management.

(2) Risk Assessment - identification of internal and external risks that may prevent the organization from meeting its objectives. NASA's policy is to identify internal and external risks, estimate their significance, and analyze them for potential impact on the Agency. See Attachment A for examples of risk assessments and other forms of review conducted at NASA. NPD 1210.2, NASA Surveys, Audits, and Reviews Policy, formalizes the minimum criteria for the conduct of Headquarters-initiated assessments. NASA Financial Management Requirements, Volume 9, Internal Management Controls, provides criteria for conducting financial risk assessments. Risk identification methods specific to NASA are described in the following directives, and others:

(i) NASA Procedural Requirements (NPR) 8000.4, Risk Management Procedural Requirements.

(ii) NPR 8705.5, Probabilistic Risk Assessment Procedures for NASA Programs and Projects.

(iii) NPR 7120.5, NASA Program and Project Management Processes and Requirements.

(3) Control Activities - policies, procedures, and mechanisms in place to help ensure that Agency objectives are met. NASA's policy is to use a range of activities such as authorizations, verifications, performance plans, program commitment agreements, access restrictions, segregation of duties, and security measures to protect NASA assets and verify that directions have been followed. Program control activities are vital to the success of missions designed and developed according to technical standards and requirements extensively documented in NPR 7120.5, NASA Program and Project Management Processes and Requirements. Key institutional control activities are documented in directives such as:

(i) NPR 1620.3, Physical Security Requirements for NASA Facilities and Property.

(ii) NPR 2190.1, NASA Export Control Program.

(iii) NPD 1810.2 NASA Occupational Medicine Program.

(4) Information and Communications - communication of relevant, reliable, and timely information to appropriate personnel at all levels within NASA and external to the Agency. NASA's policy is to continually record and communicate information up, down, across, into, and from the organization. Directives on control of information and communications specific to NASA are listed in the following policies and procedural requirements and other technical and legal directives:

(i) NPD 2800.1 Managing Information Technology.

(ii) NPD 2810.1 NASA Information Security Policy.

(iii) NPR 2200.2, Requirements for Documentation, Approval, and Dissemination of NASA Scientific and Technical Information.

(iv) NPD 1050.1, Authority to Enter Into Space Act Agreements.

(v) NPD 1383.2, NASA Assistance to Non-Government, Entertainment-Oriented Motion Picture, Television, Video and Multimedia Productions/Enterprises, and Advertising.

(vi) NPD 1440.6, NASA Records Management.

(5) Monitoring - Ongoing evaluations to determine the effectiveness of internal controls. NASA's policy is to incorporate monitoring at all levels of normal job activities and to perform evaluations continually. Significant monitoring of actions occurs in activities of NASA councils, teams, and other groups. The planning and follow-up activities in support of internal reviews and external audits provide monitoring results to assist in dealing with problem areas, corrective action tracking, and elevation of disputes to the next management level. Key monitoring activities are documented in directives such as:

(i) NPD 1000.0, Strategic Management and Governance Handbook, which provides for a senior management council, the Operations Management Council (OMC), to hold formal periodic meetings for monitoring actions to correct internal control deficiencies on the Council's watch list;

(ii) NPD 9910.x, Audit Liaison, Resolution, and Follow-up, which addresses the establishment and maintenance of processes within each Center's management system to ensure prompt and proper management decisions and implementation of audit recommendations.

(iii) NPD 1280.1, NASA Management System Policy, which provides for continual internal audits of management

system requirements and third- party assessments to verify requirement compliance.

2. APPLICABILITY

This NPD applies to NASA Headquarters, NASA Centers, including Component Facilities and Service Support Centers, the NASA Jet Propulsion Laboratory (JPL), and other NASA contractors as specified in their contracts.

3. AUTHORITY

- a. 42 U.S.C. §2473 (c)(1), Section 203(c)(1) of the National Aeronautics and Space Act of 1958, as amended.
- b. Federal Managers' Financial Integrity Act (Pub. L. 97-255), 96 Stat. 814, September 8, 1982.
- c. 5 U.S.C. Appx. §§2, et seq., Inspector General Act of 1978, as amended.
- d. 31 U.S.C. §1115 note, Government Performance and Results Act of 1993.

4. REFERENCES

- a. NPD 1000.0, Strategic Management and Governance Handbook.
- b. NPD 1000.3, The NASA Organization.
- c. NPD 1050.1, Authority to Enter into Space Act Agreements.
- d. NPD 1210.2, NASA Surveys, Audits, and Reviews Policy.
- e. NPD 1280.1, NASA Management System Policy.
- f. NPD 1383.2, NASA Assistance to Non-Government Entertainment-Oriented Motion Picture, Television, Video and Multimedia Productions/Enterprises, and Advertising.
- g. NPD 1400.1, Documentation and Promulgation of Internal NASA Requirements.
- h. NPR 1620.3, Physical Security Requirements for NASA Facilities and Property.
- i. NPD 1440.6, NASA Records Management.
- j. NPD 1810.2, NASA Occupational Medicine Program.
- k. NPR 2190.1, NASA Export Control Program.
- l. NPR 2200.2, Requirements for Documentation, Approval, and Dissemination of NASA Scientific and Technical Information.
- m. NPD 2800.1, Managing Information Technology.
- n. NPD 2810.1, NASA Information Security Policy.
- o. NPD 7120.4, Program/Project Management.
- p. NPR 7120.5, NASA Program and Project Management Processes and Requirements.
- q. NPR 8000.4, Risk Management Procedural Requirements.
- r. NPR 8705.5, Probabilistic Risk Assessment Procedures for NASA Programs and Projects.
- s. NPD 9800.1, NASA Office of Inspector General Programs.
- t. NPD 9910.1, Audit Liaison, Resolution and Follow-up.
- u. NASA Financial Management Requirements.
- v. OMB Circular A-123, Management's Responsibility for Internal Control.
- w. GAO/Automated Information Management Division (AIMD)-00-21.3.1, Standards for Internal Control in the Federal Government.

5. RESPONSIBILITY

- a. The NASA Administrator shall:

- (1) Serve as the highest authority for reasonable assurance of internal control throughout the Agency.
 - (2) Certify and sign the annual Statement of Assurance on internal control included within the NASA Performance and Accountability Report submitted to OMB, Congress, and the President, pursuant to the Federal Managers' Financial Integrity Act and the Government Performance and Results Act.
- b. The Deputy Administrator shall:
- (1) Chair meetings of the OMC on internal control to ensure effective senior management assessments of major deficiencies on the Council's watch list, their root causes, corrective actions, verification and validation of corrections, target and final closure dates, and improvements to internal control.
 - (2) Act as the primary decision-maker on steps that need to be taken when a major control deficiency is identified.
- c. The NASA Associate Administrator shall provide timely reporting of major programmatic internal control deficiencies to the Deputy Administrator to assess the need for assignment of action and possible placement on the OMC's watch list.
- d. The Assistant Administrator for Internal Controls and Management Systems shall:
- (1) Serve as functional lead for NASA internal control and accountability.
 - (2) Oversee the annual preparation of documentation on the state of NASA internal control for the Administrator's Statement of Assurance.
 - (3) Oversee managers and staff who support teams that perform management systems work, internal control coordination, audit liaison work, and directives liaison activities.
 - (4) Facilitate planning, documentation, and follow-up for meetings of the OMC on internal control.
- e. The NASA CFO shall:
- (1) Comply with the internal control over financial management and reporting as defined by OMB Circular A-123 and, as specifically described in Appendix A to the circular, Internal Control over Financial Reporting.
 - (2) Ensure Agency compliance with the internal control requirements for financial management as documented in the NASA Financial Management Requirements (FMR).
 - (3) The CFO or designee shall provide oversight and quality control reviews, monitoring, and testing of financial management processes and procedures.
 - (4) The CFO or designee shall provide report documentation on identified material weaknesses, needed improvements, and corrective actions.
 - (5) The CFO or designee shall assist NASA managers with financial compliance issues as well as corrective actions.
 - (6) The CFO shall provide to the Administrator, for certification and signature, the annual Statement of Assurance on internal control over financial reporting, as a subset of Management Assurance Statements stipulated by OMB Circular A-123.
 - (7) The CFO shall appoint the Deputy CFO to chair the Senior Assessment Team for internal control over financial, institutional, and programmatic issues to identify major control deficiencies at NASA sites for possible recommendation to the OMC for addition to the watch list.
- f. NASA Center CFOs shall:
- (1) Ensure that their respective Center is operating in compliance with applicable financial management laws and the FMR regarding internal control.
 - (2) Ensure communication of all internal control objectives and guidance and strategies for achieving financial reporting goals.
 - (3) Serve as the formal Center-level point of contact for financial management operations in support of the NASA CFO at NASA Headquarters.
 - (4) Provide direction for the development, implementation, and monitoring of Center-wide financial management systems.
- g. Officials-in-Charge, Directors of Centers, Component and Service Support Facilities, and JPL shall:
- (1) Oversee internal control for their areas of responsibility outlined in NPD 1000.3, The NASA Organization.
 - (2) Ensure the effectiveness of the internal control environment as implemented.
 - (3) Promote the establishment of new or modified controls as needs arise and as identified by internal or external

assessments.

- (4) Provide resources to support internal risk assessments and other types of internal or external review.
- (5) Provide resources to mitigate identified risks.
- (6) Report severe or high-risk deficiencies to the Deputy Administrator to assess the need for assignment of actions and possible placement on the OMC's watch list.

h. NASA managers and employees, as stewards of Federal resources, shall:

- (1) Operate within and improve their internal control environment.
- (2) Participate in risk assessments of their internal controls.
- (3) Report internal control deficiencies to the next management level.
- (4) Correct internal control deficiencies.
- (5) Ensure timely completion of assessment-related corrective actions.
- (6) Ensure the reporting of severe or high-risk findings, recommendations, and corrective actions through their management to their OMC member.
- (7) Report possible fraudulent, wasteful, abusive, or criminal activities to the NASA Inspector General (IG).
- (8) Provide full and accurate responses to inquiries by internal or external auditors, review teams, or investigators, subject to legal restrictions.

i. The NASA IG shall:

- (1) Oversee independent audits, investigations, and various employee communications regarding possible violations of law, fraud, waste, abuse, and other internal control deficiencies as set forth in NPD 9800.1, NASA Office of Inspector General Programs, based on mandates of the Inspector General Act.
- (2) Serve as an ex officio member of the OMC, providing an independent perspective on identification, assessment, and closure of major deficiencies on the Council's watch list.

6. DELEGATION OF AUTHORITY

None.

7. MEASUREMENTS

- a. Maintain and promote NASA's internal control environment through the effective creation and use of directives and other requirements documents, which enable the workforce to understand and comply with Agency requirements for mission and mission-support activities.
- b. Ensure timeliness, accuracy, and relevance of risk assessments performed internally and externally, with emphasis on correcting recommendations efficiently and judiciously.
- c. Comply with simple and complex control activities to maintain and improve the control environment.
- d. Ensure that information and communications are clear, reliable, properly expressed and prudently used and that records are appropriately maintained.
- e. Periodically monitor internal control to ensure effective attention to control deficiencies and continual emphasis on corrective action tracking and improving the control environment.

8. CANCELLATION

NPD 1200.1B dated June 1, 2000.

/s/ Michael Griffin
Administrator

ATTACHMENT A: (TEXT)

Examples of Risk Assessments and Other Types of Review at NASA:

- a. Internal surveys, audits, and reviews initiated by Headquarters as defined in NPD 1210.2.
- b. Program/project management reviews such as Critical Design Reviews.
- c. Council reviews such as Program Management Council reviews and OMC assessments.
- d. IG audits and investigations.
- e. GAO audits and testimony.
- f. Defense Contract Audit Agency reports.
- g. Audits of financial statements.
- h. Annual performance and accountability plans and reports.
- i. Annual Federal information security management assessments.
- j. Engineering or scientific peer reviews.
- k. Safety and Mission Assurance Reviews.
- l. Mishap investigations.
- m. Quality control reviews.
- n. Management system audits, internal, and external.
- o. Annual Aerospace Safety Advisory Panel report.
- p. Independent reviews and reports such as the Columbia Accident Investigation Board briefings and report.
- q. Reviews by oversight agencies such as the Environmental Protection Agency, the General Services Administration, the Office of Personnel Management, the Federal Aviation Administration, and the Office of Management and Budget.
- r. Internal reviews initiated by management at a NASA site.

(URL for Graphic)

None

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