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# NASA Policy Directive

**NPD 9910.1**

Effective Date: June 28, 2006

Expiration Date: June 28, 2011

**COMPLIANCE IS MANDATORY**[Printable Format \(PDF\)](#)

Request Notification of Change (NASA Only)

## **Subject: Government Accountability Office/NASA Office of Inspector General Audit Liaison, Resolution, and Followup**

**Responsible Office: Office of Internal Controls and Management Systems**

### **1. POLICY**

- a. Followup on audit recommendations that were issued by the Government Accountability Office (GAO) and the NASA Office of Inspector General (OIG) is an integral component of sound management and is a responsibility shared by all NASA management officials. Responsive corrective action taken by management on GAO/OIG audit findings and recommendations is essential to improving the effectiveness and efficiency of NASA operations. NASA managers recognize, support, and utilize GAO/OIG audits of NASA activities as an important element of NASA's management system.
- b. Each NASA installation shall establish processes within its management systems to ensure prompt and proper management decisions and implementation of GAO/OIG audit recommendations. These processes shall provide for a comprehensive record of action taken on both monetary and nonmonetary findings and recommendations, as well as a followup action to ensure the completion of agreed-upon corrective actions. These processes shall be consistent with guidance provided by the Office of Management and Budget (OMB) in OMB Circular A-50, Audit Followup, as well as the requirements of NPD 1280.1, NASA Management Systems.
- c. NASA personnel shall cooperate with and support the efforts of GAO and OIG representatives in the performance of all audits, evaluations, and reviews, and shall work with auditors and other GAO and OIG representatives to provide an accurate, fair, and balanced representation of issues being evaluated.
- d. Management decisions shall be made on audit recommendations issued by the GAO and OIG within a maximum of six months of the issuance of the final report. In those instances where a management decision on a GAO/OIG audit recommendation is not

made within six months, the NASA Audit Followup Official (AFO) will convene an Audit Resolution Meeting with appropriate management and audit organization officials for the purpose of reaching a management decision.

e. A final management decision made by the AFO or the NASA Administrator is final and is not contingent upon GAO or OIG approval.

f. Efforts shall be made to resolve potential nonconcurrences on GAO and OIG audit recommendations at the lowest possible management level.

g. Agreed-upon corrective actions associated with audit recommendations will be implemented in a timely manner, generally not to exceed one year from the issuance of the final audit report, dependent upon the complexity and scope of the corrective actions.

h. An annual report on the status of all open OIG audit reports for which final management action is pending will be incorporated into NASA's Performance and Accountability Report (PAR).

i. NASA recognizes the need for Contracting Officers (COs) to make the best possible use of contract audit advice. This entails:

(1) CO's full consideration of the findings and recommendations made by auditors.

(2) CO's prompt, proper, and sound management decisions on resolving the disputes between COs and contract auditors on the disposition of audit findings and recommendations.

(3) CO's expedient disposition, including fund recovery actions, of contract audit reports after resolution.

(4) CO's full documentation of significant differences between the audit recommendation and final management action, including rationale for deviations from the audit recommendation.

(5) Continuous dialogue between contracting, audit, and audit followup personnel to achieve the most effective process possible.

j. The responsibility for reaching an agreement with contractors resides with the CO who has wide latitude and discretion in that regard. The contract audit followup process shall be structured in consonance with the independent decision-making role of the CO and the financial advisory role of the contract auditor.

k. In accordance with OMB Circular A-50, the resolution and disposition of all audit reports shall be consistent with applicable laws, regulations, and Agency policy.

## **2. APPLICABILITY**

a. This NPD is applicable to NASA Headquarters and NASA Centers, including Component Facilities.

b. This NPD applies to audits performed by the GAO, OIG, and other executive branch audit organizations including, but not limited to, contract audits, evaluations, and reviews performed by the Defense Contract Audit Agency (DCAA).

c. This NPD does not apply to criminal or administrative investigations conducted by the GAO, OIG, or other Federal law enforcement agencies.

### **3. AUTHORITY**

- a. Pub. Law 97-255, Federal Managers' Financial Integrity Act of 1982, dated, September 8, 1982, as amended.
- b. 5 U.S.C. Appendix Sec. 2, et. seq., Inspector General Act of 1978, as amended.
- c. GAO/AIMD-00-21.3.1, Standards for Internal Control in the Federal Government.

### **4. APPLICABLE DOCUMENTS**

- a. NPD 1000.3, The NASA Organization.
- b. NPD 9800.1, NASA Office of Inspector General Programs.
- c. NPD 1200.1, NASA Internal Control and Accountability.
- d. NPD 1280.1, NASA Management System Policy.
- e. OMB Circular A-50, Audit Followup.
- f. OMB Circular A-123, Management's Responsibility for Internal Control.

### **5. RESPONSIBILITY**

- a. The NASA Administrator is responsible for the following:
  - (1) Submitting the annual Audit Status Report, pursuant to the Inspector General Act, as a component of the annual PAR.
  - (2) Appointing a NASA AFO.
  - (3) Making final determinations on the release of information in conjunction with GAO and OIG audits.
  - (4) Making final management decisions on concurrences and non- concurrences not otherwise delegated to the AFO.
- b. The AFO (Assistant Administrator for Internal Controls and Management Systems) is responsible for the following:
  - (1) Making management decisions within six months of the issuance of a final audit report (unless reserved by the Administrator) when nonconcurrences cannot be resolved at lower levels between NASA management and the auditors.
  - (2) Ensuring that NASA's audit followup processes, management decisions concerning audits, and corrective actions comply with OMB Circular A-50 and all other applicable laws and regulations.
- c. The Assisitant Administrator for Internal Controls and Management Systems is responsible for, in addition to Officials-in-Charge (OIC) responsibilities, overseeing

overall Agency implementation of audit liaison, resolution and followup activities, including periodic assessments of recommendations and corrective action to identify trends or system-wide problems and to recommend solutions.

d. OICs and Center Directors are responsible for the following:

- (1) Ensuring timely responses to draft and final audit reports.
- (2) Ensuring implementation of agreed-upon recommendations.
- (3) Appointing an Audit Control Official (ACO) to be responsible for facilitating the resolution of nonconcurrences and other disagreements between management and the auditors at a level below the AFO.
- (4) Ensuring that audit disputes (nonconcurrences) are negotiated at the lowest possible management level.
- (5) Reporting to higher management levels on unresolved audit recommendations requiring resolution action.
- (6) Appointing an Audit Liaison Representative (ALR) to implement and coordinate audit liaison, resolution, and followup activities within each organizational component and Center.
- (7) Appointing or delegating to the ALR, a primary point of contact to represent management for each specific GAO or OIG audit for which the OIC has principal program or funding responsibility.
- (8) Ensuring that GAO and OIG representatives have free and unfettered access to all files, documents, premises, and employees, except as limited by applicable laws.

e. ALRs represent organizational management in implementing and coordinating their respective audit liaison, resolution, and followup processes, and are responsible for:

- (1) Maintaining accurate records of the status of audit reports and recommendations through the entire process from issuance of the audit announcement through implementation of final management action;
- (2) Facilitating management decisions on disagreements arising from audit reports and attempts to achieve initial resolution at the lowest level practicable.
- (3) Establishing and maintaining continuous liaison and coordination among all parties throughout the entire audit process, particularly in those instances involving more than one program, installation, or organizational level.
- (4) Ensuring significant and relevant activities, (e.g., entrance and exit conferences; interim status briefings; requests for extension of final management action dates; disposition of requests for extension of final management action dates; and the auditor's disposition of audit recommendations), are documented in a timely and accurate manner in NASA's Corrective Action Tracking System.

f. COs are responsible for ensuring the proper disposition and prompt recovery of disallowed costs in conjunction with contract audits.

g. NASA employees at all levels are responsible for:

- (1) Reporting to the Inspector General any possible illegal, wasteful, or criminal

activities.

(2) Providing full and accurate responses to inquiries by the GAO and OIG subject to legal restrictions.

## 6. DELEGATION OF AUTHORITY

The Deputy Administrator may delegate responsibility for adjudicating Agency requests for extension of final management action dates on OIG audit recommendations for which a final management decision has been made, but on which final management action is pending.

## 7. MEASUREMENTS

a. Number of OIG audit reports with recommendations unresolved six months or more after issuance of a final audit report.

b. Number of OIG audit reports with recommendations resolved but not implemented within one year after issuance of a final audit report.

## 8. CANCELLATION

NPD 1200.1B, Internal Management Controls and Audit Liaison and Followup, dated June 1, 2000.

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**/s/ Michael D. Griffin**  
**Administrator**

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### ATTACHMENT A: (TEXT)

None.

### (URL for Graphic)

None.

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