

NASA

National Aeronautics and Space Administration

Office of Inspector General

Office of Audits

NASA'S COMPLIANCE WITH THE PAYMENT INTEGRITY INFORMATION ACT FOR FISCAL YEAR 2021

June 28, 2022

Report No. IG-22-014





Office of Inspector General

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RESULTS IN BRIEF

NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2021

June 28, 2022

IG-22-014 (A-22-03-00-FMD)

WHY WE PERFORMED THIS AUDIT

Improper payments are payments the federal government should not have made or made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. In fiscal year (FY) 2021, agencies across the federal government made an estimated \$281.4 billion in improper and unknown payments.

Our overall objective in this required annual review was to determine whether NASA complied with requirements of the Payment Integrity Information Act of 2019 (PIIA) for FY 2021. We also evaluated NASA's risk assessment methodology, improper and unknown payment estimates, sampling and estimation plan, and implementation of recommendations made in our previous reports. In conducting our work, we relied on guidance from the Office of Management and Budget (OMB) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE); we interviewed NASA and contractor personnel, reviewed relevant information in the Agency Financial Report (AFR), and reviewed applicable federal laws and regulations and NASA policy and guidance.

WHAT WE FOUND

We found that NASA was not in compliance with PIIA for FY 2021 because it did not publish improper payment estimates for the Space Launch System (SLS) program in the accompanying materials to the AFR as required by the statute. In our FY 2019 improper payment compliance audit, we reported that NASA failed to identify the SLS program as susceptible to significant improper payments based on the Agency's established risk assessment methodology, and since then the Agency has been working to bring the program into compliance. In FY 2021, NASA completed its improper payment testing and found no improper or unknown payments for the SLS program. However, the Agency failed to report the testing results in its AFR or to OMB. As a result, SLS reporting for FY 2021 was absent from the Agency's AFR and the dataset and payment integrity dashboard on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). The Agency should have submitted SLS-related data such as the \$2.2 billion in program outlays and amount properly paid, the 100 percent payment accuracy rate, and the corresponding improper and unknown payment amounts and rates. Therefore, NASA was not compliant with PIIA's requirement to publish improper and unknown payment estimates for programs susceptible to significant improper and unknown payments in the accompanying materials to the AFR.

We also identified opportunities for improvement in the Agency's risk assessment and reporting processes. While these matters did not contribute to the Agency's non-compliance, we believe it important for the Agency to address these issues to ensure the integrity of its improper payments program. For example, we found NASA used an inappropriate financial factor to derive program outlays when conducting its risk assessment process. Additionally, the Agency failed to adhere to OMB guidance, which resulted in incomplete information published on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov) and an inefficient risk assessment process.

Finally, we found that NASA's reported overpayment information was inaccurate. Although NASA reported the improper payments identified and collected through sources other than payment recapture audits in the accompanying materials to its AFR, the overpayment amounts and the programs that disbursed the payments were inaccurate for the FY 2021 reporting period.

WHAT WE RECOMMENDED

In addition to the recommendation that remains open from our prior reports, we recommended that the Chief Financial Officer:

1. Complete steps outlined in OMB guidance when an agency is not compliant with PIIA for one fiscal year. Non-compliant agencies must provide information describing the actions that the agency will take to become compliant in the OMB annual data call, including:
 - a. measurable milestones to be accomplished to achieve compliance (i.e., report the SLS testing results in the FY 2022 OMB data call),
 - b. designation of a senior agency official who will be accountable for the progress to become compliant, and
 - c. establishment of an accountability mechanism with appropriate incentives and consequences tied to the success of the senior agency official in leading NASA's efforts to achieve compliance.
2. Report disaster relief funding as a separate program from the Institutional Construction of Facilities program when satisfying payment integrity reporting requirements.
3. Complete the OMB data call process for all programs with outlays over \$10 million.
4. Ensure that program outlays exclude any transactions that do not meet the outlay definition provided by OMB.
5. Revise the materiality risk calculation methodology and sampling and estimation methodology plan to include payment transactions only.
6. Consider adhering to OMB's \$10 million threshold for program selection for the annual risk assessment.
7. Develop a detailed review process, such as a checklist or job aid, outlining the review procedures performed by the Quality Assurance Division within the reporting process for overpayments from sources other than recapture audits to ensure that the primary reviewer and the supervisory quality control reviewers are performing a thorough review of the aggregated submissions of overpayments. Necessary review steps include ensuring overpayments are not reported twice, capturing issues with overpayments submitted for the incorrect period, and tracking identified and collected portions that occur in different fiscal years for accurate reporting.
8. Determine the specific programs that had overpayments identified and collected during the reporting period and report those amounts by the Agency program as requested by OMB. If NASA deems this effort not cost-effective, the Agency should document its determination and report overpayments by Treasury Account Fund Symbol or another more meaningful method than by the Center or office that responded to QAD's inquiries for overpayments.

We provided a draft of this report to NASA management, who concurred with Recommendations 6, 7, and 8 and described planned actions to address them. We consider the proposed actions for these three recommendations responsive and will close them upon completion and verification. Management did not concur with Recommendation 1, which related to our finding that NASA was noncompliant with PIIA. Additionally, management did not concur with Recommendations 2, 3, 4, and 5, which were related to improving the Agency's risk assessment and reporting processes. These five recommendations will remain unresolved pending further discussions with NASA.

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Acronyms

AFR	Agency Financial Report
BW/BOBJ	Business Warehouse/Business Objects
FY	fiscal year
NSSC	NASA Shared Services Center
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PIIA	Payment Integrity Information Act of 2019
QAD	Quality Assurance Division
SAP	System, Applications, and Products
SLS	Space Launch System

INTRODUCTION

Effective stewardship of taxpayer funds is a critical responsibility of the federal government. To improve efforts to identify and reduce government-wide improper payments, the Payment Integrity Information Act of 2019 (PIIA) requires federal agencies to (1) conduct program-specific risk assessments for each program or activity, (2) publish improper payment estimates for programs susceptible to significant improper payments, and (3) report on corrective actions to prevent and reduce improper payments.¹ The Act also requires Inspectors General to evaluate compliance with PIIA and issue an annual report.

Improper payments are payments the federal government should not have made or made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. They include overpayments, underpayments, duplicate payments, and payments to ineligible recipients; they also include payments for ineligible goods or services and for goods or services not received. A payment is also considered improper if a discount was available but was not redeemed. In fiscal year (FY) 2021, agencies across the federal government made an estimated \$281.4 billion in improper and unknown payments.²

Our overall objective in this review was to determine whether NASA complied with PIIA requirements for FY 2021. We also evaluated NASA's risk assessment methodology, improper and unknown payment estimates, sampling and estimation plan, and implementation of recommendations made in our previous reports. See Appendix A for details of the audit's scope and methodology and Appendix B for the status of our recommendations from prior years.

Background

Each agency is responsible for ensuring it complies with PIIA. If a program does not meet one or more of the Act's criteria, then it is not compliant under PIIA. An agency is considered not in compliance if it has one or more programs that are found non-compliant with the Act. PIIA requirements are as follows:

1. Improper payment reporting.
 - a. Publish payment integrity information with the annual financial statement (i.e., the Agency Financial Report (AFR)).
 - b. Post the annual financial statement and accompanying materials on the agency website.³

¹ Payment Integrity Information Act of 2019, Pub. L. No. 116-117 (2020).

² For information on improper payments and annual payment integrity data for FY 2021, see <https://www.paymentaccuracy.gov> (last accessed April 11, 2022). According to OMB, a payment is considered unknown when an agency is unable to determine whether it falls into the proper or improper category.

³ Accompanying materials refer to the payment integrity information provided by NASA to OMB through an annual data call that is subsequently published on PaymentAccuracy.gov.

2. Risk assessments.
 - a. Conduct improper payment risk assessments for each program with annual outlays greater than \$10 million at least once every 3 years.
 - b. Adequately conclude whether the program is likely to make improper and unknown payments above or below the statutory threshold.
3. Publish improper and unknown payment estimates for programs susceptible to significant improper and unknown payments in the accompanying materials to the annual financial statement.
4. Publish corrective action plans for each program with an estimate above the statutory threshold in the accompanying materials to the annual financial statement.
5. Improper payment reduction targets.
 - a. Publish an improper and unknown payment reduction target for each program with an estimate above the statutory threshold in the accompanying materials to the annual financial statement.
 - b. Demonstrate improvements to payment integrity or reach a tolerable rate of improper and unknown payments.
 - c. Develop a plan to meet the improper and unknown payment reduction target.
6. Report an improper and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

Additionally, all agencies are subject to the reporting requirements in OMB Circular A-136 and the OMB annual data call instructions.⁴ OMB guidance requires agencies to include a link in their AFR to [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). It also requires agencies to provide OMB with data related to the status of their improper payment risk assessments, their identification and recovery of overpayments, and other agency-wide reporting requirements such as improper and unknown payment estimates for programs susceptible to significant improper payments.

Updated OMB Guidance

In March 2021, OMB issued updated guidance (OMB M-21-19) to introduce the following new concepts for agencies to implement in their risk assessments:

- **Unknown Payments.** Program outlays fall in one of three possible payment type categories: proper payment, improper payment, or unknown payment. A payment is considered unknown when an agency is unable to determine whether it is proper or improper. Unknown payments factor into determinations of programs susceptible to significant improper payments and when agencies estimate their improper payments.
- **Phase 1 and Phase 2.** All programs with annual outlays over \$10 million fall into two possible risk assessment classifications — Phase 1 or Phase 2. Phase 1 programs are those likely to have an annual amount of improper payments plus unknown payments below the statutory threshold and

⁴ OMB Circular A-136, *Financial Reporting Requirements—Revised* (August 10, 2021) and OMB Memorandum M-21-19, *Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 5, 2021).

are to be assessed at least once every three years. If a program in Phase 1 determines that it is likely to annually make improper payments plus unknown payments above the statutory threshold, then the program will move into Phase 2 the following year. Once in Phase 2, a program will have additional requirements such as reporting annual improper and unknown payment estimates.

Updated PaymentAccuracy.gov and the OMB Annual Data Call

OMB's PaymentAccuracy.gov contains a dataset of federal agencies' reported annual payment integrity information and a dashboard that collectively provide a comprehensive picture of federal PIIA activities.⁵ To build this dataset, OMB issues an annual data call to federal agencies. In prior years, agencies would manually input data into an Excel spreadsheet and report the information through the OMB MAX information system. In FY 2021, OMB updated the process and provided a new survey tool on OMB MAX for agencies to submit payment integrity information. The survey tool uses conditional logic to collect information regarding agencies' improper and unknown payments and actions to recover improper payments.⁶

NASA's FY 2021 Processes to Estimate and Recover Improper Payments

The NASA Office of the Chief Financial Officer's (OCFO) Quality Assurance Division (QAD) is responsible for ensuring compliance with PIIA and reporting on the Agency's recapture audit program. For FY 2021, OCFO used a contractor to conduct a risk assessment and estimate improper and unknown payments. Beginning with the FY 2019 reporting period, NASA no longer performs payment recapture audits because it concluded that such audits were not cost-effective for any program, activity, or contract type and instead only reported on identified and collected overpayments from other sources.⁷

Assessing Program Risk. NASA identified the total population of its programs subject to risk assessment requirements after reviewing FY 2020 disbursements recorded in its financial management system. As permitted by statute, NASA selected its programs for risk assessment by considering factors such as whether a program was new, encountered funding or legislative changes, or had been assessed at least once within a 3-year period. Out of 110 programs, NASA assessed the risk of significant improper payments for 56 in FY 2021.

NASA assessed these 56 programs against seven risk conditions, judgmentally weighted based on relevance and significance using a 100-point scale.⁸ The risk conditions incorporated factors NASA

⁵ As required by Executive Order 13520, *Reducing Improper Payments* (November 20, 2009) and codified in 31 U.S. Code 3321, the U.S. Department of the Treasury, in coordination with the U.S. Department of Justice and OMB, established PaymentAccuracy.gov to serve as a centralized location to publish information about improper payments made to individuals, organizations, and contractors.

⁶ Conditional logic is a set of rules or conditions that cause a process to change based on input. The OMB survey tool applies conditional logic to generate questions applicable to an agency's programs to gather specific information to publish on PaymentAccuracy.gov.

⁷ A payment recapture audit is a review and analysis of an agency's or program's accounting and financial records, supporting documentation, and other pertinent information specifically designed to identify overpayments.

⁸ NASA identified seven risk conditions facing its programs: (1) internal controls over payment processing, (2) internal monitoring and assessments, (3) external monitoring and assessments, (4) human capital, (5) program profile, (6) payment profile, and (7) dollar materiality.

considered likely to contribute to the susceptibility of significant improper payments. NASA developed specific questions for risk factors identified in the risk conditions to determine the level of risk and assigned a risk rating of 1 (low), 3 (medium), or 5 (high). The risk condition-level rating corresponded to the highest numerical risk rating for that condition. NASA assigned these ratings using a variety of sources, including internal and external reports, questionnaires, and management reviews.

The Agency computed an overall risk score for each program based on the weighted average of all risk condition ratings. NASA considered programs with an overall risk score of 3.33 or higher as susceptible to significant improper and unknown payments and therefore subject to testing on a statistical basis the following year to estimate the amount of improper and unknown payments.

Estimating Improper and Unknown Payments

When a program is determined to be susceptible to significant improper and unknown payments, NASA must develop a sampling plan and conduct testing to estimate the amount of improper and unknown payments. In FY 2021, none of the 56 NASA programs assessed reached the 3.33 risk score threshold and, thus, no programs required development of an improper payment and unknown payments estimate. However, NASA had one activity—disaster relief funding within the Institutional Construction of Facilities program—and one program—the Space Launch System (SLS)—deemed susceptible to significant improper payments by other means, thus requiring the estimation of improper and unknown payments in respective activity and program.

Disaster Relief Funding Activity. OMB designated any program or activity that received disaster relief funding under the Bipartisan Budget Act of 2018 for damages sustained by recent hurricanes, wildfires, and other disasters and disbursed more than \$10 million in one fiscal year as susceptible to significant improper and unknown payments and directed agencies to report an improper and unknown payment estimate.⁹ NASA received disaster relief funding for hurricanes Harvey, Matthew, and Irma and reported this as an activity within its Institutional Construction of Facilities program. NASA developed a statistical sampling plan and performed testing of the disaster relief disbursements to estimate the annual amount of improper and unknown payments. Based on this testing, no improper or unknown payments were identified.

Space Launch System. In our FY 2019 report, we found that the Agency did not comply with the Improper Payments Information Act.¹⁰ Specifically, NASA's risk assessment did not identify the SLS heavy-lift rocket as susceptible to significant improper payments, given the available information and established criteria. To address the non-compliance status of the SLS program, NASA conducted improper payment testing of the program's FY 2019 disbursements based on the sampling and estimation methodology plan developed and submitted to OMB in the prior reporting period. No improper and unknown payments were identified as a result of this testing.

⁹ Bipartisan Budget Act of 2018, Pub. L. No. 115-123 (2018).

¹⁰ NASA OIG, *NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2019* (IG-20-016, May 15, 2020). NASA did not agree with our conclusion that the Agency failed to comply with the law because its risk assessment failed to identify SLS as susceptible to significant improper payments. However, the Agency agreed to sample and test SLS payments and summarize the results in accordance with OMB guidance. Our position on NASA's noncompliance from May 2020 has not changed.

Payment Recapture

NASA's process of gathering data on identified and collected overpayments from sources other than recapture audits consists primarily of conducting two types of queries of the Agency's financial management system. These queries generate a list of potential overpayments and collections from the previous fiscal year's accounts receivable and accounts payable activity. Each potential overpayment is then further researched by the responsible NASA Center to determine whether it constitutes an overpayment for reporting purposes. In addition, QAD makes inquiries to select offices, such as the Office of Inspector General's (OIG) Office of Investigations, to identify overpayments that may not have been captured in their system queries. QAD reviews and consolidates the information gathered from these sources and is responsible for reporting this information in the AFR and accompanying materials. As part of this review, QAD seeks to ensure overpayments are not reported twice or in the incorrect period.

NASA DID NOT COMPLY WITH PIIA BECAUSE IT FAILED TO REPORT AN ESTIMATE FOR THE SLS PROGRAM

Based on our evaluation of NASA’s actions against OMB requirements, we determined that NASA did not comply with the requirement to publish improper payment estimates for the SLS program in the accompanying materials to the AFR, as detailed in Table 1.¹¹

Table 1: PIIA Compliance Summary

Criteria for Compliance	Criteria Met?
1. Improper payment reporting: a. Published improper payments information with the FY 2021 AFR b. Posted AFR and accompanying materials on NASA’s website	Yes
2. Risk assessments: a. Conducted improper payment risk assessments for each applicable program b. Adequately concluded whether the program is likely to make improper payments	Yes
3. Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the AFR	No*
4. Published corrective action plans for each applicable program	N/A
5. Improper payment reduction targets: a. Published IP and UP reduction targets for each applicable program in the accompanying materials to the AFR b. Met the IP and UP reduction targets for each applicable program c. Developed a plan to meet the IP and UP reduction targets	N/A
6. Reported an IP and UP estimate of less than 10 percent for each applicable program	Yes

Source: NASA OIG.

Note: N/A refers to criteria not applicable this year because NASA did not identify any improper payments when testing disaster relief funding and the SLS program and did not publish improper payment estimates in the prior year.

* NASA did not comply with this criterion for the SLS program.

NASA Did Not Fully Implement Prior Year Recommendation for the SLS Program

In our FY 2019 improper payment compliance audit, we reported that NASA failed to identify the SLS program as susceptible to significant improper payments based on the Agency’s established risk

¹¹ For a complete list of the Agency programs reviewed by the OIG as part of this audit, see Appendix C.

assessment methodology.¹² In response to our report and to bring the program into compliance, NASA agreed to develop a statistical sampling plan in accordance with OMB guidance, obtain a statistically valid estimate of the annual amount of improper payments in the SLS program for reporting in the FY 2020 AFR, and complete the associated required reporting (IG-20-016, recommendation 2). NASA began implementing the recommendation by developing a sampling and estimation methodology plan in FY 2020 that it submitted to OMB. That plan's stated objective was to determine the baseline estimate of NASA's improper payments for the SLS program made in FY 2019.¹³

In FY 2021, NASA completed its improper payment testing and found no improper or unknown payments for the SLS program. However, the Agency failed to report the testing results in its AFR or to OMB during the annual OMB data call process for the accompanying materials published on PaymentAccuracy.gov. NASA stated it did not report those results because it only reported programs that were risk assessed in response to the OMB data call in FY 2021.¹⁴ As a result, SLS reporting for FY 2021 was absent from the Agency's AFR and the dataset and payment integrity dashboard on PaymentAccuracy.gov. The Agency should have submitted SLS-related data such as the \$2.2 billion in program outlays and amount properly paid, the 100 percent payment accuracy rate, and the corresponding improper and unknown payment amounts and rates. Therefore, NASA was not compliant with PIIA's requirement to publish improper and unknown payment estimates for programs susceptible to significant improper and unknown payments in the accompanying materials to the AFR. Consequently, our prior year recommendation on this issue remains open (IG-20-016, recommendation 2).

NASA Needs to Improve Its Risk Assessment and Reporting Processes

During our review of NASA's compliance with PIIA, we identified opportunities for improvement in the Agency's risk assessment and reporting processes. While these matters did not contribute to the Agency's non-compliance, we believe it important for the Agency to address these issues to ensure the integrity of its improper payments program. For example, we found NASA used an inappropriate financial factor to derive program outlays when conducting its risk assessment process. Additionally, NASA failed to adhere to OMB guidance, which resulted in incomplete information published on PaymentAccuracy.gov and an inefficient risk assessment process.

NASA's Risk Assessments Were Based on an Inappropriate Financial Factor

OMB's data call instructions require agencies to report the risk assessment results of programs exceeding \$10 million in annual outlays at least once every 3 years. As part of NASA's risk assessment process, the Agency used program net outlays (payments, receipts, and adjustments) instead of gross

¹² [IG-20-016](#).

¹³ The sampling and estimation methodology plan is required when an agency program enters Phase 2 to produce a statistically valid estimate of the improper and unknown payments for that program. A baseline is starting point or the benchmark against which future progress can be assessed or comparisons made while a program is in Phase 2 of OMB's risk assessment process.

¹⁴ The SLS program was last risk assessed by NASA for FY 2019 reporting.

outlays (payments only) to identify its programs' outlays. OMB M-21-19 defines outlays as payments or any transfer of federal funds to any non-federal person or entity or a federal employee made by a federal agency, a federal contractor, a federal grantee, or a governmental or other organization administering a federal program or activity. Because NASA used net outlays instead of gross outlays, four programs with gross outlays over \$10 million were incorrectly identified as programs below the \$10 million threshold and consequently were not reported in the Agency's payment integrity information dataset. For example, NASA risk-assessed the RMD-SOMD Programmatic program even though it did not meet the \$10 million threshold. However, when excluding transactions that were not payments, the program had total gross outlays of \$240 million.

NASA also used net outlays to calculate amounts used in its dollar materiality risk condition; again, the Agency should have used gross outlays (i.e., payments only). We assessed the potential impact of using incorrect outlay amounts and determined that it affected the dollar materiality risk condition threshold; however, we found no significant impact on the FY 2021 risk assessment results. Nevertheless, moving forward NASA should use gross outlays to calculate its dollar materiality risk condition to ensure proper application of risk condition-level ratings and accurate identification of programs susceptible to significant improper payments.

Additionally, we found NASA's sampling and estimation methodology plans for programs susceptible to improper payments used an incorrect sampling frame (i.e., a list of all the units of the population) to test the SLS program and its disaster relief funding. NASA used net outlays consisting of receipts and payments as the program's sampling frame to test for improper payments, and this led the Agency to select and test samples that were not payments. Again, we found no significant impact on the test results because the number of incorrect samples was trivial compared to each program's overall sample size. NASA also tested replacement samples of payments when a receipt or adjustment was initially selected. While there was no impact to the testing results, NASA should use the correct sampling frame in future improper payment tests to ensure the quality, reliability, and accuracy of its test results.

NASA Submitted Incomplete Information to PaymentAccuracy.gov

Data used to populate PaymentAccuracy.gov is collected from agencies through the OMB annual data call. PaymentAccuracy.gov hosts current and historical information about improper payments made under federal programs, such as the status of risk assessments, improper payment rates, recoveries, dollar amounts, and root causes.

Disaster Relief Funding

In FY 2021, NASA developed a statistical sampling plan and tested disbursements to estimate the annual amount of improper and unknown payments for disaster relief funding, an activity within the Institutional Construction of Facilities program. However, the 2021 improper and unknown payment estimates were not reported to OMB as required. Similar to last year's reporting, the results of disaster relief testing were only available in the Agency's FY 2021 AFR. According to OCFO personnel, because the OMB data call collected information at a program rather than activity level, the Agency included the disaster relief funding's improper payment test results as additional information under the Institutional Construction of Facilities program. The Institutional Construction of Facilities program was risk assessed in FY 2021, and NASA determined that it was not susceptible to significant improper payments even though disaster relief payments were made from that program. Because NASA reports disaster relief

funding within a larger program, improper payment information for disaster relief funding will never be published to the Payment Accuracy website unless NASA classifies it as a separate program.

Programs with Outlays over \$10 Million

OMB M-21-19 requires that, at a minimum, all agencies provide OMB with data related to the status of their improper payment risk assessments, their identification and recovery of overpayments, and other agency-wide reporting requirements. Additionally, OMB's data call instructions directed agencies to complete the data survey for each program with outlays over \$10 million. We found that a comprehensive program risk assessment status for all of NASA's programs with outlays over \$10 million was not available on the PaymentAccuracy.gov. Instead of reporting all programs with outlays over \$10 million, NASA reported only the programs assessed in FY 2021, resulting in at least 40 programs not being reported as required.

NASA Risk Assessed All Programs Regardless of Dollar Amount

OMB M-21-19 instructs agencies to assess all programs with annual outlays greater than \$10 million for improper payment risk at least once every 3 years. However, a program with outlays that fluctuate above and below the \$10 million threshold over time will not necessarily receive a risk assessment every 3 years. Instead of adhering to OMB's guidance, NASA conducted risk assessments of new programs, programs with funding or legislative changes, and programs due for a 3-year assessment regardless of the dollar amount of outlays recorded during the period.

Performing risk assessments on all programs creates inefficiencies for the Agency by expending resources that do not result in reportable data. Of the 56 programs NASA risk assessed, 23 programs were not reported through the OMB data call because they had net outlays below \$10 million. Additionally, performing unnecessary risk assessments wastes time that could better be spent completing its payment integrity requirements, researching the underlying causes of improper payments, balancing payment integrity risks and controls, and building the capacity to help prevent future improper payments.

NASA'S REPORTED OVERPAYMENT INFORMATION WAS INACCURATE

Although NASA reported the improper payments identified and collected through sources other than payment recapture audits in the accompanying materials to its AFR, the overpayment amounts and the programs that disbursed the payments were inaccurate for the FY 2021 reporting period.

Overpayments Reported Were Inaccurate because the Agency's Review Was Insufficient

As part of NASA's process to gather data on identified and collected overpayments from sources other than payment recapture audits, Centers research individual transactions from system queries and provide their respective lists of overpayments to the OCFO's QAD.¹⁵ Additionally, certain NASA offices are asked to identify and submit to QAD a list of transactions that meet the definition of an improper payment but may not be included in the system queries. We found inaccuracies in the reported information for FY 2021 because QAD failed to thoroughly review the aggregated submissions of overpayments. Specifically, QAD failed to reconcile data from the NASA Shared Services Center (NSSC) with the data provided by other NASA offices to avoid double counting. QAD also failed to identify several transactions from its system queries that were erroneously included or excluded in the FY 2021 reporting period.

Double Counting Overpayments. As part of its reporting process, QAD reviews overpayments submitted by NASA offices to verify the overpayments are not duplicates of transactions already reported in the accounts receivable system queries. We found eight instances where QAD double counted overpayments reported by the OIG Office of Investigations and NSSC and included them in the AFR and the accompanying materials. This resulted in an overstatement of identified and collected overpayments by \$1,366,999 for the FY 2021 reporting period.

Accounts Receivable/Accounts Payable Queries. We identified several instances in both accounts receivable and accounts payable queries where transactions were erroneously included or excluded in the FY 2021 reporting period resulting in over- and understatements of identified and collected overpayments. Specifically, we found 11 issues in the accounts receivable queries, which resulted in an understatement of both identified and collected overpayments by \$986 and \$850, respectively. Additionally, we found two issues in the accounts payable queries, which resulted in an overstatement of both identified and collected overpayments by \$462.

¹⁵ A payment recapture audit is a review and analysis of an agency's or program's accounting and financial records, supporting documentation, and other pertinent information supporting its payments specifically designed to identify overpayments.

While Agency guidance provides direction on the implementation and execution of NASA's Payment Recapture Audit Program, this guidance is not sufficiently detailed nor does it include any type of job aid, such as a checklist, to ensure consistency and completeness in performing the review procedures.¹⁶ This lack of detail and job aids likely contributed to QAD personnel not appropriately including or excluding transactions from the amounts reported. Additionally, QAD experienced staff changes in FY 2021, and the resulting learning curve for the new employee may have also contributed to the review issues.

NASA Does Not Report Recaptured Amounts by the Impacted Program

OMB M-21-19 requires that agencies conduct recovery audits and submit data on overpayments. Any overpayments should be attributed to the budgetary programs that disbursed the funds. Instead, NASA reported recaptured amounts according to the offices that responded to the data call (e.g., Centers, OIG Office of Investigations, and Office of Procurement).

NASA groups programs for risk assessment according to the budgetary accounts in its financial management system. According to the Agency, the cost to identify the program that disbursed the funds would outweigh any benefits of doing so; however, NASA did not provide a cost-benefit analysis to support this assertion. Additionally, OMB has indicated a preference for recovery information at the program level but will review situations, on a case-by-case basis, where this cannot be accomplished. In coordination with OMB, NASA added the names of its Centers and offices to the list of active programs in OMB's survey tool so it could report recaptured amounts. For example, the OMB dashboard on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov) reflects the OIG Office of Investigations as a program with \$4.27 million identified as overpayments to be collected, as well as having \$2.16 million in expenditures under the "confirmed fraud" category instead of reporting those amounts with the NASA programs impacted by the fraud.

By adding Centers and other offices to the program list, NASA overstated the number of programs that should be subject to improper payment risk assessments. For example, the list of programs now includes Johnson Space Center as a program; however, the dashboard on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov) reports that it has less than \$10 million of annual outlays. Johnson, one of NASA's largest Centers, is home to the nation's astronaut corps and the International Space Station mission operations and incurs billions of dollars of expenditures each year. The Agency's method of reporting recoveries of improper payments misleads the users of the [PaymentAccuracy.gov](https://www.paymentaccuracy.gov) website and reduces transparency by not informing stakeholders which of NASA's programs incurred improper payments that required actions to recover the funds.

¹⁶ NASA OCFO, *Payment Recapture Audit Program Administration Guidance* (April 12, 2021).

CONCLUSION

Based on our review of the FY 2021 AFR, accompanying materials, and supporting documentation, we concluded NASA failed to comply with PIIA. Specifically, the Agency did not publish the SLS program's improper and unknown payment estimate as required by statute. We also identified opportunities for improvement in NASA's processes to estimate, recover, and report improper payments. OMB's new survey mechanism for agencies to report payment integrity data highlighted shortcomings in NASA's methodology to collect and report this data. NASA can improve the completeness and accuracy of the information reported in the AFR and accompanying materials by reporting estimates of improper payments in susceptible programs in accordance with OMB guidance, updating the current reporting and risk assessment process, performing a more thorough and robust review before reporting overpayment information, and reporting recaptured amounts by the specific Agency program that disbursed the funds.

RECOMMENDATIONS, MANAGEMENT'S RESPONSE, AND OUR EVALUATION

In addition to the recommendation that remains open from our prior reports, we recommended that the Chief Financial Officer:

1. Complete steps outlined in OMB guidance for when an agency is not compliant with PIIA for one fiscal year. Non-compliant agencies must provide information describing the actions that the agency will take to become compliant in the OMB annual data call, including:
 - a. measurable milestones to be accomplished to achieve compliance (i.e., report the SLS testing results in the FY 2022 OMB data call),
 - b. designation of a senior agency official who will be accountable for the progress to become compliant, and
 - c. establishment of an accountability mechanism with appropriate incentives and consequences tied to the success of the senior agency official in leading NASA's efforts to achieve compliance.
2. Report disaster relief funding as a separate program from the Institutional Construction of Facilities program when satisfying payment integrity reporting requirements.
3. Complete the OMB data call process for all programs with outlays over \$10 million.
4. Ensure that program outlays exclude any transactions that do not meet the outlay definition provided by OMB.
5. Revise the materiality risk calculation methodology and sampling and estimation methodology plan to include payment transactions only.
6. Consider adhering to OMB's \$10 million threshold for program selection for the annual risk assessment.
7. Develop a detailed review process, such as a checklist or job aid, outlining the review procedures performed by the Quality Assurance Division within the reporting process for overpayments from sources other than recapture audits to ensure that the primary reviewer and the supervisory quality control reviewers are performing a thorough review of the aggregated submissions of overpayments. Necessary review steps include ensuring overpayments are not reported twice, capturing issues with overpayments submitted for the incorrect period, and tracking identified and collected portions that occur in different fiscal years for accurate reporting.
8. Determine the specific programs that had overpayments identified and collected during the reporting period and report those amounts by the Agency program as requested by OMB. If NASA deems this effort not cost-effective, the Agency should document its determination and report overpayments by Treasury Account Fund Symbol or another more meaningful method than by the Center or office that responded to QAD's inquiries for overpayments.

We provided a draft of this report to NASA management, who concurred with Recommendations 6, 7, and 8 and described planned actions to address them. We consider the proposed actions for these three recommendations responsive and will close them upon completion and verification. Management did not concur with Recommendations 1, 2, 3, 4, and 5. These five recommendations will remain unresolved pending further discussions with NASA.

NASA did not concur with Recommendation 1, stating that it disagrees with our determination that NASA is noncompliant with PIIA. Since NASA did not publish the SLS program's improper and unknown payment estimates for FY 2021 reporting, it did not comply with the third criterion for compliance. NASA states that it will report the improper and unknown payment rates for the SLS program according to OMB guidelines. However, NASA will need to publish all of the SLS-related data, including the total amount of program outlays and the proper, improper, and unknown amounts and rates, as well as the OMB-required information for when an agency is not compliant with PIIA for one fiscal year.

Management also did not concur with Recommendation 2, stating that the Agency's current reporting approach for disaster relief funding satisfies payment integrity reporting requirements as there is no explicit OMB requirement that an agency must track activity as a program. However, OMB requires an improper and unknown payment estimate for any program or activity that received disaster relief funding and disbursed more than \$10 million in one fiscal year. Because OMB captures and publishes information at a program level, improper payment information for disaster relief funding will never be published on the Payment Accuracy website if NASA continues to report disaster relief funding as additional information within a larger program. NASA stated it would consult with OMB to ascertain whether OMB intends to modify or enhance procedures or requirements to facilitate the reporting of disaster relief funding. While we appreciate NASA's plan to consult with OMB, it is the Agency's responsibility to determine the most appropriate grouping of activities that most clearly identifies and reports improper payments to comply with the reporting requirements.

Additionally, NASA did not concur with Recommendation 3 to complete the OMB data call process for all programs with outlays over \$10 million; the Agency stated that this was because OMB has not raised concerns with its submissions. OMB's data call instructions directed agencies to complete the data survey for each program with outlays over \$10 million; OMB's instructions pertained to all programs, regardless of their place in the assessment cycle.

Finally, management did not concur with Recommendations 4 and 5, stating that OMB guidance does not prescribe whether to use net or gross outlays and also noting that there were no prior objections to NASA's use of net outlays. OMB guidance defines outlays as payments or any transfer of federal funds to any non-federal person or entity or a federal employee. Based on our review of the transactions that NASA considered program outlays, we determined that the Agency included transactions that did not meet the outlay definition in its population for its risk assessments and sample testing. The Agency has stated it will consult with OMB to confirm whether OMB has a prescribed methodology for outlays; in our opinion, this consultation may result in revisions to NASA's materiality risk calculation methodology and sampling and estimation methodology plan.

Management's comments are reproduced in Appendix D. Technical comments provided by management and revisions to address them have been incorporated as appropriate.

Major contributors to this report include Mark Jenson, Financial Management Audits Director; Taeree Lee, Project Manager; Deirdre Alexander; and Andrada Cornea. Matt Ward provided editorial and graphics assistance.

If you have questions about this report or wish to comment on the quality or usefulness of this report, contact Laurence Hawkins, Audit Operations and Quality Assurance Director, at 202-358-1543 or laurence.b.hawkins@nasa.gov.

Paul K. Martin
Inspector General

APPENDIX A: SCOPE AND METHODOLOGY

We performed this audit from November 2021 through May 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our overall objective was to determine whether NASA complied with the requirements of PIIA in the PIIA Reporting section of its FY 2021 AFR and accompanying materials. In addition, we evaluated the Agency's implementation of recommendations we made in our previous reports. We used a combination of the requirements in OMB Circular A-123, Appendix C (March 2021), OMB Circular A-136 (August 2021), OMB annual data call instructions, the OMB Payment Integrity Question and Answer Platform, and the Council of the Inspectors General on Integrity and Efficiency guidance required under PIIA while performing this audit.

We interviewed various personnel from OCFO and its contractor responsible for conducting the risk assessment on NASA's behalf, among others. We also reviewed the PIIA Reporting section of the AFR, accompanying materials, and supporting documentation.

Finally, we reviewed applicable federal laws and regulations as well as NASA policy and guidance related to improper payments including the following:

- Payment Integrity Information Act of 2019, Pub. L. No. 116-117 (2020)
- Bipartisan Budget Act of 2018, Pub. L. No. 115-123 (2018)
- OMB Circular A-136, *Financial Reporting Requirements—Revised* (August 10, 2021)
- OMB Memorandum M-21-19, *Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement* (March 5, 2021)
- OMB Memorandum M-18-14, *Implementation of Internal Controls and Grant Expenditures for the Disaster-Related Appropriations* (March 30, 2018)
- NASA Procedural Requirements 9010.3A, *Financial Management Internal Control* (February 3, 2020)
- NASA OCFO, *Payment Recapture Audit Program Administration Guidance* (April 12, 2021)
- NASA OCFO, *Procedural Guidance, Payment Integrity Information Act and OMB Circular A-123, Appendix C: Requirements for Effective Measurement and Remediation of Improper Payments* (July 2021)
- Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act Compliance Reviews* (October 26, 2021)

Assessment of Data Reliability

We obtained data extracted from NASA's core financial system, System, Applications, and Products (SAP), and its financial information reporting application, Business Warehouse/Business Objects (BW/BOBJ). We took various steps to assess the reliability of the data analyzed for the purpose of this audit. We reviewed FY 2020 disbursement data extracted by the Agency from SAP and BW/BOBJ, which it used to determine the universe of programs considered for the FY 2021 risk assessment, and traced NASA program names to the President's budget and the NASA spending plan. We also reviewed the results of the Agency-executed sample of FY 2020 disbursements from the disaster relief funding and the SLS programs extracted from SAP and BW/BOBJ and tested for improper payments. We reperformed that testing by tracing a sub-sample of those disbursement transactions to source documents. Additionally, we reviewed system queries of FY 2020 receivables, payables, credits, and collections, which NASA used to identify overpayments that should be reported in its FY 2021 AFR and accompanying materials. We traced a sample of transactions from NSSC travel audit reports to the receivable and collection transactions in that system query. Overall, we assessed the reliability of these data by reviewing the results of the general and application control testing of the core financial system performed as part of NASA's annual financial statement audit in addition to tracing various transactions to supporting documents. Based on these actions, we determined that the data was sufficiently reliable for the purposes of this report.

Review of Internal Controls

We assessed internal controls as necessary to satisfy the audit objectives. Specifically, we assessed the information and communication internal control component and the underlying principles relating to the use of quality information and externally communicating the necessary quality information to achieve NASA's reporting objectives. However, because our review was limited to this internal control component and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit. Any internal control deficiencies identified are discussed in this report. Our recommendations, if implemented, should correct the identified control deficiencies.

Prior Coverage

During the last 5 years, the NASA Office of Inspector General (OIG) and the Government Accountability Office (GAO) have issued 11 reports relevant to the subject of this report. They can be accessed at <https://oig.nasa.gov/audits/auditReports.html> and <https://www.gao.gov>.

NASA Office of Inspector General

NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2020
([IG-21-020](#), May 18, 2021)

NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2019
([IG-20-016](#), May 15, 2020)

NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2018
([IG-19-020](#), June 3, 2019)

NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2017
([IG-18-017](#), May 14, 2018)

NASA's Compliance with the Improper Payments Information Act for Fiscal Year 2016
([IG-17-020](#), May 15, 2017)

Government Accountability Office

Improper Payments: Improvements Needed to Ensure Reliability and Accuracy in DOE's Risk Assessments and Reporting ([GAO-20-442](#), June 17, 2020)

Improper Payments: Selected Agencies Need Improvements in Their Assessments to Better Determine and Document Risk Susceptibility ([GAO-19-112](#), January 10, 2019)

Improper Payments: Additional Guidance Needed to Improve Oversight of Agencies with Noncompliant Programs ([GAO-19-14](#), December 7, 2018)

Improper Payments: Actions and Guidance Could Help Address Issues and Inconsistencies in Estimation Processes ([GAO-18-377](#), May 31, 2018)

Improper Payments: Most Selected Agencies Improved Procedures to Help Ensure Risk Assessments of All Programs and Activities ([GAO-18-36](#), November 16, 2017)

Improper Payments: Additional Guidance Could Provide More Consistent Compliance Determinations and Reporting by Inspectors General ([GAO-17-484](#), May 31, 2017)

APPENDIX B: STATUS OF PRIOR YEAR RECOMMENDATIONS

Based on this year's audit, we closed recommendations from prior audits if corrective actions were completed and verified. However, if additional corrective actions were necessary, the prior year recommendation will remain open until evidence is provided that adequately satisfies the intent of the recommendation. Table 2 lists the status of prior year OIG recommendations that were open as of June 28, 2022.

Table 2: Status of Prior Year Recommendations

Recommendation Number	Recommendation	Status
IG-21-020		
1	In consultation with OMB, determine the appropriate method to update NASA's FY 2020 payment integrity information on the PaymentAccuracy.gov website to capture the results of the disaster relief improper payment testing.	Closed
2	Report payment integrity information using the appropriate medium (e.g., AFR or OMB data call submission) as instructed in guidance issued by OMB.	Closed
3	Enhance NASA's Payment Recapture Audit Program Administration Guidance by providing more detailed information and assistance such as a checklist outlining the review procedures performed by the Quality Assurance Division within the reporting process for overpayments from sources other than recapture audits)	Closed
IG-20-016		
2	In accordance with OMB guidance, obtain a statistically valid estimate of the annual amount of improper payments in the SLS program for reporting in the FY 2020 AFR, and complete the associated required reporting.	Open
IG-18-017		
3	Develop a process for tracking overpayments identified and subsequently recovered through reductions in future billings on existing contracts such as contract credits.	Closed

Source: NASA OIG.

APPENDIX C: PROGRAMS REVIEWED

We reviewed 56 programs from the Agency’s risk assessment. Additionally, we reviewed the SLS program and disaster relief funding activity within the Institutional Construction of Facilities program that NASA tested to develop an improper payment estimate.

Table 3: Agency Programs Reviewed by NASA OIG

Program Name	
Advanced Cislunar and Surface Capabilities	Information Technology
Advanced Exploration Systems	Inspector General Program
Aeronautics Strategy and Management	Infrastructure
Aeronautics Test Program	Institutions and Management
Aerosciences Evaluation and Test Capabilities Program	Institutional Construction of Facilities ^a
Agency Information Technology Services	Integrated Aviation Systems Program
Agency Management	Integrated Systems Research
Agency Tech Authority	Lunar Discovery and Exploration
Agency Technology and Innovation	Mission Enabling Service
Airspace Systems	National Historic Preservation
Astrophysics Explorer	Planetary Defense
Astrophysics Research	Reimbursable (RMB) ARMD Programmatic
Aviation Safety	RMB ESMD Institutional
Biological and Physical Sciences	RMB OIG Institutional
Center Engineering, Safety, and Operations	RMB SCMD Institutional
Commercial Crew Program	RMB SCMD Programmatic
Commercial Low Earth Orbit Development Program	RMB SSMS Institutional
Communication Services	RMB SOMD Institutional
Discovery	RMB SOMD Programmatic
Earth Science Data Systems	RMB ST Programmatic
Earth Science Research	RMB STEM Programmatic
Enhanced Use Lease	Science Construction of Facilities
Environmental Compliance and Restoration	Space Launch System ^b
Exoplanet Exploration	Space Operations Construction of Facilities
Exploration Construction of Facilities	Space Shuttle Program
Exploration Ground Systems	Space Technology Research and Development
Exploration Technology Development Program	STEM Engagement
Gateway	Transformative Aeronautics Concepts Program
Human Landing System	

Source: NASA OIG Summary of Agency Information.

^a This program includes disaster relief funding for damages sustained by Hurricanes Harvey, Matthew, and Irma.

^b This program was determined as susceptible to significant improper payment in FY 2019. NASA developed a sampling and estimation plan to develop a statistically valid estimate of improper payments and performed sampling tests in FY 2021.

APPENDIX D: MANAGEMENT'S COMMENTS

National Aeronautics and
Space Administration

Mary W. Jackson NASA Headquarters
Washington, DC 20546-0001



June 28, 2022

Reply to Attn of: Office of the Chief Financial Officer

TO: Assistant Inspector General for Audits

FROM: Chief Financial Officer

SUBJECT: Agency Response to OIG Draft Report, "NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2021" (A-22-03-00-FMD)

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the Office of Inspector General (OIG) draft report entitled, "NASA's Compliance with the Payment Integrity Information Act for Fiscal Year 2021" (A-22-03-00-FMD), dated May 31, 2022.

NASA will continue to work with the OIG and the Office of Management and Budget (OMB) to further strengthen our payment integrity processes in compliance with OMB's guidance for payment integrity. NASA's current processes and controls are appropriately and comprehensively designed to ensure the Agency's payment integrity, balance payment integrity risks and execute controls to help prevent future improper payments in the most appropriate manner.

In the draft report, the OIG makes eight recommendations addressed to the Chief Financial Officer (CFO) intended to improve NASA's compliance with the Payment Integrity Information Act (PIIA).

Specifically, the OIG recommends the following:

Recommendation 1: Complete steps outlined in OMB guidance for when an agency is not compliant with PIIA for one fiscal year. Non-compliant agencies must provide information describing the actions that the agency will take to become compliant in the OMB annual data call, including: (a) measurable milestones to be accomplished to achieve compliance (i.e., report the SLS testing results in the FY 2022 OMB data call); (b) designation of a senior agency official who will be accountable for the progress to become compliant, and; (c) establishment of an accountability mechanism with appropriate incentives and consequences tied to the success of the senior agency official in leading NASA's efforts to achieve compliance.

Management's Response: NASA non-concurs with this recommendation on the basis that we do not agree with the OIG's determination that the current year program is non-compliant.

For the FY 2021 PIIA Compliance Audit, the OIG reperformed the statistically valid review of Space Launch System (SLS) conducted by NASA. The OIG concurred with NASA that program outlays were properly paid, thus yielding a 100 percent payment accuracy rate, which equates to a zero Improper Payment (IP) and Unknown Payment (UP) rate. The OIG contends that the Agency failed to report the results of certain improper payment testing to OMB. To the contrary, NASA did report these results to OMB. Specifically, NASA communicated to OMB via www.paymentaccuracy.gov in the FY 2020 Supplemental Data Call the steps the Agency intended to take to address the prior period OIG audit recommendation regarding the testing of the SLS program, including the timeframe by which NASA intended to complete the review and report the results. NASA also communicated the same information to the OIG during this audit.

Further, NASA performed a qualitative (out-of-cycle) risk assessment, testing the SLS program payments, in response to the recommendation made by the OIG during the FY 2019 PIIA Compliance Audit. NASA performed a statistically valid assessment of FY 2019 SLS payments, comprising of a total population of 144,803 disbursements totaling \$1.9 billion. The sample of 333 payments (contract, payroll, grants, and travel) were tested totaling \$1.2 billion. The testing results identified no improper payments; thus, the IP rate is zero and the UP is zero or, simply put, a payment accuracy rate of 100 percent. NASA will report via paymentaccuracy.gov in compliance with OMB guidelines, the SLS IP rate of zero and the UP of zero.

Estimated Completion Date: Not applicable.

Recommendation 2: Report disaster relief funding as a separate program from the Institutional Construction of Facilities program when satisfying payment integrity reporting requirements.

Management's Response: NASA non-concurs with this recommendation on the basis that the Agency's current reporting approach on disaster relief funding satisfies OMB payment integrity reporting requirements.

Specifically, NASA satisfied the payment integrity reporting requirements by reporting the disaster relief funding as an activity within the program—Institutional Construction of Facilities (CoF)—where the costs are incurred for the work being performed. The Agency has financial reporting mechanisms in place to successfully manage, track, and oversee the disaster relief funding from CoF annual outlays, to conduct statically valid sample testing, and to report the results annually as required. There is no explicit OMB requirement that an agency must track such work activity as a program. Therefore, NASA does not agree to uniquely label disaster relief funding as a program, as it would be a misclassification to categorize the work being performed as a program. NASA will consult with OMB to ascertain whether OMB intends to modify or enhance

procedures/requirements to facilitate the reporting of the Disaster Relief Appropriation (DRA) funding specifically as an OMB designated potential high-risk program.

Estimated Completion Date: Not applicable.

Recommendation 3: Complete the OMB data call process for all programs with outlays over \$10 million.

Management's Response: NASA non-concurs with this recommendation on the basis that NASA complied with the referenced OMB data call process as defined in OMB requirements.

NASA reported on programs that were evaluated appropriately within the assessment cycle as defined in OMB requirements. The FY 2021 reporting year was the first year all CFO Act reporting agencies utilized the OMB data call tool; as a result, varying degrees of information were presented across all Agencies. Further, OMB has not raised an issue or concern with the data provided by NASA in response to this data call. OMB has acknowledged this and has communicated newly revised guidance on data call reporting requirements for the FY 2022 reporting year is pending. NASA will continue to consult with OMB to confirm OMB's intention and gain a full understanding of OMB's interpretation of the reporting requirements for the data call process for programs with outlays over \$10 million in order to ensure accurate submission of the data.

Estimated Completion Date: Not applicable.

Recommendation 4: Ensure that program outlays exclude any transactions that do not meet the outlay definition provided by OMB.

Management's Response: NASA non-concurs with this recommendation on the basis that the Agency believes our methodology is consistent with OMB guidance.

Specifically, NASA's PIIA program has used net outlays in its definition of outlays for nearly a decade. During this period, OIG has not noted any previous objection with this methodology or identified this approach as inconsistent with OMB guidance. This is the first time that the OIG has asserted that gross outlays should be used. OMB guidance does not prescribe whether to use net or gross outlays and has not raised an objection to NASA's nearly decade-long use of net outlays. NASA will consult with OMB to confirm whether OMB has a prescribed methodology with respect to outlays and will ensure program outlays exclude any transactions that do not meet the outlay definition provided by OMB in the PIIA guidance.

Estimated Completion Date: Not applicable.

Recommendation 5: Revise the materiality risk calculation methodology and sampling and estimation methodology plan to include payment transactions only.

Management's Response: NASA non-concurs with this recommendation, consistent with the Agency's response to Recommendation 4.

NASA will evaluate if there is a need to revise the materiality risk calculation methodology and sampling and estimation methodology plan to include payment transactions only as appropriate under the guidance established by OMB.

Estimated Completion Date: Not applicable.

Recommendation 6: Consider adhering to OMB's \$10 million threshold for program selection for the annual risk assessment.

Management's Response: NASA concurs with this recommendation. NASA PIIA program currently conducts the Agency's annual risk assessment using thresholds that are above the OMB minimum requirements, and more rigorous than the level recommended here by the OIG. However, due to the maturity of NASA's PIIA program, the Agency will reevaluate and consider relaxing its more rigorous approach and adopting the OMB \$10 million threshold for program selection for the annual risk assessment.

Estimated Completion Date: May 31, 2023.

Recommendation 7: Develop a detailed review process, such as a checklist or job aid, outlining the review procedures performed by the Quality Assurance Division within the reporting process for overpayments from sources other than recapture audits to ensure that the primary reviewer and the supervisory quality control reviewers are performing a thorough review of the aggregated submissions of overpayments. Necessary review steps include ensuring overpayments are not reported twice, capturing issues with overpayments submitted for the incorrect period, and tracking identified and collected portions that occur in different fiscal years for accurate reporting.

Management's Response: NASA concurs with this recommendation and will enhance the Payment Recapture Audit Program Administration Guidance by providing more detailed information and/or job aids, such as checklists, outlining the review procedures performed by the Quality Assurance Division (QAD); as well as additional guidance for Center preparers to identify and properly report transactions that occur in different fiscal years.

Estimated Completion Date: May 31, 2023.

Recommendation 8: Determine the specific programs that had overpayments identified and collected during the reporting period and report those amounts by the Agency program as requested by OMB. If NASA deems this effort not cost-effective, the Agency should document its determination and report overpayments by Treasury Account Fund Symbol or another more meaningful method than by the Center or office that responded to QAD's inquiries for overpayments.

Management's Response: NASA concurs with this recommendation and is currently working to incorporate program data into the data call to NASA Centers, NASA Headquarters, and the NASA OIG. Upon completion and consolidation of responses, the data will be aggregated by program and reported accordingly.

Estimated Completion Date: October 31, 2023.

We have reviewed the draft report for information that should not be publicly released. As a result of this review, we have not identified any information that should not be publicly released.

Once again, thank you for the opportunity to review and comment on the subject draft report. If you have any questions or require additional information regarding this response, please contact Jamell Sharpe at (202) 358-1643.



Margaret Vo Schaus

APPENDIX E: REPORT DISTRIBUTION

National Aeronautics and Space Administration

Administrator
Deputy Administrator
Associate Administrator
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Chief Financial Officer

Non-NASA Organizations and Individuals

Office of Management and Budget
Deputy Associate Director, Climate, Energy, Environment and Science Division

Government Accountability Office
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Congressional Committees and Subcommittees, Chairman and Ranking Member

Senate Committee on Appropriations
Subcommittee on Commerce, Justice, Science, and Related Agencies

Senate Committee on Commerce, Science, and Transportation
Subcommittee on Space and Science

Senate Committee on Homeland Security and Governmental Affairs

House Committee on Appropriations
Subcommittee on Commerce, Justice, Science, and Related Agencies

House Committee on Oversight and Reform
Subcommittee on Government Operations

House Committee on Science, Space, and Technology
Subcommittee on Investigations and Oversight
Subcommittee on Space and Aeronautics

(Assignment No. A-22-03-00-FMD)