

# FY 2020 OMB Supplemental Data Call

## NASA

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## **Agency-Wide Responses**

### **Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Please describe the steps the agency has taken to detect and recover improper payments.*

#### **ANSWER:**

<b>Indicate root cause</b>	<b>Indicate mitigation strategy/corrective action(s) taken</b>	<b>Provide any additional detail (optional free text)</b>	<b>Select the actual completion date for action(s) taken</b>
14. Other	4-Change Process (instructions, checklist, policy)		Other

### **Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** Below are two milestones that NASA completed in order to assist with detecting and recovering improper payments:

NASA management has ensured that all risk factors are assigned appropriately and incorporated the use of estimates to make appropriate judgements for risk ratings. NASA has modified its risk assessment to clarify the questions, adding quantitative measures and more comprehensive and appropriate sources of qualitative internal control environmental identifiers and supporting documentation.

NASA has enhanced its process for documenting our judgement and related conclusions in the methodology of the risk assessment. NASA values its responsibility for imparting judgement based upon institutional knowledge about our internal control environment and procure to pay life cycle and its impact on NASA programs.

NASA has developed and implemented more robust program-specific risk assessment criteria for all programs. We have enhanced our internal PIIA Program guidance and instructions for conducting the risk assessment.

NASA management has analyzed and considered the feasibility of changing the timing of the improper payments data call, in consideration of resource constraints and workflow annual schedules in relation to the perceived added benefit for the current year risk assessment. NASA considered timing constraints to include the OIG audit timelines versus the benefit of using prior year information that already exists to facilitate expedient completion of the current year risk assessment. Based on the static nature of the data over the past three fiscal years, NASA will use historical informational trends, prior year information and current year information if available to support the assessment.

### Question 3: Recovery Audits (PIIA Section: 3352)

*Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.*

**ANSWER:** NASA has not had any improper payments identified in a recovery audit that required collection procedures since 2014. However, in the event an overpayment is identified through an audit and a collection is required the process would be as follows:

NSSC collects debts referred as a result of the payment recapture audit. Collections are not initiated until the payment recapture audit collection package has been received from the Recapture Audit Program Manager (RAPM). Collection activities follow the NASA policy. Posting of collections in the core financial system is made in accordance with M-18-20 Part III Section C Payment Recapture Audits. Funds collected, administrative expenses incurred, and contingency fee payments made as part of the Payment Recapture Audit program are specifically accounted for in the agency financial records. The identity of all funds recaptured is to be maintained as necessary to facilitate the crediting of recovered funds to the correct appropriations and identify applicable time limitations associated with the funds recaptured. The NSSC provides a monthly accounting of all identified debts, amounts collected, and disposition of recaptured funds in compliance with M-18-20 Section III Part C # 14) page 45 – 47, via a spreadsheet to the RAPM.

### Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

*Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.*

**ANSWER:** NASA has determined that including fixed price and cost-type contract payments in our payment recapture audit program is not cost-effective. We based our determination on a cost benefit analysis that focused on the time, effort and resources expended in the process versus actual funds recovered.

NASA awarded a contingency fee Recapture Audit contract to a consultant in FY13-FY17. For three of the five years reviewed the audit resulted in zero substantiated overpayments. Two of the five years reviewed resulted in 12 identified substantiated overpayments; the dollar amounts were insignificant totaling less than \$150k. In FY19, NASA posted solicitations on FBO and GSA for and did not receive any quotes or interest from vendors to provide recapture audit services on a contingency fee basis. In FY07, received guidance from OMB providing wording for the exclusion of cost type contract payments in the Recapture Audit program. Based on the OMB guidance, NASA concluded OMB accepted the waiver request regarding the exclusion of reporting on NASA Cost type contract payments and as a result, did not report on those payments in the AFR from FY07-FY19.

NASA's PIIA Annual Risk Assessment performs extensive evaluation of all NASA program payments, which are inclusive of Cost Type Contract payments and Grants and Cooperative Agreements payments. NASA continually monitors all programs annually through its Internal Control and PIIA reviews. In addition, NASA's procure to pay platform ensures that adequate controls are in place to limit improper payments. NASA attributes much of the positive Improper Payment Program results to the centralized procurement and payment activities executed at the NASA Shared Services Center. Centralized processing provides a sound internal control environment that mitigates the risk of improper payments across the Agency. NASA asserts that the system of internal control is effective in identifying and recapturing overpayments. NASA makes an annual data call for all payment types on improper payments identified and recaptured outside of the recapture audit.

It is NASA's position that excluding firm fixed and cost-type priced contract payments from our payment recapture program is the most appropriate course of action.

### Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))

Please describe your agency's progress:

- *Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;*
- *Identifying risk and vulnerabilities to fraud, and*
- *Establishing strategies, procedures, and other steps to curb fraud.*

#### ANSWER:

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
3 – Fully Operational	3 – Fully Operational	3 – Fully Operational	2 – Established

### Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

**ANSWER:** NASA evaluates financial and administrative controls across the Agency at various levels of the organization to ensure significant risks, including fraud risks, are identified, and associated controls are evaluated. Annual assessments consider various Enterprise Risk Management (ERM) activities conducted during the year. The FMFIA assurance statement is based upon organizational self-assessments guided by the Government Accountability Office's (GAO) Green Book. The self-assessments are informed by various sources of information such as internal reviews of controls, as well as recommendations for improvements from external audits, investigations, and reviews conducted by the Office of Inspector General (OIG) and the GAO.

NASA maintains its Unified Comprehensive Operational Risk Network (UNICORN), framework for the communication and exchange of risk information between NASA's functional organizations and the Agency leadership. NASA utilizes the Enterprise Risk Management Working Group (ERMWG) to identify enterprise-level risks and collaborates with organizations to address identified enterprise risks. The ERMWG is comprised of representatives from several stakeholder organizations across the Agency. Key ERM activities and updates are reported to NASA's Associate Administrator on a quarterly basis. The Agency Risk Profile is presented to the Agency Program Management Council (APMC), chaired by the Associate Administrator, for approval on an annual basis.

NASA has implemented several activities to prevent and/or detect fraud across the Agency and will continue to enhance processes to identify and mitigate fraud risks. Fraud prevention and detection activities include Acquisition Integrity and Improper Payments Programs, regular fraud risk assessments, an enhanced Statement of Assurance process to include assessment and evaluation of fraud risk management control activities, external and internal audits and investigations, and a Data Breach Response Program. NASA has deployed several fraud-awareness initiatives across the Agency, including mandatory fraud prevention training for all employees, anti-fraud campaigns to increase awareness of

reporting mechanisms and coordination and collaboration with the OIG to further assess the Agency's risk posture.

NASA has an extensive Counterfeit Parts Awareness and Inspection program that includes regular investigation and examination of parts, components and materials to mitigate the risk of misrepresentation by a supplier or vendor. NASA's Ethics Program requires all NASA employees to: (1) Comply with all applicable ethics laws, regulations, Executive orders, and other guidance, and avoid even the appearance of impropriety; and (2) Complete annual and other periodic training as required.

NASA remains committed to combating fraud through its strong risk management and internal control structure.

### Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

*Please indicate the following:*

- *Any programs not listed in this collection which were recently assessed to determine susceptibility of improper payments.*
  - *Whether it was likely to be above or below the statutory threshold.*
- *The FY for any programs not listed in this collection which were most recently assessed to determine whether it was likely to be above or below the statutory threshold.*
- *If they had substantial changes to RA methodology.*

#### ANSWER:

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
Hurricane Harvey and Hurricane Matthew Programs	Likely to be Below Statutory Threshold	Other	NO

### Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** As required by M-18-14, Implementation of Internal Controls and Grant Expenditures for the Disaster Related Appropriations, all programs and activities expending more than \$10,000,000, as provided in division B of Public Law 115-123, division B of Public Law 115-56, and division A of Public Law 115-72, in any one fiscal year shall be deemed to be "susceptible to significant improper payments" for purposes of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note), notwithstanding section 2(a) of such Act. Programs or activities susceptible to significant improper payments shall produce and report an improper payment estimate starting with the Fiscal Year (FY) 2019 reporting period, to the extent possible. Agencies are required to perform sampling and improper payment estimation in accordance with OMB Circular A-123, Appendix C. NASA programs Hurricane Harvey and Hurricane Matthew (under the Institutional Construction of Facilities program), met the criteria for sampling and improper payment estimation for the FY 2019 period.

## **Agency-Wide Responses**

### **Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:*

- *Meeting applicable improper payments reduction targets;*
- *Preventing improper payments from being made; and*
- *Promptly detecting and recovering improper payments that are made.*

#### **ANSWER:**

<b>Performance Appraisal Criteria</b>
meeting applicable improper payments reduction targets
prevent improper payments from being made
promptly detect and recover improper payments that are made

### **Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** NASA has designated Frank E. Petersen, III, Director - Quality Assurance Division (QAD), as the Senior NASA Official accountable for the progress of the agency toward meeting compliance with PIIA. NASA has appropriate performance mechanisms in place to ensure its leaders meet the key objectives of programs they manage. Therefore, appropriate accountability is in place to ensure proper attention to the reduction, prevention, and detection of improper payments.

### **Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.*

#### **ANSWER:**

<b>Cost Prohibitive (Yes/No)</b>	<b>Indicate Root Cause if known</b>	<b>Indicate which corrective action</b>
N/A	14. Other	Other (free text)

### **Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** This question is not applicable to NASA programs.



### Question 8: Tolerable Rate

*Do you believe the program has reached a tolerable rate of improper payments?*

**ANSWER:**

Indicate Yes or No
N/A

### Question 8 Free Text: Tolerable Rate

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** This question is not applicable to NASA programs.

### Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.*

**ANSWER:**

Indicate 'yes' or 'no'	Indicate program needs
N/A	5. Other: Explain

### Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** This question is not applicable to NASA programs.

### Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

*Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.*

**ANSWER:**

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
14. Other	Other (free text)	Other	

### Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** This question is not applicable to NASA programs.

### Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.*

**ANSWER:**

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
14. Other	Other (free text)	Other (select date)	

### Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** This question is not applicable to NASA programs.

### Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

*Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.*

**ANSWER:**

Indicate compliant or non-compliant	Compliance criteria
Non-Compliant	2. Conduct Program-Specific Risk Assessment

### Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** According to the Office of Inspector General's (OIG) Report, NASA was found to be non-compliant with conducting program-specific risk assessments for each program or activity. The OIG indicated that the Space Launch System (SLS) Program should have been identified as susceptible to significant improper payments absent these errors. As a result of the SLS Program not being identified as such, the agency's AFR contained inaccurate and incomplete information.

Additionally, the OIG found that NASA continues to exclude cost-type contracts from payment recapture audits and has to date provided limited documentation to support this decision. They found that NASA lacks a process to track and accumulate contract credits.



**Question 13: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Please indicate how many consecutive years this program was deemed non-compliant as of the most recent IG compliance review (regardless of which of the six (6) criteria were determined non-compliant).*

**ANSWER:**

Indicate consecutive years
1

**Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** In their report, the OIG provided four recommendations. Based on the Agency being in non-compliance for the first time and working in conjunction with the OIG, NASA management concurred with 3 of the 4 recommendations and described actions they plan to take. They did not concur with Recommendation 1.

(1) Complete steps outlined in the Office of Management and Budget (OMB) guidance for when an agency is not compliant with IPIA for one fiscal year. Non-compliant agencies must submit a plan to Congress and OMB describing the actions that the agency will take to become compliant.

(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.

(3) Ensure that all risk factors are assigned risk ratings appropriately based on the supporting documentation in the risk assessment.

(4) Change the timing of the Improper Payments Data Call so the results are available in time to consider for the improper payment risk assessment.

**Question 14: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*If deemed to be non-compliant in the most recent fiscal year, please briefly describe the plan the executive agency will take to bring the program into compliance.*

**ANSWER:**

Indicate root cause	Indicate planned corrective actions
14. Other	6-Audit (improve IC)

**Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** NASA is performing the action below to addresses bringing the SLS program into compliance:

NASA is currently performing a risk assessment review to evaluate whether SLS is susceptible to significant improper payments. In that effort, NASA will perform a statistical review of FY 2019 payments for the NASA SLS program and summarize the results in accordance with OMB guidelines. The required date for completion of SLS testing is within the second year of identification or by no later than May 15, 2022.

**Question 15: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*For any program or activity deemed to be non-compliant in the most recent fiscal year please briefly describe and identify the following:*

- The measurable milestones to be accomplished*
- The senior executive agency official responsible*
- Establishment of an accountability mechanism*
- Incentives*
- Consequences*

**ANSWER:**

<b>Measurable milestones</b>	<b>Target Date</b>	<b>If other date, please specify</b>	<b>Senior Executive Agency Official</b>	<b>Accountability Mechanism</b>	<b>Incentives</b>	<b>Consequences</b>
This question is not applicable to NASA Programs	Other (select date)					

**Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))**

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** This question is not applicable to NASA programs.

### Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

*Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).*

#### ANSWER:

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Monthly	Monthly

### Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

*Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.*

**ANSWER:** The Office of Management and Budget (OMB) requires agencies to report annually on Do Not Pay (DNP) activities as it relates to the Payment Integrity Information Act of 2019.

The National Aeronautics and Space Administration (NASA) enrolled in the Department of the Treasury's DNP portal process on September 27, 2014. Its Payment Automation File is vetted against the Social Security Administration (SSA) Death Master file.

The cumulative results of these monthly reviews reported are for the period of October 1, 2019 through September 15, 2020. During this time period, there were 103,525 payments made by Treasury on behalf of NASA with a dollar value of \$14.888 billion.

The review by NASA resulted in no matching improper payments for FY 2020.

Corrections are made when incorrect information has been identified. Typically, incorrect vendor information is identified when a vendor is on the do-not pay list between 4-6 times a year.