

National Aeronautics and
Space Administration
Office of the Administrator
Washington, DC 20546-0001



October 25, 2006

OGC Rec'd 10/31/06

The Honorable David M. Walker
Comptroller General of the
United States
Government Accountability Office
Washington, DC 20548

2006 OCT 30 PM 3:00

Dear Mr. Walker:

This letter is to report two violations of the Antideficiency Act, as required by section 1517(b) of Title 31, United States Code.

The first violation of 31 U.S.C. 1517 resulted from the lack of a reapportionment of \$30.4 million between appropriation accounts for Science, Aeronautics, and Exploration (SAE) account 804/50114 and Space Flight Capabilities (SFC) account 804/50115. This failure to reapportion caused an authorization in excess of the SFC apportionment of approximately \$12 million by the end of August 2004, growing to \$16 million by the end of the fiscal year, September 2004. Further authorization and obligation of SFC funds continued in FY 2005. The violation continued until March 2006, when an accounting adjustment of \$30.4 million was performed to reconcile and balance the SFC account. This adjustment was documented in the May 31, 2006, operating plan reported to NASA's Congressional oversight committees.

The second violation of 31 U.S.C. resulted from a lack of action to apportion unobligated funds being carried over to FY 2005, causing obligation of appropriated funds in excess of apportionments through almost the entirety of FY 2005, estimated at \$1.637 billion. About \$54.5 million of excess obligations was corrected by two apportionments, totaling \$283.5 million, which were approved by OMB on February 28, 2005. The remainder of excess obligations was corrected by subsequent apportionments totaling \$1.749 billion, which were approved by OMB on September 30, 2005. The affected accounts, the dates and amounts of approved apportionments, and the estimate of obligations in FY 2005 as of the date of approval of apportionment authority are shown in Table 2 of the attached report.

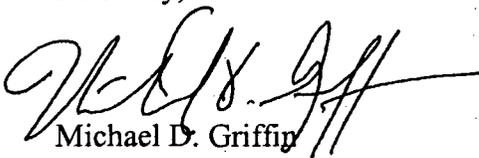
The violations were the subject of an audit report by the Office of the NASA Inspector General (Report No. IG-06-009, April 10, 2006) initiated at the request of the Office of Management and Budget.

The enclosed report by the investigating officer in this case (NASA Control No. A/2006-01216) identifies the causes of the violations, contributing circumstances, responsible officials, administrative discipline imposed, and corrective actions taken. Corrective action in this case includes a comprehensive demonstration to the NASA Administrator of systems controls that will prevent funds obligations from exceeding apportionment totals.

The investigation found no evidence that the violations were committed knowingly or willfully. One official identified in the investigating officer's report has received a Letter of Counseling. The others are not subject to adverse personnel action. The adequacy of NASA's system of administrative control has been approved by OMB.

Identical reports will be submitted to the presiding officer of each House of Congress as well as the Comptroller General.

Sincerely,



Michael D. Griffin
Administrator

Enclosure