

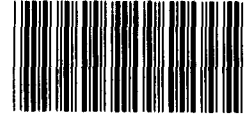


United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

B-241514

November 9, 1992



147942

Mr. Gary B. Allison
Acting Comptroller
National Aeronautics and Space
Administration

Dear Mr. Allison:

As part of our audit of the National Aeronautics and Space Administration's (NASA) internal controls and financial management systems and operations,¹ we conducted work at NASA headquarters in the Agency Accounts and Reports Branch and the Budget Operations Office. During our work, we identified two instances where NASA did not follow proper procedures for certifying funds for obligation. We are bringing the instances to your attention because the certification of funds is a key control designed to ensure that appropriations are used in accordance with the will of the Congress.

In the first instance, Agency Accounts and Reports Branch staff, who are responsible for certification of allotments, did not promptly certify reduced allotment levels. On November 8, 1989, NASA's Budget Operations Office prepared revised allotments to reduce funds originally allotted under a continuing resolution because the Office of Management and Budget (OMB) had advised NASA that the amounts NASA had calculated exceeded available amounts. The Agency Accounts and Reports Branch, however, did not certify and release the allotments until November 30, 1989. NASA avoided overobligations because, at the same time the Budget Operations Chief presented the revised allotments to the Branch for certification, he notified NASA's Centers and offices that their allotments would be reduced, and they canceled obligations accordingly. Had this informal action not been taken, NASA might have incurred overobligations.

¹Financial Management: NASA's Financial Reports Are Based on Unreliable Data, (GAO/AFMD-93-3, October 29, 1992).

GAO/AFMD-93-30ML

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In the second instance, the Agency Accounts and Reports Branch improperly certified funds as available for obligation and released allotments on April 13, 1990, for \$594 million of the Space Flight, Control, and Data Communications appropriation for space science application. These funds were restricted from obligation by the appropriation act until April 15, 1990. According to the Budget Operations Chief, the allotment authorizations were prepared and submitted for certification a few days in advance. The authorizations were dated April 16, 1990, to comply with the appropriation act's time restriction. The problem occurred when the Agency Accounts and Reports Branch certified and released the allotments on April 13--2 days in advance of the date specified in the appropriations act, the Department of the Treasury appropriation warrants, and the OMB-approved apportionments.

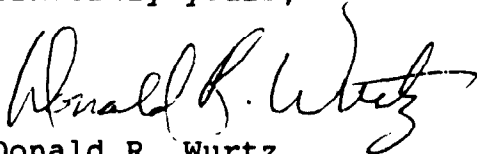
We have no indication that funds associated with these certifications were improperly obligated. Nonetheless, in these two instances, NASA's certifying officers did not promptly act to certify reduced allotment levels and did not follow proper procedures to ensure that funding limitations were observed before they certified allotments and released funds.

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We have discussed the issues in this letter with your staff and have incorporated their comments where appropriate. Please advise us of the actions you intend to take with regard to these issues. We would appreciate receiving your response within 30 days. If you would like to discuss these issues with me or my staff, please contact me at (202) 275-0850.

We would like to thank you and your staff for the courtesy and cooperation extended us.

Sincerely yours,



Donald R. Wurtz
Director, Financial Integrity Issues