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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

PROCUREMENT AND SYSTEMS  
ACQUISITION DIVISION

B-196826

FEBRUARY 8, 1980

The Honorable William Proxmire  
Chairman, Subcommittee on HUD-  
Independent Agencies  
Committee on Appropriations *S DD 306*  
United States Senate



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Dear Mr. Chairman:

Your October 4, 1979, letter requested us to investigate an allegation by a former NASA auditor that the Director, Office of Audit, NASA Headquarters had been ~~suppressing~~ *suppressing* audit reports prepared by the Southwest Region audit staff located at Johnson Space Center. You expressed particular concern about an issue in one of the reports that funds spent on Building 37 at Johnson had not been authorized for that purpose. As agreed with your office, we reviewed the audit procedures and workpapers supporting two audit reports--the Public Exhibits Program (SW 5-78, December 13, 1978) and the White Sands Test Facility (SW 9-78, February 9, 1979). Your office was briefed on December 6, 1979, concerning the results of our work. A brief summary follows.

We found no support for the allegation concerning suppression of audit reports. The Director, Office of Audit had suggested changes to make the Southwest Region's reports more accurate, objective, and constructive in tone before final publication. Our analysis showed that these suggestions were reasonable and within the authority of the Director. The Southwest Regional Director, however, interpreted these suggestions as attempts to "whitewash" the reports. Therefore, the Southwest Regional Director unilaterally chose not to issue the reports, but to await a decision on their issuance by the person who would fill the newly designated NASA Inspector General position. Subsequently, the Inspector General issued the reports as originally drafted.

The issue concerning unauthorized expenditures for Building 37 is not a current problem, as one might infer from the Public Exhibits Program audit report. It was presented in the report without benefit of adequate research. The report states the belief that, if they knew about the Building 37 transaction, the Congress would not agree with its funding. However, the Congress was aware of the issue and had taken steps to resolve it many years ago. According to the record of hearings on the NASA authorization for fiscal year 1972, the Senate Aeronautical and Space Sciences

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Committee ". . . learned for the first time that the Lunar Receiving Laboratory (Building 37) at the Manned Spacecraft Center (now Johnson), which was originally authorized for \$8.1 million, was being completed at a total cost of \$16 million." The committee criticized NASA for the agency's funding procedures involving Building 37 and other NASA projects. It directed NASA to provide the committee with the total estimated cost to make a facility fully operable when making future budget requests for facilities construction appropriations.

Our examination of NASA's fiscal year 1980 "construction of facilities" budget request indicated that the agency is providing full cost estimates for major projects. The requests include (1) the 1980 amount, (2) a statement of prior years cumulative facilities construction funds spent on the project, (3) a statement of prior years capitalized investments funded from other-than specific facilities construction appropriations, (4) estimates of future years construction funds and (5) estimates, where applicable, of equipment funding requirements to be met by research and development appropriations.

At the December 6, 1979, briefing, we were asked to examine the validity of the Southwest Region's workpapers supporting the auditor's claim that a substantial quantity of lunar material is missing or otherwise unaccounted for. This claim was made in the audit report, Lunar and Planetary Sciences Division (SW 6-79, August 31, 1979). We conclude from our examination that the workpapers are not sufficient for us to reach the same conclusion. The draft report and supporting working papers fail to put the lunar materials problem in perspective. First, the audit covered only that part of the inventory in general circulation--not all the inventory as implied by the report (84 percent was outside the scope of the audit). Second, neither the report nor the supporting working papers established the significance of the problems reported. The examples were not related to the size of the inventory or the number of changes to the inventory. Finally, the auditors chose many non-current examples which may not reflect present circumstances.

As agreed with your office, we did not obtain written comments from NASA on this report. However, we discussed the above matters with cognizant officials and considered their comments where appropriate. As arranged with your office, unless you announce its contents earlier, no further distribution of this report will be made until 10 days from the date of the report. At that time, copies will be furnished to interested parties.

Sincerely yours,



J. H. Stolarow  
Director