



# NASA Advisory Committee Meeting

## **REPORT OF AUDIT & FINANCE COMMITTEE**

**July 20, 2006**



## Background

- In Jan 2006 OCFO prepared Corrective Action Plan that addresses the deficiencies in the financial statement audit . Three areas of material weakness (MW), and one reportable condition (RC):
  - Analysis and Systems Oversight (MW)
  - Fund Balance with Treasury (MW)
  - Property Plant and Equipment (MW)
  - Environmental Liabilities (RC)



## Other Challenges

- Resource Constraint
- Change management (i.e. policies, procedures, systems)
- External support – contractor reporting



## Report from DCFO

- Financial system analysis and oversight – New module of SAP system to be implemented Oct. 2006 – in testing NOW and on schedule
- FBWT – steady progress being made
- PPE – OCFO staff presented to FASAB on 7/18 requesting guidance regarding the accounting classification of space exploration projects. The request is being actively considered
  - SAP Asset Management Module will be available in Oct. 2007 .



## Report from DCFO

- Environmental Liabilities – Made great progress. Estimate calculated for the year and has been recorded in general ledger. Efforts underway to validate the model used to produce the estimates. NAVY model – IDEAL – has been adopted by NASA.
- Year End Audit – Audit process underway and testing has begun. E&Y wants to do more in-depth testing. DCFO meeting weekly with IG. To date no show stoppers have been identified.



## Report from DCFO

- Analysis and Systems Oversight:  
SAP Version Upgrade moving on target
  
- Other Challenge:  
Resource constraint - staff 25 persons under authorized level. Offers made to 10 persons to date.



## Future Committee Actions

- Conference call in August with E&Y and OIG regarding FY 2006 Audit Plan
- Meeting with GAO to discuss property related issues
- Meeting with IEMP Program Manager in October 2006



# RECOMMENDATIONS

- Agency-wide implementation of JSC Error Tracking tool
- Agency initiate a financial management customer satisfaction survey for managing contractor relationships