

NASA Advisory Council Meeting

**REPORT OF AUDIT &
FINANCE COMMITTEE**

**Robert Hanisee, Chairman
Hon. Ted McPherson
Hon. Michael Montelongo
Howard Stanislawski**

MSFC – July 19, 2007



Old Business

Fund Balance With Treasury

As of June 30 - \$3.5M unreconciled Treasury Balance

NASA received a GREEN (Passing Grade) from Treasury on Cash Balances

Environmental Liability

On track = No new problems

Still No IV&V on software from vendor



Old Business

SAP Version Update

SAP Patch Implemented - Feb 2007

10 items surfaced

All but two (2) now resolved (remaining items not show stoppers)

Subsequent testing continues – More work remains



Old Business

Property Plant & Equipment - Long Pole in Tent

Encouraging Results

FASAB accepted changed accounting interpretation permitting expensing of R&D (Theme Assets):

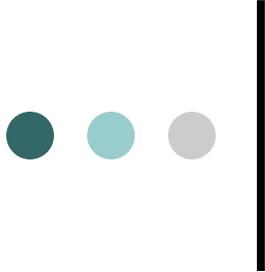
Total NASA Assets	\$52.6B
Property, Plant & Equipment	33.2B
R&D Write-off	<u>12.4B</u>
PP&E on Books	\$20.6B

ISS & Shuttle	18.0B
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Building & Equipment	2.6B
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Theme assets expensed retroactive to 10/01/06

Plan another adjustment at year end '07

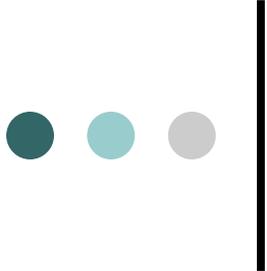


Property Plant & Equipment (Continued)

Contractor Held Equipment the way forward:

Need to get contractors to report purchases and held property on a timely and accountable basis (e.g. 533 report, EVM report)

Under NASA transition plan consider treatment of terminating programs and equipment not needed for future programs as “Discontinued Operations”



Property Plant & Equipment (Continued)

Treat new programs (ARES, ORION and COTS) under Constellation as R&D, therefore to be expensed.

N.B. – Contractor held equipment and terminating programs are “Non Cash Charges”



Financial Staff Personnel Issues

A serious concern

In April down 10 FTE's vs. Authorized 113

Now down to 92 FTE's, down 21

Centers not experiencing staffing shortages or major performance problems



Grant Accounting

Corrective Action to:

Reengineering of Grants Process underway;
Task force in place

4400 Active Grants Outstanding ; ~\$850M

New system will implement grant-by-grant
tracking

Planned implementation FY08



NASA Shared Services Center

Currently processing 4 financial functions including travel (payment, not authorization) satisfactorily

Task force including participants from OCFO; Centers and NSSC evaluating additional financial functions for transfer (e.g. Accounts Payable)



Year End Audit Progress Report

E&Y field work underway

- Sampling at Centers
- Making Suggestions
- Appears to be a diligent effort

Counseled Acting CFO - Terry Bowie on several proactive measures to assuage E&Y concerns on:

- PP&E
- Grants



Future Actions

IEMP – Fact Finding Meeting with Bobby German

Unobligated Balances – Fact Finding Meeting

Meeting w/Shana Dale – Deputy Administrator

New Programs – Monitor Cost and Progress

ARES

Orion

COTS