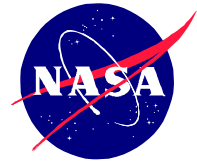


National Aeronautics and
Space Administration

Headquarters
Washington, D.C. 20546-0001



Reply to Attn of: W

November 16, 2001

TO: A/Administrator

FROM: W/Inspector General

SUBJECT: Marshall Space Flight Center Exchange Activities, G-01-013

The NASA Office of Inspector General conducted an inspection of the Marshall Space Flight Center (Marshall) Exchange, as part of our overall review of NASA Exchange operations.¹ The purpose of our review was to determine whether Exchanges are managing operations and activities in accordance with NASA Policy Directive (NPD) 9050.6F, NASA Exchange Activities,² and other applicable statutes and regulations.

The Marshall Exchange, an instrumentality of the Government, is responsible for operating activities that contribute to the efficiency, welfare, and morale of Marshall employees. The Exchange's activities and operations are primarily funded with nonappropriated funds.³ The Marshall Exchange operates vending machines, a gift shop, an automobile repair shop, a credit union, and a barber and styling shop. In general, the Marshall Exchange offered many and varied programs and activities to benefit the Marshall workforce. Our recommendations were aimed at improving the Marshall Exchange accounting and business practices and compliance with governing guidelines.

We identified several deficiencies in the Exchange accounting system that required immediate attention. The Exchange accounting system did not accurately reflect cash shown in the Exchange's operating account when compared to the operating account bank statements. Also, the Exchange Treasurer did not timely perform bank statement reconciliations, compare reconciliations to Exchange accounting system data, or make adjusting accounting entries as required.

¹ The OIG's inspection unit is conducting comprehensive reviews of Center Exchange operations, activities, business practices, procedures, and policies. The OIG's auditors are performing quality control reviews of the Exchange's mandatory external audits. The review of the Marshall Exchange external audit is scheduled for fiscal year 2002.

² NPD 9050.6F is applicable to NASA Headquarters and NASA Centers, including component facilities.

³ Nonappropriated funds are monies not appropriated by the United States Congress. The Marshall funds are derived primarily from the sale of goods and services to Center personnel and visitors.

A Rapid Action Notice, Appendix B to this report, was issued to Marshall management addressing these concerns.

We also identified the need to improve physical access controls, name the United States as an additional insured on the Exchange liability insurance coverage, develop and update Standard Operating Procedures, and clarify concessionaire agreements to specifically state services to be provided by the Exchange. In addition, the Exchange did not fully comply with regulations required in implementing and reporting of the Randolph-Sheppard Act.⁴ In our previous reviews, we found similar concerns at Glenn Research Center, Langley Research Center, and at the Ames Research Center. This repetitive issue may indicate an agency-wide misunderstanding of the area.

Management concurred with all of the recommendations contained in the Rapid Action Notice and in the overall report.

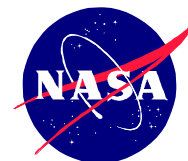
[original signed by]
Roberta L. Gross

Enclosure
Marshall Space Flight Center Exchange Activities, G-01-013

⁴ One purpose of the Randolph-Sheppard Act is either to provide preference to the blind operating vending facilities located on Federal property and buildings or to collect a percentage of vending machine income for employment and education programs for the blind.

National Aeronautics and
Space Administration

Office of Inspector General
Headquarters
Washington, D.C. 20546-0001



Reply to Attn of: W

November 16, 2001

TO: Marshall Space Flight Center
Attn: DA01/Director

FROM: W/Assistant Inspector General for Inspections, Administrative
Investigations, and Assessments

SUBJECT: Marshall Space Flight Center Exchange Activities, G-01-013

The Office of Inspector General (OIG) conducted an inspection of the Marshall Space Flight Center (Marshall) Exchange, as part of our overall review of NASA Exchange operations.¹ The purpose of our review was to determine whether Exchanges are managing operations and activities in accordance with NASA Policy Directive (NPD) 9050.6F, NASA Exchange Activities,² and other applicable statutes and regulations.

In the course of conducting our review, management implemented corrective action for four of our observations. These observations and corrective actions are described in Appendix B.

BACKGROUND

The Exchange, an instrumentality of the Government, is responsible for operating activities that contribute to the efficiency, welfare, and morale of Marshall employees. The Exchange's activities and operations are primarily funded with non-appropriated funds.³

The Exchange is subject to oversight by Marshall management. The Center Director is responsible for the general management of the Exchange. The Exchange Council (Council),

¹ The OIG's inspection unit is conducting comprehensive reviews of Center Exchange operations, activities, business practices, procedures, and policies. The OIG's auditors are performing quality control reviews of the Exchanges mandatory external audits. The review of the Marshall Exchange external audit is scheduled for fiscal year 2002.

² NPD 9050.6F is applicable to NASA Headquarters and NASA Centers, including component facilities (See Appendix A).

³ Non-appropriated funds are monies not appropriated by the United States Congress. The Marshall Exchange funds are derived primarily from the sales of goods and services to Center personnel and visitors.

which is comprised of seven civil service employees, is responsible for overseeing Exchange financial and operational activities. The Center Director appoints four of the Council members, the Chairman, Operations Manager, Treasurer and one member. Marshall civil service employees select three Council members through a general election.

The Exchange Operations Manager is primarily responsible for the oversight of the Exchange, while the Exchange Business Manager, an Exchange employee, manages various Exchange activities. The Business Manager is primarily responsible for managing Exchange business activities and overseeing the day-to-day operations of the Exchange. Employees of the Exchange report to the Exchange Business Manager, who reports to the Operations Manager and the Council.

NPD 9050.6F prescribes the guidelines governing the management and funding of the Exchange. It also authorizes the Exchange to operate a variety of revenue generating activities to support welfare, efficiency, and morale activities. Those activities include vending machines, a gift shop, an automobile repair shop, a credit union, a barber and styling shop, neuromuscular therapy, and business card printing. In addition, the Exchange offers access to picnic facilities, health and fitness classes and education, numerous club activities, and discounts on tickets to major tourist attractions located throughout the country.

The Council develops an annual budget for various welfare and morale activities it supports. In addition, the Exchange provides full or partial support for the following activities:

- Equal Employment Opportunity Events
- Blood Drives
- Retirement Gifts
- Center Director Support
- Sports and Club Activities
- Other Center-wide Activities

I. EXCHANGE OPERATIONS

A. Exchange Accounting System

During the course of our inspection, we identified several deficiencies in the Exchange accounting system that required immediate attention. For example, the Exchange accounting system did not accurately reflect cash shown in the Exchange's operating account when compared to the operating account bank statements. Also, the Exchange Treasurer did not timely perform bank statement reconciliations, compare reconciliations to Exchange accounting system data, or make adjusting accounting entries as required.

Appendix B to this report contains the Rapid Action Notice issued to the Marshall Center Director. Also included is management's response to our recommendations contained in the Rapid Action Notice. Management concurred with, and has taken actions that are fully responsive to, the recommendations.

B. Physical Access Controls

Physical access controls are weak for the unclassified safe maintained in the Exchange Business Office. The Exchange accountant stores blank checks in the safe. During brief periods of absence from the office, the Exchange accountant does not lock the safe. The Exchange accountant stated the safe is locked each day and during extended periods of absence from the office. In addition, the safe's combination had not been changed despite a change in Exchange personnel.

Prudent security practices require that the Exchange accountant lock the safe during all absences from the office. Also, the safe combination should be changed whenever personnel with knowledge of the safe's combination leave, or periodically if circumstances warrant.

Recommendation 1: The Exchange Business Manager should ensure that the safe is locked when the Exchange accountant is away from the office.

Recommendation 2: The Council should ensure that the combination to the safe in the Exchange Business Office is changed whenever there is a change in personnel having access to the safe.

C. Exchange Liability Insurance

The liability insurance policy for the Exchange does not name the United States as an additional insured as required by NPD 9050.6F.⁴ The Exchange manager stated that he was not aware of this requirement. The designation of the United States as an additional insured prevents potential loss to the Government in the event of a liability claim filed against the Exchange.

Recommendation 3: The Council should ensure that the United States is named as an additional insured on all current and future liability insurance coverage obtained by the Exchange.

D. Standard Operating Procedures

Standard Operation Procedures (SOP's) used by Exchange personnel in carrying out the Exchange's daily activities are not current and do not accurately reflect the processes used or procedures followed to conduct Exchange business. The Exchange manager provided the inspection team the SOP's currently in use. However, a review of the procedures showed that they were developed in the 1970's and 1980's and did not reflect current practices followed by Exchange personnel. A lack of accurate, up-to-date procedures could cause an interruption

⁴ NPD 9050.6F, paragraph 1.m, states Exchanges shall obtain liability insurance, as determined by the Exchange Council and Center Director. The United States shall be named as an additional insured.

of the work processes in the event a key Exchange employee unexpectedly resigns or is away from work for an extended period.

Recommendation 4: The Exchange Council should ensure desk procedures are updated to accurately reflect current processes used in day-to-day Exchange operations.

E. Concessionaire Agreements

The Exchange provides various services to both civil service and contractor personnel through the use of concessionaire agreements. Concessionaire agreements are contracts entered into by the Exchange with third parties to provide banking, car repair, barber/hair styling, and limited food services to personnel located at Marshall. These agreements provide concessionaires with Government-owned facilities, utilities and maintenance support. The concessionaire is responsible for providing the services outlined in the concessionaire agreement.

Current concessionaire agreements with the Exchange do not specifically address the services provided by the Exchange or Marshall to the concessionaires. Various concessionaires advised that the Exchange or Marshall provide non-agreement services. These services include trash removal, property maintenance and cleaning, and the providing of office furniture. However, these services vary according to the needs of the various concessionaires and not all concessionaires are provided cleaning services or office furniture. Also, NASA contractor personnel provide these services to the concessionaires. As a result, concessionaires are provided benefits at the Government's expense that would be an expense of doing business if the concessionaire were not operating on Government property.

Recommendation 5: The Council Chairman should ensure that all services provided to concessionaires are addressed in concessionaire agreements with the Exchange.

Recommendation 6: The Council Chairman should consult with the Marshall Office of Chief Counsel to determine whether providing trash removal, property maintenance and cleaning, and office furniture to Exchange concessionaires is appropriate.

II. RANDOLPH-SHEPPARD ACT

Under the Randolph-Sheppard Act (RSA), 20 USC 107 et. seq., state rehabilitation agencies recruit, train, license and place individuals who are blind, as operators of vending facilities located on Federal and other properties. The Secretary of Education is responsible for promulgating regulations for and providing oversight of Federal agency compliance with the RSA. Further guidance is set forth in 34 CFR Part 395. 34 CFR § 395.30 (a) states:

Each department, agency, or instrumentality of the United States in control of the maintenance, operation, protection of Federal property shall take all steps necessary to assure that, wherever feasible, in light of appropriate space and potential patronage, one or more vending facilities for operation of blind licensees shall be located on all Federal

property provided that the location or operation of such facility or facilities would not adversely affect the interest of the United States. Blind persons licensed by State licensing agencies shall be given priority in the operation of vending facilities on any Federal property.

Federal agencies may be exempted from RSA based on justifications provided in writing and approved by the Secretary of Education.⁵ Such exemptions are to be published in the Federal Register. Title 20 USC § 107d-1 also stipulates that the Secretary of Education shall convene a panel to arbitrate RSA disputes.⁶

The Center Director is responsible for ensuring the Exchange observes Department of Education regulations in implementing the RSA. One purpose of the RSA is to either provide preference to the blind in operating vending facilities located on Federal property and buildings or to collect a percentage of vending machine income for employment and education programs for the blind. Exceptions are vending machines within retail sales outlets under the control of military Exchanges or ships' stores systems authorized by Title 10, or income from vending machines operated by the Veterans Canteen Service. Also excepted is total vending machine income of less than \$3,000 annually at individual locations, installations, or facilities and not competing with a blind vending facility. An individual location consists of one machine or a group of machines.⁷ A building can have more than one individual location.⁸

The Exchange contracts its food and drink vending operation to an outside contractor separate from its cafeteria operation. The vending contractor pays the Exchange an annual commission based on a percentage of sales. Under the RSA, once vending income for a machine or group of machines exceeds the \$3,000 threshold, all profit income including the first \$3,000 is subject to an assessment payable to the State Licensing Agency at a percentage rate (100 percent, 50 percent, or 30 percent) determined according to several factors. We believe that the Exchange should be paying 50 percent of vending machine income meeting the \$3,000 threshold to the State Licensing Agency.⁹

⁵ See 20 USC § 107b-3.

⁶ See 20 USC § 107d-1.

⁷ See 34 CFR 395.32

⁸ Definition of individual location is based in part on an interview on February 29, 2000, with Chief, Vending Facilities Branch, Department of Education, Rehabilitation Services Administration.

⁹ 20 USC, § 107d-3(b)(1) states that after January 1, 1975, 50 percent of all vending machine income from vending machines on Federal property which are not in direct competition with a blind vending facility shall accrue as specified in subsection (a) of this section in the event there is no blind licensee operating such a facility on such property, to the State agency in whose state the Federal property is located. See also 34 CFR § 395.32.

Table 2. Marshall Exchange Total Commissions and Shared Vending Income

	FY99	FY00
Total Vending Commission	\$230,879.63	\$222,074.12
Reported Applicable Shared Income	\$14,881.71	\$11,190.96
Paid to Randolph-Sheppard State Licensing Agency	\$0	\$0

The Exchange determines individual locations by building rather than by vending machine or group of vending machines. The Exchange totals all vending commission income per building, subtracts a percentage of Exchange operating expenses from each building total to determine the income sharing total,¹⁰ then subtracts 50 percent to determine the income sharing percentage eligible to be distributed to the State Licensing Agency.¹¹ The Exchanges may not deduct Exchange operating costs from income sharing because administrative costs are deducted from the vending contractor's commission.¹²

As a result of this erroneous method of calculation, the Exchange submitted inaccurate RSA Annual Reports of vending machine income to NASA Headquarters for 1999 and 2000. In the RSA report, *Part III Vending Machine Income from Vending Machines Under the Control of the FPMA*, the column titled "\$ Amount Collected by FPMA [Federal Property Managing Agency]" should contain the total commission a commercial vending concessionaire pays to the Exchange. Instead, the Exchange entered only income subject to RSA income sharing provisions. Filing inaccurate RSA reports prevents detection and correction of faults in Marshall's income sharing process. Report reviewers might not question \$0 distributed to the SLA when only \$11,190.96 is collected. However, reviewers would probably question \$0 distributed to the SLA when \$222,074.12 was collected.

Recommendation 7: The Center Director should ensure that the Center, including the Exchange, observes Department of Education regulations in implementing the RSA.

¹⁰ The Exchange uses a formula developed many years ago. Council members stated they have always used the formula and could not remember who devised it or why. See Appendix C.

¹¹ 20 USC 107e (8) "vending machine income" means receipts (other than those of a blind licensee) from vending machine operations on Federal property, after cost of goods sold (including reasonable service and maintenance costs), where the machines are operated, serviced, or maintained by, or with the approval of, a department, agency, or instrumentality of the United States, or commissions paid (other than to a blind licensee) by a commercial vending concern which operates, services, and maintains vending machines on Federal property for, or with the approval of, a department, agency, or instrumentality of the United States.

¹² Clarified by Chief, Vending Facilities Branch, Department of Education, Rehabilitation Services Administration.

Recommendation 8: The Center Director should notify the State Licensing Agency and negotiate an appropriate agreement concerning its obligations under RSA and accurately report its vending income to NASA Headquarters accordingly.

SUMMARY AND EVALUATION OF NASA MANAGEMENT RESPONSE

We received and evaluated NASA management's response to the draft report (See Appendix D). NASA management concurred with all eight recommendations and provided planned actions that are responsive to the recommendations. We consider these eight recommendations resolved pending verification of corrective action.

CONCLUSION

NASA Exchange operations were established to operate activities that contribute to the efficiency, welfare, and morale of all its employees. Generally, Marshall management and the Exchange are providing many and varied programs and activities of benefit to the Marshall civil service and contractor workforce. Management's implementation of the recommendations contained in this report will enhance Exchange oversight and strengthen management controls.

[original signed by]

David M. Cushing

6 Enclosures:

Appendix A: NPD 9050.6F, NASA Exchange Activities, dated January 11, 2001
Appendix B. Corrective Actions Taken by Marshall Management in Response to Recommendations Made During the Inspection
Appendix C. Formula Used to Compute Randolph-Sheppard Act Contributions
Appendix D. NASA Management Response
Appendix E. Report Distribution
NASA Office of Inspector General Reader Survey

MAJOR CONTRIBUTORS TO THIS REPORT

Randy Fowler, Auditor (team leader)
E. Cameron Hahn, Management Analyst
Wes Pippenger, Management Analyst
Connia Webb, Auditor

Appendix A

NPD 9050.6F, NASA Exchange Activities

**NASA
POLICY
DIRECTIVE**

Directive: NPD 9050.6F
Effective Date: January 11, 2001
Expiration Date: January 11, 2006

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to verify that this is the correct version before use:

<http://nodis.hq.nasa.gov/Library/Directives/NASA-WIDE/contents.html>

Responsible Office: J / Office of Management Systems

Subject: NASA Exchange Activities

1. POLICY

a. Exchanges are instrumentalities of the United States, with associated privileges, rights, and immunities. To ensure this status, Exchanges must be under NASA's control, and ownership interests must be with the Government. Therefore, all organizations using NASA or Exchange facilities shall be determined to be either an Exchange element (instrumentality) or independent. Instrumentalities shall be under Exchange control; independent organizations and their equipment and facilities shall be separated from and not controlled by the Exchange. Approval for use of NASA or NASA Exchange facilities by independent organizations shall be based upon activities proposed and the organization's ability to satisfy requirements such as insurance. Approval will not establish an independent organization as an instrumentality. Exchanges will not manage or supervise independent organizations.

b. Center Directors may establish at NASA Centers and Component Facilities under their jurisdiction a NASA Exchange and branches to operate activities contributing to the efficiency, welfare, and morale of NASA personnel. For this purpose, the Associate Administrator for Headquarters Operations, NASA Headquarters, has corresponding authority for Headquarters.

c. Exchanges may, by contract or otherwise, perform the following:

- (1) Operate food services.
- (2) Operate vending machines within Center buildings and grounds, to the extent that such operation is not inconsistent with law and regulations.
- (3) Promote activities, including clubs or recreation associations, contributing to the efficiency, welfare, and morale of NASA employees.
- (4) Use and acquire real property and facilities to achieve Exchange objectives (subject to subparagraphs g. and h.).
- (5) Sell goods and provide services approved by the Center Director, so long as they do not unduly compete with local merchants.
- (6) Conduct other activities authorized by the Center Director with the prior concurrence of the Center Chief Counsel and the Center Public Affairs Officer, when activities involve the public and are clearly in NASA's and its employees' interests.

d. Exchanges shall sell goods or services at the lowest prices, consistent with operation costs and financial needs.

e. Participation in activities may include NASA employees and retirees, their family members and guests, Government contract employees, and official visitors.

f. Store privileges may be denied to a patron who resells purchased merchandise.

g. A Center Director may authorize use of NASA-controlled real property and existing facilities for Exchange activities, provided use does not interfere with official business.

h. Proposals for real property acquisition for Exchange activities by lease, purchase, or otherwise shall have the concurrence of the Center Director and Center Chief Counsel and be forwarded for concurrence by the Director, Facilities Engineering Division, NASA Headquarters, prior to approval by the Exchange Operations Manager. Proposed expenditures for new Exchange facilities or proposed expenditures in excess of \$50,000 for modification of existing Exchange facilities shall also be forwarded for concurrence by the Director, Facilities Engineering Division. The Exchange Operations Manager, with the Center Director's concurrence, may approve normal maintenance and repair of facilities or replacement of equipment.

i. Activities shall generally be supported by nonappropriated funds under the Exchange's sole jurisdiction. Center Directors may authorize use of appropriated funds where available, with the prior concurrence of the Center Chief Counsel and Chief Financial Officer. Examples of activities for which appropriated funds may be used include providing for cafeterias and other facilities, purchase and maintenance of cafeteria equipment necessary for Exchange activities, and audits of the Exchanges.

j. Exchange procurement of materials, supplies, or services with nonappropriated funds is not subject to procurement statutes and regulations applicable to NASA, except as made applicable by statute or regulation. As practicable, however, Exchange procurement practices shall conform to NASA's practices. In any case, Exchange procurement procedures should be documented and approved by the Center Director. All Exchange procurements and other acquisitions should be documented and retained in Exchange records.

k. Unless it would be inappropriate due to the nature of an Exchange contract, a clause shall be included in each Exchange contract stating that the contractor will indemnify and hold harmless the United States, its agents and instrumentalities (including the Exchange), and representatives, officers, and employees thereof, from any and all claims, demands, actions, debts, liabilities, judgements, and costs arising out of, claimed on account of, or in any manner predicated upon, the loss of or damage to property, or injury to or death of any person(s), in any manner caused or contributed to by any action or omission of the contractor, its agents, representatives, or employees.

l. Concession contracts shall be competed and negotiated by the Exchange in general accordance with the Federal Acquisition Regulation (FAR) and NASA FAR Supplement, unless doing so would not be in the best interests of

the Exchange. Center procurement staff shall assist in such procurements. The Center Chief Counsel shall concur and the Center Director shall approve the contract. A copy will be forwarded to the Office of Management Systems, NASA Headquarters.

m. Exchanges shall obtain liability insurance, as determined by the Exchange Council and Center Director. The United States shall be named as an additional insured.

n. Exchanges shall collect, pay, and report applicable Federal taxes. By authority of Congress, a State may impose and collect tax on sales made by an Exchange concessionaire located on a Federal area. A State may not levy and collect such a tax on sales made by the Exchange itself (4 U.S.C. Sections 105-107). Exchanges shall collect and pay State and local use and sales taxes only after determining applicability. Withholding and paying Federal and State income taxes on Exchange employees shall conform to policy applicable to appropriated fund employees of NASA at the same location. Exchange employees are subject to 5 U.S.C. 8501-8508, Unemployment Compensation.

o. If an Exchange is terminated, its assets become the property of the United States Government.

2. APPLICABILITY

This NPD is applicable to NASA Headquarters and NASA Centers, including Component Facilities.

3. AUTHORITY

42 U.S.C. 2473(c) Section 203(c) of the National Aeronautics and Space Act of 1958, as amended.

4. REFERENCE

a. 28 U.S.C. 1346, 1491.

b. 20 U.S.C. 107 et seq.

c. 4 U.S.C. 105-107.

5. RESPONSIBILITY

a. Center Directors are responsible for the following:

(1) Establishing policy and procedures appropriate to Exchange management.

(2) Operating the Exchange and its elements in a business-like manner.

(3) Authorizing Exchange use of NASA-controlled real property and facilities and submitting real property acquisitions and facility projects to NASA Headquarters, in accordance with paragraph 1.h.

(4) Ensuring that Exchanges observe Department of Education and cognizant State Licensing Agency regulations in implementing the Randolph-Sheppard Act Amendments of 1974, 20 U.S.C. 107 et seq. An annual report of activities must be completed and forwarded to the Office of Management Systems by January 15 of each year.

(5) Appointing an Exchange Council of no less than five Center employees and designating one member as Chairperson, one as Treasurer, and one as Exchange Operations Manager. A listing of the Council Members will be forwarded to the Office of Management Systems, NASA Headquarters.

b. The Exchange Operations Manager shall direct management of the Exchange within this policy and rules and recommendations of the Exchange Council as approved by the Center Director.

c. Exchange Council members perform their duties without compensation from the Exchange. No paid Exchange employee may be an Exchange Council member. The Exchange Council shall meet on a regular basis to review and approve activities of the Exchange and additionally as necessary at the Chairperson's discretion. Minutes of its meetings shall be kept on file. The Exchange Council shall perform the following:

(1) Promote Exchange objectives and determine the extent of Exchange support of welfare and morale activities.

(2) Ensure that operation of organizations established with its permission and under its control conforms with this NPD.

(3) Change policies, organizational structure, scope of activity, rules, or business practices, with the Center Director's approval. The Office of Management Systems, NASA Headquarters, will be advised of significant changes prior to their implementation.

(4) Establish a system of management controls that will provide reasonable assurance regarding the financial data, compliance with applicable laws and regulations, and prevention of, or prompt detection of, unauthorized acquisition, use, or disposition of exchange assets. Controls over assets include safeguards for the protection of the Exchange's property and supplies to prevent pilferage or unnecessary loss and periodic inventories.

(5) Review financial statements, activity budgets, and all other appropriate reports including those of the Office of Inspector General to ensure operation of a sound, business-like organization, and provide for an annual audit of books and records of the Exchange and its elements. Financial records will be maintained in accordance with generally accepted accounting principles promulgated by the American Institute of Certified Public Accountants. Audits should be conducted by a licensed party, independent of NASA, in accordance with Government Auditing Standards (GAS) issued by the Comptroller General of the United States. In some of the smaller Exchanges, it may be appropriate to audit in compliance with the American Institute of Certified Public Accountants Standards for Accounting and Review Services. Such exceptions should be fully justified and approved in writing, in advance, by the Chief Financial Officer (CFO) and the Office of Management Systems at NASA Headquarters. Copies of consolidated September 30 Exchange balance sheet and income statement, with supporting financial statements for each element, and the annual audit report shall be submitted to the Center CFO by December 31.

(6) Submit an annual report on Exchange Council activities to the Center Director, including plans for the next fiscal year, within 90 days of fiscal year end. A copy of the annual report will also be forwarded to the Office of Management Systems and the Office of Financial Management, NASA Headquarters.

d. The Center CFO shall monitor Exchange adherence to this NPD and review financial statements and audit reports to ensure that the Exchange is financially sound and that responsible business practices are being followed.

e. The Center Chief Counsel, or for Headquarters, the Associate General Counsel (General Law) shall be responsible for providing guidance on legal and regulatory matters to the Exchange Council, including matters pertaining to the applicability of Government procurement statutes and regulations to Exchange procurements, and matters pertaining to the collection and payment by the Exchange of State and local use and sales taxes. See subsections 1.j. and 1.n. of this directive. Additionally, members of the Exchange Council and other Exchange officials will participate in the annual ethics briefing sessions. The appropriate NASA legal counsel shall also be responsible for concurring on concession contracts and on proposals for acquisition of real property for Exchange activities.

f. The Associate Administrator for Management Systems, or designee, shall be responsible for the following:

(1) Monitoring the Center's adherence to this directive through Sections 1.1, 5.a(5), 5.c(3), and 5.c(6) above and through periodic visits and reviews.

(2) Concurring on proposed exceptions to this directive.

(3) Issuing such supplemental guidelines and procedures as may be necessary to implement this directive.

g. The NASA Office of the CFO shall be responsible for the preparation and distribution of any required consolidated Agency financial reports, as well as oversight of related financial activities.

6. DELEGATION OF AUTHORITY

The authority to establish agency policy on Exchange activities is delegated to the Associate Administrator for Management Systems.

7. MEASUREMENTS

Exchanges will report on their activities and financial status as stated in paragraph 5.c (5).

8. CANCELLATION

NPD 9050.6E dated December 2, 1997

Appendix B

Corrective Actions Taken By Marshall Management in Response to Recommendations Made During the Inspection

National Aeronautics and
Space Administration
Headquarters
Washington, DC 20546-0001



Reply to Attn of: W

SEP 28 2001

TO: Marshall Space Flight Center
Attn: DAO1/Center Director

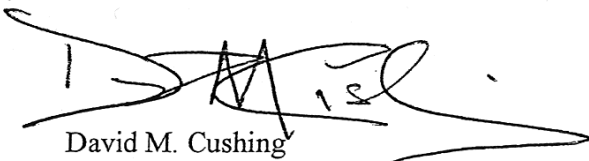
FROM: W/Assistant Inspector General for Inspections, Administrative
Investigations, and Assessments

SUBJECT: Rapid Action Notice – Marshall Space Flight Center Exchange Financial
Management, G-01-025

The Office of Inspector General (OIG) recently issued the subject rapid action notice addressing significant deficiencies pertaining to the Exchange financial management (Enclosure 1).

We found that proper procedures were not being followed in reconciling the Exchange's accounting system to applicable bank statements. Accordingly, we recommended that Marshall Space Flight Center management develop proper reconciliation procedures, make necessary adjusting entries to the Exchange's accounting system, and work with banking officials to negotiate service charges and correct banking errors identified during our review.

Management concurred with the recommendations in the rapid action notice and took appropriate corrective actions (Enclosure 2).¹ We consider management's reply to be fully responsive and consider the issues highlighted in this notice to be closed.



David M. Cushing

Enclosures (2)

¹ The financial and accounting information provided by management to support the corrective actions taken are not included as part of Enclosure 2.

W

May 10, 2001

TO: Marshal Space Flight Center
Attn: DA01/Center Director

FROM: W/Assistant Inspector General for Inspections, Administrative
Investigations, and Assessments

SUBJECT: Rapid Action Notice – Marshall Space Flight Center Exchange
Financial Management, G-01-025

The Office of Inspector General (OIG) announced its inspection of the Marshall Space Flight Center (Marshall) Exchange Activities (G-01-013) and recently conducted an onsite review. NASA Policy Directive (NPD) 9050.6F, *NASA Exchange Activities*, assigns general management and oversight responsibilities for NASA Exchanges to Center Directors, and assigns more specific roles for Center Chief Financial Officers and to Exchange Council members appointed by the Center Directors.¹

As a result of our inspection team's routine interviews of key Marshall Exchange officials and reviews of financial records, we identified significant deficiencies pertaining to the Exchange's financial management. Our team briefed Marshall officials about these conditions during and after its site visit.

¹ NPD 9050.6F, states that Center Directors are responsible for: "(1) Establishing policy and procedures appropriate to Exchange management" and "(2) Operating the Exchange and its elements in a business-like manner."

The NPD further states that Exchange Council members are responsible to "(4) Establish a system of management controls that will provide reasonable assurance regarding the financial data, compliance with applicable laws and regulations, and prevention of, or prompt detection of, unauthorized acquisition, use, or disposition of exchange assets. Controls over assets include safeguards for the protection of the Exchange's property and supplies to prevent pilferage or unnecessary loss and periodic inventories." Further, the Exchange councils are to "(5) Review financial statements, activity budgets, and all other appropriate reports including those of the Office of Inspector General to ensure operation of a sound, business-like organization, and provide for an annual audit of books and records of the Exchange and its elements. Financial records will be maintained in accordance with generally accepted accounting principles promulgated by the American Institute of Certified Public Accountants."

Additionally, the NPD calls for the Center Chief Financial Officer to "monitor Exchange adherence to this NPD and review financial statements and audit reports to ensure that the Exchange is financially sound and that responsible business practices are being followed."

We observed that the Marshall Exchange accounting system did not accurately reflect cash shown in the Exchange's operating account when compared to the operating account bank statements. Our analysis showed that the Exchange Treasurer did not timely perform bank statement reconciliations, and did not compare reconciliations to Exchange accounting system data. As a result, banking errors were not brought to the attention of bank personnel for correction, and miscellaneous bank charges were not entered into the accounting system. The Exchange Treasurer neither informed the Exchange accountant that adjusting accounting entries should be made, nor were bank statements returned to the Exchange accountant after reconciliations were completed. Although the Exchange Treasurer had the capabilities to adjust accounting system data when errors were identified during periodic reconciliations, this was not done. In addition, during their review of the financial statements for the year ending September 30, 2000, House and Albright, PC, the Exchange's independent auditors, advised Exchange personnel that accounting adjustments should be made to ensure that bank records and accounting system data were in agreement. Accounting adjusting entries were not made. These deficiencies, beyond simply poor accounting practices, could result in or hide fraud, embezzlement, or theft against the Marshall Exchange.

Given the severity of the potential internal control problems with the Marshall Exchange financial management and record-keeping processes, we recommend that Marshall management:

- (1) Develop procedures to ensure that Exchange bank statements are reconciled to the Exchange accounting system on a monthly basis,
- (2) Identify necessary adjusting entries to reflect miscellaneous bank charges in the accounting system for prior periods,
- (3) Coordinate with the independent auditor's to ensure that a correcting accounting adjustment is made which is appropriate to bring the accounting system and bank statements into agreement, and;
- (4) Contact bank officials to negotiate monthly service charges and corrections for banking errors identified during this review.

Please notify this office in writing not later than May 25, 2001, of the steps you will take to respond to our recommendations.

In the meantime, we will continue our inspection activity of the Marshall Exchange and alert management immediately of any further significant findings and concerns. If you have any questions, please call me at (202) 358-2572 or Mr. Dana Mellerio, Director, Inspections and Assessments, at (202) 358-0271. Our inspection team, led by Mr. Randy Fowler at Marshall, is also available to provide more detailed information on request.

[original signed by]

David M. Cushing

cc:

B/Mr. Varholy

J/Mr. Sutton

JM/Mr. Werner

JR/Mr. Harding

M/Mr. Rothenberg

MSFC/DE01/Mr. Roth

MSFC/RS40/Mr. Walker

MSFC/RS01/Mr. Bates

National Aeronautics and
Space Administration
George C. Marshall Space Flight Center
Marshall Space Flight Center, AL 35812

ENCLOSURE 2



Reply to Attn of:

DE01

JUL 18 2001

TO: NASA Headquarters
Attn: W/David M. Cushing

FROM: DE01/Sidney P. Saucier

SUBJECT: Rapid Action Notice Follow-up Results - Marshall Space Flight Center
Exchange Financial Management, Assignment Number G-01-025

The subject notice recommended that we take prompt action to strengthen the financial management and record-keeping processes of the Marshall Exchange. We concurred with the recommendations and have implemented corrective actions. For example, we replaced the Exchange Treasurer and new procedures have been developed to correct the accounting deficiencies identified by your staff. Based on the results of our follow-up activities, we consider all recommendations closed. The specific recommendations are listed below, and our reasons for closing them are noted in italics.

RECOMMENDATION 1

Marshall management should take prompt action to develop procedures to ensure that Exchange bank statements are reconciled to the Exchange accounting system on a monthly basis.

MSFC Management Response: Concur. The responsibilities of the Exchange Treasurer have been documented and provided to the new Treasurer. These responsibilities include monthly bank statement reconciliation.

MSFC MANAGEMENT REASONS FOR CLOSURE: *The responsibilities of the Exchange Treasurer (Enclosure 1), including monthly bank statement reconciliation, have been provided to the Treasurer. We will formally incorporate the responsibilities into the Exchange Policy that we plan to update in FY02.*

RECOMMENDATION 2

Marshall management should take prompt action to identify necessary adjusting entries to reflect miscellaneous bank charges in the accounting system for prior periods.

Mission Success Starts with Safety

MSFC Management Response: Concur. The Exchange Treasurer will identify the necessary adjusting entries that need to be made to the accounting system to properly record any inappropriate bank charges made in prior periods.

MSFC MANAGEMENT REASONS FOR CLOSURE: *The necessary adjusting entries (Enclosure 2) have been identified and made in the accounting records to reconcile unrecorded bank charges from prior periods.*

RECOMMENDATION 3

Marshall management should take prompt action to coordinate with the independent auditor to ensure that a correcting accounting adjustment is made which is appropriate to bring the accounting system and bank statements into agreement.

MSFC Management Response: Concur. The Exchange Treasurer, Exchange accountant, and independent auditors are working together to correct all the past errors associated with the failure to reconcile the checking account.

MSFC MANAGEMENT REASONS FOR CLOSURE: *Corrections have been made to the Exchange Profit and Loss Statement and the Balance Sheet to accurately reflect the financial position of the MSFC Exchange. (See Enclosure 3)*


RECOMMENDATION 4

Marshall management should take prompt action to contact bank officials to negotiate monthly service charges and corrections for banking errors identified during this review.

MSFC Management Response: Concur. The Council Chairman and a bank officer met May 16, 2001, to discuss the bank errors and to negotiate eliminating monthly service charges from the Exchange account. The bank officer has agreed to research the bank errors as well as explore alternative account options that would reduce or eliminate service fees.

MSFC MANAGEMENT REASONS FOR CLOSURE: *Monthly service charges have been eliminated from the Exchange account and adjustments have been made to correct errors identified during this review. (See Enclosure 4)*

The corrective actions for Recommendations 1 through 4 have been implemented. Based on these actions, we consider all recommendations for this rapid action notice closed. If you have any questions or need additional information, please contact Teresa Danne, Audit Liaison Representative, at (256) 544-2268.


for Sidney P. Saucier
Associate Director

4 Enclosures

cc:

DE01/Mr. Roth

RS01/Mr. Bates

HQ/B/Mr. Varholý

HQ/J/Mr. Sutton

HQ/JM/Mr. Werner

HQ/JR/Mr. Harding

HQ/M/Mr. Rothenberg

NASA Exchange-MSFC Responsibilities of the Treasurer

1. Supervise the handling of Exchange funds, bank accounts, and Government securities in accordance with the approved budgets and procedures.
2. Monitor/report on the Exchanges cash flow status. Other financial task, considered "accounting duties" are to be handled by a separate person and include receiving/ depositing monies, account payables, maintaining ledgers, and writing checks. The same person does not deposit monies and sign checks.
3. Investments will be purchased and sold upon proper authorization by the treasurer.
4. Sign checks.
5. Ensure proper authorizations have been given for checks that are written. (Purchase orders, etc.)
6. Ensure that balances in checking account do not exceed the FDIC insured amount. (If special circumstances arise the Exchange Chairman and Operations Manager should be notified.
7. Bank reconciliation's are to be performed on a monthly basis. Once the accountant receives the bank statement he/she will deliver it unopened to the Treasurer. The Treasurer will have 30 days from the day he/she receives the bank statement to complete it via QuickBooks. Once the Treasurer is complete he/she should return the bank statement signed and dated to the accountant to file.
8. Perform monthly or semi-monthly surprise audits to verify accuracy with all petty cash monies.

Sheryl B. Huzelski, Exchange Treasurer, 7-10-01

APPENDIX C

Formula Used to Compute Randolph-Sheppard Act Contributions

RANDOLPH-SHEPPARD ACT GUIDELINES:
COMPUTATIONS OF EXPENSES APPLICABLE TO
SALES (SEE CHARTS 2 & 3)

1. USING CURRENT INCOME STATEMENT OBTAIN TOTAL RECEIPTS FOR EACH VENDOR (COKE, PEPSI, AND AVX) AND LIST BY LINE ITEM. SUM TO OBTAIN TOTAL VENDING SALES.
2. OBTAIN FROM CURRENT INCOME STATEMENT TOTAL GROSS RECEIPTS FOR QUANTITY PURCHASE SALES AND OTHER INCOME AND LIST BY LINE ITEM. SUM TO OBTAIN TOTAL OTHER INCOME.
3. ADD TOTAL VENDING AND TOTAL OTHER INCOME TOGETHER TO OBTAIN TOTAL GROSS RECEIPTS.
4. DETERMINE PERCENTAGE OF GROSS SALES FOR EACH VENDOR BY DIVIDING EACH LINE ITEM BY TOTAL GROSS RECEIPTS.
5. OBTAIN TOTAL OPERATING EXPENSES FROM CURRENT INCOME STATEMENT.
6. OBTAIN OPERATING EXPENSES APPLICABLE TO VENDING BY MULTIPLYING TOTAL OPERATING EXPENSES BY PERCENTAGE OF TOTAL VENDING SALES.
7. OBTAIN OPERATING EXPENSES APPLICABLE TO OTHER INCOME BY MULTIPLYING TOTAL OPERATING EXPENSES BY PERCENTAGE OF TOTAL OTHER INCOME.
8. DIVIDE OPERATING EXPENSES APPLICABLE TO VENDING BY TOTAL GROSS VENDING TO OBTAIN PERCENTAGE THAT CAN BE DEDUCTED FROM VENDING GROSS PROFIT.

**COMPUTATION OF EXPENSES APPLICABLE TO SALES
CHART 2**

<u>GROSS RECEIPTS</u>	<u>PERCENTAGE</u>	<u>AMOUNT</u>
COKR	38.46%	10,000.00
PEPSI	19.23%	5,000.00
OTHER VENDING	19.23%	5,000.00
TOTAL VENDING	76.92%	20,000.00
QUANTITY PURCHASE SALES	19.23%	5,000.00
ADD OTHER INCOME	3.85%	1,000.00
TOTAL OTHER	23.08%	6,000.00
TOTAL RECEIPTS	100.00%	26,000.00

COMPUTE PERCENTAGE BY DIVIDING
AMOUNT OF EACH LINE BY TOTAL RECEIPTS

TOTAL OPERATING EXPENSES MULTIPLIED BY:
PERCENTAGE FOR TOTAL VENDING
PERCENTAGE FOR TOTAL OTHER

APPLICABLE TO VENDING:	3,846.00
APPLICABLE TO OTHER:	1,154.00
TOTAL OPERATING EXPENSES	5,000.00

COMPUTATION OF PERCENTAGE OF EXPENSES APPLICABLE TO VENDING SALES:

EXPENSES APPLICABLE TO VENDING	3,846.00
DIVIDED BY TOTAL VENDING	20,000.00
PERCENTAGE OF EXPENSES APPLICABLE TO VENDING	= 0.1923

ANNUAL REPORT FY97
SEPTEMBER 30, 1997

4th Quarter FY97
Chart 3

197 RANDOLPH-SHERFORD
PISTOL RANGE 4201 4202 TOTAL

VENDING SALES:

COCA-COLA @ .50	0.00	100.00	9,900.00	10,000.00
PEPSI-COLA @ .50	0.00	100.00	4,500.00	5,000.00
TOTAL	0.00	200.00	14,400.00	15,000.00
AVX-FOOD	0.00	100.00	4,500.00	5,000.00
AVX-COFFEE	0.00	0.00	0.00	0.00
TOTAL	0.00	100.00	4,500.00	5,000.00
TOTAL SALES	0.00	300.00	19,900.00	20,000.00

GROSS PROFIT:

COCA-COLA @ .50 (39.0000%)	0.00	39.00	3,861.00	3,900.00
PEPSI-COLA @ .50 (41.0033%)	0.00	41.00	2,013.00	2,054.17
AVX-FOOD @ 17.3333%	0.00	17.33	849.33	866.67
AVX-COFFEE @ 10%	0.00	0.00	0.00	0.00
TOTAL VENDING GROSS PROFIT	0.00	97.42	6,723.41	6,820.84

VENDING GROSS PROFIT

LESS EXPENSES OF SALES	0.00	97.42	6,723.41	6,820.83
NET PROCEEDS	0.00	39.73	2,935.10	2,974.83

1/2 NET PROCEEDS WHEN BLU
IN EXCESS OF \$1,000.00 =

NET AFTER EXPENSES ARE DEDUCTED	0.00	0.00	0.00	0.00
NET AFTER EXPENSES ARE DEDUCTED	0.00	0.00	0.00	0.00
NET AFTER EXPENSES ARE DEDUCTED	0.00	0.00	0.00	0.00

NET AFTER EXPENSES ARE DEDUCTED
LAST COLUMN TOTALS FOR 1ST THRU
3RD COLUMNS

SUMMARIZE RECEIPTS BY
BUILDING (COKE, PEPSI,
AND AVX)

DETERMINE GROSS PROFIT - BY BLDG.
SUBTRACT COST OF CASE (24 CANS)
FROM SELLING PRICE PER CASE.
UNDE RESULT BY SELLING PRICE
TO ARRIVE AT GROSS PROFIT
PERCENTAGE FOR EACH VENDOR.

BASED ON PROFIT PERCENTAGE
FROM CONTRACTS

MULTIPLY TOTAL SALES (BY BLDG)
BY THE PERCENTAGE OF EXPENSES
APPLICABLE TO VENDING SALES
(FROM CHART 2)

NET AFTER EXPENSES ARE DEDUCTED
LAST COLUMN TOTALS FOR 1ST THRU
3RD COLUMNS

NET AFTER EXPENSES ARE DEDUCTED
LAST COLUMN TOTALS FOR 1ST THRU
3RD COLUMNS

**COMPUTATIONS OF EXPENSES
APPLICABLE TO SALES
FY00 ANNUAL REPORT**

	PERCENTAGE OF GROSS SALES	YEAR TO DATE GROSS SALES
COKE MACHINES	22.78%	\$ 227,984.70
PEPSI MACHINES	20.81%	206,229.80
VENDING MACHINES	12.38%	123,677.70
TOTAL VENDING	55.98%	\$ 558,892.00
MERCHANDISE PURCHASE SALES	22.64%	\$ 228,638.00
ADD MISCELLANEOUS INCOME	21.80%	218,090.00
TOTAL OTHER INCOM	44.34%	\$ 446,728.00
TOTAL GROSS SALES	100.00%	\$ 1,000,620.00
TOTAL OPERATING EXPENSES		\$ 348,038.00
OPERATING EXPENSES APPLICABLE TO VENDING		184,278.11
OPERATING EXPENSES APPLICABLE TO OTHER INCOME		164,763.89
APPLICABLE VENDING EXPENSES	184,278.11	
GROSS VENDING RECEIPTS	558,892.00	0.3489

Appendix D

NASA Management Response

National Aeronautics and
Space Administration

George C. Marshall Space Flight Center
Marshall Space Flight Center, AL 35812



Reply to Attn of: DE01

OCT 26 2001

TO: NASA Headquarters
Attn: W/David M. Cushing

FROM: DE01/Axel Roth

SUBJECT: OIG Draft Report on Marshall Space Flight Center Exchange Activities,
Assignment G-01-013

We have reviewed the subject report and our detailed comments are enclosed. If you have any questions or need additional information regarding our comments, please contact RS40/Teresa Danne at (256) 544-2268.

A handwritten signature in black ink that reads "Axel Roth".

Axel Roth
Associate Director

Enclosure

Mission Success Starts with Safety

**MSFC RESPONSE TO THE OIG DRAFT REPORT ON MARSHALL SPACE
FLIGHT CENTER EXCHANGE ACTIVITIES
ASSIGNMENT NO. G-01-013**

RECOMMENDATION 1: The Exchange Business Manager should ensure that the safe is locked when the Exchange accountant is away from the office.

MSFC RESPONSE TO THE RECOMMENDATION: Concur. The Exchange is currently developing a Marshall Policy Guidance (MPG) that will address numerous concerns, including those identified by the OIG. This new guidance will require that the safe be locked anytime the Exchange accountant leaves the office. Furthermore, the Exchange Business Manager will conduct random checks to ensure the safe is locked. This policy is being followed pending issuance of the MPG.

Corrective Action Official: CD40/Steven Durham
Corrective Action Closure Official: DE01/Axel Roth
Projected Corrective Action Closure Date: March 31, 2002

RECOMMENDATION 2: The Council should ensure that the combination to the safe in the Exchange Business Office is changed whenever there is a change in personnel having access to the safe.

MSFC RESPONSE TO THE RECOMMENDATION: Concur. The MPG discussed above will also require that the combination to the safe be changed whenever a staff member who knows the combination leaves the employment of the Exchange.

Corrective Action Official: CD40/Steven Durham
Corrective Action Closure Official: DE01/Axel Roth
Projected Corrective Action Closure Date: March 31, 2002

RECOMMENDATION 3: The Council should ensure that the United States is named as an additional insured on all current and future liability insurance coverage obtained by the Exchange.

MSFC RESPONSE TO THE RECOMMENDATION: Concur. The Exchange Business Manager has requested that a clause naming the United States as an additional insured is added to the new Exchange liability insurance. The insurance company has agreed to the change and will issue a new policy.

Corrective Action Official: CD40/Steven Durham
Corrective Action Closure Official: DE01/Axel Roth
Projected Corrective Action Closure Date: March 31, 2002

RECOMMENDATION 4: The Exchange Council should ensure desk procedures are updated to accurately reflect current processes used in day-to-day Exchange operations.

Enclosure

MSFC RESPONSE TO THE RECOMMENDATION: Concur. The Exchange Operations Manager and Business Manager are currently writing new desk procedures for the Exchange and these will be incorporated in the new MPG.

Corrective Action Official: CD40/Steven Durham
Corrective Action Closure Official: DE01/Axel Roth
Projected Corrective Action Closure Date: March 31, 2002

RECOMMENDATION 5: The Council Chairman should ensure that all services provided to concessionaires are addressed in concessionaire agreements with the Exchange.

MSFC RESPONSE TO THE RECOMMENDATION: Concur. The concessionaires' agreements will be amended to the extent necessary to accurately reflect the services provided by the Exchange, MSFC, and NASA.

Corrective Action Official: CD40/Steven Durham
Corrective Action Closure Official: DE01/Axel Roth
Projected Corrective Action Closure Date: March 31, 2002

RECOMMENDATION 6: The Council Chairman should consult with the Marshall Office of Chief Counsel to determine whether providing trash removal, property maintenance and cleaning, and office furniture to Exchange concessionaires is appropriate.

MSFC RESPONSE TO THE RECOMMENDATION: Concur. The MSFC Exchange Council Chairman has requested an opinion from the Office of Chief Counsel regarding this issue.

Corrective Action Official: CD40/Steven Durham
Corrective Action Closure Official: DE01/Axel Roth
Projected Corrective Action Closure Date: March 31, 2002

RECOMMENDATION 7: The Center Director should ensure that the Center, including the Exchange, observes Department of Education regulations in implementing the Randolph-Sheppard Act (RSA).

MSFC RESPONSE TO THE RECOMMENDATION: Concur. The Office of Chief Counsel, in consultation with the Office of the Chief Financial Officer and the Center Operations Directorate, will review and analyze the relevant regulations and will ensure that MSFC and the Exchange are in compliance with all Department of Education regulations regarding implementation of the RSA.

Corrective Action Official: CD40/Steven Durham
Corrective Action Closure Official: DE01/Axel Roth
Projected Corrective Action Closure Date: March 31, 2002

RECOMMENDATION 8: The Center Director should notify the State Licensing Agency and negotiate an appropriate agreement concerning its obligations under RSA and accurately report its vending income to NASA Headquarters accordingly.

MSFC RESPONSE TO THE RECOMMENDATION: Concur. MSFC will ensure that an appropriate agreement with the State Licensing Agency, which outlines the methodology for determining our obligations under the RSA, is in place. MSFC will also ensure that vending income is accurately reported to NASA Headquarters.

Corrective Action Official: CD40/Steven Durham
Corrective Action Closure Official: DE01/Axel Roth
Projected Corrective Action Closure Date: March 31, 2002

Appendix E
Report Distribution

Distribution

National Aeronautics and Space Administration (NASA) Officials:

A/Administrator
AA/Chief of Staff and White House Liaison
AB/Associate Deputy Administrator for Institutions
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G/General Counsel
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J/Associate Administrator for Management Systems
JM/Director, Management Assessment Division
L/Associate Administrator for Legislative Affairs
M/Associate Administrator for Space Flight
P/Acting Associate Administrator for Public Affairs
NASA Exchange Chairpersons
Program Manager, Financial Statement Audit Oversight, Training, and Policy/Marshall
Space Flight Center

NASA Advisory Official:

Chairman, NASA Advisory Committee

Non-NASA Federal Organizations and Individuals:

Assistant to the President for Science and Technology Policy
Deputy Associate Director, Energy and Science Division, Office of Management
and Budget
Budget Examiner, Energy Science Division, Office of Management and Budget
Associate Director, National Security and International Affairs Division,
General Accounting Office
Professional Assistant, Senate Subcommittee on Science, Technology, and Space

Chairman and Ranking Minority Member of each of the following Congressional Committees and Subcommittees:

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Senate Subcommittee on VA-HUD-Independent Agencies
Senate Committee on Commerce, Science and Transportation
Senate Subcommittee on Science, Technology and Space
Senate Committee on Governmental Affairs
House Committee on Appropriations

House Subcommittee on VA-HUD-Independent Agencies
House Committee on Government Reform
House Subcommittee on National Security, International Affairs, and Criminal Justice
House Committee on Science
House Subcommittee on Space and Aeronautics

Congressional Member:

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Report: Marshall Space Flight Center Exchange Activities, G-01-013

Please circle the appropriate rating for the following statements.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	N/A
1. The report was clear and readable	5	4	3	2	1	N/A
2. The report was logically organized	5	4	3	2	1	N/A
3. The report was concise and to the point	5	4	3	2	1	N/A
4. The facts were presented fairly and accurately	5	4	3	2	1	N/A
5. The report contained sufficient information to support the finding(s) in a balanced and objective manner	5	4	3	2	1	N/A
6. The recommendation(s) made sense and were relevant	5	4	3	2	1	N/A
7. The recommendation(s) were timely	5	4	3	2	1	N/A

Overall, how would you rate the report?

- Excellent Fair
 Very Good Poor
 Good

How could we improve the report? _____

Are there steps we should have taken, but didn't? _____

Is there anything else we should have done differently? _____

How did you use the report? _____

Can you suggest any additional (related or unrelated) issues that the NASA Office of Inspector General should review? (You can also call our anonymous 24-hour Hotline at 1-800-424-9183) _____

Additional comments _____

Your occupation

- | | |
|---|--|
| <input type="checkbox"/> Congressional Staff | <input type="checkbox"/> Media |
| <input type="checkbox"/> NASA Employee | <input type="checkbox"/> Public Interest |
| <input type="checkbox"/> Private Citizen | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Government: Federal: _____ State: _____ Local: _____ | |

May we contact you about your comments?

Yes: _____ **No:** _____
Name: _____
Telephone: _____

Thank you for completing this survey.