

National Aeronautics and
Space Administration

Office of Inspector General
Washington, DC 20546-0001



March 4, 2008

Mr. Bruce Barnett
Chief Financial Officer
Planetary Science Institute
1700 East Fort Lowell Road, Suite 106
Tucson, Arizona 85719-2395

SUBJECT: Final Memorandum on Initial Review of Keegan, Linscott and Kenon, P.C. Audit Report on the Planetary Science Institute for Fiscal Year Ended January 31, 2006 (Report No. ML-08-004; Assignment No. D-08-001-00)

Dear Mr. Barnett:

As the Federal oversight agency for the single audits of the Planetary Science Institute, we performed an initial review of your reporting package for the fiscal year ended January 31, 2006. The single audit is required by the Office of Management and Budget (OMB) Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations." The audit firm of Keegan, Linscott and Kenon, P.C. performed the audit. We used the "Uniform Guide for Initial Review of A-133 Audit Reports," published by the President's Council on Integrity and Efficiency, to determine whether the reporting package contained the required reports, schedules, and statements. We did not review the related audit workpapers that support the audit.

Based on our review of the reporting package for the fiscal year ended January 31, 2006, we determined that the audit report generally met OMB Circular A-133 reporting requirements. Although Keegan, Linscott and Kenon, P.C. issued an unqualified opinion, we identified errors in how grants from the NASA Ames Research Center and the National Science Foundation (NSF) were reported on the Data Collection Form (DCF) submitted to the Federal Audit Clearinghouse. The grants received from Ames and the NSF were reported as indirect grants on the DCF but should have been reported as direct grants. We also found that the Ames grants were not identified by the correct Federal Agency Prefix on both the DCF and the Schedule of Expenditures of Federal Awards (SEFA). Circular A-133, Section .320(b) requires the information included in the form to be "accurate and complete."

Recommendations

In our January 25, 2008, draft of this memorandum, we recommended that the Planetary Science Institute submit to the Federal Audit Clearinghouse

1. a corrected DCF, which correctly identifies the grants received from Ames Research Center and the NSF as direct grants and includes the correct two-digit NASA prefix number for the Ames grants.
2. a corrected SEFA, to include the two-digit NASA prefix number for consistency with the corrected DCF.

We did not receive comments from the Institute. However, Keegan, Linscott and Kenon, P.C. provided this office with copies of the corrected DCF and SEFA on February 25, 2008. The corrective actions taken are responsive to the recommendations. No further action is required, and we have closed the recommendations.

We appreciate the courtesies extended during our review. If you have any questions or need additional information, please contact Mr. Mark Jenson, Financial Statement Audits Director, at 202-358-0629.

Sincerely,

signed

Evelyn R. Klemstine
Assistant Inspector General for Auditing

cc:

Assistant Administrator for Procurement
Director, Keegan, Linscott and Kenon, P.C.
Office of Inspector General, National Science Foundation