

AUDIT REPORT

BILLINGS FOR DESKTOP COMPUTING AND TELECOMMUNICATIONS OUTSOURCING AT THE MARSHALL SPACE FLIGHT CENTER

March 21, 2001

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and
Space Administration

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Acronyms

CIO	Chief Information Officer
IT	Information Technology
ODIN	Outsourcing Desktop Initiative for NASA
TMR	Technical Management Representative

W

March 21, 2001

TO: A/Administrator

FROM: W/Inspector General

SUBJECT: INFORMATION: Billings for Desktop Computing and Telecommunications Outsourcing at Marshall Space Flight Center
Report Number IG-01-015

The NASA Office of Inspector General has completed an audit of Billings for Desktop Computing and Telecommunications Outsourcing at Marshall Space Flight Center (Marshall). We found that Marshall paid for duplicative services for desktop and telecommunications services¹ that the Outsourcing Desktop Initiative for NASA (ODIN) contractor and two other contractors provided to Marshall. Duplication of services occurred because Marshall had not established good management controls during the ODIN transition process. Specifically, Marshall had not complied with the master ODIN contract and Agency requirements to establish memorandums of agreement² or procedures for developing desktop seat³ configuration requirements and validating billings.

Recommendations

We recommended that Marshall require the ODIN contractor to establish memorandums of agreement with applicable information technology (IT) service contractors. We also recommended that Marshall reconcile ODIN contractor invoices to the ODIN scope of work, and implement written procedures for validating billings for desktop computing and telecommunications services. The establishment of memorandums of agreement will help improve the efficiency of desktop and telecommunications services at Marshall.

¹ Desktop and telecommunications services include hardware, software, wide-area telecommunications services, and network access.

² The ODIN contract requires that the memorandums of agreement describe the contractors' scope of work, effective date, and technical support responsibilities. The Agency further requires that the agreements be established with applicable ODIN contractors, other information technology service contractors, and applicable Government project offices.

³ Desktop seats include the following components: hardware and software acquisition, installation, and maintenance; network access, relocation, system administration and refreshment; and customer support and training. Seat refreshment involves replacing both standard software and hardware once during the delivery order period.

Also, implementation of improved billing procedures will help Marshall avoid duplicative payments to contractors.

Management's Response and OIG Evaluation

Management concurred with the findings and recommendations. NASA agreed to review the memorandums of agreement to determine whether they are properly developed and executed and will establish additional memorandums of agreement, as needed, to ensure efficient management of the ODIN contract. In addition, management is developing guidance to improve its processes for validating billings.

The Agency's comments were responsive to both recommendations. Details on the status of the recommendations are in the finding section of the report.

[original signed by]

Roberta L. Gross

Enclosure

Final Report on Billings for Desktop Computing and
Telecommunications Outsourcing at Marshall Space Flight Center

**BILLINGS FOR DESKTOP COMPUTING AND
TELECOMMUNICATIONS OUTSOURCING AT MARSHALL
SPACE FLIGHT CENTER**

*ADMINISTRATIVELY CONTROLLED INFORMATION – PROPRIETARY
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W

March 21, 2001

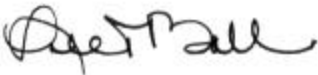
TO: M/Associate Administrator for Space Flight
DA01/Director, Marshall Space Flight Center

FROM: Assistant Inspector General for Auditing

SUBJECT: Final Report on Billings for Desktop Computing and Telecommunications
Outsourcing at the Marshall Space Flight Center
Assignment Number A0000801
Report Number IG-01-015

The subject final report is provided for your information and use. Our evaluation of your response is incorporated into the body of the report. We combined draft recommendations 2 and 3 into recommendation 2 as a result of additional information that management provided in response to the draft report. In addition to revising the recommendations, we modified appropriate sections of the report as necessary to be consistent with the recommendations. We also modified the estimated monetary benefits related to the recommendations. Management's comments address the revised report. Please notify us when agreed-to action has been completed on these recommendations, including the extent of testing performed to ensure corrective actions are effective.

If you have questions concerning the report, please contact Mr. David L. Gandrud, Program Director, Information Technology Audits, at (650) 604-2672, or Mr. Roger W. Flann, Program Manager, at (818) 354-9755. We appreciate the courtesies extended to the audit staff. The report distribution is in Appendix F.



(for) Russell A. Rau

Enclosure

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cc:

AO/Chief Information Officer

B/Acting Chief Financial Officer

B/Comptroller

BF/Director, Financial Management Division

JM/Director, Management Assessment Division

Code 200.3/GSFC/Mark Hagerty, ODIN Program Manager

NASA Office of Inspector General

IG-01-015
A0000801

March 21, 2001

Billings for Desktop Computing and Telecommunications Outsourcing at the Marshall Space Flight Center

Introduction

NASA chartered ODIN in December 1996 to develop an outsourcing arrangement that provides support for the majority of NASA's desktop and intra-Center communication systems. In 1998, NASA awarded a master ODIN contract⁴ to seven companies. The master contract has a total estimated value of at least \$4 billion over 9 years.⁵ As of September 2000, NASA Headquarters and five installations⁶ including Marshall, had awarded their initial 3-year delivery order contracts.

ODIN contractors will deliver comprehensive desktop computers, servers, and intra-Center communication services to NASA and its contractors. ODIN contractors will provide the services on a per-seat basis. Seats include the following components:

- hardware and software acquisition, installation, and maintenance;
- network access, relocation, system administration and refreshment;⁷ and
- customer support and training.

The overall audit objective was to determine whether NASA installations were effectively and efficiently meeting employees' desktop seat configuration requirements (see Appendix A for other audit-related information).⁸ During the audit, we identified a condition at Marshall that relates to ODIN billings for Government-owned desktop and telecommunications services. The specific objective for this portion of the audit was to determine whether the ODIN contractor accurately billed Marshall for Government-owned desktop and telecommunications services. Summaries on prior audit report coverage relative to desktop outsourcing are in Appendix B.

⁴ The ODIN master contract number is NAS5-98144.

⁵ The contract's period of performance is June 22, 1998, through June 21, 2007. The period of performance for each delivery order shall not exceed 3 years; delivery orders may be renewed on a sole-source basis.

⁶ The five installations are Goddard Space Flight Center, Johnson, Kennedy, Marshall, and Stennis.

⁷ The ODIN contractor will replace both standard software and hardware of desktops once during the delivery order period.

⁸ We addressed the announced audit objectives in Report Number IG-00-060, "Configuration Controls in Desktop Outsourcing," dated September 29, 2000.

Results in Brief

The ODIN contractor billed Marshall for desktop and telecommunications services⁹ that two other contractors also provided to Marshall. As a result, Marshall paid about \$44,000 for duplicative services during the period May 1999 through December 2000. Marshall may also incur an estimated \$4,000 after December 2000 through the end of the 3-year delivery order period if duplicative services continue. Payments could, therefore, total about \$48,000¹⁰ if duplicated services are not terminated (see Appendix C for payment calculations).

Background

Prior to the ODIN contract, Marshall had received desktop and telecommunications services from contractors including Intergraph Engineering Services and Silicon Graphics.¹¹ From fiscal year 1997 through August 2000, the two contractors provided services totaling about \$14 million for Marshall's IT systems. Intergraph Engineering Services provided maintenance of hardware and software, sustaining engineering services, system administration, and operations support for Marshall's integrated engineering systems. Silicon Graphics provided maintenance of hardware and system software for some of Marshall's IT equipment.

In July 1997, Marshall initiated a preliminary inventory of desktop computer hardware to support development of the ODIN Request for Proposal and performed additional inventories leading up to the ODIN contract award in October 1998 and contract implementation beginning in May 1999. Marshall intended, in part, that the ODIN contractor would use inventories to identify the assets that Marshall would assign to the ODIN contractor.

Contractor Billings

Duplication of services occurred because Marshall had not established good management controls during the ODIN transition process. Specifically, Marshall had not established formal memorandums of agreement with the IT service contractors and had not developed written procedures to define seat requirements and to validate and reconcile contractor invoices.

Key Management Controls

⁹ Desktop and telecommunications services include hardware, software, wide-area telecommunications services, and network access.

¹⁰ We limited estimated savings in this report to duplicative billings. We did not include additional savings that may be possible if Marshall reassesses its desktop computing and telecommunications requirements. Marshall may also realize additional savings as a result of its ongoing validation of its baseline inventory.

¹¹ Intergraph Engineering Services and Silicon Graphics are subcontractors of Computer Sciences Corporation. These two subcontractors will be referred to hereafter as contractors for reporting purposes.

Key management controls included master contract and Agency requirements. Each of the requirements is discussed below.

Master Contract Requirements. NASA's master ODIN contract (Section C.9) requires that ODIN contractors establish appropriate transition agreements (hereafter referred to as memorandums of agreement) with other Center contractors. The memorandums of agreement should describe the contractors' scope of work (such as the number and type of seats to be transferred), effective date, and technical support responsibilities.

Agency Requirements. NASA further defined the requirement for memorandums of agreement in a Program Commitment Agreement, signed April 29, 1999, by the NASA Administrator and the Chief Information Officer (CIO).¹² The Program Commitment Agreement requires the ODIN contractors to meet ODIN transition requirements by establishing memorandums of agreement with each other, other IT service contractors, and applicable Government project offices.

As part of the delivery order contract, the Contracting Officer's Technical Representative Delegation, NASA Form 1634, dated June 9, 1999, appointed the representative (hereafter referred to as the technical management representative (TMR)) to monitor the ODIN contract at Marshall. The NASA contracting officer delegated this responsibility pursuant to Federal Acquisition Regulation, Part 42, "Contract Administration and Audit Services," dated October 1, 1999, and NASA FAR Supplement Subpart 1842.270, "Contract Administration and Audit Services," dated August 31, 1997. The TMR serves as technical liaison between the ODIN contractor and the contracting officer and is responsible for monitoring the contractor's performance and delivery of the final product and/or service under the contract, reviewing contractor invoices, and recommending payment as appropriate.

NASA Procedures and Guidelines 4200.1E, "Equipment Management Manual," dated July 2, 1999, requires that when a new property manager is assigned, the old and new property managers will conduct a 100-percent inventory of the affected property. A new property custodian inventory is required when an individual who replaces a property custodian inherits property previously managed by the "old custodian." This occurs when the incumbent property custodian is relieved of his or her property accounts.

Transition to ODIN

When the ODIN contract was awarded, Marshall did not establish adequate management controls in implementing the contract. Marshall management had not complied with the master ODIN contract and Agency requirements to establish memorandums of agreement. In addition,

¹² This agreement sets forth the conditions for desktop outsourcing.

Marshall management had not established written procedures to develop seat requirements and validate billings.

Silicon Graphics. Marshall did not establish a formal memorandum of agreement with Silicon Graphics, one of the contractors that continued to provide IT maintenance services for Marshall. Before Kennedy awarded the ODIN delivery order contract, Marshall had compiled an inventory list of Marshall's IT assets that did not appropriately distinguish between desktop seats that would be covered by ODIN and those not covered by ODIN. Several months after Kennedy awarded the ODIN delivery order, the Marshall property accountability manager was still trying to determine which equipment items belonged under the ODIN contract.

The inventory list that Marshall transferred to the ODIN contractor included 35 desktop seats for which Silicon Graphics continued to provide hardware and software maintenance services. Because there was no formal memorandum of agreement specifying the scope of work and related responsibilities, the ODIN contractor relied on the inventory list to determine the universe of desktop seats it should maintain and bill to Marshall. Additionally, the ODIN contractor performed only a sample testing of the Marshall-prepared inventory because the ODIN contractor considered the required 100-percent inventory to be cost prohibitive and labor intensive. Subsequently, the ODIN contractor billed Marshall for maintenance services that Silicon Graphics also provided to Marshall. The duplicative billings totaled \$7,322 for the period May 1999 through December 2000. Because Marshall authorized both contractors to provide services, Marshall may not be entitled to recover the duplicated payments from either contractor. However, Marshall could reduce future costs by \$4,027 if it eliminates the duplicative hardware and software maintenance services for the 35 seats for the remaining 10 months of the contract.

Intergraph Engineering Services. Marshall had not established procedures to ensure that users transferred their technical support from Intergraph Engineering Services to ODIN. Although the ODIN contract became effective May 1, 1999, Intergraph Engineering Services and the ODIN contractor did not establish a memorandum of agreement until October 1, 1999. The memorandum stated that Intergraph Engineering Services would no longer provide hardware maintenance for desktop seats that ODIN maintained. Before the memorandum became effective, users of 83 seats had asked the ODIN contractor for desktop support because they believed that they were entitled to the same seat services that ODIN provided to most Center employees. As a result, Marshall paid two contractors (ODIN and Intergraph Engineering Services) for the same service for these 83 seats during the 5-month period between the effective date of the ODIN contract and the effective date of the memorandum of agreement.

On October 1, 1999, Marshall modified the statement of work for Intergraph Engineering Services to eliminate the hardware maintenance that ODIN also provided on its contract. Prior to the modification, Marshall had transferred 83 seats from Intergraph Engineering Services to ODIN, but did not remove them from the Intergraph Engineering Services contract. During the

5-month period, May through September 1999, Marshall paid Intergraph Engineering Services an estimated \$36,281 for hardware maintenance services on the 83 seats and paid ODIN for the same services. As with Silicon Graphics, Marshall may not be entitled to recover the duplicated payments from Intergraph Engineering Services because Marshall authorized both contractors to provide maintenance services.

Contractor Billings. The TMR is responsible for reviewing contractor invoices and recommending payment as appropriate. During the transition to ODIN, Marshall had not established written procedures for validating contractor invoices. Consequently, the TMR approved the ODIN contractor invoice before reconciling invoice discrepancies. Marshall could prevent future duplicate billings by establishing written procedures and requiring the TMR and organizational chief information officers to use them in validating contractor billings and Center seat requirements.

Recommendations, Management's Response, and Evaluation of Response

The Marshall Center Director should:

- 1. Require the ODIN contractor to establish memorandums of agreement with applicable IT service contractors, addressing contractor roles and responsibilities, scope of work, and the effective date of ODIN support, as applicable.**

Management's Response. Concur. Management stated it had developed memorandums of agreement with applicable IT service contractors but had not signed all of them nor provided all of them to the auditors during audit field work. Marshall will review the memorandums of agreement to determine whether they are properly executed, relevant, and properly maintained; establish additional memorandums of agreement as needed; and continue to ensure that applicable contractors follow the memorandums of agreement. Marshall stated that it expects to complete corrective actions by June 30, 2001. The complete text of management's response is in Appendix D. Marshall also provided general and specific comments on the report, which we addressed in Appendix E.

Evaluation of Response. The actions taken by Marshall are responsive to the recommendation. The recommendation is resolved but will remain undispositioned and open until agreed-to corrective actions are completed.

- 2. Reconcile ODIN contractor invoices to the ODIN scope of work and implement written procedures for validating billings for desktop computing and telecommunications services.**

Management's Response. Concur. Management stated that its validation procedures are generally effective but can be improved. Marshall is developing written procedures for evaluating, identifying, and tracking seat assignments, and is improving process automation. Management expects corrective actions to be completed by September 30, 2001 (see Appendix D).

Evaluation of Response. The actions taken by management are responsive to the recommendation. The recommendation is resolved but will remain undispositioned and open until agreed-to corrective actions are completed.

Appendix A. Objectives, Scope, and Methodology

Objectives

The overall objective of the audit, which we addressed in a separate report,¹³ was to determine whether NASA installations were efficiently and effectively meeting their employees' desktop seat configuration requirements. This report discusses a condition that we identified at Marshall relating to ODIN billings for Government-owned desktop and telecommunications services. The objective for this portion of the audit was to determine whether the ODIN contractor accurately billed Marshall for Government-owned desktop and telecommunications services.

Scope and Methodology

In performing the audit at Marshall, we did the following:

- To determine the policies and procedures concerning the transition to ODIN, we interviewed the NASA Headquarters Director of Logistics Management Office, Marshall CIO, organizational chief information officers, Program Manager for ODIN, contractor personnel, delivery order contracting officer, technical monitor representatives, and end users.
- To become familiar with applicable policies related to property management and accountability and contract administration, we reviewed NASA Procedures and Guidelines (NPG) 4200.1E, "Equipment Management Manual," dated July 2, 1999; NASA Federal Acquisition Regulation Part 42, "Contract Administration and Audit Services," dated October 1, 1999; NASA Federal Acquisition Regulation Supplement Subpart 1842.270, same title, dated August 31, 1997; Marshall Procedures and Guidelines (MPG) 4000.2, "Property Management," dated September 7, 2000; and Marshall Management Instruction (MMI) 4000.1C, "Change of Property Manager Inventory," dated December 2, 1991.
- To determine the scope of audit coverage, we reviewed the Center's property database of seats transferred to the ODIN contractor. At the time we performed the actual field work (March through September 2000), the cut-off date of the most current data available was February 2000.
- To determine the reliability of computer-processed data in the contractor's database, we physically verified the existence of selected items.

¹³ See footnote number 11.

Appendix A

- To determine whether controls were adequate, we evaluated the ODIN contractor's controls relating to NASA-owned computer and communication assets.
- We interviewed and obtained available data from the Marshall CIO, the TMR, and the Deputy Director of the Information Services Department. In addition, we interviewed ODIN, Silicon Graphics, and Intergraph Engineering Services management to identify their practices for providing maintenance services to Marshall. We also advised the Marshall CIO, and ODIN, Silicon Graphics, and Intergraph Engineering Services management on the results of the audit.
- We calculated the cost impact of duplicative billings.

Management Controls Reviewed

We reviewed property management and accountability controls as described in NPG 4200.1E, "Equipment Management Manual," dated July 2, 1999; MPG 4000.2, "Property Management," dated September 7, 2000; and MMI 4000.1C, "Change of Property Manager Inventory," dated December 2, 1991. We also reviewed contract administration controls as described in the NASA Federal Acquisition Regulation Part 42, "Contract Administration and Audit Services," dated October 1, 1999, and the NASA Federal Acquisition Regulation Supplement Subpart 1842.270 (same title), dated August 31, 1997. Specifically, we reviewed contract requirements in the ODIN contract and Program Commitment Agreement.

Management controls for property inventory and invoice validation were not adequate as discussed in the finding.

Audit Field Work

We performed the audit field work from March through September 2000 at Marshall in accordance with generally accepted government auditing standards.

Appendix B. Prior Audit Coverage

Prior Audit Coverage

The NASA Office of Inspector General has issued three reports relating to the Outsourcing Desktop Initiative for NASA. (Copies of the reports are available at www.hq.nasa.gov/office/org/hq/issuedaudits.html.)

“Configuration Controls in Desktop Outsourcing,” Report Number IG-00-060, September 29, 2000

NASA chartered ODIN to provide support for the majority of NASA's desktop and intra-Center communication services. In 1998, NASA awarded a master ODIN contract to seven companies. Also in 1998, the Jet Propulsion Laboratory (JPL) awarded a 5-year \$110 million outsourcing contract to a non-ODIN contractor. We found that the desktop seat prices at JPL significantly exceeded those paid by other NASA installations using the ODIN contract. Because the JPL outsourcing contract was based on adequate price competition, we did not question the basis of JPL's desktop seat prices. However, if JPL uses the ODIN contract to acquire desktop services after its current contract expires, NASA could avoid costs of as much as \$33 million over a 3-year period. We also found that NASA had not assessed the effectiveness of two approaches¹⁴ the installations used in making desktop seat assignments or issued procedures for determining seat selections. Accordingly, NASA lacks assurance that it has assigned seats to employees in the most efficient and effective manner. We recommended that NASA ensure that JPL include the ODIN contractors among competitors when awarding the installation's future desktop outsourcing contract. We also recommended that the ODIN Program Manager assess the effectiveness of the two seat assignment approaches and issue procedures to all installations for use in selecting an appropriate approach. Management concurred with the report recommendations and will take corrective actions.

“Delivery Order Placement Under Outsourcing Desktop Initiative Contracts,” Report Number IG-99-003, November 10, 1998

NASA can improve its readiness to place ODIN delivery orders by implementing an effective program management process. Key documents such as the Program Commitment Agreement and program plan and an overall risk management process have not been approved and put into effect as required by NASA policy. Improved program

¹⁴ The two approaches were the installation-wide approach and the installation-component approach. The installation-wide approach means that each of the three installations (Johnson Space Center, Kennedy Space Center, and Marshall Space Flight Center) had specified one or more desktop seats as the standard seat for all installation employees. The installation-component approach means that the installation delegated the seat assignment responsibility to lead officials (for example, directors, division chiefs, or supervisors) in various organizational components.

Appendix B

management will help NASA to identify and benefit from lessons learned from outsourcing and effectively manage ODIN delivery order placement. We recommended that the NASA CIO submit an ODIN Program Commitment Agreement to the NASA Administrator for review and approval. We also recommended that the ODIN Program Manager complete and execute a program plan for ODIN. Additionally, we recommended that the ODIN Program Manager establish a continuous risk management process that would identify risk and its effects, prioritize risks for mitigation or elimination, and maintain a risk management plan. Management concurred with the report recommendations and took responsive actions.

“Outsourcing of Desktop Computers,” Report Number IG-98-029, September 14, 1998

NASA had not ensured the adequacy or consistency of cost data to be used to place outsourcing delivery orders. After completing the Business Case analysis, which supported outsourcing, NASA updated the available cost data on outsourcing desktop computers, through successive iterations, to support each phase of the competitive procurement process. NASA used the updated data to assess the Agencywide benefits of outsourcing. However, NASA had not issued guidance on preparing reliable cost estimates in support of delivery order placement. Without consistently prepared and reliable estimates of the costs of the Government activities to be outsourced, the Centers may be unable to make well-informed decisions on the type and extent of outsourcing services they should acquire, particularly with regard to services other than general-purpose computing (for example, intra-Center communications). Also, Centers may be unable to reliably compare the costs of doing business with eligible vendors or to determine the total savings actually achieved through outsourcing. We recommended that the NASA CIO require Centers to develop Government cost estimates for use in determining the type and extent of outsourcing services to be acquired. We also recommended that the CIO issue detailed guidance for the Centers to use in developing their cost estimates. Management concurred with the report recommendations and took responsive actions.

Appendix C. Calculation of Potential Monetary Benefits

****"Proprietary Information Omitted"****

Appendix D. Management's Response

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



Reply to Attn of

DE01


MAR 08 2001

TO: NASA Headquarters
Attn: W/Russell A. Rau

FROM: DE01/Sidney P. Saucier

SUBJECT: OIG Draft Report on the Audit of Billings for Desktop Computing and
Telecommunications Outsourcing at the Marshall Space Flight Center,
Assignment No. A0000801

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


Sidney P. Saucier
Associate Director

Enclosure

cc:
AD01/S. Cloud

**MSFC RESPONSE TO THE OIG DRAFT REPORT ON
BILLINGS FOR DESKTOP COMPUTING AND TELECOMMUNICATIONS
OUTSOURCING AT THE MARSHALL SPACE FLIGHT CENTER,
ASSIGNMENT NUMBER A0000801**

General Comments

We appreciate the opportunity to comment on the subject draft report and to explain details that we believe require further clarification. During the course of audit fieldwork, the OIG determined that NASA was being billed for duplicate seats. As soon as we became aware of the problem, we took immediate steps to correct it. The duplications noted by the OIG have been eliminated.

We welcome the productive dialogue that has occurred since the issuance of the draft report, which has resulted in improved understanding of the OIG's findings. We believe, however, that a consistent policy needs to be established that allows for management to review, in writing, the OIG findings prior to the issuance of a draft report. This would provide an avenue for meaningful discussions resulting in a more timely resolution of differences.

Considering the scope and complexity of the ODIN activity combined with concurrent implementations of projects such as Year 2000 preparations, the CSOC, and the Centerwide reorganization and move that took place at MSFC, we are proud of the work done by our ODIN team. While ODIN has been a tremendous undertaking, we are confident that the transition and ongoing performance of the MSFC Delivery Order are being managed effectively.

Specific Comments

Memoranda of Agreements (MOA)

On page 3, the OIG states "Marshall had not required the ODIN contractor to develop transition agreements with two of the three IT service contractors (SGI and UMS) and to comply with the transition agreement with the other IT service contractor (IES)." The OIG was unaware that MOAs covering a wide range of topics related to the ODIN effort had been established and are being followed. Additional transition agreements between the ODIN contractor and these contractors are currently not applicable because other contracts and agreements exist to define the service requirements.

Specifically, the ODIN contractor subcontracted with Silicon Graphics Incorporated (SGI) to provide the hardware maintenance component of bundled services to ensure continuity of service to ODIN/SGI users. There was no transition of services from Utilization Mission Services (UMS) to ODIN or vice versa. Therefore, UMS continued to operate under a contract that was already in place. An agreement between ODIN and IES was established in October 1999 to provide hardware maintenance for IES maintained seats. The use of other types of contractual relationships negated the need for additional MOAs.

See Appendix E
OIG Comment 1

See Appendix E
OIG Comment 2

Validating Billings

The OIG states on page 3, “*Marshall had not validated contractor billings as required.*” Procedures are in place to validate billings monthly through the Technical Management Representative (TMR) and resource analysts in the Office of the Chief Financial Officer (CFO). Submitted invoices are reviewed to identify and track quantity changes as well as to spot and correct discrepancies. The Automated Procurement Request System (APRS) is used to document requirements and commit funds via real-time interface with the MSFC Accounting and Resource Tracking System (MARTS). MSFC also uses the Delivery Order Entitlement Database for further management of services to be monitored, tracked, and reconciled to the ODIN billings. We are continuing to develop processes and automated tools to support the ongoing management of ODIN.

See Appendix E
OIG Comment 3

The following comments are MSFC’s responses to the report’s recommendations.

OIG Recommendation 1: The Marshall Center Director should require the ODIN contractor to establish a memorandum of agreement with applicable IT service contractors, addressing contractor roles and responsibilities, scope of work, and the effective date of ODIN support, as applicable.

MSFC Response: Concur. We have aggressively pursued and developed MOAs with applicable IT service contractors covering a wide range of issues related to the ODIN contract. These agreements were in place to promote efficient working relationships between the IT service contractors. However, they were not provided to the OIG during audit fieldwork and many of them are unsigned. These agreements address roles, responsibilities, and scope of work.

We will review the MOAs that are in place to determine if they are still relevant, properly executed, include effective dates, and are properly maintained in the ODIN contract file. We will also establish additional MOAs, as needed, to ensure efficient management of the ODIN effort. The ISD organization will continue to work with all contractors involved to assure that MOAs are being followed.

Corrective Action Official: Stephen Beale
Corrective Action Closure Official: Sidney Saucier
Projected Corrective Action Closure Date: June 30, 2001

OIG Recommendation 2: The Marshall Center Director should reconcile ODIN contractor invoices to the ODIN scope of work and implement written procedures for validating billings for desktop computing and telecommunications services.

MSFC Response: Concur. Procedures for validating billings are in place for the ODIN contract, and we believe they have generally been effective. However, we agree that additional improvements can be made. Written procedures are being developed at MSFC to clarify roles, responsibilities and processes for validating billings. This guidance will

be used by the Organizational Chief Information Officers to standardize methods for evaluating, identifying, and tracking seat assignments.

Improving ODIN seat management is an iterative process. We are continually implementing process improvements to enhance the administration of the ODIN activity. Currently, we are comparing available seat count to headcount data by organization as one tool to validate ODIN baseline information. If any discrepancies are found, we will correct them immediately.

We are also pursuing improvements in the area of process automation. Development has been under way for some time in this area, and we expect to introduce enhancements in the near future that will allow NASA to track requirements and validate billings using a simpler and more efficient process.

Corrective Action Official: Sheila Cloud
Corrective Action Closure Official: Sidney Saucier
Projected Corrective Action Closure Date: September 30, 2001

Appendix E. OIG Comments on Management's Response

Marshall management provided the following general and specific comments in its response to our draft report. Our responses to the comments are also presented.

Management's Comment. Management stated that the OIG should establish a consistent policy that would allow management to review, in writing, the OIG finding prior to the issuance of a draft report. Such a policy would provide an avenue for meaningful discussions resulting in a more timely resolution of differences.

1. OIG Comment. The draft report is the tool that provides management an opportunity to respond, in writing, to our findings and recommendations. We considered management comments before issuing the final audit report and made changes when necessary. Management provided us with additional facts after we issued the draft report. In response to the additional information, we made appropriate changes to this final report. In addition to providing the draft report, we gave Marshall regular briefings on the results of the audit prior to issuing the draft report. As always, we welcome management's informal comments during the audit phase to ensure that the draft report will be factually accurate, objective, and useful.

Management's Comment. Management stated that there was no transition of services from Utilization Mission Services to ODIN or vice versa, and, therefore, the contractor continued to operate under the existing contract.

2. OIG Comment. After we issued the draft report, Marshall provided additional information regarding Utilization Mission Services. Accordingly, we omitted any reference to Utilization Mission Services in the report.

Management's Comment. Management disagreed with our comment that Marshall had not validated contractor billings as required. Marshall referenced several procedures that it had established to validate billings.

3. OIG Comment. We agree that Marshall has improved its validation procedures for contractor billings. We changed the comment in the final report to "Marshall had not established good management controls during the ODIN transition process."

Appendix F. Report Distribution

National Aeronautics and Space Administration (NASA) Headquarters

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AA/Chief of Staff

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BF/Director, Financial Management Division

JM/Director, Management Assessment Division

M/Associate Administrator for Space Flight

NASA Centers

Director, Marshall Space Flight Center

Code 200.3/GSFC/Mark Hagerty, ODIN Program Manager

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Report Title: Billings for Desktop Computing and Telecommunications Outsourcing at Marshall Space Flight Center

Report Number: _____ **Report Date:** _____

Circle the appropriate rating for the following statements.

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	N/A
1. The report was clear, readable, and logically organized.	5	4	3	2	1	N/A
2. The report was concise and to the point.	5	4	3	2	1	N/A
3. We effectively communicated the audit objectives, scope, and methodology.	5	4	3	2	1	N/A
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Thank you for your cooperation in completing this survey.

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