



Highlights of [GAO-07-432](#), a report to the Chairman, Committee on Science and Technology, House of Representatives

Why GAO Did This Study

For years, GAO and others have reported that the National Aeronautics and Space Administration (NASA) does not maintain effective control over the \$35 billion of property, plant, and equipment (PP&E) and materials that it reports on its financial statements. GAO's report, the first in a planned series, addresses whether NASA's control environment and internal controls over NASA-held equipment provide reasonable assurance that (1) these assets are not vulnerable to loss, theft, and misuse and (2) all equipment costs are appropriately recorded in the agency's financial statements. GAO evaluated the design of NASA's property management controls by reviewing agencywide and local policies, obtaining equipment loss reports for all NASA centers, and evaluating actions taken to hold employees accountable. To confirm its understanding of the design of NASA's property controls, GAO conducted on-site visits at two NASA centers and interviewed property management officials at the remaining seven NASA centers.

What GAO Recommends

GAO is recommending 10 actions aimed at strengthening users' accountability for equipment loss and improving internal controls over equipment. NASA concurred with 8 of GAO's 10 recommendations and partially concurred with 2. NASA also provided technical comments that have been incorporated as www.gao.gov/cgi-bin/getrpt?GAO-07-432.

To view the full product, including the scope and methodology, click on the link above. For more information, contact McCoy Williams at (202) 512-9095 or williamsm1@gao.gov.

PROPERTY MANAGEMENT

Lack of Accountability and Weak Internal Controls Leave NASA Equipment Vulnerable to Loss, Theft, and Misuse

What GAO Found

Over the past 10 years, NASA reported that it lost over \$94 million of equipment. The high equipment losses are due mainly to a weak internal control environment. Although some equipment was located during subsequent physical inventories, NASA's failure to keep track of these items leaves them vulnerable to theft and misuse. When faced with high equipment losses, instead of tightening controls, NASA raised its threshold for tracking and controlling equipment. Also, NASA management was unresponsive to prior equipment management recommendations, frequently did not investigate equipment losses, and was reluctant to hold employees accountable for loss—as shown in the following examples.

Explanations Provided for Equipment Loss in Which No One Was Held Accountable

Equipment description	Equipment value (dollars)	Explanation provided
Desktop computer and laser printer	4,855	My wife needed a computer at home to perform her work as a real estate broker so I checked one out from the surplus stock available. I turned the computer back in when she was done using it but never received a receipt.
Laptop computer	4,265	This computer, although assigned to me, was being used on board the International Space Station. I was informed that it was tossed overboard to be burned up in the atmosphere when it failed.
Various missing property, 65 items	850,321	A thorough and reasonable search was conducted but we were unable to locate the missing property. In general, the missing items consist of older equipment that has been replaced or is no longer necessary for standard operations.

Source: GAO analysis of NASA's fiscal year 2006 equipment loss reports.

NASA also lacks the integrated systems and processes needed to provide reasonable assurance that equipment purchases are recorded in the property management system. As a result, over the past 10 years, NASA reported that it failed to enter \$199 million of equipment purchases into its property management system. Equipment not tracked in NASA's property management system is not subject to the same physical inventory procedures as other controlled equipment items and, as a result, is at much higher risk of being lost or stolen without NASA being aware of it. Because NASA uses the amounts recorded in its property records as the basis for reporting equipment amounts in its financial statements, NASA did not report the full cost of this equipment on its financial statements. Although NASA expects its system modernization effort to improve controls for ensuring that equipment purchases are recorded in the property system, NASA cannot rely on technology alone to solve its equipment management problems. These problems are deeply rooted in an agency culture that does not demand accountability or fully recognize the value of effectively managing government assets.