

National Aeronautics and Space Administration

Office of Inspector General
Washington, DC 20546-0001



January 11, 2008

General Services Administration
Regulatory Secretariat (VIR)
1800 F Street, NW Room 4035
ATTN: Laurieann Duarte
Washington, DC 20405

Re: FAR Case 2007-006, Contractor Compliance Program and Integrity Reporting

Dear Ms. Duarte:

The Office of Inspector General (OIG) of the National Aeronautics and Space Administration (NASA) strongly supports the proposed addition to the Federal Acquisition Regulation (FAR) that would among other things require NASA contractors to make reports when they have reasonable grounds to believe Federal criminal laws have been violated in connection with the award or performance of a NASA contract. We believe the FAR should protect the public from crime, which is exactly what the reporting requirement does. We note that the obligation to report crime, fraud, waste and abuse is already an obligation of every Federal employee, and at NASA, employees are obligated to report any reasonable belief that a crime may have occurred to the NASA OIG. These obligations arise from the idea that public service is a public trust, and any employee entering service with NASA accepts these responsibilities.

Tax dollars that are expended pursuant to Federal contract are no less part of that public trust. And when Government contractors freely and willingly enter into contracts with the Government, they should be committed to upholding the trust that comes with accepting those funds. Requiring these contractors to aid in upholding the law of the United States by fulfilling an obligation that we would expect any good citizen to fulfill—reporting Federal crimes to an appropriate authority—seems a small price for the privilege of accepting taxpayers' money.

Of the approximately \$17 billion NASA will spend in FY 2008, 85 to 90 percent will be spent on contracts. The vast majority of NASA contracts are honestly and diligently executed by contractors to fulfill their end of the bargains with the Government. But crimes do occur in the carrying out of NASA contracts, and we note that some of these crimes threaten the safety of NASA employees, contractor employees, and the public. Crimes are reported to the NASA OIG by a variety of sources, including contractors.

But, the vast majority of crimes involving contractors that we investigate are not reported to us by the companies themselves. We believe greater disclosure of criminal activity associated with NASA contracts would occur were the proposed rule made final.

The reporting of crimes by contractors would constitute an important part of the fabric of internal controls preventing crime in NASA contracts. Without the reporting internal control, the information may never be known to the Government, with the Government unable to address damages incurred as a result of the wrongdoing. Also, the reporting requirement would incentivize contractors to further ensure that criminal activity is not engaged in by its employees or subcontractors, thereby helping to create a culture of compliance with Federal law.

It is our view that the proposed regulation, if made final, would significantly enhance accountability in the administration of NASA contracts. This provision is particularly necessary at NASA given the percentage of the NASA budget that is spent on contracts. In the larger context of increased Government-wide outsourcing over the past several years, the institution of an internal control that provides assurance criminal abuse associated with Government contracts will be reported is not only reasonable and logical but necessary to protect the public.

We urge the reporting requirement be adopted without modification. Thank you for considering these views.

Sincerely,

A handwritten signature in black ink that reads "Robert W. Cobb". The signature is written in a cursive style with a large initial 'R'.

Robert W. Cobb
Inspector General