

DECEMBER 23, 2008

QUALITY CONTROL REVIEW REPORT

OFFICE OF AUDITS

QUALITY CONTROL REVIEW OF THE
PRICewaterhouseCOOPERS LLP AND THE DEFENSE
CONTRACT AUDIT AGENCY OFFICE OF MANAGEMENT
AND BUDGET CIRCULAR A-133 AUDITS OF THE
JET PROPULSION LABORATORY FOR THE FISCAL YEAR
ENDED SEPTEMBER 30, 2007

OFFICE OF INSPECTOR GENERAL



National Aeronautics and
Space Administration

Acronyms

AICPA	American Institute of Certified Public Accountants
DCAA	Defense Contract Audit Agency
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
JPL	Jet Propulsion Laboratory
OIG	Office of Inspector General
OMB	Office of Management and Budget
PwC	PricewaterhouseCoopers LLP
SEC	Securities and Exchange Commission

National Aeronautics and
Space Administration

Office of Inspector General
Washington, DC 20546-0001



December 23, 2008

Mr. Michael Schini, Partner
PricewaterhouseCoopers LLP

Mr. William E. French, Branch Manager
Defense Contract Audit Agency, San Gabriel Valley Branch Office

Ms. Sharon E. Patterson, Associate Vice President for Finance and Treasurer
California Institute of Technology

Mr. Albert Battistelli, Manager, Jet Propulsion Laboratory, Audit Liaison &
Subcontractor Audit and Compliance Offices

SUBJECT: Quality Control Review of the PricewaterhouseCoopers LLP and the
Defense Contract Audit Agency Office of Management and Budget Circular
A-133 Audits of the Jet Propulsion Laboratory for the Fiscal Year Ended
September 30, 2007 (Report No. IG-09-008; Assignment No. A-08-020-00)

The audit firm PricewaterhouseCoopers LLP (PwC) and the Defense Contract Audit Agency (DCAA) jointly performed the single audit of the Jet Propulsion Laboratory (JPL) for the fiscal year (FY) ended September 30, 2007.¹ Office of Management and Budget (OMB) Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations," requires these audits.

Background. JPL is a federally funded research and development center operated under contract by the California Institute of Technology (Caltech). Caltech has operated JPL for NASA since December 1958 to meet specific Government research and development needs. JPL operates under a single cost-reimbursable contract with NASA (Catalog of Federal Domestic Assistance Number 43.001). JPL performs research and development for NASA in the area of science and technology of unmanned space exploration. JPL reported total Federal expenditures in FY 2007 of \$1.76 billion. The Schedule of Expenditures of Federal Awards² identifies NASA as the funding agency for all expenditures.

¹ The specific audit responsibilities were determined through discussions between PwC and DCAA. Those responsibilities are listed in Enclosures 2 and 3.

² The Schedule of Expenditures of Federal Awards shows the amount of annual Federal expenditures by Federal agency for each program.

Quality Control Review Objectives. As the cognizant audit agency for JPL, the NASA Office of Inspector General (OIG) performed a quality control review of the PwC and the DCAA audits of JPL for FY 2007.³ The objectives of our quality control review were to determine whether PwC and DCAA had conducted their audits in accordance with the Government Accountability Office’s “Government Auditing Standards, 2003 Revision” (often referred to as generally accepted government auditing standards, or GAGAS) and the auditing and reporting requirements of OMB Circular A-133 and its related Compliance Supplement. OMB issued the Supplement to assist auditors in meeting the requirements of OMB Circular A-133. See Enclosure 1 for details of the scope and methodology of our review, requirements for single audits, and the latest peer reviews of PwC and DCAA. See Enclosure 2 for the results of the PwC audit of JPL for FY 2007 and Enclosure 3 for the results of the DCAA audit.

Review Results. PwC’s and DCAA’s audit work substantially met GAGAS and the auditing and reporting requirements of OMB Circular A-133 except that PwC did not document its low-risk auditee determination (Finding A) and DCAA did not place an audit finding in proper perspective (Finding B). We also noted that JPL did not timely submit a complete audit reporting package to the Federal Audit Clearinghouse (Finding C).

Management Comments. PwC, DCAA, and JPL provided comments in response to a draft of this report, issued November 20, 2008. Management concurred with our findings and recommendations and described actions to be taken (see Enclosure 4 for the full text of management comments). We consider the comments responsive and have closed the recommendations.

Finding A

Low-Risk Auditee Determination Not Documented. PwC auditors did not document their determination that JPL qualified as a low-risk auditee. GAGAS, paragraph 4.22, states:

Audit documentation related to planning, conducting, and reporting on the audit should contain sufficient information to enable an experienced auditor who has had no previous connection with the audit to ascertain from the audit documentation the evidence that supports the auditors’ significant judgments and conclusions. Audit documentation should contain support for findings, conclusions, and recommendations before auditors issue their report.

Without sufficient evidence of PwC’s determination, the audit documentation did not support PwC’s conclusion that JPL was a low-risk auditee.

³ The PwC office in San Francisco, California, and DCAA’s San Gabriel Valley Branch Office performed the single audits of JPL for FY 2007.

Recommendation 1. PwC should ensure that its audit documentation contains sufficient information to support all significant audit judgments and conclusions.

Management's Response. PwC concurred, stating that it will clearly document its determination of the risk status of JPL in all future audits.

Evaluation of Management's Response. PwC's planned corrective action is responsive, and we have closed the recommendation.

Finding B

Audit Finding Not Placed in Proper Perspective. DCAA reported that JPL recorded "over 1,200" travel transactions in the wrong accounting period. However, DCAA's workpapers indicated that JPL had actually recorded 1,755 travel transactions in the wrong accounting period. GAGAS, paragraph 5.14, states that "[a]uditors should place their findings in proper perspective by providing a description of the work performed that resulted in the finding. To give the reader a basis for judging the prevalence and consequences of these findings, the instances identified should be related to the population or the number of cases examined and be quantified in terms of dollar value, if appropriate." DCAA did not report either the total number of transactions reviewed or the higher number of actual out-of-period travel transactions; accordingly, a reader of the DCAA audit report may not fully appreciate the magnitude of the audit finding.

Recommendation 2. DCAA should place all audit findings in proper perspective by reporting the full extent of the audit observations that support the audit findings.

Management's Response. DCAA concurred, stating that the finding was discussed with both the JPL audit team and the DCAA management team to ensure that all future audit findings are reported in the proper perspective.

Evaluation of Management's Response. DCAA's corrective action is responsive, and we have closed the recommendation.

Finding C

Complete Audit Reporting Package Not Submitted by the Due Date. Although JPL submitted its reporting package to the Federal Audit Clearinghouse by the June 30, 2008, due date, the package was missing a corrective action plan. OMB Circular A-133, §___320(a) states: "[T]he audit shall be completed and the data collection form . . . and reporting package . . . shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit." OMB Circular

A-133, §____.320(c)(4) defines a complete reporting package as including a corrective action plan. JPL should have requested a filing extension from NASA prior to the June 30, 2008, deadline. The JPL corrective action plan, dated August 8, 2008, was filed with the Federal Audit Clearinghouse on November 5, 2008.

Recommendation 3. We recommended that JPL develop procedures to ensure that the complete single audit reporting package is filed, or an extension is requested from NASA, by the due date specified in OMB Circular A-133, §____.320(a).

Management's Response. JPL concurred, stating that it will file for an extension with the cognizant agency for audit when presented with insufficient time to fully respond to all issues presented in the draft audit report.

Evaluation of Management's Response. JPL's planned corrective action is responsive to the intent of our recommendation, and we have closed the recommendation.

We appreciate the courtesies extended to the staff during our review. For additional information on this report, please contact Mr. Mark Jenson, Financial Statement Audits Director, at 202-358-0629. See Enclosure 5 for the report distribution. The review team members are listed inside the back cover of this report.

signed

Evelyn R. Klemstine
Assistant Inspector General for Auditing

5 Enclosures

QUALITY CONTROL REVIEW PROCESS

Scope and Methodology

We conducted this quality control review of the PwC and the DCAA audits of JPL for FY 2007 and of the resulting reporting package submitted to the Federal Audit Clearinghouse from September 8 through 19, 2008, at JPL in Pasadena, California.

As the audit agency responsible for performing the review, we focused the review on six areas:

- reporting,
- auditor qualifications,
- planning,
- conduct of the audit work,
- audit work relating to the Schedule of Expenditures of Federal Awards, and
- supervision.

In conducting our review, we assessed the audit documentation prepared by PwC and DCAA. We also discussed the audit with PwC and DCAA audit personnel. We emphasized the areas that are of major concern to the Federal Government, such as determining and auditing major program compliance and internal control.

Single Audit Requirements

The Single Audit Act (the Act), Public Law 98-502, as amended, and OMB Circular A-133 are designed to improve the financial management of state and local governments and nonprofit organizations. The Act and OMB Circular A-133 establish uniform auditing and reporting requirements for all Federal award recipients who are required to obtain a single audit. OMB Circular A-133 establishes policies that guide implementation of the Act and provide an administrative foundation for uniform requirements of non-Federal entities administering Federal awards. OMB Circular A-133 applies to all Federal departments and agencies that make awards to non-Federal entities. Entities that expend \$500,000 or more of Federal awards in a fiscal year are subject to the Act and the audit requirements in OMB Circular A-133 and, therefore, must have an annual single or program-specific audit performed in accordance with GAGAS.

To meet the requirements of the Act and OMB Circular A-133, the auditee submits to the Federal Audit Clearinghouse a complete reporting package on each single audit. The submission includes the following:

- a data collection form certified by the auditee that the audit was completed in accordance with the Circular;
- financial statements and related opinion;
- a Schedule of Expenditures of Federal Awards and related opinion;
- a report on compliance and internal control over financial reporting;
- a report on internal control over compliance for major programs;
- a report on compliance with requirements for major programs and related opinion;
- a schedule of findings and questioned costs;
- a summary schedule of prior audit findings, when appropriate; and
- a corrective action plan, when appropriate.

The Supplement assists auditors in identifying the compliance requirements that the Federal Government expects to be considered as part of the single audit. For each compliance requirement, the Supplement describes the related audit objectives for the auditor to consider in each audit conducted in compliance with OMB Circular A-133 as well as suggested audit procedures. The Supplement also describes the objectives of internal control and characteristics that, when present and operating effectively, help ensure compliance with requirements. The following 14 compliance requirements identified in the Supplement may be material to a major program that is audited:

1. Activities Allowed or Unallowed
2. Allowable Costs/Cost Principles
3. Cash Management
4. Davis-Bacon Act
5. Eligibility
6. Equipment and Real Property Management
7. Matching, Level of Effort, Earmarking
8. Period of Availability of Federal Funds
9. Procurement and Suspension and Debarment
10. Program Income
11. Real Property Acquisition and Relocation Assistance
12. Reporting
13. Subrecipient Monitoring
14. Special Tests and Provisions

Prior Quality Control Reviews

In our “Quality Control Review of PricewaterhouseCoopers LLP and Defense Contract Audit Agency Office of Management and Budget Circular A-133 Audits of the Jet Propulsion Laboratory for Fiscal Year Ended September 30, 2001” (IG-06-005, February 23, 2006), we found that PwC’s and DCAA’s audit work and reports met applicable auditing and reporting guidance and regulatory requirements contained in OMB Circular A-133 and its related Supplement, GAGAS, and generally accepted auditing standards. However, we found that the 2001 audits by PwC and DCAA did not meet GAGAS in three areas: (1) PwC and DCAA auditors incorrectly calculated and reported the dollar threshold to determine what Federal programs should have been audited, (2) DCAA auditors did not adequately document the computation of questioned costs for sales and use taxes, and (3) PwC auditors did not test internal controls over the special tests and provisions compliance requirement. Other matters of interest that were mentioned in the audit report, but not included as audit findings, were that PwC did not adequately document its low-risk auditee determination, did not obtain independence forms from two PwC auditors assigned to the audit of JPL, and did not document its testing universes.

PwC and DCAA concurred with the NASA OIG finding concerning the dollar threshold being incorrectly calculated in the FY 2001 single audit. DCAA did not concur with the finding related to insufficient documentation of the computation of questioned costs, stating that “a computation of questioned costs was not needed as both JPL and NASA personnel knew that we were questioning 100 percent of the claimed sales and use tax.” PwC partially concurred with the finding related to incomplete internal control testing, stating that although adequate audit coverage was obtained through the combination of PwC’s and DCAA’s work, the workpapers could have more clearly documented the conclusion.

Deloitte & Touche LLP Peer Review of PwC

We reviewed the most recent peer review report of PwC, prepared by Deloitte & Touche LLP, for the year ended June 30, 2006. The report, issued December 8, 2006, stated that the system of quality control for the accounting and auditing practice applied by PwC to the audits of non-SEC issuers of financial statements was designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the American Institute of Certified Public Accountants (AICPA). The peer review found that PwC had complied with the quality control standards during the year ended June 30, 2006, providing the firm with reasonable assurance of complying with applicable professional standards. The peer review report stated that a separate letter was issued with comments relating to certain policies and procedures, or compliance with them, which were not considered to be of sufficient significance to affect the opinion expressed in the report. PwC responded to those comments on December 8, 2006, agreeing to take appropriate corrective action.

**Inspector General of the Department of Defense Peer Review of
DCAA**

We reviewed the most recent peer review report of DCAA, prepared by the Department of Defense Inspector General, for the year ended September 30, 2006. The report, issued May 1, 2007, stated that the DCAA system of quality control for audits and attestation engagements performed during the fiscal year ended September 30, 2006, was designed in accordance with quality standards established by Government Auditing Standards. Further, the internal quality control system was operating effectively to provide reasonable assurance that DCAA personnel were following established policies, procedures, and applicable auditing standards. The report concluded that the “DCAA system of quality control used on audits and attestation engagements for the review period ended September 30, 2006, is adequate.”

RESULTS OF THE PwC AUDIT OF JPL FOR FY 2007

PwC Audit Report

PwC issued its report, dated January 29, 2008, on JPL's FY 2007 financial statements. In PwC's opinion, "the accompanying statement of financial position and related statements of activities and cash flows present fairly, in all material respects, the financial position of Jet Propulsion Laboratory at September 30, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America."

PwC also expressed its opinion, within the report, on the Schedule of Expenditures of Federal Awards for JPL. PwC stated that the information contained in the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PwC Audit Report on Internal Control and Compliance and Other Matters

PwC's "Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards," January 29, 2008, stated that "the results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Audit Standards."

PwC Audit Report on Major Program Compliance and Internal Control

PwC's "Report of Independent Auditors on Compliance with Requirements Applicable to Jet Propulsion Laboratory (A Federally Funded Research and Development Center Managed by the California Institute of Technology) and on Internal Control Over Compliance in Accordance with OMB Circular A-133," June 27, 2008, stated that PwC audited the compliance of JPL with the types of compliance requirements described in the Supplement that are applicable to its major federal program for the year ended September 30, 2007, except in the following three areas: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; and Cash Management. These areas were

the responsibility of DCAA. PwC expressed a qualified opinion⁴ on JPL's compliance with the requirements that are applicable to its major federal program for the year ended September 30, 2007. DCAA's report, dated June 26, 2008, noted that JPL did not comply with requirements applicable to research and development programs. PwC noted that its opinion, to the extent it related to DCAA's work in the three areas, was based solely on information presented in the DCAA report.

Regarding internal control over compliance, PwC reported that, "[o]f the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, the DCAA considers item number DJ07-36 to be a material weakness." Item number DJ07-36 related to noncompliance with the Code of Federal Regulations, Title 48, Section 9904.402, "Consistency in Allocating Costs Incurred for the Same Purpose" (48 C.F.R 9904.402-40), and the contract provision Clause G-2, "Cost Segregation and Reporting."

⁴ A qualified opinion means that except for the effects of the matters to which a qualification relates the financial statements fairly present financial position, results of operations, and cash flows in conformity with generally accepted accounting principles.

RESULTS OF THE DCAA AUDIT OF JPL FOR FY 2007

DCAA Audit Report

On June 26, 2008, DCAA issued its report on internal controls and compliance for JPL for FY 2007. The DCAA auditors were responsible for auditing the following compliance requirements for JPL: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management.

The DCAA report included internal control and compliance findings, questioned costs, and a qualified opinion on major program compliance. DCAA issued a qualified opinion based on the significant control deficiencies it found in JPL's new labor system. DCAA considered these deficiencies to be a material weakness stating that, "since the new labor system does not record any partial day leave, we are unable to quantify the magnitude of the 48 C.F.R 9904.402-40 and contract noncompliances." Other significant issues noted in the DCAA report included the following:

- Questioned costs related to travel, contract labor overtime, JPL labor overtime, tuition reimbursement, and childcare assistance benefits.
- Control deficiencies related to JPL's noncompliance with travel expense reporting requirements and JPL's timekeeping policies and procedures.
- JPL's noncompliance with contract labor overtime policies and associated contract provisions, and internal control over labor overtime documentation.
- Material instances of noncompliance with 48 C.F.R. 9904.402-40 and contract provision Clause G-2.

PWC COMMENTS



PricewaterhouseCoopers LLP
Three Embarcadero Center
San Francisco CA 94111-4004
Telephone (415) 498 5000
Facsimile (415) 498 7100

December 17, 2008

Ms. Evelyn R. Klemstine
Assistant Inspector General for Auditing
National Aeronautics and Space Administration
Office of the Inspector General
Washington, DC 20546-0001

Dear Ms. Klemstine:

We are in receipt of your letter dated November 20, 2008 relative to the draft review report for the Quality Control Review of the PricewaterhouseCoopers LLP and the Defense Contract Audit Agency Office of Management and Budget Circular A-133 Audits of the Jet Propulsion Laboratory for the Fiscal Year Ended September 30, 2007.

Your report described one finding related to our lack of documentation that JPL qualified as a low-risk auditee.

We concur that we did not fully document our determination of the low-risk auditee status of JPL for the year in question. As we have discussed with your inspection team, and as also documented in our workpapers at the time of our audit, since there is only one award at JPL, the determination of low-risk auditee status had no effect on our testing or the scope of work. However, we will clearly document our determination of the risk status of JPL in all future audits.

We appreciate the opportunity to respond to your findings and the professionalism of your staff in conducting their review.

If you should have any additional questions, please contact me at your convenience.

Sincerely,

Michael F. Schini
Assurance Partner

cc: Sharon E. Patterson - Associate Vice President for Finance and Treasurer, California Institute of Technology
Mark Jenson - Director, Financial Statement Audits
Albert Battistelli - Manager, Jet Propulsion Laboratory, Audit Liaison & Subcontractor Audit and Compliance Offices

DCAA COMMENTS



PASADENA BRANCH OFFICE
WESTERN REGION
DEFENSE CONTRACT AUDIT AGENCY
1000 E. LAKES DRIVE, SUITE 400
WEST COVINA, CALIFORNIA 91790-2900

225.5/4911-2007J10110001 (2008-075)

December 17, 2008

Assistant Inspector General for Auditing
National Aeronautics and Space Administration
300 E Street, SW
Room 8Z78
Washington, DC 20546-0001

Subject: Quality Control Review of the PriceWaterhouseCoopers LLP and the Defense Contract Audit Agency Office of Management and Budget Circular A-133 Audits of the Jet Propulsion Laboratory for the Fiscal Year Ended September 30, 2007 (Assignment No. A-08-020-00)

Dear Ms. Klemstine,

As requested, we are providing our response to the draft report on the above referenced review, as follows:

Finding B: Audit Finding Not Placed in Proper Perspective. DCAA reported that JPL recorded "over 1,200" travel transactions in the wrong accounting period. However, DCAA's workpapers indicated that JPL had actually recorded 1,755 travel transactions in the wrong accounting period. GAGAS, paragraph 5.14, states that "[a]uditors should place their findings in proper perspective by providing a description of the work performed that resulted in the finding. To give the reader a basis for judging the prevalence and consequences of these findings, the instances identified should be related to the population or the number of cases examined and to be quantified in terms of dollar value, if appropriate." DCAA did not report either the total number of transactions reviewed or the higher number of actual out-of-period travel transactions; accordingly, a reader of the DCAA audit report may not fully appreciate the magnitude of the audit finding.

DCAA Response: We agree the audit report was imprecise regarding the actual number of travel transactions reviewed and the total population. However, we note that the \$1.02 million of questioned cost reported was accurate and was based on the 1,755 travel transactions reviewed. The draft condition has been discussed with both the JPL audit team and with the management team at the office to ensure that all future audit findings are reported in the proper perspective. On December 11, 2008, I contacted Mr. Mark Jenson, Financial Statement Audits Director at the NASA OIG, who indicated the OIG does not expect our office to supplement the audit report. Accordingly, we do not plan to supplement the report.

225.5/4911-2007J10110001 (2008-075)

December 17, 2008

Subject: Quality Control Review of the PriceWaterhouseCoopers LLP and the Defense Contract Audit Agency Office of Management and Budget Circular A-133 Audits of the Jet Propulsion Laboratory for the Fiscal Year Ended September 30, 2007 (Assignment No. A-08-020-00)

If you have any questions regarding our response, you may contact Christine M. Giors, Supervisory Auditor, at (818) 354-2820 or christine.giors@dcaa.mil or the undersigned, at (626) 918-5922 or william.french@dcaa.mil.

Sincerely,

/ Signed /
William E. French, Jr.
Branch Manager

JPL COMMENTS



Jet Propulsion Laboratory
California Institute of Technology

4800 Oak Grove Drive
Pasadena, California 91109-8099
(818) 354-4321

December 15, 2008

Refer to JPL ARO: 200870005

Ms. Evelyn R. Klemstine
Assistant Inspector General for Auditing
NASA Office of Inspector General
Washington, DC 20546-0001

Dear Ms. Klemstine:

Subject: Response to the NASA Office of Inspector General Draft Review Report on the Quality Control Review of the PricewaterhouseCoopers LLP and the Defense Contract Audit Agency Office of Management and Budget Circular A-133 Audits of the Jet Propulsion Laboratory for Fiscal Year Ended September 30, 2007

Reference: Office of Inspector General Draft Review Report on the Quality Control Review of PricewaterhouseCoopers LLP and the Defense Contract Audit Agency Office of Management and Budget Circular A-133 Audits of the Jet Propulsion Laboratory for Fiscal Year Ended September 30, 2007, Assignment no. A-08-020-00, received November 20, 2008.

The California Institute of Technology (CIT) and the Jet Propulsion Laboratory (JPL) are pleased to provide comments in response to the subject draft report. For ease of reference, listed is the recommendation applicable to JPL, followed by CIT/JPL comments.

Finding C – Complete Audit Reporting Package Not Submitted by the Due Date

Finding:

Although JPL submitted its reporting package to the Federal Audit Clearinghouse by the June 30, 2008, due date, the package was missing a corrective action plan. OMB Circular A-133, § 320(a) states: “[T]he audit shall be completed and the data collection form...and reporting package...shall be submitted within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant oversight agency for audit.” OMB Circular A-133, § 320(c)(4) defines a complete reporting package as including a corrective action plan. JPL should have requested a filing extension from NASA prior to the June 30, 2008,

Ms. Evelyn Klemstine

- 2 -

December 15, 2008

deadline. The JPL corrective action plan, dated August 8, 2008, was filed with the Federal Audit Clearinghouse on November 5, 2008.

Recommendation:

We recommend that JPL develop procedures to ensure that the complete single audit reporting package is filed, or an extension is requested from NASA, by the due date specified in OMB Circular A-133, § 320(a).

JPL Comments:

JPL concurs that the reporting package it submitted to the Federal Audit Clearinghouse on June 30, 2008 did not include a comprehensive corrective action plan. JPL received the DCAA draft audit report on June 18, 2008, with insufficient time to fully analyze all the facts and circumstances associated with each finding. As such, JPL responded on June 23, 2008, that JPL reserved comment until such analysis was complete and would provide a detailed corrective action plan to the resident NASA Management Office (NMO) within 30 days after receipt of the final audit report. As stated in the finding above, JPL issued that detailed corrective action plan on August 8, 2008, to the NMO and subsequently filed it with the Federal Audit Clearinghouse on November 5, 2008.

To ensure that a complete single audit reporting package is filed by the due date specified in OMB Circular A-133, § 320(a), JPL will file an extension with the cognizant oversight agency when presented with insufficient time to respond fully to all issues presented in the draft audit report.

Cordially,



Jean C. Milbrandt, Manager
Finance and Contract Management Division

cc : J. B. McKelvie
E. Trinh
R. S. Wilkinson

REPORT DISTRIBUTION

Independent Audit Firm

PricewaterhouseCoopers, LLP
Mr. Michael Schini, Partner

Defense Contract Audit Agency

Mr. William E. French, Branch Manager, San Gabriel Valley Branch Office

Audited Organization

Ms. Sharon E. Patterson, Associate Vice President for Finance and Treasurer, California
Institute of Technology
Mr. Albert Battistelli, Manager, Jet Propulsion Laboratory, Audit Liaison &
Subcontractor Audit and Compliance Offices

NASA Headquarters

Deputy Administrator
Chief of Staff
Chief Financial Officer
Assistant Administrator for Procurement
Assistant Administrator for Internal Controls and Management Systems

Non-NASA Federal Organizations

Office of Management and Budget
Deputy Associate Director, Energy and Science Division
Branch Chief, Science and Space Programs Branch
Technical Manager, Office of Federal Financial Management
Government Accountability Office
Director, NASA Issues, Office of Acquisition and Sourcing Management
Federal Audit Clearinghouse

Congressional Committees and Subcommittees, Chairman and Ranking Member

Senate Committee on Appropriations

 Subcommittee on Commerce, Justice, Science, and Related Agencies

Senate Committee on Commerce, Science, and Transportation

 Subcommittee on Space, Aeronautics, and Related Sciences

Senate Committee on Homeland Security and Government Affairs

House Committee on Appropriations

 Subcommittee on Commerce, Justice, Science, and Related Agencies

House Committee on Oversight and Government Reform

 Subcommittee on Government Management, Organization, and Procurement

House Committee on Science and Technology

 Subcommittee on Investigations and Oversight

 Subcommittee on Space and Aeronautics

Major Contributors to the Report:

Mark Jenson, Director, Financial Statement Audits

David Gandrud, Project Manager

John Pacious, A-133 National Single Audit Coordinator

Joel Rodriguez, Auditor



OFFICE OF AUDITS

OFFICE OF INSPECTOR GENERAL

ADDITIONAL COPIES

Visit <http://oig.nasa.gov/audits/reports/FY09> to obtain additional copies of this report, or contact the Assistant Inspector General for Auditing at 202-358-1232.

COMMENTS ON THIS REPORT

In order to help us improve the quality of our products, if you wish to comment on the quality or usefulness of this report, please send your comments to Ms. Jacqueline White, Director of Special Projects and Quality Assurance, at Jacqueline.White@nasa.gov or call 202-358-0203.

SUGGESTIONS FOR FUTURE AUDITS

To suggest ideas for or to request future audits, contact the Assistant Inspector General for Auditing. Ideas and requests can also be mailed to:

Assistant Inspector General for Auditing
NASA Headquarters
Washington, DC 20546-0001

NASA HOTLINE

To report fraud, waste, abuse, or mismanagement, contact the NASA OIG Hotline at 800-424-9183 or 800-535-8134 (TDD). You may also write to the NASA Inspector General, P.O. Box 23089, L'Enfant Plaza Station, Washington, DC 20026, or use <http://oig.nasa.gov/hotline.html#form>. The identity of each writer and caller can be kept confidential, upon request, to the extent permitted by law.