National Aeronautics and Space Administration

Office of Inspector General
Washington, DC 20546-0001

November 6, 2008

TO: Executive Director, NASA Shared Services Center
                NASA Chief Information Officer
                Assistant Administrator for Procurement

FROM: Assistant Inspector General for Auditing

SUBJECT: Final Memorandum on Review of NASA's Consolidation of Information
                Technology Purchases under the Outsourcing Desktop Initiative
                (Report No. IG-09-001; Assignment No. S-08-005-00)

The Office of Inspector General received allegations that the implementation of Mission
Focus Review (MFR) Recommendations to consolidate information technology (IT)
purchases through NASA's two Outsourcing Desktop Initiative (ODIN) contracts would
result in (1) NASA paying higher prices for IT purchases, (2) inappropriately expanding
the scope of the ODIN contracts without required recompeting, (3) insufficient personnel
and equipment to absorb the workload, and (4) noncompliance with Federal Acquisition
Regulation (FAR) and NASA guidance for simplified acquisition, small business set-
asides, or micro-purchases. During the course of our review to assess this allegation, we
received additional, related allegations, which we incorporated into our review.

The ODIN contracts comprise three categories of IT equipment and service purchases.
Category 1 IT purchases include ODIN-supplied desktop services for general-purpose
computing. Category 2 IT purchases comprise non-ODIN supported hardware and
software systems. Category 3 IT purchases include peripherals and software as well as
stand-alone IT systems. We reviewed category 1 and 3 IT purchases. We did not review
category 2 IT purchases. We performed our review from November 2007 through
August 2008. (See Enclosure 1 for details on the Review's scope and methodology.)

Executive Summary

We found that by consolidating category 1 IT purchases, NASA could achieve
efficiencies and associated benefits including cost effectiveness, through value-added
services included in the cost of an IT purchase made through ODIN. We determined that
for category 3 IT purchases, in some instances, ODIN's prices for specific items were
higher than prices advertised by IT suppliers dealing through the Internet. During our
review, we also found that NASA does not have formalized procedures for negotiating
price modifications from ODIN and does not provide instructions for employees on how
to seek and identify lower costs than ODIN's for category 3 IT purchases. Providing

price negotiation procedures and instructions could provide NASA cost savings for category 3 IT purchases in the future.

We found that the increased use of ODIN was within the contracts' statements of work and also complied with all provisions of FAR or NASA guidance for simplified acquisition, small business set-asides, or micro-purchases. Additionally, ODIN's performance ratings through the first quarter of FY 2008 continued to exceed the contract requirement ratings. This would indicate that ODIN had sufficient resources in place to service their customer base.

We recommended that the Executive Director, NASA Shared Services Center (NSSC), working in conjunction with the Assistant Administrator for Procurement and the NASA Chief Information Officer,[1] (1) institute formalized procedures for seeking price modifications from ODIN; (2) develop instructions for employees on how to seek and identify lower costs for IT peripherals that do not require installation and maintenance support; and (3) monitor prices in the ODIN electronic catalog (eCatalog), and compare them to offerings from alternative sources.

Management's comments on the draft of this memorandum are responsive (see Enclosure 2). In a consolidated response, NASA management concurred with all three of our recommendations. The recommendations are, therefore, considered to be resolved but will remain open for reporting purposes until all corrective actions have been completed and we have verified completion of those actions.

Background

At NASA's Strategic Management Council meeting in August 2006, the then-Associate Administrator announced the formation of a team to conduct a study to identify resources that could be redeployed to more directly support NASA's missions. The study—the MFR—was designed to provide recommendations for improving operations and reducing costs. MFR recommendations called for consolidating IT purchases, including desktop computers and networking services as well as IT peripherals, through NASA's two ODIN contracts. The recommendations were implemented July 9, 2007, in a memorandum from the then-Associate Administrator in which he approved moving forward with the consolidation and stated that implementing the recommendations would "achieve efficiencies and associated IT security benefits, resulting in better services to the NASA workforce, as well as avoiding unnecessary costs, so that resources can directly support NASA's mission."

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[1] In the draft of this memorandum, issued August 29, 2008, our recommendation was addressed to the Assistant Administrator for Procurement, working with the NASA Chief Information Officer. At management's request, we are now addressing our recommendation to the Executive Director, NSSC, to work with the Assistant Administrator for Procurement and the NASA Chief Information Officer.

The ODIN contracts separate computer desktop service purchases into three categories:

Category 1 purchases include ODIN-supplied hardware and software and desktop services, which include workstation and network services for overall general-purpose computing in support of NASA activities such as e-mail, Web browsing, report preparation, presentation creation, meeting scheduling, spreadsheet generation and general scientific and engineering application development and execution.

Category 2 purchases include NASA- and other contractor-supplied systems that are installed and maintained by ODIN but not supported by ODIN in the event of failure.

Category 3 purchases (peripherals and software) include hardware and software purchases not covered by category 1 or 2. This category also includes ODIN eCatalog procurements and stand-alone IT purchases. Some of the procurements are for scientific and laboratory uses; NASA maintains these systems. Other procurements are additions to category 1 systems. For additions to category 1 systems, ODIN is responsible for maintaining the resulting system in line with Federal security requirements. ODIN will facilitate repairs through the item manufacturer for ODIN computer customers. When the warranty expires, it is up to the purchaser to pay for repairs or buy new equipment.

In August 2007, in a letter to his state's U.S. senator, a NASA employee alleged that consolidating NASA's IT purchases through ODIN resulted in requiring NASA staff to purchase "virtually all IT hardware and software through the ODIN contractor." The complainant believed that NASA employees should be able to purchase items outside of the ODIN contracts at the best price possible through any vendor. The complainant made the following allegations:

- The increased use of ODIN resulted in higher purchasing costs to NASA for the purchase and provisioning of desktop and laptop computers, cell phones, personal data assistants, and other IT peripherals.

- The increased use of ODIN was not within the scope of the contracts' statements of work, the contracts should have been recompeted, and the contracts did not comply with FAR and NASA guidance for simplified acquisition, small business set-asides, or micro-purchases.

- The personnel and equipment assigned by ODIN were not sufficient to absorb the additional workload.

- NASA's procurement procedures and guidance were not adequate to address implementation of the recommendations and the increased use of ODIN so close to the end of the fiscal year.

We interviewed the author of the initial complaint regarding his objections to implementation of the MFR recommendations. He agreed that category 1 IT purchases made through ODIN ensure better security and configuration control. However, he believed that for category 3 items, NASA employees should be able to purchase those items outside of the ODIN contract at the best price possible through any vendor.

In support of his allegations, the complainant identified 18 items[2] such as printers, hard drives, computer terminals, and other IT peripherals for which he had compared ODIN's prices with prices from suppliers on the Internet. According to his calculations, the Internet prices averaged 12 percent less than ODIN's prices. It was the complainant's belief that a 12 percent savings would result in significant savings to NASA.

During our review, a second NASA employee filed a complaint about ODIN IT purchase prices, stating that his organization was buying a printer and the initial ODIN eCatalog price for the item was 40 percent higher than the price listed by an Internet vendor. The second complainant challenged ODIN's initial price and was able to negotiate a final price that was approximately 15 percent higher than typical Internet prices. The complainant emphasized the lack of formal procedures for negotiating price reductions with ODIN personnel and said that negotiating the price for the printer felt like "buying a car."

A third complaint was filed by another NASA employee who wanted to buy a stand-alone desktop[3] computer. This third complainant stated that the retail price quoted by the manufacturer for the system was $5,162.00 and that the manufacturer's price for selling to the Government was $4,174.61. The complainant had attempted to purchase the computer on his own, using his Government purchase card, but was informed that NASA policy requires that all computer purchases be made through ODIN. He purchased the computer through ODIN at a cost of $5,655.06, or 35 percent more than the manufacturer's Government price offering. According to the complainant, ODIN did not provide set up or installation support for the hardware or software. He also stated that other NASA staff associated with the purchase were confused by their first exposure to making purchases through ODIN, and neither the complainant nor any of the other NASA staff were aware a process existed through which they could negotiate a lower price than ODIN's.

NASA Lacks Formalized Procedures for Seeking Price Modifications from ODIN for IT Peripherals and Software

We found that implementation of the recommendations to consolidate category 1 IT purchases through ODIN would be cost effective because of the value-added services included in the cost of an IT purchase through ODIN. However, we found that NASA

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[2] We did not validate the comparison of these 18 items or re-perform the calculations.

[3] A stand-alone desktop computer is a computer not permanently connected to a local area network or wide area network; therefore, it does not require standard IT security configurations.

had not provided procedures for negotiating price modifications from ODIN or instructions to NASA employees on how to identify and take advantage of potentially lower costs when purchasing category 3 IT equipment.

ODIN is required through its contracts to maintain IT security configurations of equipment, such as laptop and desktop computers, to NASA and Federal standards. Through its contracts, ODIN is also responsible for provisioning—installation, configuration, and maintenance—of IT equipment requiring Federal and Agency security settings and providing other services including pre-purchase testing,[4] tagging for inventory, and tracking the asset for the Agency—services not generally provided by other IT vendors. However, the focus of all three complaints related to excessive price markup associated with category 3 ODIN eCatalog items. Thus, we sampled category 3 items to determine whether ODIN's prices were higher than market averages. We selected a cross section of 25 items from the 485 category 3 items listed in ODIN's eCatalog and compared the listed price with vendor prices offered over the Internet (see items numbered 1 through 25 in Table 1). Overall, prices averaged 27.37 percent higher in ODIN's eCatalog than on the Internet. We found that prices for 21 of the 25 items averaged 33.7 percent more in ODIN's eCatalog; the remaining four items (2, 6, 18, and 24) averaged 5.85 percent less in ODIN's eCatalog. One item was 174 percent higher in ODIN's eCatalog than on the Internet.

Table 1: Price Comparison: ODIN eCatalog vs. Internet Sampling, May 19, 2008

Item No.	Description	ODIN	Internet w/tax+ shipping	Price Difference (percentage[a])
1				
2				
3				
4				
5				
6				
7	Table contained proprietary commercial information not routinely released under the Freedom of Information Act.			
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				

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[4] Prior to adding an item to the catalog, testing is done on the model to determine if the item will be compatible with, and not adversely affect the security of, the work-stations to which it will be attached.

Table 1: (continues)

Item No.	Description	ODIN	Internet w/tax+ shipping	Price Difference (percentage[a])
19				
20				
21				
22				
23				
24				
25				

[a]Numbers in parentheses identify percentage difference in price for items that listed for less in ODIN's eCatalog than on accessed Internet vendor sites.

We met with ODIN representatives to discuss the results of our comparison. When we asked about the price differences, an ODIN representative stated that some prices from our sample appeared to be up to 3 years old and that if price differences are brought to ODIN's attention, adjustments are made. Adjustments notwithstanding, prices found in ODIN's eCatalog up to 3 years old suggest that during the past 3 years, prices for some items available through the ODIN eCatalog were not reviewed or adjusted by either ODIN or NASA to ensure prices remained competitive.

When we asked whether ODIN had documented procedures explaining how it adjusts or updates eCatalog prices, ODIN personnel stated that there was an automated function through which prices associated with the products in the eCatalog were updated nightly to match to ODIN's major IT supplier (   ). The process is described in the ODIN product-feed process document, a technical document that describes uploading pricing data from   's product database to the corresponding ODIN eCatalog. The ODIN product-feed process document also stated that data for products not supplied by   had to be manually entered, priced, and maintained by individual site administrators/staff.

We tested ODIN's automated pricing function using the 25 items from our original ODIN eCatalog/Internet sample selected May 19, 2008. Our intent was to compare ODIN's and   's electronic catalog prices for those 25 items on July 24, 2008, to see if they were the same in both catalogs. Eleven of the 25 items were no longer in ODIN's eCatalog and were not in   's electronic catalog. For the remaining 14 items, ODIN's eCatalog prices averaged 5.89 percent higher than prices for the same 14 items in   's electronic catalog.

We discussed the results of the second price comparison with a representative of ODIN who stated that the price differences most likely resulted from including shipping, general and administrative charges, and installation and asset tracking fees. This rationale is supported by the ODIN product-feed process document, which notes that the ODIN price is calculated according to a formula that includes variables such as cost, tax, and fees.

We therefore concluded that the difference between ODIN and ▮▮▮ prices was reflective of the services ODIN provides. We also concluded that, for items in ▮▮▮'s product database, ODIN's automated price update function was operating as intended. Nevertheless, as evidenced by the results of our first sample taken May 19, 2008, of prices from multiple Internet suppliers, ODIN's eCatalog prices are not always reflective of market conditions (other IT vendor prices). Further, as indicated by the presence of the 3-year-old prices found in the first sample, we determined manual updates were not always performed.

We also discussed the results of our May 19, 2008, sample with the Associate Chief Information Officer for Architecture and Infrastructure. He agreed that the Office of the Chief Information Officer (OCIO) could do a better job of monitoring the ODIN eCatalog prices to ensure they are representative of market conditions. We also noted that there appeared to be no formalized price-negotiation process, as exemplified by the complainants' comments, and that one complainant characterized his negotiation efforts as time consuming and stressful. The OCIO official stated that NASA has a waiver policy employees can use to purchase items from suppliers other than ODIN. We found, however, that the waiver policy was being implemented on a Center-by-Center basis and only applied when ODIN did not supply the needed item via eCatalog. The waiver did not cover purchasing IT items from suppliers other than ODIN simply because ODIN's price was not competitive.

Although we concluded that consolidating category 1 IT purchases under ODIN is beneficial to NASA because of the value-added factor, we also concluded that NASA should institute formalized price negotiation procedures with ODIN. The Agency should also provide instructions to NASA employees on how to identify and take advantage of potentially lower costs when purchasing IT equipment and should disseminate the instructions NASA-wide. Providing price negotiation procedures could provide NASA cost savings in the future. Finally, the Agency should monitor prices in the ODIN eCatalog and compare them to offerings from alternative sources.

Recommendations, Management's Response, and Evaluation of Management's Response

Recommendation 1. The Executive Director of the NSSC, working in conjunction with the Assistant Administrator for Procurement and the NASA Chief Information Officer, should institute formalized procedures for seeking price modifications from ODIN.

> **Management's Response**. Concur. As a result of direction from the Executive Director of the NSSC, the ODIN Program Office will develop a program notice to the ODIN Program Board formalizing a process that Centers will follow for conducting price re-determinations for catalog purchases. The ODIN Program Office, in conjunction with Center delivery order contracting officers and technical representatives, will ensure that price modifications are negotiated when appropriate. Development of these formalized processes and procedures are

already in progress and the program notice is to be issued no later than October 31, 2008.

Evaluation of Management's Response. Management's actions are responsive. The recommendation is resolved but will remain open for reporting purposes until all corrective actions have been completed and we have verified completion of those actions.

Recommendation 2. The Executive Director of the NSSC, working in conjunction with the Assistant Administrator for Procurement and the NASA Chief Information Officer, should develop instructions for employees on how to seek and identify lower costs for IT peripherals that do not require installation and maintenance support.

Management's Response. Concur. Per direction from the Executive Director of the NSSC, the ODIN Program Office will disseminate instructions to Agency ODIN users for contacting the ODIN Program Office when catalog prices for IT peripherals not requiring ODIN installation and maintenance support do not reflect current market conditions. The ODIN Program Office in conjunction with Center delivery order contracting officers and technical representatives will ensure that modifications to existing eCatalog prices are negotiated when appropriate. Dissemination of these instructions is to occur no later than October 31, 2008.

Evaluation of Management's Response. Management's actions are responsive. The recommendation is resolved but will remain open for reporting purposes until all corrective actions have been completed and we have verified completion of those actions.

Recommendation 3. The Executive Director of the NSSC, working in conjunction with the Assistant Administrator for Procurement and the NASA Chief Information Officer, should monitor prices in the ODIN eCatalog and compare them to offerings from alternative sources.

Management's Response. Concur. The ODIN Program Office will receive direction from the Executive Director of the NSSC to update the Agency ODIN Surveillance Plan in order to establish the appropriate level of surveillance required by the ODIN Program Board to adequately review ODIN catalog prices for reasonableness and consistency with current market prices. Development of this update is already in progress and the surveillance plan is to be revised no later than October 31, 2008.

Evaluation of Management's Response. Management's actions are responsive. The recommendation is resolved but will remain open for reporting purposes until all corrective actions have been completed and we have verified completion of those actions.

Increased Use of ODIN Was within the Contracts' Scope and Complied with FAR and NASA Guidance

We found that consolidating IT purchases under the ODIN contracts complied with their original statements of work and that no recompetition of the contracts was necessary. The use of ODIN to supply computer desktop services, communication services, facsimile services, and video services was within the scope of the contracts' statements of work. Therefore, NASA was not required to recompete the ODIN contracts to accommodate the implementation of the MFR recommendations.

Simplified acquisition and micro-purchases are not applicable to either of the ODIN contracts because both contracts exceed FAR simplified acquisition threshold[5] and the micro-purchase threshold.[6] ODIN contract NAS5-98144 has a not-to-exceed threshold of $7,785,815,649 and ODIN contract NAS5-98145 has a not-to-exceed threshold of $9,474,521,365.

With regard to small business set-aside provisions, 70 percent of the ODIN contracts subcontracting goal, or roughly 25 percent of their cumulative goal, was set aside for small businesses. NASA procurement personnel provided the breakdown of ODIN's large and small businesses in calendar year 2007:

- large business (Lockheed Martin) — $51,568,423 (42.8 percent)
- small business set-asides (various) — $68,817,025 (57.2 percent)

Based on the totals provided, the ODIN contracts comply with provisions of FAR and of NASA procurement guidelines for small business set-asides.

We further concluded that the ODIN contracts complied with all relevant provisions of NASA guidelines and with FAR for simplified acquisition, small business set-asides, or micro-purchase procedures.

ODIN Resources Were Sufficient to Absorb the Additional Workload

We found that ODIN was in compliance with contractual performance requirements and supplied personnel and equipment sufficient to absorb the additional workload. To assess

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[5] FAR Subpart 2.1, Definitions. Simplified acquisition thresholds are $100,000 (excludes acquisitions of supplies or services to support a contingency operation related to nuclear, biological, chemical, or radiological attack, as determined by the head of an agency); $250,000, for contract awarded and performed, or purchase made, inside the United States; and $1 million for contract awarded and performed, or purchase made, outside the United States.

[6] FAR Subpart 2.1, Definitions. The micro-purchase threshold is generally $3,000, except for acquisitions of construction subject to the Davis-Bacon Act ($2,000), services subject to the Service Contract Act ($2,500), and supplies or services used to support a contingency operation related to a nuclear, biological, chemical, or radiological attack, as determined by the head of the agency. Also, for a contract awarded and performed, or purchase made, inside the United States, the micro-purchase threshold is $15,000; for a contract awarded and performed, or purchase made, outside the United States, it is $25,000.

ODIN's resources for handling the increased work, we reviewed relevant performance metrics and requirements in the ODIN contracts.

One ODIN contract requirement was that all items purchased from the ODIN catalogs must be installed and operational within 5 working days of order for an "enhanced" user and 10 working days of order for a "regular" user. Another contract requirement was that ODIN must meet certain performance threshold ratings for different services provided. Performance metrics include customer satisfaction, service delivery, and service availability.

We summarized and averaged data from ODIN's metric rating reports for FY 2007 (the year before the MFR recommendations were implemented) and the first quarter of FY 2008 (the first quarter the recommendations were in force). Our calculated averages for the performance ratings are shown in Table 2.

Table 2. Comparisons between Required Performance Rating and Actual Rating

ODIN Desktop Metric Reports	Contract-Required Rating	Actual Rating	
		FY 2007 (10/01/06–09/30/07)	First Quarter FY 2008 (10/01/07–12/31/07)
Customer Satisfaction	92.00–95.00[a]	96.17	95.91
Service Delivery	98.00	99.07	98.62
Service Availability	98.00	99.76	99.76

[a] This number varies with each Center, in accordance with the contracts.

The data from the ODIN performance metrics reports indicate that ODIN complied with the performance standards and workload requirements of its contracts. We concluded that since there was no performance degradation, ODIN supplied sufficient personnel and equipment to adequately service the increased workload.

Agency Guidance Was Adequate to Address the Increased Use of ODIN

We found that the Agency's plan for implementing the consolidation of IT purchases through ODIN tasked each Center with the responsibility for developing transition plans and procurement policies for their Center staff. Timelines for implementing transition plans were on a Center-by-Center basis. At the three Centers we visited—Goddard Space Flight Center (Goddard), Kennedy Space Center (Kennedy), and Stennis Space Center (Stennis)—plans and procedures for consolidating IT purchases through ODIN were implemented at different times and on different implementation schedules.

Kennedy was the only Center to implement consolidation of IT purchases through ODIN before the end of FY 2007, but Kennedy also issued procedures for implementing the expanded use of ODIN right after the staff was notified. At Stennis and Goddard, transition plans were implemented after FY 2007 ended, and procedures were outlined and outreach provided at these two Centers before implementation of the consolidation plans. We interviewed procurement personnel at Kennedy, Stennis, and Goddard to find out what strategies they used.

- At Kennedy, the MFR recommendations were implemented on July 19, 2007. On July 24, 2007, the Kennedy credit card purchases coordinator issued an e-mail prohibiting commercial off-the-shelf IT purchases made with a Center-issued credit card. Procurement personnel told us they were initially concerned that they could not adequately support their operations and also comply with the recommendations. On July 25, 2007, Kennedy established an ODIN Web page that provided the relevant procedures for making purchases through ODIN. Also, Center management met with purchasing personnel on July 26, 2007, and held town-hall meetings on August 23, 2007, where procedures were further explained. According to the Kennedy personnel interviewed, their initial concerns were generally alleviated by the end of August 2007 as a result of Kennedy management's outreach efforts and explanations.

- At Stennis, implementation of the MFR recommendations was delayed until after October 1, 2007, so that operational procedures could be developed and communicated to Stennis procurement personnel. Since the October 2007 implementation, Stennis personnel noted that there had been procedural changes to making IT purchases, but they expressed no concerns about supporting NASA operations using ODIN.

- At Goddard, the MFR recommendations were fully or partially implemented by May 2008. Partial implementation was the result of Goddard delaying implementation for scientific processors and workstations.

We appreciate the courtesies extended during our review. If you have any questions, or need additional information, please contact Ms. Wen Song, Information Technology Director, at 202-358-2588.

        signed
Evelyn R. Klemstine

2 Enclosures

cc: NASA Administrator
     NASA Chief Information Officer
     NASA Associate Administrator for Institutions and Management
     NASA Assistant Administrator for Procurement
     NASA Shared Services Center, Office of Procurement,
        Chief, Contract Management Branch
     Kennedy Space Center, Chief Information Officer
     Kennedy Space Center, Aerospace Technologist
     Kennedy Space Center, Biomedical Office
     Langley Research Center, Chemistry and Dynamics Assistant Branch, Science
        Directorate

Scope and Methodology

We performed this review from November 2007 through August 2008. The review was performed in accordance with generally accepted government auditing standards. Those standards require that we plan our review to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

The fieldwork for this review was conducted at Goddard Space Flight Center, NASA Headquarters, Kennedy Space Center, Stennis Space Center, and NSSC at Stennis.

The impetus for this review was, initially, a complaint we received via a U.S. Senator and two additional complaints received through the OIG Hot Line. All the complaints alleged excessive markups on purchases made through ODIN's eCatalog. We used the Internet to find and compare prices against ODIN eCatalog pricing because the complainants used the Internet and we were trying to determine the credibility of their complaints and reasonableness of the ODIN eCatalog pricing. As a part of this review, we selected a cross section of 25 category 3 items from the ODIN eCatalog and compared their prices to prices for the same items available on the Internet. Our item choice was representative of different types of category 3 hardware and software items from the 485 items listed in the ODIN eCatalog. We focused our comparison on category 3 items because the complaints we received were related to category 3 purchases. Our cross section included accessory/input device, communication hardware, hand-held organizers, mass storage, memory, multimedia hardware, power protection, printers and plotters, and a video display/adapter. Our results identified that 21 of 25 items were priced an average of 27.37 percent higher in the ODIN eCatalog than on the Internet.

We did not review category 2 IT purchases because they were non-ODIN supported hardware and software systems. Non-ODIN supported hardware and software systems include those supported by the Government or through non-ODIN contracts.

We reviewed documents related to ODIN contracts NAS5-98144 and NAS5-98145, as they related to MFR Recommendations. We also interviewed the three complainants—two at Kennedy and one at Langley—the MFR team, an official from NASA Office of Chief Information Officer, the Assistant Administrator for the Office of Small Business Programs, the Assistant Administrator for Procurement, the NSSC Director of Procurement Division, NSSC Chief of Procurement Operations, ODIN representatives, the ODIN contracting officer, and other relevant personnel. We reviewed documents provided by complainants, NASA officials, and ODIN representatives.

Prior Coverage. During the last 5 years, the NASA Office of Inspector General (OIG) issued one report of particular relevance to the subject of this memorandum. Unrestricted reports can be accessed over the Internet at http://oig.nasa.gov/audits/reports/FY08.

"Opportunities for Cost Savings in Purchasing Peripherals and Accessory Equipment and Supplies for Desktop Computing Services" (IG-03-020, July 18, 2003)

Management's Comments

National Aeronautics and
Space Administration
Headquarters
Washington, DC 20546-0001

SEP 23 2008

Reply to Attn of: Office of Chief Information Officer

TO: Assistant Inspector General for Audits

FROM: NASA Chief Information Officer

SUBJECT: Response to Draft Memorandum - Assignment No. S-08-005-00, NASA's
            Consolidation of IT Purchases Under the Outsourcing Desktop Initiative

Thank you for the opportunity to review and provide comments on the subject draft
memorandum regarding the consolidation of IT purchases under the Outsourcing Desktop
Initiative for NASA (ODIN). The NASA Chief Information Officer (OCIO) has
coordinated the review and response to this draft with the Office of Procurement and the
NASA Shared Services Center (NSSC). Because the program management responsibility
for ODIN has been delegated to the Executive Director of the NSSC, we ask that the first
sentence of the recommendation in the draft memorandum be reworded as follows: "We
recommend that the Executive Director, NSSC, working in conjunction with the
Assistant Administrator for Procurement and the NASA Chief Information Officer..."

The consolidated management response to the three specific recommendations is as
follows.

OIG Recommendations for Corrective Action:

Recommendation 1: *Institute formalized procedures for seeking price modifications
from ODIN.*

Response: Concur. The Executive Director of the NSSC will direct the ODIN Program
Office to develop a program notice to the ODIN Program Board formalizing a process
that Centers will follow for conducting price re-determinations for catalog purchases.
The ODIN Program Office, in conjunction with Center delivery order contracting officers
and technical representatives, will ensure that price modifications are negotiated when
appropriate. Development of these formalized processes and procedures are already in
progress and the program notice shall be issued no later than October 31, 2008.

Recommendation 2: *Develop instructions for employees on how to seek and identify
lower costs for IT peripherals that do not require installation and maintenance
support.*

Response: Concur. The Executive Director of the NSSC will direct the ODIN Program Office to disseminate instructions to Agency ODIN users for contacting the ODIN Program Office when catalog prices for IT peripherals not requiring ODIN installation and maintenance support do not reflect current market conditions. The ODIN Program Office in conjunction with Center delivery order contracting officers and technical representatives will ensure that modifications to existing eCatalog prices are negotiated when appropriate. Dissemination of these instructions shall occur no later than October 31, 2008.

Recommendation 3: *Monitor prices in the ODIN eCatalog, and compare them to offering from alternative sources.*

Response: Concur. The Executive Director of the NSSC will direct the ODIN Program Office to update the Agency ODIN Surveillance Plan in order to establish the appropriate level of surveillance required by the ODIN Program Board to adequately review ODIN catalog prices for reasonableness and consistency with current market prices. Development of this update is already in progress and the surveillance plan shall be revised no later than October 31, 2008.

If you have any questions regarding this consolidated response, please direct them to Walter Kit of the Office of the Chief Information Officer at 202-358-1350. Questions regarding implementation of the recommendations by the ODIN program should be directed to Darryl Smith of the NSSC, at 228-813-6388.

Jonathan Q. Pettus

cc:
Assistant Administrator for Procurement/Mr. McNally
Executive Director, NSSC/Mr. Arbuthnot
OCIO/Mr. Kit
Office of Procurement/Mr. Flynn
OICMS/Mr. Roberts
NSSC/Ms. Edwards
NSSC ODIN/Mr. Smith