



National Security and  
International Affairs Division

B-270978

February 16, 1996

The Honorable Daniel S. Goldin  
Administrator, National Aeronautics  
and Space Administration

Dear Mr. Goldin:

Over the past few years, we have reviewed and reported on the National Aeronautics and Space Administration's (NASA) contract management as a high risk area. Recently, we surveyed the agency's approach to monitoring, measuring, and validating its progress in improving contract management. We are not proceeding to a full review at this time because of the staffing needs of other assignments. We may resume our work in this area later this year. In the meantime, we would like to share our preliminary observations on areas of progress and the potential need for additional action.

INCREASED MANAGEMENT ATTENTION

We are encouraged by the interest and responsiveness of NASA's procurement officials in establishing, routinely reviewing, and initiating timely actions on a broad range of procurement reports and metrics. Among the current matters officials review on a regular basis are the schedule milestones for major procurement activities; the age and value of undefinitized contract actions; the disposition of bid protests; progress toward NASA's 8-percent goal for awarding contracts to small, disadvantaged businesses; and trends in the number, value, and competitive status of procurement obligations. In addition, to improve oversight, NASA has planned or implemented improvements in systems used to monitor agency actions in response to our prior audit recommendations, NASA's Inspector General, and the Defense Contract Audit Agency audit recommendations. Our preliminary work also indicates that procurement officials appropriately follow up on known and suspected problems-- frequently using special teams to better define the problems, assess solutions, and recommend corrective actions.

POTENTIAL ISSUES RELATING TO THE SELF-ASSESSMENT PROCESS

Our work also indicates that NASA may be able to improve the self-assessment process centers used to periodically evaluate procurement functions. Centers are increasingly responsible for overseeing their own procurement activities, primarily through the use of self-assessments. Procurement officials and staff at both headquarters and centers believe that these assessments are an improvement over the previous way of periodically reviewing procurement activities.

Although we have not fully evaluated NASA's self-assessment approach, our preliminary work indicates that, with some improvements, it can be an effective mechanism for systematically reviewing the entire procurement process, from acquisition planning to contract closeout. The quality, consistency, and usefulness of such assessments might be improved if NASA's procurement centers had additional guidance and information on the following:

- conducting self-assessments, including staff selection, sampling techniques, and the scope of the review;
- retaining self-assessment documentation;
- following up on the correction of problems; and
- sharing self-assessment results.

Also, NASA guidance issued more than 2 years ago requires that metrics be used to measure the satisfaction of procurement customers--namely, the program offices. However, neither headquarters nor most centers have yet developed a system for collecting and using customer satisfaction metrics. Although the one center we visited, Goddard Space Flight Center in Greenbelt Maryland, does collect information about customer satisfaction, it does not collect such information routinely and does not compile it in a systematic way to monitor improvements, problems, or trends. We believe that developing meaningful measures of how well the procurement office is serving the program office might be an especially useful tool for improving coordination between procurement and program offices and for maintaining an acceptable level of customer satisfaction. NASA might benefit from the experiences of the Department of Defense and private sector organizations who are planning or have implemented processes for collecting metrics on how effectively they are serving their customers. In this

regard, we would be happy to share our information and contacts with your staff.

Improving the self-assessment process and the focus on customer satisfaction is particularly important in light of recent and planned personnel reductions. As you well know, NASA continues to face the challenge of operating and overseeing procurement activities while achieving significant personnel reductions at both headquarters and field centers. Both headquarters and center managers believe that recent efforts to improve and streamline the procurement system may help them cope with staff reductions. Nevertheless, both expressed concern about the long-term implications of planned and potential cutbacks. Headquarters officials indicated they are concerned that they may not have an adequate number of people to adequately manage contracting and subcontracting activities. Goddard officials stated that additional large reductions in procurement staffing could result in the inability to properly support the center's programs; increased vulnerability to waste, fraud, and abuse; and limited capacity to maintain procurement information systems. We have not assessed the potential implications of planned reductions.

We have already discussed these issues in detail with NASA procurement officials at headquarters and Goddard Space Flight Center. They said they would consider our preliminary work results and observations as they continue to refine the self-assessment process and develop and implement ways of measuring customer satisfaction with procurement activities.

We performed our work at NASA headquarters in Washington, D.C., and at Goddard Space Flight Center in Greenbelt, Maryland. At these locations, we interviewed responsible agency personnel and reviewed applicable documents. We also reviewed information on procurement reports and metrics used by NASA centers. We conducted our work between June and December 1995 in accordance with generally accepted government auditing standards.


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We appreciate the courtesies extended to us by NASA personnel during our survey and would appreciate your keeping us apprised of any actions you take with regard to the matters discussed in this letter. If you or your staff have any additional questions, please contact Frank Degnan, Assistant Director, on

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(202) 512-4131, or Sandra Gove, Evaluator-in-Charge, on (202)  
512-4680.

Sincerely yours,

  
David R. Warren, Director  
Defense Management Issues

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