



United States  
General Accounting Office  
Washington, D.C. 20548



National Security and  
International Affairs Division

B-276072

February 4, 1997

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

Dear Mr. Goldin:

Over the past several years, we have reviewed a variety of issues related to contract management at the National Aeronautics and Space Administration (NASA). Early last year, we reported that the quality, consistency, and usefulness of self-assessments of procurement functions by NASA's field centers could be improved if the centers had additional guidance and information.<sup>1</sup> Procurement officials at NASA headquarters noted they would consider our observations as they refined their self-assessment process.

The purpose of this letter is to (1) summarize our findings on NASA's efforts to address our concerns about the self-assessment process for procurement functions and (2) elicit information on further actions you plan to improve the process. We are asking that you or your designee respond to the questions at the end of this letter by March 7, 1997.

#### SUMMARY

In March 1996, NASA's Office of Procurement asked centers for their views on the need for additional self-assessment guidance. Several centers said that additional agencywide guidance was needed or stated they had independently developed center-specific guidance on conducting assessments. To date, NASA headquarters has not issued additional guidance or collaborated with center procurement officials to do so. Our recent work on the self-assessment process at centers has reinforced our initial concern about the need for additional guidance. Developing ways to ensure the consistency and quality of centers' assessments is particularly important in view of recent and planned changes in the procurement process and headquarters' reduced oversight role.

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<sup>1</sup>NASA Contract Management (GAO/NSIAD-96-95R, Feb. 16, 1996).

### Self-Assessment Guidance and Information

In February 1996, we suggested to NASA that the quality, consistency, and usefulness of self-assessments of procurement activities might be improved if centers had additional agencywide 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.

NASA procurement officials at headquarters informed us that they intended to pursue our suggestions in the interest of more efficient contract management. Subsequently, NASA's Office of Procurement asked centers for their views on the need for additional self-assessment guidance. Several centers said that additional agencywide guidance was needed or stated they had independently developed center-specific guidance on conducting assessments. One major procurement center strongly endorsed the need for additional agencywide guidance. A second center noted that existing guidance discussed virtually every aspect of the acquisition cycle and created the potential for self-assessments to become "broad-brushed," with little or no penetration into any real problem areas. A third suggested that an agency-sponsored workshop on generic self-assessment techniques would prove useful and help ensure more consistent assessments without restricting each center's ability to tailor its assessment to specific needs.

Goddard Space Flight Center, where we did the preliminary work supporting our February 1996 report, responded to our suggestions for improvement by (1) establishing a policy for retaining documentation on self-assessments, (2) taking steps to formalize the system for following up on identified problems, and (3) distributing its detailed self-assessment report to all procurement personnel at the center. However, to date, NASA headquarters has not issued additional guidance or collaborated with center procurement officials to do so.

Our recent work indicates that the lack of consistency in conducting procurement self-assessments still exists. While some centers conducted in-depth assessments and reported results in detail, others did not conduct the required assessments, performed limited assessments, or produced superficial reports of results. Even at the same center, the approaches used to conduct assessments have varied considerably from year to year.

Headquarters Oversight  
of Self-Assessment Process

Ensuring the consistency and quality of centers' self-assessments is critical because NASA headquarters exercises limited oversight through its separate functional reviews. Procurement management survey teams from headquarters do not routinely review centers' documentation supporting self-assessments. In addition, the teams do not have written guidance for evaluating centers' assessment activities to determine whether they (1) addressed the principal procurement functions, (2) provided reasonable estimates of potential risks, and (3) adequately identified areas needing improvement.

We recognize NASA's efforts to empower centers' procurement personnel through the self-assessment process. However, NASA guidance clearly establishes headquarters' responsibility for providing proactive functional area advice and for developing agencywide policy, requirements, standards, and guidelines in collaboration with top procurement officials at centers.

Headquarters' role in ensuring adequate and comprehensive coverage of the procurement cycle is particularly important in light of recent and planned changes. As you know, NASA continues to face the challenge of operating and overseeing procurement activities while achieving significant personnel reductions at both headquarters and field centers. For example, recent planned reductions could result in a 35-percent cut in headquarters staff working to improve agencywide contract management and reviewing centers' procurement activities. Also, NASA procurement personnel continue to grapple with organizational changes and ongoing revisions of policies and procedures in several areas. For example, centers have empowered their personnel by increasing warrant levels and span of review approval authority. While these changes have positive elements, they have also reduced the traditional "safety net" of several review and approval cycles.

QUESTIONS

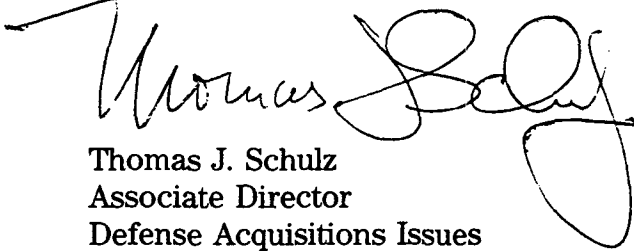
1. Now that the first 3-year cycle for the new self-assessment process in procurement has recently concluded, how does NASA plan to evaluate the overall effectiveness of self-assessments as a mechanism for procurement system oversight and follow up on problems?
2. Does NASA have any specific plans to provide more guidance or training to ensure the quality, consistency, and usefulness of centers' procurement self-assessments? If so, when? If not, why not?

3. What future role will procurement management survey teams play in reviewing the completeness and adequacy of centers' self-assessments and helping centers identify ways to improve the self-assessment process? How will headquarters staff accomplish these activities, given planned reductions?

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We are sending copies of this letter to the Chairmen and Ranking Minority Members of congressional committees with NASA appropriation, authorization, and oversight responsibilities. Copies will also be made available to others upon request. Your response to our inquiry will be provided the same distribution. If you have any questions, please contact me or Mr. Frank Degnan, Assistant Director, at (202) 512-4841.

Sincerely yours,



Thomas J. Schulz  
Associate Director  
Defense Acquisitions Issues