



National Science Foundation

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Office of Inspector General

MEMORANDUM

DATE: September 30, 2010

TO: Greg Steigerwald, Acting Director
Division of Acquisition and Cooperative Support (DACCS)

FROM: Dr. Brett M. Baker /s/
Associate Inspector General for Audit

SUBJECT: NSF OIG Audit Report No. OIG-10-1-013, Evaluation of the Adequacy of Associated Universities Inc.'s Short and Long Range Planning Processes

We contracted with the Defense Contract Audit Agency (DCAA), Chesapeake Bay Branch Office, to perform a comprehensive internal control review of Associated Universities, Inc. (AUI). This included a review of AUI's short and long-range planning processes over about \$458 million of funds that NSF projected to award to AUI for the management and operations of the National Radio Astronomy Observatory (NRAO) for FYs 2010-2015.

Background

AUI manages astronomical observatories for NSF and is the management organization for the NRAO, which is one of NSF's Federally Funded Research and Development Centers (FFRDC). AUI manages research facilities in Green Bank, WV (site of the Green Bank telescope) and in Socorro, NM (site of the Very Large Array and Expanded Very Large Array). AUI also manages the Atacama Large Millimeter Array (ALMA) which is still under construction in Chile. NSF awarded Cooperative Agreement AST-0956545 to AUI, effective from November 15, 2009 through September 30, 2015, for the management and operations of the NRAO.

One of the objectives of this audit was to review the adequacy of AUI's short and long-term planning processes, budget preparation, and budget performance and monitoring to achieve planned objectives and proper stewardship over NSF funds.

DCAA issued a separate audit report to address this objective. DCAA's audit report is included as an attachment to this memo. The audit was performed in accordance with generally accepted government auditing standards. DCAA's findings and recommendation are summarized below.

AUI's Planning Processes Require Written Documentation: DCAA found that AUI's short and long-range planning processes used in AUI's FY 2010-2015 plan to prepare budget estimates are adequate. However, AUI does not have consolidated written procedures that

describe all of its planning tasks in one document. DCAA therefore recommended that AUI prepare a single document that consolidates and describes all of its planning processes. DCAA stated that the reason for this recommendation is to allow an experienced employee with little knowledge of the system to perform required planning tasks efficiently and timely.

AUI agreed to provide a narrative to outline its planning processes by March 2011.

Recommendation

We recommend that the NSF Director of the Division of Acquisition and Cooperative Support require AUI to prepare and submit to NSF its document that consolidates and describes all of its planning processes for NSF's review and approval prior to approving the next annual NRAO Program Plan and Long-Range Plan.

We are providing a copy of this memorandum to the AUI Program Director. The responsibility for audit resolution rests with DACS. Accordingly, we ask that no action be taken concerning the report's findings without first consulting DACS at (703) 292-8242.

OIG Oversight of Audit

To fulfill our responsibilities under Government Auditing Standards, the Office of Inspector General:

- Reviewed DCAA's approach and planning of the audit;
- Monitored the progress of the audit at key points;
- Coordinated periodic meetings with DCAA and OIG management to discuss audit progress, findings and recommendations;
- Reviewed the audit report prepared by DCAA to ensure compliance with Government Auditing Standards and Office of Management and Budget Circulars; and
- Coordinated issuance of the audit report.

DCAA is responsible for the attached audit report on AUI and the conclusions expressed in the report. The NSF OIG does not express any opinion on AUI's short and long-range planning processes or the conclusions presented in DCAA's audit report.

We thank you and your staff for the assistance extended to us during the audit. If you have any questions about this report, please contact Jannifer Jenkins at (703) 292-4996 or David Willems at (703) 292-4979.

Attachments: DCAA Report No. 6171-2010J17900001 (Revised) dated September 14, 2010

cc: Martha Rubenstein, CFO and Director BFA
Mary Santonastasso, Division Director, DIAS
Clifford Gabriel, MPS Executive Officer (Acting)