

**A** *udit*



**R** *eport*

ADVANCED SENSOR APPLICATIONS PROGRAM  
JOINT PROJECT

Report No. D-2002-017

November 23, 2001

Office of the Inspector General  
Department of Defense

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<b>Abstract</b> In June 1993, DoD and the National Oceanic and Atmospheric Administration, Department of Commerce, established a memorandum of understanding to implement a cooperative program of research and development intended to accomplish major improvements in non-acoustic technology. The program was a congressionally established joint project under the Advanced Sensor Applications Program. We performed the audit in cooperation with the Inspector General, Department of Commerce, and the Defense Criminal Investigative Service. The Inspector General, Department of Commerce, received an allegation concerning potential misappropriation of DoD funds by the Environmental Technology Laboratory, National Oceanic and Atmospheric Administration, located in Boulder, Colorado. The allegation was that the Environmental Technology Laboratory charged the Advanced Sensor Applications Program Joint Project for costs applicable to other programs.		
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### **Acronyms**

ASAP	Advanced Sensor Applications Program
DCIS	Defense Criminal Investigative Service
DoCIG	Department of Commerce Inspector General
ETL	Environmental Technology Laboratory
ISSO	Intelligence Systems Support Office
NOAA	National Oceanic and Atmospheric Administration
OAR	Oceanic and Atmospheric Research



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-4704

November 23, 2001

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (COMMAND,  
CONTROL, COMMUNICATIONS, AND  
INTELLIGENCE)  
DIRECTOR, INTELLIGENCE SYSTEMS SUPPORT  
OFFICE

SUBJECT: Audit of the Advanced Sensor Applications Program Joint Project  
(Report No. D-2002-017)

We are providing this report for your information and use. We considered management comments on a draft of this report when preparing the final report. We conducted the audit in cooperation with the Inspector General, Department of Commerce, to review allegations that the Environmental Technology Laboratory was charging DoD for costs that applied to other customers.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Brian M. Flynn at (703) 604-9489 (DSN 664-9489) (bflynn@dodig.osd.mil) or Mr. Byron B. Harbert at (303) 676-7405 (DSN 926-7405) (bharbert@dodig.osd.mil). We will provide a formal briefing on the results of the audit, if desired. See Appendix D for the report distribution. The audit team members are listed inside the back cover.

*David K. Steensma*

David K. Steensma  
Acting Assistant Inspector General  
for Auditing

## Office of the Inspector General, DoD

Report N. D-2002-017

November 23, 2001

(Project No. D2000FD-0265)

### Advanced Sensor Applications Program Joint Project

#### Executive Summary

**Introduction.** In June 1993, DoD and the National Oceanic and Atmospheric Administration, Department of Commerce, established a memorandum of understanding to implement a cooperative program of research and development intended to accomplish major improvements in non-acoustic technology. The program was a congressionally established joint project under the Advanced Sensor Applications Program. We performed the audit in cooperation with the Inspector General, Department of Commerce, and the Defense Criminal Investigative Service. The Inspector General, Department of Commerce, received an allegation concerning potential misappropriation of DoD funds by the Environmental Technology Laboratory, National Oceanic and Atmospheric Administration, located in Boulder, Colorado. The allegation was that the Environmental Technology Laboratory charged the Advanced Sensor Applications Program Joint Project for costs applicable to other programs.

**Objective.** The objective of the audit was to determine whether DoD funds provided to the Environmental Technology Laboratory were spent in accordance with program objectives and the June 8, 1993, Memorandum of Understanding between the Intelligence Systems Support Office, Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) and the Environmental Technology Laboratory.

**Results.** We substantiated the allegation of mischarging DoD funds by the Environmental Technology Laboratory. During FYs 1998, 1999, and 2000, the Environmental Technology Laboratory inappropriately charged \$1.6 million to the Advanced Sensor Applications Program Joint Project for costs that were either not applicable to the project or were not supported. Of that amount, \$402,547 was charged for labor costs, \$677,232 was charged for other costs, and \$532,191 was charged for costs of research grants not connected with the Advanced Sensor Applications Program. As a result, DoD paid for costs incurred by the Environmental Technology Laboratory with no assurance that the charges benefited the Advanced Sensor Applications Program.

**Summary of Recommendations.** We recommend that the Program Manager for the Intelligence Systems Support Office, Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) request the Administrator, National Oceanic and Atmospheric Administration, to reconcile the costs charged to the Advanced Sensor Applications Joint Project from June 1993 to the present. We

recommend the Intelligence Systems Support Office Program Manager oversee the reconciliation and determine those costs mischarged and those costs that cannot be supported. We also recommend that the Intelligence Systems Support Office Program Manager request the Administrator, National Oceanic and Atmospheric Administration, to return funds in the amount of the mischarges and unsupported charges. If the Administrator, National Oceanic and Atmospheric Administration, does not reconcile the costs charged to the Advanced Sensor Applications Joint Project to the satisfaction of the Intelligence Systems Support Office Program Manager, we recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) direct the Intelligence Systems Support Office Program Manager to terminate the agreement with the National Oceanic and Atmospheric Administration for research and development in non-acoustic technology.

**Management Comments.** The Intelligence Systems Support Office concurred with the recommendations, stating that they take the Inspector General finding substantiating the allegation of misuse of DoD funds very seriously. The Intelligence Systems Support Office will request the Administrator, National Oceanic and Atmospheric Administration, to reconcile costs charged to the Advanced Sensor Applications Program and will oversee the reconciliation to be completed by April 1, 2002. The Intelligence Systems Support Office will request National Oceanic and Atmospheric Administration to return funds in the amount of the mischarges and unsupported charges that result from the reconciliation. The Intelligence Systems Support Office stated that they terminated their relationship with the Environmental Technology Laboratory effective September 30, 2001.

**Audit Response.** The Intelligence Systems Support Office comments are fully responsive. We commend the Advanced Sensor Applications Program Manager for the extraordinary measures taken in response to the audit findings.

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## Background

We performed the audit in cooperation with the Inspector General, Department of Commerce (DoCIG) and the Defense Criminal Investigative Service (DCIS). The DoCIG and DCIS received an allegation concerning misappropriation of DoD funds by the Environmental Technology Laboratory (ETL), National Oceanic and Atmospheric Administration (NOAA), located in Boulder, Colorado. The allegation charged that ETL misused DoD funds intended for the Advanced Sensor Applications Program (ASAP) Joint Project by diverting DoD funds to unrelated research on other ETL programs and charged those costs to ASAP. ETL is a component of the Office of Oceanic and Atmospheric Research (OAR) within NOAA.

**Oceanic and Atmospheric Research Mission.** OAR plans, organizes, manages, and conducts research and development to meet the needs of NOAA. OAR consists of laboratory and extramural research projects that provide technological and scientific information, or capabilities on which to base improvements in NOAA services, products, and policies. OAR administers programs through its 12 laboratories including the ETL.

**Environmental Technology Laboratory.** ETL supports NOAA environmental monitoring by performing oceanic and atmospheric research and by developing new remote-sensing systems. ETL collaborates with experts on all aspects of the interaction of radio, radar, light, and sound waves to study atmospheric and oceanic processes and to probe regions that are not readily accessible by direct measurement. The five divisions of NOAA focus on different sensor technologies and on different aspects of the ocean-atmospheric environment.

## Memorandum of Understanding

In June 1993, DoD and NOAA established a memorandum of understanding to implement a cooperative program of research and development intended to accomplish major improvements in non-acoustic technology. The program was a congressionally established joint project under ASAP.

**ETL Funding.** Between September 30, 1992, and September 30, 2000, DoD issued Economy Act Orders totaling \$44 million to ETL. The Economy Act Orders were for research and development on the use of multipurpose sensors for both military applications and environmental purposes in atmospheric and oceanic research.

## Objective

The objective of the audit was to determine whether DoD funds provided to ETL were spent in accordance with program objectives and the June 8, 1993, Memorandum of Understanding between the Intelligence Systems Support

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Office (ISSO), Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), and ETL.

## **Other Matters of Interest**

Our review included audit work to determine the status of program funds. We performed a reconciliation of funds received, accrued costs, and outstanding obligations. Our review disclosed that obligations were incurred for ASAP that apparently exceeded available fund authority by \$2.3 million as of September 30, 2000. We reported the apparent overobligation to a DoCIG official on March 6, 2001. Matters disclosed in this report were discussed with officials of DCIS and the DoCIG.

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## Evaluation of Program Costs

We substantiated the allegation of mischarging DoD funds by ETL. During FYs 1998, 1999, and 2000, ETL inappropriately charged the ASAP Joint Project for costs that were either not applicable to the project or were unsupported. The mischarging of funds included:

- labor costs totaling \$329,990 that were mischarged to ASAP and \$72,557 of labor costs that were unsupported,
- miscellaneous costs totaling \$545,490 that were mischarged to ASAP and \$131,742 in miscellaneous costs that were unsupported, and
- research grants totaling \$160,310 that were mischarged to ASAP and \$371,881 in research grants that were unsupported.

The mischarging of funds occurred because ETL did not administer ASAP in accordance with the requirements of the Economy Act, the June 8, 1993, Memorandum of Understanding, and policies and procedures established by NOAA. Additionally, the ISSO Program Manager did not establish adequate internal controls to ensure that program funds were being used for intended purposes. As a result, DoD paid for costs incurred by ETL with no assurance that the charges benefited the ASAP Joint Project.

## Acquisitions Using Economy Act Orders

The Economy Act, sections 1535 and 1536, title 31, United States Code, provides authority for Federal agencies to order goods and services from other Federal agencies and pay the actual costs of those goods and services. The Economy Act states that orders may be placed with another agency if (1) funds are available; (2) the head of the ordering agency decides the order is in the best interest of the Government; (3) the agency filling the order is able to provide, or get by contract, the goods or services; and (4) the head of the agency decides the ordered goods or services cannot be provided by contract as conveniently or cheaply by commercial enterprise. Furthermore, the Economy Act requires a proper cost adjustment based on actual costs. A cost account, or other device, should be used to accumulate the cost of performance for all Economy Act orders. Those costs should serve as a historical basis for determining the amount reimbursable for cost-reimbursement Economy Act orders.

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## **ASAP Program Management**

DoD has the primary responsibility and resources for improvement of non-acoustic technology with respect to antisubmarine warfare applications. In general, ASAP research is jointly planned and monitored by both DoD and NOAA. ISSO manages the DoD ASAP Joint Project on behalf of DoD. ETL is responsible for day-to-day program execution.

**Planning.** ISSO and ETL officials prepare a research and development plan to describe specific technology. The plan provides for the appropriate focusing of interdepartmental planning, coordination, and review. Sources, amounts, and allocation of funds are delineated in a yearly research and development plan. The research and development plan is reviewed annually and revised as needed.

**Management Review.** According to the Memorandum of Understanding between ISSO and ETL, research and development work is to be reviewed regularly in order to facilitate evaluation of results, transfer of technology between ETL and ISSO, and adjustments of programmatic direction. Management review will be conducted by annual technical review conferences, programmatic reviews, and written reports.

## **NOAA-Wide Standard Labor Distribution Procedures**

NOAA established NOAA-wide Standard Labor Distribution Procedures effective June 26, 1996. The procedures were established to ensure that consistent and effective accounting methods for labor hours and costs are followed throughout NOAA. These procedures provide guidance for the establishment and use of a biweekly NOAA-wide Standardized Labor Distribution Worksheet. The Standardized Labor Distribution Worksheet is an employee timesheet referred to as a "worksheet." The purpose of the worksheet is to provide a means for employees to account fully for actual direct labor hours and costs. The procedures outline employee, supervisor, and timekeeper responsibilities for the preparation and processing of worksheets, and the accurate recording of data in the Department of Commerce Time and Attendance Daily Report. The biweekly NOAA-wide Standard Labor Distribution Worksheet is the source document for charging labor costs to various ETL reimbursable projects such as the one with DoD, and is the basis for employee biweekly payroll.

**Employee Responsibilities.** Each employee is responsible for submitting an accurate, signed, labor distribution worksheet to the timekeeper each pay period. The procedures require each employee to ensure the accuracy of the reimbursable project number (task numbers) and hours on both the worksheet and Time and Attendance Daily Reports. Employees are required to notify their

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timekeeper of any discrepancies occurring between the worksheet and related statements.

**Supervisory Responsibilities.** Each supervisor is responsible for reviewing the accuracy and completeness of the information contained on the worksheets and for ensuring that the data are correctly recorded on the Time and Attendance Daily Reports.

**Timekeeper Responsibilities.** Timekeepers are responsible for promptly recording the worksheet data into the payroll system each pay period to enable payment within the payroll processing cycle. Timekeepers must ensure that a Standardized Labor Distribution Worksheet has been prepared, completed, and signed by each employee. The original Standardized Labor Distribution Worksheet should be filed with the employee's Time and Attendance Daily Report.

## Review of the Allegation

The DoCIG received an allegation concerning misappropriation of DoD funds by ETL. It was alleged that ETL misused DoD funds intended for the ASAP Joint Project by diverting DoD funds to unrelated research on other ETL programs. It was further alleged that ETL then mischarged the costs to the ASAP Joint Project. The allegation was substantiated. We determined that, during the 3 years we reviewed, \$1.6 million of costs charged to the ASAP Joint Project were either mischarged or were not supported by adequate documentation.

## Questioned Costs

During FYs 1998, 1999, and 2000, ETL charged the ASAP Joint Project for costs that were either mischarged to the project or were unsupported by adequate documentation. A summary of questioned costs is illustrated below.

<b>SUMMARY OF QUESTIONED COSTS</b>		
<u>COST CATEGORY</u>	<u>UNSUPPORTED COSTS</u>	<u>MISCHARGED COSTS</u>
Labor Costs	\$ 72,557	\$329,990
Miscellaneous Costs	\$131,742	\$545,490
Research Grants	<u>\$371,881</u>	<u>\$160,310</u>
Total Costs By Category	<u>\$576,180</u>	<u>\$1,035,790</u>
<b>Total Unsupported and Mischarged Costs</b>		<b>\$1,611,970</b>

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## Labor Costs

During FYs 1998, 1999, and 2000, ETL charged labor costs totaling \$1.2 million for 71 Federal employees to ASAP. A review of these costs showed that ETL mischarged \$329,990 to ASAP, and an additional \$72,557 charged to ASAP was unsupported. We examined all 526 NOAA Standard Labor Distribution Worksheets and Time and Attendance Daily Reports for FYs 1998, 1999, and 2000 to determine whether labor hours charged to ASAP were supported and applicable to the ASAP Joint Project. We identified 313 discrepancies in the 526 timesheets reviewed. See Appendix B for examples of timesheet irregularities. The timesheet discrepancies include the following.

- Eight employees charged 3,936 direct hours costing \$120,292 to ASAP although they did not work on the project.
- 37 Time and Attendance Daily Reports submitted by timekeepers charged \$63,005 to ASAP, although the Standard Labor Distribution Worksheets prepared by employees indicated the employees did not work on the project. See the example in Appendix B.
- 82 Standard Labor Distribution Worksheets prepared by employees showed that the employees did not work on ASAP, but \$152,692 was charged directly to ASAP accounting records.
- 10 ASAP Time and Attendance Daily Reports submitted to payroll were undated.
- Nine ASAP Time and Attendance Daily Reports showed no evidence of timekeeper review prior to submission to payroll and eight showed no evidence of ETL supervisory review.
- 10 ASAP Standard Labor Distribution Worksheets were unsigned by the employee, and 55 were not dated.

**Charging Labor Costs To Use Up ASAP Funds.** ETL personnel informed us that labor costs were charged to the ASAP Joint Project based on available funds and were not necessarily charged to the project based on work performed. For example, at the end of FYs 1998 and 1999, \$11,804 and \$54,754, respectively, were charged to ASAP for work of employees who did not work on the project. Timekeepers stated that the ETL administrative officer directed those charges to

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use up available ASAP funds.<sup>1</sup> Consequently, the supporting documentation for labor costs charged to ASAP was unreliable.

## Miscellaneous Costs

During FYs 1998, 1999, and 2000, ETL charged 3,805 transactions amounting to \$13.5 million to ASAP for costs other than labor. We identified \$677,232 of those costs as unsupported and mischarged to the ASAP program. Those charges included expenditures for research grants, materials, subcontractor support, computer equipment, travel, overhead, and other miscellaneous expenses.

**Materials, Computer Equipment, Travel, and Miscellaneous Expenses.** We selected a judgmental sample of 665 transactions valued at \$1.3 million, which represented 17 percent of total transactions and 9 percent of total other costs charged to ASAP during the period. We determined that \$165,369 (12 percent) of our sampled costs either were not supported by adequate documentation or did not benefit the program. We also reviewed cost overruns on other ETL research projects that were mischarged to the ASAP Joint Project.

**Cost Overruns.** During FY 2000, ETL charged \$511,863 of cost overruns incurred by other ETL research projects to ASAP. The cost overruns were for research projects that were unrelated to ASAP. We reviewed documentation for the cost transfers that were prepared between April and June 2000. The costs were diverted to ASAP in order to fund the overruns of other research projects. The documentation shows that NOAA Headquarters personnel approved the transfers.

**Examples of Other Sampled Costs.** Our sample identified other examples of costs charged to ASAP that were not supported by adequate documentation or were unrelated to ASAP.

- Several expenses that were charged to ASAP were missing supporting documentation such as receipts, receiving reports, or evidence to support a valid charge to the program. For example, an employee doing research on an unrelated research project purchased software totaling \$23,500 using his Government credit card. The only support for the expense was the employee's handwritten notation on his credit card statement. The employee's notation had been altered and a second notation had been inserted labeling the cost as an ASAP cost. The employee purchased the software over the phone and there was no evidence that it was received.

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<sup>1</sup> The apparent falsification of official timesheets was referred to DCIS for further investigation.

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- Several costs charged were unrelated to ASAP. For example, ETL charged ASAP \$15,038 to remove existing data cables from the Boulder observatory tower and replace them with fiber optic cables. ASAP also was charged \$2,700 to install a 60-foot telephone/power pole in Erie, Colorado. According to the ISSO Program Manager, both expenses were unrelated to ASAP.
  - Travel expenses were identified that appeared to be unrelated to ASAP. For example, ASAP was charged \$803 for the cost of an airline ticket. The employee traveled to his destination and upon arrival went on annual leave. He remained on annual leave through the entire trip until the day of his departure to return to Boulder, Colorado. Apparently, ASAP paid for the employee's personal travel.<sup>2</sup>
  - We identified several supporting documents that were altered in order to appear as legitimate charges to ASAP. Several documents reviewed were originally assigned to other ETL research projects but had been altered and the costs charged to ASAP. See Appendix C for an example of an altered document.

**Research Grants.** During FYs 1998, 1999, and 2000, ETL charged research grants to ASAP valued at \$5.4 million. The costs were incurred through a cooperative agreement between ETL and the University of Colorado. We reviewed documentation supporting the costs charged to ASAP. Our review disclosed that \$371,880 of costs that were charged to ASAP were unsupported and \$160,310 were mischarged to ASAP.

## Legal and Established Procedures Not Followed

ETL did not manage ASAP in accordance with the requirements of the Economy Act and established NOAA policies and procedures. The Economy Act provides for payment of actual cost of goods or services provided. ETL, however, charged ASAP costs based on funds available, not on the basis of the actual costs incurred on behalf of the project.

**Not Following Labor Policies and Procedures.** ETL personnel acknowledged that the laboratory was not following the established labor distribution procedures. For example, scientists and other operational employees signed incomplete worksheets that did not contain times charged to projects based upon

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<sup>2</sup> This travel was referred to DCIS for further investigation.

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work done. A timekeeper who charged the employees' times to projects based upon available funds then completed the worksheets. This resulted in labor costs being charged arbitrarily based on available funds rather than actual work performed on ASAP.

**Other Accrued Costs Not Controlled Effectively.** ETL had not established internal controls to ensure that only actual costs incurred were charged for reimbursable sponsored research projects. Those costs should serve as a basis for determining the amount reimbursable for cost-reimbursement Economy Act orders. Since the inception of ASAP, ETL has not provided an accounting of actual costs incurred for the project or any applicable cost adjustments. There was a lack of supervisory oversight of program spending, and ETL and DoD have not taken steps to ensure that only actual costs are charged to ASAP. For example, employees could authorize their own expenditures through use of charge cards. When the bills for purchases were received, the costs were charged to projects based on fund availability.

**Management Review Ineffective.** The ISSO program manager did not establish adequate internal controls to ensure that program funds were not being misused. According to the memorandum of understanding between ISSO and ETL, research and development work should have been reviewed regularly in order to facilitate evaluation of results, transfer of technology between ETL and ISSO, and adjustments of programmatic direction. Since the inception of the ASAP Joint Project, management review was conducted by annual technical review conferences, programmatic reviews, and written reports. However, the conferences, reviews, and reports were not adequate to monitor funds and ensure that funds were not being mischarged. ISSO provided advanced funding annually to ETL and did not manage the program on a cost reimbursement basis.

## **Prior Audit Findings**

In June 1996, the DoCIG issued Audit Report No. STL-7658-6-0001, "National Oceanic and Atmospheric Administration - OAR's Cost Recovery for Sponsored Research Needs Improvement." The Inspector General report criticized the "lax" management of NOAA because only 1 of 12 NOAA managed laboratories had implemented standardized labor distribution records to account for actual labor costs being charged to reimbursable research projects. The DoCIG recommended that NOAA develop procedures to begin immediately calculating and charging actual costs, including direct labor. The DoCIG recommended the implementation of NOAA Standard Labor Distribution Procedures. Based on the DoCIG recommendation, the NOAA Director of Finance established NOAA-wide Standard Labor Distribution Procedures cited in this report. Despite established procedures in place for over 4 years, ETL personnel acknowledged that the laboratory was not following the labor distribution procedures.

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## Summary

We substantiated the allegation of misuse of DoD funds by ETL. ETL mischarged \$1.035 million of labor and other costs to the ASAP Joint Project and could not support an additional \$576,180 charged to ASAP. ETL did not manage ASAP funding in accordance with the requirements of the Economy Act or with NOAA policies and procedures. NOAA Headquarters approved \$511,863 of the mischarges. Additionally, the DoD program manager did not establish adequate internal controls to ensure program funds were not being misused. Consequently, there was no assurance that DoD funds were expended for intended purposes.

## Recommendations, Management Comments, and Audit Response

- 1. We recommend that the Intelligence Systems Support Office Program Manager request the Administrator, National Oceanic and Atmospheric Administration, to reconcile the costs charged to the Advanced Sensor Applications Program Joint Project from June 1993 to the present.**
- 2. We recommend the Intelligence Systems Support Office Program Manager oversee the reconciliation and determine those costs mischarged and those costs that cannot be supported.**
- 3. We recommend that the Intelligence Systems Support Office Program Manager request the Administrator, National Oceanic and Atmospheric Administration, to return funds in the amount of the mischarges and unsupported charges.**
- 4. If the Administrator, National Oceanic and Atmospheric Administration, does not reconcile the costs charged to the Advanced Sensor Applications Program Joint Project to the satisfaction of the Intelligence Systems Support Office Program Manager, we recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) direct the Intelligence Systems Support Office Program Manager to terminate the agreement with the National Oceanic and Atmospheric Administration for research and development in non-acoustic technology.**

**Management Comments.** The Intelligence Systems Support Office concurred with the recommendations, stating that they take the Inspector General finding substantiating the allegation of misuse of DoD funds very seriously.

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The ISSO will request the Administrator, NOAA, to reconcile costs charged to the ASAP and will oversee the reconciliation to be completed by April 1, 2002. ISSO will request NOAA to return funds in the amount of the mischarges and unsupported charges that result from the reconciliation. Concerning Recommendation number 4., regardless of the outcome of the reconciliation, ISSO terminated their relationship with ETL effective September 30, 2001.

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## Appendix A. Audit Process

### Scope and Methodology

Our report focused on the ETL, located in Boulder, Colorado. We performed the audit in cooperation with the DoCIG and the DCIS. The DoCIG and DCIS received an allegation concerning misappropriation of DoD funds. Based on the allegation, the objective of the audit was to determine whether DoD funds provided to ETL were spent in accordance with program objectives and the memorandum of understanding between DoD and ETL, dated June 8, 1993. In order to address our audit objective, we reviewed total funding paid by DoD to ETL and the ETL documentation that supported costs charged to DoD. Documentation included a review of Military Interdepartmental Purchase Requests valued at \$44 million issued by DoD to NOAA between September 1992 and September 2000. Additionally, we examined NOAA documentation that supported program costs for FYs 1998, 1999, and 2000. Our examination included a review of reimbursable task status billing reports, employee time and attendance daily reports, standardized labor distribution worksheets, vendor invoices, travel vouchers, purchase orders, contracts, cooperative agreements, research grant documentation and other supporting documents. We reviewed NOAA policies and procedures related to accounting for reimbursable project costs. We also reviewed project files and interviewed scientific and administrative personnel involved in administering ASAP.

**Scope of the Review.** We did not review the management control program applicable to the ASAP Joint Project implemented within the DoD. The audit was limited to the program execution by the National Oceanic and Atmospheric Administration and, therefore, outside the purview of the DoD Management Control Program.

**General Accounting Office High-Risk Area.** The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the DoD Financial Management high-risk area.

**Use of Computer-Processed Data.** To achieve the audit objectives, we relied on computer-processed data contained in a NOAA automated system. Our review of system controls and the results of data tests showed the system controls could not be relied upon. However, when the data produced by the NOAA system were reviewed in context with other available evidence, we believe that the opinions, conclusions, and recommendations in this report are valid.

**Audit Type, Dates, and Standards.** We performed this economy and efficiency audit from August 2000 through June 2001 in accordance with generally accepted Government auditing standards.

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## **Prior Coverage**

No prior coverage has been conducted on the subject during the last 5 years.

# Appendix B. Examples of Timesheet Irregularities

## Employee A

Time and Attendance Daily Report shows 80 hours charged to the ASAP Joint Project. The hours were charged to ASAP Joint Project Code "BR2A01." Time and Attendance Daily Report is jointly prepared by an ETL timekeeper and the employee's supervisor. This document serves as the official source document for payroll purposes. Although 80 hours were charged to the ASAP Joint Project, the worksheet which is prepared by the employee as shown on page 15, indicates that the employee did not charge the ASAP Joint Project during the pay period.

CERTIFIED COPY

UNITED STATES DEPARTMENT OF COMMERCE  
TIME AND ATTENDANCE DAILY REPORT  
April 23, 2000 to May 06, 2000

FORM CD-440PC  
TPK 5.2

**Employee A**

PP	YR	Agency	State	Town	Unit	Tmkpr	GS	WG	Oth	FT	PT	Int
09	00	54	08	0200	10	07	1			1		

Chg	Adv	Oath	Final	New	Cont	Standby/AUO	Reg	Acct	Days	In	Corr	Alt	
End	Strt	Lv	Ofc	Rpt	ContPt	Wk1	Wk2	%	OT	Code	Paystat	Supp	Schd

Su	Mo	Tu	We	Th	Fr	Sa	WkTot	T/C	Accounting Data						
TIME IN PAY Week 1									App	A	B	C	D	E	
8.0	8.0	8.0	8.0	8.0	8.0		40.0	REG/TM	001	BR2A	0177				

**40 hours charged to ASAP- Code BR2A01**

Su	Mo	Tu	We	Th	Fr	Sa	WkTot	T/C	App	A	B	C	D	E
8.0	8.0	8.0	8.0	8.0	8.0		40.0	REG/TM	001	BR2A	0177			

**40 hours charged to ASAP- Code BR2A01**

Total	T/C	0001	Total Time	80.0	Fwd	Accr	Used	Bal					
Su	Mo	Tu	We	Th	Fr	Sa	WkTot	T/C	AL	32.0	04		36.0
OTHER TIME Week 1									SL	32.0	04		36.0
OTHER TIME Week 2									Cred	0.0			0.0
									Comp	0.0			0.0
									RCom	0.0			0.0
									Shor	0.0			0.0
									Home	0.0			0.0
Total Oth T/C 0000									Total Oth Time	0.0			0.0
									RAL	0.0			0.0
									Awrđ	0.0			0.0
									LWOP	0.0			0.0
									AWOL	0.0			0.0
									Susp	0.0			0.0
									Furl	0.0			0.0
									EMil	0.0			0.0
Work Week : M-F 9-6 1 HR L									RMil	00	# of days		00
Remarks :									Othr				
DUTY HOURS: 080													

CLOCK HOURS ABSENT, PREMIUM PAY OR CREDIT HOURS													
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
Fr							Fr						
To							To						
Fr							Fr						
To							To						

Supervisor's Signature: \_\_\_\_\_ Date: 5/10 Tmkpr: \_\_\_\_\_ Empl: \_\_\_\_\_

Your signature certifies that all reported time was worked & approved according to law & regulation.

**Employee A**

Employee prepared worksheet shows employee A was absent during the pay period. No time was charged to the ASAP Joint Project. However, the Time and Attendance Daily Report which is prepared for payroll purposes on page 14, charged the ASAP Joint Project 80 hours for this employee.

STANDARDIZED LABOR DISTRIBUTION WORKSHEET																																																					
Employee A		Pay Period: 9		Dates: 4/23		to 5/6/2000																																															
Hours Worked																																																					
Week One							Week Two																																														
	Sun	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Mon	Tues	Wed	Thurs	Fri	Sat																																							
Duty	From		9am					9am																																													
Hours	To		6:30pm					6:30pm																																													
Hours	From		8					8																																													
Absent	To																																																				
													<b>TOTALS:</b>																																								
Code:	Task Number:																																																				
01	BR2A0177																																																				
													<b>TOTAL HOURS WORKED:</b>																																								
<b>HOURS NOT WORKED:</b>																																																					
50	Credit Hours Used																																																				
61	Annual Leave																																																				
62	Sick Leave																																																				
62 62	Friendly Family Leave Act																																																				
64	Comp. Time Used																																																				
66	Adm/Holiday																																																				
													<b>TOTAL HOURS ABSENT:</b>																																								
Comments:													<b>GRAND TOTAL:</b>																																								
M _____ 5-3-2000 _____																																																					
Employee's Signature				Date				Supervisor Signature (optional)				Date																																									
<table border="0"> <thead> <tr> <th colspan="4">NOAA Transaction Code Descriptions:</th> </tr> <tr> <th>Code</th> <th>Description</th> <th>Code</th> <th>Description</th> <th>Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>01</td> <td>Regular Time</td> <td>50</td> <td>Credit Hours Used</td> <td>64</td> <td>Compensatory Leave</td> </tr> <tr> <td>14</td> <td>Hazard Pay Differential</td> <td>61</td> <td>Annual Leave</td> <td>65</td> <td>Regular Military Leave</td> </tr> <tr> <td>21</td> <td>Overtime Over 40</td> <td>62</td> <td>Sick Leave</td> <td>66</td> <td>Other Leave</td> </tr> <tr> <td>2</td> <td>Credit Hours Earned</td> <td>62 62</td> <td>Family Friendly Leave Act</td> <td>71</td> <td>Leave Without Pay (LWOP)</td> </tr> <tr> <td>32</td> <td>Compensatory Time Worked</td> <td>63</td> <td>Restored Annual Leave</td> <td>74</td> <td>Furlough</td> </tr> </tbody> </table>														NOAA Transaction Code Descriptions:				Code	Description	Code	Description	Code	Description	01	Regular Time	50	Credit Hours Used	64	Compensatory Leave	14	Hazard Pay Differential	61	Annual Leave	65	Regular Military Leave	21	Overtime Over 40	62	Sick Leave	66	Other Leave	2	Credit Hours Earned	62 62	Family Friendly Leave Act	71	Leave Without Pay (LWOP)	32	Compensatory Time Worked	63	Restored Annual Leave	74	Furlough
NOAA Transaction Code Descriptions:																																																					
Code	Description	Code	Description	Code	Description																																																
01	Regular Time	50	Credit Hours Used	64	Compensatory Leave																																																
14	Hazard Pay Differential	61	Annual Leave	65	Regular Military Leave																																																
21	Overtime Over 40	62	Sick Leave	66	Other Leave																																																
2	Credit Hours Earned	62 62	Family Friendly Leave Act	71	Leave Without Pay (LWOP)																																																
32	Compensatory Time Worked	63	Restored Annual Leave	74	Furlough																																																

**Employee B**

Time and Attendance Daily Report shows 32 hours were charged to the ASAP Joint Project – Code BR2A01. Time and Attendance Daily Report is jointly prepared by a timekeeper and the employee’s supervisor and is certified for payroll purposes. However, this conflicts with the employee’s prepared worksheet on page 17 which shows that the employee did not charge any time to the ASAP Joint Project; rather, the employee’s time is charged entirely to research project RR2AA9.

CERTIFIED COPY UNITED STATES DEPARTMENT OF COMMERCE FORM CD-440PC  
 TIME AND ATTENDANCE DAILY REPORT TPK 5.2  
 July 18, 2000 to July 01, 2000

**Employee B**

Ssn: Agency State Town Unit Tmkpr GS WG Oth FT PT Int  
 54 08 0200 10 01 1 1

Stat-Chg Adv Oath Final New Cont Standby/AUO Reg Acct Days In Corr Alt  
 End Stprt Lv Ofc Rpt ContPt Wk1 Wk2 % OT Code Paystat Supp Schd  
 9

Su	Mo	Tu	We	Th	Fr	Sa	WkTot	T/C	App	A	B	C	D	E
TIME IN PAY Week 1														
8.0	8.0						16.0	REG/TM	001	BR2A	0114			
		8.0	8.0	8.0			24.0	REG/TM	001	RR2A	A911			
TIME IN PAY Week 2														
8.0	8.0						16.0	REG/TM	001	BR2A	0114			
		8.0	8.0	8.0			24.0	REG/TM	001	RR2A	A911			

**32 hours charged to ASAP Joint Project –**

Total T/C	0002	Total Time	80.0	Fwd	Accr	Used	Bal					
Su	Mo	Tu	We	Th	Fr	Sa	WkTot T/C	AL	28.0	06		34.0
OTHER TIME Week 1								SL	306.0	04		310.0
OTHER TIME Week 2								Cred	0.0			0.0
								Comp	0.0			0.0
								RCom	0.0			0.0
								Shor	0.0			0.0
								Home	0.0			0.0
Total Oth T/C 0000								RAL	0.0			0.0
Total Oth Time 0.0								Awrd	0.0			0.0
								LWOP	0.0			0.0
								AWOL	0.0			0.0
								Susp	0.0			0.0
								Furl	0.0			0.0
								EMil	0.0			0.0
Work Week : M-F 8-5 1 HR LUNCH								RMil	00	# of days		00
Remarks :								Othr				
DUTY HOURS: 080												

CLOCK HOURS ABSENT, PREMIUM PAY OR CREDIT HOURS

Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
Fr							Fr						
To							To						
							Fr						
To							To						

Supervisor's Signature: \_\_\_\_\_ Date: 6/30 Tmkpr: \_\_\_\_\_ Empl: \_\_\_\_\_  
 Your signature certifies that all reported time was worked & approved according to law & regulation. Attachment: \_\_\_\_\_

**Employee B**

Employee prepared worksheet shows no time charged to ASAP Joint Project – BR2A01. That conflicts with the Time and Attendance Daily Report submitted to payroll as shown on page 16.

STANDARDIZED LABOR DISTRIBUTION WORKSHEET															
Employee's Name: <b>Employee B</b>		Pay Period: 13		Dates: Jun 18 to Jul 1											
Hours Worked															
Week One							Week Two								
	Sun	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Mon	Tues	Wed	Thurs	Fri	Sat	
Duty From		800	800	800	800	800			800	800	800	800	800		
Hours To		500	500	500	500	500			500	500	500	500	500		
Hours From															
Absent To															
<b>TOTALS:</b>															
Code:	Task Number:														
01	8R2A 1310														
	BR2A 0114														
	RR2A A911														
<b>TOTAL HOURS WORKED: 80</b>															
<b>HOURS NOT WORKED:</b>															
50	Credit Hours Used														
61	Annual Leave														
62	Sick Leave														
62 62	Friendly Family Leave Act														
64	Comp. Time Used														
66	Adm/Holiday														
<b>TOTAL HOURS ABSENT: 0</b>															
Comments:													<b>GRAND TOTAL: 80</b>		
<div style="display: flex; justify-content: space-between;"> <span>Employee's Signature _____</span> <span>Date <u>7/10/00</u></span> <span>Supervisor Signature (optional) _____</span> <span>Date _____</span> </div>															
<b>NOAA Transaction Code Descriptions:</b>															
<i>Code</i>	<i>Description</i>	<i>Code</i>	<i>Description</i>	<i>Code</i>	<i>Description</i>	<i>Code</i>	<i>Description</i>	<i>Code</i>	<i>Description</i>	<i>Code</i>	<i>Description</i>	<i>Code</i>	<i>Description</i>	<i>Code</i>	<i>Description</i>
	Regular Time	50	Credit Hours Used	64	Compensatory Leave										
14	Hazard Pay Differential	61	Annual Leave	65	Regular Military Leave										
21	Overtime Over 40	62	Sick Leave	66	Other Leave										
29	Credit Hours Earned	62 62	Family Friendly Leave Act	71	Leave Without Pay (LWOP)										
32	Compensatory Time Worked	63	Restored Annual Leave	74	Furlough										

**Employee C**

Time and Attendance Daily Report shows 80 hours charged to the ASAP Joint Project. Employee-prepared worksheet on page 19 shows multiple projects were charged. The employee-prepared worksheet on page 19 has been altered and changed to reflect time charged on this document which is sent to payroll.

CERTIFIED COPY [Redacted] UNITED STATES DEPARTMENT OF COMMERCE FORM CD-440PC  
 TIME AND ATTENDANCE DAILY REPORT TPK 5.2  
 June 18, 2000 to July 01, 2000

**Employee C** PP YR Agency State Town Unit Tmkpr GS WG Oth FT PT Int  
 13 00 54 08 0200 10 04 1 1

St	Chg	Adv	Oath	Final	New	Cont	Standby/AUO	Reg	Acct	Days	In	Corr	Alt	
End	Stret	Lv	Ofc	Rpt	ContPt		Wk1	Wk2	%	OT	Code	Paystat	Supp	Schd
Su	Mo	Tu	We	Th	Fr	Sa	WkTot	T/C	Accounting Data					
TIME IN PAY Week 1										App A	B	C	D	E
8.0	8.0	8.0	8.0	8.0	8.0		40.0	REG/TM	001	BR2A	0144			
TIME IN PAY Week 2										App A	B	C	D	E
8.0	8.0	8.0	8.0	8.0	8.0		40.0	REG/TM	001	BR2A	0144			

**80 hours charged to ASAP Joint Project**

COPY

Total T/C	0001	Total Time	80.0	Fwd	Accr	Used	Bal					
Su	Mo	Tu	We	Th	Fr	Sa	WkTot T/C	AL	270.0	08		278.0
OTHER TIME Week 1								SL	2130.0	04		2134.0
OTHER TIME Week 2								Cred	0.0			0.0
								Comp	0.0			0.0
								RCom	0.0			0.0
								Shor	0.0			0.0
								Home	0.0			0.0
Total Oth T/C 0000								RAL	0.0			0.0
Total Oth Time								0.0				0.0
								Awrd	0.0			0.0
								LWOP	0.0			0.0
								AWOL	0.0			0.0
								Susp	0.0			0.0
								Furl	0.0			0.0
Work Week : M-F 8-5, 1HR LUNCH								EMil	0.0			0.0
Remarks :								RMil	00	# of days		00
DUTY HOURS: 080								Othr				

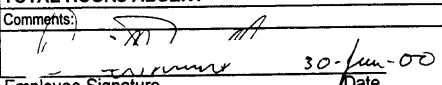
CLOCK HOURS ABSENT, PREMIUM PAY OR CREDIT HOURS

Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
Fr							Fr						
To							To						
Fr							Fr						
To							To						

Supervisor's Signature: \_\_\_\_\_ Date: 7-3-00 Tmkpr: \_\_\_\_\_ Empl \_\_\_\_\_  
 Your signature certifies that all reported time was worked & approved according to law & regulation.  
 Attachment: \_\_\_\_\_

**Employee C**

Employee-prepared Standard Labor Distribution Worksheet shows that employee originally charged multiple projects. The worksheet was altered and all time was charged to the ASAP Joint Project.

STANDARDIZED LABOR DISTRIBUTION WORKSHEET																	
Shift:		Pay Period: 13					Dates: 6/18/00 to 7/1/00										
Employee's Name:		Hours Worked															
Employee C		Week One							Week Two							Totals	
		Sun	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Mon	Tues	Wed	Thurs	Fri	Sat		
		18	19	20	21	22	23	24	25	26	27	28	29	30	1		
Hours	To																
Hours	From																
Absent	To																
*Code	Task Number																
01	A 8R1A3444 (PACS/Logistics Sup)																
01	B 8R2A3340 (ET4 Base)																
01	C 8R2A3341 (Fl. Huachuca)																
01	D 8R2A3343 (System Admin.)																
01	E 8R2A3344 (Science)																
01	F 8R2A3345 (CASPER/Signal Proc.)																
01	G 8R2A3346 (Ron Brown)																
01	H RR2A1A44 (FMCW)																
01	I RR2A5944 (KWAJEX)																
01	J RR2APF44 (Radar Optimization)																
01	K RR2ATA44 (TWP Cruise)																
01	L BR2A0144 (BOUY)																
01	M BR2A0149 (System Integration)																
01	N BR2A6844 (Cloud Radar)																
01	O BR2ASS44 (Mitretek Systems)																
	BR2A0101																
TOTAL HOURS WORKED																	
Hours Not Worked																	
50	Credit Hours																
61	Annual Leave																
62	Sick Leave																
62/62	Family Friendly SL																
66	Adm/Holiday																
64	Comp Time Used																
TOTAL HOURS ABSENT																	
Comments:																	
Employee Signature		Date					Supervisor Signature (Optional)					Date					
Code	Description	Code	Description	Code	Description	Code	Description	Code	Description	Code	Description	Code	Description	Code	Description	Code	Description
01	Regular Time	63	Restored Annual Leave	64	Compensatory Leave	65	Regular Military Leave	66	Other Leave	71	Leave Without Pay (LWOP)	74	Furlough				
14	Hazard Pay Differential																
21	Overtime over 40																
32	Compensatory Time Worked																
61	Annual Leave																
62	Sick Leave																

Altered worksheet. Hours changed from multiple projects to the ASAP Joint Project

**Employee D**

Time and Attendance Daily Report shows 40 hours charged to ASAP Joint Project -Code BR2A01 and 40 hours charged to Project 8R2A1310. However, employee-prepared worksheet on page 21 shows that all of the employee's time was charged to 8R2A1310 which conflicts with this document that was submitted for payroll purposes.

CERTIFIED COPY UNITED STATES DEPARTMENT OF COMMERCE FORM CD-440PC  
 TIME AND ATTENDANCE DAILY REPORT TPK 5.2  
 March 12, 2000 to March 25, 2000

<b>Employee D</b>		PP YR	Agency	State	Town	Unit	Tmkpr	GS	WG	Oth	FT	PT	Int
		06	00	54	08	0200	10	01	1		1		
End	Strt	Lv	Ofc	Rpt	New	Cont	Standby/AUC	Reg	Acct	Days	In	Corr	Alt
							Wk1	Wk2	%	OT	Code	Paystat	Supp
													Schd
													9

Su	Mo	Tu	We	Th	Fr	Sa	WkTot	T/C	Accounting Data						
TIME IN PAY Week 1									App	A	B	C	D	E	
8.0	8.0	8.0	8.0	8.0	8.0		40.0	REG/TM	001	8R2A	1310				
								REG/TM	001	BR2A	0114				

**40 hours charged to 8R2A1310**

Su	Mo	Tu	We	Th	Fr	Sa	WkTot	T/C	Accounting Data						
TIME IN PAY Week 2									App	A	B	C	D	E	
8.0	8.0	8.0	8.0	8.0	8.0		40.0	REG/TM	001	8R2A	1310				
								REG/TM	001	BR2A	0114				

**40 hours charged to ASAP Joint Project**

Total	T/C	0000	WkTot	T/C	Fwd	Accr	Used	Bal
			80.0		AL	172.0	04	176.0
					SL	200.0	04	204.0
					Cred	0.0		0.0
					Comp	0.0		0.0
					RCom	0.0		0.0
					Shor	0.0		0.0
					Home	0.0		0.0
					RAL	0.0		0.0
					Awrd	0.0		0.0
					LWOP	0.0		0.0
					AWOL	0.0		0.0
					Susp	0.0		0.0
					Furl	0.0		0.0
					EMil	0.0		0.0
					RMil	00	# of days	00

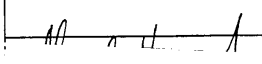
Work Week : M-F 7:30-4:30 1HR  
 Remarks :  
 DUTY HOURS: 080

CLOCK HOURS ABSENT, PREMIUM PAY OR CREDIT HOURS						
Su	Mo	Tu	We	Th	Fr	Sa
Fr						
To						
Fr						
To						

Supervisor's Signature \_\_\_\_\_ Date: 3/27 Tmkpr: \_\_\_\_\_ Empl: \_\_\_\_\_  
 Your signature certifies that all reported time was worked & approved according to law & regulation.  
 Attachment: \_\_\_\_\_

**Employee D**

Employee-prepared Standard Labor Distribution Worksheet conflicts with timekeeper prepared Time and Attendance Daily Report on page 20. Forty hours are charged to ASAP Joint Project -Code BR2A01 and 40 hours are charged to Project 8R2A1310. However, this employee-prepared worksheet shows that all of the employee's time is charged to 8R2A1310. This document conflicts with the document on page 20 that was submitted to payroll.

STANDARDIZED LABOR DISTRIBUTION WORKSHEET																																																				
Employee's Name:		Pay Period: 6						Dates: Mar 12 to Mar 25																																												
Employee D		Hours Worked																																																		
		Week One							Week Two																																											
		Sun	Mon	Tues	Wed	Thurs	Fri	Sat	Sun	Mon	Tues	Wed	Thurs	Fri	Sat																																					
Duty	From		800	800	800	800	800		800	800	800	800	800																																							
Hours	To		500	500	500	500	500		500	500	500	500	500																																							
Hours	From																																																			
Absent	To																																																			
																<b>TOTALS:</b>																																				
Code:	Task Number:																																																			
01	8R2A 1310		8	8	8	8	8		8	8	8	8	8																																							
	BR2A 0114																																																			
																<b>TOTAL HOURS WORKED:</b>																																				
																<b>HOURS NOT WORKED:</b>																																				
50	Credit Hours Used																																																			
61	Annual Leave																																																			
62	Sick Leave																																																			
62 62	Friendly Family Leave Act																																																			
64	Comp. Time Used																																																			
66	Adm/Holiday																																																			
																<b>TOTAL HOURS ABSENT:</b>																																				
Comments:																<b>GRAND TOTAL:</b>																																				
																																																				
Employee's Signature				Date				Supervisor Signature (optional)				Date																																								
<b>NOAA Transaction Code Descriptions:</b> <table border="0"> <tr> <td>Code</td><td>Description</td><td>Code</td><td>Description</td><td>Code</td><td>Description</td> </tr> <tr> <td></td><td>Regular Time</td><td>50</td><td>Credit Hours Used</td><td>64</td><td>Compensatory Leave</td> </tr> <tr> <td></td><td>Hazard Pay Differential</td><td>61</td><td>Annual Leave</td><td>65</td><td>Regular Military Leave</td> </tr> <tr> <td>21</td><td>Overtime Over 40</td><td>62</td><td>Sick Leave</td><td>66</td><td>Other Leave</td> </tr> <tr> <td>29</td><td>Credit Hours Earned</td><td>62 62</td><td>Family Friendly Leave Act</td><td>71</td><td>Leave Without Pay (LWOP)</td> </tr> <tr> <td>32</td><td>Compensatory Time Worked</td><td>63</td><td>Restored Annual Leave</td><td>74</td><td>Furlough</td> </tr> </table>																	Code	Description	Code	Description	Code	Description		Regular Time	50	Credit Hours Used	64	Compensatory Leave		Hazard Pay Differential	61	Annual Leave	65	Regular Military Leave	21	Overtime Over 40	62	Sick Leave	66	Other Leave	29	Credit Hours Earned	62 62	Family Friendly Leave Act	71	Leave Without Pay (LWOP)	32	Compensatory Time Worked	63	Restored Annual Leave	74	Furlough
Code	Description	Code	Description	Code	Description																																															
	Regular Time	50	Credit Hours Used	64	Compensatory Leave																																															
	Hazard Pay Differential	61	Annual Leave	65	Regular Military Leave																																															
21	Overtime Over 40	62	Sick Leave	66	Other Leave																																															
29	Credit Hours Earned	62 62	Family Friendly Leave Act	71	Leave Without Pay (LWOP)																																															
32	Compensatory Time Worked	63	Restored Annual Leave	74	Furlough																																															

# Appendix C. Example of Altered Supporting Documentation

ETL assigns the expenses shown on the invoice to a research project by manually labeling the invoice with a project code. In this example, the invoice shows that coding has been altered twice before being charged to research project code 8R2A334. Although this invoice has been charged to research project code 8R2A334, the costs were actually charged to the ASAP Joint Project under code BR2A01.

E.3.4

Account Number  
4486-7C

Statement Date  
09/21/1999

Total Amount Due  
\$0.00

NOAA ERL EIL  
325 BROADWAY  
R/E/ET4  
BOULDER CO 80303-3337

N01821

TR	BATCH	AMOUNT	INT.
29	09-444	\$2296.80	0.00

For a telephone or address change contact your Agency Program Administrator

**CITIBANK GOVERNMENT CARD SERVICES**

Statement Date  
09/21/1999

Credit Line	Previous Balance	Credits	New Charges	Total Activity
\$50,000	\$0.00	\$0.00	\$2,296.80	\$2,296.80

FOR CUSTOMER SERVICE CALL 1-800-790-7208 OR WRITE P.O. BOX 45134, JACKSONVILLE, FL 32232-5134  
OUTSIDE THE U.S. AND CANADA CALL COLLECT 904-954-7850

Agency Name: NOAA ERL ETL  
Accounting Code: MGL000 BR2A010 **8R2A334**  
Billing Office Id: Agency/Org Id:  
Discretionary Code: Tax Exempt #:  
Single Purchase Limit: \$25,000.00 Monthly Purchase Limit: \$0.00

Account Number: 4486-7000-0005-9188 Available Credit Line: \$50,000 Cash Advance Limit: \$0 Available Cash Line: \$0

Sale Date	Post Date	MCC Code	Ref Number	Type of Activity	Purchase/Cash Amount	Tax/Fee	Total Amount
08/20	08/23	5964	2000018213318	P P PROGRAMS PARADISE	732-289-8950 NJ	543.95	543.95 (1)
08/25	08/27	5045	8001238899512	PROVANTAGE CORP	330-2843781 OH	451.26	451.26 (2)
09/03	09/07	5968	8118246003337	SUN MICROSYSTEMS JAVASOFT	800-528-2583 CA	16.64	16.64 (3)
08/16	08/17	5732	9488911740193	TECHSMITH CORP	EAST LANSING MI	39.95	39.95 (4)
08/20	08/21	5045	3980942891114	THE MATHWORKS INC	508-447-7000 MA	1245.00	1,245.00 (5)

1) BoundsChecker VC++6 (2620) \$ 543.95  
2) Upgrade SourceSafe (2620) \$ 451.26  
3) StarOffice (2620) \$ 16.64  
\*\*4) Upgrade SnagIt (2620) \$ 39.95  
\*\*5) Graphics Lib Toolkit (2620) \$1245.00

\*\*See Credit Card Log

Accounting Code altered twice

**CITIBANK GOVERNMENT CARD SERVICES**

\*Cash Advance Limit is a portion of your Total Credit Line  
\*\* Available Cash Line is a portion of your Available Credit Line

CARDHOLDER SIGNATURE 7/30/99

SUPERVISOR SIGNATURE 9/20/99

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## **Appendix D. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense (Comptroller)  
Deputy Chief Financial Officer  
Deputy Comptroller (Program/Budget)  
Assistant Secretary of Defense (Command, Control, Communication, and Intelligence)

### **Department of the Army**

Auditor General, Department of the Army

### **Department of the Navy**

Naval Inspector General  
Auditor General, Department of the Navy

### **Department of the Air Force**

Assistant Secretary of the Air Force (Financial Management and Comptroller)  
Auditor General, Department of the Air Force

### **Other Defense Organizations**

Intelligence Systems Support Office

### **Non-Defense Federal Organizations and Individuals**

Office of Management and Budget  
Department of Commerce  
Office of the Inspector General  
General Accounting Office  
Financial Management and Assurance

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## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations  
Senate Subcommittee on Defense, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Governmental Affairs  
House Committee on Appropriations  
House Subcommittee on Defense, Committee on Appropriations  
House Committee on Armed Services  
House Committee on Government Reform  
House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform  
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform  
House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

# ISSO COMMENTS



DEPARTMENT OF DEFENSE  
INTELLIGENCE SYSTEMS SUPPORT OFFICE  
1000 AIR FORCE PENTAGON  
WASHINGTON DC 20330-1000  
7 September 2001

MEMORANDUM FOR DIRECTOR, FINANCE AND ACCOUNTING DIRECTORATE,  
OFFICE OF THE DOD INSPECTOR GENERAL

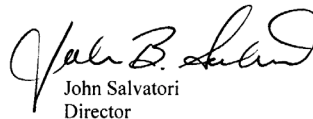
SUBJECT: Management Comments to Audit of the Advanced Sensor Applications Program  
(ASAP) Joint Project (Project No. D2000FD-0265)

REFERENCE: DoD IG Audit of ASAP Joint Project (No. D2000FD-0265), 30 July 2001

Our office has reviewed the draft report of the subject audit in response to your memo of July 30, 2001. We take the IG finding substantiating the allegation of misuse of DoD funds by Environmental Technology Laboratory (ETL) very seriously. In light of the severity of the findings, the Intelligence Systems Support Office (ISSO) is terminating our relationship with ETL.

ISSO concurs with all recommendations cited in the draft audit report. We will request the Administrator, National Oceanic and Atmospheric Administration (NOAA) to reconcile costs charged to ASAP and will oversee the reconciliation, with support from the on-site Navy liaison office. We will request the reconciliation to be complete by 1 April 2002. ISSO will request NOAA to return funds in the amount of the mischarges and unsupported charges that result from the reconciliation. Regarding recommendation number 4 in the above reference, and regardless of the outcome of the reconciliation, we are terminating our Memorandum of Understanding with NOAA effective 30 September 2001.

We appreciate the professionalism displayed by your audit staff and again want to reiterate the seriousness with which we take their findings. Please contact Mike Yelverton, 1-888-696-1676, or Peter Verburgt, 301-342-2045, if you have any questions regarding our response.

  
John Salvatori  
Director

## **Audit Team Members**

The Finance and Account Directorate, Office of the Assistant Inspector General for Auditing, DoD, prepared this report. Personnel of the Office of the Inspector, DoD, who contributed to the report are listed below.

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