

INSTALLATION REPORT OF AUDIT

F2010-0006-FDS000

**American Recovery and Reinvestment
Act of 2009 Program Execution
Air Force Center for Engineering and
the Environment
Brooks City-Base, TX**

South Central Area Audit Office

19 October 2009

INTRODUCTION

The American Recovery and Reinvestment Act of 2009 (hereafter referred to as “Recovery Act”) became law on 17 February 2009. The purposes of the Recovery Act are to preserve and create jobs, assist those most impacted by the recession, provide investments needed to increase economic efficiency, invest in infrastructure that will provide long-term benefit, and stabilize state and local government budgets. The Air Force Center for Engineering and the Environment (AFCEE) received approximately \$12 million in Recovery Act funds.

OBJECTIVES

We accomplished this centrally directed audit to determine whether the Air Force properly managed Recovery Act Facilities Sustainment, Restoration, and Modernization (FSRM) requirements. Specifically, we determined whether officials:

- Properly justified projects for the Recovery Act.
- Reported transparent contract information to the public.
- Included required Federal Acquisition Regulation (FAR) clauses in Recovery Act contracts.
- Met Recovery Act goals by fostering competition, expeditiously awarding contracts, and creating or retaining jobs.

CONCLUSIONS

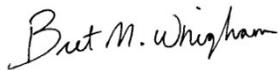
The AFCEE effectively managed Recovery Act FSRM requirements. Specifically installation personnel:

- Properly justified the three projects selected to receive Recovery Act funding.
- Reported transparent contract information to the public.
- Included required FAR clauses in Recovery Act contracts.
- Met Recovery Act goals by fostering competition, expeditiously awarding contracts, and creating or retaining jobs.

As a result, the AFCEE is spending \$3.64 million on high priority projects while helping to promote the local and national economic recovery. (Tab A, page 1)

RECOMMENDATIONS This report contains no recommendations to improve the audited processes or procedures.

MANAGEMENT'S RESPONSE Management officials agreed with the audit results; therefore, this report contains no disagreements requiring elevation for resolution.



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	<u>Page</u>
EXECUTIVE SUMMARY	i
TAB	
A Recovery Act Project Management	1
APPENDIX	
I Audit Scope and Prior Audit Coverage	3
II Points of Contact and Final Report Distribution	5

BACKGROUND

The Recovery Act was intended to jump-start the economy by making money available quickly. Therefore, Recovery Act FSRM project selections had quick execution potential with a focus on infrastructure or energy. Valid project justifications must meet an urgent need and/or provide the most cost savings. The Department of Defense Inspector General selected three projects at AFCEE for review.

Recovery Act projects are awarded to preserve jobs, assist communities most impacted by the recession, and to provide the investments needed to increase economic efficiency. As a result, projects have to represent valid needs and be awarded quickly. To facilitate transparency, the Federal Business Opportunities website allows vendors and the public access to Recovery Act contract information. All solicitations and contract awards are posted on this site and include the contractor's name, award amount, contract number, a description of the contracted work, and other related information. In addition, Recovery Act contracts must include new Federal Acquisition Regulation (FAR) clauses developed to help achieve the goals of the Recovery Act.

AUDIT RESULTS 1 – PROJECT JUSTIFICATION

Condition. The AFCEE effectively managed Recovery Act FSRM requirements. Specifically installation personnel:

- Properly justified the three projects selected to receive Recovery Act funding.
- Reported transparent contract information to the public by posting required information on the Federal Business Opportunities Web site.
- Included required FAR clauses in Recovery Act contracts.
- Met Recovery Act goals by fostering competition, expeditiously awarding contracts, and creating or retaining jobs. As of 13 July 2009, all Recovery Act projects were awarded to contractors.

Cause. This condition occurred because management made Recovery Act projects a priority.

Impact. As a result, the AFCEE is spending \$3.64¹ million on high priority projects while helping to promote the local and national economic recovery.

¹ One of the AFCEE FSRM selected projects, valued at over \$8.4 million, is being awarded by the Army Corp of Engineers; therefore, this report does not address that project.

Management Comments. The AFCEE director concurred with the audit results.

AUDIT SCOPE

Audit Coverage. To determine whether wing personnel effectively managed Recovery Act requirements, we reviewed documentation dated from 28 January 2000 through 13 July 2009. We obtained an understanding of the management control structure by identifying regulatory criteria and discussing Recovery Act project requirements with contracting and civil engineering personnel. We conducted fieldwork from 26 July through August 2009 and issued management a draft report on 21 September 2009.

- To determine whether personnel properly justified Recovery Act projects, we reviewed the presentation slides, and the above ground storage tanks strategic source initiative documentation provided by installation personnel. In addition, we discussed the validity, justification, selection process for projects with AFCEE personnel.
- To determine whether personnel reported information so it was transparent to the public, we reviewed the Federal Business Opportunities Web site to determine if all required information (contractor's name, award amount, and contract number, and related data) was posted for the selected projects. Next, we reviewed the contract files to determine if required documentation was maintained (award method rationale and small business coordination).
- To determine whether personnel included all new FAR clauses in Recovery Act contracts, we reviewed contract files to determine if all applicable clauses were included.
- To determine if personnel met Recovery Act goals by fostering competition, awarding contracts expeditiously, and creating or retaining jobs, we reviewed Commander's Resource Information System (CRIS) reports and contract files for documentation of competition and award documentation. We also discussed validation of the contractors' quarterly reporting requirements with contract inspectors and the contracting officer. In addition, we discussed economic benefits and the Recovery Act project backlog with AFCEE personnel.

Sampling Methodology. We used judgmental sampling and computer assisted auditing tools and techniques to analyze data or project results in this audit.

- Sampling. To determine our sample, the audit control point obtained from the Air Staff the full listing of Air Force Recovery Act FSRM projects, to include Family Housing, Air Force Reserves, and Air National Guard. This listing contained 1,548 projects at 107 locations valued at \$1.15 billion. The audit control point then judgmentally selected all locations with a project over \$7.5 million, resulting in six locations. We reviewed 100 percent of the projects selected at AFCEE.

- **CAATTs.** We imported the installation's civil engineer and the Department of Defense Recovery Act project listings into an Excel spreadsheet. In addition, we used Excel functions such as "If", "Countif" and "Sum" to analyze contract and Federal Business Opportunities data.

Data Reliability. We relied on information from the CRIS for our audit conclusions. However, we did not evaluate the system's general and application controls. Instead, we established the data's reliability by comparing projects and award amounts listed in CRIS to contract files. Our tests disclosed the data were sufficiently reliable to support the audit conclusions.

Auditing Standards. We conducted the audit in accordance with generally accepted government auditing standards and accordingly, included tests of internal controls. Specifically, we reviewed controls regarding the oversight of contractor performance, contract awards, and contract solicitations.

Discussion with Responsible Officials. We discussed/coordinated this report with the AFCEE Director and other interested officials. We advised management that this audit was part of an Air Force-wide evaluation, Project Number F2009-FD1000-0516.000, American Recovery and Reinvestment Act of 2009 Requirements. Selected data not reflected in this report, as well as data contained herein, may appear in a related Air Force audit report. Management's formal comments were received on 23 September 2009, and are included in this report.

PRIOR AUDIT COVERAGE

We did not identify any AF Audit Agency, DoD Inspector General or Government Accountability Office audit reports issued to the AFCEE within the past 5 years that related to our specific objectives.

POINTS OF CONTACT

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FINAL REPORT DISTRIBUTION

AFCEE/OSF
AFOSI Det 409

PROJECT NUMBER

We accomplished this audit under project number F2009-FD1000-0516.017.

FREEDOM OF INFORMATION ACT

The disclosure/denial authority prescribed in AFPD 65-3 will make all decisions relative to the release of this report to the public.