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# **INSTALLATION REPORT OF AUDIT**

**F2009-0067-FCR000**



**American Recovery and Reinvestment  
Act of 2009 Program Execution  
165th Airlift Wing  
Air National Guard  
Savannah International Airport  
Savannah, GA**

**Robins Area Audit Office  
14 September 2009**

### INTRODUCTION

On 17 February 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 providing the DoD with \$2.3 billion in military construction projects and \$3.4 billion in Facilities Sustainment, Restoration, and Modernization projects. The purpose of the Act is to provide an infusion of money within specific guidelines that will result in a jump start to the United States economy. The Air Force portion of the Act included \$1.15 billion in funding for 1,548 projects at 107 locations.



The 165th Airlift Wing is a Georgia National Guard Wing that initially received approximately \$8 million for a Recovery Act project to replace the Combat Readiness Training Center's aircraft ramp. The Center is a co-located tenant organization that shares the Wing's facilities. According to project documents, 2 engineering studies determined the 1952 ramp was well past the 25-year life cycle, was not structurally sound, and prevented parking larger aircraft on the weakened areas, hindering related training. The project was originally estimated to cost \$15 million; however, due to the economy, final costs were \$11.6 million. The project began 7 July 2009 with a March 2010 scheduled completion date.

Major command personnel developed Recovery Act listings for their Commands with Air Staff approval, and then the Office of the Secretary of Defense presented the final list to Congress. The DoD Inspector General has oversight and audit responsibility for Recovery Act execution and tasked the Air Force Audit Agency to provide audit support for the Act. The United States Property and Fiscal Office in Atlanta Georgia is the contracting official for the project, while the Wing's Civil Engineering Squadron provide on-site project management and financial personnel track and execute the project's funding.

### OBJECTIVES

The overall objective of this centrally directed audit was to determine whether applicable personnel properly managed Recovery Act Facilities Sustainment, Restoration, and Modernization requirements. Specifically, we evaluated whether applicable Wing personnel:

- Properly justified projects for the Recovery Act.
- Effectively tracked project funding.
- Met the goals of the Recovery Act and established the

required processes to verify the goal of creating/retaining jobs was met.

Since the United States Property and Fiscal Office manages the Recovery Act contract for the Wing, there is a related audit report issued to that Office covering all contract issues. For this report, the objectives for the Wing are limited to project management oversight, funding execution, and the establishment of required processes to verify whether Recovery Act goals were met.

### CONCLUSIONS

Generally, personnel in the 165th Airlift Wing properly managed Recovery Act requirements by properly justifying the project, effectively tracking project funding, and meeting the goals of the Recovery Act with the exception of establishing the required processes to verify the goals were met. Specifically,

- Wing personnel provided accurate information to the National Guard Bureau that allowed Guard personnel to properly justify the Wing's Recovery Act project and the project represented a valid need. Properly justified Recovery Act projects are important to verify Recovery Act funds are only used for valid Air Force projects. (Tab A, page 1)
- Financial management personnel effectively tracked funding for the 2 phase project and properly separated the Recovery Act funding from the regular funding for each phase. This included \$6.1 million in Wing Operations and Maintenance Funds, \$5.7 million in Recovery Act funds, and a current unobligated Act balance of almost \$1.8 million. Properly separating the 2 types of funding is important to help prevent possible funding violations and verify Recovery Act funds are appropriately spent. (Tab A, page 1)
- However, Civil Engineering personnel did not establish the required processes to verify Recovery Act goals were met. That is, even though they received daily quality and activity reports, they had not discussed the specific details and unique Recovery Act information required in the contractor's quarterly reports with the contractor, to include dollar values and the number of jobs created/retained. Receiving and verifying the information in contractor provided quarterly reports is



important to allow government personnel to independently validate information accuracy for Recovery Act project goals. (Tab A, pg 2)

### **MANAGEMENT CORRECTIVE ACTIONS**

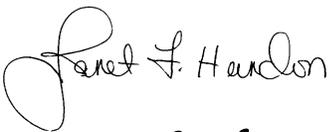
After we discussed our preliminary audit results with Wing civil engineering personnel and the contracting officer, they addressed some of the issues at 2 of their normal bi-weekly progress meetings on 12 and 26 August 2009. That is, at the 12 August 2009 meeting, they requested the contractor provide a list of locally created jobs and briefly discussed the quarterly Recovery Act reporting requirements. On 26 August 2009, they requested that the contractor clearly separate the funding between the 2 phases to assist with separately tracking the Recovery Act funding. Further, on 31 August 2009, the contracting officer followed up on the quarterly contractor reports and provided the contractor with a copy of the related Federal Acquisition requirements by email. Therefore, there are no recommendations requiring those 3 actions.

### **RECOMMENDATIONS**

We made 3 recommendations to improve and strengthen the internal controls related to establishing the required processes to verify Recovery Act goals were met. (Reference the individual tab for the specific recommendations.)

### **MANAGEMENT'S RESPONSE**

Management officials agreed with the audit results and recommendations in this report. The corrective actions planned and taken are responsive to the issues and recommendations included in this report.



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## **BACKGROUND**

The Combat Readiness Training Center (CRTC) aircraft parking ramp was over 50-years old and showed significant signs of age and climate damage. The cracks and missing crack sealant were continuing to deteriorate allowing water to damage the pavement substructure. The concrete slabs, currently 6 inches deep, required replacement of 15 inches to withstand the weight of heavy aircraft. At this time, large aircraft weighing more than 155,000 pounds require a waiver to park on the CRTC ramp.

Prior to the Recovery Act and as a result of the condition of the CRTC ramp, Wing personnel completed the initial DD Form 1391, *Fiscal Year 2009, Military Construction Project Data*, on 26 February 2008. The project involved repairing the existing aircraft parking ramp, taxiway arm/disarm pad, and power check pad by removing and replacing the old concrete with new concrete and repairing selected support elements. The elements included sub grade preparation, drainage, tie-down and grounding points, airfield lighting, pavement markings, and expansion joints. The United States Property and Fiscal Office (USP&FO) was in the process of awarding the first phase of the contract when the Recovery Act funding was approved. Therefore, the approved Recovery Act project was implemented and funded in 2 different phases.

As a part of the Recovery Act process, President Obama was very specific about selected projects meeting the established Recovery Act goals, so government personnel developed unique Federal Acquisition Regulation (FAR) requirements to assist installation personnel with monitoring accomplishment of the Act's goals. Specifically, FAR clause 52.204-11 covers quarterly contractor reports that detail the required report information, including the dollar values and the number of jobs created/retained.

## **AUDIT RESULTS 1 – REQUIREMENTS AND REVIEWS**

**Condition.** Generally, personnel in the 165th Airlift Wing properly managed Recovery Act requirements. This included properly justifying the project, effectively tracking project funding, and meeting the goals of the Recovery Act. However, Wing personnel had not established the required processes to verify the goals were met. Specifically,

- Wing personnel provided accurate information to the National Guard Bureau that allowed Guard personnel to properly justify the Wing's Recovery Act project and the project represented a valid need.
- Financial management personnel effectively tracked funding for the 2 phase project and properly separated the Recovery Act funding from the regular funding for each phase.

This included \$6.1 million in Wing Operations and Maintenance funds, \$5.7 million in Recovery Act funds, and a current unobligated Act balance of almost \$1.8 million<sup>1</sup>.

- Civil engineering personnel did not establish the required processes to verify Recovery Act goals were met. That is, even though they received daily quality and activity reports, they had not discussed with the contractor the specific details and unique Recovery Act information required in the contractor's quarterly reports detailed in FAR 52.204-11.

**Causes.** These conditions occurred for the following reasons.

- Even though the USP&FO contracting officer had included the quarterly reports as a requirement in the contract (See Audit Comment Below), he and Wing personnel had not established processes to verify/validate the information in the reports since the first report was not due until October 2009.
- The specific Recovery Act FAR requirements were new and since the contract had not started until 7 July 2009, the contracting officer and Wing personnel had not addressed the quarterly reports with the contractor due to other higher priority workload. As a result, Wing management had not provided adequate oversight to verify the implementation of processes and metrics to monitor Recovery Act goal accomplishment.

**Impact.** Reviewing and verifying the information in contractor provided quarterly reports is important to allow government personnel to independently validate information accuracy for Recovery Act project goal accomplishment.

**Management Corrective Actions.** After we discussed our preliminary audit results with Wing civil engineering personnel and the contracting officer, they addressed some of the issues at 2 of their normal bi-weekly progress meetings on 12 and 26 August 2009. That is, at the 12 August 2009 meeting, they requested the contractor provide a list of locally created jobs and briefly discussed the quarterly Recovery Act reporting requirements. On 26 August 2009, they requested that the contractor clearly separate the funding between the 2 phases to assist with separately tracking the Recovery Act funding. Further, on 31 August 2009, the contracting officer followed up on the quarterly contractor reports and provided the contractor with a copy of the related Federal Acquisition requirements by email. Therefore, there are no recommendations requiring those 3 actions.

**Audit Comment.** Since the quarterly contractor reports represent a joint responsibility between Wing civil engineering and USP&FO personnel, quarterly contractor reports and other

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<sup>1</sup> The National Guard Bureau requested the Wing return \$554,800 in Recovery Act funds on 2 different occasions, reducing the original \$8 million to \$7.4 million. Plus, contracted costs have increased almost \$340,000, divided equally between both fund types (\$170,000 total per fund type, including \$100,000 in security costs and \$70,000 in architectural fees).

contracting issues are more fully developed and addressed in the related report to the USP&FO.

**Recommendations.** The 165th Airlift Wing Commander should instruct applicable:

- **Recommendation A.1.** Financial management personnel to continue to monitor the current unobligated Recovery Act funding balance of almost \$1.8 and implement any related National Guard Bureau instructions related to the remaining funding.
- **Recommendation A.2.** Civil engineering personnel to establish processes necessary to validate the goals of the Recovery Act program and the required information is included in the quarterly reports beginning in October 2009, specifically the required FAR 52.204-11 information.
- **Recommendation A.3.** Management personnel to provide sufficient oversight to verify the implementation of sufficient processes to track and monitor program metrics associated with the number of jobs created/retained.

**Management Comments.** The 165th Airlift Wing Commander concurred with the audit results and recommendations, and stated,

- **Recommendation A.1.** “Concur. The related appropriation is a 2-year appropriation. Therefore, the Wing has 2-years, until 2011, to fully execute the funding. The National Guard Bureau advises and instructs the Wing regarding the Recovery Act funding. Financial management personnel will continue to monitor the unobligated Recovery Act funding balance and implement any National Guard Bureau instructions through the end of the project and associated funding time line. Action Complete.
- **Recommendation A.2.** “Concur. Civil engineering personnel will establish processes to validate the Recovery Act program goals are met and verify the quarterly reports include the required FAR 52.204-11 information. Estimated Completion Date: 31 December 2009.
- **Recommendation A.3.** “Concur. Wing management will verify the implementation of sufficient processes to track and monitor program metrics related to the number of jobs created/retained. Estimated Completion Date: 31 December 2009.”

**Evaluation of Management Comments.** Management comments addressed the issues discussed in the audit results, and the completed and planned management actions should correct the problems identified.

### AUDIT SCOPE.

We conducted this centrally directed audit at the 165th Airlift Wing as part of a multi-service review managed by DoD Inspector General. We have provided the results of this audit to DoD-IG for their review and applicable reporting. Specifically, to determine whether 165th Airlift Wing personnel effectively managed the Recovery Act Facilities Sustainment, Restoration, and Modernization requirements, we reviewed the Combat Readiness Training Center (CRTC) replacement ramp DD Form 1391, *Fiscal Year 2009, Military Construction Project Data*, dated 26 February 2008, a listing of other possible Recovery Act projects, Facilities Board Meeting Minutes, dated 29 March 2007 through 16 March 2009, Commanders Resource Integration System (CRIS) Reports, dated 28 July and 17 August 2009, the CRTC repair ramp project contract, dated 24 April 2009, and other various contract documentation dated between 8 August 1997 and 11 June 2009. We conducted the audit from 11 August to 1 September 2009, and issued a draft report to management on 10 September 2009.

- **Project Justification and Funding.** To evaluate whether Wing personnel provided the National Guard Bureau with valid information to allow them to properly justify the selected Recovery Act project to higher Air Force levels, we reviewed the original DD Form 1391 dated 26 February 2008, along with additional supporting cost data. Also, we reviewed a listing of other possible projects and determined the CRTC ramp project was the most critical for the 165th Airlift Wing based on the current mission impact of the deteriorating ramp, the issue of not being able to park larger aircraft on the ramp, and the training mission impact. Also, to verify whether Wing financial management personnel properly separately funding for the CRTC project between Recovery Act funds and Operations and Maintenance funds, we obtained the CRIS reports for both types of funds dated 28 July and 17 August 2009. Then, we validated the applicable transactions on the CRIS reports to verify the Recovery Act funds were appropriately and separately tracked, and spent only for the approved project.
- **Recovery Act Goals and Contractor Reporting.** To determine whether Wing personnel met the Recovery Act goals and established processes to verify goal accomplishment, we reviewed the original contract dated 24 April 2009 and the related contract file documentation to determine if all of the normal and the additional unique Recovery Act Federal Acquisition Regulation requirements were met. Also, we discussed the goals and contractor reporting with the United States Property and Fiscal Office (USP&FO) contracting officer and applicable civil engineering personnel.

### Sampling Methodology.

- **Sampling.** The audit control point (AFAA/SPE, Brooks City Base, TX) obtained a full listing of Air Force Recovery Act Facilities Sustainment, Restoration, and Maintenance projects, to include Family Housing, Air Force Reserves, and National Guard projects. This listing contained 1,548 projects at 107 locations valued at \$1.15 billion. Then, they judgmentally selected all locations with projects over \$7.5 million, resulting in 6

locations. They also selected 14 additional locations using a simple random sample. We reviewed 100 percent of the Recovery Act projects at each location, for the 165th Airlift Wing, this resulted in 1 project.

- **Computer Assisted Auditing Tools and Techniques.** We did not use any computer assisted auditing tools and techniques to summarize audit results. Instead, we reviewed all specific Recovery Act requirements for the 1 Recovery Act project selected for review at the 165th Airlift Wing.

**Data Reliability.** We relied on computer-generated data contained in CRIS and in the Electronic Data Access websites for our audit conclusions. We did not evaluate the systems' general and application controls. However, to establish data reliability, we compared output data to manual documents to validate data accuracy; and reviewed output products for obvious errors, reasonableness, and completeness. Based on these tests, we concluded that the data were reliable in meeting the audit objectives.

**Auditing Standards.** We conducted this audit in accordance with generally accepted government auditing standards, and accordingly included internal controls over project justification; funds tracking and separation; meeting unique Recovery Act goals and Federal Acquisition requirements; establishing processes to verify goal accomplishment; and management oversight.

**Discussion with Responsible Officials.** We discussed and coordinated this report with the 165th Airlift Wing Commander, the Mission Support Group Commander, the Comptroller Squadron Commander, and other interested officials. We advised the Commanders this audit was part of an Air Force-wide evaluation, F2009- FD1000-0516.000, *American Recovery and Reinvestment Act of 2009 Program Execution*. Therefore, selected data not reflected in this report, as well as data contained herein, may appear in the related Air Force report of audit. We received management's formal comments on 11 September 2009.

### **PRIOR AUDIT COVERAGE**

During the last 5-years, we did not identify any Air Force Audit Agency, DoD Inspector General, or Government Accountability Office reports for the 165th Airlift Wing addressing the same or similar objectives as this audit.

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**PROJECT NUMBER**

We accomplished this audit under project number **F2009-FD1000-0516.015**.

**FREEDOM OF INFORMATION ACT**

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