



INSTALLATION REPORT OF AUDIT

F2010-0002-FBN000

REVISED

**American Recovery and Reinvestment
Act of 2009 Program Execution
60th Air Mobility Wing
Travis AFB CA**

Northwest Area Audit Office

9 October 2009

INTRODUCTION

This report rescinds Audit Report F2010-0002-FBN000, American Recovery and Reinvestment Act of 2009 Program Execution, dated 9 October 2009. This revised report identifies the project as self directed instead of requested by the Department of Defense Inspector General as previously reported. The American Recovery and Reinvestment Act of 2009 (Recovery Act), signed February 2009 by President Obama, included approximately \$7.4 billion in defense-related appropriations. Department of Defense intends to spend this funding with unprecedented full transparency and accountability. The Department of Defense Inspector General is responsible for oversight and audit of Recovery Act execution. As of August 2009, Travis Air Force Base had one project funded under the Recovery Act totaling approximately \$2.8 million.

OBJECTIVES

We performed this centrally directed audit to determine whether the 60th Air Mobility Wing properly managed Recovery Act Facilities Sustainment, Restoration, and Modernization requirements. Specifically, we determined whether officials:

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

CONCLUSIONS

Overall, 60th Air Mobility Wing personnel properly managed Recovery Act Facilities Sustainment, Restoration, and Modernization requirements. Specifically, officials:

- Reported contract information transparent to the public.
- Included all new Federal Acquisition Regulation clauses in Recovery Act contracts.
- Met the goals of the Recovery Act by fostering competition, expeditiously awarding contracts, and creating or retaining jobs.

- Justified projects selected to receive Recovery Act funding based on Air Mobility Command guidance; however, the guidance did not require personnel to select projects with the most jobs created/retained or the highest cost savings. Effectively identifying and using correct criteria for project justification and selection helps achieve the purposes of the Recovery Act and helps improve the efficiency of Air Force operations. (Tab A, page 1)

MANAGEMENT'S RESPONSE

Management officials agreed with the audit results included in this report.

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BACKGROUND

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was intended to place money into the economy quickly in order to jump start the economy. With the short timelines comes a greater risk for fraud, waste, and abuse.

The purposes of the Recovery Act are to:

- Preserve and create jobs and promote economic recovery.
- Assist those most impacted by the recession.
- Provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- Invest in transportation, environmental protection, and other infrastructure to provide long-term economic benefits.
- Stabilize state and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

Additionally the Recovery Act directs that the money will be managed and expended to commence expenditures and activities as quickly as possible consistent with prudent management.

Within the Air Force, the requesting organization turns in a DD Form 1391, *Military Construction Project Data*, for large projects, or an AF IMT 332, *Base Civil Engineer Work Request*, for smaller projects. These documents outline the work to be accomplished and the justification.

AUDIT RESULTS 1 – JUSTIFICATIONS

Condition. Personnel justified projects selected to receive Recovery Act funding based on Air Mobility Command guidance; however, the guidance did not require personnel to select projects with the most jobs created/retained or the highest cost savings.

Cause. This occurred because Air Mobility Command did not specify that projects should represent the most jobs created/retained or the highest cost savings.

Impact. Effectively identifying and using correct criteria for project justification and selection helps achieve the purposes of the Recovery Act and helps improve the efficiency of Air Force operations.

Audit Comment. This condition cannot be addressed at base level and was elevated to the audit control point for possible inclusion in the Air Force summary report of audit.

Management Comments. The 60th Air Mobility Wing Commander concurred with the audit results.

Evaluation of Management Comments. Management comments addressed the issues reported in the audit results.

AUDIT SCOPE

Audit Coverage. To accomplish the audit objectives, we reviewed documents dated between 3 October 2001 and 21 August 2009. We conducted this audit from 10-21 August 2009 and issued management a draft report on 22 September 2009. Specifically:

- **Transparency.** To determine whether officials reported contract information transparent to the public, we obtained the current status of the project and the contract number from the Federal Business Opportunities web site. In addition, we reviewed the contract files for Central Contractor Registration, Online Representation and Certifications Application, and Excluded Parties List System verifications. Lastly, we reviewed the contract file in order to determine the rationale for the contract award method.
- **Federal Acquisition Regulation (FAR) Clauses.** To determine whether officials included all new FAR clauses in Recovery Act contracts, we reviewed the task/delivery order and modifications.
- **Goals.** To determine whether officials met the goals of the Recovery Act by fostering competition, expeditiously awarding contracts, and creating or retaining jobs, we obtained a Commander's Resource Integration System (CRIS) report for fund code RM and an electronic listing of the Recovery Act Emergency Special Program Codes. We reviewed the projects in CRIS to determine if all Recovery Act projects were listed. In addition, we determined the method used to contract the project using the Recovery Act funds. Lastly, we interviewed contracting personnel and the quality assurance examiner to determine how they intended to identify savings, creation and retention of jobs.
- **Justification.** To determine whether officials properly justified projects for the Recovery Act, we compared the installation's Recovery Act project listing to the DoD listing and identified any differences for the Travis AFB Annex location. In addition, we reviewed the justification on an AF IMT 332, *Base Civil Engineer Work Request* to determine the validity of the project. Lastly, we interviewed civil engineer personnel to determine how the project was selected to receive Recovery Act funds.

Sampling Methodology. We used the following sampling techniques and computer-assisted auditing tools and techniques (CAATTs) to accomplish our audit objectives.

- **Sampling.** The audit control point randomly selected the Travis AFB Annex location and then selected 100 percent of the projects under the location.
- **CAATTs.** We did not use CAATTs to analyze data or project results in this audit.

Data Reliability. During this audit, we relied on information from the CRIS for our audit conclusions. We did not evaluate the systems' general and application controls. However, we

established data reliability by comparing CRIS reports with physical evidence and available manual records. These tests revealed that the data were sufficiently reliable to support our audit conclusions.

Auditing Standards. We accomplished audit work in accordance with generally accepted Government auditing standards, and accordingly, included such tests of internal controls as considered necessary under the circumstances. Specifically, we evaluated controls such as oversight of contract solicitation, award, and performance.

Discussion with Responsible Officials. We discussed/coordinated this report with the Commander, 60th Air Mobility Wing; Commander, 60th Mission Support Group; Commander, 60th Civil Engineer Squadron; and other interested officials. Management was advised this audit was part of an Air Force-wide audit on American Recovery and Reinvestment Act of 2009 Program Execution (F2009-FD1000-0516.000). Therefore, selected data not contained in this report, as well as data contained herein, may be included in a related Air Force report of audit. Management's formal comments were received on 24 September 2009 and are included in this report.

PRIOR AUDIT COVERAGE

We did not identify any Air Force Audit Agency, DoD Inspector General, Government Accountability Office, or public accountant reports issued to the 60th Air Mobility Wing within the last 5 years that related to our specific objectives.

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PROJECT NUMBER

We accomplished this audit under project number F2009-FD1000-0516.011.

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.