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# **INSTALLATION REPORT OF AUDIT**

**F2010-0004-FCT000**

**American Recovery and Reinvestment  
Act of 2009  
72d Air Base Wing  
Tinker AFB OK**

**Tinker Area Audit Office**

**21 October 2009**

### **INTRODUCTION**

On 17 February 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). This provided the Department of Defense (DoD) with \$2.3 billion in MILCON projects and \$3.4 billion in Facilities Sustainment, Restoration, and Modernization (FSRM) projects. DoD submitted their Recovery Act project listing to Congress on 24 March 2009, then a revised listing on 28 April 2009. At Tinker Air Force Base, there were 40 projects chosen with a value of over \$42 million.

### **OBJECTIVES**

The objective of this centrally directed audit was to determine whether the Air Force properly managed Recovery Act Facilities Sustainment, Restoration, and Modernization (FSRM) requirements. Specifically, we determined whether personnel:

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

### **CONCLUSIONS**

Overall, the 72d Contracting Squadron could have more effectively managed Recovery Act FSRM funds. Specifically, projects were properly justified and made transparent to the public; however, contracts did not contain all applicable FAR clauses or proper contractor responsibility documents.

All sample contracts fostered competition and were awarded expeditiously. There are procedures in place to ensure that contractors are creating and retaining jobs; however, we were not able to assess if it occurred because the first report was not due until October 2009.

### **MANAGEMENT CORRECTIVE ACTIONS**

Management took corrective action during the audit by placing missing contractor responsibility documents and FAR clauses in the contract files.

**MANAGEMENT'S  
RESPONSE**

Management concurred with the audit results in this report and actions taken should correct the reported deficiencies.

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## **BACKGROUND**

Federal Acquisition Regulations 4.1102, 4.1201, 4.803(a)(11), and 9.4 outline the requirement to have contractor responsibility documents in the contract file to ensure that the contract is on the Central Contractor Registration (CCR) site, Online Representation and Certifications Application (ORCA) site, and not on the Excluded Parties List System (EPLS). These items are to be included in the contract file as a printout from the websites. The printouts should be dated before the contract award date.

FAR 44.403 states that for other than commercial contracts or task orders, FAR 52-244-6, Sub-contracts for Commercial Items and Commercial Components, should be included in the contract. This clause defines a subcontract as a transfer between divisions, subsidiaries, or affiliates of the Contractor or subcontractor at any tier. FAR 52.244-6 lists the FAR clauses that should be included in a subcontract for commercial items at any tier of the contract.

## **AUDIT RESULTS 1 – MISSING CONTRACTOR RESPONSIBILITY DOCUMENTS**

**Condition.** 72d Contracting Squadron (72 CONS) personnel did not always put the proper contractor responsibility documents in the contract file. Specifically, 3 of 34 contracts reviewed did not have contractor responsibility documents in the file. For example:

- Two of 34 (FA8101-05-D-0006-0080 and FA8101-08-D-0007-0014) did not have ORCA documents in the contract file.
- One of 34 (FA8101-08-D-0007-0020) did not have a Contractor Responsibility tab in the file.

**Cause.** These documents were not included in the contract files due to an oversight on the part of the contracting officer that worked those task orders.

**Impact.** As a result of this oversight, these task orders were not in compliance with the FAR that requires them to put the documents in the file. Further, not verifying the applicable websites prior to award could lead to the contract being awarded to a contractor that is not registered on CCR or ORCA websites or a contractor that is included in the EPLS.

**Management Corrective Action.** During the course of the audit management was made aware of the findings and subsequently corrected the errors. Therefore, no further recommendations are necessary to address contractor responsibility documents in the file.

## **AUDIT RESULTS 2 – MISSING FAR CLAUSES**

**Condition.** 72 CONS personnel did not ensure that all applicable FAR clauses were included in the contract. Specifically, 8 of 34 contracting actions were missing a required FAR clause. For example, FA8101-05-D-0006 did not have FAR 52.244-6 included in the clauses section of the contract; as a result, 8 task orders that were executed with ARRA funds were affected.

**Cause.** These FAR clauses were not included in the file due to an oversight on the part of the contracting officer that prepared the contract.

**Impact.** Not including all required FAR clauses in the contract language can affect the ability of the contractor to conform to government guidelines. Further, FAR 52.244-6 requires the contractor to include several FAR clauses in a contract with a subsidiary; therefore, the exclusion of that FAR clause will greatly affect any subcontract.

**Management Corrective Action.** During the course of the audit, management was made aware of the missing FAR clauses and the contract was modified to include FAR 52.244-6. Therefore, no further recommendations are necessary to address the missing FAR clauses in the contract.

## AUDIT SCOPE

**Audit Coverage.** To determine if projects chosen for completion with American Recovery and Reinvestment Act of 2009 (ARRA) funds were properly justified, that information was transparent to the public, that all FAR clauses were included in the contract, and that projects met goals of the recovery act, we reviewed contract files, contractor websites, funding documents. Specifically, we:

- Reviewed AF Form 332, *Base Civil Engineer Work Request*, DD Form 1391, *FY Military Construction Project Data*, and a locally produced spreadsheet for projects selected for ARRA funds to determine if the projects were properly justified and requested.
- Examined contracts for projects done with ARRA funds to ensure that all applicable FAR clauses and contractor responsibility documents were included in the contract and to determine the solicitation method to ensure that competition was fostered in the process of choosing contractors to accomplish ARRA efforts.
- Reviewed the Federal Business Opportunities and Federal Procurement Data System websites to ensure that all projects chosen for ARRA funds were posted on the websites to ensure transparency of information to the public.
- Compared amounts posted on the Commanders Resource Integration System (CRIS) with contract award amounts to determine if contract award amounts matched funds loaded in CRIS.
- Compared contract award amounts to government technical reviews to ensure that award amounts were not more than 15 percent higher than the government technical review and to determine if adequate justification was in place for those items that did exceed the 15 percent threshold.
- Began this audit on 27 July 2009, completed fieldwork on 27 August 2009, reviewed documents dated from January 2001 to 10 August 2009, and provided the draft for management comments on 17 September 2009.

## Sampling Methodology

- Sampling. To determine our sample the audit control point, Air Force Audit Agency/ Environmental and Engineering Division, obtained from 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 AFAA then judgmentally selected all locations with a project over \$7.5 million, resulting in 6 locations. We then selected 14 additional locations using a simple random sample, for a total of 20 audit locations. The DoD IG selected sites based

on a predictive analysis for several risk factors. These risk factors were rated on a scale of 1 to 10 (where 10 is the highest). The factors were summed for each location and selections were made based on the highest risk factors. The DoD IG and AFAA then determined which DoD IG locations would be reviewed by each agency based on the location of AFAA audit offices. AFAA agreed to perform the audit at 9 additional locations, dropped 1 simple random sample location that DoD IG reviewed, and dropped 6 additional simple random sample locations that had not yet started the audit. This left a total of 22 audit locations. We reviewed 100 percent of the projects at each location, with the exception of the locations chosen for their Military Family Housing projects. For those 4 locations, we reviewed 100 percent of the Military Family Housing projects. Tinker was chosen as part of the random sample, and we reviewed 100 percent of the projects chosen for Tinker AFB; however, we could not make determinations on the contracting and funding portions of the audit for the 6 projects put on contract by the Army Corp of Engineers.

- Computer Assisted Audit Tools and Techniques. We used pivot tables in Excel to compare all line items in CRIS to items that were exclusively for ARRA funds to determine the totals amounts in CRIS for ARRA funds.

**Data Reliability.** We extensively relied on computer-processed data contained in the Federal Business Opportunities and CRIS. To establish data reliability, we compared output data to manual documents to validate data accuracy; reviewed output products for obvious errors, reasonableness, and completeness; and recalculated totals to verify math operations. Based on these tests, we concluded that the data were reliable in meeting the audit objective.

**Auditing Standards.** We accomplished this audit in accordance with generally accepted government auditing standards and included such tests of internal controls as considered necessary under the circumstances. We reviewed the following significant internal and management controls:

- Supportive Attitude. Management should support and comply with its written expectations. Management should not create an environment in which the standards that apply to others are ignored. Through observation and inquiry of personnel in the audited functions, we were able to determine that management is supportive of their personnel and knowledgeable of the requirements in place for ARRA projects.
- Technically Competent Personnel. Operation personnel should be technically competent. The management team should be stable, present a good reputation, and operate with continuity. Sufficient numbers of employees should be assigned to accomplish tasks, and employees should be provided required formal and on-the-job training. Through review of documentation in contract files and training records, we determined that personnel chosen to complete ARRA projects were given adequate training and were technically competent.

## Audit Scope and Prior Audit Coverage

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- Documentation. Internal control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be readily available for examination. We reviewed all documentation to include work order requests, contract files, and funding documents to ensure that all events were adequately documented.
- Recording of Transactions and Events. Transactions and other significant events are to be promptly recorded and properly classified. We reviewed all documentation of events to ensure that all transactions and events were adequately documented .
- Execution of Transactions and Events. Transactions and events are to be authorized and executed only by persons acting within the scope of their authority. We reviewed work order requests, contract files, funding documents, and regulatory guidance to ensure that all transactions and events were properly executed.

**Discussion with Responsible Officials.** We coordinated the report with the OC-ALC Executive Director, 72d Air Base Wing Commander, and other interested officials. We advised management this was part of an Air Force-wide evaluation (Project Number F2009-FD1000-0516.000, American Recovery and Reinvestment Act of 2009). Therefore, selected data not reflected in this report, as well as data contained herein, may appear in a related Air Force report of audit. Management's formal comments were received on 7 October 2009.

### **PRIOR AUDIT COVERAGE**

Our review of audit files and contact with the base audit focal point disclosed no Air Force Audit Agency, Office of the Inspector General, Department of Defense, U.S. Government Accountability Office, or public accountant audit reports issued to the OC-ALC that were directly related to our audit objectives.

**POINTS OF CONTACT**

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**FINAL REPORT DISTRIBUTION**

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**PROJECT NUMBER**

We accomplished this audit under project number F2009-FD1000-0516.020.

**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.