



INSTALLATION REPORT OF AUDIT

F2010-0027-FBN000

**American Recovery and Reinvestment
Act of 2009 Program Requirements
354th Fighter Wing
Eielson AFB AK**

Northwest Area Audit Office

11 December 2009

INTRODUCTION

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009. Accordingly, this provided the Department of Defense with \$2.3 billion in infrastructure investment projects and \$3.4 billion in facilities sustainment, restoration, and modernization projects. The Department of Defense submitted their Recovery Act project listing to Congress on 24 March 2009, then a revised listing on 28 April 2009. As a result, Eielson Air Force Base received funds to complete 28 projects valued over \$74 million.

OBJECTIVES

This was a centrally directed audit to evaluate if personnel established Recovery Act facilities sustainment, restoration, and modernization requirements. Specifically, we determined whether personnel:

- Properly selected Recovery Act projects.
- Included all new Federal Acquisition Regulation clauses in Recovery Act contracts.
- Met Recovery Act goals by fostering competition, expeditiously awarding contracts, and creating or retaining jobs.
- Reported information so it was transparent to the public and updated bid estimates.

CONCLUSIONS

The 354th Fighter Wing effectively managed Recovery Act facilities sustainment, restoration, and modernization requirements in three of the four areas reviewed. Specifically, personnel properly selected Recovery Act projects; included all new Federal Acquisition Regulations clauses in Recovery Act contracts; and met Recovery Act goals by fostering competition, expeditiously awarded contracts, and created and retained jobs. However, personnel did not always:

- Report all required contract information so that project requirements/costs were transparent to the public. As a result, the Air Force was not in compliance with the Recovery Act and Federal Acquisition Regulation requirements. (Tab A, page 1)
- Update bid estimates. Updating unfunded project estimates with contractor bid amounts helps ensure management has the necessary information to make

decisions, properly budget, and fully utilize scarce Recovery Act resources. (Tab A, page 2)

**MANAGEMENT
CORRECTIVE
ACTION**

Management took one corrective action to update projects listed on the Federal Business Opportunities website so that project requirements/costs were transparent to the public. (Reference Tab A for the specific corrective action.)

RECOMMENDATIONS

We made one recommendation to improve American Recovery and Reinvestment Act of 2009 Program controls. (Reference Tab A for the specific recommendation.)

**MANAGEMENT'S
RESPONSE**

Management officials agreed with the audit results and recommendations in this report; and the corrective actions taken are responsive to the issues and recommendations included in this report. Therefore, this report contains no disagreements requiring elevation for resolution.



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BACKGROUND

Federal Business Opportunities (FBO) is the single government point-of-entry for Federal government procurement opportunities over \$25,000. This website (FBO.gov) contains all Federal government solicitations and contract awards. Federal Acquisition Regulations (FARs) requires the Government to post on FBO all contract actions over \$25,000, as well as any contract action, regardless of amount, which the Government did not award both competitively and firm, fixed price. Additionally, the Recovery Act requires the Government to post action requirements so that the public can track and identify recovery projects.

- Identification of Recovery Act Funds. Recovery Act Facilities Sustainment, Restoration, and Modernization funds are identified using appropriation code 3404 and fund code RM. Additionally, each project has a unique two-digit emergency and special program code so that funding for each project is separate.
- Straddle Bids. For certain high need projects the civil engineer squadron in conjunction with the contracting squadron request contractor bids for projects under established indefinite-delivery/indefinite-quantity contracts (to include, “Task Orders” subject to funding). This helps to make the project more “dirt ready” and quicken the pace of the award in case the wing receives year-end funding

AUDIT RESULTS 1 – FBO REPORTING

Condition. Contracting personnel did not report all required contract information so it was transparent to the public. Specifically, contracting officers did not post all required information to the FBO website for 21 of 27 projects reviewed. For example, the synopsis narrative for task orders did not include a clear description of the work to be performed.

Cause. This occurred because the postings were “notice only postings” for task orders where the contractor was already selected and the Recovery Act guidance provided was unclear on the amount of information to include for notice only postings.

Impact. As a result, the Air Force did not meet transparency requirements of the Recovery Act and FAR.

Management Corrective Action. In August 2009, contracting personnel updated project synopsis’ available for updating, posted a notice for one not completed, and modified a notice that incorrectly posted as a “recovery” project. As a result of these timely actions, we have no recommendations.

Management Comments. The 354th Fight Wing Commander concurred with the finding and action taken.

Evaluation of Management Comments. Management’s comment addressed the issue presented in the audit result and actions taken should correct the problem.

AUDIT RESULTS 2 – PROJECT BID ESTIMATES

Condition. Civil engineer squadron personnel did not always update civil engineering project estimates. Specifically, personnel did not update the project cost estimates with Fiscal Year 2008 contractor bids for projects not funded in 2008. Thus, the Major Commands funded projects with 2009 Recovery Act dollars based upon the Fiscal Year 2008 civil engineering project cost estimates. For example, seven unfunded Fiscal Year 2008 straddle bid projects funded with Fiscal Year 2009 Recovery Act dollars disclosed that the Government underfunded three projects by \$147,800 and overfunded four projects by \$332,600.

Cause. This occurred because current policy does not require personnel to update project estimates on the civil engineering integrated project listing with the actual contractor bid. In fact, guidance encourages personnel to maintain estimates for variance analysis purposes.

Impact. Updating unfunded project estimates with contractor bid amounts helps ensure management has the necessary information to make decisions, properly budget, and fully utilize scarce Recovery Act resources.

Recommendation A.1. The base civil engineer should direct operating personnel to update any Fiscal Year 2009 project estimates with the contractor bid for projects not funded.

Management Comments. The 354th Fighter Wing Commander concurred with the audit results and recommendations and stated: “Concur. The base civil engineer directed operating personnel to update the project estimates for any project where the contractor provided a bid and the project was not funded. Completion Date: 8 October 2009.” (CLOSED)

Evaluation of Management Comments. Management’s comment addressed the issue presented in the audit result and actions taken should correct the problem.

PROGRAM POLICIES AND PROCEDURES

Criteria. We performed this audit using the criteria contained in the following guidance:

- Office of Management and Budget Memorandum (m-09-10), *Defense Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, 18 February 2009
- Office of the Under Secretary of Defense Memorandum, *Updated Instructions for Posting Pre-Solicitation and Award Notices, Reporting Contract Actions; and Reporting Performance Assessments for Actions Funded by the American Recovery and Reinvestment Act of 2009*, 21 April 2009
- Federal Acquisition Regulations, Part 52- Clauses, 10 September 2009
- Air Force Instruction 32-1023, *Design and Construction Standards and Execution of Facility Construction Projects*, 19 July 1994
- Air Force Instruction 32-1032, *Planning and Programming Appropriated Funded Maintenance, Repair, and Construction Projects*, 15 October 2003
- Air Force Pamphlet 32-1005, *Working in the Engineering Flight*, 1 October 1999

AUDIT SCOPE

Audit Coverage. We reviewed civil engineering and contracting project and contract files and associated tracking worksheets, dated May 2001 through August 2009, to evaluate whether 354th Fighter Wing personnel properly established Recovery Act facilities sustainment, restoration, and modernization requirements. We performed audit work from August through September 2009 and provided management a draft report in September 2009.

- **Project Selection.** We reviewed contract justifications included in Department of Defense Forms 1391, Military Construction Project Data, and Air Force Information Management Tool 332, Base Civil Engineer Work Request. In addition, we reviewed facilities utilization board minutes and project files to determine if the projects selected for funding under the Recovery Act were necessary. Also, we discussed the validity, justification, and selection process for projects with civil engineer squadron personnel. Finally, we physically reviewed three planned projects to evaluate whether the projects needed restoration.
- **Recovery Act FAR Clauses.** We validated that Recovery Act contracts incorporated the applicable Recovery Act FAR clauses as established by the audit focal point.
- **Recovery Act Goals.** We verified that the accounting codes used in Commander's Resource Information System reports were accurate and supported through comparison with supporting funding documents. In addition, we compared government requests for funds to the actual award. We also reviewed contracting files to verify personnel maximized competition and stipulated the use of energy efficient products. Finally, we discussed validation of the contractors' quarterly reporting requirements with contract inspectors and the contracting officer.
- **Information Transparency.** We pulled information from the FBO website (FBO.gov) to determine if personnel posted all required information (contractor's name, award amount, and contract number, and related data) that it was transparent to the public. Also, we reviewed the contract files to determine if personnel maintained required documentation (price negotiation memorandum and small business coordination) and searched data bases, for example the Excluded Parties System, before awarding the contract.

Sampling Methodology. We used the following sampling and computer assisted auditing tools and techniques (CAATs) to conduct this review.

- **Sampling.** The audit focal point obtained the full listing of Air Force Recovery Act Facilities Sustainment, Restoration, and Modernization 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 focal point judgmentally selected Eielson Air Force Base because they had a project greater than \$7.5 million and

directed that we review 100 percent of the Facilities Sustainment, Restoration, and Modernization projects.

- CAATTs. We used Microsoft® Excel features (for example, sorting and sum if functions) to summarize data elements from the systems and to determine whether construction projects were accurately supported.

Data Reliability. During this audit, we relied on information from Commander's Resource Information System for our audit conclusions. We did not evaluate the system's general and application controls. However, we established the data's reliability by comparing project costs in Commander's Resource Information System reports with Recovery Act approved project costs available manual records to determine whether the data was sufficiently reliable to support the audit conclusions. Our tests disclosed the data from these systems were sufficiently reliable to support the audit conclusions.

Auditing Standards. We accomplished audit work in accordance with generally accepted government auditing standards and, accordingly, included tests of internal controls as considered necessary under the circumstances. Specifically, we evaluated management controls over documentation, accurate recording of events, and management overview and oversight over recovery act repair, maintenance, and construction projects.

Discussion with Responsible Officials. We discussed/coordinated this report with the 354th Fighter Wing Commander, Mission Support Group Commander, Base Civil Engineer, Contracting Squadron Commander, and other interested officials. We advised the commander this audit was part of an Air Force-wide evaluation of American Recovery and Reinvestment Act of 2009 Program Requirements (Project F2009-FD1000-0516.000). Therefore, selected data not reflected in this report, as well as data contained herein, may appear in a related Air Force audit report. We received management's comments in December 2009 and included the comments in this report.

PRIOR AUDIT COVERAGE

Our review of audit files and contact with the base officials disclosed no Air Force Audit Agency, DoD Inspector General, or Government Accountability Office reports issued to the 354th Fighter Wing within the last 5 years that related to our specific 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-FD1000-0516.009.

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.