



INSTALLATION REPORT OF AUDIT

F2009-0069-FBS000

**American Recovery and Reinvestment
Act of 2009
452d Air Mobility Wing
March ARB CA**

Southwest Area Audit Office

16 September 2009

INTRODUCTION

On 17 February 2009, the President signed into law the American Recovery and Reinvestment Act of 2009. This Act provides the Department of Defense with \$3.4 billion in facilities sustainment, restoration, and modernization projects. As of June 2009, the 452d Air Mobility Wing managed five Recovery Act projects totaling \$4.25 million.

OBJECTIVES

The overall objective of this centrally directed audit was to determine whether 452d Air Mobility Wing personnel effectively managed Recovery Act facilities, sustainment, restoration, and modernization requirements. Specifically, we determined whether wing personnel:

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

CONCLUSIONS

The 452d Air Mobility Wing effectively managed Recovery Act facilities, sustainment, restoration, and modernization requirements with minor exceptions. Specifically, wing personnel properly justified five Recovery Act projects, reported Recovery Act information so it was transparent to the public, included Federal Acquisition Regulation clauses in respective contracts examined, and met applicable Recovery Act goals. As a result, the 452d Air Mobility Wing is spending more than \$4.25 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 because the audit did not identify any discrepancies requiring corrective action.

MANAGEMENT'S RESPONSE

Management agreed with the audit results.



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Team Chief, Luke AFB



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BACKGROUND

Recovery and Reinvestment Act projects preserve jobs, assist those most impacted by the recession, and provide the investments needed to increase economic efficiency. To facilitate transparency, the Federal Business Opportunities website allows vendors and the public access to Recovery Act contract information. Contracting personnel post all solicitations and contract awards 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 – RECOVERY ACT PROJECT MANAGEMENT

Condition. The 452nd Air Mobility Wing effectively managed Recovery Act facilities, sustainment, restoration, and modernization requirements. Specifically, wing personnel:

- Properly justified all five Recovery Act projects reviewed.
- Reported information so it was transparent to the public. Specifically, contracting personnel awarded contracts for four projects and posted required information to the Federal Business Opportunities website.¹
- Included all new FAR clauses in Recovery Act contracts. To illustrate, contracting personnel included all new FAR clauses in contracts for all four awarded projects examined.
- Met applicable² Recovery Act goals by fostering competition and awarding contracts for four projects.

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

Impact. As a result, the 452nd Air Mobility Wing was expeditiously spending more than \$4.25 million on high priority projects while helping to promote the local and national economic recovery.

¹ Contracting personnel had not awarded a contract for one recovery project yet because Air Force Reserve Command as of 11 August 2009 had not approved the statement of work.

² We could not determine whether projects created or retained jobs because the contractors were not required to submit the first report until October 2009. However, we verified that contracts included the FAR clauses requiring contractors to report job creation and retention data.

AUDIT SCOPE

Audit Coverage. To determine whether wing personnel effectively managed Recovery Act requirements, we reviewed documentation dated from October 2005 to August 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 in August 2009 and issued management a draft report on 11 September 2009.

- **Justification.** To determine whether personnel properly justified Recovery Act projects, we reviewed contract justifications included in Department of Defense Forms 1391, *Military Construction Project Data*. Furthermore, we reviewed the base 5-year pavement replacement plan, Integrated Project Listing, and work order histories to further confirm project needs. In addition, we visually inspected project areas and discussed the validity, justification, and selection process for projects with civil engineer personnel.
- **Transparency.** To determine whether personnel reported information so it was transparent to the public, we reviewed the Federal Business Opportunities website (FBO.gov) to determine if all required information (contractor's name, award amount, and contract number, and related data) was posted for the four projects awarded contracts. Next, we reviewed the contract files to determine if required documentation was maintained.
- **Federal Acquisition Regulation Clauses.** To determine whether personnel included all new FAR clauses in Recovery Act contracts, we reviewed contract files.
- **Recovery Act Goals.** To determine if personnel met Recovery Act goals by fostering competition, we reviewed contracts and solicitations to determine whether new or existing contracts were used, whether solicitations were competed, and whether firm fixed price contracts were awarded. Additionally, we reviewed award decision documentation to determine whether contracting officers properly evaluated offers. We could not validate whether contracting personnel awarded contracts expeditiously in accordance to recovery act goals because the Recovery Act did not specify timeframes for awarding contracts. Since the contracts for the recovery projects were recently awarded and contractors were not required to begin submitting job creation and retention reports until October 2009 we could not confirm if this goal was met. However, we did confirm whether contracts included required clauses and whether contracting personnel had plans to ensure contractors perform reporting requirements.

Sampling Methodology.

- **Sampling.** To accomplish our audit objectives, we reviewed five (100 percent) of the five facilities sustainment, restoration, and modernization projects selected by the Department of Defense Inspector General. We did not project any results.

- Computer-Assisted Auditing Tools and Techniques. We used Microsoft Excel[®] COUNTIF functions to summarize results of our reviews of FAR clauses, contract award and transparency information, and contract file documentation.

Data Reliability. We relied on information from the Commander's Resource Integration System³ 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 Commander's Resource Integration System to contract file documentation. 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 documentation and management oversight of contractor performance, contract awards, and contract solicitations.

Discussion with Responsible Officials. We discussed/coordinated this report with the 452d Air Mobility Wing Commander, 452d Mission Support Group Commander, and other interested officials. Management was advised this audit was part of an Air Force-wide evaluation of American Recovery and Reinvestment Act of 2009 Requirements (Project 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 verbal agreement was received on 15 September 2009.

PRIOR AUDIT COVERAGE

Our review of audit files and contact with base officials disclosed no other audit report issued to the 452d Air Mobility Wing by any audit agency within the last 5 years that related to our audit objectives.

³ Commander's Resource Integration System is a windows based query reporting and analysis tool that is used to access data warehouses of information from various General Accounting and Finance Systems.

POINTS OF CONTACT

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FINAL REPORT DISTRIBUTION

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452 AMW/CC/FM
AFOSI, Det 110

PROJECT NUMBER

We accomplished this audit under project number F2009-FD1000-0516.025.

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.