



INSTALLATION REPORT OF AUDIT

F2010-0001-FDD000

**American Recovery and
Reinvestment Act of 2009
Program Execution
96th Air Base Wing
Eglin AFB FL**

Gulf Coast Area Audit Office

5 October 2009

INTRODUCTION

On 17 February 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). This act provided the Department of Defense (DoD) with \$3.4 billion in Facilities Sustainment, Restoration, and Modernization (FSRM) project funds. The 96th Air Base Wing (96 ABW) received approximately \$37 million for 55 FSRM Recovery Act projects.

OBJECTIVES

The overall objective of this centrally directed audit was to determine whether 96 ABW personnel properly managed Recovery Act 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.

CONCLUSIONS

Overall, 96 ABW personnel properly managed Recovery Act FSRM requirements. Specifically, a review of three sampled military family housing (MFH) Recovery Act projects disclosed personnel properly justified projects, reported Recovery Act information so it was transparent to the public, included new FAR clauses in the contracts, and met Recovery Act goals for each project. As a result, the 96 ABW will expend recovery act funds on valid MFH projects and meet Recovery Act FSRM goals. (Tab A, page 1)

RECOMMENDATIONS

The audit did not identify any deficiencies requiring local correction. Therefore, this report contains no recommendations to improve the management of Recovery Act FSRM requirements.

MANAGEMENT'S RESPONSE

Management officials agreed with the audit results in Tab A of this report. Therefore, this report contains no disagreements requiring elevation for resolution.



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BACKGROUND

The goal of the American Recovery and Reinvestment Act of 2009 is to provide an infusion of money, within specific guidelines, which will result in a jump start to the United States economy. Recovery Act guidelines include initiating expenditures and activities as quickly as possible in a manner consistent with prudent management. Further, Recovery Act projects should be fully justified and consistent with Recovery Act goals and requirements.

- Project Justification. Organizations submit a DD Form 1391, Military Construction Project Data, to the base civil engineer to request FSRM projects. The DD Form 1391 describes the requested work and details the justification for the project.
- Recovery Act Goals. The President indicated multiple goals for the Recovery Act including fostering competition; promptly awarding contracts and putting the money into the economy; and creating and retaining jobs. In addition, organizations should use competitive, firm fixed price contracts to reduce risk to the government and taxpayers. Beginning in October 2009, contractors who receive Recovery Act funds are required to submit information quarterly (amount of money expended, percent of project completion, salaries of particular personnel, and the number of jobs created/retained).

Organizations meet transparency requirements for Recovery Act contract actions by posting information on the Federal Business Opportunities and Federal Procurement Data System web sites. The Federal Business Opportunities is the single government point-of-entry for Federal Government procurement opportunities over \$25,000. This website contains all Federal Government solicitations and contract awards. Further, the FAR requires all contract actions over \$25,000 be posted on the Federal Business Opportunity web site, along with information specific to Recovery Act projects.

AUDIT RESULTS 1 – RECOVERY ACT PROJECT MANAGEMENT

Condition. The 96 ABW properly managed Recovery Act FSRM requirements. Specifically, a review of three sampled Recovery Act MFH projects revealed personnel:

- Properly justified Recovery Act projects. For example, each project reviewed represented a valid need.
- Reported information so it was transparent to the public. Specifically, each project reviewed had the required pre-solicitation information posted to the Federal Business Opportunities website.
- Included all new FAR clauses in Recovery Act contracts. Specifically, the solicitation for all three projects examined included required FAR clauses.

- Met Recovery Act goals by fostering competition, promptly awarding contracts, and putting the money into the economy quickly. Specifically, the solicitation method resulted in competition; funding was transferred to the installation and distributed to each sampled MFH project; and as of 10 August 2009, the contract for the sampled MFH projects was pending award based on legal review.

Cause. This condition occurred because 96 ABW management made Recovery Act projects a priority and managed requirements consistent with Recovery Act guidelines.

Impact. As a result, 96 ABW will expend Recovery Act funds on valid MFH projects and meet Recovery Act FSRM goals.

Management Comments. Management officials concurred with the audit results.

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

GUIDANCE

To implement controls over Recovery Act funding and reinforce the goals of the act, the Government established FAR clauses specifically related to Recovery Act contract actions. Contracting officials are required to insert applicable clauses in all contracts funded by the Recovery Act. These clauses include:

- FAR 52.203-15, *Whistleblower Protection under the American Recovery and Reinvestment Act of 2009.*
- FAR 52.204-11, *Recovery Act Reporting Requirements.*
- FAR 52.225-21, *Required Use of American Iron, Steel, and Manufactured Goods - Buy American Act - Construction Materials.*
- FAR 52.225-22, *Notice of Required Use of American Iron, Steel, and Other Manufactured Goods - Buy American Act - Construction Material.*
- FAR 52.244-6, *Subcontracts for Commercial Items and Commercial Components.*
- FAR 52.215-2, *Audit and Records - Negotiation.*
- FAR 52.222-6, *Davis - Bacon Act.*
- FAR 52.212-4, *Contract Terms and Conditions - Commercial Items.*
- FAR 52.212-5, *Contract Terms and Conditions Required to Implement Statutes or Executive Orders - Commercial Items.*

AUDIT SCOPE

Audit Coverage. To determine whether 96 ABW personnel effectively managed Recovery Act requirements, we reviewed documentation dated from November 2008 through June 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 from 3 August through 1 September 2009 and issued management a draft report on 24 September 2009. To determine whether personnel:

- Properly justified Recovery Act projects, we reviewed contract justifications included in DD Forms 1391. In addition, we performed site visits and discussed the validity, justification, and selection process for projects with civil engineer 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, contract number, and related data) was posted for the three sampled projects. We also reviewed the contract file and held discussions with contracting personnel to determine if required documentation was maintained.
- Included all new FAR clauses in Recovery Act contracts, we reviewed the contract file and held discussions with contracting personnel to determine if all applicable clauses were included.
- Met Recovery Act goals, we reviewed Commanders' Resource Integration System (CRIS) reports and the contract file for documentation of competition and award documentation. We also discussed validation of the contractor's quarterly reporting requirements with contracting personnel. In addition, we discussed economic benefits and the Recovery Act project backlog with civil engineer personnel.

Sampling Methodology.

- Sampling. To accomplish our audit objectives, we reviewed a sample, selected by the DoD Inspector General, of 3 (5 percent) of 55 96 ABW Recovery Act FSRM projects. The three sampled projects were 100 percent of the Eglin AFB MFH FSRM Recovery Act projects. We did not project the audit results.
- Computer-assisted Auditing Tools and Techniques. We used Microsoft Excel™ filters, sort, count, and sum functions to compare the Eglin AFB Recovery Act project listing to the DoD Recovery Act project listing and verified the two listings matched.

Data Reliability. During this audit, we relied on information from CRIS for our audit conclusions. We did not evaluate the system's general and application controls. However, we established the data's reliability by comparing CRIS reports with available records and determined the data was sufficiently reliable to support the audit conclusions.

Auditing Standards. We accomplished this audit in accordance with generally accepted Government auditing standards, and accordingly, included tests of internal controls considered necessary. Specifically, we reviewed management oversight and documentation controls over Recovery Act project selection and contract award processes.

Discussion with Responsible Officials. We discussed/coordinated this report with the Commander, 96th Air Base Wing; Commander, 96th Civil Engineer Group; Commander, 96th Mission Support Group; Commander, 96th Comptroller Squadron; 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 formal coordination was received on 25 September 2009 and is included in this report.

PRIOR AUDIT COVERAGE

We did not identify any Air Force Audit Agency, DoD Inspector General, or Government Accountability Office reports issued to the 96 ABW within the past 5 years which related to our specific objectives.

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FINAL REPORT DISTRIBUTION

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PROJECT NUMBER

We accomplished this audit under project number F2009-FD1000-0516.030.

FREEDOM OF INFORMATION ACT

The disclosure/denial authority prescribed in AFRD 65-3, *Internal Auditing*, will make all decisions relative to the release of this report to the public.