



INSTALLATION REPORT OF AUDIT

F2010-0002-FCR000

**American Recovery & Reinvestment
Act of 2009
Warner Robins Air Logistics Center
Robins AFB GA**

**Robins Area Audit Office
23 October 2009**

INTRODUCTION

On February 17, 2009, the President signed into public law the American Recovery and Reinvestment Act of 2009. The law was designed to stimulate the economy in achieving long-term public benefits and optimizing economic and programmatic results. As a result of the Recovery Act of 2009, the 78th Air Base Wing received over \$31 million of \$7.4 billion allotted to the Department of Defense to execute Recovery Act projects.

OBJECTIVES

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

- Properly justified Recovery Act projects,
- Reported contract information for public review to promote competition,
- Included the Federal Acquisition Regulation Recovery Act clauses in contracts.

CONCLUSIONS

The 78th Air Base Wing's civil engineering and contracting personnel generally managed the Recovery Act Facilities Sustainment, Restoration and Modernization requirements effectively, but areas for improvement existed. To illustrate, 78th Air Base Wing personnel:

- Maintained proper justification for all Recovery Act projects (Tab A, page 1),
- Reported contract information for public review to promote competition, and
- Expedited contract awards.

However, personnel did not always verify contract data was reported in the Federal Procurement Data System in a timely manner and that all contracts contained the required Federal Acquisition Regulation Recovery Act clauses (Tab B, page 2).

RECOMMENDATIONS

We made 2 recommendations to strengthen the 78th Air Base Wing's Recovery Act Program to verify civil engineering and contracting personnel execute contracts and projects in accordance with Recovery Act governing criteria.

**MANAGEMENT'S
RESPONSE**

Management comments addressed the issues discussed in the audit results, and management actions taken and planned should correct the problems identified.



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BACKGROUND

Civil Engineering (CE) personnel use two publication Forms for repair, sustainment, restoration, and new construction projects. These include a Department of Defense Form 1391, *Military Construction Project Data*, or an Air Force IMT Form 332, *Base Civil Engineer Work Request*. Once completed, CE personnel input data recorded on these Forms into the Automated Civil Engineering System-Program Management (ACES-PM). The Robins Facility Board then meets periodically to review and approve projects to accomplish during the fiscal year.

Headquarters, Air Force Material Command, Programs Development Branch (HQ AFMC/A7PD) extracted data from ACES-PM of projects to accomplish with Recovery Act Funds at Robins Air Force Base. Robins CE personnel received the list and instructions from HQ AFMC/A7PD to review and confirm their ability to execute as Recovery Act projects in Fiscal Year 2009. CE personnel tailored A7PD's list based on quick execution, repair, maintenance, and infrastructure and requested approval from the Robins Facility Board to add another 26 projects to consider as Recovery Act projects. CE personnel then returned the list to A7PD for submittal to the Air Staff. The Air Staff selected the final projects at Robins to receive Recovery Act funds.

AUDIT RESULTS 1 – PROJECT JUSTIFICATION

Condition. CE personnel justified projects in accordance with Air Force Material Command criteria to receive Recovery Act funds; however, the HQ AFMC/A7PD directed criteria did not allow the projects providing the greatest cost saving and jobs creation to be implemented in accordance with the American Recovery and Reinvestment Act of 2009. Specifically, although CE personnel followed the proper criteria and identified projects based on weighted criteria of quick execution, repair, maintenance and infrastructure, the criteria did not consider projects with the greatest cost savings or largest number of jobs created.

Cause. This condition occurred because civil engineering personnel used the process established in governing criteria to select Recovery projects within the allotted time frame. As such, the selection process limited CE personnel's ability to select and accomplish projects based on critical factors, including mission impact and cost savings.

Impact. CE personnel participation in the selection process provides total management oversight to guarantee installations accomplish valid projects that help the Air Force to improve base operations and morale.

Audit Comment. The above conclusion was based on the review of directive criteria only; and neither time nor the audit approach permitted us to identify examples of other potential contract sources that could have provided products or services at a more cost effective price. Therefore, we will forward the issue to the audit control point (AFAA/SPE) for further review/evaluation and possible inclusion in the Air Force Report of Audit. We will not make any local recommendations pertaining to this issue.

BACKGROUND

The American Recovery and Reinvestment Act of 2009 identified several requirements and processes to provide transparency to the selection, award, and execution of eligible projects. These processes included several specific web based data reporting and documentation of compliance to include the following:

- The Central Contractor Registration (CCR) is the primary registrant database for the Federal government. Any organization wishing to do business with the Federal government under a Federal Acquisition Regulation (FAR) based contract must register in CCR before being awarded a contract.
- The Online Representation and Certifications Application (ORCA) is a complementary system to CCR. Any contractor required to be registered in CCR must also be registered in ORCA.
- The Excluded Parties List System (EPLS) documents information on parties excluded from receiving Federal contracts and certain subcontracts. Because of the nature of the Recovery Act and the transparency requirements, it is very important to verify contractors receiving Recovery Act funds are not on this list.
- The Federal Procurement Data System (FPDS) is the Federal government's central source of procurement information. Contracting officers post all contract actions, including task/delivery orders, to the Contract Action Report (CAR). These contract actions appear on the American Recovery and Reinvestment Act Report.

Further, contracting officers query the specific systems identified above for verification of a contractor's credentials to do business with the federal government and use FPDS to validate all contract actions.

AUDIT RESULTS 2 – TRANSPARENCY

Condition. 78th Comptroller and Contracting Squadron personnel did not always report all required information to the Federal Procurement Data System or adhere to Federal Acquisition Regulation criteria for the American Recovery and Reinvestment Act of 2009. In addition, contract files did not always contain verification data from the CCR, ORCA, and EPLS to ensure contractors doing business with the federal government were registered or excluded from receiving federal contracts. Specifically, contracting personnel did not:

- Verify all required information was reported in the Federal Procurement Data System and appeared in the American Recovery and Reinvestment Act Report for 6 of 76 contracts.
- Annotate 8 contracts indicating that products and services were funded by the Recovery Act in accordance with FAR clause 4.1501(a), and

- Obtain necessary CCR, ORCA, and EPLS verification documents for 59 of 76 Recovery Act Projects. Six projects had an expired ORCA on file and one contractor was not registered in ORCA.

Causes. These conditions occurred for several reasons:

- Contracting officers' guidance did not emphasize the requirement to mark the contracts indicating that products and services were funded by the Recovery Act,
- Rework of titles in the Contract Action Report did not automatically update in the FPDS,
- Management did not provide oversight to verify CCR and EPLS registries were reviewed, and,
- Contracting personnel did not verify the ORCA because the ORCA was voluminous and personnel assumed if a contractor was registered in CCR, the contractor was also registered in ORCA.

Impact. As a result, the Air Force was not in total compliance with the Recovery Act and FAR requirements.

Management Corrective Actions. During the course of the audit, 78th Comptroller and Contracting Squadron personnel completed the following corrective actions in response to audit results:

- Amended 8 of 8 contracts to reflect that products and services were funded by the Recovery Act,
- Corrected 6 of 6 contract actions in FPDS to ensure Recovery Act data was reflected in the American Recovery and Reinvestment Act Report,
- Contacted the contractor with the expired registration in ORCA and the contractor updated the ORCA information,
- Obtained 40 of 41 missing ORCAs for the contract files,
- Obtained 4 of 4 missing CCRs for the contract files and,
- Obtained 5 of 5 missing EPLSs for the contract files.

Recommendations. The 78th Air Base Wing Commander should request the 78th Comptroller and Contracting Squadron Commanders to:

- **Recommendation B.1.** Direct personnel to contact the contractor not registered in ORCA and request the contractor take appropriate actions to register.
- **Recommendation B.2.** Provide management oversight to strengthen internal control processes by verifying personnel comply with existing Recovery Act guidance for all contracts awarded with Recovery Act funds to include all verification from CCR, ORCA, and EPLS.

Management Comments. The 78th Air Base Wing Commander concurred with the audit results and recommendations and stated:

- **Recommendation B.1.** “Concur. The Contracting Specialist has already instructed the contractor to register in ORCA, and registration has been initiated. The Contracting Specialist has conducted follow-up contact with the contractor to ensure the registration is progressing, and will continue such follow-ups until registration is completed. ECD: 30 Nov 2009.
- **Recommendation B.2.** “Concur. 78 CCS/PK has strengthened internal control processes by reminding personnel to comply with all Recovery Act guidance for contracts awarded with Recovery Act funds and to verify contractors’ records in CCR, ORCA, and EPLS for all awards. Monthly Unit Self Inspection audits will include reviews of files awarded with Recovery Act funds to ensure compliance. Action Completed. (CLOSED).”

Evaluation of Management Comments. Management comments addressed the issues discussed in the audit results, and management actions taken and planned should correct the problems identified.

AUDIT SCOPE

Audit Coverage. To accomplish the audit objectives for this centrally directed audit, we reviewed documentation dated between 26 April 2004 and 11 August 2009. We conducted this audit from 21 July 2009 to 28 August 2009 and provided the draft report to management on 23 September 2009. This audit was accomplished at 30 different Air Force locations.

- To evaluate our judgmentally selected sample, we requested management provide us with all Department of Defense Forms 1391, *Military Construction Project Data*, and Air Force IMTs 332, *Base Civil Engineer Work Request*.
- We reviewed justifications on the Department of Defense Forms 1391 and Air Force IMTs 332 and evaluated the appropriateness of each project.
- We reviewed contract files for verification documents, Federal Acquisition Regulation clauses, and rationale for contract award.
- We reviewed reports from the Federal Procurement Data System and compared the reports to installation reports.
- We interviewed civil engineering and contracting personnel to determine why discrepancies existed and how discrepancies could be corrected.
- Chapter 5, Recovery Act Goals, of the centrally directed audit was not applied per the audit manager due to time constraints to meet the DoDIG suspense for this project.

Sampling Methodology.

- Sampling. The audit control point obtained the listing of Air Force Recovery Act projects and judgmentally selected all locations with a project over \$7.5 million, resulting in six locations. Further, the audit control point selected 14 additional locations using a simple random sample and opted to review 100 percent of projects at each location. Robins AFB, GA had 76 projects for review.
- Computer Assisted Auditing Tools and Techniques. We used computer assisted auditing tools and techniques to accomplish our audit objectives. Specifically, we used the Excel spreadsheet logic functions (COUNTIF, IF) to perform our audit tests and summarize results. Based on the size of the sample (76) and number of contracts (67), we used selective filters to match sample projects to the associated contracts. We also stratified the sample items by contracting officer for ease of review. We then used pivot tables to display the data and associated audit steps to allow linkage to multiple spreadsheet pages. Finally, we used the auto-update to provide consistency as changes occurred during audit application.

Data Reliability. During this audit, we relied on information from the Commander's Resource Information System (CRIS) and Electronic Document Access (EDA) for our audit conclusions. We did not evaluate the systems' general and application controls. However, we established the data's reliability by comparing CRIS reports and contracts in EDA with physical evidence and available manual records. Based on work performed, the data was sufficiently reliable to support the audit conclusions.

Auditing Standards. We conducted this 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 key system controls to include project validity, transparency, and federal acquisition regulation clauses.

Discussion with Responsible Officials. We discussed/coordinated this report with the Warner Robins Air Logistics Center Executive Director, the 78th Air Base Wing Commander, the 78th Comptroller and Contracting Squadron Directors, the 78th Civil Engineering Director, and other interested officials. Management's formal comments were received on 16 October 2009 and are included in the report.

PRIOR AUDIT COVERAGE

During the last five years, we did not identify any Air Force Audit Agency, Department of Defense Inspector General, or Government Accountability Office reports that addressed the same or similar objectives as this audit.

POINTS OF CONTACT

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PROJECT NUMBER

We accomplished this audit under project number **F2009-FD1000-0516.014**.

FREEDOM OF INFORMATION ACT

The disclosure/denial authority prescribed in AFD 65-3 will make all decisions relative to the release of this report to the public.