

Inspector General

United States
Department of Defense



American Recovery and Reinvestment Act Funds
Properly Used for Aircraft Parking Apron Repairs at
the Minneapolis—St. Paul Air Reserve Station,
Minnesota

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Acronyms and Abbreviations

AFRC	Air Force Reserve Command
COMPEC	Command-Wide Operations and Maintenance Project Execution Contract
FAR	Federal Acquisition Regulation
FBO	Federal Business Opportunities
FPDS	Federal Procurement Data System
FSRM	Facilities Sustainment, Restoration, and Modernization
IDIQ	Indefinite-Delivery, Indefinite-Quantity
OMB	Office of Management and Budget



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

August 12, 2010

MEMORANDUM FOR COMMANDER, U.S. AIR FORCE RESERVE

SUBJECT: American Recovery and Reinvestment Act Funds Properly Used for Aircraft
Parking Apron Repairs at the Minneapolis—St. Paul Air Reserve Station,
Minnesota (Memorandum No. D-2010-RAM-016)

This memorandum provides the results from our audit. We determined that the aircraft parking apron repair project at the Minneapolis—St. Paul Air Reserve Station was justified and met Recovery Act goals for accountability and transparency. We will continue to review DOD's progress and issue subsequent reports and memoranda that will discuss our evaluation of DOD's implementation of the American Recovery and Reinvestment Act. We are making no recommendations and do not require a written response. Therefore, we are publishing this memorandum in final form.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9201 (DSN 664-9201).

A handwritten signature in blue ink, reading "Richard B. Jolliffe", is positioned above the typed name.

Richard B. Jolliffe
Assistant Inspector General
Acquisition and Contract Management

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Results in Brief: American Recovery and Reinvestment Act Funds Properly Used for Aircraft Parking Apron Repairs at the Minneapolis—St. Paul Air Reserve Station, Minnesota

What We Did

Our objective was to determine whether DOD appropriately planned and implemented American Recovery and Reinvestment Act (Recovery Act) projects. Specifically, we reviewed the planning, funding, execution, and tracking and reporting of Recovery Act Project QJKL 08-0018, to repair the aircraft parking apron at the Minneapolis—St. Paul Air Reserve Station, to determine whether efforts of the Military Services and Defense agencies complied with Recovery Act requirements, Office of Management and Budget guidance, the Federal Acquisition Regulation, and DOD implementing guidance.

What We Found

The Air Force Reserve Command's internal controls over the planning, funding, execution, and tracking and reporting of Recovery Act Project QJKL 08-0018, estimated to cost \$1.9 million, at the Minneapolis—St. Paul Air Reserve Station, were effective as they applied to the audit objectives. We determined that the project to repair the Minneapolis—St. Paul Air Reserve Station aircraft parking apron was justified and met the Recovery Act goals for accountability and transparency. Personnel at the Air Force Reserve Command adequately planned, funded, executed, and tracked and reported the project as required by the Recovery Act, Office of Management and Budget guidance, the Federal Acquisition Regulation, and DOD implementing guidance.

What We Recommend

This report contains no recommendations.

Management Comments

The Air Force Reserve Command had no comments on a discussion draft of this report.

Figure 1. Section of Aircraft Parking Apron Under Repair at the Minneapolis—St. Paul Air Reserve Station, Minnesota



Source: U.S. Air Force Reserve Command

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Introduction

Objective

The primary objective of the audit was to determine whether DOD and its Components were planning and implementing the American Recovery and Reinvestment Act of 2009 (Recovery Act) by meeting the requirements in the Recovery Act, Office of Management and Budget (OMB) Memorandum M-09-10, “Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” February 18, 2009, and subsequent related guidance. For this audit, we reviewed the planning, funding, execution, and tracking and reporting of Recovery Act Project QJKL 08-0018, to repair the aircraft parking apron at the Minneapolis—St. Paul Air Reserve Station, to determine whether the efforts of the Military Services and Defense agencies complied with Recovery Act requirements, OMB guidance, the Federal Acquisition Regulation (FAR), and DOD implementing guidance. See Appendix A for a discussion of our scope and methodology.

Recovery Act Background

The President signed the Recovery Act into law on February 17, 2009. It is an unprecedented effort to jump-start the economy and create or save jobs.

The purposes of this Act include the following:

- (1) To preserve and create jobs and promote economic recovery.
- (2) To assist those most impacted by the recession.
- (3) To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- (4) To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- (5) To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases

. . . the heads of Federal departments and agencies shall manage and expend the funds made available in this Act so as to achieve the purposes specified . . . including commencing expenditures and activities as quickly as possible consistent with prudent management.

Recovery Act Requirements

The Recovery Act and implementing OMB guidance require projects to be monitored and reviewed. We grouped these requirements into the following four phases: (1) planning, (2) funding, (3) execution, and (4) tracking and reporting. The Recovery Act requires that projects be properly planned to ensure the appropriate use of funds. The funding phase is to ensure the funds were used for authorized purposes and distributed properly to the projects. The project execution phase is to ensure that contracts awarded with Recovery Act funds were transparent to the public, competed, and contained specific FAR clauses for Recovery Act contract actions. The execution phase also ensures that program goals were achieved, including specific program outcomes and improved results on broader economic indicators; that projects funded avoided unnecessary delays and

cost overruns; and that contractors or recipients of funds reported results. The tracking and reporting phase ensures that the recipients' use of funds was transparent to the public and that benefits of the funds were clearly, accurately, and timely reported.

Recovery Act Contracting Requirements

The Recovery Act establishes transparency and accountability requirements. Federal Acquisition Circular 2005-32, March 31, 2009, provides policies and procedures for the Government-wide implementation of the Recovery Act and guidance on special contract provisions. Federal Acquisition Circular 2005-32 amended the FAR and provided interim rules that made FAR solicitation provisions and contract clauses immediately available for inclusion in contracts for Recovery Act work.

The specific FAR Recovery Act requirements are for:

- buying American construction material,
- protecting contractor whistleblowers,
- publicizing contract actions,
- reporting, and
- giving the Government Accountability Office and agency Inspectors General access to contracting records.

Federal Government organizations meet requirements for Recovery Act contract actions by posting information on the Federal Business Opportunities (FBO) and Federal Procurement Data System (FPDS) Web sites. FAR Subpart 5.7, "Publicizing Requirements Under the American Recovery and Reinvestment Act of 2009," directs contracting officers to use the Government-wide FBO Web site (<http://www.fbo.gov>) to:

- identify the action as funded by the Recovery Act,
- post pre-award notices for orders exceeding \$25,000,
- describe supplies in a clear narrative to the general public, and
- provide rationale for awarding of any contracting actions that were not both fixed-price and competitive.

FBO is the Federal Government's central source of Federal procurement opportunities. FBO is a Web-based portal that allows agency officials to post Federal procurement opportunities and contractors to search and review those opportunities. Agencies also post contract award notices on FBO. In addition to providing transparency of actions, FBO has a separate section identifying Recovery Act opportunities and awards.

FPDS is the Federal Government's central source of procurement information. Contracting officers enter information, to include the Treasury Account Symbol, in the FPDS for all Recovery Act contract actions. The Treasury Account Symbol enables FPDS to provide transparency by generating and posting a report containing all Recovery Act contract actions.

OMB Recovery Act Guidance

Criteria for planning and implementing the Recovery Act continue to change as OMB issues additional guidance, and DOD and the components issue their implementation guidance. OMB has issued 10 memoranda and 1 bulletin to address the implementation of the Recovery Act. See Appendix B for Recovery Act criteria and guidance.

DoD Recovery Act Program Plans

Under the Recovery Act, Congress appropriated approximately \$12 billion to DOD for the following programs: Energy Conservation Investment; Facilities Sustainment, Restoration, and Modernization (FSRM); Homeowners Assistance; Military Construction; Near Term Energy-Efficient Technologies; and U.S. Army Corps of Engineers Civil Works.

The values of the six programs are shown in the following table.

DOD Agency-Wide and Program-Specific Recovery Act Programs

Program	Amount (in millions)
Energy Conservation Investment	\$120
Facilities Sustainment, Restoration, and Modernization	4,260
Homeowners Assistance	555
Military Construction	2,185
Near Term Energy-Efficient Technologies	300
United States Corps of Engineers Civil Works	4,600
Total	\$12,020

The Recovery Act divides the approximately \$12 billion among 32 DOD and USACE line items of appropriations.

Air Force Reserve Mission and Functions

The mission of the U.S. Air Force Reserve Command (AFRC) is to provide trained units and qualified people for active duty in the U.S. Air Force in time of war or national emergency and any other time that national security may require. AFRC consists of 5 Air Reserve Bases, 4 Air Reserve Stations, and 3 Ranges and has components at 44 Air Force tenant locations, 1 Navy tenant location, and 1 Army National Guard tenant location. Headquarters, AFRC is located at Robins Air Force Base in Warner Robins, Georgia. The Air Force Reserve had a total of eight FSRM Recovery Act projects that were valued at \$13.2 million. The projects were located at three Air Force Reserve Bases and one Air Force Reserve Station: March Air Reserve Base, Grissom Air Reserve Base, Westover Air Reserve Base, and Minneapolis—St. Paul Air Reserve Station.

Minneapolis—St. Paul Air Reserve Station Mission and Functions

The 934th Airlift Wing is Minnesota's only Air Force Reserve unit. It is a combat-ready AFRC flying unit at the Minneapolis—St. Paul International Airport Air Reserve Station. The 934th Airlift Wing's mission is to fly C130H cargo aircraft, air dropping and landing cargo and people. Another facet of the mission is the aero medical evacuation of patients within the theatre of operations. The 934th Airlift Wing supports the Air Force mission on a daily basis, providing airlift both in the United States and around the world. Members of the 934th Airlift Wing are trained according to Air Force regulations and are inspected by active duty Air Force members. Upon mobilization orders, the 934th Airlift Wing deploys to become part of the active duty Air Force's Air Mobility Command.

The Minneapolis—St. Paul Air Reserve Station had one project, valued at \$1.3 million, to maintain an aircraft parking apron. The scope of the project included removing damaged airfield concrete and reinforcement, repairing and replacing concrete, making other miscellaneous repairs, and marking airfield pavement.

Review of Minneapolis—St. Paul Air Reserve Station Internal Controls

AFRC's internal controls over the planning, funding, execution, and tracking and reporting of the aircraft parking apron Recovery Act project at the Minneapolis—St. Paul Air Reserve Station were effective as they applied to the audit objectives.

Proper Planning, Funding, Execution, and Tracking and Reporting of Recovery Act Repairs to the Aircraft Parking Apron at the Minneapolis—St. Paul Air Reserve Station

Air Force Reserve Command (AFRC) personnel properly justified the aircraft parking apron project at the Minneapolis—St. Paul Air Reserve Station, and the project met the Recovery Act goals for accountability and transparency. In order to achieve these goals, AFRC personnel adequately planned, funded, and executed the project. AFRC personnel also appropriately tracked and reported the project as required by the Recovery Act.

Project Planning

The Minneapolis—St. Paul Air Reserve Station personnel properly justified and adequately planned the aircraft parking apron Recovery Act project. Department of Defense (DD) Form 1391, “Military Construction Project Data,” contained project justifications. DOD Regulation 7000.14-R, “DOD Financial Management Regulation,” requires DOD Components to use DD Form 1391 to support the request for authorization of both new construction and urgent unforeseen projects using emergency or contingency authorization. Two specific sections of the form (Items 10 and 11) provided details of the requirement for the proposed project and how the current mission would benefit from the proposed project. Item 10, Description of Proposed Construction, requires a clear and concise description of the proposed construction including a complete outline of all principal features of the work. Item 11, Requirement, includes a detailed, informative statement of why the project is needed; how and under what conditions the requirement is presently being met; and the manner and extent to which mission accomplishment would be affected if the project were not approved.

We reviewed the DD Form 1391 for the aircraft parking apron project and confirmed that the project justification was supported by the Basis of Design Analysis that was performed by an architecture and engineering firm on a separate contract. The architecture and engineering firm assessed the condition of the aircraft parking apron, identified the sections of concrete that needed to be repaired or replaced, and provided an estimated cost of the work that needed to be performed. Figure 2 shows what a section of the aircraft parking apron looked like before repairs.

Figure 2. Aircraft Parking Apron Before Repairs



Source: U.S. Air Force Reserve Command

Project Funding

Headquarters AFRC personnel properly distributed the Recovery Act funding for the Minneapolis—St. Paul Air Reserve Station aircraft parking apron Recovery Act project. In April 2009, AFRC personnel informed Minneapolis—St. Paul Air Reserve Station personnel that \$1.9 million in Recovery Act funds were in reserve to fund the aircraft parking apron project and provided authorization to proceed with advanced contracting actions. In May 2009, AFRC authorized and allocated \$1.3 million in Operation and Maintenance Recovery Act funding to the 934th Airlift Wing of the Minneapolis—St. Paul Air Reserve Station to fund the aircraft parking apron Recovery Act project contract.

Project Execution

The Minneapolis—St. Paul Air Reserve Station contracting personnel properly solicited and awarded a contract for the aircraft parking apron project. Specifically, the project solicitation was transparent and competed; the contract was awarded as a fixed-price contract and contained the specified Recovery Act Federal Acquisition Regulation (FAR) clauses.

Transparency and Recovery Act FAR Clauses

To ensure that transactions related to this Recovery Act project were transparent, the Minneapolis—St. Paul Air Reserve Station contracting personnel posted a pre-solicitation notice on FBO. The pre-solicitation notice contained the required Recovery Act language. The synopsis in the pre-solicitation notice clearly explained the nature of the work and informed the public that only contractors that were awarded the Command-Wide Operations and Maintenance Project Execution Contract (COMPEC) could submit a proposal. The COMPEC was an indefinite-delivery, indefinite-quantity (IDIQ) contract

awarded by Headquarters AFRC to six businesses primarily for use by the AFRC host installations and AFRC tenant locations. AFRC contracting personnel awarded the IDIQ contract for a base period of 1 year and 4 additional 1-year options. The limitations for placing orders against the contract were a minimum of \$100,000 and maximum of \$5 million. On April 24, 2009, AFRC contracting personnel issued a modification to the COMPEC IDIQ contract to incorporate the FAR clauses for the Recovery Act.

Competition and Contract Award

The AFRC contracting personnel competed the project among the incumbent COMPEC contractors and received four proposals. The contracting office awarded a firm-fixed-price task order against the COMPEC IDIQ contract on May 6, 2009, to Geo-Marine Incorporated, in the amount \$1,315,808 for the aircraft parking apron Recovery Act project. Contracting personnel posted the award to FBO and issued a notice to proceed to the contractor on June 3, 2009. The \$1.9 million reserved in Recovery Act funding for this project was more than the contract award amount, which resulted in a savings of approximately \$584,192. AFRC personnel stated that the savings would be used to fund projects in states with high unemployment in accordance with January 2010 guidance from the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer.

Project Cost and Schedule

Contract progress reports for this project indicated that the project was 98 percent complete. AFRC personnel stated that the work was completed on July 7, 2010, within projected cost. Figure 3 shows a section of the aircraft parking apron after repairs.

Figure 3. Aircraft Parking Apron After Repairs



Source: U.S. Air Force Reserve Command

Project Tracking and Reporting

AFRC personnel had sufficient resources and procedures in place to track and report the progress of the project as required by the Recovery Act. A project inspector provided daily, on-site monitoring to ensure the contractor's compliance with contract requirements.

FAR Clause 52.204-11, "American Recovery and Reinvestment Act-Reporting Requirements," requires contractors for Recovery Act projects to report project information at <http://www.federalreporting.gov>. To help ensure the timely and accurate submission of project information to the Federal Web site, AFRC personnel stated that they contacted the contractor 5 days before the reporting deadline to remind them of the requirement. Geo-Marine Incorporated reported the number of jobs and total dollar value for the project as required.

Appendix A. Scope and Methodology

We conducted this audit from August 2009 to August 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Scope

Project QJKL 08-0018, to repair the aircraft parking apron, was the only project submitted by the Air Force Reserve Command for Recovery Act funding for the 934th Airlift Wing at the Minneapolis—St. Paul Air Reserve Station. The estimated cost of the project was \$1.9 million. The contract was awarded for \$1.3 million.

Methodology

Our overall audit objective was to evaluate DOD's planning and implementation of the Recovery Act of 2009. To accomplish our objective, we reviewed the planning, funding, project execution, and tracking and reporting of Project QJKL 08-0018. We interviewed key personnel at the Air Force Reserve Command Headquarters and the Minneapolis—St. Paul Air Reserve Station and conducted a site visit to observe the aircraft parking apron. We also reviewed documentation including the official contract file, economic analysis, cost estimate, DD Form 1391, and budget authorization and associated support to determine whether Air Force Reserve personnel complied with Recovery Act requirements, OMB guidance, the FAR, and DOD implementing guidance. Specifically, we determined whether:

- the project was adequately planned to ensure the appropriate use of Recovery Act funds (Planning);
- funds were used for authorized purposes and properly distributed to the project (Funding);
- the contract was competed and awarded with full transparency and it contained the required Recovery Act FAR clauses (Project Execution);
- projects avoided unnecessary delays and cost overruns (Project Execution); and
- recipient's use of funds was transparent to the public and the benefits of the funds were clearly, accurately, and timely reported (Reporting).

Use of Computer-Processed Data

We used computer-processed data from the Federal Procurement Data System, Central Contractor Registration, Excluded Parties List System, FBO, www.federalreporting.gov, and other systems to determine whether the project met the Recovery Act requirements for accountability and transparency. We tested the accuracy of the computer-processed data by obtaining copies of contracting, funding, and reporting project documentation

from AFRC. We also interviewed AFRC personnel responsible for managing the project. We did not identify any problems related to the integrity of the data.

Use of Technical Assistance

Before selecting DOD Recovery Act projects for audit, the Quantitative Methods and Analysis Division of the DOD Office of Inspector General analyzed all DOD agency-funded projects, locations, and contracting oversight organizations to assess the risk of waste, fraud, and abuse associated with each. We selected most audit projects and locations using a modified Delphi technique, which allowed us to quantify the risk based on expert auditor judgment, and other quantitatively developed risk indicators. We used information collected from all projects to update and improve the risk assessment model. We selected 83 projects with the highest risk rankings; auditors chose some additional projects at the selected locations.

We did not use classical statistical sampling techniques that would permit generalizing results to the total population because there were too many potential variables with unknown parameters at the beginning of this analysis. The predictive analytic techniques employed provided a basis for logical coverage not only of Recovery Act dollars being expended, but also of types of projects and types of locations across the Military Services, Defense agencies, State National Guard units, and public works projects managed by the U.S. Army Corps of Engineers.

Prior Coverage

The Government Accountability Office, the Department of Defense Inspector General, and the Military Departments have issued reports and memoranda discussing DOD projects funded by the Recovery Act. You can access unrestricted reports at <http://www.recovery.gov/accountability>.

Appendix B. Recovery Act Criteria and Guidance

The following list includes the primary Recovery Act criteria documents (notes appear at the end of the list):

- U.S. House of Representatives Conference Committee Report 111-16, “Making Supplemental Appropriations for Job Preservation and Creation, Infrastructure Investment, Energy Efficiency and Science, Assistance to the Unemployed, and State and Local Fiscal Stabilization, for the Fiscal Year Ending September 30, 2009, and for Other Purposes,” February 12, 2009
- Public Law 111-5, “American Recovery and Reinvestment Act of 2009,” February 17, 2009
- OMB Memorandum M-09-10, “Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” February 18, 2009
- OMB Bulletin No. 09-02, “Budget Execution of the American Recovery and Reinvestment Act of 2009 Appropriations,” February 25, 2009
- White House Memorandum, “Government Contracting,” March 4, 2009
- White House Memorandum, “Ensuring Responsible Spending of Recovery Act Funds,” March 20, 2009
- OMB Memorandum M-09-15, “Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” April 3, 2009¹
- OMB Memorandum M-09-16, “Interim Guidance Regarding Communications With Registered Lobbyists About Recovery Act Funds,” April 7, 2009
- OMB Memorandum M-09-19, “Guidance on Data Submission under the Federal Funding Accountability and Transparency Act (FFATA),” June 1, 2009
- OMB Memorandum M-09-21, “Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009,” June 22, 2009²
- OMB Memorandum M-09-24, “Updated Guidance Regarding Communications with Registered Lobbyists About Recovery Act Funds,” July 24, 2009

- OMB Memorandum M-09-30, “Improving Recovery Act Recipient Reporting,” September 11, 2009
- OMB Office of Federal Procurement Policy, “Interim Guidance on Reviewing Contractor Reports on the Use of Recovery Act Funds in Accordance with FAR Clause 52.204-11,” September 30, 2009²
- OMB Memorandum M-10-08, “Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates,” December 18, 2009²
- OMB Memorandum M-10-14, “Updated Guidance on the American Recovery and Reinvestment Act,” March 22, 2010²
- White House Memorandum, “Combating Noncompliance With Recovery Act Reporting Requirements,” April 6, 2010²
- OMB Memorandum M-10-17, “Holding Recipients Accountable for Reporting Compliance under the American Recovery and Reinvestment Act,” May 4, 2010²

Notes

¹ Document provides Government-wide guidance for carrying out programs and activities enacted in the American Recovery and Reinvestment Act of 2009. The guidance states that the President’s commitment is to ensure that public funds are expended responsibly and in a transparent manner to further job creation, economic recovery, and other purposes of the Recovery Act.

² Document provides Government-wide guidance for carrying out the reporting requirements included in section 1512 of the Recovery Act. The reports will be submitted by recipients beginning in October 2009 and will contain detailed information on the projects and activities funded by the Recovery Act.



Inspector General Department of Defense

