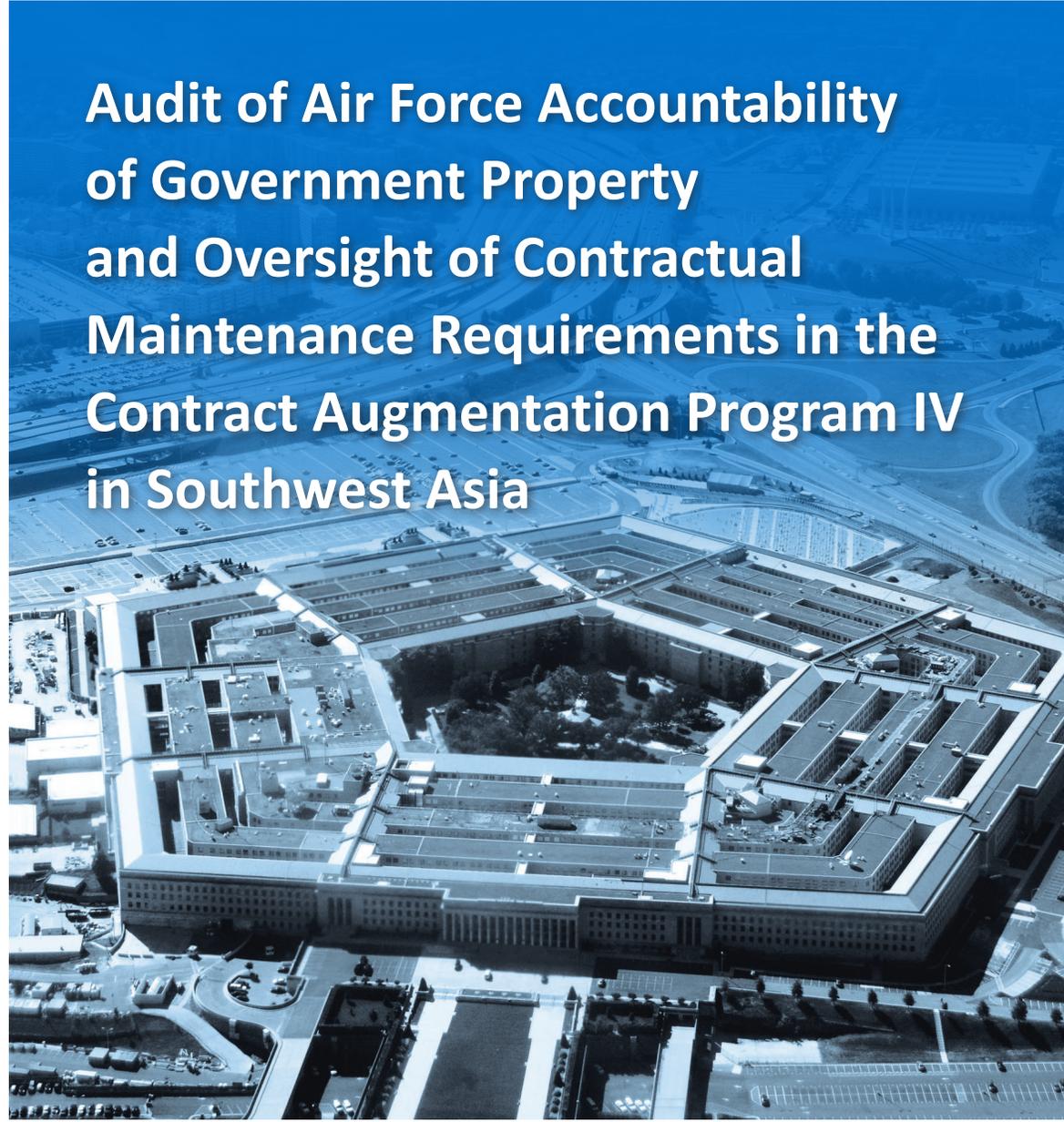




INSPECTOR GENERAL

U.S. Department of Defense

JULY 18, 2019



Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia

July 18, 2019

Objective

The objective of this audit was to determine whether the Air Force accounted for Government-furnished property (GFP) and provided oversight of contractual maintenance requirements in the Contract Augmentation Program IV in Southwest Asia. We reviewed four Air Force Contract Augmentation Program (AFCAP) IV task orders in Kuwait, Qatar, and the United Arab Emirates.

Background

In June 2015, the Air Force Installation Contracting Agency (AFICA) awarded eight AFCAP IV contracts to provide logistic and sustainment support to deployed forces executing contingency operations worldwide. Four of the eight AFCAP IV contracts provide services such as dining facilities, vehicle maintenance, and engineering in support of Operations Inherent Resolve and Freedom's Sentinel to sustain U.S. personnel at locations throughout Southwest Asia. In this audit, we reviewed four task orders, valued at \$95.9 million, under two of the four Southwest Asia contracts, for services to Kuwait, Qatar, and the United Arab Emirates.

AFICA's 772nd Enterprise Sourcing Squadron, operating at Tyndall Air Force Base, Florida, awarded the AFCAP IV contracts and subsequent task orders. Personnel from the 772nd Enterprise Sourcing Squadron act as procuring contracting officers (PCOs) for the four AFCAP IV task orders we selected, and personnel from the 379th and 380th Air Expeditionary Wing Mission Support

Background (cont'd)

Groups are responsible for the accountability, administration, and oversight of GFP under AFCAP IV. The 379th and 380th Mission Support Groups provide accountable property officers who are required by DoD Instruction 5000.64 to establish and maintain Air Force GFP records, and administrative contracting officers and contracting officers' representatives, who are appointed by the PCO and are required to administer and oversee the contracts in Kuwait, Qatar, and the United Arab Emirates.

AFCAP IV uses contractors to provide Government customers with civil engineering, base construction, and logistic operations, including dining facility and food services, vehicle maintenance and management operations, and professional engineering services. The Air Force provides GFP, such as mobile power generators and street sweepers, to enable the contractors to provide the services outlined in their contracts. The Federal Acquisition Regulation defines GFP as property in the possession of, or directly acquired by, the Government and subsequently furnished to contractors for the performance of a contract. The Air Force "Process Guide for Accountability of Government-furnished Property" requires the PCO to validate completed GFP lists in the contracts and furnish those lists to the accountable property officer when the contract is awarded. The accountable property officers use the GFP lists to establish and maintain accountable property records in an accountable property system of record. Each AFCAP IV contract contains clauses from the Federal Acquisition Regulation that require the contractors to create and maintain separate, complete records of all GFP identified in the contract.

Findings

The Air Force did not account for GFP under four AFCAP IV task orders in Kuwait, Qatar, and the United Arab Emirates. Specifically:

- accountable property officers in the 379th and 380th Mission Support Groups did not include 2,081 of 2,091 known AFCAP GFP items or their associated dollar value in Air Force accountable records as of February 2019;



Results in Brief

Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia

Findings (cont'd)

- PCOs did not consistently include complete GFP lists with the data elements required to establish accountable records in awarded contracts; and
- administrative contracting officers and contracting officers' representatives in the 379th and 380th Mission Support Groups did not conduct joint inventories of AFCAP GFP with the contractor within the 30-day timeline required in the contracts or reconcile the joint inventory results with the GFP lists in the contracts.

The Air Force did not account for GFP under these task orders because AFCAP IV PCOs did not follow established DoD and Air Force requirements to maintain GFP lists in contracts; include required data elements, such as item value, in GFP lists; and provide GFP lists to the accountable property officers. In addition, the AFCAP IV PCOs did not:

- delegate property administration duties, or ensure the Chief of Air Forces Central Command (AFCENT) Contracting Division delegated property administration responsibilities;
- coordinate with the requiring activity to establish specific GFP surveillance measures in the quality assurance surveillance plan (QASP), such as procedures to oversee AFCAP IV contractor management of GFP records; or
- train administrative contracting officers and contracting officers' representatives to conduct oversight of contractor GFP records.

As a result of the Air Force's lack of accountability and oversight of GFP items provided to contractors in Kuwait, Qatar, and United Arab Emirates, the Air Force does not know the value of GFP provided to contractors, has no oversight of the property, and cannot hold the contractors accountable for how they manage GFP, including property damage and losses.

In addition, the Air Force did not consistently include the value of GFP listed in the contracts and included only the value of GFP for the Government property items provided to the Qatar base support contractors, one of the four task orders we reviewed. Therefore, based on the value of the GFP items included in the base support task order, the Air Force understated its FY 2018 asset balances on the balance sheet by at least \$5 million.

The Air Force also did not verify that AFCAP IV base support or dining facility contractors performed contracted services for routine maintenance and repairs on Government property.

The Air Force did not perform oversight of contracted services for maintenance and repairs of Government property because the AFCAP IV PCOs did not coordinate with the requiring activity to establish clear Government property surveillance measures in the QASP, such as procedures to oversee contractor performance of routine maintenance tasks and repairs.

As a result of the Air Force's lack of oversight of contractually required maintenance services, the Air Force and the contractors do not have assurance that the base support contractors in Qatar maintained at least \$20.6 million of Government property in accordance with contract requirements.¹ In addition, because preventive maintenance is an integral method for sustaining equipment through its useful life, the lack of oversight of AFCAP IV contractual maintenance requirements could impair Air Force operations in Southwest Asia, including services for dining facilities, power generation, and airfield lighting.

¹ The \$20.6 million includes \$5 million of Government-furnished property and \$15.6 million of Government property, which the Qatar base support contractor was required to maintain.



Results in Brief

Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia

Recommendations

To improve the accountability of GFP under AFCAP IV task orders, we recommend, among other things, that the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division:

- establish GFP accountability training for PCOs;
- require PCOs to coordinate with the accountable property officers and AFCAP IV contractors to jointly verify the GFP provided in each task order and modify the contracts to reflect an accurate list of GFP;
- update AFICA's delegation procedures to ensure that PCOs assign property administration duties to deployed administrative contracting officers and contracting officers' representatives; and
- direct the PCOs to coordinate with the requiring activity in order to update AFICA's AFCAP IV QASPs to include detailed property administration and GFP oversight procedures.

In addition, we recommend that the Principal Director of the Defense Pricing and Contracting Division in the Office of the Under Secretary of Defense for Acquisition and Sustainment make existing GFP training resources mandatory for all contracting personnel and coordinate with the Services to implement GFP training courses for contingency contracting personnel.

Finally, we recommend that the Chief of AFCENT's Contracting Division update Air Force secondary delegation procedures to specify that deployed administrative contracting officers receive not only verbal instruction, but also a written delegation to outline the specific contract administration duties each administrative contracting officer is responsible for performing.

Management Comments and Our Response

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics), responding for the Chief of the AFICA's 772nd Enterprise Sourcing Squadron Contracting Division, agreed with our recommendations directed to the Air Force and stated that the Air Force will provide evidence of actions taken to document closure for all resolved recommendations. For example, she stated that by December 2019 the Air Force will provide documentation to confirm that PCOs, administrative contracting officers, and contracting officer's representatives accomplished GFP accountability training; PCOs modified the AFCAP IV contracts to incorporate accurate GFP lists; and PCOs updated the AFCAP IV QASP templates to include detailed property administration and oversight procedures. We will close resolved recommendations when we verify that the Air Force's planned actions are complete.

The Senior Procurement Analyst representing the Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contracting Division, agreed with our recommendation to make existing GFP training resources mandatory for all contracting personnel and coordinate with the Services to implement GFP training courses for contingency contracting personnel. The representative stated that the Principal Director, Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contracting Division, will direct the Defense Acquisition University to expand the use of the existing training and ensure it is available for the entire procurement workforce and to track use of the training by the procurement workforce. Therefore, this recommendation is resolved, and we will close the recommendation when we verify the planned actions are complete.

Please see the Recommendations Table on the next page for the status of recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Principal Director, Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contracting	None	A.2	None
Chief, Air Force Installation Contracting Agency, 772nd Enterprise Sourcing Squadron, Contracting Division	None	A.1.b, A.1.e, B.1	A.1.a, A.1.c, A.1.d
Chief, Air Forces Central Command, Contracting Division	None	None	A.3

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

July 18, 2019

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia (Report No. DODIG-2019-103)

We are providing this final report for your information and use. We conducted this audit in accordance with generally accepted government auditing standards.

During the audit, we advised the Principal Director, Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contracting; the Chief, Air Forces Central Command, Contracting Division; and the Chief, Air Force Installation Contracting Agency, 772nd Enterprise Sourcing Squadron, Contracting Division of the contract oversight and Government property accountability deficiencies we identified. Management agreed with our observations and immediately initiated actions to address our concerns. The management actions taken during the audit and comments from the Air Force were fully responsive to our proposed recommendations. Comments from the Air Force conformed to the requirements of DoD Instruction 7650.03.

We appreciate the cooperation and assistance received during the audit. Please direct questions to me at (703) 604-8938.

A handwritten signature in black ink, reading "Richard B. Vasquez".

Richard B. Vasquez
Assistant Inspector General for Audit
Readiness and Global Operations

Distribution:

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Contents

Introduction

Objective.....	1
Background	1
Review of Internal Controls.....	8

Finding A. The Air Force Did Not Account for GFP Issued to AFCAP IV Contractors in Southwest Asia..... 10

The Air Force Did Not Account for AFCAP IV GFP.....	11
AFICA PCOs Did Not Follow DoD and Air Force Requirements.....	16
Air Force Did Not Record GFP in Its Financial Statements	25
Conclusion.....	26
Recommendations, Management Comments, and Our Response	27

Finding B. The Air Force Did Not Ensure Contractors Provided Maintenance of Government Property in Qatar..... 36

AFICA Did Not Verify That Contractors Performed Maintenance Requirements.....	36
AFCAP IV PCOs Did Not Establish Government Property Surveillance Measures.....	38
The Air Force Did Not Provide Oversight of Critical Services.....	40
Recommendations, Management Comments, and Our Response	41

Appendix

Scope and Methodology.....	42
Use of Computer-Processed Data	43
Prior Coverage	44

Management Comments

Department of the Air Force.....	47
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Acronyms and Abbreviations..... 51



Introduction

Objective

The objective of this audit was to determine whether the Air Force accounted for Government-furnished property (GFP) and provided oversight of contractual maintenance requirements in the Contract Augmentation Program IV in Southwest Asia. We reviewed four Air Force Contract Augmentation Program (AFCAP) IV task orders in Kuwait, Qatar, and the United Arab Emirates.

During the audit, we found that Air Force personnel in Qatar were not providing oversight of contracted maintenance services and requirements related to Government property. Therefore, we expanded our review to include oversight of AFCAP IV contractual maintenance requirements for Government property.² See the Appendix for a discussion of the scope and methodology and prior audit coverage related to the objective.

Background

Air Force Contract Augmentation Program IV

The Air Force created AFCAP in 1997 to preplan for worldwide contingency operations to support civil engineering, base construction, and logistic operations. AFCAP IV uses contractors to provide Government customers with civil engineering, logistic, and base operating support services, including dining facility and food services, vehicle maintenance and management operations, and professional engineering services.

AFCAP IV Contracts in Southwest Asia

In June 2015, the Air Force Installation Contracting Agency (AFICA) awarded eight AFCAP IV indefinite-quantity contracts, with a maximum potential value of \$40 billion, to provide logistic and sustainment support to deployed forces executing contingency operations worldwide. Of the eight AFCAP IV contracts, four contracts provided services in support of Operations Inherent Resolve and Freedom's Sentinel to sustain U.S. personnel at locations throughout Southwest Asia, including, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. AFCAP IV contractors are allowed to bid on individual task orders, which specify the requirements, contractor performance, and delivery of services. Eleven task orders included GFP throughout Southwest Asia; however,

² Federal Acquisition Regulation Subpart 45.101, "Definitions", defines Government property as all property owned or leased by the Government. Government property includes Government-furnished property.

we reviewed four task orders awarded under two separate contracts.³ We selected the four task orders based on both the high dollar value and the locations of the contracted services in Kuwait, Qatar, and the United Arab Emirates. Table 1 provides a description of the four task orders we reviewed, which include Air Force provision of GFP to contractors providing services at locations in Kuwait, Qatar, and the United Arab Emirates.

Table 1. Description of Reviewed Task Orders With GFP

Task Order	Location Supported	Category of Services	Period of Performance	Task Order Value (in U.S. dollars)	Value of GFP (in U.S. dollars) ¹	Quantity of Scheduled GFP ²
Contract FA8051-15-D-0001 Contract awarded to CH2M Hill						
F0024	Qatar	Dining Facility Services	March 10, 2018, to March 9, 2021	\$24,318,438.00	Not included in award	361 items
Contract FA8051-15-D-0008 Contract awarded to DynCorp International						
0003	Qatar	Civil Engineering Base Operating Support	July 1, 2016, to May 31, 2021	\$52,758,588.74	\$7,556,917.69	834 items
F0043	United Arab Emirates	Dining Facility Services	June 27, 2018, to June 26, 2021	\$13,476,714.00	Not included in award	552 items
F0051	Qatar Kuwait	Vehicle Maintenance Engineering Support Services	August 29, 2018, to August 28, 2021	\$5,346,316.00	Not included in award	344 items
Total Value and Item Count				\$95,900,056.74	Not Applicable	2,091 items

¹ The Air Force did not include the value of GFP items in each contract award. Of the four task orders we reviewed, the Air Force included only the value of GFP items in one contract award, task order 0003. Federal Acquisition Regulation Subpart 45.201, "Solicitation" requires the contracting officer to insert a list of Government property in all contracts and include the unit acquisition cost.

² Defense Federal Acquisition Regulation Supplement Part 245, "Government Property," Procedures, Guidance, and Information, Part 245.103-72, "Government-furnished Property Attachments to Solicitations and Awards," defines scheduled GFP as the list of Government property authorized to be provided to contractors after award to specify the required GFP data elements and accomplish the electronic transmission of GFP lists.

Source: The DoD OIG.

³ Contracts FA8051-15-D-0001 and FA8051-15-D-0008.

Government-Furnished Property

The Federal Acquisition Regulation (FAR) defines GFP as property in the possession of, or directly acquired by, the Government and subsequently furnished to the contractors for the performance of a contract.⁴ DoD Instruction 5000.64 states that accountable property officers are required to establish and maintain the organization's financial and accountable records for GFP of any value in an accountable property system of record.⁵ Each of the four AFCAP IV task orders we reviewed contained GFP provided to the contractors. Figure 1 shows a street sweeper and a mobile generator, both examples of GFP we observed in Qatar.

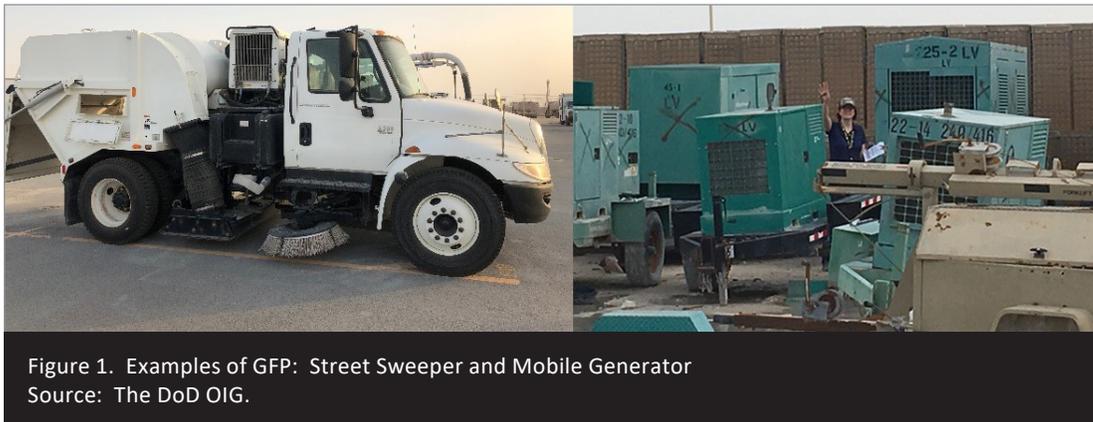


Figure 1. Examples of GFP: Street Sweeper and Mobile Generator
Source: The DoD OIG.

AFCAP IV GFP Roles and Responsibilities

Air Force Materiel Command is responsible for ensuring that GFP is recorded in accountable records. The mission of Air Force Materiel Command is to deliver and support expeditionary capabilities to the warfighter.

The Air Force Installation and Mission Support Center, under Air Force Materiel Command, is responsible for providing installation and mission support capabilities to Air Force installations, major commands, and subordinate units. AFICA is a subordinate unit of the Air Force Installation and Mission Support Center and provides contingency contracting support to the Air Force. AFICA provides contracting subject-matter experts to Air Force Materiel Command through Enterprise Sourcing Squadrons. AFICA's 772nd Enterprise Sourcing Squadron supports the Air Forces Central Command (AFCENT) operational,

⁴ FAR Part 45, "Government Property," Subpart 45.1, "General," 45.101, "Definitions."

⁵ DoD Instruction 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property." The Air Force uses multiple accountable property systems of record to comply with DoD Instruction 5000.64 requirements to establish and maintain accountable records for Air Force assets. Therefore, we use the phrase "accountable records" throughout the report to refer to the fiduciary GFP records established by the accountable property officer in an Air Force accountable property system of record. As defined by DoD Instruction 5000.64, the accountable record does not include GFP consumable or material items issued to the contractor.

counterinsurgency, and humanitarian missions throughout Southwest Asia with contracting capability from the Continental United States. For the four AFCAP IV task orders we reviewed, each of the subordinate commands detailed below fulfills specific roles related to the issuance, accountability, and oversight of GFP within the Air Force.

772nd Enterprise Sourcing Squadron

The 772nd Enterprise Sourcing Squadron provides contracting support services to enhance and further the Air Force Civil Engineer Center's mission to provide, operate, maintain, and protect installations through engineering and emergency response services. The 772nd Enterprise Sourcing Squadron operating at Tyndall Air Force Base, Florida, awarded the AFCAP IV contracts and subsequent task orders. Personnel from the 772nd Enterprise Sourcing Squadron are the procuring contracting officers (PCOs) for the four AFCAP IV task orders supporting Kuwait, Qatar, and the United Arab Emirates. In addition, the AFCAP IV Program Management Office, collocated at Tyndall Air Force Base, is responsible for determining and coordinating GFP availability with its AFCENT customers for PCO review, approval, and incorporation into the AFCAP IV contracts.

The 772nd Enterprise Sourcing Squadron PCOs are responsible for awarding and administering the AFCAP IV contract. Contract administration includes performing contractor quality assurance; executing contracting actions, such as contract modifications; performing property administration, including appointing a property administrator; and enforcing all contract requirements. The FAR outlines the specific contract administration functions a PCO normally delegates, such as Government property administration responsibilities or performing contract modifications, and specifies that contract administration functions not delegated in writing remain the PCO's responsibility.⁶

The Defense Federal Acquisition Regulation Supplement (DFARS) requires the PCO to appoint property administrators in writing and to consider

the property administrators' experience, training, education, business acumen, judgment, character and ethics.⁷ AFCAP IV PCOs delegated quality assurance duties to the Chief of AFCENT's Contracting Division, located at Shaw Air Force Base, South Carolina. With this delegation, the PCO granted AFCENT authority to re-delegate assigned contract administration duties to administrative contracting

The Defense Federal Acquisition Regulation Supplement (DFARS) requires the PCO to appoint property administrators in writing.

⁶ FAR Subpart 42.3, "Contract Administration Office Functions."

⁷ DFARS Subpart 201.670, "Appointment of Property Administrators and Plant Clearance Officers."

officers (ACOs) within its subordinate units and Air Expeditionary Wings at supported locations throughout Southwest Asia. Subsequently, the AFCENT ACO re-delegated ACO responsibilities for the four AFCAP IV task orders to 379th and 380th Air Expeditionary Wing Mission Support Group personnel in Qatar and the United Arab Emirates. However, the PCOs in the 772nd Enterprise Sourcing Squadron retained all contract administration duties not delegated in writing, including performing Government property administration and contract modifications.

379th and 380th Air Expeditionary Wings Mission Support Groups

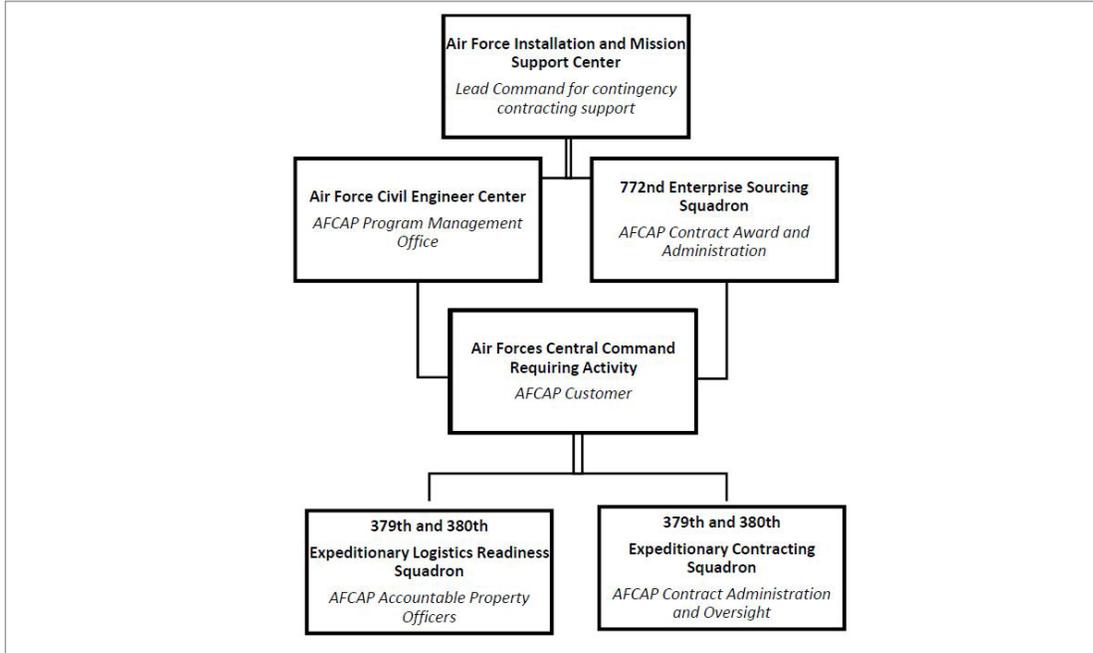
The 379th Air Expeditionary Wing, headquartered at Al Udeid Air Base, Qatar, and 380th Air Expeditionary Wing, headquartered at Al Dhafra Air Base, United Arab Emirates, provide combat support to U.S. and Coalition forces supporting Operations Inherent Resolve and Freedom's Sentinel. Each Wing has a Mission Support Group that provides all essential base operating support services, including contracting, security, civil engineering, personnel, communications, transportation, supply, fuel, and lodging, to support their respective Air Expeditionary Wing missions.

Both the 379th and 380th Mission Support Groups have an Expeditionary Contracting Squadron (ECONS) and Expeditionary Logistics Readiness Squadron (ELRS). The Chief of AFCENT's Contracting Division delegated ACO responsibilities to personnel in the ECONS. The responsibilities of the delegated ACOs include ensuring that the contractors are meeting the requirements of the contract. The ACOs also evaluate the contractors' requests for Government property and for changes to existing Government property in order to advise the PCO, who retains responsibility for approving changes to the contractors' GFP records and contract modifications. Additionally, the ACOs' responsibilities include appointing, training, and monitoring contracting officer's representatives (CORs). The CORs are required to monitor and report contractor performance for each task order. Specifically, AFCAP IV CORs are required to report contractor performance monthly on performance assessment reports, which the ACOs use to determine whether the contractors are performing in accordance with contract and task order terms and conditions.

As a part of their mission, 379th and 380th ELRS personnel are responsible for establishing and maintaining accountable records for all Air Force accountable property, including GFP. Therefore, the Commanders of the 379th and 380th ELRS serve as the accountable property officers and are responsible for establishing and maintaining Air Force accountable records for all Air Force property, including

AFCAP IV GFP, in their area of responsibility. Figure 2 depicts the hierarchy of Air Force Materiel Command subordinate commands and squadrons responsible for issuing, administering, and accounting for GFP for the four AFCAP IV task orders we reviewed.

Figure 2. Hierarchy of AFCAP IV GFP Roles



Source: The DoD OIG.

AFCAP IV GFP Accountability Requirements

According to the AFCAP IV Government property contract clause and DoD Instruction 5000.64, the AFCAP IV contractors and the accountable property officers in the 379th and 380th ELRS are each required to maintain separate, complete records of GFP in order to establish and manage property accountability. Specifically, the AFCAP IV Government property contract clause requires contractors to create and maintain a complete, current, auditable record of all Government property transactions identified in the contract, including GFP. In addition, the Air Force “Process Guide for Accountability of GFP” requires the Program Management Office to prepare and the PCO to award adequately justified and properly formatted GFP lists in the contracts and furnish those lists to the accountable property officers at award in order for the accountable property officer to comply with DoD Instruction 5000.64 requirements to establish and maintain accountable property records for all GFP issued to contractors.⁸ If the

⁸ FAR Clause 52.245-1(f), “Contractor Plans and Systems,” January 2017, Air Force Guidance Memorandum to Air Force Instruction 23-119, Attachment 4, “Process Guide for Accountability of GFP,” May 1, 2017, and DoD Instruction 5000.64, “Accountability and Management of DoD Equipment and Other Accountable Property,” effective July 21, 2017.

PCOs provide complete GFP lists for the accountable property officer to establish accurate and complete records, then the GFP records of the contractors and Air Force should match.

Air Force Accountability of GFP

According to the AFCAP IV Government property contract clause, the Government must deliver the GFP listed in the contract to the contractors. The FAR states that the Government is required to establish a value for GFP items in contracts and DFARS states that GFP items in contracts must include a unique identifying number.^{9,10} DFARS further requires that the GFP list be included in the contract at solicitation and award, and requires the PCO to prepare GFP attachments and maintain those attachments in the contract.¹¹ Furthermore, Air Force GFP guidance requires the PCO to prepare the GFP lists in contracts and any contract modifications affecting authorized GFP.¹²

Therefore, the PCO is responsible for ensuring that a complete list of GFP, which contains a value and unique identifying number for each GFP item, is included in all contracts. In addition, the PCO must modify the GFP list in the contract whenever GFP is replaced or additional quantities are

The PCO is responsible for ensuring that a complete list of GFP, which contains a value and unique identifying number for each GFP item, is included in all contracts.

authorized. The Air Force GFP guidance tasks the PCO with providing GFP contract attachments to the supported AFCENT commands, including the accountable property officer, so the commands can coordinate to complete inventory records and ensure that accountable records are established for all contractor-held Air Force property.

Contractor Accountability of GFP

While the AFCAP IV Government property contract clause requires the contractors to maintain a complete and current list of GFP received under the contract, the FAR requires Government oversight of contractor records. Specifically, FAR Part 45 requires the agency responsible for property administration to conduct an

⁹ FAR Subpart 45.201, "Solicitation," and DFARS Procedures, Guidance, and Information 245, "Government Property," Subpart 245.103-72, "Government-furnished property attachments to solicitations and awards," March 23, 2018.

¹⁰ In this report, we use the term "unique identifying number" to refer to any of the following numbers which are used in DoD contracts to establish Government-furnished property lists: National Stock Number, Manufacturer's Commercial and Government Entity Code, Part Number, and Model Number.

¹¹ DFARS Procedures, Guidance, and Information 245, "Government Property," Subpart 245.103-74, "Contracting Office Responsibilities."

¹² Air Force Guidance Memorandum to Air Force Instruction 23-119, Attachment 4, "Process Guide for Accountability of GFP," May 1, 2017.

analysis of the contractors' property management policies, procedures, practices, and systems.¹³ As previously stated, the PCO retains Government property administration responsibilities and therefore, is responsible to oversee the contractors' property management.

DoD Initiatives for Improving GFP Accountability

In January 2012, the Under Secretary of Defense for Acquisition, Technology, and Logistics published a memorandum establishing a standardized methodology for DoD Components to establish a GFP accountability baseline.¹⁴ The memorandum directed the Services to develop a plan for implementing the methodology within 90 days of the publication date and stated that an outcome would be a "means to demonstrate accountability for DoD equipment, regardless of location or custodianship." In February 2014, the Under Secretary of Defense for Acquisition, Technology, and Logistics released another memorandum stating concerns with the Services' lack of progress in addressing the DoD's weaknesses in GFP records.¹⁵

Over the last 5 years, the Defense Pricing and Contracting Division in the Office of the Under Secretary of Defense for Acquisition and Sustainment has worked to develop and implement GFP-specific training for Government employees and contractors.¹⁶ Defense Pricing and Contracting personnel offer rotating monthly GFP-specific training webinars, including GFP Property Transfer for Contractors, GFP Basics for Contracting Professionals, and Intermediate GFP Training. The webinars provide background on the roles and responsibilities, processes, FAR and DFARS requirements, and procedures involving GFP. Defense Pricing and Contracting personnel update the webinars annually. However, these training opportunities are optional and not required for PCOS, ACOs, or CORs responsible for GFP.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.¹⁷

¹³ FAR Subpart 45.105, "Contractors' Property Management System Compliance."

¹⁴ Under Secretary of Defense for Acquisition, Technology, and Logistics Memorandum, "Standard Equipment Data Elements for Government Furnished Property Baseline Establishment," January 7, 2012.

¹⁵ Under Secretary of Defense for Acquisition, Technology, and Logistics Memorandum, "Implementation Status of Government Furnished Property Baseline Establishment," February 3, 2014.

¹⁶ In February 2018, the Under Secretary of Defense for Acquisition, Technology, and Logistics restructured into two organizations: the Under Secretary for Acquisition and Sustainment and the Under Secretary for Research and Engineering. The Under Secretary for Acquisition and Sustainment is responsible for establishing, communicating, and implementing property management policies that monitor and evaluate DoD-wide performance to achieve and sustain effective accountability of Government property.

¹⁷ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

We identified internal control weaknesses with the Air Force's accountability of GFP issued to contractors for four AFCAP IV task orders in Southwest Asia. Specifically, AFCAP IV PCOs did not follow established DoD and Air Force requirements to maintain GFP lists in contracts, with required data elements such as item value, or requirements to provide GFP lists to the accountable property officers. Additionally, AFCAP IV PCOs did not delegate, or ensure that the Chief of AFCENT's Contracting Division delegated, property administration responsibilities; establish GFP surveillance measures in the quality assurance surveillance plan (QASP), such as procedures to oversee the AFCAP IV contractor management of GFP records; or train ACOs and CORs to conduct oversight of contractor GFP records. In addition, we identified internal control weaknesses with the oversight of contractor performance of contracted services for routine maintenance and repairs of GFP. Specifically, AFCAP PCOs did not coordinate with the requiring activity to establish clear methods in the QASP for the CORs in Qatar to oversee maintenance of Government property, such as procedures to validate AFCAP IV contractor performance of routine maintenance tasks and repairs. During the audit, DoD and Air Force leadership initiated corrective actions to address the concerns identified and resolve the internal control weaknesses. We will provide a copy of the report to the senior official responsible for internal controls in the Air Force.

Finding A

The Air Force Did Not Account for GFP Issued to AFCAP IV Contractors in Southwest Asia

The Air Force did not account for GFP under four AFCAP IV task orders in Kuwait, Qatar, and the United Arab Emirates, including not recording the property or its value in Air Force accountable records as required by DoD Instruction 5000.64. For a record of GFP, the Air Force relied on the Government property lists in the four AFCAP task orders, which included 2,091 GFP items. However, neither the PCOs nor the accountable property officers knew whether the 2,091 items in the GFP lists accurately reflected the property issued to the contractors. Furthermore, the GFP lists in the task orders did not include the value of the GFP possessed by the contractors. Specifically:

- accountable property officers in the 379th and 380th Mission Support Groups did not include 2,081 of 2,091 known AFCAP GFP items or their associated dollar value in Air Force accountable records as of February 2019;
- PCOs did not consistently include GFP lists with the data elements required to establish accountable records in awarded contracts; and
- ACOs and CORs in the 379th and 380th Mission Support Groups did not conduct joint inventories with the contractor of AFCAP GFP within the 30-day timeline required in the contracts or reconcile the joint inventory results with the GFP lists in the contracts.

This occurred because AFCAP IV PCOs did not follow established DoD and Air Force requirements. Specifically, AFCAP IV PCOs did not follow requirements to maintain GFP lists in contracts; include required data elements, such as item value, in GFP lists; and provide GFP lists to the accountable property officers.

In addition, the AFCAP IV PCOs did not:

- delegate property administration responsibilities, or ensure that the Chief of AFCENT's Contracting Division delegated property administration responsibilities;
- coordinate with the requiring activity to establish specific GFP surveillance measures in the QASP, such as procedures to oversee AFCAP IV contractor management of GFP records; or
- train ACOs and CORs to conduct oversight of contractor GFP records.

As a result of the Air Force's lack of accountability and oversight of GFP items provided to contractors in Kuwait, Qatar, and the United Arab Emirates, the Air Force does not know the value of GFP provided to the contractors, has no oversight of the property, and cannot hold the contractors accountable for how they manage GFP, including property damage and losses. In addition, the Air Force understated its FY 2018 asset balances on the balance sheet by at least \$5 million.¹⁸ The Air Force did not include the value of all GFP under AFCAP IV contracts and could not provide us the exact dollar value of its GFP understatement.

The Air Force Did Not Account for AFCAP IV GFP

The Air Force did not account for GFP under four AFCAP IV task orders in Kuwait, Qatar, and the United Arab Emirates, including not recording the property or its value in Air Force accountable records, as required by DoD Instruction 5000.64. The Air Force relied on the Government property lists in each AFCAP task order, which included 2,091 items, as its record of GFP. However, neither the PCOs nor the accountable property officers knew whether the 2,091 items in the GFP lists accurately reflected the property issued to the contractors and the GFP lists did not include GFP value. Specifically:

- accountable property officers in the 379th and 380th Mission Support Groups did not include 2,081 of 2,091 known AFCAP GFP items or their associated dollar value in Air Force accountable records as of February 2019;
- PCOs did not consistently include GFP lists with the data elements required to establish accountable records in awarded contracts; and
- ACOs and CORs in the 379th and 380th Mission Support Groups did not conduct joint inventories of AFCAP GFP within the 30-day timeline required in the contracts or reconcile the joint inventory results with the GFP lists in the contracts.

Accountable Property Officers Did Not Include GFP Items in Air Force Accountable Records

Accountable property officers in the 379th and 380th Mission Support Groups did not include 2,081 of 2,091 known AFCAP GFP items or their associated dollar value in Air Force accountable records. DoD Instruction 5000.64 requires the accountable property officer to establish and maintain the accountable records for all GFP, regardless of whether the property is in their immediate control

¹⁸ The Air Force did not consistently include the value of GFP in the contracts. Of the four task orders we reviewed, the Air Force included the value of GFP items in only one task order award—the task order for base support services in Qatar. Therefore, \$5 million is the value of GFP in the contract for the base operating support task order. We cannot determine the dollar amount of GFP for the other three task orders.

or possession. When we asked the accountable property officers in both the 379th and 380th Mission Support Groups, as well as the head of the Air Force GFP Working Group, to provide accountable records for GFP under the four AFCAP IV task orders, neither the accountable property officers nor the head of the Working Group was able to provide a complete list. The accountable property officers stated that they saw the AFCAP GFP lists for the first time when the audit team provided the lists to them. Additionally, the accountable property officers and head of the Air Force GFP Working Group stated that the GFP lists in the contracts did not include the data elements required to enter the GFP items into an Air Force accountable property system of record.

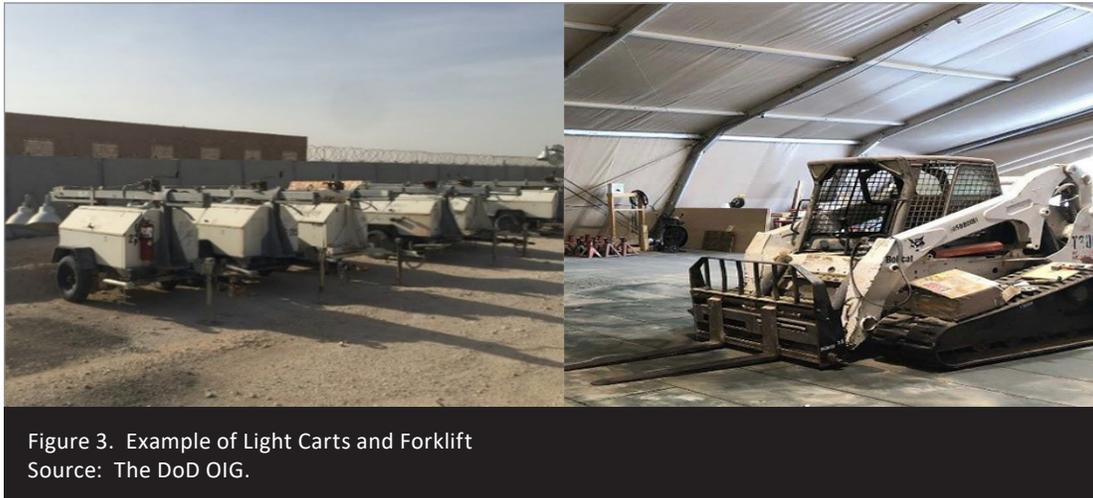
The accountable property officers stated that they saw the AFCAP GFP lists for the first time when the audit team provided the lists to them.

According to the GFP lists in the four AFCAP task orders, the total number of GFP items in Air Force accountable records should be 2,091. However, the 379th accountable property officer was able to provide records for only 10 of the 2,091 GFP items, which were street sweepers valued at more than \$1.5 million. The Air Force furnished the 10 street sweepers to the AFCAP IV base support contractors for performance of airfield and street sweeping services. The audit team reviewed inventory reports and confirmed that the vehicle identification numbers of the 10 street sweepers on the GFP list in the contract matched the Air Force accountable records. The Chief of Materiel Management for the 379th ELRS explained that the Air Force accounted for the 10 sweepers because the street sweepers required procurement from War Reserve Materiel. AFCENT's Logistics, Engineering, and Force Protection Division coordinated with the accountable property officer from the 379th Mission Support Group to gain the street sweepers. Through this coordination, the accountable property officer documented the required data elements to account for the street sweepers.¹⁹ The remaining 2,081 items not listed in accountable records included GFP such as 175 mobile generators, valued at \$3.2 million, and 186 light carts, valued at \$1.6 million.²⁰ Other items not listed in accountable records, for which the Air Force was unable to provide a value, included forklifts and refrigerators. Figure 3 shows light carts and a forklift provided to the AFCAP IV contractors. The accountable property officers explained that in order to establish accountable records for GFP transferred on contracts, the PCO or ECONS personnel have to

¹⁹ Air Force Instruction 23-101, "Air Force Materiel Management," effective July 19, 2017, describes War Reserve Materiel as enterprise-managed, dynamically positioned equipment, consumables, and spares that support initial operations and initial sustainment across the full range of military operations.

²⁰ These values are based on the unit acquisition cost noted in the contracts' GFP lists. As we illustrate in greater detail in Table 2, the Air Force did not include a unit acquisition cost for all GFP in the contract lists.

provide the ELRS with GFP lists awarded in contracts and that those lists should include required data elements, such as a unique item identifier and the value of the property.



PCOs Did Not Include GFP Lists With Required Data Elements in Contracts

AFCAP IV PCOs did not consistently include GFP lists with the data elements required to establish accountable records in awarded contracts. The FAR states that the Government is required to establish a value for GFP items in contracts and DFARS states that GFP items in contracts must include a unique identifying number.²¹ DFARS requires the contracting office to prepare and maintain GFP attachments in the contract.²² Similarly, Air Force GFP guidance implements the DFARS and requires the contracting office to validate that GFP lists prepared by the Program Management Office are adequately justified and properly formatted and to maintain, and modify GFP lists in the contracts as changes in the authorized equipment occur. Furthermore, the PCO must modify contracts whenever GFP is replaced, added, or additional quantities are authorized. DoD Instruction 5000.64 prescribes the required data elements necessary for an accountable property officer to establish an accountable record. These required data elements include item value and a unique identifying number. However, the PCO did not consistently validate that GFP lists included a value or unique

DFARS requires the contracting office to prepare and maintain GFP attachments in the contract.

²¹ FAR Subpart 45.201, "Solicitation," and DFARS Procedures, Guidance, and Information 245, "Government Property," Subpart 245.103-72, "Government-furnished property attachments to solicitations and awards," March 23, 2018.

²² DFARS Procedures, Guidance, and Information 245, "Government Property," Subpart 245.103-74, "Contracting Office Responsibilities."

identifying number for each GFP item in the four task orders we reviewed. Of the GFP lists in the four task orders we reviewed, 1,257 of 2,091 GFP items did not include the value and 804 of 2,091 items did not include a unique identifying number. The GFP lists in the contracts serve as the certified record of GFP for the accountable property officer; therefore, it is important that each list include a value and a unique identifying numbers. Table 2 shows the number of GFP items that did not include these two required data elements based on our review of the GFP lists in the four task orders we reviewed.

Table 2. GFP Items That Did Not Include Required Data Elements

Task Order	Number of GFP Items in Each Task Order	Number of GFP Items Without the Unique Item Identifier	Number of GFP Items Without the Value
Contract FA8051-15-D-0001			
F0024	361	166 or 46.0%	361 or 100%
Contract FA8051-15-D-0008			
0003	834	239 or 28.7%	0 or 0%
F0043	552	191 or 34.6%	552 or 100%
F0051	344	208 or 60.5%	344 or 100%
Total	2,091	804 or 38.5%	1,257 or 60.1%

Source: The DoD OIG.

ACOs and CORs Did Not Provide Oversight of Contractor Accounting Records

ACOs and CORs in the 379th and 380th Mission Support Groups did not provide oversight of the AFCAP IV contractor records. The AFCAP IV contracts we reviewed include FAR clause 52.245-1, which requires contractors to create and maintain GFP records that are accurate.²³ The contracts also require Government and contractor personnel to complete an initial joint inventory no later than 30 days after the period of performance start date to establish an accurate inventory of GFP under each task order. However, the CORs did not ensure that the joint inventory was completed within the 30-day timeline required in the contracts or provide any oversight when the joint inventory results did not match the GFP lists in the contracts. For the four task orders reviewed, the initial

CORs did not ensure that the joint inventory was completed within the 30-day timeline required in the contracts or provide any oversight when the joint inventory results did not match the GFP lists in the contracts.

²³ FAR Clause 52.245-1(f), "Contractor Plans and Systems."

joint inventories were completed within an average of 106 days of the start of the period of performance of the task order. For each of the four task orders, we compared the period of performance start date and the date the CORs completed a joint inventory with the contractors, and we found that the CORs completed each joint inventory later than the 30-day timeline outlined in the contracts. Table 3 shows, for each of the four task orders, the period of performance start date, the date the CORs completed the joint inventory, and the number of days after the 30-day requirement.

Table 3. Comparison of Task Order Period of Performance Start Dates and Dates CORs Completed Joint Inventories

Task Order	Period of Performance Start Date	Date CORs Completed Joint Inventory	Number of Days After 30-Day Requirement
Contract FA8051-15-D-0001			
F0024	March 10, 2018	May 05, 2018	26
Contract FA8051-15-D-0008			
0003	August 1, 2016	January 17, 2017	139
F0043	June 27, 2018	October 18, 2018	83
F0051	August 29, 2018	November 23, 2018	56

Source: The DoD OIG.

The COR did not reconcile the discrepancies between the GFP list in the four task orders and the results of the joint inventories. For the four AFCAP IV task orders, we compared the number of GFP items included in each task order at the time of award with the number of GFP items documented in the joint inventories completed as of January 2019. For the four task orders, we identified 534 items that the COR and contractors did not identify during the joint inventories. The Air Force “Process Guide for Accountability of GFP” instructs PCOs to take the results of the joint inventory and modify the contracts with the updated list of GFP. However, the PCOs did not document the discrepancies between the joint inventories and the GFP in the four task orders or modify the contracts to reflect an accurate list of GFP. Table 4 shows the discrepancy between the GFP lists in each task order with the joint inventory records.

The PCOs did not document the discrepancies between the joint inventories and the GFP in the four task orders or modify the contracts to reflect an accurate list of GFP.

Table 4. Discrepancy Between AFCAP IV GFP Items in Contract Lists and Joint Inventories as of January 2019

Task Order and Location	GFP Items in Air Force Contract Lists	GFP Items in Joint Inventory	Discrepancy
Contract FA8051-15-D-0001			
F0024: Qatar	361	159	202
Contract FA8051-15-D-0008			
0003: Qatar	834	854	20
F0043: United Arab Emirates	552	217	335
F0051: Qatar and Kuwait	344	327	17
Total	2,091	1,557	534

Source: The DoD OIG.

We asked ACOs and CORs about the discrepancies we identified. According to ACOs and CORs, they had not conducted any reconciliations between the GFP lists in the task orders and the joint inventory results and they had no explanation for the discrepancies. Therefore, no one responsible for oversight of the GFP attempted to determine why the contractor had fewer items of GFP than stated in the contract, or investigated whether these discrepancies were due to loss or theft.

AFICA PCOs Did Not Follow DoD and Air Force Requirements

The Air Force did not account for GFP under four AFCAP IV task orders in Kuwait, Qatar, and the United Arab Emirates because AFCAP IV PCOs did not follow established DoD and Air Force requirements. Specifically, AFCAP IV PCOs did not follow requirements to maintain GFP lists in contracts; include required data elements in GFP lists, such as item value; and provide the GFP lists to the accountable property officers. In addition, AFCAP IV PCOs did not:

- delegate property administration responsibilities, or ensure that the Chief of AFCENT's Contracting Division delegated property administration responsibilities;
- establish specific surveillance measures in the QASP, such as procedures to oversee the AFCAP IV contractor management of GFP records; or
- train ACOs and CORs to conduct oversight of contractor GFP records.

AFCAP PCOs Did Not Follow DoD and Air Force GFP Guidance

AFCAP IV PCOs did not follow established DoD and Air Force requirements to maintain GFP lists in contracts; include the required data elements in GFP lists, such as item value; and provide the GFP lists to the accountable property officers. DFARS requires the contracting office to prepare and maintain GFP attachments in the contract.²⁴ The Air Force published the “Process Guide for Accountability of GFP” in June 2015, and updated it on May 1, 2017.²⁵ Air Force GFP accountability guidance requires the PCO to validate that GFP lists prepared by the Program Management Office are adequately justified and properly formatted and to award GFP lists in the contracts and furnish those lists to the accountable property officers when the contract is awarded. The accountable property officer must then comply with requirements in DoD Instruction 5000.64 to establish and maintain accountable property records for all GFP issued to contractors. However, the AFCAP IV PCOs acknowledged that they did not maintain GFP lists in contracts or provide them to accountable property officers because they were unaware of the Air Force GFP guidance and the related requirements in DoD Instruction 5000.64, including:

AFCAP IV PCOs acknowledged that they did not maintain GFP lists in contracts or provide them to accountable property officers because they were unaware of the Air Force GFP guidance and the related requirements in DoD Instruction 5000.64.

- requirements for the accountable property officer to establish accountable records for all GFP regardless of dollar value;
- the role of the accountable property officer; and
- the requirement to provide the GFP lists in contract awards and modifications to the accountable property officer to establish accountable records.

AFCAP IV PCOs stated that they did not follow established DoD and Air Force guidance because they were not trained on the role of the accountable property officer or the specific data elements required by DoD Instruction 5000.64 for an accountable property officer to establish an accountable record. In addition, the PCOs stated that they were not trained on Air Force GFP guidance that requires PCO coordination with the accountable property officer. We obtained from each AFCAP IV PCO either their Defense Acquisition Workforce Improvement Act Level II or Level III certificate. According to a representative from the Defense Acquisition University, three Defense Acquisition University courses that contained some

²⁴ DFARS Procedures, Guidance, and Information 245, “Government Property,” Subpart 245.103-74, “Contracting Office Responsibilities.”

²⁵ Air Force Guidance Memorandum to Air Force Instruction 23-119, Attachment 4, “Process Guide for Accountability of GFP,” May 1, 2017.

GFP-related content were required to achieve a Defense Acquisition Workforce Improvement Act Level II certification. However, one of the AFCAP IV PCOs who completed the required training said she did not recall any GFP-related content and one PCO said he did not take any of the three courses required to achieve a Level II certification. In addition, we verified that the Defense Acquisition University offers GFP-specific training courses but the AFCAP IV PCOs were not required to take any of this training. According to the PCOs, without receiving training on the Air Force GFP requirements, the PCOs did not understand that they needed to:

- verify that the awarded GFP contract lists consistently contained the value or unique identification number for each GFP item;
- modify the contracts to update the GFP lists to reflect GFP changes at any point during the GFP accountability process; and
- coordinate with accountable property officers in the 379th and 380th Mission Support Groups to ensure the accountable property officers included the AFCAP IV GFP under AFCAP IV items in Air Force accountable records.

The GFP list in the contract serves as the authorized record of GFP that the PCO should provide to the accountable property officers to establish and maintain accountable records in accordance with Air Force GFP guidance. Without this notification, the accountable property officer is unaware of GFP listed in contract awards. The accountable property officers of the 379th and 380th Mission Support Groups explained that the AFCAP IV PCOs did not communicate with the accountable property officers to inform them that PCOs had provided the remaining 2,081 GFP items to the AFCAP IV contractors. Unless the PCO provides GFP information to the accountable property officer, the accountable property officer has no way of knowing about GFP provided to the contractors.

In addition, DFARS requires the contracting office to maintain GFP attachments in the contract and Air Force GFP guidance requires the contracting office to prepare contract modifications affecting authorized GFP. The Chief of AFICA's 772nd Enterprise Sourcing Squadron's Contracting Division responsibilities included training PCOs to improve acquisition practices, implement new regulations and requirements, and explain policy changes. Therefore, to ensure PCOs understand the Air Force implementation of DoD Instruction 5000.64 GFP accountability requirements, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division should establish GFP accountability training for PCOs, including training on:

- the required data elements, such as the unit acquisition cost and a unique identifying number, that the PCOs should document for each GFP item in order for the accountable property officer to establish accountable records;

- the requirement to modify contracts when the GFP list changes, including when the PCO transfers GFP between contracts; and
- the process to provide both the initial GFP list in the contracts and modified GFP lists to the accountable property officer.

The Chief should also require that the PCOs:

- coordinate with the accountable property officers and AFCAP IV contractors for task orders F0024, 0003, F0051, and F0043 to jointly verify the GFP inventory provided in each task order;
- use the results of the jointly verified inventory to modify the contracts to reflect an updated and accurate list of GFP, which includes the unit acquisition cost and a unique identifying number for each GFP item, and provide that modification to the accountable property officer in order for the accountable property officer to establish accountable records; and
- validate that the GFP lists, including unit acquisition cost and a unique identifying number, are complete before awarding subsequent contracts.

In addition to this audit, the DoD OIG has released three reports since 2017 detailing recurring problems with the DoD's accountability of GFP. Please see the Appendix for a discussion of these reports. Until the DoD takes additional steps to require that contracting personnel are trained on GFP accountability procedures, each Service will continue to underreport GFP asset balances in its balance sheets. Therefore, to increase awareness and improve DoD-wide GFP accountability and reporting, the Principal Director of the Defense Pricing and Contracting Division in the Office of the Under Secretary of Defense for Acquisition and Sustainment should make existing GFP training mandatory for all contracting personnel and coordinate with the Services to implement GFP training courses for contingency contracting personnel. The training should outline Service-specific implementation of Federal and DoD accountability requirements.

AFCAP IV PCOs Did Not Delegate Property Administration Responsibilities

The Air Force's lack of accountability and oversight also occurred because AFCAP IV PCOs did not delegate or ensure that the Chief of AFCENT's Contracting Division delegated property administration responsibilities. The FAR states that:

- the "property administrator" is defined as the authorized representative of the PCO appointed to administer the contract requirements relating to GFP;
- PCO and ACO delegations are required in writing;

- secondary delegation of responsibilities from a PCO to an ACO must clearly state the specific functions assigned; and
- contract administration functions not delegated remain the responsibility of the PCO.²⁶

The PCO did not appoint a property administrator but instead assumed ACOs and CORs in Kuwait, Qatar, and the United Arab Emirates performed oversight of the contractor GFP records. The Defense Contingency COR Handbook states that if a certified property administrator is not assigned, the PCO can assign a COR to help manage GFP used by the contractors. However, for the AFCAP IV contracts we reviewed, the AFCAP IV PCOs did not delegate, or ensure that the Chief of AFCENT's Contracting Division delegated, property administration responsibilities in writing to ACOs and CORs at the 379th and 380th Mission Support Groups. Specifically, the delegation letters to deployed ACOs did not include instruction or delegation of specific responsibilities to provide oversight of GFP. AFCAP IV PCOs stated that they inadvertently omitted performance of property administration responsibilities in the ACO and COR delegation letters, although PCOs did expect ACOs and CORs to perform property administration responsibilities. Without written delegations to guide personnel in their property administration responsibilities, ACOs and CORs were unaware of their property administration responsibilities before our audit.

Delegation letters to deployed ACOs did not include instruction or delegation of specific responsibilities to provide oversight of GFP.

Therefore, because the AFCAP IV PCOs did not delegate performance of property administration responsibilities, and the Chief of AFCENT's Contracting Division did not specify performance of property administration responsibilities in secondary delegations, in writing, no one in Kuwait, Qatar, or the United Arab Emirates knew they were responsible for overseeing the AFCAP IV contractor requirements for the administration of GFP. Moreover, as previously stated, contract administration functions not delegated in writing, such as property administration, remained the PCO's responsibility. It is imperative for the ACO and CORs to fulfill property administration functions to keep the PCO informed of changes to GFP lists that could require contract modification and coordination with the accountable property officer to maintain accountable records. Therefore, to ensure ACOs and CORs understand and fulfill their property administration responsibilities, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division

²⁶ FAR Subparts 45.101, "Definitions," 1.6, "Career Development, Contracting Authority, and Responsibilities," 42.2, "Contract Administration Services," FAR Subpart 42.2, "Contract Administration Services," and 42.3, "Contract Administration Office Functions."

should update AFICA's delegation procedures to ensure that PCOs assign property administration duties in writing to deployed ACOs and CORs. These duties should include overseeing the contractors' GFP records and providing PCOs with the results of their review of the GFP records. The review should detail any changes based on the list of GFP in the contracts.

In addition, to ensure deployed ACOs understand their property administration responsibilities, the Chief of AFCENT's Contracting Division should update AFCENT secondary delegation procedures to document that deployed ACOs receive not only verbal instruction, but also a written delegation to document the specific contract administration duties each ACO is responsible for performing.

AFCAP IV PCOs Did Not Establish GFP Surveillance Measures

In addition to not delegating property administration responsibilities, the AFCAP IV PCOs did not coordinate with the requiring activity to establish specific surveillance measures in the QASP to guide ACOs and CORs in the 379th and 380th Mission Support Groups in the surveillance of AFCAP IV contractual requirements for the administration of GFP. FAR Part 46, "Quality Assurance," states that:

- the requiring activity is responsible for prescribing contract quality requirements such as a QASP to the contracting office;
- the contracting office is responsible for issuing any necessary quality assurance requirements to the ACO, acting on ACO recommendations, and including appropriate quality requirements in the contract; and
- a QASP specifies all work requiring surveillance and the surveillance methodology.²⁷

Further, the Air Force Federal Acquisition Regulation Supplement establishes that the contracting office must advise the requiring activity in QASP development.²⁸ The QASP is prepared in conjunction with the contract's performance work statement and serves as a guide to the CORs on how to conduct oversight of contractor compliance with contractual requirements. AFCAP IV contractual requirements include contractor responsibility to operate, maintain, repair, replace, and report damage or loss of GFP included in the contracts. In addition, the Defense Contingency COR Handbook states that only the PCO has the authority to make formal changes to the QASP.²⁹

²⁷ FAR Subpart 46.103, "Contracting Office Responsibilities," FAR Subpart 46.2, "Contract Quality Requirements," and FAR Subpart 46.4, "Government Contract Quality Assurance."

²⁸ Air Force Federal Acquisition Regulation Supplement, Part 5346, "Quality Assurance," Subpart 5346.1, "General," 5346.103, "Contracting Office Responsibilities."

²⁹ Defense Contingency COR Handbook, Version 2, September 2012, Chapter 9, "Developing a Quality Assurance Surveillance Plan."

Although the PCO is required to provide all quality assurance requirements for the AFCAP IV task orders, from June 2018 to March 2019, the PCO did not provide the ACO and COR in the 380th Mission Support Group with a QASP for the dining facility services they were responsible for overseeing under task order F0043 in the United Arab Emirates. In addition, not all four QASPs we reviewed included procedures or metrics to ensure the CORs provided oversight of contractor GFP records. For example, the QASPs required only an initial and final joint inventory of GFP and required an assessment of the contractors' management of GFP only if a substantial amount of GFP had been provided to the contractors. However, the QASPs do not define substantial or provide a method of surveillance for the GFP identified as substantial, in accordance with the FAR requirement that a QASP should identify all work requiring surveillance and the method of surveillance, such as best practices and procedures for the CORs to:

- conduct periodic inventories, at least semiannually, of the GFP;
- compare inventory results with the GFP lists in the contracts to allow the PCO and contractor to reconcile any differences;
- notify the PCO when contract modifications are needed to correct GFP; or
- coordinate with the accountable property officer to update accountable records for the GFP.

The CORs did not incorporate any of these surveillance methods into their monthly oversight and instead relied on their own interpretation of the requirements in the performance work statements for the AFCAP IV contracts. As a result, the CORs did not detect the contractors' lack of compliance with performance work statement requirements. For example, during the audit team's visit to Al Udeid Air Base, in November 2018, the ACO and COR could not locate a hardwired light cart for AFCAP IV task order 0003. Almost a month later, the ACO stated that the contractors documented the light cart status as "Location Unknown" since February 2018. The Qatar ACOs and CORs were unaware that the light cart had been missing for more than 9 months, and as of January 2019, neither the ACO nor the CORs had reported this to the PCO. When we asked for a status update on the missing light cart in February 2019, the 379th ACO reported that recovery efforts were still underway.

From June 2018 to March 2019, the PCO did not provide the ACO and COR in the 380th Mission Support Group with a QASP for the dining facility services they were responsible for overseeing under task order F0043 in the United Arab Emirates.

In addition, the January 2017 joint inventory documented that the base support contractor in Qatar could not account for 62 percent of GFP items valued at \$816,921, including 46 of 186 light carts, valued at \$462,487; 7 of 175 mobile generators, valued at \$143,488; and 475 of 487 shop equipment and maintenance items, valued at \$210,946. The PCO stated that as of January 2019 neither the ACO nor the CORs in Qatar had informed her of the January 2017 joint inventory for task order 0003. The FAR states that contractors are not held liable for lost, stolen, or damaged GFP unless the PCO can prove that the contractors' property management practices do not comply with contractual requirements.³⁰ Therefore, to ensure oversight and account for these valuable pieces of equipment, which provide airfield lighting at Al Udeid Air Base, the QASP should have established reliable surveillance methods that verify the AFCAP IV contractors not only maintained adequate GFP records, but also reported losses to the ACO and CORs in accordance with contractual requirements.

ACOs and CORs in Kuwait, Qatar, and the United Arab Emirates stated that they did not know how to assess property accountability and that they were not reviewing the contractors' GFP inventory records against the GFP lists in the task orders. The Qatar ACO stated that he thought that a greater level of detail was needed in the QASP to outline specific GFP surveillance measures and the PCOs acknowledged they were responsible for coordinating inclusion of additional steps for GFP accountability and oversight in the QASPs. Therefore, to ensure that ACOs and CORs have a guide outlining methods to oversee contractor management of GFP under AFCAP IV and procedures for reconciling and communicating changes in contractor GFP to the AFCAP IV PCOs, including contractor-reported losses, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division should direct the PCOs to coordinate with the requiring activity in order to update AFICA's AFCAP IV QASPs for these four task orders. The update should include:

- detailed property administration oversight procedures, including periodic inventories of GFP provided to contractors;
- reconciliation procedures to compare inventory results with the GFP lists in the contracts; and
- procedures for communicating those results to the PCOs.

³⁰ FAR Subpart 45.104, "Responsibility and Liability for Government Property."

AFCAP IV PCOs Did Not Train ACOs and CORs to Conduct GFP Oversight

AFCAP IV PCOs did not train ACOs and CORs to oversee contractor administration of GFP. The DoD Contingency COR Handbook states that the PCO is responsible for providing CORs with contract-specific training, and DFARS states that the contracting officer must consider an individual's experience, training, and education when appointing a property administrator.³¹

However, AFICA did not require deployed contracting personnel to complete training specific to property administration. AFICA did require CORs to complete AFCENT COR Phase I and Phase II in-person training,

AFICA did not require deployed contracting personnel to complete training specific to property administration.

provided by the ACO. However, we reviewed the AFCENT training the ACOs provided to the CORs and found that it did not include instruction on methods for oversight of contractor administration of GFP. Two ACOs responsible for AFCAP IV contracts in Qatar and the United Arab Emirates had not completed GFP accountability training, and a third ACO, responsible for GFP provided to contractors in Kuwait, had no prior property accountability experience. The ACO responsible for overseeing the contracted services in Kuwait received only a 2-day course in contingency contract oversight before deployment/designation as the ACO. The 2-day course did not include training on oversight and administration of GFP and was the only contingency contract-specific training provided to the ACO prior to deploying. Furthermore, the CORs in the 379th and 380th Mission Support Groups stated that they were not aware of their responsibilities for GFP accountability before the audit. The CORs stated that they completed the required Defense Acquisition University computer-based COR training, but not any courses related to property administration.

In addition, the DoD Contingency COR Handbook states that it is critical for the incoming COR to transition with an existing COR for continuity of procedures. However, PCOs did not train ACOs and CORs on transition procedures, so the outgoing CORs did not provide transition support to the incoming CORs before redeploying, to provide continuity on their new responsibilities related to contract oversight and property administration. For example, CORs in the 379th Mission Support Group stated that they did not receive any type of transition procedures when they began their COR responsibilities and were required to adapt to their new roles without GFP training or documented continuity procedures.

³¹ Defense Contingency COR Handbook, Version 2, September 2012, Chapter 2, "Roles and Responsibilities for Contract Surveillance" September 2012 and DFARS 201.670, "Appointment of Property Administrators and Plant Clearance Officer," December 28, 2017.

To ensure ACOs and CORs understand methods to conduct oversight of the GFP provided to AFCAP IV contractors, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division should update AFICA's GFP accountability training and require that ACOs and CORs receive GFP accountability training before beginning their GFP accountability responsibilities. This GFP accountability training should include:

- an overview of the data elements required to establish accountable records;
- GFP surveillance and reconciliation procedures;
- the process for ACOs to provide the results of their surveillance and reconciliation of GFP to the PCO; and
- transition procedures for outgoing ACOs and CORs to brief their replacements on what contracts include GFP and the latest GFP inventory and surveillance results.

Air Force Did Not Record GFP in Its Financial Statements

As a result of the Air Force's lack of accountability of GFP items under AFCAP IV provided to contractors in Kuwait, Qatar, and the United Arab Emirates, the Air Force:

- does not know the value of GFP provided to the contractors,
- has no oversight of the property, and
- cannot hold the contractors accountable for how they manage GFP, including property losses.

For example, as of January 2017, joint inventory records documented that the base support contractor in Qatar could not account for 62 percent of GFP items valued at \$816,921, including 46 of 186 light carts, valued at \$462,487; 7 of 175 mobile generators, valued at \$143,488; and 475 of 487 shop equipment and maintenance items, valued at \$210,946. As of January 2019, the PCO stated that neither the ACO nor the CORs in Qatar had informed her of the January 2017 joint inventory, and therefore she was unaware that the contractors could not locate this GFP. While contractors are generally not held liable for lost, stolen, or damaged GFP, increased oversight of AFCAP IV GFP records could help the PCOs identify instances where the contractors did not comply with contractual requirements for reporting lost GFP or for maintaining effective and efficient control of the GFP.

In addition, the Air Force's lack of accountability of GFP under AFCAP IV resulted in the Air Force understating its FY 2018 asset balances on the balance sheet by at least \$5 million, hindering the DoD's efforts to improve business processes and

achieve auditable financial statements. The Air Force did not consistently include the value of all GFP items under AFCAP IV in the contracts, and included only the value of GFP for the Government property items provided to the Qatar base support contractors, one of the four task orders we reviewed. Therefore, based on the value of the GFP items included in the base support task order, the Air Force understated its FY 2018 asset balances on the balance sheet by at least \$5 million. Without a complete GFP list that includes item values, we cannot determine the exact

Based on the value of the GFP items included in the base support task order, the Air Force understated its FY 2018 asset balances on the balance sheet by at least \$5 million.

dollar value or the materiality of the understatement. However, the independent public accounting firm that audited the Air Force General Fund FY 2018 Financial Statements identified GFP as a material weakness in its “Report of Independent Auditors on Internal Control Over Financial Reporting,” and recommended Air Force-wide improvements consistent with the recommendations in this report.³² While the independent accounting firm did not comment specifically on AFCAP, if the recommendations in this report are not addressed immediately, the Air Force will continue to underreport the GFP asset balances in its FY 2019 balance sheet.³³

Finally, without an accurate list of GFP possessed by the contractors, the AFCAP IV PCOs and requiring activities cannot effectively determine what additional GFP may be needed to support DoD operations. Specifically, PCOs could procure more equipment than is needed, or be unaware the contractor does not have equipment necessary to perform all contract requirements.

Conclusion

The Air Force did not account for GFP under four AFCAP IV task orders in Kuwait, Qatar, and the United Arab Emirates.

The Air Force did not account for GFP under these task orders because AFCAP IV procuring contracting officers did not follow established DoD and Air Force requirements to maintain GFP lists in contracts; include required data elements, such as item value, in GFP lists; and provide GFP lists to the accountable property officers.

³² A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting that results in a reasonable possibility that management will not prevent or detect and correct a material misstatement in its financial statements in a timely manner.

³³ The balance sheet documents the value of assets and liabilities that the Air Force has on a specific date. Assets are owned or managed by the Air Force and include cash, investments, property, and inventory.

As a result, the Air Force does not know the value of GFP provided to contractors, has no oversight of the property, and cannot hold the contractors accountable for how they manage GFP, including property damage and losses.

In addition, the Air Force did not consistently include the value of GFP listed in the contracts and included only the value of GFP for the Government property items provided to the Qatar base support contractors, one of the four task orders we reviewed. Therefore, based on the value of the GFP items included in the base support task order, the Air Force understated its FY 2018 asset balances on the balance sheet by at least \$5 million.

Recommendations, Management Comments, and Our Response

Recommendation A.1

We recommend that the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division:

- a. Establish Government-furnished property accountability training for procuring contracting officers, including training on:**
 - **the required data elements, such as the unit acquisition cost and a unique identifying number, that the procuring contracting officers should document for each Government-furnished property item in order for the accountable property officer to establish accountable records;**
 - **the requirement to modify contracts when the Government-furnished property list changes; and**
 - **the process to provide both the initial Government-furnished property list in the contracts and modified Government-furnished property lists to the accountable property officer.**

Management Actions Taken During the Audit

During the audit, we briefed the Commander of AFICA's 772nd Enterprise Sourcing Squadron, the Chief of AFICA's 772nd Enterprise Sourcing Squadron's Contracting Division and PCOs, and AFCAP IV program management personnel, as well as the Commanders of the 379th and 380th ECONS and ELRS and ACOs and CORs and 379th and 380th Mission Support Groups. They all agreed to initiate actions to address our observations.

AFICA's Policy and Training Division, in coordination with Air Force Materiel Command, drafted GFP training titled "GFP From Soup to Nuts AFCAP IV and Beyond." The Commander of AFICA's 772nd Enterprise Sourcing Squadron

provided a final copy of the training slides to us on March 8, 2019, and explained that the Policy and Training Division will provide the GFP training to all 772nd Enterprise Sourcing Squadron staff from April 17 to 18, 2019, which will create a baseline within the contracting chain of command. The Policy and Training Division stated that completion of the training will allow for the collaboration and establishment of procedures to maintain proficiency in the contracting activities to ensure that standardized processes are implemented, disseminated, and socialized for the AFCAP IV and follow-on efforts. We reviewed the training material and determined that the training provides an overview of FAR and DoD GFP contract attachment and accountability reporting requirements.

The Commander stated that after receiving the GFP training in April 2019, the AFCAP PCOs will train ACOs before deployment. Furthermore, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division included the PCO responsibility to train ACOs in revisions to the QASP template. The QASP template revisions also documented that if ACOs do not attend in-person training at Tyndall Air Force Base before their deployment, the AFCAP PCOs will conduct GFP training by a video conference call within 30 days of the ACOs' deployment. The deployed ACOs will be responsible for providing training to deployed AFCAP CORs within 30 days of taking their position.

Principal Deputy, Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics), responding for the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division, agreed with Recommendation A.1.a, stating that the Air Force will provide evidence to demonstrate that training was accomplished by December 15, 2019.

Our Response

Comments from the Principal Deputy Assistant Secretary and management action taken during the audit to provide PCOs with GFP accountability training addressed all specifics of Recommendation A.1.a. Specifically, in June 2019, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division provided the training rosters for the GFP training titled, "GFP From Soup to Nuts AFCAP IV and Beyond," offered to all 772nd Enterprise Sourcing Squadron staff in April 2019. We reviewed the training rosters and confirmed that each AFCAP IV PCO attested to receiving the training on April 17, 2019. Therefore, the recommendation is closed.

- b. **Require the procuring contracting officers to:**
- **coordinate with the accountable property officers and Air Force Contract Augmentation Program IV contractors for task orders F0024, 0003, F0051, and F0043 to jointly verify the Government-furnished property inventory provided in each task order;**
 - **use the results of the jointly verified inventory to modify the contracts to reflect an updated and accurate list of Government-furnished property, which includes the unit acquisition cost and a unique identifying number for each Government-furnished property item, and provide that modification to the accountable property officer in order for the accountable property officer to establish accountable records; and**
 - **validate that the Government-furnished property lists, including unit acquisition cost and a unique identifying number, are complete before awarding subsequent contracts.**

Management Actions Taken During the Audit

In January 2019, the accountable property officer of the 380th ELRS began conducting an inventory of GFP under AFCAP IV in the United Arab Emirates and AFCAP IV PCOs began working with the ACOs, CORs, and contractors to verify the GFP inventories of the AFCAP IV contractors. According to the Commander of AFICA's 772nd Enterprise Sourcing Squadron, after inventories are verified, the AFCAP IV PCOs intend to modify the contracts to reflect the accurate list of GFP, which includes the unit acquisition cost and a unique identifying number for each GFP item.

The Commander of AFICA's 772nd Enterprise Sourcing Squadron stated that as of March 8, 2019, the AFCAP IV PCOs were working to execute modifications that incorporate updated GFP lists and the PCOs are expected to complete those modifications by May 2019. The Commander also provided the AFCAP team's newly adopted process to ensure that future GFP lists in contracts include the dollar value of GFP at time of award. The new process implements a requirements checklist that includes preparing GFP documentation before AFCAP task order solicitation, which will ensure complete GFP lists are included at the time of award.

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics), responding for the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division, agreed

with the recommendation, stating that the Air Force will provide evidence to demonstrate that modified GFP lists include item value and a unique identifying number by December 15, 2019.

Our Response

Comments from the Principal Deputy Assistant Secretary and 772nd Enterprise Sourcing Squadron actions taken during the audit addressed all specifics of Recommendation A.1.b; therefore, the recommendation is resolved but will remain open. We will close this recommendation once we verify that AFCAP IV contract modifications executed by the 772nd Enterprise Sourcing Squadron include incorporation of GFP lists that identify item value and a unique identifying number for each GFP item.

- c. Update the Air Force Installation Contracting Agency's delegation procedures to ensure that procuring contracting officers assign property administration duties in writing to deployed administrative contracting officers and contracting officer's representatives. These duties should include overseeing the contractors' Government-furnished property records and providing procuring contracting officers with the results of their review of the Government-furnished property records. The review should detail any changes based on the list of Government-furnished property in the contracts.**

Management Actions Taken During the Audit

In response to the deficiencies related to the delegation of property administration duties, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division revised the AFCAP delegation template on December 27, 2018, to include written delegation of property administration responsibilities. The Chief's actions to update the delegation templates ensure that the PCOs assign property administration responsibilities to deployed contract oversight personnel and specify the requirements for the deployed ACOs and CORs to communicate property administration oversight results to the PCOs.

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics), responding for the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division, agreed with the recommendation, stating that the 772nd Enterprise Sourcing Squadron revised the AFCAP IV delegation template on February 15, 2019, and the revision includes the written delegation of property administration responsibilities.

Our Response

Comments from the Principal Deputy Assistant Secretary and 772nd Enterprise Sourcing Squadron's actions taken during the audit addressed all specifics of the recommendation. We reviewed the updated ACO delegation and confirmed that the revised letter included written delegation of property administration responsibilities. The actions taken fully address the recommendation; therefore, Recommendation A.1.c is closed.

- d. Direct the procuring contracting officers to coordinate with the requiring activity in order to update the Air Force Installation Contracting Agency's Air Force Contract Augmentation Program IV quality assurance surveillance plans for these four task orders. The update should include:**

- **detailed property administration oversight procedures, including periodic inventories of Government-furnished property provided to contractors;**
- **reconciliation procedures to compare inventory results with the Government-furnished property lists in the contracts; and**
- **procedures for communicating those results to the procuring contracting officers.**

Management Actions Taken During the Audit

In March 2019, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division updated the QASP template to include procedures for ACOs and CORs to perform semiannual inventories of GFP lists in the contracts and communicate all inventory results to the PCO within 10 days. We reviewed the updated QASP template and we concluded that, the Chief's actions will help ensure that the PCOs assign property administration responsibilities to deployed contract oversight personnel and specify the requirements for the deployed ACOs and CORs to communicate property administration oversight results to the PCOs.

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology and Logistics), responding for the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division, agreed with Recommendation A.1.d, stating that the 772nd Enterprise Sourcing Squadron revised the QASP template and provided updated QASPs for the four AFCAP IV task orders reviewed during the audit.

Our Response

Comments from the Principal Deputy Assistant Secretary and management actions taken during the audit addressed all specifics of Recommendation A.1.d. In addition, we verified that the revised QASPs included procedures for ACOs and CORs to perform quarterly inventories of GFP lists in the contracts, communicate all inventory results to the PCO within 10 days, and document all discrepancies from the completed inventory in the monthly performance assessment report in which the quarterly inventory takes place. Therefore, Recommendation A.1.d is closed.

- e. Update the Air Force Installation Contracting Agency's Government-furnished property accountability training and require that administrative contracting officers and contracting officer's representatives receive Government-furnished property accountability training before beginning their Government-furnished property accountability responsibilities. This Government-furnished property accountability training should include:**
- **an overview of the data elements required to establish accountable records;**
 - **Government-furnished property surveillance and reconciliation procedures;**
 - **the process for administrative contracting officers to provide the results of their surveillance and reconciliation of Government-furnished property to the procuring contracting officer; and**
 - **transition procedures for outgoing administrative contracting officers and contracting officer's representatives to brief their replacements on which contracts include Government-furnished property and the latest Government-furnished property inventory and surveillance results.**

Management Actions Taken During the Audit

The Commander of the 380th ELRS created a standard operating procedure that defines the process for the 380th ELRS and 380th ECONS to identify and account for GFP located at Al Dhafra Air Base in the United Arab Emirates. The GFP accountability process requires that 380th ECONS personnel coordinate with the 380th ELRS personnel to provide a copy of new contract awards and contract modifications that contain GFP to the ELRS. Additionally, the standard operating

procedure states that 380th ECONS personnel will include the contents of the GFP accountability procedures in COR Phase II, mid-tour, and turnover training. Furthermore, the 380th ELRS will:

- provide GFP accountability training to CORs;
- assist CORs and contractors with the management and accountability of GFP; and
- ensure GFP included in contract attachments is established in accountable records.

In addition, the Commander of AFICA's 772nd Enterprise Sourcing Squadron stated that after receiving the GFP training titled "GFP From Soup to Nuts AFCAP IV and Beyond," in April 2019, the AFCAP PCOs will train ACOs before deployment. Furthermore, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division included the PCO responsibility to train ACOs in revisions to the AFCAP IV QASPs. The QASP revisions also documented that if ACOs do not attend in-person training at Tyndall Air Force Base before their deployment, the AFCAP PCOs will conduct GFP training by a video conference call within 30 days of the ACOs' deployment. The deployed ACOs will be responsible for providing training to deployed AFCAP CORs within 30 days of taking their position.

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics), responding for the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division, agreed with our recommendation and stated the 772 Enterprise Sourcing Squadron revised the AFCAP IV QASP template in March 2019. Furthermore, the Principal Deputy Assistant Secretary stated that the Secretary of the Air Force (Acquisition, Technology, and Logistics) will provide evidence to demonstrate that QASP template changes are incorporated into the QASPs for the four AFCAP IV task orders.

Our Response

Comments from the Principal Deputy Assistant Secretary and management actions taken during the audit addressed all specifics of Recommendation A.1.e. Therefore, the recommendation is resolved but will remain open. Specifically, the actions of the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division to document training responsibilities in the 772nd Enterprise Sourcing Squadron QASP in conjunction with the 380th ELRS Commander's creation of standard

operating procedures to define the process for ECONS personnel to coordinate GFP with ELRS personnel address the intent of Recommendation A.1.e. We will close this recommendation after we receive documentation to show that the 379th ELRS has implemented similar procedures to require ECONS coordination with ELRS personnel and provide training on GFP accountability to ACOs and CORs in Qatar.

Recommendation A.2

We recommend that the Principal Director of the Defense Pricing and Contracting Division in the Office of the Under Secretary of Defense for Acquisition and Sustainment make existing Government-furnished training resources mandatory for all contracting personnel and coordinate with the Services to implement Government-furnished property training courses for contingency contracting personnel. The training should outline Service-specific implementation of Federal and Department of Defense accountability requirements.

Management Actions Taken During the Audit

On April 18, 2019, the Senior Procurement Analyst representing the Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contracting Division, agreed with our recommendation. The representative stated that the Principal Director, Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contracting Division, will direct the Defense Acquisition University to expand use of the existing training and ensure it is available for the entire procurement workforce and to track use of the training by the procurement workforce. The actions of the Principal Director, Office of the Under Secretary of Defense for Acquisition and Sustainment, Defense Pricing and Contract Division, address the intent of Recommendation A.2. Therefore, we consider Recommendation A.2 resolved. We will close this recommendation when the Office of the Under Secretary of Defense for Acquisition and Sustainment requires that the existing GFP training become mandatory for all contracting personnel and provides a copy of the mandatory training requirements.

Recommendation A.3

We recommend that the Chief of the Air Forces Central Command's Contracting Division update Air Forces Central Command secondary delegation procedures to specify that deployed administrative contracting officers receive not only verbal instruction, but also a written delegation to outline the specific contract administration duties each administrative contracting officer is responsible for performing.

Management Actions Taken During the Audit

On March 8, 2019, the Commander of AFICA's 772nd Enterprise Sourcing Squadron provided a revised AFCAP IV ACO delegation template, which delegated contract administration responsibilities directly to each responsible ECONS and eliminated the need for secondary delegations from the Chief of AFCENT's Contracting Division.

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics), responding for the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division, agreed with our recommendation and explained that on February 15, 2019, the Commander of the 772nd Enterprise Sourcing Squadron revised the AFCAP IV delegation memorandum. Specifically, the Principal Deputy Assistant Secretary stated that the revised delegation memorandum delegated property administration responsibilities in writing.

Our Response

Comments from the Principal Deputy Assistant Secretary and 772nd Enterprise Sourcing Squadron actions taken during the audit addressed all specifics of the recommendation. We reviewed the revised delegation template and determined that the revisions ensure that AFCAP PCOs delegate assigned contract administration responsibilities to each deployed ACO in writing which addresses the deficiencies we found with secondary delegations. Therefore, we consider this recommendation closed.

Finding B

The Air Force Did Not Ensure Contractors Provided Maintenance of Government Property in Qatar

The Air Force did not verify that the AFCAP IV base support or dining facility contractors in Qatar performed contracted services for routine maintenance and repairs on Government property.

This occurred because the AFCAP IV PCOs did not coordinate with the requiring activity to establish clear methods for the CORs in Qatar to oversee maintenance of Government property in the QASP, such as procedures to validate AFCAP IV contractor performance of routine maintenance tasks and repairs.

As a result of the Air Force's lack of oversight of contractually required maintenance and repair services in the base support task order, the Air Force and the contractors do not know or have supporting documentation that the base support contractors in Qatar maintained at least \$20.6 million of Government property in accordance with contract requirements.³⁴ In addition, preventive maintenance is an essential method for sustaining equipment through its useful life, and the lack of oversight of AFCAP IV contractual maintenance requirements in both the base support and dining facility task orders could cause interruptions to Air Force operations in Southwest Asia and Qatar. For example, a June 2018 report from the Air Force Civil Engineer Maintenance Inspection Repair Team identified several deficiencies in the base support contractor maintenance of 16 emergency power generators, including generators that could not provide emergency backup power to the supported facilities as designed, potentially causing interruptions in mission-essential Air Force operations.

AFICA Did Not Verify That Contractors Performed Maintenance Requirements

The Air Force did not verify that the AFCAP IV base support or dining facility contractors performed contracted services for routine maintenance and repairs on Government property. The task order for base support services in Qatar included requirements for the contractors to maintain Government property.

³⁴ As identified in Finding A, the Air Force did not consistently include the value of GFP in lists in the contracts. Therefore, the \$20.6 million includes \$5 million of GFP and \$15.6 million of Government property, which the base operating support service contractors were responsible for maintaining. We are unable to determine the dollar amount of dining facility GFP the contractors were responsible for maintaining.

Specifically, the task order required the contractor to provide facility management services for three Al Udeid Air Base Combined Air Operation Center facilities and six facilities that support the Combined Air Operation Center, including Intelligence, Surveillance, and Reconnaissance Division and Air Forces' facilities. These facility management services included contractual requirements for the base support contractor to monitor and maintain power generators in accordance with manufacturer recommendations.

However, the CORs responsible for oversight of contractor generator maintenance and repair services acknowledged that they did not review or validate contractor performance of routine maintenance tasks. In fact, during a site visit to Al Udeid Air Base in November 2018, the audit team observed that the CORs responsible for surveillance did not have access to the facilities where the generators were in use to perform the necessary oversight. In one instance, only the contractor had keys to the locked facilities that housed generators. In a separate instance, the contractors had to sign for and escort CORs through secure facilities where generators were in use. Therefore,

the CORs did not have the ability to perform unannounced oversight inspections to ensure the base support contractor completed maintenance tasks as scheduled to meet contractual requirements and avoid jeopardizing the safety of Air Force personnel.

CORs did not have the ability to perform unannounced oversight inspections to ensure the base support contractor completed maintenance tasks as scheduled to meet contractual requirements and avoid jeopardizing the safety of Air Force personnel.

In addition, in June 2018, an Air Force Civil Engineer Maintenance Inspection Repair Team conducted engine inspections on 16 emergency power generators at Al Udeid Air Base, which the AFCAP IV contractor was responsible for maintaining. After visual inspections of the generators' engines and inspection of contractor maintenance records, the Air Force Civil Engineer Maintenance Inspection Repair Team found that:

- rubber hoses and junctions supplying fuel and coolant to the generators' engines were severely degraded and required immediate replacement;
- generator maintenance, including fuel and oil filter replacement, was overdue by more than 2 years; maintenance records indicated the last date of change as December 12, 2015; and
- generators were in the "off" position and batteries were unplugged or defective and therefore could not provide emergency backup power to the supported facilities as designed.

Furthermore, in the resulting report, the Air Force Civil Engineer Maintenance Inspection Repair Team noted that each of the deficiencies found during inspections on the 16 emergency power generators fell well within the routine maintenance tasks and skill level of the technicians contracted to maintain the generators. Therefore, if the ACO and CORs had provided oversight of the contractor's preventive maintenance tasks and enforced the contractual routine maintenance requirements, the Air Force Civil Engineer Maintenance Inspection Repair Team should have found the generators in better condition. Additionally, the ACO and CORs responsible for oversight of the base support contractor's generator maintenance and repair services stated that they did not implement oversight procedures to prevent reoccurrence, even after the Air Force Civil Engineer Maintenance Inspection Repair Team findings. The ACO and CORs each indicated they needed official guidance, such as a revised QASP, before changing their surveillance procedures.

In a separate instance, the CORs responsible for oversight of the Qatar dining facility task order informed the audit team that the previous CORs had not performed sufficient oversight of the contractor's maintenance responsibilities. Specifically, the dining facility contractor's performance work statement required the contractor to provide a certified maintenance technician to conduct major maintenance of Government dining facility equipment. However, according to the CORs we interviewed, their predecessors did not ensure that the contractor had a certified technician to perform maintenance on dining facility equipment at the start of the contract's period of performance in March 2018. Despite their concerns, the CORs did not formally document that the contractor did not comply with contractual requirements to provide a certified technician until after our site visit in November 2018. We reviewed the CORs' performance assessment report, e-mail documentation in which the Commander authorized expenditures for dining facility repairs, and the dining facility repair invoices to verify the CORs' statement. In this instance, we concluded the 379th Mission Support Group spent \$17,461 to repair dining facility equipment, outside of the existing AFCAP task order, due to the ACO's and CORs' lack of enforcement of contract requirements to maintain the Government dining facility equipment.

AFCAP IV PCOs Did Not Establish Government Property Surveillance Measures

AFCAP IV PCOs did not coordinate with the requiring activity to establish surveillance measures in the QASP to guide the ACO and CORs in the 379th Mission Support Group in the surveillance of AFCAP IV contractual requirements for the maintenance of Government property. The PCO, in coordination with the requiring

activity, should prepare a QASP to specify all work requiring surveillance and the method of surveillance to ensure the Government receives all services in accordance with contract requirements.³⁵ AFCAP IV contractual maintenance requirements include the contractor's responsibility to operate, maintain, and repair Government property.

However, AFCAP IV PCOs provided CORs with a generic and vague QASP that did not include procedures for the CORs to perform surveillance of the contractor's maintenance of Government property in their possession. For example, the QASP for task order 0003 restates the contractor requirement to complete scheduled preventive maintenance, refers the COR to the performance work statement, and lists the method of surveillance as periodic inspection. The performance work statement requirement referenced in the QASP requires the contractor to submit all preventive maintenance schedules to the COR. The QASP should provide methods to the CORs to guide their oversight of the contractor's performance of services. However, because the QASP was vague, the CORs interpreted their oversight responsibilities as only to collect preventive maintenance reports from the contractor, rather than to also provide periodic inspection of the contractor's performance of routine maintenance tasks and repairs.

AFCAP IV PCOs provided CORs with a generic and vague QASP that did not include procedures for the CORs to perform surveillance of the contractor's maintenance of Government property in their possession.

In addition, the ACO and the CORs stated that other than collecting the contractor's reported performance of preventive maintenance they did not know that they should validate the contractor's performance of maintenance services for Government property. The FAR requires performance of quality assurance surveillance to verify that services conform to contract requirements and to collect suitable documentation regarding contractor performance. Therefore, surveillance of the AFCAP IV contractors' performance of contractually required maintenance services is essential to ensuring contractors are performing in accordance with all contractual requirements and formally documenting noncompliance observed. The ACO and CORs are responsible for in-country oversight for the PCO and for monitoring the contractors' compliance with all contractual requirements. Therefore, the ACO and CORs were required to oversee the base support contractor's preventive maintenance program.

³⁵ FAR Subpart 46.103, "Contracting Office Responsibilities," and FAR Subpart 46.4, "Government Contract Quality Assurance."

In addition, the contractor is required to perform and document routine maintenance services, such as oil and filter changes, and any other repairs to maximize the operating life of Government property the contractor is required to service. The task order for dining facility services in Qatar also required the contractor to have a certified technician to perform major maintenance on Government dining facility equipment. However, for both the task order for base support services and the task order for dining facility services, neither the ACO nor CORs performed oversight or surveillance to verify that the contractors were meeting contractual requirements to maintain Government property. The QASP should provide methods for the ACO and CORs to conduct oversight of contractor compliance to ensure that all contracted services conform to contractual requirements. Therefore, to ensure that ACOs and CORs have a guide outlining methods for performing oversight of maintenance and repairs of AFCAP IV Government property, the Chief of AFICA's 772nd Enterprise Sourcing Squadron Contracting Division should direct the AFCAP IV PCOs to coordinate with the requiring activity to update AFCAP IV QASPs to include specific Government property surveillance measures, such as procedures to oversee contractor performance of routine maintenance tasks.

The Air Force Did Not Provide Oversight of Critical Services

As a result of the Air Force's lack of oversight of contractually required maintenance services, the Air Force and the contractors do not have assurance that the contractors in Qatar maintained at least \$20.6 million of Government property in accordance with contract requirements. Increased oversight of contractor maintenance services would ensure that PCOs have the performance documentation needed to hold the contractors accountable for noncompliant services. In addition, because preventive maintenance is an essential method for sustaining equipment through its useful life, the lack of oversight of AFCAP IV contractual maintenance requirements could interrupt Air Force operations in Southwest Asia, including dining facility, power generation, and airfield lighting services in Qatar.

The lack of oversight of AFCAP IV contractual maintenance requirements could interrupt Air Force operations in Southwest Asia.

For example, a June 2018 report from the Air Force Civil Engineer Maintenance Inspection Repair Team identified several deficiencies in contractor maintenance of 16 emergency power generators, including generators that could not provide emergency backup power to the supported facilities as designed.

Recommendations, Management Comments, and Our Response

Recommendation B.1

We recommend that the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division direct procuring contracting officers to coordinate with the requiring activity in order to update Air Force Contract Augmentation IV quality assurance surveillance plans to include specific Government property surveillance measures, such as procedures to oversee contractor performance of routine maintenance tasks.

Management Actions Taken During the Audit

The Commander of AFICA's 772nd Enterprise Sourcing Squadron agreed that the AFCAP team should update the QASPs for the four task orders we reviewed to include detailed procedures for oversight of contract maintenance requirements. The Commander provided the 772nd Enterprise Sourcing Squadron updated QASP template in March 2019, included a place to summarize the details of the contract requirements, including performance objectives, threshold, and surveillance method for routine maintenance requirements.

Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics) Comments

The Principal Deputy Assistant Secretary of the Air Force (Acquisition, Technology, and Logistics), responding for the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division, agreed with Recommendation B.1, stating that the Air Force will provide evidence to demonstrate that QASP template changes are incorporated into the QASPS for the four AFCAP IV task orders.

Our Response

Comments from the Principal Deputy Assistant Secretary and 772nd Enterprise Sourcing Squadron actions taken during the audit to revise the AFCAP IV QASPs address all specifics of Recommendation B.1. Therefore, the recommendation is resolved but will remain open. We will close Recommendation B.1 once we verify that the QASP revisions provided include detailed procedures for oversight of contract maintenance requirements for the four AFCAP IV task orders.

Appendix

Scope and Methodology

We conducted this performance audit from September 2018 through June 2019 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.

We reviewed criteria to determine whether the Air Force accounted for GFP under AFCAP IV in Southwest Asia. Specifically, we reviewed the FAR, DFARS, and DoD Instruction 5000.64 to determine GFP accountability, management, administration, and financial reporting requirements. We also reviewed the DoD Contingency COR Handbook, QASPs, and delegation letters to identify roles and responsibilities for GFP accountability and oversight, specifically those of the PCO, accountable property officer, COR, ACO, and property administrator.

In addition, we reviewed Air Force criteria, including the following:

- Air Force Process Guide for Accountability of GFP Guidance
- Air Force Instruction 23-101, “Air Force Materiel Management”
- Air Force Instruction 23-111, “Materiel Management”
- Air Force Instruction 23-119, “Exchange, Sale, or Temporary Custody of Non-excess Personal Property”
- Air Force Instruction 23-123, “Air Force Equipment Management”

Finally, we reviewed the four AFCAP IV task orders, GFP lists, and performance work statements to identify contractor performance requirements for Government property including GFP. AFICA issued 11 task orders under AFCAP IV contracts that included GFP for services in Southwest Asia. Our review focused on 4 of the 11 task orders, which we selected based on the high dollar value and the location of contracted services in Kuwait, Qatar, and the United Arab Emirates. We also found that prior audits had reviewed GFP in Afghanistan and Bahrain and the DoD OIG’s review of AFCAP in January 2015 focused on contract oversight and administration, which did not include GFP.

We conducted site visits to Al Udeid Air Base, Qatar, in November 2018 and Ali Al Salem Air Base, Kuwait, in December 2018. In January 2019, in place of a third site visit, we held teleconferences with personnel at Al Dhafra Air Base, United Arab Emirates. While onsite in Kuwait and Qatar, we observed Government

property items in use and being stored in contractor yards. We interviewed personnel from the 379th and 380th Mission Support Groups, including accountable property officers, ACOs, and CORs to understand the role of each in the accountability and oversight of Government property. We also interviewed the contractor site managers for the four AFCAP IV task orders. Our objective for these interviews was to understand the Air Force's accountability and oversight of GFP provided to contractors in Kuwait, Qatar, and the United Arab Emirates and to identify the Air Force process for establishing accountable records and determining why GFP items are not included in Air Force accountable records.

We obtained and reviewed the GFP lists in the AFCAP IV contract attachments and the joint inventories for all four AFCAP IV task orders. For the four task orders, we compared the number of GFP items listed in the contract to the number of items documented in the joint inventory. We also calculated 534 items not identified during the joint inventories as the difference between the number of items that were included in the contract attachments and the number of items documented in the joint inventories. Based on this discrepancy, we determined that the amount of GFP listed in the contract attachments did not match the amount in the joint inventories. We conducted interviews with and requested information from the ACOs, CORs, and PCOs to determine a reason for the discrepancies we identified between the GFP listed in the four task orders and the joint inventories. In addition, we requested documentation from the PCOs to determine if they had conducted any modifications to reconcile the differences between the GFP lists in the four task orders and joint inventory results.

Finally, we conducted a site visit to Tyndall Air Force Base, Florida, to meet with personnel from AFICA's 772nd Enterprise Sourcing Squadron. Specifically, we met with the AFCAP IV PCOs and AFCAP IV Program Management Office representatives. Our objective was to understand the process for GFP accountability and administration, as well as oversight of contract requirements to maintain Government property, from both the contracting office and program office perspective.

Use of Computer-Processed Data

We used computer processed data from the Defense Property Accountability System (DPAS) to determine that the Air Force included 10 street sweepers in its accountable records for task order 0003. DPAS is the fleet management information system approved by the Office of the Under Secretary of Defense for Acquisition and Sustainment as the primary accountable property system of record for performing all life-cycle management functions of the DoD's ground vehicle fleet. We did not perform system testing of DPAS; however, we

determined the quantity and vehicle identification number of the street sweepers recorded in the task order 0003 accountable records matched the quantity and vehicle identification number of street sweepers in both the contract and in the contractor's GFP records. In addition, we interviewed contracting and logistics officials who verified the number of street sweepers. Therefore, we concluded that the data we derived from DPAS were sufficiently reliable to support our finding.

Prior Coverage

During the last 5 years, the DoD OIG and Air Force Audit Agency issued seven reports related to the audit objective. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>. Unrestricted Air Force Audit Agency reports can be accessed at <https://efoia.milcloud.mil/App/ReadingRoom.aspx> and selecting audit reports.

DoD OIG

Report No. DODIG-2019-062, "Audit of Management of Government-Owned Property Supporting the F-35 Program," March 13, 2019

The objective of the audit was to determine whether DoD personnel managed Government property supporting the F-35 Program in accordance with Federal and DoD requirements for property accountability. The audit found that DoD officials did not account for and manage F-35 Program Government property, including recording the property in a Government accountable property system of record (APSR), as required. Specifically, F-35 Program officials did not maintain accurate Government records of GFP, award contracts with complete GFP lists, and coordinate to execute contracting actions. The F-35 Program Office did not follow procedures to establish its APSR or appoint the required Government personnel to account for GFP in the APSR.

Report No. DODIG-2018-074, "The U.S. Navy's Oversight and Administration of the Base Support Contracts in Bahrain," February 13, 2018

The objective of the audit was to determine whether the U.S. Navy provided effective oversight of the contracts for base support services in Bahrain. The audit found that the U.S. Navy did not provide effective oversight of base support contracts in Bahrain. Specifically, CORs relied on performance assessment representatives, who were foreign national direct hires, to execute all quality assurance oversight of the contractors. The CORs did not ensure that the performance assessment representatives oversaw all contractual requirements or possessed the knowledge and experience to oversee their respective annexes.

Report No. DODIG-2018-040, "Army Oversight of Logistics Civil Augmentation Program Government-Furnished Property in Afghanistan," December 11, 2017

The objective of the audit was to determine whether the Army provided effective oversight of Logistics Civil Augmentation Program GFP in Afghanistan. The audit found that the Army did not perform effective oversight of Logistics Civil Augmentation Program GFP in Afghanistan. Specifically, the Army Sustainment Command did not include at least 26,993 items provided to the Logistics Civil Augmentation Program IV contractors in the Army's accountable records.

Report No. DODIG-2015-075, "Controls Over the Air Force Contract Augmentation Program Payment Process Need Improvement," January 28, 2015

The objective of the audit was to determine whether the DoD was effectively administering and providing oversight of selected AFCAP task orders in Southwest Asia. And specifically, to determine whether Air Force officials adequately monitored contractor performance and whether invoice review and approval procedures were in place to ensure the accuracy and completeness of contract costs for three AFCAP task orders. The audit found that 379th ECONS officials generally administered the three AFCAP task orders in accordance with Federal and DoD guidance. However, contracting officers did not verify that contractor performance was satisfactory before certifying and paying 20 of 40 contractor invoices.

Air Force

Report No. F2018-0019-RA0000, "Contract Administration in a Contingency Environment 386th Air Expeditionary Wing Southwest Asia," March 26, 2018

The objective of the audit was to determine whether personnel in the 386th Air Expeditionary Wing managed contract activities in contingency environments in accordance with Air Force and Federal Acquisition Regulation guidance. The audit found that personnel in the 386th Air Expeditionary Wing did not plan and administer contracts in accordance with guidance or provide complete oversight and quality assurance over contractor performance.

Report No. F2018-0005-RA0000, "Contract Administration in a Contingency Environment 380th AEW Southwest Asia," January 10, 2018

The objective of the audit was to determine whether 380th AEW personnel managed contract activities in contingency environments in accordance with Air Force and Federal Acquisition Regulation guidance. The audit found that 380th AEW personnel did not plan and administer 57 percent of contracts in accordance with guidance.

Report No. F2017-L30000-0172.001, "Contract Administration in a Contingency Environment 379th AEW, Al Udeid Air Base, Qatar," January 4, 2018

The objective of the audit was to determine whether 379th AEW personnel managed contract activities in contingency environments in accordance with Air Force and Federal Acquisition Regulation guidance. The audit found that 379th AEW personnel properly planned and administered the contracts; provided oversight and quality assurance; and identified and reported Trafficking in Persons violations. However, the audit did uncover minor inconsistencies, to include missing COR files.

Management Comments

Department of the Air Force



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

01 JUL 2019

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

FROM: SAF/AQ
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Air Force Response to Department of Defense Office of Inspector General (DoDIG)
Draft of a Proposed Report, Audit of Air Force Accountability of Government
Property and Oversight of Contractual Maintenance Requirements in the Contract
Augmentation Program IV in Southwest Asia (Project No. D2018-D000RJ-
0200.000)

This is the Department of the Air Force response to the DoDIG, Proposed Report, Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia (Project No. D2018-D000RJ-0200.000). The Department concurs with the discussion draft as written and welcomes the opportunity to review the draft final report prior to issuance.

As noted in the draft, Air Force organizations initiated actions to address all observations associated with recommendation A.1., A.3., and B.1. SAF/AQ will provide evidence of actions taken to document closure for all open actions.

Notwithstanding, the Air Force requests that future DoDIG recommendations consider current policy and guidance, which ensures all integrated project team members and the contractors leverage their functional expertise and responsibilities to prevent weaknesses in the provision and administration of Government Furnished Property.

The Air Force point of contact is [REDACTED]

A handwritten signature in cursive script that reads "Darlene J. Costello".

DARLENE J. COSTELLO
Principal Deputy Assistant Secretary of the Air
Force (Acquisition, Technology & Logistics)

Tab
Management Comments

Department of the Air Force (cont'd)

DoD Office of Inspector General Draft of a Proposed Report, Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia (Project No. D2018-D000RJ-0200.000)²

MANAGEMENT COMMENTS

RECOMMENDATION A.1.a. The DoDIG recommends that the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division establish Government-furnished property accountability training for procuring contracting officers, including training on:

- the required data elements, such as the unit acquisition cost and a unique identifying number, that the procuring contracting officers should document for each Government-furnished property item in order for the accountable property officer to establish accountable records;
- the requirement to modify contracts when the Government-furnished property list changes; and
- the process to provide both the initial Government-furnished property list in the contracts and modified Government-furnished property lists to the accountable property officer.

AIR FORCE RESPONSE: Concur. SAF/AQ will provide evidence to demonstrate that training was accomplished. Estimated Completion Date: 15 December 2019.

RECOMMENDATION A.1.b. The DoDIG recommends that the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division require the procuring contracting officers to:

- coordinate with the accountable property officers and Air Force Contract Augmentation Program IV contractors for task orders F0024, 0003, F0051, and F0043 to jointly verify the Government-furnished property inventory provided in each task order;
- use the results of the jointly verified inventory to modify the contracts to reflect an updated and accurate list of Government-furnished property, which includes the unit acquisition cost and a unique identifying number for each Government-furnished property item, and provide that modification to the accountable property officer in order for the accountable property officer to establish accountable records; and
- validate that the Government-furnished property lists, including unit acquisition cost and a unique identifying number, are complete before awarding subsequent contracts.

AIR FORCE RESPONSE: Concur. SAF/AQ will provide evidence to demonstrate that modified government furnished property lists include item value and unique identifying numbers. Estimated Completion Date: 15 December 2019.

RECOMMENDATION A.1.c. The DoDIG recommends that the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division update the Air Force Installation Contracting Agency's delegation procedures to ensure that procuring contracting officers assign property administration duties in writing to deployed

Department of the Air Force (cont'd)

DoD Office of Inspector General Draft of a Proposed Report, Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia (Project No. D2018-D000RJ-0200.000)³

administrative contracting officers and contracting officer's representatives. These duties should include overseeing the contractors' Government-furnished property records and providing procuring contracting officers with the results of their review of the Government-furnished property records. The review should detail any changes based on the list of Government-furnished property in the contracts.

AIR FORCE RESPONSE: Concur. The 772 Enterprise Sourcing Squadron revised the AFCAP IV delegation memorandum on 15 February 2019. The revision appropriately delegates property administration responsibilities in writing. DoDIG considers this recommendation closed.

RECOMMENDATION A.1.d. The DoDIG recommends that the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division direct the procuring contracting officers to coordinate with the requiring activity in order to update the Air Force Installation Contracting Agency's Air Force Contract Augmentation Program IV quality assurance surveillance plans for these four task orders. The update should include:

- detailed property administration oversight procedures, including periodic inventories of Government-furnished property provided to contractors;
- reconciliation procedures to compare inventory results with the Government-furnished property lists in the contracts; and
- procedures for communicating those results to the procuring contracting officers.

AIR FORCE RESPONSE: Concur. 772 Enterprise Sourcing Squadron revised the AFCAP IV Quality Assurance Surveillance Plan (QASP) template in March, 2019. SAF/AQ will provide evidence to demonstrate that QASP template changes are incorporated into the QASPs for the four AFCAP IV task orders. Estimated Completion Date: Complete.

RECOMMENDATION A.1.e. The DoDIG recommends that the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division update the Air Force Installation Contracting Agency's Government-furnished property accountability training and require that administrative contracting officers and contracting officer's representatives receive Government-furnished property accountability training before beginning their Government-furnished property accountability responsibilities. This Government-furnished property accountability training should include:

- an overview of the data elements required to establish accountable records;
- Government-furnished property surveillance and reconciliation procedures;
- the process for administrative contracting officers to provide the results of their surveillance and reconciliation of Government-furnished property to the procuring contracting officer; and

Department of the Air Force (cont'd)

DoD Office of Inspector General Draft of a Proposed Report, Audit of Air Force Accountability of Government Property and Oversight of Contractual Maintenance Requirements in the Contract Augmentation Program IV in Southwest Asia (Project No. D2018-D000RJ-0200.000) ⁴

- transition procedures for outgoing administrative contracting officers and contracting officer's representatives to brief their replacements on which contracts include Government-furnished property and the latest Government-furnished property inventory and surveillance results.

AIR FORCE RESPONSE: Concur. 772 Enterprise Sourcing Squadron revised the AFCAP IV Quality Assurance Surveillance Plan (QASP) template in March, 2019. SAF/AQ will provide evidence to demonstrate that QASP template changes are incorporated into the QASPs for the four AFCAP IV task orders. Additionally, the 772 Enterprise Sourcing Squadron revised the AFCAP IV delegation memorandum on 15 February 2019. The revision appropriately defines property administration responsibilities in writing. Estimated Completion Date: Complete.

RECOMMENDATION A.3. The DoDIG recommends that the Chief of the Air Forces Central Command's Contracting Division update Air Forces Central Command secondary delegation procedures to document that deployed administrative contracting officers receive not only verbal instruction, but also a written delegation to document the specific task order administration duties each administrative contracting officer is responsible for performing.

AIR FORCE RESPONSE: Concur. The 772 Enterprise Sourcing Squadron revised the AFCAP IV delegation memorandum on 15 February 2019. The revision appropriately delegates property administration responsibilities in writing. DoDIG considers this recommendation closed.

RECOMMENDATION B.1. The DoDIG recommends that the Chief of the Air Force Installation Contracting Agency's 772nd Enterprise Sourcing Squadron Contracting Division update Air Force Contract Augmentation IV quality assurance surveillance plans to include specific Government property surveillance measures, such as procedures to oversee contractor performance of routine maintenance tasks.

AIR FORCE RESPONSE: Concur. 772 Enterprise Sourcing Squadron revised the AFCAP IV QASP template in March, 2019. SAF/AQ will provide evidence to demonstrate that QASP template changes are incorporated into the QASPs for the four AFCAP IV task orders. Estimated Completion Date: Complete.

Acronyms and Abbreviations

ACO	Administrative Contracting Officer
AFCAP	Air Force Contract Augmentation Program
AFCENT	Air Forces Central Command
AFICA	Air Force Installation Contracting Agency
COR	Contracting Officer's Representative
DFARS	Defense Federal Acquisition Regulation Supplement
ECONS	Expeditionary Contracting Squadron
ELRS	Expeditionary Logistics Readiness Squadron
FAR	Federal Acquisition Regulation
GFP	Government-furnished property
PCO	Procuring Contracting Officer
QASP	Quality Assurance Surveillance Plan



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