

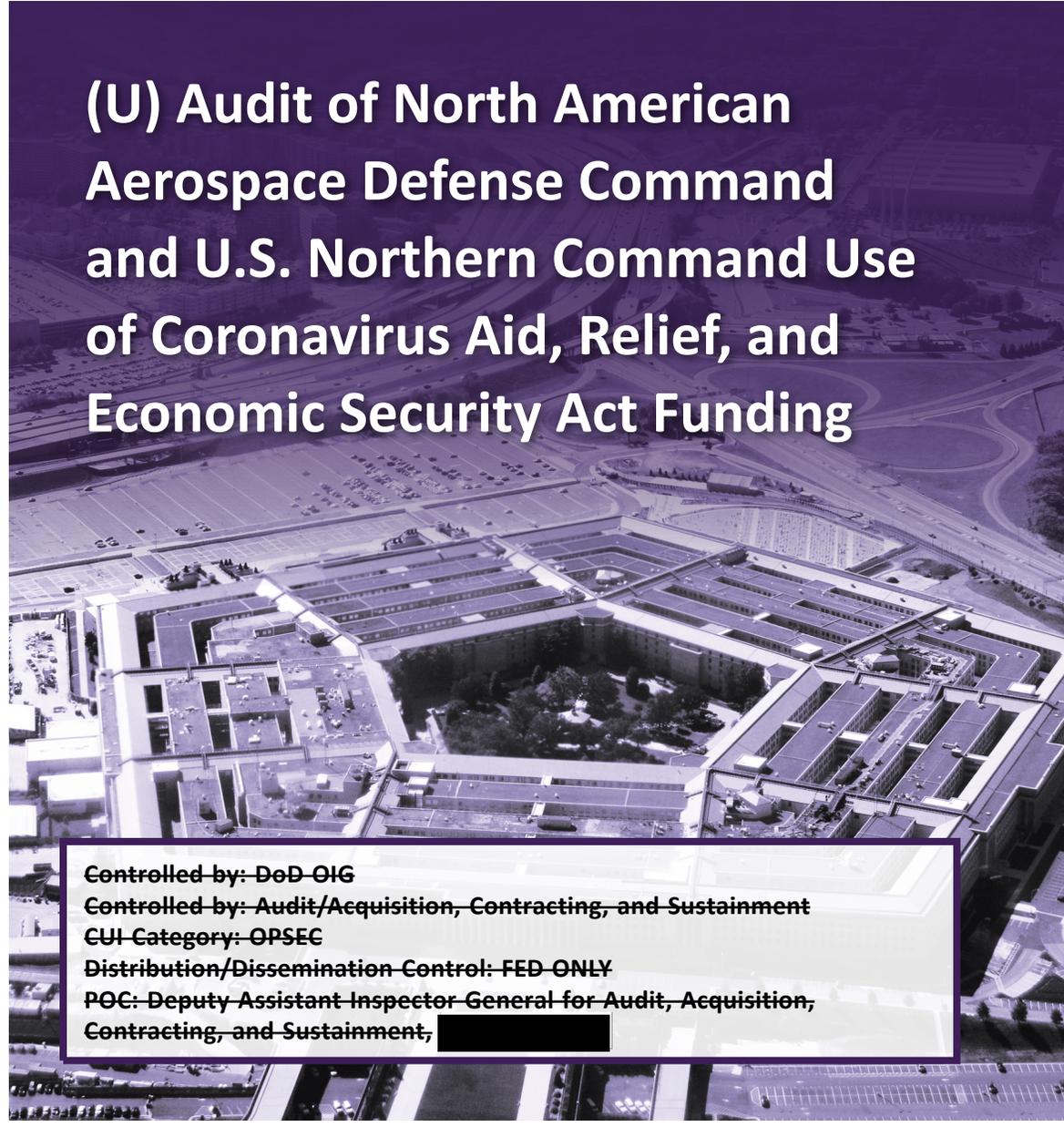


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INSPECTOR GENERAL

U.S. Department of Defense

MAY 17, 2022



(U) Audit of North American Aerospace Defense Command and U.S. Northern Command Use of Coronavirus Aid, Relief, and Economic Security Act Funding

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(U) Results in Brief

(U) Audit of North American Aerospace Defense Command and U.S. Northern Command Use of Coronavirus Aid, Relief, and Economic Security Act Funding

May 17, 2022

(U) Objective

(U) The objective of this audit was to determine whether North American Aerospace Defense Command (NORAD) and U.S. Northern Command (USNORTHCOM) officials used Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to prevent, prepare for, and respond to the coronavirus disease-2019 (COVID-19) pandemic.

(U) We conducted this audit in response to an allegation made to the DoD Hotline regarding the improper use of CARES Act funds. Specifically, the allegation was that NORAD and USNORTHCOM officials used CARES Act funds for information technology projects that were unrelated to the COVID-19 pandemic response.

(U) Background

(U) NORAD and USNORTHCOM, though led by a single Commander, are separate commands at Peterson Air Force Base, Colorado. NORAD is a United States and Canada bi-national command responsible for aerospace warning, aerospace control, and maritime warning for Canada, Alaska, and the continental United States. USNORTHCOM is responsible for defending the U.S. homeland. USNORTHCOM deters, detects, denies, and defeats threats to the United States; conducts security cooperation activities with U.S. allies and partners; and supports civil authorities. Although NORAD and USNORTHCOM have separate and distinct missions, for funding purposes, they have a single budget authority.¹

¹ (U) According to the DoD President's Budget and Air Force Budget Authorization and Allocation documents, NORAD and USNORTHCOM are budgeted as one entity.

(U) Background (cont'd)

(U) COVID-19 is an infectious disease that can cause a wide spectrum of symptoms. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. A pandemic is a global outbreak of a disease that can infect people and spread between people sustainably. On March 13, 2020, the President of the United States declared the COVID-19 outbreak an emergency.

(U) On March 27, 2020, the President signed the CARES Act that provided the DoD with \$10.5 billion in supplemental funding for the DoD's COVID-19 pandemic response.² The CARES Act did not provide supplemental funding directly to NORAD and USNORTHCOM; however, NORAD and USNORTHCOM received CARES Act funding from the Air Force between May 2020 and September 2020.

(U) CARES Act guidance—issued by the Office of Management and Budget, Office of the Under Secretary of Defense (Comptroller), and Department of the Air Force—requires that Air Force, and NORAD and USNORTHCOM officials use CARES Act funds to prevent, prepare for, and respond to the COVID-19 pandemic. According to the Office of Management and Budget, and Office of the Under Secretary of Defense (Comptroller) guidance, NORAD and USNORTHCOM officials must maintain evidence for goods and services acquired in response to COVID-19. The guidance further states that adequate evidence must include clear and accurate data of sufficient quality that articulates the need for the transaction. According to the Air Force guidance, Air Force officials will validate NORAD and USNORTHCOM expenses prior to reimbursement.

(U) We selected and reviewed a nonstatistical sample of 25 COVID-19 transactions, totaling \$61.0 million, from a population of 497 transactions, valued at \$66.4 million. For the selected transactions, NORAD and USNORTHCOM officials used CARES Act funds to increase information technology equipment and support, and DoD operations.

² (U) Public Law 116-136, "Coronavirus Aid, Relief, and Economic Security (CARES) Act," dated March 27, 2020.



(U) Results in Brief

(U) Audit of North American Aerospace Defense Command and U.S. Northern Command Use of Coronavirus Aid, Relief, and Economic Security Act Funding

(U) Finding

(U) For the 25 COVID-19 transactions we reviewed, NORAD and USNORTHCOM officials used \$34.4 million of \$61.0 million in CARES Act funds to prevent, prepare for, and respond to the COVID-19 pandemic. However, NORAD and USNORTHCOM officials did not use \$19.2 million for the COVID-19 pandemic response. In addition, NORAD and USNORTHCOM officials did not maintain adequate evidence to support whether they used \$7.4 million for the COVID-19 pandemic response. Furthermore, we substantiated the DoD Hotline allegation that NORAD and USNORTHCOM officials did not use all CARES Act funds for the COVID-19 pandemic response.

(U) The improper use of CARES Act funds and lack of adequate evidence occurred because NORAD and USNORTHCOM officials did not develop effective internal controls for CARES Act funding to ensure that they used those funds for COVID-19 efforts. Instead, NORAD and USNORTHCOM officials followed their existing process for unfunded requirements, which did not require adequate evidence to support that goods and services acquired were to prevent, prepare for, and respond to the COVID-19 pandemic, as required by the CARES Act guidance.

(U) The improper use of CARES Act funds and lack of adequate evidence also occurred because Air Force financial management officials did not verify whether funds spent on information technology equipment and support, and DoD operations, were COVID-19 related prior to reimbursing NORAD and USNORTHCOM, as required by the Air Force guidance.

(U) As a result, NORAD and USNORTHCOM officials used \$19.2 million in CARES Act funds that did not contribute to the overall Federal and DoD priorities for the COVID-19 pandemic response. Consequently, the officials may have violated the purpose statute by

(U) using CARES Act funds to pay for projects unrelated to COVID-19. NORAD and USNORTHCOM officials' improper use of CARES Act funds diminishes Congressional and taxpayer trust in the DoD.

(U) Additionally, for transactions without adequate evidence, NORAD and USNORTHCOM officials did not provide reasonable assurance that they used \$7.4 million in CARES Act funds to prevent, prepare for, and respond to the COVID-19 pandemic. Inadequate evidence along with non-specific transaction descriptions prevent DoD management, Congress, and the public from determining whether officials used CARES Act funds as intended.

(U) Recommendations

(U) We recommend that the NORAD and USNORTHCOM Commander develop internal controls that implement emergency funding guidance, ensure proper use of emergency authorized funds, and require officials to retain sufficient evidence, including a clear and accurate description of the goods and services purchased, that demonstrates how those goods and services supported the specific emergency.

(U) We also recommend that the Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget), review the transactions related to \$19.2 million (in questioned costs) that did not support the COVID-19 pandemic and another \$7.4 million (in unsupported costs) that did not have adequate evidence to support whether officials used funds for the COVID-19 pandemic. Based on the review, the Director should determine whether any purpose statute violations and resulting Antideficiency Act violations exist.



(U) Results in Brief

(U) Audit of North American Aerospace Defense Command and U.S. Northern Command Use of Coronavirus Aid, Relief, and Economic Security Act Funding

(U) Management Comments and Our Response

(U) The Chief of Staff, NORAD and USNORTHCOM, responding for the Commander, NORAD and USNORTHCOM, did not agree or disagree with the recommendations, stating that NORAD and USNORTHCOM officials have processes and internal controls in place to implement emergency funding guidance and ensure proper use of funds. In addition, the Chief of Staff stated that NORAD and USNORTHCOM officials retained sufficient “plain language” evidence to document fiscal decision making and provided sufficient evidence to show that they carefully considered and appropriately documented CARES Act funds expenditures.

(U) Comments from the Chief of Staff did not address the specifics of the recommendations; therefore, the recommendations are unresolved. The processes and internal controls that the Chief of Staff referenced are not effective to ensure the proper use of emergency authorized funds, such as CARES Act funds. Furthermore, we disagree that NORAD and USNORTHCOM officials retained sufficient support for all CARES Act expenditures, as some of the support provided lacked a clear and documented connection to the COVID-19 pandemic.

(U) Therefore, we request that the Chief of Staff provide additional comments to the final report on the development of internal controls to implement emergency funding guidance, ensure the proper use of funds, and sufficiently support how goods and services support a specific emergency.

(U) In addition, the Chief of Staff did not comment on the potential monetary benefits. Therefore, we request that the Chief of Staff provide comments on the potential monetary benefits of \$19.2 million in questioned costs and \$7.4 million in unsupported costs.

(U) The Acting Assistant Secretary of the Air Force (Financial Management and Comptroller), responding for the Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget), agreed with the recommendations, stating that the Air Force will coordinate with NORAD and USNORTHCOM to correct issues identified in the report.

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

(U) Recommendations Table

(U) Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Commander, NORAD and USNORTHCOM	1.a and 1.b	None	None
Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget)	None	2.a, 2.b, 2.c, 2.d, and 2.e	None (U)

(U) Please provide Management Comments by June 16, 2022.

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

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



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

May 17, 2022

(U) MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF
FINANCIAL OFFICER, DOD
COMMANDER, NORTH AMERICAN AEROSPACE DEFENSE
COMMAND AND U.S. NORTHERN COMMAND
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE

(U) SUBJECT: Audit of North American Aerospace Defense Command and U.S. Northern
Command Use of Coronavirus Aid, Relief, and Economic Security Act Funding
(Report No. DODIG-2022-098)

(U) This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

(U) This report contains two recommendations that are considered unresolved because management officials did not fully address the recommendations. Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of this report, the recommendations will remain unresolved until an agreement is reached on the actions to be taken to address the recommendations. Once an agreement is reached, the recommendations will be considered resolved but open until documentation is submitted showing that the agreed-upon actions are complete. Once we verify that the actions are complete, we will close the recommendations. We also request comments on the potential monetary benefits of \$19.2 million in questioned costs and \$7.4 million in unsupported costs. If you disagree with the potential monetary benefits, identify the amount and the reason for which you disagree.

(U) This report contains five recommendations that are considered resolved. Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of this report, the recommendations will remain open until documentation is submitted showing that the agreed-upon actions are complete. Once we verify that the actions are complete, we will close the recommendation.

(U) DoD Instruction 7650.03 requires that recommendations be resolved promptly. For the unresolved recommendations and the potential monetary benefits, please provide us within 30 days your comments concerning specific actions in process or alternative corrective actions proposed on the recommendations. For the resolved recommendations, please provide us within 90 days the documentation showing that the agreed-upon actions are complete. Send the comments and documentation as a PDF file to either audacs@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET. Comments must have the actual signature of the authorizing official for your organization.

(U) We appreciate the cooperation and assistance received during the audit. Please direct any questions to me at [REDACTED]

A handwritten signature in black ink, appearing to read 'TAW', with a long horizontal flourish extending to the right.

Timothy M. Wimette
Deputy Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment



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(U) Introduction

(U) Objective

(U) The objective of this audit was to determine whether North American Aerospace Defense Command (NORAD) and U.S. Northern Command (USNORTHCOM) officials used Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to prevent, prepare for, and respond to the coronavirus disease–2019 (COVID-19) pandemic.

(U) We conducted this audit in response to an allegation made to the DoD Hotline regarding the improper use of CARES Act funds. Specifically, the allegation was that NORAD and USNORTHCOM officials used CARES Act funds for information technology (IT) projects that were unrelated to the COVID-19 pandemic response.

(U) See Appendix A for details of the audit scope and methodology.

(U) Background

(U) NORAD and USNORTHCOM, though led by a single Commander, are separate commands at Peterson Air Force Base, Colorado. NORAD is a United States and Canada bi-national command responsible for aerospace warning, aerospace control, and maritime warning for Canada, Alaska, and the continental United States. USNORTHCOM is responsible for defending the U.S. homeland. USNORTHCOM deters, detects, denies, and defeats threats to the United States; conducts security cooperation activities with U.S. allies and partners; and supports civil authorities. Although NORAD and USNORTHCOM have separate and distinct missions, for funding purposes, they have a single budget authority.³

(U) Pandemic Declaration

(U) COVID-19 is an infectious disease that can cause a wide spectrum of symptoms. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. A pandemic is a global outbreak of a disease that can infect people and spread between people sustainably. On March 13, 2020, the President of the United States declared the COVID-19 outbreak an emergency.

³ (U) According to the DoD President's Budget and Air Force Budget Authorization and Allocation documents, NORAD and USNORTHCOM are budgeted as one entity.

(U) CARES Act Funding

(U) On March 27, 2020, the President signed the CARES Act, which provided the DoD with \$10.5 billion in supplemental funding for the DoD's COVID-19 pandemic response.⁴ The CARES Act did not provide supplemental funding directly to NORAD and USNORTHCOM; however, NORAD and USNORTHCOM received CARES Act funds from the Air Force between May 2020 and September 2020. Table 1 is a summary of the Air Force CARES Act funding provided to NORAD and USNORTHCOM.

(U) Table 1. Air Force CARES Act Funding Provided to NORAD and USNORTHCOM

(U)	Date Funding Provided	Amount
	May 12, 2020	\$17,000,000
	May 21, 2020	14,165,000
	June 18, 2020	1,262,000
	July 16, 2020	18,810,000
	August 20, 2020	10,000,000
	September 30, 2020	3,500,000
	Total	\$64,737,000

(U)

(U) Source: The Air Force, and NORAD and USNORTHCOM.

(U) NORAD and USNORTHCOM's annual budget was \$185.7 million for FY 2020. CARES Act funds provided by the Air Force increased NORAD and USNORTHCOM funding by 34.8 percent over its FY 2020 budget.

(U) DoD Spend Plan for CARES Act Funding and Cost Categories

(U) The DoD spend plan for CARES Act funding to prevent, prepare for, and respond to the COVID-19 pandemic focused on two priorities:

- (U) Protecting our troops, DoD civilians, and their families.
- (U) Safeguarding our national security capabilities.⁵

(U) The DoD identified 14 cost categories within the 2 priorities. The cost categories for the first priority (protecting our troops, DoD civilians, and their families) include:

- **(U) Medical Care:** Address increased health care cases for eligible military members, dependents, and retirees. Procurement of medical equipment such as ventilators.

⁴ (U) Public Law 116-136, "Coronavirus Aid, Relief, and Economic Security (CARES) Act," dated March 27, 2020.

⁵ (U) Department of Defense Spend Plan for Funding Received in the Coronavirus Aid, Relief, and Economic Security "CARES" Act (P.L. 116-136), May 2020.

- **(U) Diagnostics and Medical Research:** Development of vaccines, antivirals, 24/7 lab operations, the procurement of diagnostic tests and research activities.
- **(U) Medical Countermeasures:** Procurement of vaccines, antivirals, and public health surveillance.
- **(U) Medical Countermeasures - Medical Personal Protective Equipment (PPE):** Procurement of PPE for medical personnel and disease response.
- **(U) Pharmaceuticals and Medical Supplies:** Procurement of pharmaceuticals (such as albuterol, codeine, and saline) and other medical supplies (such as first aid kits and thermometers).
- **(U) Non-Medical PPE:** Procurement of PPE for first responders, installations, and ships.
- **(U) Cleaning Supplies/Equipment:** Increased cleaning contracts and biohazard mitigation products (such as disinfectants, sanitizers, and cleaning materials).
- **(U) Military Healthcare System Direct Care Capacity:** Expansion of military treatment facilities to ensure maximum capacity of the direct care system and to procure expeditionary hospital packages.

(U) The cost categories for the second priority (safeguarding our national security capabilities) include:

- **(U) DoD Operations:** Increase operations and deployment schedules and costs to support social distancing and quarantine requirements.
- **(U) IT Equipment/Support:** Procurement of IT equipment and increase bandwidth to continue operations.
- **(U) Reserve Component Support for DoD:** Deployments of reserve components for DoD missions (such as travel costs and non-IT equipment).
- **(U) Nonappropriated Funds:** COVID-19-related reimbursable transactions (such as avoiding employee layoffs at Morale, Welfare, and Recreation activities).
- **(U) Defense Production Act Purchases:** Increase access to materials necessary for national security and pandemic recovery.
- **(U) Contract Modifications and Cost Overruns:** Contract modifications involving price increases and cost overruns tied directly to the COVID-19 pandemic response.

(U) NORAD and USNORTHCOM Spending Categories for COVID-19

(U) NORAD and USNORTHCOM spent \$66.4 million on the COVID-19 pandemic response in 3 of 14 cost categories. Table 2 is an overview of NORAD and USNORTHCOM spending of CARES Act funds by cost category.

(U) Table 2. NORAD and USNORTHCOM Spending of CARES Act Funds by Cost Category

(U) Cost Category	Number of Transactions	Amount
Cleaning Supplies/Equipment	7	\$297,415
DoD Operations	448	6,194,918
IT Equipment/Support	42	59,907,911
Total	497	\$66,400,244*

(U)

*(U) NORAD and USNORTHCOM officials stated that although they received \$64.7 million in CARES Act funds, they spent \$66.4 million on the COVID-19 pandemic response. NORAD and USNORTHCOM officials stated they used \$1.7 million from their own Operation and Maintenance appropriations to prevent, prepare for, and respond to COVID-19.

(U) Source: NORAD and USNORTHCOM.

(U) CARES Act Funding Guidance

(U) Since the enactment of the CARES Act, Federal and DoD officials have issued various policy memorandums that emphasize the importance of maintaining evidence for goods and services acquired in response to COVID-19.

(U) On March 27, 2020, the CARES Act provided the DoD with supplemental funding to prevent, prepare for, and respond to the COVID-19 pandemic. Since the enactment of the CARES Act, Federal and DoD officials have issued various policy memorandums that emphasize the importance of maintaining evidence for goods and services acquired in response to COVID-19.

(U) On April 1, 2020, the Office of the Under Secretary of Defense (OUSD) (Comptroller) issued a memorandum on DoD CARES Act funding guidance to all DoD Components.⁶ The guidance states:

(U) It is critically important to track execution and ensure funds are used only for the purpose appropriated, including furnishing evidence to support items bought in support of COVID-19, for audit.

⁶ (U) OUSD (Comptroller) Memorandum "DoD Response to COVID-19 CARES Act Funding Request Guidance," April 1, 2020.

(U) On April 9, 2020, the Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget), issued a memorandum on COVID-19 funding guidance to all major commands that established the emergency and special program (ESP) code C1 for COVID-19 transactions.⁷ The guidance states Air Force officials will monitor execution of COVID-19 transactions and subsequently reimburse valid expenses. The guidance also states coding COVID-19 requirements with ESP code C1 does not guarantee reimbursement, and Air Force officials may determine that some coded COVID-19 requirements do not qualify for reimbursement. NORAD and USNORTHCOM officials used the ESP code C1 to track COVID-19 costs and request reimbursement from the Air Force.

(U) On April 10, 2020, the Office of Management and Budget issued a memorandum on COVID-19 funding guidance to the heads of departments and agencies.⁸ The guidance states that accurate recording and tracking of funds under the CARES Act is essential and descriptions of goods and services acquired in response to COVID-19 should be in plain language. The guidance also states that agencies must have processes to ensure that the data is of sufficient quality for reporting and decision-making purposes.

(U) The Purpose Statute and the Antideficiency Act

(U) Section 1301(a), title 31, United States Code (31 U.S.C. § 1301(a))—also referred to as the purpose statute—states that public funds may be used only for the purpose or purposes for which they were appropriated. If a proposed use of funds is inconsistent with the language of the appropriation statute, the expenditure is improper, even if it would result in substantial savings or other benefits to the Government.⁹ A purpose statute violation may lead to an Antideficiency Act violation if there are not enough funds available from the proper appropriation to pay for the purchases. The Antideficiency Act prohibits agencies' officials from making or authorizing an expenditure in excess of amounts of funds appropriated.¹⁰

⁷ (U) Department of the Air Force Memorandum, "COVID-19 (Coronavirus) Operations and Maintenance Funding Guidance," April 9, 2020.

⁸ (U) Office of Management and Budget Memorandum M-20-21, "Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)," April 10, 2020.

⁹ (U) Government Accountability Office, "Principles of Federal Appropriations Law, Chapter 3 - Availability of Appropriations: Purpose," Fourth Edition, 2017 Revision.

¹⁰ (U) 31 U.S.C. § 1341(a)(1)(A).

(U) NORAD and USNORTHCOM COVID-19 Transactions Selected for Review

(U) As of September 2020, NORAD and USNORTHCOM officials executed 497 transactions, totaling \$66.4 million, to prevent, prepare for, and respond to the COVID-19 pandemic.¹¹ Of the total funds spent, NORAD and USNORTHCOM officials used \$64.7 million in CARES Act funding they received from the Air Force and \$1.7 million of their own appropriations.¹² For our review, we focused on the total funds spent and identified transactions valued at \$500,000 or more. As a result, we selected a nonstatistical sample of 25 transactions, totaling \$61.0 million, from a population of 497 transactions, valued at \$66.4 million. We used our professional judgment to select the nonstatistical sample. We did not use the result of the testing from the selections to draw a conclusion for the entire population. NORAD and USNORTHCOM officials stated they did not receive any CARES Act funding for FY 2021. Table 3 is an overview of the 25 COVID-19 transactions by cost category and amount that we selected for review.

(U) Table 3. Overview of NORAD and USNORTHCOM COVID-19 Sample Transactions Selected for Review

(U) Cost Category	Number of Transactions	Amount
DoD Operations	5	\$3,940,958
IT Equipment/Support	20	57,040,198
Total	25*	\$60,981,156

(U)

***(U)** Some transactions consisted of multiple purchases.
(U) Source: The DoD OIG, and NORAD and USNORTHCOM.

(U) Review of Internal Controls

(U) 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.¹³ We identified internal control weaknesses related to the use of

¹¹ **(U)** Transactions included contracts; military interdepartmental purchase requests; and government purchase card transactions for cleaning supplies/equipment, DoD operations, and IT equipment/support.

¹² **(U)** NORAD and USNORTHCOM officials stated that although they received \$64.7 million in CARES Act funds, they spent \$66.4 million on the COVID-19 pandemic response. NORAD and USNORTHCOM officials stated they used \$1.7 million from their own Operation and Maintenance appropriations to prevent, prepare for, and respond to COVID-19. Transactions were not separated by CARES Act funds, and NORAD and USNORTHCOM's own Operation and Maintenance appropriations. The \$1.7 million was not attributable to individual transactions. Therefore, we reviewed the total funds spent to prevent, prepare for, and respond to COVID-19 in selecting our sample.

¹³ **(U)** DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, (Incorporating Change 1, June 30, 2020).

(U) CARES Act funds. Specifically, NORAD and USNORTHCOM officials did not develop effective internal controls for CARES Act funding to ensure that the officials used those funds for the COVID-19 pandemic response and to maintain adequate evidence to support whether transactions were COVID-19 related. Additionally, Air Force financial management officials did not verify that transactions were COVID-19-related prior to reimbursing NORAD and USNORTHCOM. We will provide a copy of the report to the senior official responsible for internal controls at NORAD and USNORTHCOM, and the Department of the Air Force.

(U) Finding

(U) NORAD and USNORTHCOM Did Not Always Use CARES Act Funds for Intended Purposes

(U) For the 25 COVID-19 transactions we reviewed, NORAD and USNORTHCOM officials used \$34.4 million of \$61.0 million in CARES Act funds to prevent, prepare for, and respond to the COVID-19 pandemic. However, NORAD and USNORTHCOM officials did not use \$19.2 million for the COVID-19 pandemic response. In addition, NORAD and USNORTHCOM officials did not maintain adequate evidence to support whether officials used \$7.4 million for the COVID-19 pandemic response. Furthermore, we substantiated the DoD Hotline allegation that NORAD and USNORTHCOM officials did not use all CARES Act funds for the COVID-19 pandemic response.

(U) The improper use of CARES Act funds and lack of adequate evidence occurred because NORAD and USNORTHCOM officials did not develop effective internal controls for CARES Act funding to ensure that officials used those funds to prevent, prepare for, and respond to the COVID-19 pandemic. Instead, NORAD and USNORTHCOM officials followed their existing process for unfunded requirements, which did not require adequate evidence to support that goods and services acquired were to prevent, prepare for, and respond to COVID-19, as required by the CARES Act guidance issued by the Office of Management and Budget, and OUSD (Comptroller).

(U) The improper use of CARES Act funds and lack of adequate evidence also occurred because Air Force financial management officials did not verify whether funds spent on IT equipment and support, and DoD operations were COVID-19-related prior to reimbursing NORAD and USNORTHCOM, as required by the Air Force guidance.

(U) As a result, NORAD and USNORTHCOM officials used \$19.2 million in CARES Act funds that did not contribute to the overall Federal and DoD priorities for the COVID-19 pandemic response. Consequently, the officials may have violated the purpose statute by using CARES Act funds to pay for goods and services unrelated to COVID-19. NORAD and USNORTHCOM officials' improper use of CARES Act funds diminishes Congressional and the taxpayer's trust in the DoD.

(U) Additionally, for transactions without adequate evidence, NORAD and USNORTHCOM officials did not provide reasonable assurance that they used \$7.4 million in CARES Act funds to prevent, prepare for, and respond to the COVID-19 pandemic. Inadequate evidence along with non-specific transaction descriptions prevent DoD management, Congress, and the public from determining whether officials used CARES Act funds as intended.

(U) CARES Act Spending Requirements

(U) CARES Act guidance requires that Air Force, and NORAD and USNORTHCOM officials use CARES Act funds to prevent, prepare for, and respond to the COVID-19 pandemic. According to the Office of Management and Budget, and OUSD (Comptroller) guidance, NORAD and USNORTHCOM officials must maintain evidence for goods and services acquired in response to COVID-19. Adequate evidence must include clear and accurate data of sufficient quality to articulate the need for the transaction. According to the Air Force guidance, Air Force officials will reimburse valid NORAD and USNORTHCOM expenses, and COVID-19 expenses with ESP code C1 do not guarantee reimbursement.

(U) CARES Act Funds Used for Intended Purposes

(U) For 19 of the 25 transactions we reviewed, NORAD and USNORTHCOM officials used \$34.4 million of CARES Act funds for the intended purposes to prevent, prepare for, and respond to the COVID-19 pandemic.¹⁴ For these 19 transactions, NORAD and USNORTHCOM officials used CARES Act funds to increase IT equipment and support, and DoD operations, and provided adequate evidence to support goods and services acquired for COVID-19. Table 4 provides a summary of the 19 transactions, valued at \$34.4 million, where NORAD and USNORTHCOM officials used CARES Act funds for intended purposes.

(U) For 19 of the 25 transactions we reviewed, NORAD and USNORTHCOM officials used \$34.4 million of CARES Act funds for the intended purposes to prevent, prepare for, and respond to the COVID-19 pandemic.

¹⁴ (U) NORAD and USNORTHCOM officials did not separate transactions by CARES Act funds, and their own Operation and Maintenance appropriations. The \$34.4 million may include NORAD and USNORTHCOM’s own Operation and Maintenance appropriations of \$1.7 million.

(U) Table 4. Summary of CARES Act Funds Used for Intended Purposes

(U) Transaction No.	Description	CARES Act Cost Category	CARES Act Funds Used for Intended Purposes
2	IT - Virtual Desktop Infrastructure (Phase II) for Telework	IT Equipment/Support	\$4,865,992
4	IT - Mobile App Creation	IT Equipment/Support	4,185,660
6	IT - Predictive Analytics for COVID-19 and Air Defense - JADC2*	IT Equipment/Support	1,825,000
7	IT - Commercial Solution for Classified Telework	IT Equipment/Support	3,222,500
8	IT - Dashboard and Common Operating Picture - JADC2 for COVID-19	IT Equipment/Support	3,123,281
9	IT - Virtual Desktop Infrastructure (Phase I) for Telework	IT Equipment/Support	2,807,225
10	IT - Mobile Access to Conduct Classified Work	IT Equipment/Support	2,494,514
11	IT - Predictive Analytics for COVID-19 - JADC2	IT Equipment/Support	2,250,000
12	IT - Technical Support and Software Updates - JADC2 for COVID-19	IT Equipment/Support	2,212,661
13	IT - Commercial Solution for Classified Telework	IT Equipment/Support	1,444,344
15	IT - Artificial Intelligence Threat and Risk Platform	IT Equipment/Support	1,100,000
16	Hardware and Lodging for Crew Isolation	DoD Operations	939,348
17	Hardware, Software and Lodging for Crew Isolation	DoD Operations	672,776
18	Lodging for Crew Isolation	DoD Operations	169,046
19	IT- 3rd Command Center for Social Distancing	IT Equipment/Support	700,000
20	IT - Support Services for iPad and iPhone Deployment	IT Equipment/Support	679,859
21	IT - Sustainment Techs for Social Distancing at 3rd Command Center	IT Equipment/Support	576,645
22	Lodging for Crew Isolation and IT	DoD Operations	543,394
23	Hardware, Software and Lodging for Crew Isolation	DoD Operations	538,138
Total			\$34,350,383 (U)

*(U) Joint All Domain Command and Control (JADC2) connects weapon systems from the Services into a single network and distributes available data to all domains (air, sea, land, cyber, and space). For example, JADC2 can provide DoD leaders with real-time data on personnel and medical status.

(U) Source: The DoD OIG, and NORAD and USNORTHCOM.

(U) Discussed below are examples of transactions where NORAD and USNORTHCOM officials used CARES Act funds for intended purposes.

(U) Quarantine of Crew Members to Prevent Transmission of COVID-19

~~(S)~~ Transactions 16, 17, 18, 22, and 23. NORAD and USNORTHCOM officials appropriately used CARES Act funds totaling \$1,169,756 for lodging and meals, as a preventive measure, to quarantine crew members responsible for the NORAD and USNORTHCOM command-and-control mission.¹⁵

(U) NORAD and USNORTHCOM officials appropriately used CARES Act funds totaling \$1,169,756 for lodging and meals, as a preventive measure, to quarantine crew members responsible for the NORAD and USNORTHCOM command-and-control mission.

[REDACTED]

[REDACTED] During our site visit, NORAD and USNORTHCOM officials informed us that they provided meals to crews in isolation to comply with the Commander’s guidance.

(U) The DoD spend plan for CARES Act funding established a cost category for DoD operations. The cost category was for increased operations, and deployment schedules and costs to support social distancing and quarantine requirements. Therefore, lodging and meals for crews in isolation aligned with the DoD spend plan to prevent, prepare for, and respond to COVID-19.

(U) Increased Telework Capability During COVID-19

(U) Transactions 2 and 9. NORAD and USNORTHCOM officials appropriately used CARES Act funds totaling \$7,673,217 for Virtual Desktop Infrastructure (VDI) to support telework during the COVID-19 pandemic. The VDI increased the number of users that NORAD and USNORTHCOM could support with remote access to their network. NORAD and USNORTHCOM officials stated that they needed additional telework capabilities during COVID-19 and the solution was to purchase virtual private network licenses. The VDI enabled NORAD and USNORTHCOM personnel to work from home securely through the virtual private network.

¹⁵ (U) Transactions 16, 17, 18, 22, and 23 also included costs for IT hardware and software. See Appendix B for additional information on these transactions.

(U) The DoD spend plan for CARES Act funding established a cost category for IT equipment and support. NORAD and USNORTHCOM used the funds to procure IT equipment and support and increase bandwidth to continue operations, enforce social distancing, and maximize telework capabilities. Therefore, the purchase of the VDI aligned with the DoD spend plan to prevent, prepare for, and respond to the COVID-19 pandemic.

(U) See Appendix B for details regarding the 19 transactions where NORAD and USNORTHCOM officials used CARES Act funds for intended purposes.

(U) Improper Use of CARES Act Funds

(U) For 3 of the 25 transactions we reviewed, NORAD and USNORTHCOM officials did not use \$19.2 million in CARES Act funds for the COVID-19 pandemic response.

(U) For 3 of the 25 transactions we reviewed, NORAD and USNORTHCOM officials did not use \$19.2 million in CARES Act funds for the COVID-19 pandemic response.¹⁶ For these three transactions, NORAD and USNORTHCOM officials used CARES Act funds to increase IT equipment

and support. However, the officials provided documents, such as contracts and statements of work (SOW) that showed that these transactions were not COVID-19 related. Responding to our requests for additional documents, NORAD and USNORTHCOM officials only provided testimonial evidence, which did not coincide with the initial documentation provided. Therefore, we concluded that these transactions were not COVID-19 related and substantiated the DoD Hotline allegation that not all CARES Act funds were used to prevent, prepare for, and respond to the COVID-19 pandemic. Table 5 provides a summary of the three transactions, valued at \$19.2 million, where NORAD and USNORTHCOM officials did not appropriately use CARES Act funds.

(U) Table 5. Summary of CARES Act Funds Not Used for Intended Purposes

(U) Transaction No.	Description	CARES Act Cost Category	Improper Use of CARES Act Funds
1	IT - Space-Related Data Analytics - JADC2	IT Equipment/Support	\$12,991,875
3	IT - Platform One Cloud Environment for Pathfinder	IT Equipment/Support	4,761,996
6	IT - Predictive Analytics for COVID-19 and Air Defense - JADC2	IT Equipment/Support	1,450,000
Total			\$19,203,871 (U)

(U) Source: The DoD OIG, and NORAD and USNORTHCOM.

¹⁶ (U) NORAD and USNORTHCOM officials did not separate transactions by CARES Act funds and their own Operation and Maintenance appropriations. The \$19.2 million may include NORAD and USNORTHCOM's own Operation and Maintenance appropriations of \$1.7 million.

(U) CARES Act Funds Inappropriately Used for Space-Related Data Analytics

(U) Transaction 1. NORAD and USNORTHCOM officials improperly used \$13.0 million in CARES Act funds on a contract to acquire space-related data analytics for the JADC2 Network. The SOW required software to analyze data for space tracking; space weather and environment; and radar. We asked NORAD and USNORTHCOM officials how the JADC2 data analytics related to COVID-19. NORAD and USNORTHCOM officials stated that the contract was a broad effort, including many command-and-control initiatives, and was not limited to space-related data analytics. Officials explained that the contract efforts related to COVID-19 personnel accountability and medical statistics gathered and shared throughout the command. However, the officials did not provide evidence to demonstrate how data from space tracking, space weather and environment, and radar were related to COVID-19 personnel accountability and medical status. Furthermore, officials confirmed the contract language did not include tasks specific to COVID-19. Therefore, NORAD and USNORTHCOM officials used CARES Act funds for purposes not related the COVID-19 pandemic response.

(U) NORAD and USNORTHCOM officials improperly used \$13.0 million in CARES Act funds on a contract to acquire space-related data analytics for the JADC2 Network. The SOW required software to analyze data for space tracking; space weather and environment; and radar.

(U) CARES Act Funds Inappropriately Used for Cloud Environment Software

(U) NORAD and USNORTHCOM officials improperly used \$4.8 million in CARES Act funds on an existing contract to acquire steady-state, cloud-environment software for homeland air defense that receives Pathfinder data.

(U) Transaction 3. NORAD and USNORTHCOM officials improperly used \$4.8 million in CARES Act funds on an existing contract to acquire steady-state, cloud-environment software for homeland air defense that receives Pathfinder data. Pathfinder is a battle-management system that

ingests air-domain sensor data from multiple sources, such as radars; and uses software automation and machine learning models to produce a common operating picture and decision tool for homeland air defense. We reviewed the contract and supplemental documents, but did not see any information related to how this contract would prevent, prepare for, and respond to the COVID-19 pandemic.

(U) We asked NORAD and USNORTHCOM officials how Pathfinder related to their efforts to prevent, prepare for, and respond to the COVID-19 pandemic. Officials explained they used Pathfinder technologies to inform the NORAD and USNORTHCOM Commander on the status of forces and operations so he could react quickly to COVID-19 relief efforts. NORAD and USNORTHCOM officials referred us to a previously provided “JADC2 for COVID-19” briefing to demonstrate how they used Pathfinder technologies for COVID-19. However, we found no evidence in the briefing that showed Pathfinder technologies were used for COVID-19. Instead, we found evidence that referred to data from radars and unmanned aerial systems for Pathfinder, aligning with the homeland air-defense mission.

(U) NORAD and USNORTHCOM officials also stated that it is important to differentiate the COVID-19 requirement from the original intent of the contract for cloud environment software in support of the homeland air-defense mission. However, officials acknowledged that the contract did not specify COVID-19 deliverables. Therefore, NORAD and USNORTHCOM officials used CARES Act funds for purposes not related to preventing, preparing for, and responding to the COVID-19 pandemic.

(U) CARES Act Funds Inappropriately Used for Homeland Air-Defense Capabilities

(U) **Transaction 6.** NORAD and USNORTHCOM officials had another JADC2 transaction with two associated SOWs. The first SOW for \$1.8 million included COVID-19 related data analytics tasks to estimate, analyze, and predict the spread of the virus; morbidity and mortality patterns; testing; supplies; and availability of healthcare workers. The second SOW for \$1.5 million was for homeland air-defense capabilities that analyze and prioritize information for targets, forces, decision orders, and target destruction into a common operating picture. The second SOW did not demonstrate how homeland air-defense capabilities supported the COVID-19 pandemic response, rather the capabilities aligned with the command’s regular mission.¹⁷

(U) We asked NORAD and USNORTHCOM officials how the second SOW related to preventing, preparing for, and responding to COVID-19. NORAD and USNORTHCOM officials explained that they used an existing contract for JADC2 homeland air defense to collect and process COVID-19 data. Specifically, officials stated that NORAD and USNORTHCOM needed to estimate, analyze, and predict the:

- (U) spread of the virus;
- (U) morbidity and mortality patterns;

¹⁷ (U) Transaction 6 consisted of two SOWs on one contract for a total transaction amount of \$3,275,000.

- (U) testing practices and results;
- (U) quantity of critical supplies;
- (U) availability of health care workers; and
- (U) overall capacity of treatment facilities.

(U) NORAD and USNORTHCOM officials’ explanation aligned with the first SOW; however, for the second SOW, officials agreed that the SOW did not include specific COVID-19 predictive analytics. In an additional effort to support this transaction, officials provided a May 2020 news article and a June 2020 email that had no narrative directly describing COVID-19 support. Officials did not demonstrate how the second SOW related to COVID-19. Therefore, we can only conclude that this contract was not for the COVID-19 pandemic response.

(U) See Appendix B for details regarding the three transactions where NORAD and USNORTHCOM officials improperly used CARES Act funds.

(U) Inadequate Evidence and Documentation

(U) For 7 of the 25 transactions we reviewed, NORAD and USNORTHCOM officials did not maintain adequate evidence to support whether officials used \$7.4 million in CARES Act funds for the COVID-19 pandemic.¹⁸ For these seven transactions, NORAD and USNORTHCOM officials used CARES Act funds to increase IT equipment and support, and DoD operations. NORAD and USNORTHCOM officials provided testimonial evidence and pre-COVID-19 documentation to support that they used funds for their intended purposes. However, officials provided evidence that was not clear and accurate or of sufficient quality to conclude whether the officials purchased the goods and services to prevent, prepare for, and respond to COVID-19. Table 6 provides a summary of the seven transactions, valued at \$7.4 million, where NORAD and USNORTHCOM officials did not maintain adequate evidence and documentation to support goods and services purchased with CARES Act funds.

(U) For 7 of the 25 transactions we reviewed, NORAD and USNORTHCOM officials did not maintain adequate evidence to support whether officials used \$7.4 million in CARES Act funds for the COVID-19 pandemic.

¹⁸ (U) NORAD and USNORTHCOM officials did not separate transactions by CARES Act funds and their own Operation and Maintenance appropriations. The \$7.4 million may include NORAD and USNORTHCOM’s own Operation and Maintenance appropriations of \$1.7 million.

(U) Table 6. Summary of CARES Act Funds Not Supported With Adequate Evidence and Documentation

(U) Transaction No.	Description	CARES Act Cost Category	Inadequate Evidence and Documentation
5	IT - Cable Infrastructure Project	IT Equipment/Support	\$3,980,470
14	IT - Cable Infrastructure Project	IT Equipment/Support	1,331,040
16	Hardware and Lodging for Crew Isolation	DoD Operations	90,713
17	Hardware, Software and Lodging for Crew Isolation	DoD Operations	286,428
18	Lodging for Crew Isolation	DoD Operations	701,115
24	IT - Wi-Fi System Development	IT Equipment/Support	531,503
25	IT - Dashboard and Common Operating Picture - JADC2	IT Equipment/Support	505,633
Total			\$7,426,902 (U)

(U) Source: The DoD OIG, and NORAD and USNORTHCOM.

(U) Described below are examples of transactions where NORAD and USNORTHCOM officials did not maintain adequate evidence.

(U) Cable Infrastructure Project

⋮ (U) NORAD and USNORTHCOM officials did not provide documentation that demonstrated how the cable infrastructure project was COVID-19-related.

(U) Transactions 5 and 14. NORAD and USNORTHCOM officials did not provide sufficient evidence and documentation for using \$5.3 million in CARES Act funds for Phase 1 of 3 to completely re-cable a NORAD and USNORTHCOM

building. NORAD and USNORTHCOM officials did not provide documentation that demonstrated how the cable infrastructure project was COVID-19-related.

(U) In response to our questions, NORAD and USNORTHCOM officials explained that they needed to re-cable their building for VDI telework capability during COVID-19. Officials also provided a VDI design review completed before COVID-19. Although the design review indicated that NORAD and USNORTHCOM officials needed to completely re-cable their entire building for VDI implementation due to existing cable being obsolete, officials provided no updated documentation showing why and how much re-cabling was needed to respond to COVID-19. Pre-COVID-19 documentation provided no analysis that this entire re-cabling infrastructure

(U) project was necessary to respond to the COVID-19 pandemic. We could not determine whether completely re-cabling the entire NORAD and USNORTHCOM building was necessary to prevent, prepare for, and respond to COVID-19 due to inadequate evidence and documentation.

(U) Wireless Network Project

(U) Transaction 24. NORAD and USNORTHCOM officials did not provide sufficient evidence and documentation for using \$531,503 in CARES Act funds for a wireless network project. NORAD and USNORTHCOM officials provided documentation that included a support agreement, an approval request form, and an acceptance form, which did not demonstrate that the wireless network project supported the COVID-19 pandemic response. Upon request for additional documentation, officials explained that the wireless network project was for Wi-Fi capabilities, which allowed staff who received wireless devices to social distance during COVID-19. NORAD and USNORTHCOM officials provided an email from April 2020, which was not specific to the transaction. NORAD and USNORTHCOM officials also provided an email from June 2020, which did not provide a clear and accurate description to determine how this transaction was COVID-19 related. Furthermore, testimonial evidence provided during the audit was not sufficient to conclude this transaction was COVID-19 related.

(U) SharePoint/Common Operating Picture Integration

(U) Transaction 25. NORAD and USNORTHCOM officials did not provide sufficient evidence and documentation for using \$505,633 in CARES Act funds for a SharePoint/Common Operating Picture integration. Both SharePoint and Common Operating Picture tools enhance operational effectiveness by providing near real-time data displays for informed decision-making. To demonstrate how the tools supported the COVID-19 pandemic response, NORAD and USNORTHCOM officials provided documentation that included a 2016 SOW. However, the President declared the COVID-19 pandemic on March 13, 2020, 4 years after the SOW. In response to our request for additional documentation, officials explained that the SharePoint/Common Operating Picture contract was an unfunded requirement, and they used the existing contract vehicle to provide additional personnel to support a JADC2 data display for the Commander to lead the COVID-19 pandemic response. Without adequate documentation, we could not conclude that this transaction was COVID-19 related.

(U) To demonstrate how the tools supported the COVID-19 pandemic response, NORAD and USNORTHCOM officials provided documentation that included a 2016 SOW. However, the President declared the COVID-19 pandemic on March 13, 2020, 4 years after the SOW.

(U) See Appendix B for details regarding the seven transactions where NORAD and USNORTHCOM officials did not maintain adequate evidence and documentation.

(U) Inadequate Internal Controls for CARES Act Funding

(U) NORAD and USNORTHCOM officials did not develop effective internal controls for CARES Act funding to ensure officials used funds for only the COVID-19 pandemic response.

(U) The improper use of \$19.2 million in CARES Act funds and the lack of adequate evidence for transactions totaling \$7.4 million in CARES Act funds occurred because NORAD and USNORTHCOM officials did not develop effective internal controls for

CARES Act funding to ensure officials used funds for only the COVID-19 pandemic response. Instead, NORAD and USNORTHCOM officials followed their existing process for unfunded requirements, which did not require adequate evidence to support that goods and services acquired were to prevent, prepare for, and respond to COVID-19, as required by the CARES Act guidance issued by the OUSD (Comptroller) and Office of Management and Budget.

(U) OUSD (Comptroller) guidance requires DoD Components to track execution and ensure that the DoD uses CARES Act funds only for the appropriated purposes, including furnishing evidence to support goods and services acquired for COVID-19, for audit. In addition, Office of Management and Budget guidance states that accurate recording and tracking of funds under the CARES Act is essential, and descriptions of goods and services acquired in response to COVID-19 should be in plain language. The guidance states agencies must have processes to ensure that the data is of sufficient quality for reporting and decision-making purposes.

(U) NORAD and USNORTHCOM officials stated that COVID-19 transactions were not unique outside of using the ESP code C1. During our site visit, NORAD and USNORTHCOM officials stated that they did not issue supplemental guidance for the use of CARES Act funds. However, NORAD and USNORTHCOM officials stated they had internal controls to ensure the proper expenditure of CARES Act funds. They provided additional documents such as:

- (U) instructions to track and capture ESP code C1 expenses;
- (U) weekly funding reports to the Air Force;
- (U) daily Commander briefings of current and future COVID-19 requirements;
- (U) weekly NORAD and USNORTHCOM Comptroller status of funds updates;

- (U) quarterly Financial Working Group briefings; and
- (U) regular emails to command resource advisors with COVID-19 and CARES Act rules of engagement.

(U) None of these internal controls were designed specifically to prevent and detect the misuse of CARES Act funds or ensure that NORAD and USNORTHCOM maintained adequate evidence to support whether transactions were COVID-19 related. Therefore, the NORAD and USNORTHCOM Commander should develop internal controls that:

- (U) implement emergency funding guidance and ensure proper use of emergency authorized funds; and
- (U) require NORAD and USNORTHCOM officials to retain sufficient evidence, including a clear and accurate description of the goods and services purchased, that demonstrates how those goods and services supported the specific emergency.

(U) Expenses Not Validated Prior to Reimbursing CARES Act Funds

(U) The improper use of \$19.2 million in CARES Act funds and lack of adequate evidence for transactions totaling another \$7.4 million occurred because Air Force financial management officials did not verify whether funds spent on IT equipment and support, and DoD operations were COVID-19 related prior to reimbursing

(U) Air Force financial management officials did not verify whether funds spent on IT equipment and support, and DoD operations were COVID-19 related prior to reimbursing NORAD and USNORTHCOM.

NORAD and USNORTHCOM. Air Force guidance states that Air Force officials will validate COVID-19 transactions prior to reimbursing CARES Act funds. Air Force officials stated that they reviewed DoD guidance with NORAD and USNORTHCOM officials to ensure requirements met the parameters of the supplemental funding. However, Air Force officials were unable to provide evidence of any transactional reviews prior to reimbursing NORAD and USNORTHCOM with supplemental funding. Furthermore, Air Force officials stated that they relied on NORAD and USNORTHCOM using ESP code C1 to reimburse COVID-19 expenses and confirmed that they did not determine whether COVID-19 expenses were qualified for reimbursement.

(U) Use of CARES Act funds for purposes other than intended may violate the purpose statute—31 U.S.C. § 1301(a)—which states that public funds may be used only for purposes for which they were appropriated. According to the Government Accountability Office’s Principles of Federal Appropriations Law, if a use of funds is inconsistent with the intended purposes, the expenditure is improper, even if it would result in substantial savings or other benefits to the Government. Furthermore, a purpose statute violation could lead to an Antideficiency Act violation if there are not enough funds available from the proper appropriation to pay for the purchases. Therefore, the Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget), should perform the following actions.

- (U) Develop and implement internal controls that verify whether current and future emergency expenses meet specific funding requirements prior to reimbursement and retain sufficient evidence of verification.
- (U) Review NORAD and USNORTHCOM CARES Act transactions 1, 3, 5, 6, 14, 16, 17, 18, 24, and 25 to determine whether the purpose statute was violated. In addition, review the remaining 472 NORAD and USNORTHCOM CARES Act transactions, which were not part of our sample, to ensure CARES Act funds were used as intended.
- (U) In coordination with NORAD and USNORTHCOM, make the appropriate accounting adjustments for transactions 1, 3, 5, 6, 14, 16, 17, 18, 24, and 25 to non-CARES Act funding if the review concludes that the purpose statute was violated. The Director’s review could result in the potential monetary benefits of \$19.2 million (in questioned costs) and \$7.4 million (in unsupported costs).
- (U) Based on the Director’s review and any applicable accounting adjustments made, determine whether any purpose statute violations result in Antideficiency Act violations.
- (U) Report any resulting Antideficiency Act violations to the Secretary of the Air Force, who then reports the relevant information to the President and Congress.

(U) Use of CARES Act Funding Did Not Always Contribute in Preventing, Preparing For, and Responding to COVID-19

(U) As a result, NORAD and USNORTHCOM officials used \$19.2 million in CARES Act funds that did not contribute to the overall Federal and DoD priorities for the COVID-19 pandemic response. The officials may have violated the purpose statute by using CARES Act funds to pay for projects unrelated to COVID-19. A violation of the purpose statute could lead to a violation of the Antideficiency Act if there are not enough funds available from the proper appropriation to pay for the purchases.

(U) The officials may have violated the purpose statute by using CARES Act funds to pay for projects unrelated to COVID-19.

Furthermore, NORAD and USNORTHCOM officials' improper use of CARES Act funds diminishes Congressional and the taxpayer's trust in the DoD. Additionally, for transactions without adequate evidence, NORAD and USNORTHCOM officials did not provide reasonable assurance that they used \$7.4 million in CARES Act funds to prevent, prepare for, and respond to the COVID-19 pandemic. For example, documentation for transactions 5 and 14 included an annotation of "COVID-19" or "C1," which indicated the transaction related to COVID-19. However, other descriptions within the documentation did not clearly demonstrate that they were COVID-19 related. Inadequate evidence along with non-specific transaction descriptions prevent DoD management, Congress, and the public from determining whether NORAD and USNORTHCOM officials used CARES Act funds as intended. Table 7 summarizes the audit results of NORAD and USNORTHCOM use of CARES Act funds for the transactions that we selected for review.

(U) Table 7. Audit Results of NORAD and USNORTHCOM Use of CARES Act Funds

(U)	Audit Determination	Amount
	Supported the COVID-19 Pandemic Response	\$34,350,383
	Did Not Support the COVID-19 Pandemic Response	19,203,871
	Insufficient Evidence Maintained to Determine Whether Funds Supported the COVID-19 Pandemic Response	7,426,902
	Total	\$60,981,156 (U)

(U) Source: The DoD OIG.

(U) See Appendix C for details of the potential monetary benefits of the \$19.2 million for transactions that did not support the COVID-19 pandemic and \$7.4 million for transactions that did not have adequate evidence and documentation.

(U) Recommendations, Management Comments, and Our Response

(U) Recommendation 1

(U) We recommend that the Commander, North American Aerospace Defense Command and U.S. Northern Command, develop internal controls that:

- a. **(U) implement emergency funding guidance and ensure proper use of emergency authorized funds.**

(U) North American Aerospace Defense Command and U.S. Northern Command Comments

(U) The Chief of Staff, responding for the Commander, NORAD and USNORTHCOM, did not agree or disagree with the recommendation. However, the Chief of Staff stated that NORAD and USNORTHCOM officials have processes and internal controls in place to implement emergency funding guidance and ensure proper use of funds. Specifically, the Chief of Staff cited the following internal controls:

- (U) FY20 Program, Budget, and Execution Fiscal Guidance;
- (U) FY20 Manager's Internal Control Program, Tone at the Top;
- (U) COVID-19 response effort summaries to leadership on expenditures and cost breakdowns in accordance with DoD guidance; and
- (U) Updated emergency funding guidance to resource managers.

(U) The Chief of Staff also stated that NORAD and USNORTHCOM officials regularly review processes and controls in place to ensure they remain adequate and assess areas for improvement.

(U) Our Response

(U) Comments from the Chief of Staff did not address the specifics of the recommendation; therefore, the recommendation is unresolved. The processes and internal controls that the Chief of Staff referenced are not effective to ensure the proper use of emergency authorized funds, such as CARES Act funds. As stated in this report, of the \$61.0 million in CARES Act expenditures that we reviewed, we identified that NORAD and USNORTHCOM officials used \$19.2 million to purchase IT equipment and services that did not support the COVID-19 pandemic response but instead directly supported the NORAD and USNORTHCOM space and air defense

(U) mission. Therefore, we request that the Chief of Staff provide additional comments to the final report on the development of internal controls to ensure the implementation of emergency funding guidance and to prevent the improper use of emergency authorized funds.

- b. (U) require North American Aerospace Defense Command and U.S. Northern Command officials to retain sufficient evidence, including a clear and accurate description of the goods and services purchased, that demonstrates how those goods and services supported the specific emergency**

(U) North American Aerospace Defense Command and U.S. Northern Command Comments

(U) The Chief of Staff, responding for the Commander, NORAD and USNORTHCOM, did not agree or disagree with the recommendation. However, the Chief of Staff stated that NORAD and USNORTHCOM officials recognize that documenting and retaining decisions in plain language is important and that they provided sufficient evidence showing that decisions regarding CARES Act expenditures were carefully considered and appropriately documented.

(U) The Chief of Staff stated that emergency actions taken in response to COVID-19 required the use of existing contracts, and when able, officials modified those contracts to clarify direct support to COVID-19. He added that, due to contracting timelines and the urgency to meet COVID-19 DoD response operations, NORAD and USNORTHCOM officials did not always modify existing contracts if the SOW was broad enough to support COVID-19 efforts. The Chief of Staff provided the purchase of the Platform One Cloud Environment as an example of an existing contract that did not need a modification to support COVID-19 operations. According to the Chief of Staff, NORAD and USNORTHCOM used the cloud environment to store COVID-19 data and conduct analytics and predictive analysis, which was within the scope of the original SOW. The Chief of Staff stated that if a SOW did not require modification, documentation substantiating that the effort was executed in support of COVID-19 “exists outside” of the SOW or formal terms of the contract. Furthermore, the Chief of Staff stated that NORAD and USNORTHCOM officials annotated funding documents with ESP code C1 for COVID-19 transactions, as required by Air Force guidance.

(U) Our Response

(U) Comments from the Chief of Staff did not address the specifics of the recommendation; therefore, the recommendation is unresolved. We disagree that NORAD and USNORTHCOM officials provided sufficient evidence showing that decisions regarding all of the NORAD and USNORTHCOM CARES Act expenditures were “carefully considered and appropriately documented.” As stated in this report, of the \$61.0 million in CARES Act expenditures that we reviewed, NORAD and USNORTHCOM officials used \$7.4 million to purchase IT equipment and support without a clear and documented connection to the COVID-19 pandemic. Although the Chief of Staff cited the Platform One Cloud Environment contract as an example of an existing contract that was used to support COVID-19 relief efforts, we found no evidence outside the SOW or formal terms of the contract that supported the use of the cloud environment to prevent, prepare for, and respond to the COVID-19 pandemic. The evidence instead showed that the use of the cloud environment for analytics and predictive analysis supported the NORAD and USNORTHCOM air defense mission. Although we acknowledge that NORAD and USNORTHCOM officials annotated funding documents with ESP code C1 for COVID-19 transactions, that effort alone does not meet the Office of Management and Budget and OUSD (Comptroller) requirements to maintain evidence for goods and services acquired in response to the COVID-19 pandemic.

(U) Therefore, we request that the Chief of Staff provide additional comments to the final report on the development of internal controls to ensure that NORAD and USNORTHCOM officials retain sufficient plain language evidence that demonstrates how goods and services purchased support a specific emergency.

(U) Potential Monetary Benefits

(U) The Commander, NORAD and USNORTHCOM, did not provide comments on the potential monetary benefits; therefore, we request comments to the final report on the potential monetary benefits of \$19.2 million in questioned costs and \$7.4 million in unsupported costs. If you disagree with the potential monetary benefits, identify the amount and the reason why you disagree.

(U) Recommendation 2

(U) We recommend that the Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget):

- a. **(U) Develop and implement internal controls that verify whether current and future emergency expenses meet specific funding requirements prior to reimbursement and retain sufficient evidence of verification.**

(U) Office of the Deputy Assistant Secretary of the Air Force (Budget) Comments

(U) The Acting Assistant Secretary of the Air Force (Financial Management and Comptroller), responding for the Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget), agreed with the recommendation, stating that Air Force officials will work with NORAD and USNORTHCOM officials to correct issues identified in the report. The Acting Assistant Secretary stated that the Air Force will provide additional fiscal guidance for future emergency expenses, and stated the fiscal guidance will ensure that all expenses meet funding requirements prior to reimbursement and require all tasked units maintain sufficient documentation. The Air Force plans to provide this guidance by September 30, 2022.

(U) Our Response

(U) Comments from the Acting Assistant Secretary of the Air Force (Financial Management and Comptroller) addressed all specifics of the recommendation; therefore, the recommendation is resolved but open. We will close the recommendation once we verify the Air Force provides the additional fiscal guidance for future emergency expenses.

- b. **(U) Conduct a review of North American Aerospace Defense Command and U.S. Northern Command CARES Act transactions 1, 3, 5, 6, 14, 16, 17, 18, 24, and 25 to determine whether the purpose statute was violated. In addition, review the remaining 472 North American Aerospace Defense Command and U.S. Northern Command CARES Act transactions, which were not part of our sample, to ensure CARES Act funds were used as intended.**
- c. **(U) In coordination with North American Aerospace Defense Command and U.S. Northern Command, make the appropriate accounting adjustments for transactions 1, 3, 5, 6, 14, 16, 17, 18, 24, and 25 to non-CARES Act funding if the Director's review concludes the purpose statute was violated. The Director's review could result in the potential monetary benefits of \$19.2 million (in questioned costs) and \$7.4 million (in unsupported costs).**

- d. **(U) Determine whether any purpose statute violations result in Antideficiency Act violations based on Recommendations 2.b. and 2.c.**
- e. **(U) Report any resulting Antideficiency Act violations to the Secretary of the Air Force, who then reports relevant information to the President and Congress.**

(U) Office of the Deputy Assistant Secretary of the Air Force (Budget) Comments

(U) The Acting Assistant Secretary of the Air Force (Financial Management and Comptroller), responding for the Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget), agreed with the recommendations, and started coordinating with NORAD and USNORTHCOM officials to review transactions and supporting documentation. The Acting Assistant Secretary stated that Air Force officials' initial reviews did not identify any appropriation violations, but they will conduct further reviews to determine if the CARES Act supplemental funding intent was violated. In addition, the Acting Assistant Secretary stated that based on the review of the supporting documentation for CARES Act transactions, Air Force officials will:

- (U) apply the appropriate accounting corrections;
- (U) determine whether any purpose statute violations resulted in Antideficiency Act violations; and
- (U) report any resulting Antideficiency Act violations to the Secretary of the Air Force.

(U) The Air Force plans to complete these actions by September 30, 2022.

(U) Our Response

(U) Comments from the Acting Assistant Secretary of the Air Force (Financial Management and Comptroller) addressed all specifics of the recommendations; therefore, the recommendations are resolved but open. We will close the recommendations once Air Force officials complete their review of the CARES Act transactions and provide evidence that they took appropriate corrective actions to address any purpose statute and Antideficiency Act violations identified.

(U) Appendix A

(U) Scope and Methodology

(U) We conducted this performance audit from June 2021 through March 2022 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

(U) Air Force and NORAD and USNORTHCOM officials associated with this performance audit reviewed this report to identify whether any of their reported information, including legacy FOUO information, should be safeguarded and marked in accordance with the DoD Controlled Unclassified Information (CUI) Program. In preparing and marking this report, we considered any comments submitted by NORAD and USNORTHCOM and Air Force officials about the CUI treatment of their information. If NORAD and USNORTHCOM and Air Force officials failed to provide any or sufficient comments about the CUI treatment of their information, we marked the report based on our assessment of the available information.

(U) NORAD and USNORTHCOM COVID-19 Transactions Selected for Review

(U) As of September 2020, NORAD and USNORTHCOM officials executed 497 transactions, totaling \$66.4 million, to prevent, prepare for, and respond to the COVID-19 pandemic. Of the total funds spent, NORAD and USNORTHCOM officials used \$64.7 million in CARES Act funding they received from the Air Force and \$1.7 million from their own appropriations.¹⁹ We focused on the total funds spent and identified transactions valued at \$500,000 or more for review. As a result, we selected a nonstatistical sample of 25 transactions, totaling \$61.0 million, from a population of 497 transactions, valued at \$66.4 million. NORAD and USNORTHCOM officials stated they did not receive any CARES Act funding for FY 2021. We focused on the total funds that NORAD and USNORTHCOM officials used to support the COVID-19 pandemic response in the United States (excluding Hawaii, which is part of the U.S. Indo-Pacific Command) as of September 2020. We selected

¹⁹ (U) NORAD and USNORTHCOM officials stated that although they received \$64.7 million in CARES Act funds, they spent \$66.4 million on the COVID-19 pandemic response. NORAD and USNORTHCOM officials stated they used \$1.7 million from their own Operation and Maintenance appropriations to prevent, prepare for, and respond to COVID-19. Transactions were not separated by CARES Act funds, and NORAD and USNORTHCOM's own Operation and Maintenance appropriations. The \$1.7 million was not attributable to individual transactions. Therefore, we reviewed the total funds spent to prevent, prepare for, and respond to COVID-19 in selecting our sample.

(U) the nonstatistical sample based on our professional judgment. We did not use the result of the testing from the selections to draw a conclusion for the entire population. Table 8 shows details of the 25 COVID-19 transactions as of September 2020 that we selected for review.

(U) Table 8. Details of NORAD and USNORTHCOM COVID-19 Sample Transactions as of September 2020

(U) Transaction No.	Description	Document ID	Date	CARES Act Cost Category	Amount
1	IT - Space-Related Data Analytics - JADC2	FA88141890002	June 5, 2020	IT Equipment/Support	\$12,991,875
2	IT - Virtual Desktop Infrastructure for Telework (Phase II)	N6600120P6857	June 12, 2020	IT Equipment/Support	4,865,992
3	IT - Platform One Cloud Environment for Pathfinder	FA701320C0009	June 30, 2020	IT Equipment/Support	4,761,996
4	IT - Mobile App Creation	FA259520F0007	April 7, 2020	IT Equipment/Support	4,185,660
5	IT - Cable Infrastructure Project	FA259520F0020	September 30, 2020	IT Equipment/Support	3,980,470
6	IT - Predictive Analytics for COVID-19 and Air Defense - JADC2	FA870215D00010008	April 15, 2020	IT Equipment/Support	3,275,000
7	IT - Commercial Solution for Classified Telework	F3LNHA0132GW01	May 11, 2020	IT Equipment/Support	3,222,500
8	IT - Dashboard and Common Operating Picture - JADC2 for COVID-19	W911QX19C0039	July 23, 2020	IT Equipment/Support	3,123,281
9	IT - Virtual Desktop Infrastructure for Telework (Phase I)	N6600120P6783	May 28, 2020	IT Equipment/Support	2,807,225
10	IT - Mobile Access to Conduct Classified Work	F3LNHA0150GW01	June 1, 2020	IT Equipment/Support	2,494,514
11	IT- Predictive Analytics for COVID-19 - JADC2	FA259520C0003	April 17, 2020	IT Equipment/Support	2,250,000
12	IT - Technical Support and Software Updates - JADC2 for COVID-19	FA259520F0008	April 9, 2020	IT Equipment/Support	2,212,661
13	IT- Commercial Solution for Classified Telework	W56KGU18F0002	March 22, 2020	IT Equipment/Support	1,444,344
14	IT- Cable Infrastructure Project	FA259520F0020	August 4, 2020	IT Equipment/Support	1,331,040 (U)

(U) Table 8. Details of NORAD and USNORTHCOM COVID-19 Sample Transactions as of September 2020 (cont'd)

(U) Transaction No.	Description	Document ID	Date	CARES Act Cost Category	Amount
15	IT - Artificial Intelligence Threat and Risk Platform	FA259520C0002	April 14, 2020	IT Equipment/Support	1,100,000
16	Hardware and Lodging for Crew Isolation	JV F12NC NCJ6-1310 JVJ 10282020 01	October 30, 2020*	DoD Operations	1,030,061
17	Hardware, Software and Lodging for Crew Isolation	JV F12NC NCJ6-1310 JVJ 10222020 01	November 5, 2020**	DoD Operations	959,204
18	Lodging and Meals for Crew Isolation	F3LNCA0099MB01	April 8, 2020	DoD Operations	870,161
19	IT - 3rd Command Center for Social Distancing	FA872320F9001	May 29, 2020	IT Equipment/Support	700,000
20	IT - Support Services for iPad and iPhone Deployment	F3LNHA0101GW03	April 10, 2020	IT Equipment/Support	679,859
21	IT - Sustainment Techs for Social Distancing at 3rd Command Center	FA872315D00010002	August 24, 2020	IT Equipment/Support	576,645
22	Lodging for Crew Isolation and IT	JV F12NC NCJ6-1310 JVJ 09142020 01	September 16, 2020	DoD Operations	543,394
23	Hardware, Software and Lodging for Crew Isolation	JV F12NC NCJ6-1310 JVJ 07162020 01	August 13, 2020	DoD Operations	538,138
24	IT - Wi-Fi System Development	F3LNHA0178GW01	June 29, 2020	IT Equipment/Support	531,503
25	IT - Dashboard and Common Operating Picture - JADC2	F3LNPA0190GG01	July 8, 2020	IT Equipment/Support	505,633
Total					\$60,981,156 (U)

*(U) On October 30, 2020, NORAD and USNORTHCOM officials completed a journal voucher to transfer purchases to the ESP code C1 for reimbursement purposes. The actual purchases occurred between September 21, 2020, and September 30, 2020.

***(U) On November 5, 2020, NORAD and USNORTHCOM officials completed a journal voucher to transfer purchases to the ESP code C1 for reimbursement purposes. The actual purchases occurred between August 26, 2020, and September 14, 2020.

(U) Source: The DoD OIG, and NORAD and USNORTHCOM.

(U) Review of Documentation and Interviews

(U) To determine whether NORAD and USNORTHCOM officials used CARES Act funds to prevent, prepare for, and respond to the COVID-19 pandemic, we reviewed documents pertaining to the NORAD and USNORTHCOM COVID-19 sample transactions. For example, we reviewed:

- (U) NORAD and USNORTHCOM CARES Act budget request documentation;
- (U) Air Force funding documentation;
- (U) Contract documentation;
- (U) Military Interdepartmental Purchase Request documentation;
- (U) Government Purchase Card documentation;
- (U) Miscellaneous Obligation Reimbursement Document documentation;
- (U) Unfunded Requirement documentation; and
- (U) Supplemental supporting documentation.

(U) To meet our objective, we reviewed the following guidance:

- (U) Department of Defense Spend Plan For Funding Received in the Coronavirus Aid, Relief, and Economic Security “CARES” Act (Public Law 116-136), May 2020;
- (U) Office of Management and Budget Memorandum M-20-21, “Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19),” April 10, 2020;
- (U) Department of the Air Force Memorandum, “COVID-19 (Coronavirus) Operations and Maintenance Funding Guidance,” April 9, 2020;
- (U) OUSD (Comptroller) Memorandum, “DoD Response to COVID-19 CARES Act Funding Request Guidance,” April 1, 2020;
- (U) Public Law 116-136, “Coronavirus Aid, Relief, and Economic Security (CARES) Act,” dated March 27, 2020;
- (U) NORAD and USNORTHCOM FY20-26 Programming, Budgeting, and Execution Guidance, October 1, 2019;
- (U) Section 1301(a), title 31, United States Code, “Application,” 2019; and
- (U) Government Accountability Office, “Principles of Federal Appropriations Law, Chapter 3 – Availability of Appropriations: Purpose,” Fourth Edition, 2017 Revision.

(U) We conducted a site visit to NORAD and USNORTHCOM headquarters at Peterson Air Force Base, Colorado, and interviewed NORAD and USNORTHCOM officials to understand processes for CARES Act transactions to prevent, prepare for, and respond to the COVID-19 pandemic. We followed up with Air Force officials to understand their review of NORAD and USNORTHCOM COVID-19 transactions before reimbursement. We also verified CARES Act funding provided to NORAD and USNORTHCOM with Joint Staff, Army, Navy, and Air Force officials.

(U) Internal Control Assessment and Compliance

(U) We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the following internal control components and underlying principles that were significant to determine whether NORAD and USNORTHCOM officials used CARES Act funding to prevent, prepare for, and respond to COVID-19.

- (U) Control Activity: Design control activities.
- (U) Monitoring: Perform monitoring activities.

(U) However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

(U) Use of Computer-Processed Data

(U) We obtained data for CARES Act COVID-19 transactions from NORAD and USNORTHCOM to perform this audit. We verified NORAD and USNORTHCOM data against data we received from the Air Force. We obtained and reviewed source documentation to validate the reliability of the data for the 25 transactions we selected for review. We determined that the data is reliable for the purpose of this audit.

(U) Prior Coverage

(U) No prior coverage has been conducted on NORAD and USNORTHCOM CARES Act spending.

(U) Appendix B

(U) Details of NORAD and USNORTHCOM COVID-19 Sample Transactions and Audit Results

(U) The table shows audit results as to whether CARES Act funds (and amounts) were used for COVID-19 purposes for the 25 COVID-19 transactions that we selected for review.

(U) Transaction No.	Description	Document ID	Date	CARES Act Cost Category	CARES Act Funds Used for Intended Purposes	Improper Use of CARES Act Funds	Inadequate Evidence and Documentation
1	IT - Space-Related Data Analytics - JADC2	FA88141890002	June 5, 2020	IT Equipment/Support	-	\$12,991,875	-
2	IT - Virtual Desktop Infrastructure for Telework (Phase II)	N6600120P6857	June 12, 2020	IT Equipment/Support	\$4,865,992	-	-
3	IT - Platform One Cloud Environment for Pathfinder	FA701320C0009	June 30, 2020	IT Equipment/Support	-	\$4,761,996	-
4	IT - Mobile App Creation	FA259520F0007	April 7, 2020	IT Equipment/Support	4,185,660	-	-
5	IT - Cable Infrastructure Project	FA259520F0020	September 30, 2020	IT Equipment/Support	-	-	3,980,470
6	IT - Predictive Analytics for COVID-19 and Air Defense - JADC2	FA870215D00010008	April 15, 2020	IT Equipment/Support	1,825,000	1,450,000	-
7	IT - Commercial Solution for Classified Telework	F3LNHA0132GW01	May 11, 2020	IT Equipment/Support	3,222,500	-	-
8	IT - Dashboard and Common Operating Picture - JADC2 for COVID-19	W911QX19C0039	July 23, 2020	IT Equipment/Support	3,123,281	-	- (U)

(U) Details of NORAD and USNORTHCOM COVID-19 Sample Transactions and Audit Results (cont'd)

(U) Transaction No.	Description	Document ID	Date	CARES Act Cost Category	CARES Act Funds Used for Intended Purposes	Improper Use of CARES Act Funds	Inadequate Evidence and Documentation
9	IT - Virtual Desktop Infrastructure for Telework (Phase I)	N6600120P6783	May 28, 2020	IT Equipment/Support	2,807,225	-	-
10	IT - Mobile Access to Conduct Classified Work	F3LNHA0150GW01	June 1, 2020	IT Equipment/Support	2,494,514	-	-
11	IT - Predictive Analytics for COVID-19 - JADC2	FA259520C0003	April 17, 2020	IT Equipment/Support	2,250,000	-	-
12	IT - Technical Support and Software Updates - JADC2 for COVID-19	FA259520F0008	April 9, 2020	IT Equipment/Support	2,212,661	-	-
13	IT - Commercial Solution for Classified Telework	W56KGU18F0002	March 22, 2020	IT Equipment/Support	1,444,344	-	-
14	IT - Cable Infrastructure Project	FA259520F0020	August 4, 2020	IT Equipment/Support	-	-	1,331,040
15	IT - Artificial Intelligence Threat and Risk Platform	FA259520C0002	April 14, 2020	IT Equipment/Support	1,100,000	-	-
16	Hardware and Lodging for Crew Isolation	JV F12NC NCJ6-1310 JVJ 10282020 01	October 30, 2020*	DoD Operations	939,348	-	90,713
17	Hardware, Software and Lodging for Crew Isolation	JV F12NC NCJ6-1310 JVJ 10222020 01	November 5, 2020**	DoD Operations	672,776	-	286,428
18	Lodging for Crew Isolation	F3LNCA0099MB01	April 8, 2020	DoD Operations	169,046	-	701,115
19	IT - 3rd Command Center for Social Distancing	FA872320F9001	May 29, 2020	IT Equipment/Support	700,000	-	-

(U)

(U) Details of NORAD and USNORTHCOM COVID-19 Sample Transactions and Audit Results (cont'd)

(U) Transaction No.	Description	Document ID	Date	CARES Act Cost Category	CARES Act Funds Used for Intended Purposes	Improper Use of CARES Act Funds	Inadequate Evidence and Documentation
20	IT - Support Services for iPad and iPhone Deployment	F3LNHA0101GW03	April 10, 2020	IT Equipment/Support	679,859	-	-
21	IT - Sustainment Techs for Social Distancing at 3rd Command Center	FA872315D00010002	August 24, 2020	IT Equipment/Support	576,645	-	-
22	Lodging for Crew Isolation and IT	JV F12NC NCJ6-1310 JVJ 09142020 01	September 16, 2020	DoD Operations	543,394	-	-
23	Hardware, Software and Lodging for Crew Isolation	JV F12NC NCJ6-1310 JVJ 07162020 01	August 13, 2020	DoD Operations	538,138	-	-
24	IT - Wi-Fi System Development	F3LNHA0178GW01	June 29, 2020	IT Equipment/Support	-	-	531,503
25	IT - Dashboard and Common Operating Picture - JADC2	F3LNPA0190GG01	July 8, 2020	IT Equipment/Support	-	-	505,633
Sub Total					\$34,350,383	\$19,203,871	\$7,426,902
Total					\$60,981,156		

(U)

*(U) On October 30, 2020, NORAD and USNORTHCOM officials completed a journal voucher to transfer purchases to the ESP code C1 for reimbursement purposes. The actual purchases occurred between September 21, 2020, and September 30, 2020.

***(U) On November 5, 2020, NORAD and USNORTHCOM officials completed a journal voucher to transfer purchases to the ESP code C1 for reimbursement purposes. The actual purchases occurred between August 26, 2020, and September 14, 2020.

(U) Source: The DoD OIG, and NORAD and USNORTHCOM.

(U) Appendix C

(U) Potential Monetary Benefits

(U) The table identifies questioned costs and unsupported costs. Transactions 1, 3, and 6 are questioned costs that potentially violated the CARES Act funding purpose. Transactions 5, 14, 16, 17, 18, 24, and 25 are unsupported costs that NORAD and USNORTHCOM officials did not support with adequate documentation.

(U) Recommendations	Type of Benefits	Amount of Benefits	Appropriations
2.c	Questioned Costs	\$19,203,871*	5703400 (Air Force Operation and Maintenance Fund)
2.c	Unsupported Costs	\$7,426,902*	5703400 (Air Force Operation and Maintenance Fund) (U)

*(U) NORAD and USNORTHCOM officials did not separate transactions by CARES Act funds and their own Operation and Maintenance appropriations. The \$19.2 million or \$7.4 million may include NORAD and USNORTHCOM's own Operation and Maintenance appropriations of \$1.7 million.

(U) Source: The DoD OIG.

(U) Management Comments

(U) Commander, North American Aerospace Defense Command and U.S. Northern Command



**NORTH AMERICAN AEROSPACE DEFENSE COMMAND
AND
UNITED STATES NORTHERN COMMAND**



MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL (DOD IG), 4800 MARK CENTER DRIVE, ALEXANDRIA, VA 22350

FROM: Chief of Staff, NORAD and USNORTHCOM
250 Vandenberg St Ste B016
Peterson SFB CO 80914-3801

SUBJECT: DoD IG Draft Report - Audit of NORAD and USNORTHCOM (N&NC) Use of CARES Act Funding - Project No. D2021-D000AU-0134.000

1. NORAD and USNORTHCOM appreciate the DoD IG's work on the subject audit, as well as the opportunity to review and comment on the draft report. As requested in your memo dated 10 March 2022, we have reviewed the recommendations to N&NC and our response is below.

2. Recommendation Responses.

a. DOD IG Recommendation 1a: We recommend that the Commander, North American Aerospace Defense Command and U.S Northern Command, develop internal controls that implement emergency funding guidance and ensure proper use of emergency funds

N&NC Response to Recommendation 1a: N&NC's assessment is that the internal controls in place to implement emergency funding guidance were and are adequate; however, as a learning organization we strive to continue to improve.

N&NC recognizes that procedures always have room for improvement, and agrees that we should always strive to improve by regularly re-examining existing internal controls. As discussed extensively in our previous responses to the DoD IG regarding these issues, N&NC had and has established processes and internal controls in place to implement emergency funding guidance and ensure the proper use of funds. This includes the FY20 Program, Budget and Execution Fiscal Guidance, dated 1 Oct 19 and the FY20 Manager's Internal Control Program (MICP) Tone at the Top.

In accordance with the 27 March 2020 Fragmentary Order 121-046 to the Defense Support to Civil Authorities Operational Order 01-17, the N&NC Commander and Senior Leadership received daily Theater Operational Summaries on COVID-19 DoD Response efforts to include theater operational expenditures (current and projected). After 13 April 2020, when the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) issued CARES Act guidance, the N&NC Commander and Senior Leadership were also briefed on cost breakdowns of CARES Act requirements.

(U) Commander, North American Aerospace Defense Command and U.S. Northern Command (cont'd)

Additionally, updated emergency funding guidance was provided to N&NC resource managers to ensure funds execution complied with Air Force (Budget) and OUSD(C) cost capturing and reporting guidance.

Accordingly, we are confident in our internal controls that implement emergency funding guidance and ensure proper use of emergency funds, but as a learning organization we will regularly review to ensure all processes and controls remain adequate and assess areas for improvement.

b. DOD IG Recommendation 1b: (U) Require North American Aerospace Defense Command and U.S. Northern Command officials to retain sufficient evidence, including a clear and accurate description of the goods and services purchased, that demonstrates how those goods and services supported the specific emergency.

N&NC Response to Recommendation 1b: N&NC's assessment is that officials created and retained sufficient plain language evidence to document fiscal decision making; we acknowledge that going forward it remains important to ensure decision makers always have sufficient plain language evidence to support decisions and that such evidence is retained.

N&NC understands that decision-makers require plain language information to support their fiscal decisions. We likewise recognize that retaining records that document decisions in plain language regarding the use of funds is critical. Accordingly, we will continue to regularly examine internal requirements regarding the type and quantity of evidence created and retained for such decisions. However, as discussed in our prior responses to the DoD IG regarding these issues, N&NC turned over sufficient evidence showing that decisions regarding CARES Act expenditures were carefully considered and appropriately documented.

Emergency actions taken in response to the COVID-19 crisis required the use of existing contracts, updated policy approvals, and numerous funding actions to meet operational demands. When able, existing contracts were modified to further clarify direct support to COVID-19. However, due to contracting timelines and the urgency to meet COVID-19 DoD Response operations, existing contracts were not always adjusted if the scope of work was broad enough to support COVID-19 mission essential efforts. Documentation substantiating that these efforts were executed in support of COVID-19 therefore exists outside the Statement of Work or formal terms of certain contracts.

As an example, in advance of the OUSD(C) CARES Act guidance (13 Apr 20), N&NC, as the DoD COVID-19 Response Synchronizer, used innovative approaches (e.g., data analytics, artificial intelligence, machine learning and predictive analytics) to meet the speed of operations and direct forces to out-pace the spread of COVID-19 (ref. FY20 MICP Tone at the Top). The Platform One Cloud Environment purchased for Pathfinder provided the cloud service to store COVID-19 data, which was used to conduct analytics and predictive analysis directly supporting COVID-19 operations and tracking. However, these advanced cyber capabilities were already included in the scope of the existing contract, and therefore, the Statement of Work did not require expansion to include the term "COVID-19 support." Nevertheless, supporting documentation

(U) Commander, North American Aerospace Defense Command and U.S. Northern Command (cont'd)

sufficiently confirmed that decision-makers understood how the contract scope supported the Commands' COVID-19 support mission and approved use of CARES Act funds for that purpose.

In all cases, N&NC annotated the funding documents with Emergency Special Purpose Code: C1 (CORONA VIRUS), as required in Air Force budgetary guidance.

3. The point of contact for this memorandum is [REDACTED]



Michael P. Holland
RADM, USN
Chief of Staff

(U) Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget)



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

11 April 2022

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

FROM: SAF/FM
1130 Air Force Pentagon
Washington, DC 20330-1130

SUBJECT: Air Force Response to the DODIG Draft Report, (U) Audit of North American Aerospace Defense Command and U.S. Northern Command Use of Coronavirus Aid, Relief, and Economic Security Act Funding (Project No. D2021-D000AU-0134.000)

1. This is the Department of the Air Force response to the DODIG Draft Report, (U) Audit of North American Aerospace Defense Command and U.S. Northern Command Use of Coronavirus Aid, Relief, and Economic Security Act Funding (Project No. D2021-D000AU-0134.000). SAF/FMB concurs with the report and provides the following responses to the recommendations below. SAF/FMB, in coordination with U.S. Northern Command, Major Commands, and Field Operating Agencies, will correct issues identified in this report, and develop and implement a corrective action plan outlined in the following recommendations:

RECOMMENDATION 2.A. The DoDIG recommends that the Deputy for Budget, Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller), Develop and implement internal controls that verify whether current and future emergency expenses meet specific funding requirements prior to reimbursement and retain sufficient evidence of verification.

AIR FORCE RESPONSE: SAF/FMB will provide additional fiscal guidance associated with future emergency expenses to ensure all expenses meet funding requirements prior to reimbursement and require all tasked units maintain sufficient documentation throughout the life of the funds expensed.

Estimated Completion Date: 30 Sep 22

RECOMMENDATION 2.B. DoDIG recommends that The Deputy for Budget, Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller), in coordination with the Financial Management Augmentation Team, Conduct a review of North American Aerospace Defense Command and U.S. Northern Command CARES Act transactions 1, 3, 5, 6, 14, 16, 17, 18, 24, and 25 to determine whether the purpose statute was violated. In addition, review the remaining 472 North American Aerospace Defense Command and U.S. Northern Command CARES Act transactions, which were not part of our sample, to ensure CARES Act funds were used as intended.

AIR FORCE RESPONSE: SAF/FMB has begun coordination with North American Aerospace Defense Command and U.S. Northern Command to review transactions and

Financing the Fight

(U) Director, Budget Operations and Personnel, Office of the Deputy Assistant Secretary of the Air Force (Budget) (cont'd)

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supporting documentation, initial reviews did not identify an appropriation violation, further reviews continue to determine if the CARES Act supplemental funding intent was violated.

Estimated Completion Date: 30 Sep 22

RECOMMENDATION 2.C. DoDIG recommends that The Deputy for Budget, Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller) in coordination with North American Aerospace Defense Command and U.S. Northern Command, make the appropriate accounting adjustments for transactions 1, 3, 5, 6, 14, 16, 17, 18, 24, and 25 to non-CARES Act funding if the review concludes the purpose statute was violated. The Director's review could result in the potential monetary benefits of \$19.2 million (in questioned costs) and \$7.4 million (in unsupported costs).

AIR FORCE RESPONSE: SAF/FMB in coordination with North American Aerospace Defense Command and U.S. Northern Command will apply the appropriate accounting correction as determined based on the review of the CARES Act funding.

Estimated Completion Date: 30 Sep 22

RECOMMENDATION 2.D. DoDIG recommends that The Deputy for Budget, Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller) determine whether any purpose statute violations result in Antideficiency Act violations based on Recommendations 2.b. and 2.c.

AIR FORCE RESPONSE: SAF/FMB will concur with the recommendation pending review of sections 2.b and 2.c.

Estimated Completion Date: 30 Sep 22

RECOMMENDATION 2.E. DoDIG recommends that The Deputy for Budget, Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller) report any resulting Antideficiency Act violations to the Secretary of the Air Force, who then reports relevant information to the President and Congress.

AIR FORCE RESPONSE: SAF/FMB will concur with the recommendation pending review of sections 2.b and 2.c.

Estimated Completion Date: 30 Sep 22

2. The SAF/FMB points of contact are [REDACTED]

HERRERA.STEPH
EN.R. [REDACTED]

STEPHEN R. HERRERA, SES, DAF
Acting Assistant Secretary of the Air Force
(Financial Management & Comptroller)

(U) Acronyms and Abbreviations

(U) CARES Act	Coronavirus Aid, Relief, and Economic Security Act
(U) CUI	Controlled Unclassified Information
(U) COVID-19	Coronavirus disease–2019
(U) ESP	Emergency and Special Purpose
(U) IT	Information Technology
(U) JADC2	Joint All Domain Command and Control
(U) NORAD	North American Aerospace Defense Command
(U) OIG	Office of Inspector General
(U) OUSD	Office of the Under Secretary of Defense
(U) PPE	Personal Protective Equipment
(U) SOW	Statement of Work
(U) U.S.C.	United States Code
(U) USNORTHCOM	United States Northern Command
(U) VDI	Virtual Desktop Infrastructure



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