



United States Department of Agriculture

FS—Final Action Verification—Audit of Forest Service’s Next Generation and Legacy Air Tanker Contract Awards—08099-0001-21



Report 08026-0001-24

December 2019

OFFICE OF INSPECTOR GENERAL



United States Department of Agriculture
Office of Inspector General
Washington, D.C. 20250



DATE: December 17, 2019

AUDIT
NUMBER: 08026-0001-24

TO: Stanley McMichael
Associate Chief Financial Officer
Office of the Chief Financial Office

FROM: Gil H. Harden
Assistant Inspector General for Audit

SUBJECT: FS—Final Action Verification—*Audit of Forest Service's Next Generation and Legacy Air Tanker Contract Awards*—08099-0001-12

The Office of Inspector General (OIG) completed a final action verification of all five recommendations in Audit Report No. 08099-0001-12, *Audit of Forest Service's Next Generation and Legacy Airtanker Contract Awards*.¹ The purpose of our final action verification was to determine if the Forest Service (FS) provided the Office of the Chief Financial Officer (OCFO) with sufficient documentation to support that the management decision reached with OIG was sufficient to close the audit report recommendations.²

In a memorandum dated May 24, 2018, OCFO reported to FS that final action was complete for all recommendations in the subject audit report. Based on our review of the documentation in OCFO's files, we concur with this decision for Recommendations 2, 3, and 4. Table 1 summarizes the actions FS took with respect to Recommendations 2, 3, and 4 that had sufficient documentation to close the recommendation. However, we do not concur with this decision for Recommendations 1 and 5. Table 2 provides information on Recommendations 1 and 5, including the reasons why the documentation provided was not sufficient to close the recommendations.

¹ Audit Report No. 08099-0001-12, *Audit of Forest Service's Next Generation and Legacy Airtanker Contract Awards*, (July 2017).

² *Final action* is the completion of all actions that management has concluded, in its management decision, are necessary with respect to the finding and recommendations included in an audit report. *Management decision* is an agreement between agency management and OIG on the action(s) taken or to be taken to address a finding and recommendations cited in an audit report. The management decision must include the agreed-upon dollar amount affecting the recommendations and an estimated completion date unless all corrective action is completed by the time agreement is reached. DR1720-001, Section 6i, *Audit Follow-up and Management Decision* (Nov. 2, 2011).

As noted in its response, OCFO agreed to reopen Recommendations 1 and 5 in its Audit Follow-up Tracking and Reporting (AFTR) system. We concur with OCFO's determination that corrective actions for Recommendations 2, 3, and 4 were adequate and sufficient to support final action.

Background

Our report, *Audit of Forest Service's Next Generation and Legacy Airtanker Contract Awards*, made five recommendations to help FS reevaluate the best method for acquiring "call when needed" (CWN) airtanker services, revise its reporting procedures to ensure that information entered in the Federal Procurement Data System (FPDS) is correct, and to implement an appropriate method for recording the estimated flight hour costs within each airtanker contract and contract modification.

OIG and FS reached management decision on all five recommendations and documented this acceptance in a memoranda dated July 7, 2017. In addition, the memoranda detailed corrective actions FS needed to implement in order to achieve final action on all recommendations.

In accordance with Departmental Regulation 1720-001, OCFO has the responsibility to determine final action for recommendation(s) where OIG has agreed to management decision.³ As such, OCFO evaluates agency-provided documentation of corrective actions implemented to determine if the intent of the recommendation has been met and final action has been achieved.

Scope and Methodology

The scope of this final action verification was limited to determining whether FS' plan of action for all recommendations in the subject report were completed in accordance with the management decisions reached on July 7, 2017. To accomplish our objective, we reviewed documentation of corrective actions FS implemented and submitted to OCFO. We did not perform internal control testing or make site visits to determine whether the underlying deficiencies that were initially identified had been corrected by FS' plan of action. In addition, we did not provide an opinion on the results of the implementation or effectiveness of each recommendation. We conducted this final action verification in accordance with our internal guidance cited in IG-7710, *Non-audit Work*, and *Final Action Verification Guidance and Procedures*. As a result, we did not conduct the final action verification in accordance with *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States or the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency. However, before we performed the non-audit service, we determined that it would not impair our independence to perform audits, inspections, attestation engagements, or any other future or ongoing reviews of the subject.

³ DR1720-001, Section 7d(1-9), Audit Follow-up and Management Decision (Nov. 2, 2011).

Results of Final Action Verification

Recommendations with Sufficient Documentation

We determined that FS provided sufficient documentation to OCFO of corrective action implemented to achieve final action for three recommendations in the subject report (Recommendation 2, 3, and 4). We detail the actions taken in Table 1.

Table 1: Recommendations With Sufficient Documentation to Achieve Final Action

Rec. No.	Recommendation	Action Taken
2	Determine if the contracts placed under the basic ordering agreements (BOA) should be ratified and, if so, proceed accordingly.	FS officials reviewed BOAs on each contractor with a CWN agreement activated aircraft between June 2015 and the end of the fire season 2017 and determined one vendor's contract modification should be ratified. However, FS officials could not locate the contract modification and therefore it could not be ratified. FS officials documented their efforts to ratify the contract modification on the Request for Ratification of an Unauthorized Commitment, dated May 7, 2018. ⁴
3	Revise FS' reporting procedures to ensure that information reported in the FPDS accurately reflects the total dollars obligated or de-obligated by the contract action.	USDA FS revised its ordering procedures for CWN airtankers. These procedures changed the way airtanker obligations are reported to the FPDS website.
4	Correct data pertaining to open airtanker contracts in FPDS to ensure it accurately reflects the total dollars obligated or de-obligated by the contract actions.	FS made correcting entries to FPDS to ensure it accurately reflected total dollars obligated or deobligated by the contract actions. FS used a report listing total expenditures from each current exclusive use and CWN airtanker contract/agreement to identify the necessary corrective action. ⁵

⁴ FS officials reviewed the contracts placed under BOAs for the period from fiscal year (FY) 2015 to 2017, but they did not review contracts placed under BOAs from FY 2013 to 2014. However, FS officials provided documentation indicating that the agency had implemented a control that would prevent this issue from recurring. OIG considered this documentation sufficient to resolve the recommendation.

⁵ After we started fieldwork for this FAV, FS officials provided documentation illustrating that they had recently completed corrective action to ensure FPDS accurately reflects total dollars obligated or deobligated by the contract actions.

Recommendations without Sufficient Documentation

FS did not take proper corrective action and did not provide sufficient documentation to OCFO for Recommendations 1 and 5. Although OCFO closed the recommendations, we do not concur that the corrective actions implemented achieved final action for these recommendations. We detail the reasons for our determinations in Table 2.

OCFO informed FS officials of the results of this final action verification on August 29, 2019.

Table 2. Recommendations Without Sufficient Documentation to Achieve Final Action

Rec. No.	Recommendation	Agreed Upon Action Taken	Reason Not Sufficient to Close
1	Reevaluate the use of BOAs for obtaining CWN airtanker services and coordinate with applicable USDA offices to determine the best method and contract vehicle for acquiring CWN airtanker services and then establish procedures to operate within the bounds of the Federal Acquisition Regulations (FAR) and USDA procurement policies for the contract vehicle and method selected.	FS reevaluated the use of BOAs and documented airtanker ordering procedures to address FAR Part 16.703. Specifically, FS officials from the Incident Support Branch and Transforming Incident Procurement Project met and determined that a BOA is the most appropriate contract vehicle for CWN airtanker services. A USDA Office of Procurement and Property Management official stated they did not note an issue with FS' CWN proposed approach. FS established a CWN airtanker ordering process and an exclusive use airtanker ordering process.	OCFO did not provide adequate evidence that the ordering process for CWN airtankers and the exclusive use airtankers established procedures to ensure procurement activities will operate within the bounds of the FAR and USDA procurement policies for the contract vehicle and method selected. The evidence provided did not require the contracting officer (CO) to document the CO's determination of a fair and reasonable price in accordance with FAR Part 4.803(a)(17) when selecting the CWN airtanker contractor.
5	Identify and implement an appropriate method for recording the estimated flight hours for each airtanker contract, as well	FS established the CWN airtanker ordering process procedure, which requires an Assistant Director of Planning and Budget Fire	OCFO did not provide adequate evidence that the CWN airtanker ordering process or the exclusive use airtanker ordering process

	<p>as a method to adjust the estimated flight hour cost obligations to match the actual expenditure for the flight hours incurred via contract modification.</p>	<p>and Aviation Management to provide the CO a document of availability/flight time funding committed for each airtanker order. The CO will issue an order with a not to exceed amount for the selected CWN agreement. The CO will work to modify the order and make any necessary funding changes to account for the previous period of flying and availability. FS also established the exclusive use airtanker ordering process, which includes a procedure for the estimated flight time to be provided by the FS Budget staff.</p>	<p>included a method for estimating flight costs.</p>
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OCFO should reopen Recommendations 1 and 5 and obtain the correct documentation to support final action from FS. We request that OCFO provide us verification that corrective action was taken to sufficiently achieve final action for these recommendations.

As noted in its response, OCFO agreed to reopen Recommendations 1 and 5 in its AFTR system. We concur with OCFO’s determination that corrective actions for Recommendations 2, 3, and 4 were adequate and sufficient to support final action.

cc: Antoine Dixon, Chief Financial Officer / OIG Audit Liaison Staff



**United States
Department of
Agriculture**

Office of the Chief
Financial Officer

1400 Independence
Avenue, SW

Washington, DC
20250

November 1, 2019

TO: Steve Rickrode
Deputy Assistant Inspector General for Audit

FROM: Stanley McMichael /s/
Associate Chief Financial Officer

SUBJECT: Forest Service—Final Action Verification—Audit of Forest Service’s
Next Generation and Legacy AirTanker Contract Awards—08099-0001-
12

We have reviewed the Office of Inspector General (OIG) memorandum dated October 11, 2019 on the subject audit. In response to the draft report the Office of the Chief Financial Officer (OCFO) will reopen Recommendations 1 and 5 in our “Audit Follow-up Tracking and Reporting” system (AFTR), upon receipt of the final (OIG) report. Subsequent to reopening the recommendations in AFTR, an official memorandum will be prepared and sent to the Forest Service’s (FS) Chief Financial Officer. The memorandum will explain why Recommendations 1 and 5 have been reopened and will remain open until OCFO receives evidence to support final action or explanation for not implementing actions as agreed in the management decision. In addition, the memorandum to FS will convey OCFO’s intention to conduct periodic follow-up meetings to track FS’ progress in implementing these recommendations. OCFO’s memorandum dated May 24, 2018, concurred that corrective actions for Recommendations 2 and 4 were adequate and sufficient to support final action. The original intent of the management decision had been met and no actions are planned at this time to reopen Recommendations 2 and 4.

The memorandum to FS and the reopening of Recommendations 1 and 5 will be completed by December 30, 2019.

If you have any questions or need additional information, please have a member of your staff contact Annie Walker, Director, Internal Control Division at (202) 720-9983.

Attachment

FS—Final Action Verification—*Audit of Forest Service’s Next Generation and Legacy Air Tanker Contract Awards*—08099-0001-12

Management Response Recommendation 1:

- Upon receipt of OIG’s final action verification report, OCFO will reopen recommendation 1.
- OCFO will prepare an official memorandum addressed to the FS’ Chief Financial Officer requesting the agency provide evidence requiring the Contracting Officer (CO) to document the CO’s determination of fair and reasonable price in accordance with Federal Acquisition Regulation Part 4.803(a)(17) when selecting the “call when needed” airtanker contractor.

Corrective Action completion date: December 30, 2019

Responsible Organization: OCFO Internal Control Division

Management Response Recommendation 2:

The original OIG position states “FS needs to provide OCFO with the results of its determinations that ratification was or was not necessary, and if so, evidence of the ratified contracts.” The ratification procedures on the order for Ten Tankers was completed in 2015 as there was only one order placed for Ten Tankers in 2015 under the Basic Order Agreements that required ratification. During the duration of the contract, two contracting officers worked on the task order. FS verified in the contract files that all aircrafts were ordered by a CO with a notice to proceed (NTP) or contract modification, with one exception. The NTP for Ten Tankers aircraft in 2015 could not be located. With exception of one lost NTP, all other NTP’s and modifications were in place. All invoices have been paid by Albuquerque Service Center (ASC). OCFO has concluded that documentation and explanation provided by FS was adequate to make final determination to close this recommendation.

Management Response Recommendation 4:

The original OIG position states “FS needs to provide OCFO with evidence of the corrected FPDS actions.” FS verified all items listed for this recommendation and there was only one discrepancy of \$1 which was corrected (see below). OCFO has made the determination that the intent of the recommendation has been achieved.

FS made specific reference to the following contract or basic ordering agreements:

- Minden – AG-024B-C-13-9000 – FS stated one dollar more than what was reported in the finance system. The difference was corrected. (See Tab A)
- Minden – AG-024B-C-13-9007 – No expenditures reported by FS finance and there is nothing to verify or correct.
- Evergreen – AG-024B-B-13-5000 – No expenditures reported by FS finance and there is nothing to verify or correct.

- Ten Tanker Air Carrier – AG-024B-B-13-5001 – FS Finance system and FPDS-NG expenditures matched. (See Tab B)

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Management Response Recommendation 5:

- Upon receipt of the OIG’s final action verification report, OCFO will reopen recommendation 5
- OCFO will prepare an official memorandum addressed to the FS’ Chief Financial Officer requesting the agency provide adequate evidence that the Call When Needed Airtanker Ordering Process or the Exclusive Use Airtanker Ordering Process included a method for estimating flight costs.

Corrective Action completion date: December 30, 2019

Responsible Organization: OCFO Internal Control Division

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