



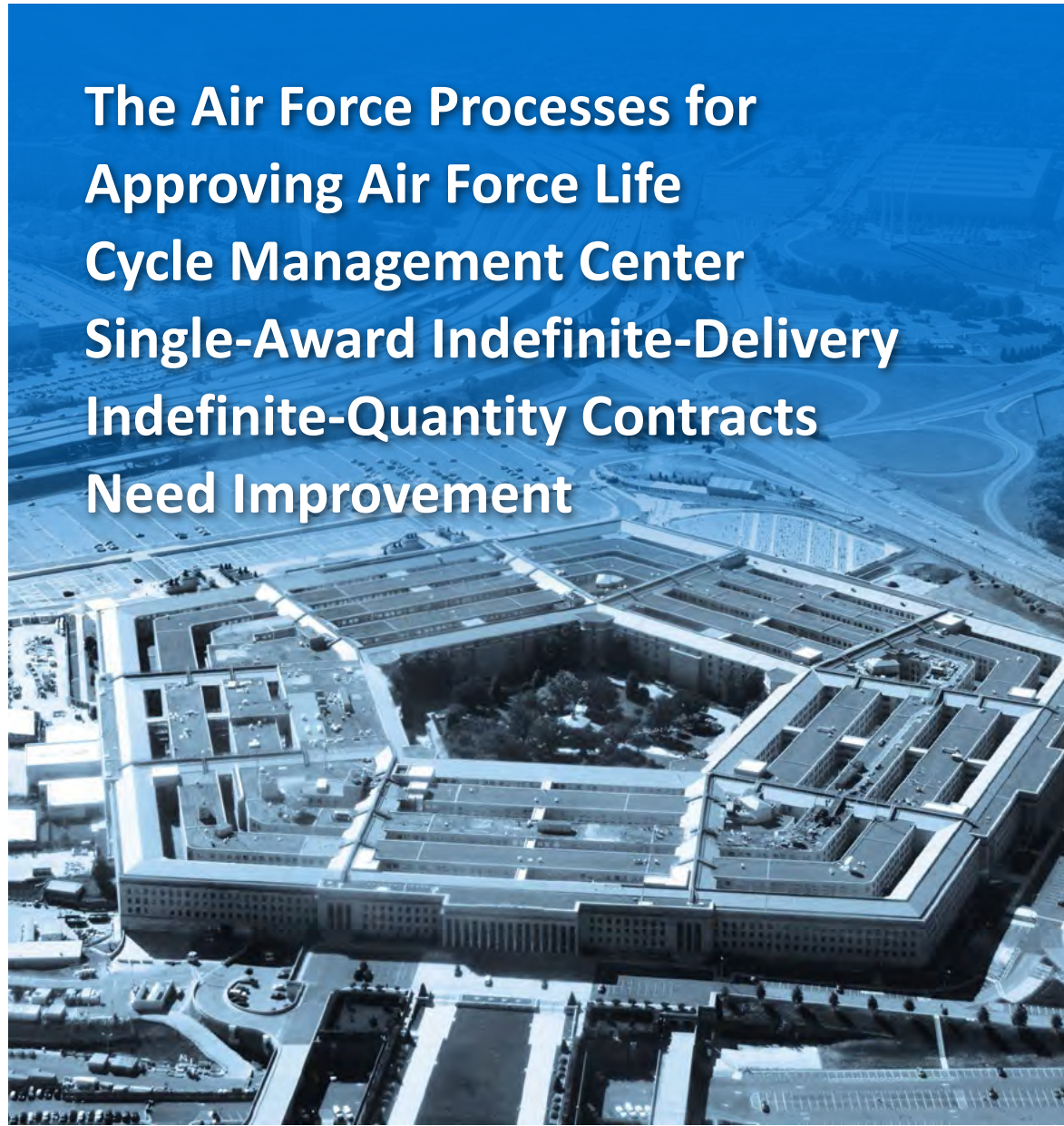
INSPECTOR GENERAL

U.S. Department of Defense

APRIL 29, 2016



The Air Force Processes for Approving Air Force Life Cycle Management Center Single-Award Indefinite-Delivery Indefinite-Quantity Contracts Need Improvement



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Results in Brief

The Air Force Processes for Approving Air Force Life Cycle Management Center Single-Award Indefinite-Delivery Indefinite-Quantity Contracts Need Improvement

April 29, 2016

Objective

We determined whether the Air Force Life Cycle Management Center's (AFLCMC) single-award indefinite-delivery indefinite-quantity (IDIQ) contracts were properly justified in accordance with Federal and DoD procedures. In addition, we determined whether the delivery and task orders were within the scope of the contracts, in accordance with the Statement of Work and Performance Work Statement.

We reviewed the eight single-award IDIQ contracts awarded by the AFLCMC from October 1, 2013, through January 27, 2015, with a total value of \$2.5 billion. We also reviewed 76 task orders associated with the eight contracts, with a total value of \$1 billion.

Finding

AFLCMC contracting personnel generally justified the eight contracts, valued at \$2.5 billion, as single-award IDIQ contracts, and issued 76 task orders consistent with the scope of the associated contracts. However, the AFLCMC contracting officers did not:

- support one contract with a required determination and findings (D&F).¹ AFLCMC officials incorrectly used an initial estimated value that was less than the threshold.
- obtain required approvals for three contracts. The Assistant Secretary of the Air Force for Acquisition (SAF/AQ), who is also the U.S. Air Force senior procurement executive (SPE), did not approve

¹ "Determination and Findings" is a special form of written approval by an authorized official that is required by statute or regulation as a prerequisite to taking certain contract actions.

Finding (cont'd)

four D&Fs for three contracts because SAF/AQ officials incorrectly concluded that senior-ranking military officers, who were designated deputies of the SPE, could serve as proxies and be delegated the authority to approve the D&Fs.

- provide a copy of the D&Fs for the eight contracts to the Director, Defense Procurement and Acquisition Policy (DPAP), because the existing Air Force regulations did not specifically assign the requirement.

As a result, AFLCMC contracting personnel improperly approved an IDIQ contract without adequate support; the U.S. Air Force SPE may have lacked full knowledge of current single-award IDIQ contracts within the Air Force; and DoD's reports to Congress related to single-award IDIQ contracts may be incomplete.

Recommendations

We recommend that the SAF/AQ issue internal guidance clarifying that only the SPE may approve D&Fs for Air Force single-award IDIQ contracts; review the four D&Fs cited above and submit those contracts without proper approval to the SPE; issue a memorandum to Air Force contracting activities clarifying that it is the contracting officer's responsibility to submit approved D&Fs to DPAP; and submit approved D&Fs pertaining to the single-award IDIQ contracts to DPAP.

We recommend that the Commander, AFLCMC, issue a memorandum to contracting officers emphasizing their responsibilities to submit D&Fs to DPAP for each single-award IDIQ contract that will exceed the dollar threshold (presently at \$112 million).²

Management Comments and Our Response

The Assistant Secretary of the Air Force (Acquisition) and Air Force Life Cycle Management Center, Wright Patterson Air Force Base, Ohio, addressed all specifics of the recommendations, and no further comments are required. Please see the Recommendations Table on the next page.

² The dollar threshold increased from \$103 million to \$112 million in October 2015.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Assistant Secretary of the Air Force (Acquisition)	None	1.a, 1.b, 1.c, 1.d
Commander, Air Force Life Cycle Management Center	None	2



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
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April 29, 2016

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: The Air Force Processes for Approving Air Force Life Cycle Management Center
Single-Award Indefinite-Delivery Indefinite-Quantity Contracts Need Improvement
(Report No. DODIG-2016-085)

We are providing this report for your information and use. Air Force Life Cycle Management Center contracting personnel generally justified eight contracts, valued at \$2.5 billion, as single-award indefinite-delivery indefinite-quantity contracts, and issued 76 task orders consistent with the scope of the eight contracts. However, the Air Force Life Cycle Management Center contracting officers did not support one contract, valued at \$110.5 million, with a required determination and finding; obtain required approvals for three contracts; or provide copies of determinations and findings for single-award IDIQ contracts to Defense Procurement and Acquisition Policy. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments on a draft of this report when preparing the final report. Comments from the Assistant Secretary of the Air Force (Acquisition) and Air Force Life Cycle, Management Center, Wright Patterson Air Force Base, Ohio, addressed all specifics of the recommendations and conformed to the requirements of DoD Instruction 7650.3; therefore, we do not require additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187 (DSN 664-9187).

A handwritten signature in black ink, reading "Michael J. Roark", is positioned above the printed name.

Michael J. Roark
Assistant Inspector General
Contract Management and Payments

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Acronyms and Abbreviations

Introduction

Objective

We determined whether the Air Force Life Cycle Management Center (AFLCMC), Robins Air Force Base (AFB), single-award indefinite-delivery indefinite-quantity (IDIQ) contracts were properly justified in accordance with Federal and DoD procedures. In addition, we determined whether the delivery and task orders were within the scope of the contracts, in accordance with the Statement of Work and Performance Work Statement. This is the first in a series of audits on single-award IDIQ contracts. See Appendix A for a discussion of the scope, methodology, and prior coverage.

Background

The AFLCMC is one of six centers reporting to the Air Force Materiel Command. AFLCMC handles life-cycle management of Air Force weapon systems from their inception to retirement. The key goals of AFLCMC are to improve weapon system acquisition and product support, simplify and reduce overhead structure, and eliminate redundancies by consolidating staff functions and processes.

The AFLCMC mission is to acquire and support Information Technology systems and networks; Command, Control, Communications, Intelligence, Surveillance, and Reconnaissance systems; armaments; strategic systems; aerial platforms; and various specialized or supporting systems such as simulators and personal equipment. AFLCMC also executes foreign military sales of aircraft and other defense-related equipment, while building security assistance relationships with Allied nations.

Air Force Contracts Reviewed

Our audit focused on eight single-award IDIQ contracts valued at \$2.5 billion, for services awarded by AFLCMC, each of which exceeded \$103 million. An IDIQ contract may be used to acquire supplies and services when the exact times and quantities of future deliveries are not known at the time of contract award. Minimum and maximum quantity limits for delivery and task orders are specified in the basic contract as either number of units (for supplies) or as dollar values (for services).

Requirements for Determination and Findings

Congress established limitations on single-award IDIQ task-and-delivery-order contracts greater than \$100 million³ in Section 843 of the FY 2008 National Defense Authorization Act to enhance competition. The Federal Acquisition Regulation (FAR),⁴ which codifies policies and procedures for acquisition, requires a “Determination and Findings” (D&F) for a single-award IDIQ contract in addition to a justification and approval when a contracting activity conducts procurements as other than full and open competition.

D&Fs are a special form of written approval by an authorized official that are required by statute or regulation as a prerequisite to taking certain contract actions. The Defense Federal Acquisition Regulation Supplement (DFARS)⁵ requires D&Fs be signed by the senior procurement executive (SPE) when awarding single-award IDIQ contracts estimated to exceed the dollar threshold then at \$103 million (currently \$112 million). Determinations are conclusions or decisions supported by findings. Findings are essential statements of fact or rationale that must cover each requirement listed in the FAR.

Requirements for D&Fs listed in the FAR include the identification of the agency, the contracting activity, and specific identification of the document as a Determination and Finding. The D&F shall include the nature or description of the action being approved and the citation of the appropriate statute or regulation upon which the D&F is based. Essential support for the D&F includes findings that detail the particular circumstances, facts, and reasoning. The D&F shall contain the following statement: “determination based on the findings, that the proposed action is justified under the applicable statute or regulation.” The final requirement is the signature of the official authorized to sign the D&F and the date signed.

The Assistant Secretary of the Air Force (Acquisition) (SAF/AQ) prepares policies for the Secretary of the Air Force’s approval and ensures the implementation of those policies by delivering official guidance and procedures. The SAF/AQ is the SPE and Service Acquisition Executive for the Air Force.

³ The threshold was increased from \$100 million to \$103 million on August 30, 2010, and again in October 2015 to \$112 million.

⁴ FAR 16.504(c)(1)(ii)(D)(1).

⁵ DFARS 216.504(c)(1)(ii)(D)(i).

Review of Internal Controls

DoD Instruction 5010.40⁶ 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. We identified several internal control weaknesses at AFLCMC. Specifically, AFLCMC officials did not have adequate procedures in place to ensure that AFLCMC contracting officers prepared D&Fs when necessary, and did not ensure D&Fs were properly approved. In addition, SAF/AQ officials did not submit D&Fs for IDIQ contracts to the Director, Defense Procurement and Acquisition Policy (DPAP), as required. We will provide a copy of the report to the senior official responsible for internal controls at AFLCMC.

⁶ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

Processes for Approving Single-Award Indefinite-Delivery Indefinite-Quantity Contracts Need Improvement

AFLCMC contracting personnel generally justified eight contracts, valued at \$2.5 billion, as single-award IDIQ contracts, and issued 76 task orders consistent with the scope of the associated contracts. However, AFLCMC contracting officers did not:

- support one contract, FA8505-15-D-0001, valued at \$110.5 million, with a required D&F because AFLCMC officials incorrectly used an initial estimated value of the contract that was less than the \$103 million threshold. As a result, contracting personnel improperly approved an IDIQ contract without adequate support.
- obtain required approvals for three contracts. Specifically, the Air Force SPE did not approve four D&Fs for three contracts, valued at about \$457 million, because the SAF/AQ officials incorrectly concluded that senior military officers, who were designated deputies of the SPE, could serve as proxies and be delegated the authority to approve the D&Fs. As a result, the SPE may have lacked full knowledge of current single-award IDIQ contracts within the Air Force.
- provide copies of D&Fs for single-award IDIQ contracts to the Director, DPAP, because existing Air Force regulations did not assign specific responsibility. As a result, DoD's reports to Congress related to single-award IDIQ contracts may be incomplete.

AFLCMC Personnel Generally Supported Single-Award IDIQ Contracts With Determination and Findings

AFLCMC personnel generally justified the award of single-award IDIQ contracts with appropriate supporting documentation.

Seven of the eight contracts reviewed had D&Fs that properly referenced the FAR 16.504 exceptions to justify single-award IDIQ contracts. The FAR⁷ states “No task or delivery order contract in an amount estimated to exceed \$103 million may be awarded to a single source unless the head of agency determines in writing that:



AFLCMC personnel generally justified the award of single-award IDIQ contracts with appropriate supporting documentation.

- **(i)** The task or delivery orders expected under the contract are so integrally related that only a single source can reasonably perform the work;
- **(ii)** The contract provides only for firm-fixed-price delivery or task orders for: products that have established unit prices; or services for which prices are established in the contract for the specific tasks to be performed;
- **(iii)** Only one source is qualified and capable of performing the work at a reasonable price to the Government; or
- **(iv)** It is necessary in the public interest to award the contract to a single source due to exceptional circumstances.

Seven of the eight AFLCMC contracts reviewed used the exception that only one source is qualified and capable of performing the work at a reasonable price to the Government. One of the seven contracts also had a second D&F that used the exception that the contract provides only for firm-fixed-price task orders. Each of the 76 task orders (with a total value of \$1 billion) associated with the eight contracts pertained directly to the scope of the contracts under which they were issued. The task orders provided a range of support services to be performed or supplies to be delivered in accordance with FAR 16.505, “Ordering.”

⁷ FAR 16.504(c)(1)(ii)(D)(1).

AFLCMC Officials Did Not Prepare a Determination and Finding for One Contract

AFLCMC contracting officials awarded contract FA8505-15-D-0001 for \$110.6 million on December 31, 2014, without preparing a D&F for the SPE's approval. This contract was a single-award IDIQ contract to provide Transportation and Support Services for the Royal Saudi Air Force F-15 Fleet Modernization Program. This effort was in direct support of a signed Letter of Offer and Acceptance between the U.S. Government and Saudi Arabian Government. This single-award IDIQ contract includes a 1-year basic ordering period and four 1-year ordering periods. The objective of the contract was to provide material and support services for:

AFLCMC contracting officials awarded contract FA8505-15-D-0001 for \$110.6 million, without preparing a D&F.

- purchasing and delivering an initial quantity of vehicles and trailers;
- maintenance of an established inventory level; and
- vehicle and trailer purchases on an as-needed basis.

Since its award, contract FA8505-15-D-0001 has been the subject of bid protests by unselected contractors in January 2015, and again in August 2015. At present, the latest protests are being reviewed by the Government Accountability Office.

One D&F Was Not Prepared Because Original Contract Estimate Fell Below the Threshold

The AFLCMC contracting officer did not prepare a D&F for contract FA8505-15-D-0001 because she initially estimated the value of the contract at \$92 million, less than the \$103 million threshold. AFLCMC officials stated that the initial estimated value of the contract did not exceed the \$103 million threshold and they did not re-evaluate the requirement to prepare a D&F once they knew the contract would be awarded for an amount over the threshold. Later, AFLCMC officials decided the contracting officer would issue a "Memo to File" dated November 13, 2014, which stated:

The original estimated program dollar value was less than the \$103M threshold described in the FAR. Therefore, additional coordinations and a single award determination at a higher level were not required at that time. Although the awardee's \$110M TEP [total estimated price] is shown for clarity on the face page of the final contract, it is not representative of the actual "estimate" for the program. Based on current funding constraints faced by

the various single award programs, and schedule delays in the RSAF's [Royal Saudi Air Force's] base stand-ups, there is a very high likelihood that actual orders placed under this contract will never exceed the original program estimate.

AFLCMC officials initially stated they would prepare a D&F because the eventual value of the contract exceeded \$103 million. However, in November 2015, an AFLCMC official stated that AFLCMC would not issue a D&F for the contract because preparing a retroactive D&F on an ongoing contract would not be useful.

AFLCMC Did Not Obtain Proper Approvals of Contracts

AFLCMC personnel did not obtain proper approvals for four D&Fs submitted for three contracts. These three contracts had D&Fs that were approved, but not by officials at the SPE level or higher. The DFARS⁸ directs that approval of D&Fs shall not be delegated below the SPE level. Without approval by the proper officials, the D&Fs did not meet the DFARS approval requirement for single-award IDIQ contracts.

AFLCMC personnel did not obtain proper approvals for four D&Fs submitted for three contracts.

Determinations and Findings Were Not Properly Approved

Senior military officers serving as either Military Deputy to the SAF/AQ or as Deputy SAF/AQ improperly approved four of eight D&Fs, for contracts valued at \$457 million. Those approvals were not consistent with the approval authority cited in DFARS 216.504, which states the authority to make the determination authorized in FAR 16.504(c)(1)(ii)(D)(1) shall not be delegated below the level of the SPE. DFARS 216.504 states clearly that the determination for the single-award IDIQ contract must be made at the SPE level or higher.

DFARS Subpart 202.1, "Definitions," identifies the SPE for the Air Force as the SAF/AQ. The four D&Fs without SPE approvals were each signed after November 18, 2011, and subject to the revised DFARS. As a result of not reviewing and approving these D&Fs, the SPE may have lacked full knowledge of these single-award IDIQ contracts. Table 1 provides a summary of the eight D&Fs reviewed and an analysis of whether the approval of each D&F was proper.

⁸ DFARS 216.504(c)(1)(ii)(D)(i).

Table 1. Analysis of Determinations and Finding Approvals

Contract Number	D&F Signer	D&F Approval Date	Authorized Signer	Improperly-Approved D&F Contract Value
FA8540-14-D-0001	Deputy Assistant Secretary (Contracting)	August 15, 2011	Yes	
FA8505-11-D-0006	Deputy Assistant Secretary (Contracting)	September 6, 2011	Yes	
FA8519-14-D-0002 ¹	Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition)	December 6, 2012 (both)	No No	\$133,024,408
FA8528-12-D-0013	Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition)	September 2, 2014	No	\$68,900,414
FA8528-14-D-0015	Senior Procurement Executive	April 1, 2014	Yes	
FA8528-14-D-0023	Senior Procurement Executive	April 1, 2014	Yes	
FA8505-14-D-0004	Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition)	June 3, 2014	No	\$255,299,797
Number of D&Fs Not Properly Approved			4	
Total Value of Contracts Not Properly Approved				\$457,224,619

¹ This contract had two D&Fs citing different FAR exceptions.

Air Force Officials Made Incorrect Delegation of Authority

SAF/AQ officials incorrectly concluded that senior-ranking military officers who were designated deputies of the SPE could serve as proxies and be delegated the authority to approve the D&Fs. SAF/AQ officials stated that the deputies who signed the D&Fs were acting as proxies for the SPE and signed the D&Fs in an effort to more efficiently operate the SAF/AQ organization. SAF/AQ officials provided a Statutory Acquisition Authorities Matrix that defines the tasks that the SAF/AQ principal deputy and SAF/AQ military deputy can perform for D&Fs for single-award IDIQ contracts.

SAF/AQ officials also issued a memorandum, “Delegation of Contract and Agreement Authority,” December 12, 2006, delegating authority to act on particular contracting actions to the Deputy Assistant Secretary (Contracting), and the Associate Deputy Assistant Secretary of the Air Force (Contracting). The memo includes the authority to enter into, approve, terminate, and take all other appropriate actions for contracts. Further, the memo states this delegation is a general one and future authority to limit the scope of this delegation shall be controlling over it. DFARS restricts authority to make a determination on single-award IDIQ contracts. The DFARS restriction requiring SPE approval takes precedence over the delegation authority in the 2006 memorandum.

Air Force Officials Did Not Provide Determinations and Findings to Defense Procurement and Acquisition Policy

AFLCMC contracting officers did not provide copies of the eight⁹ D&Fs to the Director, DPAP. DFARS 216.504, “Indefinite-Quantity Contracts,” states a copy of each determination made in accordance with FAR 16.504(c)(1)(ii)(D) shall be submitted to the Director, DPAP. DPAP officials said they provide a report to Congress of D&Fs for single-award IDIQ contracts when it is necessary in the public interest to award the contract to a single source due to exceptional circumstances. DPAP officials stated that they did not possess any of the eight D&Fs. As a result, DoD’s report to Congress of D&Fs on single-award IDIQ contracts may be incomplete.

AFLCMC contracting officers did not provide copies of the eight D&Fs to the Director, DPAP.

AFLCMC contracting officials stated that the DFARS 216.504, “Indefinite-Quantity Contracts,” and Air Force Federal Acquisition Regulation Supplement (AFFARS) 5316.504, “Indefinite-Quantity Contracts,” did not specifically state which office should submit the D&Fs to DPAP. During the auditors’ visit in May 2015, AFLCMC officials submitted a request to the Air Force Materiel Command (AFMC) to clarify and correct the AFFARS 5316.504 language. AFMC officials prepared a proposed change to AFFARS to clarify and incorporate the process. Effective October 1, 2015, the revised AFFARS states that the contracting officer must submit SPE-approved D&Fs to DPAP with a courtesy copy to Air Force Deputy Assistant Secretary for (Contracting).¹⁰ Air Force officials took prompt corrective actions to address the condition regarding future D&F submissions to DPAP and no further action on this issue is necessary.

⁹ There was no D&F prepared for one of the eight contracts reviewed, and another contract had two D&Fs.

¹⁰ AFFARS 5316.504 (c)(1)(ii)(D)(1)(ii).

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Assistant Secretary of the Air Force (Acquisition):

- a. Review the four determinations and findings for the three single-award indefinite-delivery indefinite-quantity contracts FA8528-12-D-0013, FA8519-14-D-0002 (two determinations and findings), and FA8505-14-D-0004 to determine whether they have been properly approved, and submit the contracts that did not have proper approval to the Senior Procurement Executive.**

Assistant Secretary of the Air Force (Acquisition) Comments

The Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition), responding for the Assistant Secretary of the Air Force (Acquisition), agreed, stating that the Office of the Assistant Secretary of the Air Force (Acquisition) submitted the determinations and findings associated with FA8528-12-D-0013, FA8519-14-D-0002 (two determinations and findings), and FA8505-14-D-0004 to the Air Force Senior Procurement Executive in accordance with DFARS 216.504 and are projected to be reviewed by April 15, 2016.

Our Response

Comments from the Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition) addressed all specifics of the recommendation, and no further comments are required.

- b. Issue internal guidance clarifying that only the Senior Procurement Executive may approve determinations and findings for Air Force single-award indefinite-delivery indefinite quantity contracts.**

Assistant Secretary of the Air Force (Acquisition) Comments

The Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition), responding for the Assistant Secretary of the Air Force (Acquisition), agreed, stating that only the Senior Procurement Executive may approve determinations and findings. The Department of Air Force General Counsel (Acquisition) issued an updated acquisition authority matrix on January 14, 2016. The matrix is located on the Air Force internal Sharepoint site and is accessible to the field.

Our Response

Comments from the Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition), addressed all specifics of the recommendation, and no further comments are required.

- c. Issue a memorandum to Air Force contracting activities emphasizing the contracting officer's responsibility to submit approved determinations and findings for single-award indefinite-delivery indefinite-quantity contracts to the Director, Defense Procurement and Acquisition Policy.**

Assistant Secretary of the Air Force (Acquisition) Comments

The Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition), responding for the Assistant Secretary of the Air Force (Acquisition), agreed, stating the Air Force Contracting Policy Division will issue a memorandum from the Air Force Deputy Secretary for Contracting to the field emphasizing the Contracting Officer's responsibilities as outlined in the recommendations. The letter will also provide the clarification that only the senior procurement executive may approve determinations and findings for Air Force single-award indefinite-delivery indefinite-quantity contracts. This letter is projected to be issued by April 15, 2016.

Our Response

Comments from the Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition) addressed all specifics of the recommendation, and no further comments are required.

- d. Submit the determinations and findings for contracts FA8528-14-D-0015, FA8528-12-D-0013, FA8505-14-D-0004, FA8528-14-D-0023, FA8519-14-D-0002, FA8540-14-D-0001, and FA8505-11-D-0006 to the Director, Defense Procurement and Acquisition Policy.**

Assistant Secretary of the Air Force (Acquisition) Comments

The Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition), responding for The Assistant Secretary of the Air Force (Acquisition), agreed, stating that the Air Force Deputy Assistant Secretary for Contracting submitted the eight determinations and findings listed above to Defense Procurement and Acquisition Policy on March 11, 2016.

Our Response

Comments from the Military Deputy, Office of the Assistant Secretary of the Air Force (Acquisition) addressed all specifics of the recommendation, and no further comments are required.

Recommendation 2

We recommend that the Commander, Air Force Life Cycle Management Center, issue a memorandum to contracting officers emphasizing their responsibilities to prepare a determination and findings for each single-award indefinite-delivery, indefinite-quantity contract that exceed the dollar threshold (presently at \$112 million)¹¹ in accordance with Federal Acquisition Regulation 16.504 (c)(1)(ii)(D)(1)(iii).

Air Force Life Cycle Management Center Comments

The Chief, Clearance and Program Support, responding for the Commander, Air Force Life Cycle Management Center, agreed, stating that they will issue the recommended memorandum to the AFLCMC contracting workforce no later than March 31, 2016. The memorandum will emphasize contracting officer responsibilities when awarding single-award task or delivery order contracts exceeding \$112 million.

Our Response

Comments from the Chief, Clearance and Program Support, addressed all specifics of the recommendation, and no further comments are required.

¹¹ The dollar threshold increased from \$103 million to \$112 million in October 2015.

Appendix A

Scope and Methodology

We conducted this performance audit from March 2015 through February 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Universe and Sample Information

We performed a query using the Federal Procurement Data System to obtain a list of all single-award IDIQ contracts (exceeding \$103 million) within DoD from October 1, 2013, through January 27, 2015. As a result, we identified 193 IDIQ contracts with a value of \$165.8 billion. Of the 193 contracts, 20 were Air Force contracts with a value of \$23.6 billion. We decided to review Air Force contracts as the first in a series of audits on single-award IDIQ contracts in the Military Services. Using the Electronic Data Access System website, we obtained copies of the 20 Air Force contracts, eight of which were awarded by AFLCMC, Robins AFB, Georgia, with a value of \$2.5 billion. We selected AFLCMC, Robins AFB, as the initial audit site because of the concentration of contracts at that location.

Review of Documentation and Interviews

We reviewed the eight single-award IDIQ contracts awarded by the AFLCMC from October 1, 2013, through January 27, 2015, with a total value of \$2.5 billion. We also reviewed 76 task orders associated with the eight contracts with a total value of \$1 billion, to determine whether delivery and task orders (associated with the basic contracts) were within scope of the basic contracts. The contracts reviewed were for supplies and services. Table 2 provides the number of task orders and contract award amount for each contract.

Table 2. AFLCMC Awarded Contracts Reviewed*

Contract Number	Task Orders	Contract Award Amount
FA8528-14-D-0015	15	\$1,560,000,000
FA8505-14-D-0004	1	255,299,797
FA8540-14-D-0001	15	200,000,000
FA8519-14-D-0002	14	133,024,408
FA8528-14-D-0023	6	131,158,338
FA8505-15-D-0001	1	110,571,788
FA8505-11-D-0006	15	87,816,152
FA8528-12-D-0013	9	68,900,414
Total	76	\$2,546,770,897

* Value of the basic contracts.

We interviewed AFLCMC contracting personnel involved in the contract award and administration of the eight contracts and associated task orders. We met with applicable contracting officers and in some cases, their supervisors. We obtained and reviewed supporting contract file documentation for each contract and associated task order(s). Specifically, we reviewed:

- basic contracts and modifications;
- all task orders related to each contract;
- determinations and findings (D&F) for single-award IDIQ task order contracts;
- justification and approvals for Other Than Full and Open Competition;
- performance work statements;
- market research reports;
- price negotiation memorandums;
- acquisition plans;
- contracting officer's warrants;
- schedule of supplies and services in the task order; and
- dollar amounts obligated on task orders.

We reviewed applicable criteria related to IDIQ contracts exceeding \$103 million, including:

- FAR16.504(c)(1)(ii)(D)(1), “Requirement for task or delivery order contract in an amount estimated to exceed \$103 million (including all options);”
- AFFARS 5302.101, “Definition for Head of the Agency;”
- DFARS 216.504, “Limitations on single-award contracts;” and
- Headquarters Air Force Mission Directive 1-10, “Assistant Secretary of the Air Force (Acquisition),” April 8, 2009.

We interviewed personnel from the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics, Defense Procurement and Acquisition Policy, to determine the office’s involvement in overseeing single-award IDIQ contracts in accordance with FAR 16.504 (c)(1)(ii)(D)(1).

We interviewed officials at SAF/AQ to discuss the D&F approvals for five of eight contracts that were signed by either the Deputy Assistant Secretary for (Contracting) or the military deputies, including:

- FA8540-14-D-0001, valued at \$200,000,000;
- FA8528-12-D-0013, valued at \$68,900,414;
- FA8519-14-D-0002, valued at \$133,024,408;
- FA8505-11-D-0006, valued at \$87,816,152; and
- FA8505-14-D-0004, valued at \$255,299,797.

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

Prior Coverage

No prior coverage has been conducted on U.S. Air Force single-award IDIQ contracts for services during the last 5 years.

Appendix B

Summary of AFLCMC IDIQ Award Contracts and Task Orders

Contract Number/ Description	Determinations and Finding for Single Award Prepared	Determinations and Finding Properly Signed	Determinations and Finding Justify Single Award	FAR Exception Used	Number of Task Orders	Task Orders Within Scope of Contract	Task Order Value
FA8528-14-D-0015 U-2 Airframe Support	Yes	Yes	Yes	Only one source is qualified	15	Yes	\$307,862,274
FA8505-14-D-0004 Consumable Items for F-15 Support	Yes	No	Yes	Only one source is qualified	1	Yes	156,661,226
FA8540-14-D-0001 Embedded Global Post System	Yes	Yes	Yes	Only one source is qualified	15	Yes	36,903,985
FA8519-14-D-0002 463L Cargo Pallets	Yes	No	Yes	Only one source is qualified	14	Yes	74,075,562
	Yes	No	Yes	Firm-fixed-price only			
FA8528-14-D-0023 ASARS Sensor Support	Yes	Yes	Yes	Only one source is qualified	6	Yes	45,884,953
FA8505-15-D-0001 F-15 Transportation Support Service	No	N/A	*	N/A	1	Yes	34,921,104
FA8505-11-D-0006 F-15 Depot Repairs-Korea	Yes	Yes	Yes	Only one source is qualified	15	Yes	28,709,815
FA8528-12-D-0013 ASIP Sensor on U-2	Yes	No	Yes	Only one source is qualified	9	Yes	124,055,075
Total Number of Task Orders					76		
Total Value of Task Orders							\$1,009,073,994

* No determination and finding prepared. However, documentation supported indefinite-delivery indefinite-quantity award.

Management Comments

Assistant Secretary of the Air Force (Acquisition)



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

MAR 30 2016

MEMORANDUM FOR DoD INSPECTOR GENERAL

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

SUBJECT: SAF/AQ Responses to DoD IG Report "The Air Force Processes for Approving Air Force Life Cycle Management Center Single-Award Indefinite-Delivery Indefinite-Quantity Contracts Need Improvement"

1. The Department of Defense Inspector General (DoD IG) released a draft report titled "The Air Force Processes for Approving Air Force Life Cycle Management Center Single-Award Indefinite-Delivery Indefinite-Quantity Contracts Need Improvement". The report provides the Air Force with two recommendations, one of which contains four subsets and is addressed to Deputy Assistant Secretary of the Air Force (Contracting) (SAF/AQ). The following is the DoD IG recommendation to SAF/AQ, and SAF/AQ's response:

Recommendation 1(a): *Review the four determinations and findings for the three single-award indefinite-delivery indefinite-quantity contracts FA8528-12-D-0013, FA8519-14-D-0002 (2 determinations & findings), and FA8505-14-D-0004 to determine whether they have been properly approved and submit the contracts that did not have proper approval to the Senior Procurement Executive (SPE).*

Response 1(a): Concur. The determinations and findings associated with FA8528-12-D-0013, FA8519-14-D-0002 (2 D&Fs), and FA8505-14-D-0004 were submitted in accordance with DFARS 216.504 and are projected to be reviewed by 15 April 2016.

Recommendation 1(b): *Issue internal guidance clarifying that only the Senior Procurement Executive may approve determinations and findings for Air Force single-award indefinite-delivery indefinite quantity contracts.*

Response 1(b): Concur. An updated acquisition authority matrix was issued on 14 January 2016 stating that only the Senior Procurement Executive may approve determinations and findings for Air Force single-award indefinite-delivery quantity contracts. This matrix is located on the Air Force internal Sharepoint site and is accessible to the the field. The matrix has been attached for reference.

Recommendation 1(c): *Issue a memorandum to Air Force contracting activities emphasizing the contracting officer's responsibility to submit approved Determinations and Findings for single-award indefinite-delivery indefinite quantity contracts to the Director, Defense Procurement and Acquisition Policy.*

Assistant Secretary of the Air Force (Acquisition) (cont'd)

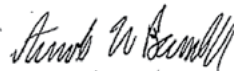
2.

Response 1(c): Concur. SAF/AQCP will issue a memorandum from SAF/AQC to the field emphasizing the Contracting Officer's responsibilities as outlined in the recommendations. The letter will simultaneously provide the clarification that only the SPE may approve D&Fs for Air Force single award IDIQs. This letter is projected to be issued by 15 April 2016.

Recommendation 1(d): *Submit the determinations and findings for contracts FA8528-14-D-0015, FA8528-12-D-0013, FA8505-14-D-0004, FA8528-14-D-0023, FA8519-14-D-0002, FA8540-14-D-0001, and FA8505-11-D-0006 to the Director, Defense Procurement and Acquisition Policy (DPAP).*

Response 1(d): Concur. SAF/AQC submitted the eight determinations and findings listed above to DPAP on 11 March 2016.

2. Please direct questions to [REDACTED] or [REDACTED]



ARNOLD W. BUNCH, JR., Lt Gen, USAF
Military Deputy, Office of the Assistant Secretary
of the Air Force (Acquisition)

Attachment:
Air Force Acquisition Authorities Matrix (14 Jan 16)

Air Force Life Cycle Management Center



DEPARTMENT OF THE AIR FORCE
AIR FORCE LIFE CYCLE MANAGEMENT CENTER
WRIGHT-PATTERSON AIR FORCE BASE, OHIO

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28 Mar 2016

MEMORANDUM FOR DoD IG

FROM: AFLCMC/PZC

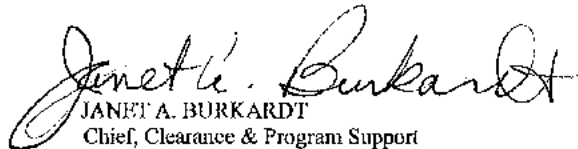
SUBJECT: Management Comments for Department of Defense Inspector General (DoD IG), Project No. D2015-D000CN-0147.000, *The Air Force Processes for Approving Air Force Life Cycle Management Center Single-Award Indefinite-Delivery Indefinite-Quantity Contracts Need Improvement*

1. AFLCMC/PZC has completed its review of the audit and takes no exception to the findings contained therein.
2. The following recommendation was received and our response is as follows:

Recommendation 2: *We recommend that the Commander, Air Force Life Cycle Management Center issue a memorandum to contracting officers emphasizing their responsibilities to prepare a determination and findings for each single-award indefinite-delivery, indefinite-quantity contract that exceeds \$112 million, in accordance with federal acquisition regulation 16.504(c)(1)(ii)(D)(1)(iii).*

Response 2: Concur. The recommended memorandum, signed by the AFLCMC Director of Contracting, emphasizing contracting officer responsibilities when awarding single-award task or delivery order contracts exceeding \$112 million, will be issued to the AFLCMC contracting workforce no later than 31 March 2016. A copy of the signed memo will be forwarded to SAF/AQ once distributed.

3. Our point of contact for this information is [REDACTED].


JANET A. BURKARDT
Chief, Clearance & Program Support
AFLCMC/PZC

cc: SAF/AQ [REDACTED]
SAF/FM [REDACTED]

Acronyms and Abbreviations

AFB	Air Force Base
AFFARS	Air Force Federal Acquisition Regulation Supplement
AFLCMC	Air Force Life Cycle Management Center
DFARS	Defense Federal Acquisition Regulation Supplement
DPAP	Defense Procurement and Acquisition Policy
D&F	Determination and Findings
FAR	Federal Acquisition Regulation
IDIQ	Indefinite-Delivery Indefinite-Quantity
RSAF	Royal Saudi Air Force
SAF/AQ	Assistant Secretary of the Air Force for Acquisition
SPE	Senior Procurement Executive

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congressional@dodig.mil; 703.604.8324

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