

SIGAR

Special Inspector General for Afghanistan Reconstruction

SIGAR 16-36 Financial Audit

Construction of the Afghan Defense University: Audit of Costs Incurred by Amec Foster Wheeler Environment & Infrastructure, Inc.

In accordance with legal requirements, SIGAR has redacted certain information deemed proprietary or otherwise sensitive from this report.



MAY
2016

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT THE AUDIT REVIEWED

On September 11, 2008, the Air Force Center for Engineering and the Environment—reorganized in 2012 as the Air Force Civil Engineer Center (AFCEC)—awarded a 33-month, \$70.2 million task order to AMEC Earth & Environment, Inc., which was renamed Amec Foster Wheeler Environment & Infrastructure, Inc. (AmecFW) in 2015. The project was intended to plan and construct the Afghan Defense University in Qarghah, Kabul province, Afghanistan. After 18 modifications, the total cost of the task order was increased to \$94,672,773, and the period of performance was extended to February 26, 2013.

SIGAR's financial audit, performed by Crowe Horwath LLP (Crowe), reviewed \$94,637,719 in expenditures charged to the task order from September 11, 2008, through February 26, 2013. The objectives of the audit were to (1) identify and report on significant deficiencies or material weaknesses in AmecFW's internal controls related to the task order; (2) identify and report on instances of material noncompliance with the terms of the task order and applicable laws and regulations, including any potential fraud or abuse; (3) determine and report on whether AmecFW has taken corrective action on prior findings and recommendations; and (4) express an opinion on the fair presentation of AmecFW's Special Purpose Financial Statement. See Crowe's report for the precise audit objectives.

In contracting with an independent audit firm and drawing from the results of the audit, SIGAR is required by auditing standards to review the audit work performed. Accordingly, SIGAR oversaw the audit and reviewed its results. Our review disclosed no instances where Crowe did not comply, in all material respects, with U.S. generally accepted government auditing standards.

May 2016

Construction of the Afghan Defense University: Audit of Costs Incurred by Amec Foster Wheeler Environment & Infrastructure, Inc.

SIGAR 16-36-FA

WHAT THE AUDIT FOUND

Crowe identified four significant deficiencies in AmecFW's internal controls and four instances of noncompliance with the terms and conditions of the task order. Specifically, Crowe found that AmecFW could not provide sufficient documentation to support \$25,067 in inventory, including receipts and property management records. Additionally, AmecFW improperly charged the government for \$410 of general purpose office equipment. When applicable, general and administrative overhead is added to these questioned amounts, and the total questioned amount equals \$27,621 (see table below). Finally, AmecFW did not complete required performance evaluations for subcontractors and did not comply with federal requirements to pay four subcontractor invoices within 7 days.

As a result of these internal control weaknesses and instances of noncompliance, Crowe identified \$27,621 in questioned costs, consisting of \$27,176 in unsupported costs—costs not supported with adequate documentation or that did not have required prior approval—and \$445 ineligible costs—costs prohibited by the task order, applicable laws, or regulations.

Category	Unsupported	Ineligible	Total Questioned Costs
Subcontracts and Other Direct Costs	\$25,067	\$410	\$25,477
General and Administrative	\$2,109	\$35	\$2,144
Totals	\$27,176	\$445	\$27,621

In addition, Crowe determined that AmecFW invoiced and received payment for a portion of the fixed fee prior to performing work under the task order, resulting in a \$593 loss in interest to the U.S. government.

Crowe identified two prior audit reports that were pertinent to AmecFW's activities under the construction project and could have a material impact on the Special Purpose Financial Statement. Crowe followed up on three findings in these reports that were related to the scope of this audit. After reviewing and assessing documentation, Crowe determined that AmecFW had taken adequate corrective actions to address these findings.

Crowe issued an unmodified opinion on AmecFW's Special Purpose Financial Statement, noting that it presents fairly, in all material aspects, revenues received, costs incurred, and the balance for the indicated period audited.

WHAT SIGAR RECOMMENDS

Based on the results of the audit, SIGAR recommends that the responsible contracting officer at AFCEC:

1. **Determine the allowability of and recover, as appropriate, \$27,621 in questioned costs identified in the report.**
2. **Collect \$593 in interest from AmecFW.**
3. **Advise AmecFW to address the report's four internal control findings.**
4. **Advise AmecFW to address the report's four noncompliance findings.**



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

May 9, 2016

The Honorable Ashton B. Carter
Secretary of Defense

General Joseph L. Votel
Commander, U.S. Central Command

General John W. Nicholson
Commander, U.S. Forces–Afghanistan and
Commander, Resolute Support

General Janet C. Wolfenbarger
Commander, U.S. Air Force Materiel Command

Mr. Joe Sciabica
Director, Air Force Civil Engineer Center

We contracted with Crowe Horwath LLP (Crowe) to audit the costs incurred by Amec Foster Wheeler Environment & Infrastructure, Inc. (AmecFW) under an Air Force Center for Engineering and the Environment—reorganized in 2012 as the Air Force Civil Engineer Center (AFCEC)—task order to plan and construct the Afghan Defense University in Qarghah, Kabul province, Afghanistan.¹ Crowe’s audit reviewed \$94,637,719 in expenditures charged to the task order from September 11, 2008, through February 26, 2013. Our contract required that the audit be performed in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Based on the results of audit, SIGAR recommends that the responsible contracting officer at AFCEC:

- 1. Determine the allowability of and recover, as appropriate, \$27,621 in questioned costs identified in the report.**
- 2. Collect \$593 in interest from AmecFW.**
- 3. Advise AmecFW to address the report’s four internal control findings.**
- 4. Advise AmecFW to address the report’s four noncompliance findings.**

The results of Crowe’s audit are detailed in the attached report. We reviewed Crowe’s report and related documentation. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on AmecFW’s Special Purpose Financial Statement. We also express no opinion on the effectiveness of AmecFW’s internal control or compliance with the task order, laws, and regulations. Crowe is responsible for the attached auditor’s report and the conclusions expressed in the report. However, our review disclosed no instances where Crowe did not comply, in all material respects, with U.S. generally accepted government auditing standards issued by the Comptroller General of the United States.

¹ The Air Force Center for Engineering and the Environment awarded contract no. FA8903-06-D-8507, task order 12 to AmecFW to support the design and construction of the Afghan Defense University. The project was intended to construct, among other structures, administration buildings, barracks, and a power generation plant.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

We will be following up with your agency to obtain information on the corrective actions taken in response to our recommendations.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

(F-077)



Amec Foster Wheeler Environment & Infrastructure, Inc.
Construction of the Afghan Defense University, Qarghah, Afghanistan
Special Purpose Financial Statement
For the Period September 11, 2008, through February 26, 2013
(With Independent Auditor's Report Thereon)

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Transmittal Letter

March 28, 2016

To the Board of Directors and Management of Amec Foster Wheeler Environment & Infrastructure, Inc.
751 Arbor Way, Suite 180
Blue Bell, Pennsylvania 19422

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

We appreciate the opportunity to provide to you our report regarding the procedures that we have completed during the course of our audit of Amec Foster Wheeler Environment & Infrastructure, Inc.'s ("AmecFW") contract task order with the United States Department of the Air Force funding the provision of support to the Air Force Civil Engineer Center to design and construct the Afghan Defense University in Qarghah, Afghanistan.

Within the pages that follow, we have provided a brief summary of the work performed. Following the summary, we have incorporated our report on the Special Purpose Financial Statement, report on internal control, and report on compliance. We do not express an opinion on the summary or any information preceding our reports.

When preparing our report, we considered comments, feedback, and interpretations of AmecFW, the Office of the Special Inspector General for Afghanistan Reconstruction, and the U.S. Department of the Air Force provided both in writing and orally throughout the audit planning and fieldwork phases. Management's final written responses have been incorporated herein.

Thank you for providing us the opportunity to work with you and to conduct the financial audit of AmecFW's contract task order.

Sincerely,

A handwritten signature in black ink, appearing to read "Bert Nuehring".

Bert Nuehring, CPA, Partner
Crowe Horwath LLP



www.crowehorwath.com

Summary

Background

On September 11, 2008, the United States Air Force Center for Engineering and the Environment issued AMEC Earth & Environmental, Inc. a cost plus fixed fee task order under contract number FA8903-06-D-8507. The task order's period of performance spanned from the issue date to June 9, 2011, and included an initial value of \$70,206,757, inclusive of both the cost and fixed fee amounts. Subsequent to the initial award, the task order was modified eighteen times. The award ceiling was increased to \$94,672,773, and the period of performance was extended to February 26, 2013.

Throughout the period of performance, and subsequent thereto, AMEC Earth & Environmental, Inc. underwent multiple organizational and business changes. These changes resulted in two changes to the company's legal name. Effective November 1, 2011, the company was renamed AMEC Environment & Infrastructure, Inc. The name was changed again with an effective date of January 1, 2015, to Amec Foster Wheeler Environment & Infrastructure, Inc. In consideration of these changes, the audit report has been issued to Amec Foster Wheeler Environment & Infrastructure, Inc. ("AmecFW").

The purpose of the task order was to promote the construction of the Afghan Defense University in Qarghah, Afghanistan. Included within the scope was all necessary activities required to design and construct new facilities and infrastructure. Within the audit period, AmecFW reported a total of [REDACTED] in costs incurred, inclusive of both direct and indirect costs claimed under the task order and pending reimbursement. The total fixed fee amount of [REDACTED] was also reported as earned thus bringing the total actual reimbursable costs plus fixed fee amounts to \$94,637,719. AmecFW has reported revenues earned of \$94,637,708. The work was completed within the prescribed period of performance as denoted within the final performance evaluation completed and issued by the assigned U.S. Government Program Manager.

Work Performed

Crowe Horwath LLP ("Crowe") was engaged by the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") to conduct a financial audit of AmecFW's project.

Objectives Defined by SIGAR

The following audit objectives were defined within the *Performance Work Statement for Financial Audits of Costs Incurred by Organizations Contracted by the U.S. Government for Reconstruction Activities in Afghanistan*:

Audit Objective 1 – Special Purpose Financial Statement

Express an opinion on whether the Special Purpose Financial Statement for the award presents fairly, in all material respects, revenues received, costs incurred, items directly procured by the U.S. Government, and balance for the period audited in conformity with the terms of the award and generally accepted accounting principles or other comprehensive basis of accounting.

Audit Objective 2 – Internal Controls

Evaluate and obtain a sufficient understanding of AmecFW's internal control related to the award; assess control risk; and identify and report on significant deficiencies including material internal control weaknesses.

Audit Objective 3 – Compliance

Perform tests to determine whether AmecFW complied, in all material respects, with the award requirements and applicable laws and regulations; and identify and report on instances of material noncompliance with terms of the award and applicable laws and regulations, including potential fraud or abuse that may have occurred.

Audit Objective 4 – Corrective Action on Prior Findings and Recommendations

Determine and report on whether AmecFW has taken adequate corrective action to address findings and recommendations from previous engagements that could have a material effect on the special purpose financial statement or other financial data significant to the audit objectives.

Scope

The scope of the audit included the period September 11, 2008, through February 26, 2013. The audit was limited to those matters and procedures pertinent to the contract task order that have a direct and material effect on the Special Purpose Financial Statement (“SPFS”). The audit also included an evaluation of the presentation, content, and underlying records of the SPFS. Further, the audit included reviewing the financial records that support the SPFS to determine if there were material misstatements and if the SPFS was presented in the format required by SIGAR. In addition, the following areas were determined to be direct and material and, as a result, were included within the audit program for detailed evaluation:

- Allowable Costs;
- Allowable Activities;
- Cash Management;
- Equipment and Property Management; and
- Procurement;

Methodology

To meet the aforementioned objectives, Crowe completed a series of tests and procedures to audit the SPFS, tested compliance and considered the auditee’s internal controls over compliance and financial reporting, and determined if adequate corrective action was taken in response to prior audit, assessment, and findings and review comments, as applicable.

For purposes of meeting Audit Objective 1 pertaining to the SPFS, transactions were selected from the financial records underlying the SPFS and were tested to determine if the transactions were recorded in accordance with the basis of accounting identified by the auditee; were incurred within the period covered by the SPFS and in alignment with specified cutoff dates; were appropriately allocated to the award if the cost benefited multiple objectives; and were adequately supported.

With regard to Audit Objective 2 regarding internal control, Crowe requested and the auditee provided copies of policies and procedures and verbally communicated those procedures that do not exist in written format to provide Crowe with an understanding of the system of internal control established by AmecFW. The system of internal control is intended to provide reasonable assurance of achieving reliable financial and performance reporting and compliance with applicable laws and regulations. Crowe corroborated internal controls identified by the auditee and conducted testing of select key controls to understand if they were implemented as designed.

Audit Objective 3 requires that tests be performed to obtain an understanding of the auditee's compliance with requirements applicable to the contract task order. Crowe identified – through review and evaluation of the contract task order and the primary indefinite quantity contract executed by and between AmecFW and the United States Department of the Air Force, the Federal Acquisition Regulation (“FAR”), and the Defense Federal Acquisition Regulation Supplement, the Air Force Federal Acquisition Regulation Supplement, and the Air Force Material Command Federal Acquisition Regulation Supplement – the criteria against which to test the SPFS and supporting financial records and documentation. Using sampling techniques, Crowe selected expenditures, invoices submitted to the Government for payment, procurements, property and equipment dispositions, and subcontracts issued under the contract and corresponding costs incurred. Supporting documentation was provided by the auditee and subsequently evaluated to assess AmecFW's compliance. Testing of indirect costs was limited to determining whether indirect costs were calculated and charged to the U.S. Government in accordance with the negotiated indirect cost rate agreements and adjustments to billings based on preliminary or proposed rates were made, as required and applicable.

Regarding Audit Objective 4, Crowe inquired of both AmecFW and the United States Department of the Air Force staff to understand whether or not there were prior audits, reviews, or assessments that were pertinent to the audit scope. Crowe also conducted an independent search of publicly available information to identify audit and review reports. As a result of the aforementioned efforts, we identified six prior reports for review and evaluation – three of which required corrective action.

Due to the location and nature of the project work and certain vendors and individuals who supported the project still residing in Afghanistan, certain audit procedures were performed on-site in Afghanistan, as deemed necessary.

Summary of Results

Upon completion of Crowe's procedures, Crowe identified five findings because they met one or more of the following criteria: (1) significant deficiencies in internal control, (2) material weaknesses in internal control, (3) noncompliance with rules, laws, regulations, or the terms and conditions of the contract task order; and/or (4) questioned costs resulted from identified instances of noncompliance. Other matters that did not meet the criteria were communicated verbally to AmecFW.

Crowe issued an unmodified opinion on the Special Purpose Financial Statement.

Crowe also reported on both AmecFW's compliance with the applicable laws, rules, regulations, and the terms and conditions of the contract task order and the internal controls over compliance and financial reporting. Four significant deficiencies in internal control and four instances of noncompliance were reported. Where internal control and compliance findings pertained to the same matter, they were consolidated within a single finding. A total of \$27,621 in costs was questioned and \$876 in interest penalties were calculated. Questioned costs are presented in **TABLE A** contained herein.

Crowe also requested copies of prior audits, reviews, and evaluations pertinent to AmecFW's financial performance under the contract task order. We reviewed relevant reports and conducted follow-up procedures in relation to matters requiring corrective action. Based upon our procedures, the corrective actions taken in relation to the identified findings was considered to be adequate. **Section 2: Summary Schedule of Prior Audit and Review Findings** provides more details of relevant findings.

This summary is intended to present an overview of the results of procedures completed for the purposes described herein and is not intended to be a representation of the audit's results in their entirety.

TABLE A: Summary of Findings and Questioned Costs

Finding Number	Matter	Cumulative Questioned Costs
2015-01	Procurement and Subcontract Administration	\$0
2015-02	Prompt Payment of Four Construction Subcontractors	\$0
2015-03	General Purpose Office Equipment	\$445
2015-04	Billing of Fixed Fee Amounts	\$0
2015-05	Property Management	\$27,176
Total Questioned Costs		\$27,621

Summary of Management Comments

Management concurred with each audit finding and has developed a corrective action plan, which is incorporated within management's responses to the findings.

References to Appendices

The auditor's reports are supplemented by one appendix, which contains management's responses to the audit findings.

INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL STATEMENT

To the Board of Directors and Management of Amec Foster Wheeler Environment & Infrastructure, Inc.
751 Arbor Way, Suite 180
Blue Bell, Pennsylvania 19422

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

Report on the Special Purpose Financial Statement

We have audited the Special Purpose Financial Statement ("the Statement") of Amec Foster Wheeler Environment & Infrastructure, Inc. ("AmecFW"), and related notes to the Statement, with respect to the Construction of Afghan Defense University in Qarghah, Afghanistan, project funded by contract number FA8903-06-D-8507, task order 12, for the period September 11, 2008, through February 26, 2013.

Management's Responsibility for the Special Purpose Financial Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the requirements specified by the Office of the Special Inspector General for Afghanistan Reconstruction ("SIGAR") in Appendix IV of Solicitation ID11140014014 ("the Contract"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Special Purpose Financial Statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement referred to above presents fairly, in all material respects, revenues received, costs incurred, and balance for the indicated period in accordance with the requirements established by the Office of the Special Inspector General for Afghanistan Reconstruction in Appendix IV of the Contract and on the basis of accounting described in Note 1.

Basis of Presentation

We draw attention to Note 1 to the Statement, which describes the basis of presentation. The Statement was prepared by AmecFW in accordance with the requirements specified by the Office of the Special Inspector General for Afghanistan Reconstruction in Appendix IV of the Contract and presents those expenditures as permitted under the terms of contract number FA8903-06-D-8507, task order 12, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Award referred to above. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is intended for the information of Amec Foster Wheeler Environment & Infrastructure, Inc., the United States Department of the Air Force, and the Office of the Special Inspector General for Afghanistan Reconstruction. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued reports dated November 23, 2015, on our consideration of AmecFW's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AmecFW's internal control over financial reporting and compliance.


Crowe Horwath LLP

November 23, 2015
Washington, D.C.

Amec Foster Wheeler Environment & Infrastructure, Inc.
Special Purpose Financial Statement
Contract Number FA890306-D-8507, Task Order 12
September 11, 2008 through February 26, 2013

	<u>Questioned Costs</u>				
	<u>Budget</u>	<u>Actual</u>	<u>Ineligible</u>	<u>Unsupported</u>	<u>Notes</u>
<i>Revenues</i>					
FA890306-D-8507, TO 12	\$ 94,672,773	\$ 94,637,708	\$ -	\$ -	3, 4, 6, A, C
Total Revenue	\$ 94,672,773	\$ 94,637,708			
<i>Costs Incurred</i>					
Direct Salaries - Home		\$ 1,304,613			
Overhead - Home		██████████			
Direct Salaries - Field		3,967,905			
Overhead - Field		██████████			
Direct Salaries - MAT		122			
Overhead - MAT		██████████			
Subcontract and ODC's		71,297,518	410	25,067	B, D
General and Administrative		██████████	35	2,109	
Total Costs Incurred	\$ ██████████	\$ ██████████			
Fixed Fee	\$ ██████████	\$ ██████████			
Total Costs plus Fixed Fee	\$ 94,672,773	\$ 94,637,719			
<i>Balance</i>	<u>\$ (0)</u>	<u>\$ (11)</u>	\$ 445	\$ 27,176	7

The accompanying notes to the Special Purpose Financial Statement are an integral part of this Statement.

Amec Foster Wheeler Environment & Infrastructure, Inc.
Notes to the Special Purpose Financial Statement
For the Period September 11, 2008, through February 26, 2013

Note 1. Basis of Presentation

The Special Purpose Financial Statement (the "Statement") includes costs incurred under contract FA8903-06-D-8507, Task Order 0012. Because the Statement presents only a selected portion of the operations of Amec Foster Wheeler Environment & Infrastructure, Inc. ("AmecFW"), it is not intended to and does not present the financial position, changes in net assets, or cash flows of AmecFW. The Statement presented is specific to the aforementioned Federal contract and, therefore, some amounts presented in this Statement may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting: Expenditures reported on the Statement are reported on the accrual basis of accounting and in accordance with AmecFW's Cost Accounting Standards Board Disclosure Statement. Such expenditures are recognized following the cost principles contained in FAR 31.205, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Foreign Currency conversion method: All expenditures are shown in United States Dollars. Local currency was converted to United States dollars using an average conversion rate for the applicable reporting period.

Accounting System Dates: The Statement reflects all costs incurred under the task order during the period of performance. Transactions and/or adjustments in the accounting system may have occurred in accounting periods beyond the period of performance. For example, indirect cost rate reconciliations to final audited and claimed rates were completed subsequent to the end of the period of performance.

Note 3. Budget

The budget column shows the estimated cost plus fixed fee for the task order. The task order reflected total estimated costs and incorporated a fixed fee amount; however, the budget did not specify estimated costs by cost category or cost element.

Note 4. Revenues

Revenues represent the amount of funds to which AmecFW is entitled to receive for allowable, reimbursable costs incurred and the earned fixed fee amount under the contract task order during the period of performance.

Note 5. Cost Categories

The cost categories shown on the Statement present AmecFW's actual costs incurred by expense type as reported in client billings and AmecFW's general ledger.

(Continued)

Note 6. Reconciliation of Revenues and Amounts Invoiced

AmecFW has invoiced a total \$94,211,229. Revenues reported on the Statement of \$94,637,708 reflect total revenues earned under the contract task order. AmecFW has a balance of \$426,479 that remains unbilled pending the proper application of AmecFW's indirect cost rate adjustment vouchers issued to date that have been received by the Government. AmecFW has been seeking assistance from the Government to have the funds posted in the Defense Finance and Accounting Services (DFAS) System in order to bill the outstanding amounts. The \$426,479 represents costs incurred by AmecFW that may be invoiced to the Government upon DFAS's applying a previous credit issued by AmecFW to the available funds amount in the Government's billing system – the Wide Area Workflow System.

Note 7. Balance

The balance of (\$11) is the result of rounding differences within the transaction calculations.

Note 8. Contractor's Name

The task order was initially awarded to AMEC Earth & Environmental, Inc. Pursuant to the Certificate of Amendment filed with the Secretary of State of the State of Nevada, AMEC Earth & Environmental, Inc.'s name formally changed to AMEC Environment & Infrastructure, Inc. effective November 1, 2011. Pursuant to the Certificate of Amendment filed with the Secretary of State of the State of Nevada, AMEC Environment & Infrastructure, Inc.'s name formally changed to Amec Foster Wheeler Environment & Infrastructure, Inc. effective January 1, 2015.

Note 9. Program Status

All work required under the contract task order has been completed. The award remains open pending finalization of the Government's audit of AmecFW's indirect cost rates for the applicable contract period or otherwise executing a quick closeout process.

Note 10. Subsequent Events

AmecFW's management has conducted its review of events occurring subsequent to the September 11, 2008, through February 26, 2013, period of performance, as of November 23, 2015.

Notes to the Questioned Costs Presented on the Special Purpose Financial Statement¹

Note A. Subcontractor Prompt Payments

Finding 2015-02 identified \$283 in interest penalties as a result of AmecFW's not having paid its subcontractors within seven calendar days of AmecFW's receiving its reimbursement from the Government.

Note B. Purchase of General Purpose Office Equipment

Finding 2015-03 questioned \$445 as a result of AmecFW's having purchased items that are classified as general purpose office equipment. The direct charging of general purpose office equipment costs is prohibited by the terms of the basic contract.

Note C. Invoicing for Fixed Fee Payments

Finding 2015-04 identified \$593 in imputed interest as a result of AmecFW's having invoiced and received payment for a portion of the fixed fee prior to the fee having been earned.

Note D. Property Management

Finding 2015-05 questioned \$27,176 in costs due to lack of documentation being available to support the receipt and appropriate disposition of one \$347 property item and AmecFW's inability to fully reconcile the property inventory to the project cost detail and transfer reports.

¹ Notes to the Questioned Costs are prepared by the auditor for purposes of this report. Management takes no responsibility for the notes to the questioned costs.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Board of Directors and Management of Amec Foster Wheeler Environment & Infrastructure, Inc.
751 Arbor Way, Suite 180
Blue Bell, Pennsylvania 19422

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Special Purpose Financial Statement ("the Statement") of Amec Foster Wheeler Environment & Infrastructure, Inc. ("AmecFW"), and related notes to the Statement, with respect to the Construction of Afghan Defense University in Qarghah, Afghanistan, project funded by contract number FA8903-06-D-8507, task order 12, for the period September 11, 2008, through February 26, 2013. We have issued our report thereon dated November 23, 2015.

Internal Control over Financial Reporting

AmecFW's management is responsible for establishing and maintaining effective internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the contract; and transactions are recorded properly to permit the preparation of the Statement in conformity with the basis of presentation described in Note 1 to the Statement. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the Statement for the period September 11, 2008, through February 26, 2013, we considered AmecFW's internal controls to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of AmecFW's internal control. Accordingly, we do not express an opinion on the effectiveness of AmecFW's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the second paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify all deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies noted in Findings 2015-01, 2015-03, 2015-04, and 2015-05 in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

Amec Foster Wheeler Environment & Infrastructure, Inc.'s Response to the Findings

AmecFW's response to the findings was not subject to the auditing procedures applied in the audit of the special purpose financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control. Accordingly, this communication is not suitable for any other purpose.

Restriction on Use

This report is intended for the information of Amec Foster Wheeler Environment & Infrastructure, Inc., the United States Department of the Air Force, and the Office of the Special Inspector General for Afghanistan Reconstruction. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.


Crowe Horwath LLP

November 23, 2015
Washington, D.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

To the Board of Directors and Management of Amec Foster Wheeler Environment & Infrastructure, Inc.
751 Arbor Way, Suite 180
Blue Bell, Pennsylvania 19422

To the Office of the Special Inspector General for Afghanistan Reconstruction
2530 Crystal Drive
Arlington, Virginia 22202

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Special Purpose Financial Statement ("the Statement") of Amec Foster Wheeler Environment & Infrastructure, Inc. ("AmecFW"), and related notes to the Statement, with respect to the Construction of Afghan Defense University in Qarghah, Afghanistan, project funded by contract number FA8903-06-D-8507, task order 12, for the period September 11, 2008, through February 26, 2013. We have issued our report thereon dated November 23, 2015.

Management's Responsibility for Compliance

Compliance with Federal rules, laws, regulations, and the terms and conditions applicable to the contract is the responsibility of the management of AmecFW.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in Findings 2015-02, 2015-03, 2015-04, and 2015-05 in the accompanying Schedule of Findings and Questioned Costs.

Amec Foster Wheeler Environment & Infrastructure, Inc.'s Response to the Findings

AmecFW's response to the findings was not subject to the auditing procedures applied in the audit of the special purpose financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

(Continued)

Restriction on Use

This report is intended for the information of Amec Foster Wheeler Environment & Infrastructure, Inc., the United States Department of the Air Force, and the Office of the Special Inspector General for Afghanistan Reconstruction. Financial information in this report may be privileged. The restrictions of 18 U.S.C. 1905 should be considered before any information is released to the public.

Crowe Horwath LLP
Crowe Horwath LLP

November 23, 2015
Washington, D.C.

SECTION I: SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Finding 2015-01: Procurement and Subcontract Administration

Significant Deficiency

Criteria: Per Section 90.11 of AmecFW's US Federal Procurement Manual, at a minimum, a supplier performance evaluation should be completed upon receipt of the final invoice for all subcontracts for services.

Section 70.1 of AmecFW's Procurement Manual states that subcontract administrators shall first check the List of Parties Excluded from Federal Procurement or Non-Procurement Programs before awarding subcontracts.

Condition: During our review of 27 procurement files, we noted that AmecFW did not complete a supplier performance evaluation for any of the vendors. In addition, we identified five instances in which AmecFW did not complete a search of the Excluded Parties List System prior to issuing an award to the associated vendors. We did not, however, identify any parties that received awards from AmecFW that were suspended or debarred.

Questioned costs: None

Effect: The likelihood that AmecFW will enter into an agreement funded by the Federal Government with an excluded party is increased. Failure to complete supplier performance evaluations increases the risk that AmecFW will enter into a future contractual relationship with an organization that may not be responsible or capable of providing quality services.

Cause: Senior management, during its review of procurement files, did not identify the subcontractor administrators' not having completed the subcontractor evaluations timely, and administrators did not conduct the evaluations and EPLS searches as trained.

Recommendation: We recommend that AmecFW develop and deliver remedial training to subcontract administrators and other procurement staff to provide instruction regarding the timely completion of supplier performance evaluations and to reiterate the need to conduct searches for suspended or debarred statuses prior to issuance of awards.

(Continued)

Finding 2015-02: Prompt Payment for Four Construction Subcontractors

Noncompliance

Criteria: Pursuant to FAR 52.232-27 and the terms and conditions of AmecFW’s agreements with its subcontractors, AmecFW is required to pay subcontractors “for satisfactory performance under its subcontract not later than 7 days from receipt of payment out of such amounts as are paid to the Contractor under this contract.” Per FAR 52.232-27, “All days referred to in this clause are calendar days, unless otherwise specified.” Further, the regulation obligates the Contractor to pay to the subcontractor an interest penalty calculated using interest rates established by the U.S. Department of the Treasury for each payment not made in accordance with the payment clause.

Condition: During our testing of 25 subcontractor costs that were submitted to the Government for reimbursement, we identified four invoices that were not paid within seven days of AmecFW’s receipt of reimbursement from the Government. The table, below, summarizes the invoices that were paid late.

Invoice Number	Vendor	Reimbursement Amount	# of Days After Payment Due Date
5301	[REDACTED]	1,032,199.32	1
9705308	[REDACTED]	802,163.35	1
4401	[REDACTED]	416,928.92	5
6010	[REDACTED]	370,725.54	1

Questioned costs: None. However, we have calculated an interest penalty of \$283.

Effect: Failure to pay subcontractors timely may result in their not being incentivized to perform high quality services or otherwise to work on future US Government-funded projects. As a result, the quality of current and future projects could potentially suffer. In addition, by retaining Federal funds for a period longer than that permitted by the contract’s terms and conditions, AmecFW may incur increasing interest penalties thus resulting in losses for the company.

Cause: With respect to the payment that was made five days late, the accounts payable staff overlooked the transaction when assembling the wire transfer schedule thus resulting in the item’s being paid during the subsequent wire. Other late payments were the result of incorrect payment dates having been identified.

Recommendation: We recommend that AmecFW provide a written reminder to individuals responsible for processing subcontractor payments to ensure that team members are aware of the seven calendar day requirement. We further recommend that AmecFW pay the subcontractors the applicable interest penalty amounts (\$259 to [REDACTED] and \$24 to [REDACTED]).

Finding 2015-03: General Purpose Office Equipment

Significant Deficiency and Non-Compliance

Criteria: General purpose office equipment may not be directly charged to the contract task order as per Section PKV-H010, "Notice of Non-Allowability of Direct Charges for General Purpose Office Equipment and General Purpose Automated Data Processing Equipment (May 2005)," of the indefinite delivery indefinite quantity contract, which states:

(a) Notwithstanding the ALLOWABLE COST AND PAYMENT CLAUSE, 52.216-7, of Section I, costs for the acquisition of General Purpose Office Equipment (GPOE) and Information Technology (IT) shall not be considered as an allowable direct charge to this contract.

(b) GPOE refers to the equipment normally found in a business office such as desks, chairs, typewriters, calculators, file cabinets, etc., that are obtainable on the open market. IT is defined in FAR 2.101.

Condition: During our testing of equipment, property, and transactions, we identified seven items that meet the definition of general purpose office equipment, which is not a permissible direct charge to the contract. The total amount of the charges is \$410.

No	Item No	Audit Sample #	Item Description (Make & Model)	Total
1	12-0227	4	Office desk	█
2	12-0116	10	Office desk	█
3	12-0209	20	Office desk	█
4	12-0203	22	Office desk	█
5	12-0150	24	Office desk	█
6	12-0295	32	4-drawer file cabinet	█
7	12-0155	38	Office desk	█
Total				410.09

Questioned costs: \$445, inclusive of \$410 in direct costs and \$35 in associated indirect cost charges.

Effect: The Government funded the purchase of ineligible items.

Cause: AmecFW did not modify its transaction review and procurement procedures to prevent the purchase and direct charging of general purpose office equipment as restricted under the terms of the contract.

Recommendation: We recommend that AmecFW either locate evidence of a written waiver to invoice GPOE as direct costs or otherwise repay the Government \$445.

Finding 2015-04: Billing of Fixed Fee Amounts

Significant Deficiency and Non-Compliance

Criteria: Section B-058 of AmecFW’s task order states: The estimated cost and fee for this contract are shown below. The applicable fixed fee set forth below may be increased or decreased only by negotiation and modification of the contract for added or deleted work. As determined by the contracting officer, it shall be paid as it accrues, in regular installments based upon the percentage of completion of work (or the expiration of the agreed-upon period(s) for term contracts).

Condition: During our testing of reimbursement requests, we noted that AmecFW calculated the fixed fee amount to invoice by using the fixed fee percentage identified in the task order multiplied by the costs incurred within the billing period as opposed to calculating the fee amount using the percentage of work completed to date. This approach resulted in an over-billing of the fixed fee in 17 of 21 reimbursement requests.

At the end of the task order’s period of performance, the fixed fee amount billed did not exceed the authorized fixed fee amount. As such, the amount of the fixed fee amount billed is not question; rather, the interim billings resulted in a periodic advance to the company.

Voucher	Percent Complete (ACWP/BCWC)	Authorized Fixed Fee per Task Order	Cumulative Fixed Fee Amount Billed	Expected Cumulative Fee Billing Amount	Billing Variance
M12722389	83%	██████████	██████████	██████████	64,243
M12721833	40%	██████████	██████████	██████████	2,040
M12721903	49%	██████████	██████████	██████████	17,434
M12722881	95%	██████████	██████████	██████████	59,140
M12722881	95%	██████████	██████████	██████████	59,140
M12722528	91%	██████████	██████████	██████████	69,680
M12722063	65%	██████████	██████████	██████████	13,575
M12722551	91%	██████████	██████████	██████████	69,680
M12722244	83%	██████████	██████████	██████████	68,042
M12722053	66%	██████████	██████████	██████████	2,047
M12721559	9%	██████████	██████████	██████████	222
M12721531	6%	██████████	██████████	██████████	222
M12722081	68%	██████████	██████████	██████████	2,064
M12722244	83%	██████████	██████████	██████████	68,042
M12721589	8%	██████████	██████████	██████████	222
M12722749	95%	██████████	██████████	██████████	72,869
M12723003	98%	██████████	██████████	██████████	73,635

(Continued)

Questioned costs: None. However, \$593 in imputed interest was calculated as a result of the advanced funds.

Effect: The Government unintentionally advanced AmecFW funds as a result of greater fixed fee amounts having been billed than earned throughout the period of performance.

Cause: AmecFW did not design the billing process to calculate the amount of the fixed fee that had been earned based on the percentage of work completed requirement. The billing procedure implemented by AmecFW also does not specify the methodology for invoicing the fixed fee.

Recommendation: We recommend that AmecFW 1) modify its billing procedures to specifically require a review of contract terms and conditions pertaining to the appropriate method of invoicing the fee; and 2) remit the \$593 in interest to the Government.

(Continued)

Finding 2015-05: Property Management

Significant Deficiency and Non-Compliance

Criteria: Per Sections 5.5 and 5.8 of AmecFW's Government Property Control procedure, the Government Property Administrator is responsible for verifying receipt of government property and completing the government property control cards used for property records.

Section 5.23 of AmecFW's Government Property Control procedure states that "Adequate records shall be maintained for consumable items and plant property to enable accountability for acquisition and final use."

FAR 52.245-5(d), *Use of Government property*, states: "The Government property shall be used only for performing this contract, unless otherwise provided in this contract or approved by the Contracting Officer."

Pursuant to FAR 52.245-5(i), AmecFW was not permitted to dispose of Government property without authorization from the Plant Clearance Officer unless the items constituted scrap and AmecFW had an approved scrap procedure, AmecFW executed appropriate pre-disposal efforts, or the Government did not provide disposition instructions within 45 days following receipt of a scrap list from AmecFW.

Condition: During our testing of the contractor's property management records, we identified several discrepancies:

- Fourteen of forty sample items were not supported by evidence of receipt. Of the fourteen items, thirteen were subsequently identified on the property transfer report completed during project closeout. However one of the items – a GP340 radio with charger valued at \$347 – was not identified on the property transfer report. In the absence of both receiving support and evidence of disposition or transfer, the cost of the radio is questioned.
- We tested management's reconciliation of the property record detail, project cost data, and disposition/transfer out documentation. We found that the contractor could not explain why its property records showed a difference of \$24,720 between property records and project cost data after accounting for transfers. As such, \$24,720 in property items appear to be unaccounted for.
- Within the property records, 191 items did not contain per unit or total costs. Therefore, the actual unaccounted for difference may exceed \$24,720.
- Disposition/transfer out documentation appeared to be incomplete as 133 items did not contain per unit or total cost information.

Questioned costs: \$27,176, inclusive of \$347 for the radio, \$24,720 in property that is presently unaccounted for, and \$2,109 in associated indirect costs.

Effect: The likelihood that an item will be lost, stolen, damaged, or destroyed without management's knowledge is enhanced when property records do not allow for identification and tracking of specific items. The risk that items may currently be in use for unintended purposes is also elevated as a result of missing transfer or disposition support.

Cause: A number of items were purchased in bulk and AmecFW was unable to trace the bulk purchase to the specific item or unit or to trace the specific unit back to specific bulk purchases. The financial details per item were not recorded in the inventory and property logs at the time of purchase, invoicing, and/or receipt. This resulted in AmecFW's inability to fully reconcile the inventory to both the cost detail and property transfer reports and to locate receiving support for each sampled item. AmecFW's Government Property Control Procedure did not expressly require a review of inventories to identify and correct data omissions.

Recommendation: We recommend that AmecFW conduct a review of its record-keeping procedures and establish a process that allows the company to trace each property item's unique identifier to the applicable

accounting record or transfer-in document. We further recommend that AmecFW modify its Government Property Control Procedure, Section 5.24, to require management review of inventories and correction of identified data omissions and/or errors. Lastly, we recommend that AmecFW either fully reconcile the differences between the ADU project inventory report, property transfer support, and project cost detail reports or otherwise reimburse the Government an amount of \$27,176.

SECTION 2: SUMMARY SCHEDULE OF PRIOR AUDIT, REVIEW, AND ASSESSMENT FINDINGS

Crowe reviewed six reports, including three external audits, one internal audit, one performance evaluation, and one contractor purchasing system review report. Three of the reports included prior recommendations, observations, and/or findings that may have been direct and material to the SPFS. A summary of the results of follow-up procedures is included, below.

1. **Report:** 11-42 dated January 2011

Issue: AmecFW did not include detailed comments in procurement documentation which prevented full transparency within the vendor selection process.

Status: We conducted testing of a sample of procurements and did not identify any instances in which the procurement documentation was inadequate for purposes of demonstrating how vendors were selected. Therefore, we considered the corrective action taken to be adequate with respect to the task order under audit.

2. **Report:** DCMA Contractor Purchase System Review dated March 2010

Issue: Inadequate proposal analyses were performed thus resulting in a lack of documentation for sole source acquisitions.

Status: We conducted testing of a sample of procurements and did not identify any instances in which the procurement documentation was inadequate for purposes of demonstrating how vendors were selected, including those vendors selected through sole source procedures. Therefore, we considered the corrective action taken to be adequate with respect to the task order under audit.

3. **Report:** DCMA Contractor Purchase System Review dated March 2010

Issue: Additional training was needed with regard to price negotiation.

Status: We requested and obtained documentation demonstrating that AmecFW is providing or making available to its staff training to appropriate personnel with respect to procurement and price negotiation. Specifically, we obtained copies of the procurement staff's certificates of completion for the applicable training and the procurement checklist that AmecFW implemented. Therefore, we considered the corrective action taken to be adequate with respect to the task order under audit.

APPENDIX A: VIEWS OF RESPONSIBLE OFFICIALS

TRANSMITTED BY E-MAIL MAR-21-2016



March 21, 2016

Mr. Bert Nuehring
Crowe Horwath LLP
1455 Pennsylvania Avenue NW, Suite 700
Washington, D.C. 20004-1008

Subject: Financial Audit of Costs Incurred Under Contract No. FA8903-06-D-8507,
Task Order 0012 for the Period September 11, 2008 through February 26, 2013

Dear Mr. Nuehring:

Amec Foster Wheeler Environment & Infrastructure, Inc. ("Amec Foster Wheeler") acknowledges receipt of Crowe Horwath's draft financial audit report on the above referenced task order. As requested, please find below Amec Foster Wheeler management's responses to the findings contained in the report.

Finding 2015-01: Procurement and Subcontract Administration

Response: Amec Foster Wheeler concurs with this finding.

Corrective Action: Amec Foster Wheeler will deliver additional training to federal subcontract administrators and procurement staff with instructions to ensure timely completion of supplier performance evaluations and to reiterate the need to conduct EPLS searches prior to the issuance of federal subcontract awards.

Finding 2015-02: Prompt Payment for Four Construction Subcontractors

Response: Amec Foster Wheeler concurs with this finding; however, it is noted that three of the four invoices were paid one day late, and one invoice was paid five days late, and the four invoices involved only two subcontractors.

Corrective Action: Amec Foster Wheeler will provide a written reminder to individuals responsible for processing federal subcontractor payments to ensure that team members are aware of the timeframe in which subcontractors must be paid. Amec Foster Wheeler acknowledges that there are no questioned costs as a result of this finding. As regards the recommendation that Amec Foster Wheeler remit the calculated interest penalty amounts of \$259 and \$24 to the two subcontractors (referenced as Subcontractor A and Subcontractor B, respectively), Amec Foster Wheeler has ceased relations with these subcontractors and respectfully disagrees with this recommendation. In addition, and as a result of events that transpired between Amec Foster Wheeler and Subcontractor A, Amec Foster Wheeler is entitled to offset amounts otherwise due Subcontractor A in excess of the interest penalty amount noted.

Finding 2015-03: General Purpose Office Equipment

Response: Amec Foster Wheeler concurs with this finding.

Corrective Action: Amec Foster Wheeler, upon written direction from the Contracting Officer, will credit \$445 from the pending billing to the Air Force on this task order. As stated in Note 6 of the Special

Continued...

Purpose Financial Statement, Amec Foster Wheeler has incurred \$426,479 in allowable costs that remain unbilled pending the proper application of indirect cost rate adjustment vouchers submitted by Amec Foster Wheeler and received by the Government. Amec Foster Wheeler has been actively seeking assistance from the Defense Finance and Accounting Services (DFAS) for over eighteen months to resolve this matter and has been unable to bill the remaining costs under this task order until the funds are properly re-obligated by DFAS.

Finding 2015-04: Billing of Fixed Fee Amounts

Response: Amec Foster Wheeler concurs with this finding.

Corrective Action: Amec Foster Wheeler will modify its billing procedure to specifically require a review of contracts and conditions pertaining to the appropriate method of invoicing the fixed fee. Amec Foster Wheeler, upon written direction from the Contracting Officer, will credit \$593 from the pending billing to the Air Force for the calculated imputed interest (see further explanation in finding 2015-03 above regarding the pending billing).

Finding 2015-05: Property Management

Response: Amec Foster Wheeler concurs with this finding.

Corrective Action: Amec Foster Wheeler will review its Government Property Control Procedure and current inventory record-keeping process and implement necessary improvements in order to properly track and report government property. Amec Foster Wheeler, upon written direction from the Contracting Officer, will credit \$27,176 on the pending billing to the Air Force for the unreconciled inventory discrepancies (see further explanation in finding 2015-03 above regarding the pending billing).

If you have any questions regarding the above, please contact me at [REDACTED]

Sincerely,

[REDACTED]
[REDACTED]
[REDACTED]

cc: Eric Russell, Crowe Horwath
[REDACTED], Amec Foster Wheeler
[REDACTED], Amec Foster Wheeler
[REDACTED], Amec Foster Wheeler
[REDACTED], Amec Foster Wheeler

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The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

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- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
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- advance U.S. interests in reconstructing Afghanistan.

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