



U.S. Army Audit Agency

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American Recovery and Reinvestment Act of 2009

Joint Base Lewis-McChord

Executive Summary

Audit Report A-2010-0102-ALR
20 May 2010



American Recovery and Reinvestment Act of 2009

Joint Base Lewis-McChord

Results

On 17 February 2009, the President signed into law the American Recovery and Reinvestment Act (ARRA) of 2009, with the express purpose of stimulating economic growth. ARRA requires unprecedented levels of transparency, oversight, and accountability. The DOD Inspector General is executing a joint oversight approach with the Service Audit Agencies for maximum and efficient coverage of ARRA plans and implementation.

At the request of the DOD Inspector General, we audited Joint Base Lewis-McChord (JBLM) Commander's implementation of one ARRA project to determine if it was in accordance with the requirements of the Act, the Office of Management and Budget (OMB) guidance, and subsequent related guidance. Specifically, we focused on the planning, funding, project execution, and tracking and reporting of the ARRA project.

JBLM was generally in compliance with the requirements of ARRA, OMB guidance, and subsequent related guidance for the ARRA project we audited – Director of Plans and Training's training facility repair project – which was the only ARRA project selected and managed by JBLM. The U.S. Army Corps of Engineers (USACE), Seattle District executed the contract.

Although USACE, Seattle District awarded and distributed ARRA funds promptly, fairly, and performed the project in a reasonable manner, we identified an issue that prevented it from achieving some of the program goals of ARRA. Specifically, contracting personnel at USACE, Seattle District weren't aware of the DOD instructions requiring that it post any contract modifications to the Federal Business Opportunities Web site. This occurred because contracting personnel didn't have adequate training on the ARRA procedures.

As a result, although JBLM generally met the intent, they didn't make sure USACE, Seattle District achieved ARRA goals. USACE, Seattle District contracting personnel made sure ARRA funds were for authorized purposes; however, they didn't make sure the use of ARRA funds were transparent to the public.

Recommendation

We recommended the Commander USACE, Seattle District establish procedures to:

- Promptly post ARRA contract modifications to the Federal Business Opportunities Web site (www.fbo.gov).
- Notify the Garrison Commander, JBLM when issuing contract modifications.

We included an evaluation of USACE, Seattle District's comments and their verbatim reply in Annex C. We also included a statement on the Headquarters, USACE official Army position and their verbatim reply in Annex C.



DEPARTMENT OF THE ARMY
U.S. ARMY AUDIT AGENCY
OFFICE OF THE DEPUTY AUDITOR GENERAL
ACQUISITION AND LOGISTICS AUDITS
3101 PARK CENTER DRIVE
ALEXANDRIA, VA 22302-1596

20 May 2010

Joint Base Commander, Joint Base Lewis-McChord
Commander, U.S. Army Corps of Engineers, Seattle District

This is the report on our audit of the American Recovery and Reinvestment Act of 2009 at Joint Base Lewis-McChord. The audit was part of a Defensewide effort executed by the Office of the DOD Inspector General and the Service Audit Agencies. In accordance with requirements of the American Recovery and Reinvestment Act of 2009, we will make the results of this audit available to the public. We focused the audit on determining whether the Joint Base and Seattle District implemented the American Recovery and Reinvestment Act of 2009 project in accordance with the requirements of the Act, the Office of Management and Budget guidance, and subsequent related guidance.

We conducted this audit in accordance with generally accepted government auditing standards. This report has one recommendation addressed to the U.S. Army Corps of Engineers, Seattle District.

The official Army position on the conclusion, recommendation, and command comments are included in Annex C. For additional information about this report, contact the Logistics Systems Audits Division at 703-681-8349.

I appreciate the courtesies and cooperation extended to us during the audit.

FOR THE AUDITOR GENERAL:

A handwritten signature in black ink, appearing to read "Jo L. Spielvogel", written over a large, stylized circular flourish.

JO L. SPIELVOGEL
Program Director
Logistics Systems Audits

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INTRODUCTION

WHAT WE AUDITED

We audited the Army's implementation of the American Recovery and Reinvestment Act (ARRA) of 2009 at Joint Base Lewis-McChord (JBLM). Specifically, we assessed whether personnel at JBLM and U.S. Army Corps of Engineers (USACE), Seattle District:

- Adequately planned projects for appropriate use of ARRA funds.
- Awarded and distributed funds in a prompt, fair, and reasonable manner.
- Performed contract administration and project execution duties in a manner to ensure the use of ARRA funds was for authorized purposes, and instances of fraud, waste, error, and abuse were mitigated; program goals were achieved; and funded projects avoided unnecessary delays and cost overruns.
- Ensured that recipients and uses of funds were transparent to the public and clearly, accurately, and promptly reported the benefits of the funds.

BACKGROUND

ARRA

On 17 February 2009, the President signed ARRA into law with the express purpose of stimulating economic growth. ARRA requires unprecedented levels of transparency, oversight, and accountability. The DOD Inspector General developed a joint oversight approach to include Military Service internal audit organizations in order to make sure DOD had maximum and efficient coverage of ARRA plans and implementation.

Section 1512 of the ARRA requires extensive reporting from recipients of Federal funding on a quarterly basis. ARRA defines "recipient" as any entity that receives ARRA funds directly from the Federal Government, including a State that receives ARRA funds.

Office of Management and Budget Guidance

Office of Management and Budget (OMB) Memorandum M-09-10 (Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009, dated 18 February 2009) requires agencies to post a summary of any contract or order using ARRA funds in a special section of the Web site www.Recovery.gov unless the contract or order is both fixed-price and competitively awarded. OMB Memorandum M-09-15 (Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009, dated 3 April 2009) provides governmentwide requirements and guidelines for Federal agencies to use when implementing and preparing to implement activities under ARRA. The guidance establishes and clarifies the steps Federal agencies must take to meet the following crucial accountability objectives:

- Award and distribute funds in a prompt, fair, and reasonable manner.
- Make sure the use of funds and recipients are transparent to the public; and clearly, accurately, and promptly report the public benefits of these funds.
- Use funds for authorized purposes, and mitigate potential for fraud, waste, error, and abuse.
- Fund projects under this Act without unnecessary delays or cost overruns; and achieve program goals, including specific program outcomes and improved results on broader economic indicators.

OMB Memorandum M-09-15, Section 6.2 provides actions Federal agencies must take related to special posting requirements for modifications. It gives Federal Acquisition Regulation's clauses and provisions required for solicitations and contracts to execute the ARRA projects. The guidance requires contracting officials to insert applicable clauses in all contracts funded by ARRA.

OMB Memorandum M-09-21 (Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009, dated 22 June 2009) provides detailed guidance for carrying out the reporting requirements in Section 1512 of ARRA.

OMB, working with the Recovery Accountability and Transparency Board, deployed a nationwide data collection system at the Web site www.FederalReporting.gov. This is a governmentwide data collection system for Federal agencies and recipients of Federal awards under Section 1512 of ARRA. While the Web site www.FederalReporting.gov serves as the report submission application to support ARRA reporting, the Web site www.Recovery.gov serves as the public portal for key information relating to ARRA.

DOD Guidance

DOD Memorandum (Revised Posting and Reporting Requirements for the American Recovery and Reinvestment Act of 2009, dated 19 August 2009) provides updated instructions for posting presolicitation and award notices; reporting contract actions; and reporting performance assessments for actions funded by the American Recovery and Reinvestment Act of 2009, to post information such as the contract award and contract modifications to use the Federal Business Opportunities Web site (www.fbo.gov) so that public and private concerns could view them.

Unified Facilities Criteria

Unified Facilities Criteria 3-701-07 (DOD Facilities Pricing Guide, 2 July 2007) provides planning, design, construction, sustainment, restoration, and modernization criteria, and applies to Military Departments, Defense Agencies, and DOD Field Activities. DOD periodically reviewed and updated this guide and this version was to correspond with preparation of the DOD budget for FY 09.

Funding Levels

ARRA, signed by the President on 17 February 2009, provides appropriations to DOD and the Army. DOD received approximately \$12 billion as part of ARRA.

DOD-Level Funding

DOD issued three versions of expenditure plans for ARRA as required by the Act.

- The first plan, issued on 20 March 2009, was for \$2.3 billion of military construction and family housing construction projects and over 3,300 Facilities Sustainment, Restoration, and Modernization projects with an estimated cost of \$3.4 billion funded under ARRA.
- The second plan, issued on 28 April 2009, provided a list of 856 projects associated with \$835 million of Facilities Sustainment, Restoration, and Modernization projects funds provided by ARRA.
- The third plan, issued on 14 September 2009, provided project changes such as cancellations, additions from bid savings, and a correction of a project title.

Army-Level Funding

The Army received about \$7.7 billion including:

- \$4.6 billion for U.S. Army Corps of Engineers' civil works projects.
- \$2.1 billion for operations and maintenance.
- \$918 million for military construction.
- \$75 million for research, development, test, and evaluation.

These funds are available for obligation until 30 September 2010 for projects that aren't military construction, or until 30 September 2013 for military construction or family housing construction.

Project Selection

Installation Management Command used the Project Prioritization System (PPS) to identify and prioritize installations' construction and repair projects. It's the Joint Base Garrison Commander's responsibility to coordinate with USACE to input required project data into the system.

In February 2009, West Region, Installation Management Command directed its installations to verify projects listed in PPS in order to receive additional sustainment funds from 75 to 100 percent to fix their construction and repair project backlog.

In April 2009, Installation Management Command provided the Army Budget Office and USACE Headquarters an approved list of facility sustainment, restoration, and modernization of active Army projects for ARRA. Department of Public Works personnel provided the Seattle District with an approved workorder document, DA Form 4283 (Facilities Engineering Work Request), for the Repair of the Director of Plans and Training's (DPT's) Training Facility and used DD Form 1391 (Military Construction Project Data) to state requirements and justifications in support of funding requests for military construction projects.

JBLM's Director of Public Works listed 42 projects in PPS with cost estimates ranging between \$35,000 and \$14.5 million.

DOD Inspector General used predictive analytical modeling to select the DPT Training Facility repair project, estimated at \$14.5 million at JBLM.

OBJECTIVE

Did Joint Base Lewis-McChord implement its American Recovery and Reinvestment Act of 2009 project in accordance with the requirements of the Act, the Office of Management and Budget guidance, and subsequent related guidance?

CONCLUSION

Yes, JBLM generally implemented its one ARRA project in accordance with the requirements of the Act, OMB guidance, and subsequent related guidance for one project within the scope of our review. USACE, Seattle District executed the contract for the project.

Although personnel at Seattle District awarded and distributed ARRA funds promptly, fairly, and performed the project in a reasonable manner, we identified an issue that prevented the Seattle District from achieving some of the program goals of ARRA. Specifically, some contracting personnel at USACE, Seattle District weren't aware of the DOD instructions requiring that it post any contract modifications to the Federal Business Opportunities Web site. This occurred because contracting personnel didn't have adequate training on the ARRA procedures.

As a result, although the Seattle District generally met the intent, they didn't make sure funds used were for achieving ARRA goals. Contracting personnel made sure ARRA funds were for authorized purposes; however, they didn't make sure the use of ARRA funds were transparent to the public.

We discuss the results in detail for the areas of planning, funding, project execution, and tracking and reporting in sections that follow. Our recommendation to correct reporting issues is addressed below.

RECOMMENDATION AND COMMENTS

This section contains a specific recommendation and a summary of command comments for the recommendation. The official Army position and verbatim command comments are in Annex C.

For the Commander, U.S. Army Corps of Engineers, Seattle District

Recommendation

Establish a procedure to:

- Promptly post ARRA contract modifications, when issued, to the Federal Business Opportunities Web site (www.fbo.gov).
- Notify JBLM when issuing contract modifications.

Command Comments

Command generally agreed with our report and recommendation. The Seattle District concurred with the recommendation and set a target date of 31 May 2010 to establish procedures to promptly post contract modifications to the Federal Business Opportunities Web site and notify the Garrison Commander, JBLM when issuing contract modifications.

However, they disagreed with our assessment that contracting personnel weren't aware of DOD requirements to post contract requirements to the Federal Business Opportunities Web site. The Seattle District stated it completed 132 ARRA contract actions which included 52 contract modifications and that a vast majority of its contracting personnel was aware of the posting requirements.

Agency Evaluation of Command Comments

Although the Seattle District generally agreed with our recommendation, they disagreed with our assessment that contracting personnel weren't aware of DOD requirements to post contract requirements to the Federal Business Opportunities Web site. At the request of the Inspector General, DOD, the scope of our audit was limited to one ARRA project (DPT Training Facility). Two contracting officers associated with this one project told us that they weren't aware of the DOD instructions to post contract modifications to the Federal Business Opportunities Web site. In our report, we discuss one contract with three modifications that weren't posted to the Web site as of 3 February 2010. As of 19 March 2010, the Federal Business Opportunities Web site listed five contract modifications. One was posted to the Federal Business Opportunities Web site the day the modification was issued (19 March 2010) and four were posted between 8 and 170 days after the modification was issued.

We agree with the Seattle District's assessment that additional efforts were needed to make sure there's compliance with ARRA requirements. The Seattle District concurred with the recommendation and set a target date of 31 May 2010 to establish procedures to promptly post

contract modifications to the Federal Business Opportunities Web site and notify the Garrison Commander, JBLM when issuing contract modifications. These actions will satisfy the intent of the recommendation.

Official Army Position

The Headquarters, USACE agreed with the Seattle District response and coordinated with the District to establish a target date of 31 May 2010 to implement the recommendation.

A – PLANNING

DISCUSSION

JBLM adequately planned its ARRA project to use ARRA funds appropriately. The garrison personnel at JBLM had processes and procedures in place so that responsible personnel selected valid projects that met ARRA funding requirements.

Project Selection

JBLM Garrison personnel entered the DPT Training Facility repair project into the PPS as one of its construction and repair projects. Installation Management Command selected the project for ARRA funding. JBLM previously approved the project in March 2008 but bids received exceeded the garrison's available funding.

JBLM chose USACE, Seattle District to contract for and manage the DPT Training Facility repair project. JBLM and USACE personnel were appropriately qualified to oversee the ARRA project.

Recovery Act Official

JBLM didn't formally designate a Recovery Act Official. However, the Deputy Director, Department of Public Works was responsible for repair projects on the garrison and therefore, also responsible for implementation of the ARRA projects. The program manager at USACE, Seattle District monitored ARRA projects within the District, and the program manager adequately designated a project manager to monitor the DPT Training Facility repair project.

Expenditure Plans

JBLM didn't have a formal expenditure plan but maintained an internal spreadsheet of ARRA projects that identified the status of each project. The DPT Training Facility repair project and 41 other ARRA projects on the spreadsheet for JBLM, matched the 42 projects approved in the DOD expenditure plan.

B – FUNDING

DISCUSSION

USACE, Seattle District awarded and distributed funds in a prompt, fair, and reasonable manner for the one project we audited.

The Army Budget Office issued ARRA funds by funding authorization documents to USACE Headquarters. USACE used funding authorization documents to issue the funds to the Seattle District. On 20 May 2009, USACE Headquarters issued funds of \$14.5 million to its Seattle District to cover estimated costs for the DPT Training Facility repair project. The funds for the repair project were part of a \$32.4 million funding authorization document issued to the Seattle District to fund ARRA projects that otherwise qualified for Operation and Maintenance, Army funding. Funding authorization documents were the only financial instruments used to provide ARRA funds to the Seattle District.

On 30 September 2009, the Seattle District awarded a \$9.5 million contract to execute the DPT Training Facility repair project. JBLM garrison and Seattle District personnel stated that they had the option of applying the \$5 million difference in the contract award (\$9.5 million) from the estimate (\$14.5 million) to other ARRA projects. However, the project manager preferred to wait to make sure there were no contract overruns. As of 29 January 2010, contracting personnel issued three contract modifications totaling \$245,000 and were working on a fourth modification.

C – PROJECT EXECUTION

DISCUSSION

JBLM personnel justified the project and USACE, Seattle District's project manager estimated the project costs, administered the contract, and executed the project in accordance with the requirements of the Act.

Project Justification

JBLM personnel justified the DPT Training Facility repair project as needed to correct the deterioration of the museum building and its systems, to bring it up to current building codes, provide a healthy, safe, and energy-efficient facility to meet Army museum standards, and to support the installation's mission of education and training. JBLM personnel properly documented the justification on DD Form 1391 for the project. Additional information on DD Form 1391 identified that the repairs were more cost effective than replacement of the building, and the museum was on the National Register of Historic Places. The detail design drawings also showed classrooms and offices occupying the third floor of the museum building.

Our tour of the museum confirmed the building was in disrepair. The third floor had large amounts of ceiling and wall plaster covering the floor, and holes in the roof were visible. The National Register of Historic Places added the museum to their list in 1979.

Estimated Project Costs

The project manager, USACE, Seattle District had adequate procedures in place to determine estimated cost for the DPT Training Facility repair project. JBLM didn't fully document details on the latest DD Form 1391 when project cost estimates increased to \$14.5 million from an earlier DD Form 1391 with a cost of \$5.9 million. JBLM garrison personnel explained the increase in the cost was due to higher costs of repairs to a historical building.

JBLM appropriately entered the estimated cost of \$14.5 million into the PPS. An independent detailed cost estimate obtained prior to the contract award supported the \$9.5 million contract award as both fair and reasonably priced.

Project Oversight

The project manager, USACE, Seattle District generally maintained adequate oversight of the DPT Training Facility repair project. Contract files showed:

- A National Environmental Policy Act study. The study was completed before contract award that considered the environmental impacts of the proposed project. Army officials agreed with the assessment.
- A project synopsis and solicitation. The project's synopsis and solicitation posted in August 2009, to the Federal Business Opportunities Web site identified it as an ARRA-funded project. The synopsis title and announcement were clear and unambiguous describing the contract's supplies and services. The solicitation stated the contract would be firm fixed-price. The solicitation contained the appropriate and applicable Federal Acquisition Regulation clauses and met the energy and green building requirements.
- Approvals of bidders. Bidders were approved government contractors and registered in the central contractor database.
- Rationale for contract award. Personnel adequately documented the rationale for the contract award.
- Contract proposal evaluations. Evaluations of the contract proposals were proper and adequately performed.
- The Federal Procurement Data System entry. The entry showed the Web site properly listed the contract award date, amount, award type, contracting office location, contractor's location, and treasury account symbol.
- A quality assurance plan. The project manager used the Resident Management System to monitor and administer the contract and develop a quality assurance plan. The plan listed the duties the quality assurance representative must perform to ensure effective implementation of the contractor's quality control system.

USACE, Seattle District awarded the repair contract on 30 September 2009. The contractor began work on 23 November 2009, nearly 2 months after the contract award. The delay was due to unclear requirements for the packing, movement, and storage of the museum artifacts, and removal of asbestos. As of 3 February 2010, work was ongoing and another contract modification for additional funding for asbestos removal was being processed.

Competition

USACE, Seattle District contracting personnel provided adequate documentation to show competition among three bidders. The three bidders were approved government contractors and registered in the central contractor database. Contracting personnel properly evaluated the proposals of each bidder. These evaluations led to a disqualification of one bidder because the bidder's personnel didn't meet minimum experience requirements as outlined in the solicitation.

Small Business Participation

USACE, Seattle District contracting documentation showed a reasonable expectation that two or more small businesses could bid on the project. Three qualified small business contractors bid on the contract proposal and one of the small business contractors was awarded the contract.

D – TRACKING AND REPORTING

DISCUSSION

The project manager, USACE, Seattle District generally tracked and reported the ARRA project as required. However, Seattle District contracting personnel didn't post contract modifications to the Federal Business Opportunities Web site (www.fbo.gov) as required by DOD guidance. This occurred because Seattle District contracting personnel weren't aware of the requirement. As a result, the JBLM's use of ARRA funds weren't transparent to the public.

Procedures

USACE, Seattle District contracting personnel didn't have formally established procedures related to the tracking and reporting of ARRA projects. Contracting personnel said they followed three reporting requirements:

- Requirements in ARRA, Section 1512, Reporting Requirements.
- Federal Business Opportunities.
- The Federal Procurement Data System.

Contracting personnel didn't have local procedures, but personnel said they'd phone, e-mail, or write the contractor after the contract award to make sure the contractor was aware of ARRA reporting requirements on the Web site www.FederalReporting.gov. The contractor used the Web site to submit their quarterly report. The report requires information like number of jobs created and retained and total dollar value of Recovery Act projects awards. Contracting personnel regularly monitored the contractor's reports.

The April 2009 program management plan between USACE and Installation Management Command assigned specific responsibility to the Seattle District and JBLM. The plan assigned JBLM responsibility to determine project scope and the Seattle District to provide JBLM with continuous updates on the status of the total project cost incurred for each project. However, JBLM personnel assigned to track the project progress weren't aware of the three contract modifications that totaled about \$245,000.

Posting Requirements

USACE, Seattle District contracting personnel generally met ARRA's OMB M-09-15 requirements to report detailed information about the project's synopsis, and solicitation on the Federal Business Opportunities Web site (www.fbo.gov). However, as of 3 February 2010, contracting personnel hadn't posted the first three contract modifications issued in October 2009 and January 2010 to the Web site. The first modification, an administrative change, didn't increase the contract amount. However, the second and third modifications issued in January increased the amount by \$95,000 and \$150,000 respectively. Some contracting personnel associated with the DPT Training Facility repair project weren't aware of the DOD requirement to post contract modifications to the Web site. The contracting officer said this was a training deficiency, agreed to correct the training, post the modifications, and any future contract modifications on ARRA-funded projects.

We address actions needed to make sure ARRA contract modifications are posted to the Federal Business Opportunities Web site (www.fbo.gov) in the Recommendation starting on page 6.

A – GENERAL AUDIT INFORMATION

SCOPE AND METHODOLOGY

We conducted the engagement from September 2009 through March 2010 under project A-2009-FFE-0446.001.

We performed this engagement at JBLM and USACE, Seattle District in accordance with generally accepted government auditing standards for performance audits. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our conclusion based on our audit objective.

We covered issues, items, and transactions representative of operations current at the time of our audit.

We used the central contractor registration, to determine if contractors that submitted bids for the project were registered and the required information was complete but we didn't rely on the accuracy of the information to reach our conclusion. Because we only reviewed one project, we believe the information reviewed wasn't sufficient to access the reliability of the system.

To determine whether JBLM implemented its one ARRA project in accordance with the requirements of the Act, OMB guidance, and subsequent related guidance, we:

- Conducted interviews with key personnel from the JBLM Department of Public Works and Resource Management Office, and Installation Contracting Division, USACE, Seattle District, to obtain an understanding of their involvement in the requirements' identification, contracting, and funding distribution processes for ARRA.
- Compared the JBLM Base Relocation and Closure project list to the JBLM ARRA project list to identify if there were any similar projects.
- Analyzed three Records of Environmental Consideration to identify whether the installation considered the environmental impact of the ARRA project.
- Analyzed project justifications from the PPS and contracts to identify whether the ARRA project was a valid need.
- Analyzed the Funding Authorization Document for Phase I, Funding Authorization Document for Phase II, and the associated project details for the Funding Authorization

Documents to identify the amount of funding JBLM and USACE, Seattle District received to execute the ARRA project, and to identify the appropriation codes.

- Analyzed independent government cost estimates to verify that the contracting office obtained a cost estimate.
- Analyzed the Central Contractor Registration database to verify the contractor is a government-approved contractor, to obtain the contractor's address, and to ensure that the contractor qualified as a small and disadvantaged business.
- Analyzed the Excluded Parties List System to verify the contractor is eligible to conduct business with the government.
- Analyzed the Small Business Coordination Record to identify whether the contracting office recommended that the renovation contract should be small business set-aside.
- Analyzed printouts from the Federal Business Opportunities database to verify whether the contracting office competed the opportunity, to verify the synopsis contained a description of services, and to identify the ARRA designation, contract date, project duration, and completion date.
- Analyzed the solicitation, contract award, and contract modification to verify the inclusion of required Federal Acquisition Regulation clauses for the renovations to the ARRA project and to identify the statement of work.

ACKNOWLEDGMENTS

These personnel contributed to this report: Tim Bixby and Jay Parmar (Audit Managers); Charlie Pittman (Auditor-in-Charge); Song Birck (Assistant Auditor-in-Charge); Mark Hohn, Diana Schambeck, and Vaughn Takahashi (Auditors); and Catherine Raymond (Editor).

DISTRIBUTION

We are sending copies of this report to:

Assistant Secretary of the Army for Financial Management and Comptroller
Assistant Chief of Staff for Installation Management
Commander, U.S. Army Installation Management Command – West
Commanding General, U.S. Army Corps of Engineers

We will also make copies available to others upon request.

B – ABBREVIATIONS USED IN THIS REPORT

ARRA	American Recovery and Reinvestment Act
DPT	Director of Plans and Training
JBLM	Joint Base Lewis-McChord
OMB	Office of Management and Budget
PPS	Project Prioritization System
USACE	U.S. Army Corps of Engineers

C – OFFICIAL ARMY POSITION AND VERBATIM COMMENTS BY COMMAND



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
WASHINGTON, D.C. 20314-1000

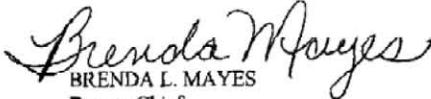
CEIR

12 May 2010

MEMORANDUM FOR U.S. Army Audit Agency, Office of the Deputy Auditor General
Acquisition and Logistics Audits, 3101 Park Center Drive,
Alexandria, Virginia 22302-1596

SUBJECT: AAA Draft Report American Recovery and Reinvestment Act of 2009, Joint
Base Lewis-McChord (A-2009-FFE-0446.001)

1. Reference AAA draft report, subject as above.
2. AAA recommended that the Commander, U.S. Army Corps of Engineers, Seattle District, establish procedures to promptly post ARRA contract modifications, when issued, to the Federal Business Opportunities Website (www.fbo.gov); and notify JBLM when issuing contract modifications.
3. HQs USACE concur with the position of the Seattle District. The target implementation date for the stated action is 31 May 2010.
4. Please feel free to contact the undersigned or my point of contact, Ms. Alicia Matias (202) 761-4573 or via email at Alicia.S.Matias@usace.army.mil if you further questions regarding this matter.


BRENDA L. MAYES
Deputy Chief
HQ USACE Internal Review Office

C – OFFICIAL ARMY POSITION AND VERBATIM COMMENTS BY COMMAND



REPLY TO
ATTENTION OF

CECT-NWS

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS, SEATTLE DISTRICT
P.O. BOX 3755
SEATTLE, WASHINGTON 98124-3755

AW 13 2010

MEMORANDUM FOR U.S. Army Audit Agency, Office of the Deputy Auditor General,
Acquisition and Logistics Audits, 3101 Park Center Drive, Alexandria VA 22302-1596

SUBJECT: U.S. Army Audit Agency Report – American Recovery and Reinvestment Act of
2009, Joint Base Lewis-McChord (Project A-2009-FFE-0446.001)

1. Reference memorandum SAAG-ALR, dated 4 March 2010, subject: Draft Report on the American Recovery and Reinvestment Act of 2009 (Project A-2009-FFE-0446.001).
2. We concur but have an objection to the U.S. Army Audit Agency, Office of the Deputy Auditor General, Acquisition and Logistics Audit Report. In January 2010 the District Chief of Contracting (DCC) established a procedure to have all Administration Contracting Officers (ACOs) send all contract modifications and other contract documentation to responsible contracting personnel at the Seattle District Office to post on the applicable website and notify relevant personnel at Joint Base Lewis-McChord.
3. However, we do not agree with the U.S. Army Audit Agency's assessment that contracting personnel were not aware of the DOD requirement to post contract modifications to the Federal Business Opportunities website (www.FBO.gov). Within the Seattle District, there have been 132 American Recover and Reinvestment Act (ARRA) contract actions which include 52 contract modifications. As of 29 March 2010, contracting personnel conducted a thorough review of all ARRA contract actions. This review identified seven occurrences of late or missing ARRA posting of contract modifications. While 86% compliance indicates room for improvement, it also indicates that a vast majority of the contracting personnel are aware of the posting requirements.
4. The Seattle District's Contracting Division conducted ARRA training on 26 May 2009. This training was provided to the majority of contracting personnel and included a thorough discussion of the OMB memorandum dated 3 April titled "Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009." The guidance addressed the requirement to post ARRA contract modifications--when issued--to the FBO website. The training focused on the ARRA clause requirements, ARRA funding unique identifiers, and posting requirements. In addition to the discussion of the ARRA reporting requirements, responsible personnel provided contracting personnel with the Recovery Accountability and Transparency Board's contract checklist. This checklist included a requirement for all ARRA contract awards, including modifications, to be posted to FBO.

C – OFFICIAL ARMY POSITION AND VERBATIM COMMENTS BY COMMAND

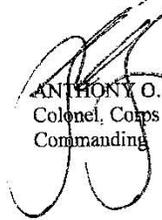
CECT-NWS

SUBJECT: U.S. Army Audit Agency Report – American Recovery and Reinvestment Act of 2009, Joint Base Lewis-McChord (Project A-2009-FFE-0446.001)

5. Responsible personnel provided additional training in July when the USACE National Contracting Organization (NCO) developed and implemented a separate ARRA contract checklist. As a third measure to ensure accurate communication of the myriad of policy and guidance on ARRA contract awards, the NCO established a single website that contained a comprehensive repository of policy, Operational Orders, Fragmentary order, and other forms of information to keep the contracting community abreast of the requirements relating to ARRA-funded contract actions. Regardless of these efforts, it is apparent that additional efforts are necessary to ensure 100% compliance with the ARRA requirements.

6. The DCC will provide additional in-person training by the end of April to all contracting staff, including ACOs in the field. In addition, the DCC has implemented an immediate reduction in the cycle time between Management Control reviews of ARRA actions from a monthly review to a bi-weekly review cycle. Additional training and an increase in the management control reviews will diminish any further occurrence of failing to post ARRA announcements.

7. If you have any questions or desire additional information, please call the DCC, Patricia Blackwood, at (206) 764-3772.



ANTHONY O. WRIGHT
Colonel, Corps of Engineers
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