



# *U.S. Army Audit Agency*

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## **American Recovery and Reinvestment Act of 2009**

**Dwight D. Eisenhower Army Medical Center  
Fort Gordon, Georgia**

# Executive Summary

Audit Report A-2010-0140-ALO

21 July 2010



## American Recovery and Reinvestment Act of 2009

Dwight D. Eisenhower Army Medical Center  
Fort Gordon, Georgia



### Results

On 17 February 2009 the President signed into law the American Recovery and Reinvestment Act (ARRA) of 2009 with the expressed purpose of stimulating economic growth. ARRA requires unprecedented levels of transparency, oversight, and accountability. The Office of the Inspector General, DOD coordinated a joint oversight approach with the Service audit agencies to ensure maximum and efficient coverage of ARRA plans and implementation.

We audited the Army's implementation of ARRA at Dwight D. Eisenhower Army Medical Center (DDEAMC), Fort Gordon, Georgia, to ensure it was in accordance with the requirements of the Act, Office of Management and Budget guidance, and subsequent related guidance. Specifically, we assessed whether personnel appropriately planned, funded, executed, and tracked and reported the ARRA project we reviewed.

The Army implemented the ARRA of 2009 for the project we reviewed. It properly planned, funded, executed, and tracked and reported the project as the Act and related guidance stipulated. As a result, reasonable assurance existed that the Army, for the project at DDEAMC, expended public funds responsibly and in a transparent manner to further job creation and economic recovery.

However, U.S. Army Corps of Engineers, Mobile District personnel didn't ensure:

- Relevant contract databases included required and accurate data.
- Contractor registration data was valid before awarding contracts.
- Contract sub-award information was accurate at the Federal Reporting and Recovery Web sites.

Without required, accurate, and valid project and sub-award information, the Army, for the project at DDEAMC, wasn't in full and complete compliance with the Act, and the Army's actions to stimulate the economy may not have been fully and completely transparent to the public.

### Recommendations

We recommended the Commanding General, U.S. Army Corps of Engineers direct the Mobile District to:

- Include the data universal numbering system (DUNS) number in the contract award information posted to the Federal Business Opportunities Web site and update the Federal Procurement Data System with the contractor's correct DUNS number.
- Verify that DDEAMC contractor registration data is valid in the Central Contractor Registration database before awarding ARRA contracts.
- Work with the contractor to correct the DDEAMC contract sub-award information at the Federal Reporting and Recovery Web sites.

The U.S. Army Corps of Engineers agreed with the recommendations. Its comments represent the official Army position for the audit report.



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21 July 2010

Commanding General, U.S. Army Corps of Engineers

This is the report on our audit of an American Recovery and Reinvestment Act of 2009 project at Dwight D. Eisenhower Army Medical Center, Fort Gordon, Georgia. This audit was a joint oversight approach executed with the Office of the Inspector General, DOD and other Service audit agencies. The audit focused on the Army's implementation of the American Recovery and Reinvestment Act of 2009 in accordance with the requirements of the Act, 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 three recommendations addressed to your office.

For additional information about this report, contact the Installation Operations Audits Division at 703-681-9855. I appreciate the courtesies and cooperation extended to us during the audit.

FOR THE AUDITOR GENERAL:

A handwritten signature in black ink that reads "Alice S. Arielly".

ALICE S. ARIELLY  
Program Director  
Installation Operations Audits

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# INTRODUCTION

## WHAT WE AUDITED

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On 17 February 2009 the President signed into law the American Recovery and Reinvestment Act (ARRA) of 2009 with the expressed purpose of stimulating economic growth. The Office of the Inspector General, DOD coordinated a joint oversight approach with the Service audit agencies to ensure maximum and efficient coverage of ARRA plans and implementation.

We audited the Army's implementation of an ARRA project at Dwight D. Eisenhower Army Medical Center (DDEAMC), Fort Gordon, Georgia, to ensure it was in accordance with the requirements of the Act, Office of Management and Budget (OMB) guidance, and subsequent related guidance. Specifically, we assessed whether personnel:

- Properly planned the project to ensure appropriate use of ARRA funds.
- Awarded and distributed funds in a prompt, fair, and reasonable manner.
- Performed contract administration and project execution duties to ensure ARRA funds were used 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 recipients and uses of funds were transparent to the public and benefits of the funds were clearly, accurately, and timely reported.

## BACKGROUND

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The ARRA of 2009 was established to stimulate economic growth by creating jobs through investments in infrastructure improvements and expanding energy research. ARRA requires unprecedented levels of transparency, oversight, and accountability. DOD received about \$12 billion as part of ARRA and distributed about \$7.7 billion to the Army. The Office of the Inspector General, DOD coordinated a joint oversight approach with U.S. Army Audit Agency and other Service audit agencies to ensure maximum and efficient coverage of ARRA plans and implementation.

On 3 April 2009 OMB issued memorandum M-09-15 (Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009) that provides an updated set

of governmentwide requirements and guidelines that Federal agencies must implement or prepare for to effectively manage activities under ARRA. The guidance establishes and clarifies the required steps Federal agencies must take to meet these crucial accountability objectives:

- Funds are awarded and distributed in a prompt, fair, and reasonable manner.
- Recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner.
- Funds are used for authorized purposes and potential for fraud, waste, error, and abuse are mitigated.
- Projects funded under this Act avoid unnecessary delays and cost overruns and program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

Additionally, the guidance requires agencies to compile weekly reports that include financial and activity details to ensure they're meeting the transparency and accountability objectives and mitigate potential for fraud, waste, and abuse.

The ARRA of 2009 requires ARRA fund recipients to report quarterly on the use of funds. Federal agencies and fund recipients use the Federal Reporting Web site – the central governmentwide data collection system for the ARRA – to fulfill their reporting obligations. At the end of each calendar quarter, information from the Federal Reporting Web site is published to the Recovery Web site. While the Federal Reporting Web site supports Recovery Act reporting, the Recovery Web site serves as the public portal for key information relating to ARRA, data regarding ARRA spending, and links to other government Web sites that include ARRA information.

DDEAMC is a U.S. Army Medical Command (MEDCOM) activity located on Fort Gordon, Georgia. According to DOD expenditure plans, DDEAMC received about \$19.5 million for three facilities sustainment, restoration, and modernization (FSRM) projects. The Office of the Inspector General, DOD selected one of the FSRM projects for our review. That project – estimated in DOD expenditure plans at \$14.175 million – was to repair the cast iron pipes in DDEAMC, Building 300. U.S. Army Corps of Engineers' (USACE) Mobile District had contract authority for this project.

Annex B shows pictures of the cast iron pipes at DDEAMC the Army will repair for the FSRM project.

# AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

## OBJECTIVE

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Did the Army implement the American Recovery and Reinvestment Act of 2009 in accordance with the requirements of the Act, Office of Management and Budget guidance, and subsequent related guidance?

## CONCLUSION

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Yes. The Army implemented the ARRA of 2009 – for the project we reviewed – in accordance with the requirements of the Act, OMB guidance, and subsequent related guidance. The Army properly planned, funded, executed, and tracked and reported the project as the Act and subsequent related guidance stipulated. As a result, reasonable assurance existed that the Army, for the project at DDEAMC, expended public funds responsibly and in a transparent manner to further job creation and economic recovery.

However, for the project we reviewed, Mobile District personnel didn't ensure:

- Relevant contract databases included required and accurate data.
- Contractor registration data was valid before awarding contracts for the ARRA project.
- Contract sub-award information was accurate at the Federal Reporting and Recovery Web sites.

Without required, accurate, and valid project and sub-award information, the Army wasn't in full and complete compliance with the Act, and the Army's actions to stimulate the economy at DDEAMC may not have been fully and completely transparent to the public.

Our detailed discussion of these conditions follows. Our recommendations to correct them begin on page 15.

## DISCUSSION

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In this section, we discuss these four areas:

- Installation planning.
- Project funding.
- Project execution.
- Installation tracking and reporting.

### **Installation Planning**

The Army properly planned the ARRA project we reviewed. MEDCOM and Mobile District personnel:

- Identified an existing project, to include scope and cost, eligible for ARRA funding.
- Established an ARRA process (illustrated at Annex C).
- Entered the project in the Defense Medical Logistics Standard Support System for planning and tracking purposes.
- Incorporated ARRA project execution into personnel's current roles and responsibilities.
- Established key controls to plan, fund, execute, and track and report ARRA projects.

As a result, reasonable assurance existed that the Army properly planned the ARRA project at DDEAMC to expend public funds responsibly and in a transparent manner to further job creation and economic recovery.

### **Project Funding**

The Army properly funded the ARRA project we reviewed.

USACE distributed funds for the ARRA project consistent with the original estimate and with the appropriate ARRA funding designation. Headquarters, USACE transferred \$14.175 million to Mobile District, under Treasury Account Symbol 97-0150

(Defense Health Program, Recovery Act) for the project. Mobile District awarded a delivery order for about \$7.5 million using an existing multiple award task order contract (MATOC) to replace the cast iron pipes in DDEAMC. Because the delivery order was less than the funding provided based on DOD expenditure plans, bid savings of about \$6.7 million resulted. We discuss the reasonableness of the difference between the funded amount of \$14.175 million and the delivery order amount of about \$7.5 million in the next section of this report.

On 7 May 2009 the Office of the Under Secretary of Defense issued a memorandum (Project Cost Variations during Execution of American Recovery and Reinvestment Act Expenditure Plans for Infrastructure Investments) that provides guidance for FSRM projects that ARRA funded in the Operation and Maintenance and Defense Health Program appropriations. The memorandum says Service components should use their management discretion to use bid savings, as they occur, to offset the cost growth in other projects, regardless of location.

Mobile District personnel planned to allocate the bid savings of about \$6.7 million from the cast iron pipe replacement project to offset cost growth on other MEDCOM ARRA projects. Specifically, they planned to allocate \$6.3 million in bid savings to 7 other MEDCOM ARRA projects and withhold \$374,000 (5 percent of the project cost of about \$7.5 million) to cover possible project contingencies on the DDEAMC project. Here's how Mobile District planned to distribute cost savings to the seven ARRA projects:

Mobile District Fund Distribution Plan	
Project Description	Planned Distribution (\$000)
Modernize utilities and medical functions At Health Clinic, Building 4390, Presidio Of Monterey	\$1,787
Repair and expand Snyder Clinic, Building 25501, Fort Gordon	326
Repair research laboratories in Building 508, Walter Reed Army Institute of Research	*677
Prepare waterproofing study for Building 503 and tunnel area basement, Walter Reed Army Institute of Research	*2,574
Paint exterior steel structure Building 503, Walter Reed Army Institute of Research	291
Replace electrical service and distribution for hospital, Fort Leonard Wood	648
Repair tower roof, Madigan Army Medical Center, Fort Lewis	21
Total Planned Distribution	\$6,324

\* Estimated amount (contract not awarded as of 19 February 2010).

As of February 2010 Mobile District had awarded contracts for five of the seven ARRA projects.

As a result, reasonable assurance existed that the Army properly funded the ARRA project we reviewed and used the public funds responsibly and in a transparent manner to further job creation and economic recovery.

## **Project Execution**

The Army properly executed the ARRA project we reviewed. DDEAMC personnel appropriately justified the project requirements and, although the cost in DOD expenditure plans didn't originally appear reasonable, the subsequent independent government estimate and contract award resulted in an effective use of ARRA funds.

Mobile District contracting personnel followed proper contract solicitation and award procedures according to ARRA guidance. However, contracting personnel didn't ensure relevant contract databases included required and accurate data and contractor registration data in the Central Contractor Registration (CCR) database was valid before awarding the contract task order for the ARRA project we reviewed.

As a result, the Army couldn't be assured it used public funds responsibly and in a transparent manner to further job creation and economic recovery for the DDEAMC project.

## **Project Justification**

DDEAMC personnel appropriately justified the project we reviewed. The project, as described in the DD Form 1391 (FY 09 Military Construction Project Data), was to replace all failed and failing original horizontal and vertical cast iron pipes (drain, waste, vent, and storm) inside DDEAMC, Building 300.

The failing condition of the cast iron pipes was evident by the number of unscheduled work requests to correct deficiencies related to the building's pipes. We reviewed 46 work requests totaling about \$15,000 between July 2004 and December 2009 related to pipe deterioration and replacement. The number of work requests increased from 3 in 2004 (totaling \$650) to 18 in 2009 (totaling \$5,000), further substantiating the continuing deterioration of the pipes. Additionally, DDEAMC personnel provided pictures documenting the condition of the pipes. Annex B shows pictures of deteriorated and replaced pipes.

DDEAMC personnel also completed the mandatory National Environmental Policy Act review. The Act requires Federal agencies to incorporate environmental considerations in their planning and decisionmaking through a systematic interdisciplinary approach.

All Federal agencies are to prepare detailed statements assessing the environmental impact of, and alternatives to, major Federal actions significantly affecting the environment.

## **Project Cost**

The cost included in DOD expenditure plans for the DDEAMC project wasn't reasonable; however, the subsequent independent government estimate and contract award resulted in an effective use of ARRA funds.

In November 2008 an architectural and engineering (A/E) design contractor developed the scope of work and a cost estimate of \$13.3 million to replace cast iron pipes in DDEAMC. DDEAMC personnel rounded the estimate to \$13.5 million (a 1 percent increase) and submitted the project – through U.S. Army Garrison Fort Gordon and Southern Regional Medical Command – to MEDCOM for review and approval. MEDCOM included the project as an unfunded requirement for its FY 09 medical repair and renewal program. For ARRA funding, MEDCOM added a 5 percent contingency (\$675,000), bringing the estimate to \$14.175 million, and submitted the project to DA for approval. MEDCOM personnel said they added the contingency of \$675,000 because project costs fluctuate from original cost estimates due to unknown or unforeseen circumstances that arise during site investigations or project execution.

In May 2009 USACE, Mobile District received \$14.175 million from USACE to fund the ARRA project. In September 2009, during the contracting process, Mobile District developed an independent government estimate of \$7.7 million based on the scope of work the A/E contractor identified. On 23 September 2009 Mobile District awarded a delivery order – using an existing MATOC – for \$7.5 million for the DDEAMC project.

DDEAMC personnel attributed the disparity between the original cost estimate of \$13.3 million and the contracted amount of \$7.5 million primarily to the difference in the unit of measure the A/E contractor used to determine project requirements. The A/E contractor used square feet to develop the original \$13.3 million estimate, while the independent government estimate and the MATOC contractor used linear feet. Using linear feet resulted in the substantially reduced cost of \$7.5 million.

As a result, even though the cost of \$14.175 million included in DOD expenditure plans for the project at DDEAMC was excessive, the subsequent contract award of \$7.5 million and the planned use of the \$6.7 million in bid savings resulted in an effective use of public funds to further job creation and economic recovery.

## Contract Solicitation and Award

Mobile District followed proper contract solicitation and award procedures according to ARRA guidance, but didn't ensure the Federal Business Opportunities Web site and the Federal Procurement Data System – Next Generation (FPDS-NG) included required and accurate data. In addition, Mobile District didn't ensure existing contractor registration data in the CCR database was valid before awarding the delivery order for the project we reviewed. Mobile District personnel took action during the audit to correct the data in the Federal Business Opportunities Web site and in FPDS-NG.

FPDS-NG is a computer-based system designed for collecting, developing, and disseminating procurement data to the Congress, the Executive Branch, and the private sector. Federal agencies are to collect and report data to FPDS-NG. The government uses the reported data to measure and assess the impact of Federal procurement on the nation's economy.

In following proper contract solicitation and award procedures, Mobile District:

- Reported the solicitation and award of the delivery order for informational purposes on the Federal Business Opportunities Web site.
- Awarded the contract as a firm, fixed-price delivery order on an existing MATOC to a government-approved contractor. On 28 July 2007 USACE's Engineering and Support Center, Huntsville solicited the MATOC through the Federal Business Opportunities Web site, providing for full and open competition. On 8 July 2009 the Engineering and Support Center provided Mobile District the authority to issue, negotiate, and award delivery orders within the MATOC pool.
- Prepared transparent contract documentation that was clear, unambiguous, and included the required ARRA identifiers. The contract documentation specifically stated the delivery order was ARRA-funded. The description of needed services in the solicitation was clear and unambiguous and the request for proposal and delivery order identified the project as ARRA. The contract specifically stated the contractor was to provide all labor, tools, materials, and supervision to repair, by replacing, all horizontal and vertical cast iron pipes in DDEAMC.
- Included Federal Acquisition Regulation (FAR) clauses ARRA required in the delivery order, including:
  - FAR clause 52.203-15 (Whistleblower Protection under the American Recovery and Reinvestment Act of 2009).

- FAR clause 52.204-11 (American Recovery and Reinvestment Act - Reporting Requirements).
- FAR clause 52.215-2 (Audit and Records Negotiation).
- FAR clause 52.244-6 (Subcontracts for Commercial Items).
- FAR clause 52.225-23 (Required Use of American Iron, Steel, and Other Manufactured Goods and Buy American Act-Construction Materials Under Trade Agreements).
- Followed the same overarching quality assurance surveillance plan used to monitor all MEDCOM repair and renewal contracts. During our site visit in January 2010, we noted the contracting officer's representative hadn't documented the discussion held with the contractor at the pre-work conference and wasn't documenting the reason for non-visits to the construction site on subsequent quality assurance reports as USACE Regulation 1180-1-6 (Construction Quality Management) required. However, during our review, DDEAMC personnel provided us with documentation of the discussion held with the contractor at the pre-work conference and reasons for non-visits to the construction site reported on subsequent quality assurance reports. Because DDEAMC personnel took corrective actions, we're not making a recommendation for documenting discussions and non-visits to the construction site.

## Updating Databases

Although contracting personnel properly reported solicitation and award of the delivery order for information purposes on the Federal Business Opportunities Web site, contracting personnel didn't include a required identifier when reporting award information and didn't ensure the FPDS-NG included accurate contract information.

On 19 August 2009 the Office of the Under Secretary of Defense issued guidance (Revised Posting and Reporting Requirements for the American Recovery and Reinvestment Act of 2009) for contracting personnel to follow for proper data compilation and recording. This guidance required contracting personnel to include the awardee's Dun and Bradstreet data universal numbering system (DUNS) number on award notices posted to the Federal Business Opportunities Web site.

The award notice that Mobile District posted to the Federal Business Opportunities Web site for the project we reviewed didn't contain the DUNS number. Mobile District personnel weren't aware of the requirement to include the DUNS number on award

notices posted to the Web site until we brought it to their attention. They updated the Web site on 31 March 2010 to include the DUNS number on the award notice.

Federal agencies are required to report all contract actions using appropriated funds to FPDS-NG, to include ARRA contracts. The contractor's DUNS number recorded in FPDS-NG for the project we reviewed was incorrect. We believe this error occurred when the Engineering and Support Center, who awarded the MATOC, originally entered data for the MATOC in FPDS-NG. Mobile District contracting personnel corrected the contractor's DUNS number in FPDS-NG for the project on 28 January 2010.

Recommendation 1 addresses the actions needed to have applicable Web sites and databases contain the correct DUNS number.

### **Verifying Contractor Registration**

Mobile District personnel didn't ensure contractor registration data was valid before awarding the delivery order for the project we reviewed.

The CCR database is the primary government repository for contractor information required for the conduct of business with the government. CCR collects, validates, stores, and disseminates data in support of agency acquisition missions. The FAR (Subpart 4.11 – Central Contractor Registration) requires contractor registration to:

- Increase visibility of vendor sources – including their geographical locations – for specific supplies and services.
- Establish a common source of vendor data for the government.

Recipients of ARRA funding are required to register with CCR to comply with ARRA and OMB guidance. The Engineering and Support Center, as part of its earlier contracting process for the MATOC (the same one used for the project we reviewed), reviewed CCR and found the contractor was registered. The registration was valid until April 2009.

Mobile District awarded the delivery order for the DDEAMC project in September 2009 – after the contractor's CCR registration expired. Mobile District personnel didn't verify the contractor's CCR registration was still valid before awarding the delivery order. They said they contracted frequently with this contractor and didn't believe it was necessary to check CCR registration.

Subsequently, the contractor updated its registration and the registration was valid until 19 January 2011. However, Mobile District personnel should have validated the contractor registration data in the CCR database before issuing the delivery order to comply with ARRA and related guidance and to ensure contract actions were transparent to the public. Mobile District should verify contractor registration data is valid before awarding ARRA contracts for DDEAMC.

Recommendation 2 addresses the action needed to validate contractor registration data.

## **Installation Tracking and Reporting**

The Army properly tracked and reported the ARRA project we reviewed, but the contractor reported some inaccurate information to the Federal Reporting Web site.

### **Processes and Procedures**

Mobile District had processes and procedures in place to track and report on the ARRA project we reviewed.

ARRA of 2009 requires fund recipients – the contractor for the DDEAMC ARRA project – to report quarterly on use of the funds. The contractor reports required information using the Federal Reporting Web site. After the contractor completes the report on the Web site, contracting personnel review the data for accuracy before the data is published to the Recovery Web site for public dissemination. Once published to the Recovery Web site, reported data can't be corrected.

The Mobile District contracting office included FAR clause 52-204-11 – requiring the contractor to meet ARRA reporting requirements – in the delivery order. Both the contractor and Mobile District contracting personnel were registered at the Federal Reporting Web site to submit and review data, respectively. The contractor submitted required data for the first and second reporting periods. The data included the award number, award amount, project status, funding agency code, and number of jobs created or saved as a result of ARRA funding, as well as sub-award information.

Mobile District designated an agency reviewer responsible for reviewing the data the contractor submitted to the Federal Reporting Web site. The agency reviewer used an established USACE ARRA validation tool to validate data before it was published to the Recovery Web site. The validation tool compared data reported on the Federal Reporting Web site and data contained in FPDS-NG. The tool then produced a

discrepancy report that the agency reviewer used to alert the contractor that data submitted needed correction. Some of the comparisons included:

- Date of award to date signed.
- Treasury accounting symbol to funding agency code.
- Number of jobs reported to the project status.

The validation tool wasn't available for the first reporting period ending 30 September 2009.

## **Contractor Reporting**

The contractor reported some inaccurate data to the Federal Reporting Web site for the first and second reporting periods.

- For the first reporting period ending 30 September 2009, the contractor incorrectly reported the funding agency code and the number of positions the project created or saved. However, Mobile District contracting personnel took action to have the contractor correct those data elements for the second reporting period ending 31 December 2009 and these data elements were accurately published to the Recovery Web site the week of 15 March 2010.
- For the second reporting period, the contractor incorrectly reported sub-award information, overstating sub-awards by about \$6.9 million.

As a result, the Army's actions to stimulate the economy for the DDEAMC project may not have been fully and completely transparent to the public.

**Funding Agency Code.** The contractor didn't report the appropriate funding agency code on the Federal Reporting Web site for the first reporting period ending 30 September 2009. However, the validation tool identified the error for the second reporting period and the agency reviewer notified the contractor of the error. The contractor corrected the data on the Federal Reporting Web site, resulting in accurate data published to the Recovery Web site for the second reporting period.

The funding agency code identifies the Federal agency responsible for funding and distributing ARRA funds to recipients. The funding agency code the recipient recorded also populates the corresponding Federal agency name in the report published at the Recovery Web site to allow for transparency in the use of ARRA funds by agency.

The Defense Health Program, funding agency code 9700, funded the ARRA project at DDEAMC. For the first reporting period, the contractor incorrectly identified the funding agency code as 2100 (Department of the Army) on the Federal Reporting Web site and the code was subsequently published to the Recovery Web site. The USACE ARRA validation tool identified the discrepancy, the agency reviewer informed the contractor of the error, and the contractor corrected the funding agency code for the second reporting period ending 31 December 2009. As a result, ARRA funding information was reported accurately and was transparent to the public as the ARRA requires.

**Jobs Created or Saved.** The contractor incorrectly reported the project created or saved 93 jobs for the first reporting period ending 30 September 2009.

OMB guidance M-10-08 (Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting Job Estimates) requires reporting activities to determine full-time equivalent positions using the labor hours contractors expended for the ARRA projects.

According to communication records we reviewed, the contractor was unaware of the requirement to base full-time equivalent positions on labor hours. Instead, the contractor estimated 93 positions – based on the contract award amount of \$7.5 million – and reported this amount to the Federal Reporting Web site for the first reporting period. Based on OMB guidance, the contractor should have reported no positions for this reporting period because the contract was awarded 22 September 2009 and work hadn't started before the end of the first reporting period (30 September 2009). The contractor started work for this ARRA project on 2 December 2009. The USACE ARRA validation tool wasn't used for the first reporting period.

We brought this issue to the attention of the agency reviewer at the Mobile District in early January 2010, before the contractor entered data at the Federal Reporting Web site and before the validation tool was used for the second reporting period. Consequently, the contractor accurately reported 2 positions created or saved – based on 1,028 hours worked – on the Federal Reporting Web site for the second reporting period. As a result, the methodology used to calculate jobs for the second reporting period complied with OMB guidance and contract actions were transparent to the public.

**Sub-Award Information.** The contractor incorrectly reported three sub-awards to activities totaling about \$13.8 million on the Federal Reporting Web site that was published to the Recovery web site for the second reporting period. The contractor should have reported two sub-awards totaling about \$6.9 million. Therefore, the contractor overstated sub-award information by about \$6.9 million.

For the first reporting period, the contractor correctly reported one sub-award totaling \$6.9 million. For the second reporting period, the contractor used a “copy forward” feature of the Federal Reporting Web site that created the interim report using information from the previous report. This action brought forward the information from the first reporting period – one sub-award for \$6.9 million – and the contractor then added the sub-award already reported and an additional sub-award. This resulted in the sub-award for \$6.9 million being reported twice and the total sub-award information being overstated by \$6.9 million. The USACE validation tool didn’t identify this discrepancy because it resulted from the contractor’s use of the “copy forward” feature that the validation tool wasn’t programmed to identify. As of 29 March 2010 the Federal Reporting Web site included additional information on the use of the “copy forward” feature that explained the cumulative effect of the feature.

We identified the error during the audit and brought it to the attention of Mobile District contracting personnel. However, because the error was discovered late in the reporting process, they were unable to correct it before the final report for the quarter ending 31 December 2009 was published at the Recovery Web site on 17 March 2010.

As a result, the Army’s actions to stimulate the economy for the DDEAMC project may not have been fully and completely transparent to the public. Mobile District personnel should work with the contractor to correct the contract sub-award information at the Federal Reporting and Recovery Web sites.

Recommendation 3 addresses the action needed to correct the contract sub-award information at the Web sites.

## **RECOMMENDATIONS AND COMMENTS**

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

### **For the Commanding General, U.S. Army Corps of Engineers**

#### **Recommendation 1**

Direct the Mobile District, for the DDEAMC ARRA project we reviewed, to:

- Include the contractor's DUNS number in the contract award information posted to the Federal Business Opportunities Web site.
- Update FPDS-NG with the contractor's correct DUNS number.

### **Command Actions Taken During the Audit**

Mobile District implemented this recommendation during the audit.

- On 31 March 2010 the district included the contractor's DUNS number in the award information posted to the Federal Business Opportunities Web site.
- On 28 January 2010 it updated FPDS-NG with the contractor's correct DUNS number.

### **Agency Evaluation of Command Actions**

The Mobile District's actions fixed the reported problems and we will close this recommendation for our followup process.

### **Recommendation 2**

Direct the Mobile District to verify that DDEAMC contractor registration data is valid in the CCR database before issuing ARRA contracts.

### **Recommendation 3**

Direct the Mobile District to work with the contractor to correct the DDEAMC contract sub-award information at the Federal Reporting and Recovery Web sites.

### **Command Comments and Official Army Position**

USACE and its Mobile District agreed with the recommendations. USACE will require all contracting officers and specialists to verify contractor data is valid in the Central Contractor Registration database before awarding ARRA contracts. Mobile District contracting personnel are coordinating with the contractor to validate the sub-award information that should have been entered on the Federal Reporting Web site. When the information is validated, USACE will request the Recovery Act Transparency Board to assist in correcting sub-award information on the Recovery Web site. These corrections will ensure full and complete transparency of accurate information to the public. All actions will be completed by 31 December 2010.

## A – GENERAL AUDIT INFORMATION

### SCOPE AND METHODOLOGY

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We conducted the audit from December 2009 through March 2010 under project A-2010-ALO-0163.004 at DDEAMC, Fort Gordon, Georgia.

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

We used computer-assisted auditing tools and techniques to interpret, analyze, and summarize our audit results. Specifically, we downloaded computer-generated data from the Federal Business Opportunities and Federal Reporting Web sites, FPDS-NG, CCR database, and Excluded Parties List System.

To assess the reliability of computer-processed data, we: (i) compared information reported at the Federal Reporting Web site and FPDS-NG to data found in the CCR database and Excluded Parties List System, (ii) reviewed physical evidence from contract synopses, awards summaries, and interviews with agency officials with knowledge about the data, (iii) compared contract information found at the Federal Reporting Web site to that reported at the Recovery Web site to determine if the data was consistent, and (iv) visited the project site to verify the work performed on the project. We extensively relied on the computer-generated data contained in the CCR database and Excluded Parties List System. Based on these tests, we determined the data to be sufficiently reliable.

The audit covered transactions representing operations current at the time of the audit. DDEAMC received about \$19.5 million for 3 FSRM projects. For our review, the Office of the Inspector General, DOD used a predictive analytics sampling method to select one FSRM project (to repair cast iron pipes at DDEAMC, Building 300 with an estimated cost of about \$14.175 million) based on the parameters set in the model.

To determine if the Army implemented ARRA in accordance with the Act, OMB guidance, and subsequent related guidance, we focused our audit approach on how the Army, at DDEAMC, and USACE, Mobile District planned, funded, executed, and tracked and reported the ARRA project we reviewed. This included:

- Visiting DDEAMC at Fort Gordon and observing the project site.
- Identifying and interviewing key personnel at DDEAMC and Mobile District to understand all aspects of the process, to include identifying projects for ARRA funding, determining the funding process for ARRA projects, deciding how to execute projects, and tracking and reporting project progress.
- Comparing DOD expenditure plans to ARRA projects at DDEAMC to determine if the Army approved the projects.
- Reviewing requirements documentation – service orders, DD Forms 1391, an A/E design cost estimate, and National Environmental Policy Act documentation – to determine if the Army properly developed the scope, cost estimate, and justification for the project.
- Obtaining ARRA funding documents to determine if the Army properly funded the project.
- Analyzing project execution documents for contracts and delivery orders and reviewing information posted at the Federal Business Opportunities Web site to determine if the Army properly executed the ARRA project.
- Reviewing Mobile District contracting reports and the Federal Reporting Web site data to determine if the Army complied with ARRA tracking and reporting requirements.

## RESPONSIBILITIES

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The Office of the Assistant Chief of Staff for Installation Management provides policy formulation, strategy development, enterprise integration, program analysis and integration, requirements and resource determination, and best business practices for services, programs, and installation support to Soldiers, Families, and civilians of an expeditionary Army in a time of persistent conflict.

USACE provides vital public engineering services in peace and war to strengthen our Nation's security, energize the economy, and reduce risks from disasters. Headquarters, USACE was responsible for distributing the ARRA of 2009 funding for the selected project at DDEAMC. USACE, Mobile District (under the South Atlantic Division) was responsible for overseeing contract award and administration. As such, Mobile District was responsible for soliciting and awarding the contract and conducting quality assurance for the project we reviewed. Mobile District received authorization from

USACE's Engineering and Support Center, Huntsville, to use an existing MATOC to issue and award the selected ARRA project.

U.S. Army Medical Command promotes, sustains, and enhances Soldiers' health. MEDCOM trains, develops, and equips a medical force that supports full spectrum operations. MEDCOM reviewed and approved the ARRA project at DDEAMC. Additionally, MEDCOM prioritized construction projects and submitted the ARRA project to DA to be included in DOD expenditure plans.

Southern Regional Medical Command is the key operational element for Army medicine in the delivery of health care in its geographic area that includes DDEAMC. The Southern Regional Medical Command develops and sustains technical health care and leader skills in support of MEDCOM and maintains a readiness posture in support of America's Army. The command is responsible for analyzing requirements, allocating resources, and assessing performance across the region.

U.S. Army Installation Management Command provides the Army the installation capabilities and services to support expeditionary operations in a time of persistent conflict and to provide a quality of life for Soldiers and Families commensurate with their service. The Southeast Region includes U.S. Army Garrison Fort Gordon.

U.S. Army Garrison Fort Gordon delivers installation services and infrastructure to best support mission readiness and provide an optimum quality of life for the military community. The garrison is responsible for the infrastructure of Fort Gordon, including all buildings, roads, grounds, utilities, communications, and vital community services, such as housing management, food service, security and law enforcement, fire prevention and protection, and safety. Because DDEAMC is a tenant organization on Fort Gordon, the requirements for the project we reviewed were coordinated through the garrison.

DDEAMC provides world-class comprehensive and compassionate care to our Nation's warriors, their Families, retirees, and all other directed beneficiaries, while maintaining unit and personal readiness. DDEAMC determined the requirements for the project we reviewed and coordinated these requirements through the garrison, to the Southern Regional Medical Command, then to MEDCOM for review and approval.

## ACKNOWLEDGMENTS

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These personnel contributed to the report: Ira Smallwood and Dari York (Audit Managers); Angie Parkerson, Vincent Watson, and Chantale Williams (Auditors); and Harvey Reinkemeyer (Editor).

## DISTRIBUTION

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We are sending copies of this report to:

Assistant Secretary of the Army (Financial Management and Comptroller)  
Assistant Chief of Staff for Installation Management  
Commander, U.S. Army Medical Command  
Deputy Commanding General for Operations, U.S. Army Installation Management  
Command  
Commander, Southern Regional Medical Command  
Commander, Dwight D. Eisenhower Army Medical Center  
Commander, U.S. Army Corps of Engineers, Mobile District  
Commander, U.S. Army Engineering and Support Center – Huntsville, U.S. Army  
Corps of Engineers  
Commander, U.S. Army Garrison Fort Gordon

We will also make copies available to others on request.

## B – DDEAMC PROJECT PICTURES

Dwight D. Eisenhower Army Medical Center was built in the 1970's and is located at Fort Gordon, Georgia. The Medical Center identified this project for ARRA funding to address failed and failing cast iron pipes (drain, waste, vent, and storm) that could negatively affect its mission. Here are pictures of the project.<sup>1</sup>



Deteriorated Pipes in Building 300



Deteriorated Pipes in Building 300



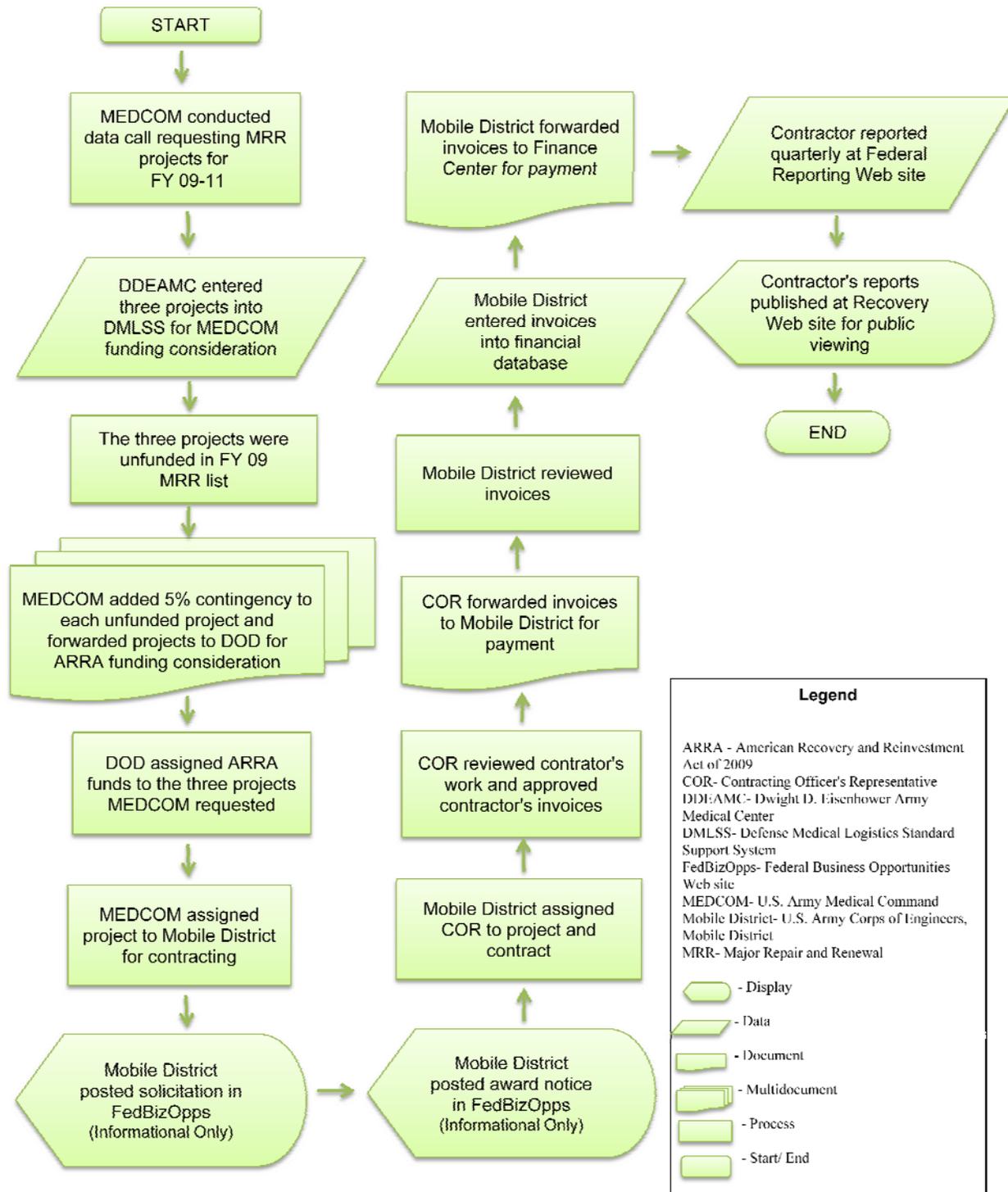
Replaced Pipes in Building 300



Replaced Pipes in Building 300

<sup>1</sup> Pictures provided by DDEAMC.

## C – ARRA PROCESS USED FOR DDEAMC PROJECTS



**D – ABBREVIATIONS USED IN THIS REPORT**

A/E	Architectural and Engineering
ARRA	American Recovery and Reinvestment Act
CCR	Central Contractor Registration
DDEAMC	Dwight D. Eisenhower Army Medical Center
DUNS	Data Universal Numbering System
FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System – Next Generation
FSRM	Facilities Sustainment, Restoration, and Modernization
MATOC	Multiple Award Task Order Contract
MEDCOM	U.S. Army Medical Command
OMB	Office of Management and Budget
USACE	U.S. Army Corps of Engineers

## E – OFFICIAL ARMY POSITION AND VERBATIM COMMENTS BY COMMAND



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

CEIR

11 June 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,  
Dwight D. Eisenhower Army Medical Center, Fort Gordon, Georgia (A-2010-ALO-  
0163.004)

1. Reference AAA draft report, subject as above.
2. AAA addressed three recommendations to the Commanding General, U.S. Army Corps of Engineers. These recommendations were addressed by contracting personnel from the USACE Mobile District.
3. HQs USACE concur with the position of the Mobile District.
4. Please feel free to contact the undersigned or my point of contact, Alicia Matias (202) 761-4573 or via email at [Alicia.S.Matias@usace.army.mil](mailto:Alicia.S.Matias@usace.army.mil) if you further questions regarding this matter.

Encl

  
BRENDA L. MAYES  
Deputy Chief  
HQ USACE Internal Review Office



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
MOBILE DISTRICT, CORPS OF ENGINEERS  
P.O. BOX 2288  
MOBILE, AL 36628-0001

CESAM-CT

10 Jun 10

MEMORANDUM FOR Deputy Chief, Internal Review, Headquarters, U.S. Army Corps of Engineers, 441 G Street, NW, Washington, DC 20314

SUBJECT: Response to Draft Report on the Audit of American Recovery and Reinvestment Act of 2009, Dwight D. Eisenhower Army Medical Center, Fort Gordon GA (Project A-2010-ALO-0163.004)

1. Following are CESAM's responses to each of the recommendations provided in the subject draft report:

a. **Recommendation 1:**

Include the Dun and Bradstreet data universal numbering system number in the contract award information posted to the Federal Business Opportunities web site for ARRA project we reviewed and update FPDS-NG with the contractor's correct number.

**Command Actions Taken During the Audit:**

Mobile District implemented this recommendation during the audit.

- On 31 March 2010 the District included the contractor's DUNS number in the award information posted to the Federal Opportunities Web site.
- On 28 January 2010 it updated FPDS-NG with the contractor's correct DUNS number.

**Agency Evaluation of Command Actions:**

The Mobile District's actions fixed the reporting problems and we will close this recommendation for our follow-up process.

**Response:** We concur with the recommendation.

**Corrective Action:** As noted in the recommendation, the Mobile District has implemented this recommendation. We have included the Dun and Bradstreet universal numbering system number in the contract award information posted to the Federal Business Opportunities (FBO.gov) website for this ARRA project. Additionally, we have updated FPDS-NG with the contractor's correct number. Corrective action is complete.

CESAM-CT

10 Jun 10

SUBJECT: Response to Draft Report on the Audit of American Recovery and Reinvestment Act of 2009, Dwight D. Eisenhower Army Medical Center, Fort Gordon GA (Project A-2010-ALO-0163.004)

**b. Recommendation 2:**

Verify that DDEAMC contractor registration data is valid in the Central Contractor Registration database before awarding ARRA contracts.

**Response:** We concur with the recommendation.

**Corrective Action:** In the future, all Contracting Officers and Contract Specialists will be required to verify that the contractor's data is valid in the Central Contractor Registration database prior to the award of an ARRA contract action.

**c. Recommendation 3:**

Work with the contractor to correct the DDEAMC contract sub-award information at the Federal Reporting and Recovery websites.

**Response:** We concur with the recommendation.

**Corrective Action:** Mobile District is currently validating with the contractor, Syska Hennessy Group Construction Inc., the correct sub-award information (to include the Dun's number, Sub-award number and Award Amount) that should have been entered by the contractor on the FederalReporting.gov website. Upon validation of the correct information, we will request the Recovery Act Transparency (RAT) Board to assist in making the appropriate corrections to ensure that the sub-award information on the Recovery.gov website is accurately reported with no duplications. We must request the assistance of the RAT Board for this corrective action since the first quarter reporting information entered on FederalReporting.gov is closed to changes/corrections, either by the Contractor or the Contracting Officer. These corrections will ensure full and complete transparency of accurate information to the public.

If additional information is required, you may contact either Ms. Donna Parker at 251-441-5585 or the undersigned at 251-441-6501.

FOR THE COMMANDER:



LEO J. HICKMAN  
Chief, Mobile Regional Contracting Center

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[Auditor's Note: On 12 July 2010 a USACE internal review representative clarified command's comments to indicate USACE will implement the recommendations by 31 December 2010.]

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