

United States Merchant Marine Academy

Financial

ISSUE: The USMMA is one of the Nation's five federal service academies. The Academy's function is to train young men and women from across the nation as licensed merchant marine officers. Founded in 1943, USMMA is operated by the Maritime Administration, and is DOT's only service academy.

In 2007, the Maritime Administration discovered an apparent 2006 violation of the Anti-Deficiency Act at the United States Merchant Marine Academy (USMMA), and subsequently conducted an internal controls review consistent with the principles of OMB Circular A-123. As a result of the internal controls review, Congress asked the Government Accountability Office to conduct an audit of USMMA, which is presently ongoing. MARAD has been responsive to the GAO by providing documentation to support GAO's efforts.

ACTION NEEDED: None - For information only.

BACKGROUND:

MARAD has been concerned about the findings of the internal controls review, and has been taking immediate and positive steps, of an ongoing nature, to address and remediate the circumstances.

The Agency continues to work with the Fiscal Oversight and Administrative Review Board, the Assistant CFO of Academy Operations, the Office of the Secretary of Transportation, and the Government Accountability Office to address ongoing reviews and inquiries. Included among the actions MARAD has taken:

- Revision of the Maritime Administrative Order to establish an Assistant CFO for Academy Operations reporting to the MARAD CFO.
- Conversion of positions under Non-Appropriated Funding Instrumentalities (NAFI) to civil service status.
- Issuance of new policy guidance for Gift and Bequest acceptance.
- Assessment of non-appropriated fund sources to assure funding is appropriate.
- Elimination of the USMMA legacy accounting system and transfer to Delphi (the Department-wide financial management system), effective October 1, 2008.
- Issuance of a policy directive eliminating the Academy practice of moving year-end funds to the NAFI FCO. MARAD directed the USMMA to return these funds to the Treasury. These funds were returned in March 2008.
- Appointment of a new Superintendent is expected shortly.

Submitted by: Maritime Administration, United States Merchant Marine Academy

Prepared by: Kelly Flanagan, Kelly.Flanagan@usmma.edu, 516-773-5954

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