

# Inspector General

United States  
Department of Defense



American Recovery and Reinvestment Act  
Project—Repair and Modernization of  
Training Center in Anchorage, Alaska,  
Generally Met Recovery Act Goals

## Additional Copies

To obtain additional copies of this report, visit the Web site of the Department of Defense Inspector General at <http://www.dodig.mil/audit/reports> or contact the Secondary Reports Distribution Unit at (703) 604-8937 (DSN 664-8937) or fax (703) 604-8932.

## Suggestions for Audits

To suggest or request audits, contact the Office of the Deputy Inspector General for Auditing by phone (703) 604-9142 (DSN 664-9142), by fax (703) 604-8932, or by mail:

ODIG-AUD (ATTN: Audit Suggestions)  
Department of Defense Inspector General  
400 Army Navy Drive (Room 801)  
Arlington, VA 22202-4704

<small>DEPARTMENT OF DEFENSE</small> <b>hotline</b>	<b>To report fraud, waste, mismanagement, and abuse of authority.</b> Send written complaints to: Defense Hotline, The Pentagon, Washington, DC 20301-1900 Phone: 800.424.9098 e-mail: <a href="mailto:hotline@dodig.mil">hotline@dodig.mil</a> <a href="http://www.dodig.mil/hotline">www.dodig.mil/hotline</a>
--	--

## Acronyms and Abbreviations

FAR	Federal Acquisition Regulation
MARFORRES	Marine Forces Reserve
MCRC	Marine Corps Reserve Center
MILCON	Military Construction
USACE	U.S. Army Corps of Engineers



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-4704

MAR 31 2011

MEMORANDUM FOR COMMANDER, U.S. ARMY ENGINEERING AND  
SUPPORT CENTER  
DEPUTY ASSISTANT CHIEF OF STAFF (FACILITIES),  
MARINE FORCES RESERVE

SUBJECT: American Recovery and Reinvestment Act Project—Repair and  
Modernization of Training Center in Anchorage, Alaska, Generally Met  
Recovery Act Goals (Report No. D-2011-057)

We are providing this report for your information and use. Personnel from the Marine Forces Reserve, the U.S. Army Engineering and Support Center, and the U.S. Army Corps of Engineers, Alaska District, justified the Recovery Act project and generally met the Recovery Act goals regarding accountability and transparency. We considered management comments on a draft of this report when preparing the final report. Comments from the U.S. Army Engineering and Support Center conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, we do not require any additional comments.

We appreciate the courtesies extended to the staff. Please direct any questions to me at (703) 604-8866 (DSN 664-8866).

A handwritten signature in blue ink, reading "Alice F. Carey".

Alice F. Carey  
Assistant Inspector General  
Readiness, Operations, and Support







# Results in Brief: American Recovery and Reinvestment Act Project – Repair and Modernization of Training Center in Anchorage, Alaska, Generally Met Recovery Act Goals

---

## What We Did

Our objective was to determine whether personnel from Marine Forces Reserve, the U.S. Army Engineering and Support Center in Huntsville, Alabama, and the U.S. Army Corps of Engineers, Alaska District, adequately planned, funded, initially executed, and had personnel and procedures in place to track and report the Recovery Act project for whole facility repair and modernization of the Marine Corps Reserve Center at Anchorage, Alaska, in accordance with Public Law 111-5, “American Recovery and Reinvestment Act of 2009,” (Recovery Act), February 17, 2009.

## What We Found

The Recovery Act repair and modernization project was justified and generally met the Recovery Act goals for accountability and transparency. Marine Forces Reserve and the U.S. Army Engineering and Support Center planned, funded, and had personnel and procedures in place to track and report the project as required by the Recovery Act.

The U.S. Army Engineering and Support Center omitted eight Federal Acquisition Regulation clauses, required by Recovery Act implementation guidance, from the contract, which may impact the ability to hold contractors accountable for all Recovery Act regulations or ensure protection of the environment.

## What We Recommend

We recommend that the Chief, Facilities Support Branch Contracting, U.S. Army Engineering and Support Center, in coordination with the Deputy Assistant Chief of Staff (Facilities), Marine Forces Reserve:

- Review the missing Federal Acquisition Regulation clauses,
- Determine whether the clauses are applicable to the contract, and
- Modify the contract as necessary.

## Management Comments and Our Response

Management comments were responsive to the recommendations. U.S. Army Engineering and Support Center personnel agreed with the finding and recommendation provided in the draft report. Please see the recommendation table on the back of this page.

### Marine Corps Reserve Center Repair in Progress



Source: U.S. Army Corps of Engineers, Alaska District, September 2010

## Recommendation Table

<b>Management</b>	<b>Recommendation Requires Comment</b>	<b>No Additional Comments Required</b>
U.S. Army Engineering and Support Center		1.

# Table of Contents

<b>Introduction</b>	1
Objective	1
Recovery Act Goals	1
Recovery Act Spending	1
Recovery Act Project at MCRC in Anchorage	2
Review of Internal Controls	2
<b>Finding. Repair and Modernization of the Marine Corps Reserve Center Generally Met Recovery Act Requirements</b>	3
Marine Forces Reserve Personnel Justified Recovery Act Project Requirements	3
Marine Forces Reserve Properly Distributed Recovery Act Funds in a Timely Manner	5
Initial Project Execution Was Generally Adequate	5
Personnel and Procedures Were in Place to Meet Recovery Act Requirements	7
Management Comments on the Finding and Our Response	7
Recommendation, Management Comments, and Our Response	8
<b>Appendix</b>	
Scope and Methodology	9
<b>Management Comments</b>	
U.S. Army Engineering and Support Center	11

# Introduction

## Objective

Our overall objective was to evaluate DoD's implementation of Public Law 111-5, "American Recovery and Reinvestment Act of 2009," (Recovery Act), February 17, 2009. We reviewed the implementation of the DoD Recovery Act plans at the Service and installation levels to determine whether the Marine Forces Reserve (MARFORRES), U.S. Army Engineering and Support Center in Huntsville, Alabama, and U.S. Army Corps of Engineers (USACE), Alaska District, personnel managed individual projects to achieve the accountability and transparency goals of the Recovery Act. Specifically, we determined whether personnel at MARFORRES, the U.S. Army Engineering and Support Center, and USACE, Alaska District, adequately planned, funded, executed, and tracked and reported the Recovery Act project for repair and modernization of the Marine Corps Reserve Center (MCRC), in Anchorage, Alaska, to ensure the appropriate use of Recovery Act funds. See the appendix for a discussion of the audit scope and methodology related to the audit objective.

## Recovery Act Goals

In passing the Recovery Act, Congress provided supplemental appropriations to preserve and create jobs; promote economic recovery; assist those most impacted by the recession; provide investments to increase economic efficiency by spurring technological advances in science and health; and invest in transportation, environmental protection, and other infrastructure. The Recovery Act also established unprecedented efforts to ensure the responsible distribution of funds for its purposes and to provide transparency and accountability of expenditures by informing the public of how, when, and where tax dollars were being spent. Further, the Recovery Act states that the President and heads of the Federal departments and agencies were to expend these funds as quickly as possible, consistent with prudent management.

## Recovery Act Spending

DoD received approximately \$7.14 billion<sup>1</sup> in Recovery Act funds to use for projects that support the Act's purposes. In March 2009, DoD released expenditure plans that listed DoD projects to be funded by the Recovery Act. The Department of the Navy received \$1.171 billion in Recovery Act funds, including \$816<sup>2</sup> million for Operations and Maintenance and \$280 million for Military Construction (MILCON). The following table provides specific funds allocated to each appropriation.

---

<sup>1</sup> This amount does not include \$4.6 billion for the U.S. Army Corps of Engineers. The original appropriation for DoD was \$7.4 billion; however, Public Law 111-226 rescinded \$260.5 million.

<sup>2</sup> Public Law 111-226 rescinded \$50 million of Operations and Maintenance funding for the Department of the Navy. Public Law 111-226 did not affect MILCON or Research, Development, Test and Evaluation funding for the Department of the Navy.



**Department of the Navy Program-Specific Recovery Act  
Appropriations (After Funds Rescinded)**

Appropriations	Amount (millions)
Operations and Maintenance	\$816
Military Construction	280
Research, Development, Test and Evaluation	75
<b>Total</b>	<b>\$1,171</b>

Of the \$1.171 billion appropriated, the Department of the Navy allocated approximately \$3.99 million (Operations and Maintenance) for the repair and modernization of the MCRC in Anchorage, Alaska. This project consists of repairing and modernizing the interior and exterior of the building, heating and air conditioning system, and ventilation, and will also improve the facility’s storage capacity.

### **Recovery Act Project at MCRC in Anchorage**

The MCRC, located on Elmendorf Air Force Base, Anchorage, Alaska is home to the Delta Company, Anti-Terrorism Battalion, 4<sup>th</sup> Marine Division (the Battalion). The mission of the Battalion recently changed from supporting a Marine Reconnaissance Battalion to supporting an Anti-Terrorism Force Protection unit, which brought a change in operational needs of the facility and differing space and storage requirements. The Battalion has supported contingency operations as well as played a vital role in support of fleet operations by providing personnel to support the active duty force.

An interservice support agreement exists between MARFORRES and the U.S. Air Force’s 3<sup>rd</sup> Wing, which supports the Battalion on Elmendorf Air Force Base. The interservice support agreement outlines the responsibilities of the 3<sup>rd</sup> Wing and the tenant organizations of MARFORRES, including funding responsibilities for major construction and modifications of existing facilities where Marine units are the sole user.

### **Review of Internal Controls**

DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance programs are operating as intended and to evaluate the effectiveness of the controls. We identified an internal control weakness with the administration of the Recovery Act repair and modernization project as defined by DoD Instruction 5010.40. Specifically, the U.S. Army Engineering and Support Center omitted eight Federal Acquisition Regulation (FAR) clauses, required by Recovery Act guidance, from the contract. We discussed this issue in detail in the Finding section of this report. We will provide a copy of the report to the senior official responsible for internal controls at the U.S. Army Engineering and Support Center.

## **Finding. Repair and Modernization of the Marine Corps Reserve Center Generally Met Recovery Act Requirements**

Personnel at MARFORRES and the U.S. Army Engineering and Support Center generally met the Recovery Act's goals of accountability and transparency as provided in the Recovery Act. MARFORRES personnel properly justified, planned, and funded the project. U.S. Army Engineering and Support Center and USACE, Alaska District personnel had procedures in place to track and report the project as required by the Recovery Act. However, U.S. Army Engineering and Support Center personnel omitted eight Federal Acquisition Regulation (FAR) clauses required by Recovery Act implementation guidance, which may impact the ability of the U.S. Army Engineering and Support Center to hold contractors accountable for all Recovery Act requirements or ensure protection of the environment. The U.S. Army Engineering and Support Center should review the missing clauses, determine whether the clauses are applicable to the contract, and modify the contract as necessary.

## **Marine Forces Reserve Personnel Justified Recovery Act Project Requirements**

MARFORRES personnel adequately justified and planned the project. According to planning documents, the mission of the MCRC in Anchorage changed from supporting a Marine Reconnaissance Battalion to supporting an Anti-Terrorism Force Protection unit, which brought a change in operational needs of the facility and differing space and storage requirements. Additionally, the weather conditions in Alaska caused significant wear and damage to the facility. Improvements, such as an upgrade in the heating, ventilation, and air conditioning system; installation of insulation; and improvements to the design of the roof were necessary to maintain the facility's operational capability.

MARFORRES personnel did not complete a DD Form 1391, "Military Construction Project Data," (DD Form 1391), because of lack of resources. Marine Corps Order P11000R.20, "Real Property Facilities Manual, Volume XIV, Reserve Facilities," August 8, 1988, states that a DD Form 1391 shall be submitted to the Headquarters, Marine Corps for approval on all repair projects exceeding \$400,000. However, MARFORRES personnel stated that the Marine Corps Order is outdated and does not reflect the current MARFORRES command structure or approval authority. According to MARFORRES personnel, the Reserve Facilities Manual is currently being revised.

Despite not having a DD Form 1391, MARFORRES and U.S. Army Engineering and Support Center personnel provided various planning documents in support of the project requirements. Between 2004 and 2007, there were three evaluations of the MCRC that identified building deficiencies. In January 2004, the 3<sup>rd</sup> Civil Engineering Squadron at Elmendorf Air Force Base conducted an infrared survey of the exterior and interior of the MCRC. The survey results showed several locations on the exterior structure where heat was escaping and locations within the building where cold air was getting in.

Additionally, in May 2007, the U.S. Army Engineering and Support Center contracted with Ameresco to conduct a site investigation of the MCRC, assess the interior and exterior condition of the facility, evaluate the work to be performed, and prepare a site investigation report. The site investigation report identified approximately 30 deficiencies, such as ice damage and improper door seals. In June 2007, MARFORRES personnel conducted a site visit to the MCRC to determine the minimum area necessary to perform the anti-terrorism, force protection mission and identify deficiencies for preparation of scope of work.

We compared the repair and modernization requirements in each of these reports to the Statement of Work for the contract and concluded that the requirements for this project were fully justified. The U.S. Army Engineering and Support Center relied heavily on Ameresco's report to develop the Statement of Work for the contract.

### ***Cost Estimates Supported the Contract Amount***

MARFORRES personnel provided three cost estimates to support the project. MARFORRES personnel used historical cost data from similar projects to develop a rough cost estimate of approximately \$4.5 million. In August 2009, U.S. Army Engineering and Support Center personnel developed a Government cost estimate that provided a detailed breakout of project costs associated with items identified in the Statement of Work, such as repair to the exterior of the facility and modernization of the heating system. U.S. Army Engineering and Support Center personnel used the Government cost estimate for the project, valued at \$5.6 million, to assess the reasonableness of contractor proposals.

In August 2008, U.S. Army Engineering and Support Center personnel developed a detailed cost estimate for the project, valued at \$4.7 million, to develop budget estimates for the project. This estimate matches the amount in the DoD Expenditure Plan, and supported the contract cost of \$3.99 million.

### ***Economic Analysis Was Not Performed Because Viable Alternatives Did Not Exist***

While MARFORRES personnel did not perform an economic analysis for the project, personnel stated that they discussed other options to the repair and modernization, such as finding alternate locations for the MCRC. However, no other options could match the required force protection levels currently available to MARFORRES on Elmendorf Air Force Base. Additionally, Marine Corps Order P11000R.20 does not require an economic analysis other than for new construction of a bachelor enlisted quarters.

## **Marine Forces Reserve Properly Distributed Recovery Act Funds in a Timely Manner**

MARFORRES personnel distributed Recovery Act funds to the project in a timely manner, and the funding documents properly identified the project with a Recovery Act designation. Funding documents showed that MARFORRES transferred \$4.7 million in Recovery Act funds to the U.S. Army Engineering and Support Center on July 1, 2009. U.S. Army Engineering and Support Center personnel awarded the task order for approximately \$3.99 million on September 29, 2009. The bid savings of approximately \$707,000 were transferred back to MARFORRES on September 30, 2009.

MARFORRES personnel stated bid savings resulting from Recovery Act projects were used for other approved Recovery Act projects.

## **Initial Project Execution Was Generally Adequate**

U.S. Army Engineering and Support Center personnel generally performed adequate initial execution of the project. In our evaluation of the initial project execution, we determined whether the contract was competitively solicited and awarded with full transparency and whether it contained the FAR clauses required by Recovery Act implementation guidance.

Contracting personnel at the U.S. Army Engineering and Support Center awarded the task order competitively using a firm-fixed price task order of approximately \$3.99 million in September 2009. The U.S. Army Engineering and Support Center executes the Facility Repair and Renewal program, which provides a method for the design and execution of facility repairs, renovations, and minor construction for the USACE. The USACE utilizes multiple indefinite-delivery, indefinite-quantity contracts separated into three pools for 8(a) Business Development, HubZone, and unrestricted companies.<sup>3</sup> Because of the size, difficulty, and location of the project, contracting personnel determined that the project was too complex for the 8(a) and HubZone contractors, and solicited proposals from the unrestricted contractors. The project was competitively awarded to Innovative Technical Solutions, Inc., because its proposal best represented the Government's technical and price requirements. At the time of our review, Innovative Technical Solutions, Inc. had registered on the Central Contractor Registration Web site as required by FAR subpart 4.11, "Central Contractor Registration." In addition, the Excluded Parties List System did not show Innovative Technical Solutions, Inc. as a debarred contractor.

---

<sup>3</sup> The Facility Repair and Renewal program includes two 8(a) contractors, two HubZone contractors, and three Unrestricted contractors. The U.S. Small Business Administration's programs for 8(a) Business Development and HubZone Empowerment Contracting are designed to promote economic development in historically-underutilized business zones by providing more access to Federal contracting opportunities.

Contracting personnel at the U.S. Army Engineering and Support Center properly recorded contract actions to facilitate full transparency. Office of Management and Budget Memorandum M-09-15, “Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” April 3, 2009, describes requirements for reporting Recovery Act-funded actions in the Federal Procurement Data System and publicizing actions on Federal Business Opportunities. Contracting personnel properly reported the contract award in the Federal Procurement Data System and announced the solicitation and award on the Federal Business Opportunities Web site.

The contract omitted eight FAR clauses. Contracting personnel at the U.S. Army Engineering and Support Center incorporated most of the FAR clauses required by the Recovery Act, including those for whistleblower protection, reporting, the Davis-Bacon Act, and the Buy American Act. However, we identified eight missing contract clauses required by FAR part 23, “Environment, Energy, and Water Efficiency, Renewable Energy Technologies, Occupational Safety, and Drug-free Workplace.” FAR part 23 prescribes policies and procedures for protecting and improving the quality of the environment. According to Office of Management and Budget Memorandum M-09-15, agencies must comply with the requirements of FAR part 23 when acquiring supplies and services<sup>4</sup> using Recovery Act funds. The contract omitted the following clauses required by FAR part 23:

- FAR 52.223-2, “Affirmative Procurement of Biobased Products Under Service and Construction Contracts;”
- FAR 52.223-3, “Hazardous Material Identification and Material Safety Data;”
- FAR 52.223-4, “Recovered Material Certification;”
- FAR 52.223-9, “Estimate of Percentage of Recovered Material Content for EPA-designated Items;”
- FAR 52.223-13, “Certification of Toxic Chemical Release Reporting;”
- FAR 52.223-15, “Energy Efficiency in Energy-Consuming Products;”
- FAR 52.223-17, “Affirmative Procurement of EPA-designated Items in Service and Construction Contracts;” and
- FAR 52.223-18, “Contractor Policy to Ban Text Messaging While Driving.”

Without these clauses, U.S. Army Engineering and Support Center personnel could not hold contractors accountable for all Recovery Act requirements or ensure the protection of the environment. U.S. Army Engineering and Support Center personnel should evaluate the missing FAR clauses to determine their applicability to the Recovery Act project and modify the contract accordingly.

---

<sup>4</sup> According to the definition of an acquisition in FAR Subpart 2.101, construction is a service.

## **Personnel and Procedures Were in Place to Meet Recovery Act Requirements**

DoD Directive 4270.5, “Military Construction,” February 12, 2005, states the Department of the Army and the Department of the Navy may use the services of the other Department in the interest of efficiency and cost effectiveness or when otherwise considered appropriate. MARFORRES personnel determined that the U.S. Army Engineering and Support Center was the best option for executing the project because of their ability to leverage the USACE, Alaska District, to provide daily oversight of the project.

MARFORRES, U.S. Army Engineering and Support Center, and USACE, Alaska District, personnel had adequate procedures in place to track and report the project. Contracting personnel have a Project Engineer/Construction Manager and Quality Assurance Representative in place to monitor project schedules, address nonconformances, and ensure the contractor meets contract requirements.

In addition, contracting personnel reviewed the information reported by the contractor to ensure the contractor reported required Recovery Act information. FAR clause 52.204-11, “American Recovery and Reinvestment Act – Reporting Requirements,” requires contractors for Recovery Act projects to report project information at <http://www.FederalReporting.gov>. Innovative Technical Solutions, Inc. submitted quarterly reports that included total project dollar value, project status, jobs created, and sub-contract awards.

## **Management Comments on the Finding and Our Response**

### ***U.S Army Engineering and Support Center Comments***

The U.S. Army Engineering and Support Center agreed with the finding and recommendation in the report; however, they disagreed that the missing eight FAR clauses are Recovery Act clauses. The U.S. Army Engineering and Support Center stated that the missing FAR clauses were to ensure that personnel could provide proper oversight of the contract and ensure compliance with the contract terms and conditions.

### ***Our Response***

We agree that incorporating the eight clauses into the contract will ensure that U.S. Army Engineering and Support Center personnel are able to provide proper contractual oversight and accountability to the contractors ensuring compliance to contract terms and conditions. As stated in our report, FAR part 23 requires the missing contract clauses that we identified. According to Office of Management and Budget Memorandum M-09-15, agencies must comply with the requirements of FAR part 23 when acquiring supplies and services using Recovery Act funds.

## **Recommendation, Management Comments, and Our Response**

**1. We recommend that the Chief, Facilities Support Branch Contracting, U.S. Army Engineering and Support Center, in coordination with the Deputy Assistant Chief of Staff (Facilities), Marine Forces Reserve:**

- a. Review the missing FAR clauses,**
- b. Determine whether the clauses are applicable to the contract, and**
- c. Modify the contract as necessary.**

### ***U.S Army Engineering and Support Center Comments***

The Deputy Chief, Headquarters Internal Review Office, forwarded comments from the U.S. Army Engineering and Support Center. The contracting office at the U.S. Army Engineering and Support Center re-evaluated for relevancy and applicability the eight FAR clauses omitted from the contract. On February 16, 2011, the contracting officer signed a contract modification to add the eight clauses to the contract.

### ***Our Response***

The comments from the U.S. Army Engineering and Support Center were fully responsive, and the actions met the intent of the recommendations. No further comments are required.



## **Appendix. Scope and Methodology**

We conducted this performance audit from July 2010 through January 2011. We interviewed personnel from the U.S. Army Engineering and Support Center, in Huntsville, Alabama; Marine Forces Reserve in New Orleans, Louisiana; and the U.S. Army Corps of Engineers, Alaska District. We reviewed documentation including the official contract files, planning documents, funding documents, and cost estimates. We reviewed processes for tracking and reporting Recovery Act projects. We reviewed Federal, DoD, United States Marine Corps and USACE guidance, and compared this guidance with our audit results.

We conducted this 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 findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **Use of Computer-Processed Data**

We used computer-processed data from the Federal Procurement Data System, Central Contractor Registration, Excluded Parties List System, Federal Business Opportunities, [www.federalreporting.gov](http://www.federalreporting.gov), and other systems. However, our use of computer-processed data did not materially affect our audit results, findings, or conclusions. Therefore, we did not evaluate the reliability of the computer-processed data we used.

### **Use of Technical Assistance**

Before selecting DoD Recovery Act projects for audit, personnel in the Quantitative Methods and Analysis Division of the DoD Office of Inspector General analyzed all DoD agency-funded projects, locations, and contracting oversight organizations to assess the risk of waste, fraud, and abuse associated with each. Quantitative Methods and Analysis Division personnel selected most audit projects and locations using a modified Delphi technique, which allowed them to quantify the risk based on expert auditor judgment and other quantitatively developed risk indicators. Initially, Quantitative Methods and Analysis Division personnel selected 83 projects with the highest risk rankings. Auditors chose some additional projects at the selected locations.

Quantitative Methods and Analysis Division personnel did not use classical statistical sampling techniques that would permit generalizing results to the total population because there were too many potential variables with unknown parameters at the beginning of this analysis. The predictive analytic techniques employed provided a basis for logical coverage not only of Recovery Act dollars being expended, but also of types of projects and types of locations across the Military Services, Defense agencies, National Guard units, and public works projects managed by the U.S. Army Corps of Engineers.

## **Prior Audit Coverage**

The Government Accountability Office, the Department of Defense Inspector General, and the Military Departments have issued reports and memoranda discussing DoD projects funded by the Recovery Act. You can access unrestricted reports at <http://www.recovery.gov/accountability>.

# U.S. Army Engineering and Support Center Comments



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

CEIR

28 February 2011

MEMORANDUM FOR U.S. Department of Defense, Office of the Inspector General  
400 Army Navy Drive,  
Arlington, Virginia 22202-4704

SUBJECT: DODIG Draft Report, "American Recovery and Reinvestment Act Project—  
Repair and Modernization of Training Center in Anchorage, Alaska, Generally Met  
Recovery Act Goals" 28 January 2011 (DODIG-D000H-249.000)

1. Reference DODIG report, subject as above.
2. USACE comments are attached.
3. If you have additional questions, please contact the undersigned or my point of contact, Terri Jackson, at [REDACTED] or via email at [REDACTED]

Encl

A handwritten signature in cursive script that reads "Terri Jackson for".

BRENDA L. MAYES  
Deputy Chief  
HQ Internal Review Office

22 February 2011

**DoD IG Audit**  
**American Recovery and Reinvestment Act Project—Repair and  
Modernization of Training Center in Anchorage, Alaska**

**Subject:** DoD IG of Project No. D2010-D000LH-0249.00

**Memo:** USACE HNC Contracting Directorate reviewed the subject DoD IG draft audit report. Below are USACE HNC's comment(s) and/or response(s) pertaining to the auditor(s)'s comments, findings, and recommendations.

**DoD IG's Recommendation(s):** We recommend that the Chief, Facilities Support Branch Contracting, U.S. Army Engineering and Support Center, in coordination with the Deputy Assistant Chief of Staff (Facilities), Marine Forces Reserve:

1. Review the missing Federal Acquisition Regulation clauses
2. Determine whether the clauses are applicable to the contract
3. Modify the contract as necessary

**HNC's Response to recommendation(s):** The Contracting Officer re-evaluated the following FAR clauses for relevancy and applicability to the awards supporting the Modernization of Training Center in Anchorage, Alaska requirement. The following clauses were evaluated:

- FAR 52.223-2 Affirmative Procurement of Biobased Products Under Service and Construction Contracts
- FAR 52.223-3 Hazardous Material Identification and Material Safety Data
- FAR 52.223-4 Recovered Material Certification;"
- FAR 52.223-9 Estimate of Percentage of Recovered Material Content for EPA-designated Items
- FAR 52.223-13 Certification of Toxic Chemical Release Reporting
- FAR 52.223-15 Energy Efficiency in Energy-Consuming Products
- FAR 52.223-17 Affirmative Procurement of EPA-designated Items in Service and Construction Contracts
- FAR 52.223-18 Contractor Policy to Ban Text Messaging While Driving

The Contracting Officer signed a no cost modification to the subject award adding the required clauses that were initially missing. The action was completed 16 Feb 2011.

**HNC's Overall Response to Draft Report:**

USACE- HNC agrees with the comments, findings, and recommendations provided by DoD IG in the subject draft report with the exception of the last paragraph on page 6. The missing 8 FAR Clauses are not American Reinvestment and Recovery Act Clauses, which are: the ARRA Buy American Act Clauses (52.225-22, 52.225-24, 52.225-21, or 52.225-23) and ARRA Clause for expanded GAO/OIG access to contractor records (52.212-4, 52.212-5, 52.214-26, or 52.215-2alt 1). Therefore, these clauses make certain that USACE HNC personnel are able to provide proper contractual oversight and accountability to the contractors ensuring compliance to contract terms and conditions and to Recovery Act reporting requirements.







# Inspector General Department of Defense

