

# Inspector General

United States  
Department of Defense



American Recovery and Reinvestment Act—  
Repair Project at Camp Pendleton, California,  
Needed Improvements in Planning

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## Acronyms and Abbreviations

FAR	Federal Acquisition Regulation
IPT	Integrated Product Team
NAVFAC SW	Naval Facilities Engineering Command Southwest
OMB	Office of Management and Budget
PWD	Public Works Department
RFP	Request for Proposal



INSPECTOR GENERAL  
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SEP 30 2011

MEMORANDUM FOR NAVAL INSPECTOR GENERAL  
MARINE CORPS INSPECTOR GENERAL  
COMMANDING OFFICER, NAVAL FACILITIES  
ENGINEERING COMMAND SOUTHWEST  
COMMANDING OFFICER, MARINE CORPS BASE  
CAMP PENDLETON

SUBJECT: American Recovery and Reinvestment Act—Repair Project at Camp Pendleton, California, Needed Improvements in Planning (Report No. D-2011-117)

We are providing this report for your review and comment. Although Naval Facilities Engineering Command Southwest and Camp Pendleton personnel properly funded, initially executed, and tracked and reported the \$8.9 million repair of bachelor enlisted quarters (the Repair Project), they did not adequately plan the project. We considered management comments on a draft of this report when preparing the final report.

DoD Directive 7650.3 requires that recommendations be resolved promptly. We received comments from the Principal Deputy, Office of the Assistant Secretary of the Navy (Energy, Installations & Environment) on behalf of the Commanding Officer, Naval Facilities Engineering Command Southwest and the Commanding Officer, U.S. Marine Corps Base Camp Pendleton. The Principal Deputy's comments to Recommendations 1.a, 1.b, 2.a, and 2.b. were partially responsive. His comments to Recommendation 1.c were responsive. Therefore, we request the Navy provide additional comments on Recommendations 1.a, 1.b, 2.a, and 2.b by October 31, 2011.

If possible, please send a .pdf file containing your comments to [audros@dodig.mil](mailto:audros@dodig.mil). Copies of the management comments must contain the actual signature of the authorizing official. We are unable to accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8866 (DSN 312-664-8866).

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

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# Results in Brief: American Recovery and Reinvestment Act—Repair Project at Camp Pendleton, California, Needed Improvements in Planning

## What We Did

Our objective was to evaluate DoD's implementation of Public Law 111-5, "American Recovery and Reinvestment Act of 2009" (Recovery Act), February 17, 2009. Specifically, we determined whether personnel from Naval Facilities Engineering Command (NAVFAC) Southwest and the U.S. Marine Corps Base Camp Pendleton appropriately used Recovery Act funds by adequately planning, funding, initially executing, and tracking and reporting Project P-0438, "Repair of the Bachelor Enlisted Quarters," (the Repair Project), valued at about \$8.9 million.

## What We Found

Although NAVFAC Southwest and Camp Pendleton personnel properly funded, initially executed, and tracked and reported the Repair Project, they did not adequately plan the project. NAVFAC Southwest Integrated Product Team (IPT) and Camp Pendleton Public Works Department personnel did not have complete documentation to support approximately \$8.3 million in Recovery Act funds for the project. Specifically, we found the following deficiencies:

- Public Works Department personnel did not properly complete the 2009 DD Form 1391, "Military Construction Project Data," (DD Form 1391);
- Public Works Department personnel based the Repair Project's requirements on a 2005 request for proposal and a 2002 DD Form 1391; and
- NAVFAC Southwest and Public Works Department personnel did not document their 2008 walkthroughs of building 52609

(bachelor enlisted quarters) that they used to update requirements.

As a result, DoD did not have reasonable assurance that repairs were necessary and that Recovery Act funds were appropriately used.

## What We Recommend

We recommend that the Commanding Officer, NAVFAC Southwest and the Commanding Officer, U.S. Marine Corps Base Camp Pendleton, review project requirements documentation for existing projects and ensure files are accurate and complete.

Also, we recommend that the Commanding Officer, NAVFAC Southwest, validate that approximately \$800,000 in Recovery Act funds were returned to NAVFAC headquarters.

## Management Comments and Our Response

The Principal Deputy, Office of the Assistant Secretary of the Navy (Energy, Installation and Environment) responded on behalf of the Commanding Officer, Naval Facilities Engineering Command Southwest; and Commanding Officer, U.S. Marine Corps Base Camp Pendleton, to a draft of this report issued on August 1, 2011. The Principal Deputy's comments to Recommendation 1.c were responsive. However, the Principal Deputy's comments pertaining to Recommendations 1.a, 1.b, 2.a, and 2.b were partially responsive. We request that the Navy provide additional comments on Recommendations 1.a, 1.b, 2.a, and 2.b by October 31, 2011. Please see the recommendations table on the back of this page.

## Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commanding Officer, Naval Facilities Engineering Command Southwest	1.a, 1.b	1.c
Commanding Officer, U.S. Marine Corps Base Camp Pendleton	2.a, 2.b	

**Please provide comments by October 31, 2011.**

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# Introduction

## Objective

Our objective was to evaluate DoD's implementation of Public Law 111-5, "American Recovery and Reinvestment Act of 2009," (Recovery Act), February 17, 2009. Specifically, we determined whether personnel from U.S. Marine Corps Base Camp Pendleton (Camp Pendleton), California, and Naval Facilities Engineering Command Southwest (NAVFAC SW) in San Diego, California, adequately planned, funded, initially executed, and tracked and reported Project P-0438, "Repair of the Bachelor Enlisted Quarters," (the Repair Project). See Appendix A for a discussion of our scope and methodology.

## Recovery Act Background

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.

## Recovery Act Requirements

On April 3, 2009, the Office of Management and Budget (OMB) issued Memorandum M-09-15 to provide Government-wide guidance and requirements for the implementation of the Recovery Act. The guidance and requirements are intended to meet accountability goals: (1) funds are awarded and distributed in a prompt, fair, and reasonable manner; (2) the 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; (3) funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated; (4) projects funded under the Recovery Act avoid unnecessary delays and cost overruns; and (5) program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

DoD received approximately \$7.16 billion<sup>1</sup> in Recovery Act funds for projects that support the Act's purposes. In March 2009, DoD released expenditure plans for the Recovery Act, which list DoD projects that will receive Recovery Act funds. The Department of the Navy received \$1.17 billion in Recovery Act funds for Operations and Maintenance; Military Construction; and Research, Development, Test, and Evaluation. Of the \$1.17 billion appropriated to the Department of the Navy, NAVFAC headquarters

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<sup>1</sup>DoD originally received \$7.4 billion; however, Public Law 111-226, Title III, "Rescissions," rescinded \$260.5 million on August 10, 2010. The \$7.16 billion does not include \$4.6 billion for U.S. Army Corps of Engineers civil works projects.



personnel allocated approximately \$8.9 million to the Repair Project. Ultimately, about \$8.3 million of the \$8.9 million was allotted to NAVFAC SW for the Repair Project. NAVFAC headquarters retained approximately \$600,000 of the \$8.9 million in reserve.

## **Repair Project Background**

Camp Pendleton is the U.S. Marine Corps' largest expeditionary training facility for active and reserve Marine, Army, and Navy units as well as Federal, State, and local agencies. Camp Pendleton's mission is to operate a training base that promotes the combat readiness of the operating forces and the mission of other tenant commands by providing training opportunities, facilities, services, and support to marines, sailors, and their families.

On March 11, 2009, Camp Pendleton Public Works Department (PWD) personnel prepared a DD Form 1391, "Military Construction Project Data," for the Repair Project, valued at \$8.9 million, to restore building 52609, the bachelor enlisted quarters. According to the DD Form 1391, building 52609 was a four-story structure built in 1989, containing more than 61,000 square feet. The building had 154 rooms and served as billeting for 308 marines and sailors. The restoration of building 52609 (which included installing seismic upgrades, removing hazardous material, and replacing the roof<sup>2</sup>) would provide 20-plus years of habitable housing for School of Infantry students, according to the DD Form 1391.

According to the DD Form 1391, building 52609 deteriorated to the point that systems and materials were failing—plumbing leaks were the source of most maintenance requests. The toilets and showers were in poor condition, heating was inoperable in some of the living units, laundry facilities were in an advanced state of disrepair with extensive damage to walls and ceilings from water pipe leaks, and mold and mildew existed. The Impact If Not Provided statement cited "continued deterioration of the BEQ [Bachelor Enlisted Quarters] resulting in increased operations and maintenance costs, violation of health and safety standards, loss of room usage, and inadequate capacity for billeting."

The Repair Project was generally completed by April 2010 by the contractor, Barnhart Incorporated. At that time, NAVFAC SW personnel authorized the contractor to conduct follow-up work and clean-up activities. NAVFAC SW officials also permitted marines and sailors to move back into building 52609. In September 2010, the contractor completed all repairs for the Repair Project.

## **Review of Internal Controls**

DoD Instruction 5010.40, "Managers' Internal Control Program (MICP) Procedures," July 29, 2010, states that internal controls are the organization, policies, and procedures that help program and financial managers to achieve results and safeguard the integrity of their programs by reducing the risk of adverse activities. The Instruction also requires

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<sup>2</sup>During our visit in October 2009, the demolition phase was near completion. Therefore, we did not view the building's condition.

DoD Components to establish a Managers' Internal Control Program to review, assess, and report on the effectiveness of internal controls. We identified a control weakness specific to inadequate planning for the Repair Project. Specifically, NAVFAC SW Integrated Product Team (IPT) and Camp Pendleton PWD personnel did not comply with established controls for documenting the Repair Project's requirements. We will provide a copy of the report to the senior official responsible for internal controls at NAVFAC SW and Camp Pendleton.

## **Finding. NAVFAC SW IPT and Camp Pendleton PWD Personnel Did Not Adequately Plan the Repair Project**

NAVFAC Southwest IPT and PWD personnel did not adequately plan the Repair Project. Personnel did not have complete documentation to support approximately \$8.3 million in Recovery Act funds for the Repair Project. Specifically:

- PWD personnel did not properly complete the 2009 DD Form 1391;
- PWD personnel based the Repair Project's requirements on a 2005 request for proposal (RFP) and a 2002 DD Form 1391; and
- NAVFAC SW IPT and PWD personnel did not document their 2008 walkthroughs of building 52609 that they used to update requirements.

In addition, PWD personnel did not fully complete the economic analysis to determine the most efficient and effective use of resources. As a result, DoD did not have reasonable assurance that Recovery Act funds were used appropriately. However, NAVFAC Southwest and Camp Pendleton personnel properly funded, initially executed, and tracked and reported the Repair Project.

### **Federal Guidance Requires Project Documentation**

Marine Corps Order (MCO) P11000.5G "Real Property Facilities Manual, Volume IV, Facilities Projects Manual" September 30, 2004, states that project documentation is a critical step in addressing all factors related to the facility requirement. This includes an approved DD Form 1391 that contains a project justification supported by an adequate description of the requirement. Project documentation should include a methodology for addressing all factors related to facility requirements, a record of what actions were taken to address a particular facility requirement, and how those actions were funded. Further, installations must retain all project documents for at least 3 years after the last contract action. Personnel must ensure work descriptions, justifications, and cost estimates for projects are complete, current, and accurate.

According to Chief of Naval Operations Instruction 11010.20G, "Facilities Project Instruction," October 14, 2005, project documentation, validations, approvals, and authorizations must be maintained in project files for a minimum of 5 years.

### **Project Documentation Prepared, but Incomplete**

#### ***2009 DD Form 1391 Prepared Without Source Documents and Updated Data***

PWD personnel did not properly complete the 2009 DD Form 1391. On the 2009 DD Form 1391, PWD personnel stated that building 52609 did not meet current fire

protection, seismic, or energy efficiency codes. Also, heavy use of the building led to deterioration despite preventive maintenance. PWD officials attached pictures<sup>3</sup> of various interior rooms (including the laundry room, bathrooms, and bedrooms in building 52609) to illustrate the deterioration. However, the pictures did not always clearly support the information on the DD Form 1391. Additionally, PWD personnel did not cite source documents (such as current surveys, studies, and inspections) on the DD Form 1391 to support the need for those repairs. PWD personnel informed us that they used a 2005 RFP and 2008 walkthrough of building 52609 to develop requirements for the DD Form 1391. Without sufficient, up-to-date, supporting documentation, the need for building 52609 to be repaired cannot be fully justified.

### ***2005 Request for Proposal and 2002 DD Form 1391 Prepared, but Missing Supporting Documentation***

PWD personnel used a 2005 RFP and a 2002 DD Form 1391 to develop the Repair Project's requirements, but did not have complete documentation (for example, current surveys, studies, and inspections) to substantiate the basis for the Repair Project. In the 2005 RFP, PWD personnel summarized some of the repairs needed for the Repair Project. Those repairs included electrical, plumbing, structural, and mechanical repairs. However, the RFP did not cite or provide source documentation to support the needed repairs. The 2002 DD Form 1391 indicated the Repair Project was needed to prevent further deterioration; meet current life, safety, and seismic requirements; maintain habitability; and improve the living conditions and quality of life for the students. At that time, MCO P11000.5F "Real Property Facilities Manual, Volume IV, Facilities Projects Manual," November 13, 1992, required a Project Survey Data Sheet. PWD personnel provided an incomplete Project Survey Data Sheet, and the data sheet did not justify the Repair Project. For example, the data sheet was not completed to show the command priority for the Repair Project, the impact on operations, or the impact on mission if the Repair Project was delayed. The data sheet also did not cite references to support repairs needed for building 52609. The 2005 and 2002 documents should have been updated to support the current conditions of building 52609.

### ***2008 Walkthroughs Were Not Documented***

NAVFAC SW IPT and PWD personnel did not document deficiencies identified during walkthroughs of building 52609 that they performed in 2008 to update the requirements for the Repair Project. According to NAVFAC SW IPT and Camp Pendleton PWD personnel, in 2008, they conducted separate walkthroughs of building 52609 to identify deficiencies and to gather support for the 2009 RFP. But they were not able to provide us supporting documentation for these walkthroughs. Without documentation of the walkthroughs, we did not determine whether the deficiencies cited actually existed.

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<sup>3</sup>Camp Pendleton officials stated that they took pictures of building 52609 during a 2008 walkthrough, but they deemed the pictures unnecessary to include in the 2009 RFP.

### ***2009 Request for Proposal Was Based on Outdated Reports***

In the April 2009 RFP, NAVFAC SW personnel cited several reports that supported some repairs to building 52609; however, those reports were incomplete. The 2009 RFP included repairs similar to those identified in the 2005 RFP and the 2002 DD Form 1391. The 2009 RFP also cited 12 reports as source documents. The reports included a site utilities study; a geotechnical report; and a lead, asbestos, and mold report. Camp Pendleton PWD personnel stated that the reports supported some of the repairs identified on the March 2009 DD Form 1391. However, 7 of the 12 reports were either outdated, required additional review, did not have dates of completion, or did not identify who prepared the reports. For example, the geotechnical report, published in September 2005, provided recommendations for addressing building 52609's condition. According to the report, it was valid for a 2-year period and recommended another review of its findings and recommendations if construction was delayed beyond this period. Construction for the Repair Project began in September 2009, 4 years after the Geotechnical report was published, and there was no indication that the report was updated. The Lead, Asbestos, and Mold Report, also published in September 2005, included a combination of three reports that indicated the potential for mold growth in hidden areas. This report should have also been updated to show the current condition for potential mold growth.

### ***Economic Analysis Did Not Include Three Steps***

PWD officials did not fully complete three of the six steps outlined in NAVFAC Publication-442, "Economic Analysis Handbook," (NAVFAC P-442), October 1993. NAVFAC P-442 identifies a six-step approach: define the objective, generate alternatives, formulate assumptions, determine costs and benefits, compare costs and benefits and rank alternatives, and perform sensitivity analysis. Three of the six steps in the November 24, 2008, economic analysis were not properly completed: define the objective, formulate assumptions, and perform sensitivity analysis. Specifically:

- PWD officials wrote an objective that did not define and quantify the need to repair the 61,430 square foot BEQ facility;
- the assumptions formulated did not fully discuss the effects of inflation or the residual value of the building; and
- the sensitivity analysis did not plan for uncertainties pertaining to requirements, inflation, and operations.

When asked about the three steps that were not completed, PWD officials stated that time constraints prevented them from fully completing the economic analysis.



## Timely Distribution of Recovery Act Funds

NAVFAC HQ personnel allocated \$8.9 million in Recovery Act funds to the Repair Project, and they distributed these funds in a timely manner. The funding document properly identified the Recovery Act's designation codes. NAVFAC HQ personnel allotted approximately \$8.3 million of \$8.9 million to NAVFAC SW for the Repair Project. NAVFAC HQ personnel retained about \$600,000 of the \$8.9 million in reserve.

On June 10, 2009, NAVFAC HQ personnel authorized NAVFAC Atlantic to transfer \$8.3 million to NAVFAC SW contracting personnel. On June 18, 2009, NAVFAC SW

*Approximately \$800,000 of the \$1 million remained and needed to be rescinded by NAVFAC HQ.*

personnel awarded contract N62473-06-D-1059 to Barnhart Incorporated for about \$7.3 million. Of the remaining \$1 million, NAVFAC SW personnel stated that approximately \$200,000 was used for asbestos removal and they returned about \$94,000 in Recovery Act funds to NAVFAC HQ on October 23, 2009. Approximately \$800,000 of the \$1 million remained and needed to be rescinded by NAVFAC HQ. On September 21, 2010, NAVFAC SW IPT personnel notified the NAVFAC SW Comptroller's Office that the Repair Project was completed and that the remaining funds should be returned to NAVFAC HQ. As of November 15, 2010, NAVFAC SW personnel had not yet notified NAVFAC HQ about the remaining \$800,000; however, Comptroller personnel initiated actions to return the remaining \$800,000.

Although Recovery Act guidance does not specify a time frame for returning excess funds, the Act was established to stimulate the economy and assist in the creation and preservation of jobs. Commands with bid savings should use the funds for other local projects or return the funds to NAVFAC HQ for prompt distribution to other military construction projects.

## Contract Execution Was Adequate

On June 18, 2009, NAVFAC SW contracting personnel competitively awarded contract N-62473-06-D-1059 to Barnhart Incorporated for the Repair Project. The firm-fixed-price contract, valued at about \$7.3 million, was awarded based on price. The Federal Acquisition Regulation (FAR) requires agencies to include specific Recovery Act clauses in contracts. NAVFAC SW personnel included all applicable clauses.

## Processes Were in Place to Track and Report Project

NAVFAC SW contracting personnel had processes in place to track and report the Repair Project. The contract for the Repair Project contained FAR clause 52.204-11, "American Recovery and Reinvestment Act-Reporting Requirements," March 2009, requiring contractors to report project information to [www.federalreporting.gov](http://www.federalreporting.gov). The contractor submitted quarterly reports that included the number of jobs created and retained.

## Conclusion

NAVFAC SW IPT and PWD personnel did not adequately plan the Repair Project. NAVFAC SW IPT and Camp Pendleton PWD personnel did not fully complete the DD Form 1391 and did not document deficiencies identified during the 2008

walkthroughs that they used to update the Repair Project requirements. Although PWD personnel provided various reports citing a need for repairs to building 52609, those reports were not current, dated, or properly reviewed. As a result, DoD does not have reasonable assurance that repairs were necessary and that Recovery Act funds were appropriately used.

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

### **1. We recommend that the Commanding Officer, Naval Facilities Engineering Command Southwest:**

**a. Require Naval Facilities Engineering Command Integrated Product Team personnel to comply with Operations Naval Instruction 11010.20G, “Facilities Project Instruction,” October 14, 2005, for project documentation, including maintaining supporting documentation.**

#### ***Department of the Navy Comments***

The Principal Deputy, Office of the Assistant Secretary of the Navy (Energy, Installations, and Environment), responding on behalf of the Commanding Officer, Naval Facilities Engineering Command Southwest, partially agreed and stated that Naval Facilities Engineering Command does comply with the Operations Naval Instruction 11010.20G, for Navy projects; however, because the Repair project was a Marine Corps-funded project, the governing instruction was Marine Corps Order P11000.5G. The Principal Deputy also stated that neither Instruction requires separate documentation for site visits.

#### ***Our Response***

Although the Principal Deputy partially agreed, we believe that Naval Facilities Engineering Command Integrated Product Team personnel should have documented their walkthrough. Without documentation, Naval Facilities Engineering Command Integrated Product Team personnel cannot support their assertions that they identified deficiencies during their walkthrough. In the absence of such documentation, DoD has no assurance that deficiencies existed at all or that repairs were needed. We request the Navy to reconsider its position on the recommendation and provide comments on the final report.

**b. Review the Naval Facilities Engineering Command Southwest Integrated Product Team’s project requirements documentation for existing projects and ensure files are accurate and complete.**

#### ***Department of the Navy Comments***

The Principal Deputy agreed and stated Naval Facilities Engineering Command Southwest Integrated Product Team reviewed its project file pertaining to this Repair Project and found that documentation was completed in compliance with Naval Facilities Engineering Command’s Business Management System process. According to the

Principal Deputy, this process is followed in the preparation of a request for proposal. The Integrated Product Team initiated actions to prepare the request for proposal. Numerous site visits were conducted to better define requirements and the scope of work in order to ensure that the allocated funding was obligated in the most cost efficient and effective manner.

### ***Our Response***

The Principal Deputy comments were partially responsive. Although Naval Facilities Engineering Command Southwest Integrated Product Team personnel documented their work in compliance with the Business Management System and conducted numerous site visits, the documentation was not sufficient. We believe personnel still should document (e.g., memorandums or photographs) their findings when significant deficiencies are identified. This documentation can be used to support their basis for needed repairs. The involvement of the Integrated Product Team to better define requirements and the scope of work to support the request for proposal was not communicated during the audit. We request the Navy reconsider its position on the recommendation and provide comments on the final report.

**c. Validate that Comptroller Office personnel returned approximately \$800,000 in Recovery Act funds remaining from the Repair Project to Naval Facilities Engineering Command headquarters.**

### ***Department of the Navy Comments***

The Principal Deputy agreed and stated that on November 15, 2010, Naval Facilities Engineering Command Southwest Comptroller's office was notified that the project was completed; and on November 22, 2010, \$748,113.58 was returned to Naval Facilities Command headquarters.

### ***Our Response***

The Principal Deputy comments are responsive, and no further comments are required.

**2. We recommend that the Commanding Officer, U.S. Marine Corps Base Camp Pendleton:**

**a. Require Public Works Department personnel to comply with Marine Corps Order P11000.5G, "Real Property Facilities Manual," September 30, 2004, requirements for project documentation, including completing DD Form 1391s and maintaining supporting documentation.**

**b. Review Camp Pendleton Public Works Department's project requirements documentation for existing projects and ensure files are accurate and complete.**

### ***Department of the Navy Comments***

The Principal Deputy, Department of the Navy, responding on behalf of the Commanding Officer, U.S. Marine Corps Base Camp Pendleton agreed with Recommendation 2.a and 2.b, but did not provide any additional information.

### ***Our Response***

Although the Principal Deputy agreed with Recommendations 2.a. and 2.b, his comments are partially responsive. We request that the Principal Deputy identify the corrective actions taken to address the deficiencies and provide estimated dates of completion for those actions. We request the Navy to provide comments on the final report.

## **Appendix A. Scope and Methodology**

We conducted this audit from October 2009 through August 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence, and provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions.

Of the \$1.17 billion provided for Navy projects, we reviewed \$8.9 million in Military Construction funds appropriated to Camp Pendleton for the Repair Project. In the project summary section of the 2009 DD Form 1391, PWD personnel stated \$8.9 million was required to renovate the 61,430-square-foot facility. The justification was aggregated by repair cost, special cost, and supporting facilities, including paving and site improvements and mechanical and electrical utilities.

Our overall audit objective was to evaluate DoD's implementation of the Recovery Act. To accomplish our objective, we audited the planning, funding, initial execution, and tracking and reporting the Repair Project to determine whether DoD complied with Recovery Act requirements, OMB guidance, the FAR, and DoD implementing guidance. We determined whether:

- the Repair Project was adequately planned to ensure the appropriate use of Recovery Act funds (planning);
- funds were awarded and distributed in a prompt, fair, and reasonable manner (funding);
- the contract contained required Recovery Act FAR clauses (project execution);
- the Repair Project avoided unnecessary delays and cost overruns (project execution); and
- recipients' use of funds was transparent to the public and the benefits of the funds were clearly, accurately, and timely reported (tracking and reporting).

Specifically, we interviewed the Resident Officer in Charge of Construction and personnel from NAVFAC SW and Camp Pendleton PWD. They provided project documentation (such as DD Form 1391s, economic analysis, 2005 and 2009 RFPs, quality assurance and control plans, and design drawings). We conducted a perimeter tour of the construction site for building 52609; at that time, the project was in the final demolition phase.

### **Use of Technical Assistance**

Before selecting DoD Recovery Act projects for audit, the Quantitative Methods 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. We selected most audit projects and locations using a modified Delphi technique, which allowed us to quantify the risk based on expert auditor judgment, and other quantitatively developed risk indicators. We used information



collected from all projects to update and improve the risk assessment model. We selected 83 projects with the highest risk rankings; auditors chose some additional projects at the selected locations.

We 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 funds being expended, but also of types of projects and types of locations across the Military Services, Defense agencies, State National Guard units, and public works projects managed by U.S. Army Corps of Engineers.

## **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, the [www.federalreporting.gov](http://www.federalreporting.gov) Web site, and other systems. However, our use of computer processed data did not materially affect our audit results, findings, or conclusions, and the information we used was obtained from sources generally recognized as appropriate. Therefore, we did not evaluate the reliability of the computer-processed data we used.

## **Prior Audit Coverage**

The Government Accountability Office (GAO), the Department of Defense Office of 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>.

Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>.

Unrestricted Army reports can be accessed from .mil and gao.gov domains over the Internet at <https://www.aaa.army.mil/>.

Naval Audit Service reports are not available over the Internet.

Air Force Audit Agency reports can be accessed from .mil domains over the Internet at <https://afkm.wpafb.af.mil/ASPs/CoP/OpenCoP.asp?Filter=OO-AD-01-41> by those with Common Access Cards.

## Appendix B. Recovery Act Criteria and Guidance

The following list includes the primary Recovery Act criteria and guidance (notes appear at the end of the list):

- U.S. House of Representatives Conference Committee Report 111-16, “Making Supplemental Appropriations for Job Preservation and Creation, Infrastructure Investment, Energy Efficiency and Science, Assistance to the Unemployed, and State and Local Fiscal Stabilization, for the Fiscal Year Ending September 30, 2009, and for Other Purposes,” February 12, 2009
- Public Law 111-5, “American Recovery and Reinvestment Act of 2009,” February 17, 2009
- OMB Memorandum M-09-10, “Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” February 18, 2009
- OMB Bulletin No. 09-02, “Budget Execution of the American Recovery and Reinvestment Act of 2009 Appropriations,” February 25, 2009
- White House Memorandum, “Government Contracting,” March 4, 2009
- White House Memorandum, “Ensuring Responsible Spending of Recovery Act Funds,” March 20, 2009
- OMB Memorandum M-09-15, “Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009,” April 3, 2009<sup>1</sup>
- OMB Memorandum M-09-16, “Interim Guidance Regarding Communications With Registered Lobbyists About Recovery Act Funds,” April 7, 2009
- OMB Memorandum M-09-19, “Guidance on Data Submission under the Federal Funding Accountability and Transparency Act (FFATA),” June 1, 2009
- OMB Memorandum M-09-21, “Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009,” June 22, 2009<sup>2</sup>
- OMB Memorandum M-09-24, “Updated Guidance Regarding Communications with Registered Lobbyists About Recovery Act Funds,” July 24, 2009
- OMB Memorandum M-09-30, “Improving Recovery Act Recipient Reporting,” September 11, 2009

- OMB Office of Federal Procurement Policy, “Interim Guidance on Reviewing Contractor Reports on the Use of Recovery Act Funds in Accordance with FAR Clause 52.204-11,” September 30, 2009<sup>2</sup>
- OMB Memorandum M-10-08, “Updated Guidance on the American Recovery and Reinvestment Act–Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates,” December 18, 2009<sup>2</sup>
- OMB Memorandum M-10-14, “Updated Guidance on the American Recovery and Reinvestment Act,” March 22, 2010<sup>2</sup>
- White House Memorandum, “Combating Noncompliance With Recovery Act Reporting Requirements,” April 6, 2010<sup>2</sup>
- OMB Memorandum M-10-17, “Holding Recipients Accountable for Reporting Compliance under the American Recovery and Reinvestment Act,” May 4, 2010<sup>2</sup>

Other criteria used to complete this Recovery Act project include:

- Federal Acquisition Regulation
- Office of the Chief of Naval Operations Naval Instruction 11010.20G, “Facilities Projects Instruction,” October 14, 2005
- NAVFAC Publication 442, “Economic Analysis Handbook,” October 1993
- DoD Instruction 7041.3, “Economic Analysis for Decision-making,” November 7, 1995
- Marine Corps Order P11000.5F, “Real Property Facilities Manual,” November 13, 1992
- Marine Corps Order P11000.5G, “Real Property Facilities Manual,” September 30, 2004

#### Notes

<sup>1</sup>Document provides Government-wide guidance for carrying out programs and activities enacted in the American Recovery and Reinvestment Act of 2009. The guidance states that the President’s commitment is to ensure that public funds are expended responsibly and in a transparent manner to further job creation, economic recovery, and other purposes of the Recovery Act.

<sup>2</sup>Document provides Government-wide guidance for carrying out the reporting requirements included in section 1512 of the Recovery Act. The reports will be submitted by recipients beginning in October 2009 and will contain detailed information on the projects and activities funded by the Recovery Act.

# Department of the Navy Comments



## DEPARTMENT OF THE NAVY

THE ASSISTANT SECRETARY OF THE NAVY  
(ENERGY, INSTALLATIONS & ENVIRONMENT)  
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WASHINGTON DC 20350-1000

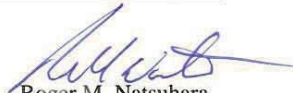
SEP 2 2011

### MEMORANDUM FOR THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: DoD IG Draft Report: "Repair Project at Camp Pendleton, California, Needed Improvements in Planning" (Project No. D2009-D000LH-0319.000)

This is in response to your memorandum of August 1, 2011 requesting comments on the subject draft report. Department of the Navy comments on the report's recommendations are provided in the attachment. Additional comments on the report's finding will be provided under separate correspondence.

Thank you for the opportunity to comment on the subject draft report. My point of contact is [REDACTED]

  
Roger M. Natsuhara  
Principal Deputy

Attachment:  
As stated

cc:  
NAVINGEN  
HQMC  
NAVFAC

**DoD IG Draft Report: "Repair Project at Camp Pendleton, California, Needed  
Improvements in Planning"  
(Project No. D2009-D000LH-0319.000)  
Department of the Navy Comments**

DoD IG Recommendation 1. We recommend that the Commanding Officer, Naval Facilities Engineering Command Southwest:

- a. Require Naval Facilities Engineering Command Integrated Product Team personnel to comply with Operations Naval Instruction 11010.20G, "Facilities Project Instruction," October 14, 2005, for project documentation, including maintaining supporting documentation.

**Department of the Navy Response:** Partially concur. NAVFAC does comply with the above stated guidance for Navy projects, however because the subject project was a Marine Corps-funded/sponsored project, the governing/applicable instruction is Marine Corps Order (MCO) P11000.5G, "Real Property Facilities Manual," dated September 30, 2004. MCO P11000.5G requires the following documentation for a project: 1) a completed 1391; 2) a cost estimate; 3) economic analysis; 4) facility planning document (FPD); 5) site approval; 6) NEPA documentation; 7) project detail report (PDR); and 8) supporting site photos, reports, etc. Planning and execution of this project adhered to this guidance. Neither MCO P11000.5G nor OPNAV 11010.20G require separate documentation or reports for site visits during RFP preparation in conjunction with a validated project.

- b. Review the Naval Facilities Engineering Command Southwest Integrated Product Team project requirements documentation for existing projects and ensure files are accurate and complete.

**Department of the Navy Response:** Concur. The NAVFAC Southwest IPT reviewed its project file pertaining to this project and found that documentation was completed in compliance with NAVFAC's Business Management System (BMS) process B-1.4.1 – Standard Design-Build, In-House RFP Development. This process is followed in the preparation of a Request for Proposal (RFP). The process defines the roles, responsibilities, and required steps to prepare an RFP for award. The process is owned and maintained by NAVFAC HQ to ensure consistency among the various IPTs.

Initial planning of this project was performed by the MCB Camp Pendleton Public Works Department, including the 2005 and 2008 walkthroughs. MCO P11000.5G provides guidance for essential documentation of Marine Corps projects. NAVFAC Southwest Central IPT became involved post February 2009 when the project was validated and approved by HQMC and funded by the enacted ARRA program. After the project was assigned to NAVFAC SW, the IPT initiated action to prepare the RFP. Numerous site visits were conducted to better define requirements and the scope of work in



order to ensure that the allocated funding was obligated in the most cost-efficient and effective manner.

c. Validate that Comptroller Office personnel returned approximately \$800,000 in Recovery Act funds remaining from the Repair Project to Naval Facilities Engineering Command headquarters.

**Department of the Navy Response:** Concur. On 15 November 2010, NAVFAC Southwest IPT personnel notified the NAVFAC Southwest Comptroller's office that the project was completed and that the remaining funds should be returned to NAVFAC HQ. The fund reversal was completed on 22 November 2010. The total funds returned/withdrawn was \$748,113.58.

**DoD IG Recommendation 2.** We recommend that the Commanding Officer, U.S. Marine Corps Base Camp Pendleton:

a. Require Public Works Department personnel to comply with Marine Corps Order P11000.5G, "Real Property Facilities Manual," September 30, 2004, requirements for project documentation, including completing DD Form 1391s and maintaining supporting documentation.

**Department of the Navy Response:** Concur.

b. Review Camp Pendleton Public Works Department's project requirements documentation for existing projects and ensure files are accurate and complete.

**Department of the Navy Response:** Concur.





# Inspector General Department of Defense