



U.S. DEPARTMENT OF HOMELAND SECURITY **OFFICE OF INSPECTOR GENERAL**

OIG-24-56

September 17, 2024

FINAL REPORT

Coast Guard Needs to Implement Effective Planning for Infrastructure Investment and Jobs Act Projects





OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

Washington, DC 20528 | www.oig.dhs.gov

September 17, 2024

MEMORANDUM FOR: Linda L. Fagan
Commandant
United States Coast Guard

FROM: Joseph V. Cuffari, Ph.D.
Inspector General

**JOSEPH V
CUFFARI** Digitally signed by
JOSEPH V CUFFARI
Date: 2024.09.17
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SUBJECT: *Coast Guard Needs to Implement Effective Planning
for Infrastructure Investment and Jobs Act Projects*

Attached for your action is our final report, *Coast Guard Needs to Implement Effective Planning for Infrastructure Investment and Jobs Act Projects*. We incorporated the formal comments provided by your office.

The report contains four recommendations aimed at improving oversight and reporting of *Infrastructure Investment and Jobs Act* and future projects. Your office concurred with all four recommendations. Based on information provided in your response to the draft report, we consider all four recommendations open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts.

Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please contact me with any questions, or your staff may contact Kristen Bernard, Deputy Inspector General, Office of Audits at (202) 981-6000.

Attachment



DHS OIG HIGHLIGHTS

Coast Guard Needs to Implement Effective Planning for Infrastructure Investment and Jobs Act Projects

September 17, 2024

Why We Did This Audit

Coast Guard is the principal Federal agency responsible for maritime safety, security, and environmental stewardship. Congress appropriated \$429 million in IIJA funds to Coast Guard for procurement, construction, and other projects that will help improve the shore facilities Coast Guard uses to carry out its mission. Congress requires the Department of Homeland Security Office of Inspector General to provide oversight of DHS' IIJA funding. We conducted this audit to determine to what extent Coast Guard expended its \$429 million of IIJA funding for procurement, construction, and improvements projects according to Federal requirements.

What We Recommend

We made four recommendations to improve oversight and reporting of IIJA and future projects.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at: DHS-OIG.OfficePublicAffairs@oig.dhs.gov.

What We Found

The United States Coast Guard (Coast Guard) has begun to expend *Infrastructure Investment and Jobs Act* (IIJA) funds for the procurement, construction, and improvements projects identified in its fiscal year 2022 IIJA Spend Plan. At the time of our review, Coast Guard had only spent approximately 1 percent (\$5.76 million) and committed and obligated an additional 10.9 percent (\$46.8 million) of the \$429 million in IIJA funds, limiting our ability to assess whether IIJA funding was used in accordance with Federal requirements. This occurred because Coast Guard did not implement effective planning for its IIJA efforts. For example, it did not complete planning documentation before including projects on its unfunded priorities list; did not promptly finalize its program management plan for IIJA projects; and did not conduct the necessary staffing assessment to execute IIJA projects in a timely manner.

Additionally, we determined Coast Guard's Office of Civil Engineering's methodology for calculating the status of the IIJA projects reported to Congress is ineffective. This occurred because Coast Guard does not have formal guidance for how to develop quarterly acquisition briefings to Congress.

Coast Guard has taken steps to implement controls to spend IIJA funds in accordance with requirements. However, without adequate planning, the necessary staff, and official guidance, Coast Guard may not fully obligate the IIJA funds before they expire on September 30, 2026. In turn, the essential shore infrastructure that Coast Guard relies on to complete its mission may be outdated and unreliable. Further, Congress may base funding decisions on information that does not accurately portray Coast Guard's unfunded priorities and the status of IIJA projects.

Coast Guard Response

Coast Guard concurred with all four recommendations. Appendix B contains Coast Guard's management response in its entirety.



Background

The United States Coast Guard (Coast Guard) is responsible for ensuring the safety and security of our Nation’s maritime environment. Coast Guard’s shore facilities represent a significant portion of the capital assets that enable it to carry out its mission. Although Coast Guard receives funding to carry out its mission from an annual congressional appropriation, Congress also requires Coast Guard to submit an unfunded priorities list (UPL) each year.¹ The UPL includes approved but unfunded priority projects and outlines the funds needed to complete each project. In the fiscal year 2022 UPL, Coast Guard listed 25 procurement, construction, and improvements (PC&I) projects, which included housing, safety, training facilities, family support, and shore construction.

On November 15, 2021, Congress passed the *Infrastructure Investment and Jobs Act* (IIJA),² which provided funding for a wide range of infrastructure projects across the Federal Government, including \$434 million to Coast Guard. Specifically, the \$434 million included \$429 million for 18 infrastructure projects and \$5 million for operations and support activities — funding that remains available until September 30, 2026. The 18 infrastructure projects Congress selected (see Appendix C) include 12 of the PC&I projects that were listed on Coast Guard’s FY 2022 UPL, as well as 6 childcare development centers, which were not included on the list.

As part of the IIJA, Congress required Coast Guard to create an expenditure plan detailing how the IIJA funds would be spent for the 18 infrastructure projects. On March 15, 2022, Coast Guard issued the *Procurement, Construction, and Improvements Spend Plan* (Spend Plan),³ which included \$309 million for the 12 UPL projects and \$120 million for the 6 childcare development centers.

Congress requires the Department of Homeland Security Office of Inspector General to provide oversight of DHS’ IIJA funding. Our objective was to determine to what extent Coast Guard expended its \$429 million of IIJA funding for PC&I projects according to Federal requirements.

¹ Unfunded priority means a program or mission requirement that the Coast Guard Commandant would have recommended for inclusion in the applicable proposed budget had additional resources been available or had the requirement emerged before the budget was submitted.

² *Infrastructure Investment and Jobs Act*, Pub. L. No. 117-58, 135 Stat. 429, 1384.

³ *United States Coast Guard Procurement, Construction, and Improvements Spend Plan, Fiscal Year 2022 Report to Congress*, March 15, 2022.



Results of Audit

Coast Guard Spent Approximately 1 Percent of the IIJA Funding Due to Inadequate Planning

In 2022, Coast Guard began to expend IIJA funds for the 18 infrastructure projects identified in its FY 2022 IIJA Spend Plan. At the time of our review, Coast Guard had only spent approximately 1 percent (\$5.76 million) of the \$429 million in appropriated IIJA funds, limiting our ability to fully assess whether IIJA funding was used in accordance with Federal requirements. As of April 2024, Coast Guard has committed or obligated an additional 10.9 percent (\$46.8 million). However, Coast Guard had not committed, obligated, or expended any funding on 8 of the 18 projects. (See Appendix D.)

Coast Guard did not complete planning documentation as required before projects were added to the UPL. As outlined in the Coast Guard's FY 2022 UPL Business Rules,⁴ the UPL is the last step of the FY 2022 budget formulation process and all initiatives must be "credible, defensible, and executable." Accordingly, Coast Guard requires that planning documentation be completed before projects are added to the UPL. Per the *Civil Engineering Manual*,⁵ Coast Guard's Shore Infrastructure Logistics Center must complete all planning documents for a project before Coast Guard submits its budget request. Planning documents include, but are not limited to, the Analysis of Alternatives Planning Proposal, the Execution Proposal, and the Project Proposal Report. Coast Guard did not adhere to its FY 2022 UPL Business Rules or *Civil Engineering Manual* and develop necessary planning documents before listing projects on the UPL, which contributed to delays in spending.

Of the 12 PC&I projects listed on the FY 2022 UPL,⁶ Coast Guard has completed the planning documentation for 6 projects. We noted that only one (the Chase Hall Barracks Annex D Renovation project) was completed before Coast Guard placed the project on the UPL as required, while the remaining five projects were not completed until after the FY 2022 UPL was submitted. (See Table 1.)

⁴ Coast Guard *FY 2022 Technical Guidance Memo – Unfunded Priorities List Development*, December 22, 2020.

⁵ Coast Guard *Civil Engineering Manual*, May 2, 2014.

⁶ Unlike for the 12 PC&I projects listed on the UPL, Coast Guard was not required to have planning documents in place for the childcare development center projects at the time the IIJA was enacted. This is because when Congress enacted the law, it provided additional funding for the childcare development centers that Coast Guard had not initially requested.



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Table 1. IIJA PC&I Project Planning Status

IIJA PC&I Project Name	Planning Documentation Completed Before UPL	Planning Documentation Completed After UPL	Change in Funding and/or Scope
Fuel Pier Recapitalization, Kodiak, AK (Phase I)	X	✓	✓
Pier and Infrastructure, Pensacola, FL	X	✓	X
Kodiak Housing Construction, Kodiak, AK (Phase IV)	X	✓	✓
Chase Hall Barracks Annex D Renovation, Coast Guard Academy, New London, CT	✓	✓*	✓
Training Center Recapitalization, Cape May, NJ	X	X	X
Sector New York Housing Renovation, Staten Island, NY (Phase II)	X	✓	X
Novato Housing Renovation, Novato, CA	X	X	X
Coast Guard Academy Steam System Recapitalization, New London, CT	X	✓	✓
Fast Response Cutter Crew Housing, Seward, AK	X	X	X
City Pier Improvements, New London, CT	X	X	X
Afloat Maintenance Support Improvements, Ketchikan, AK	X	X	✓
Station Port Angeles Moorings, Port Angeles, WA	X	X	X

✓ = Yes, X = No

*Coast Guard updated the cost estimates to the planning documents.

Source: DHS OIG's Review and Analysis of Coast Guard's Planning Documents

As illustrated above, we found that Coast Guard either changed the scope of work or determined additional funding was needed beyond what was specified on the UPL for five projects. For example, Coast Guard allocated \$40 million of the IIJA funds for the Kodiak Housing Construction Phase IV project. After completing planning for the project, Coast Guard found it would have needed \$66 million to complete the full requirement of 30 houses. Accordingly, Coast Guard reduced the scope of Phase IV to 16 houses to meet the \$40 million budget and determined it would need to add a fifth phase or seek additional funding to address the remaining housing needed.

In another example, Coast Guard completed the planning documentation for the Chase Hall Barracks Annex D Renovation project in June 2008 and projected the cost would be \$15.6 million.



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In June 2021, Coast Guard requested \$28 million for this project on the FY 2022 UPL. In May 2023, Coast Guard issued a request for proposal but only received one bidder, whose estimate was about \$32.7 million — 16.8 percent greater than the amount Coast Guard requested. As a result, Coast Guard decided to use \$8 million originally dedicated to the Coast Guard Academy Steam System Recapitalization project to cover the shortage on the Chase Hall Annex D Renovation project. This will result in Coast Guard needing to either seek additional funding or descope the Coast Guard Academy Steam System Recapitalization project.

In its program management plan,⁷ Coast Guard officials stated that the IIJA budget numbers were not developed with mature planning. Coast Guard officials acknowledged they are working to get projects as “budget ready” as possible before adding them to the UPL.

Delays in IIJA spending also occurred because Coast Guard did not promptly finalize its program management plan for IIJA projects. On April 29, 2022, the Office of Management and Budget (OMB) issued Memorandum 22-12,⁸ which required agencies to develop program implementation plans to set a foundation that ensures IIJA-funded programs are implemented efficiently and effectively. In response to the memorandum, Coast Guard developed a draft program management plan, which staff referenced during interviews. The program management plan was not finalized until February 9, 2024, nearly 2 years after OMB issued the memorandum.

Lastly, Coast Guard spent limited funds for the IIJA projects because it did not hire the staff necessary to execute IIJA projects in a timely manner. OMB Memorandum 22-12 directs agencies to designate a Senior Accountable Official for IIJA implementation and to hire qualified program and mission-support staff. Coast Guard hired a director to oversee IIJA implementation in February 2023, but Coast Guard did not formally appoint this individual as Senior Accountable Official until November 2023. It also did not complete a formal staffing assessment to identify the staffing resources needed to assist in the timely execution of the IIJA projects. According to the Senior Accountable Official, although Coast Guard did not document a formal assessment, civil engineering professionals do typically perform staffing assessments when first presented with a project or potential project. Per the program management plan, hiring qualified personnel into approved positions continues to be a significant challenge, impacting the planning and design timeline and increasing risk for timely execution of the IIJA supplemental appropriation. When we interviewed staff, they cited issues with employee turnover and a shortage of contracting staff.

⁷ *Infrastructure Investment and Jobs Act Fiscal Year 2022 and Hurricane Ian Hurricane Supplemental Fiscal Year 2023 Program Management Plan*, signed February 9, 2024.

⁸ OMB Memorandum 22-12, *Advancing Effective Stewardship of Taxpayer Resources and Outcomes in the Implementation of the Infrastructure Investment and Jobs Act*, April 29, 2022.



Delayed development of planning documents and assessment of staffing levels may result in Coast Guard not fully obligating the IIJA funds before they expire. Coast Guard may also face challenges in successfully executing the projects outlined in the FY 2022 Spend Plan presented to Congress. If Coast Guard does not use its IIJA funding to complete PC&I projects within the established implementation timeframes, it will continue to rely on outdated shore infrastructure while the costs of sustainment continue to rise and infrastructure reliability declines. If projects are delayed, construction costs may increase, potentially impacting construction schedules or leading Coast Guard to reduce the scope of some projects.

Coast Guard’s Office of Civil Engineering’s Methodology for Determining IIJA Project Status Is Ineffective

According to the *Consolidated Appropriations Act of 2023*,⁹ Coast Guard must brief Congressional committees quarterly on all major acquisitions. To meet the intent of the Act, Coast Guard’s Office of Civil Engineering measures and reports on the design status and the procurement and construction status of IIJA projects in quarterly acquisition briefings. (See Appendix E for an example of the information contained in the quarterly acquisition briefing from the second quarter of FY 2024.) The Office of Civil Engineering currently identifies various steps in a project’s lifecycle and assigns a percentage based on what documentation or construction has been completed to report the status. However, this existing process does not document or explain the methodology for how the percentages were applied.

We found discrepancies in the statuses Coast Guard reported. Pursuant to the *Consolidated Appropriations Act of 2023*, Coast Guard issued four quarterly acquisition briefings, including the status of the IIJA projects, to Congress as of the second quarter of FY 2024. We reviewed the quarterly acquisition briefing from the second quarter of FY 2024 and found the percentages reported for six projects did not correlate with any of the statuses noted as part of the existing process. We also could not always determine how Coast Guard calculated the reported design or procurement and construction status of a project. For example, the quarterly acquisition briefing listed the design status of both the Pier and Infrastructure project and the Coast Guard Academy Steam System Recapitalization project at 50 percent while the Training Center Recapitalization project’s design status was listed as 65 percent. The existing process did not explain what these percentages represented.

We also identified nine instances in which the project status Coast Guard reported in the quarterly acquisition briefing from the second quarter of FY 2024 did not conform to the existing process. For example, the Kodiak Housing Construction project had approved planning documentation, which meant that the project’s design status should be reported as 35 percent. Yet Coast Guard reported the project’s design status as 5 percent. In another example, Coast

⁹ *Consolidated Appropriations Act, 2023 [Legislative Text and Explanatory Statement]*, Pub. L. No. 117-328.



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Guard reported the City Pier Improvements project's construction status as 5 percent in the quarterly acquisition briefing. However, the project's status met the requirements to be reported as 10 percent.

Due to the discrepancies we identified, we concluded that the methodology Coast Guard uses to determine the status of the IIJA projects reported to Congress is ineffective. This occurred because Coast Guard has not established formal guidance for how to develop quarterly acquisition briefings and how progress should be measured. As a result, Congress may base future funding decisions on information that does not accurately portray Coast Guard's unfunded priorities and the status of IIJA projects.

Conclusion

In Memorandum 22-12, OMB states efficient and effective implementation of IIJA requires a coordinated Government-wide approach to deliver the best results, protect taxpayer dollars, and ensure public trust. The memorandum further emphasizes accountability and transparency for Federal Government spending and sets forth initial steps agencies must take to ensure effective stewardship of these funds. Without adequate planning, necessary staff, and official guidance, Coast Guard may not fully obligate the IIJA funds before they expire on September 30, 2026; may need to rely on outdated and unreliable shore infrastructure; and may face further challenges in successfully executing its PC&I projects. Inaccurate reporting of the status of IIJA projects may also result in Congress basing funding decisions on faulty data that does not portray Coast Guard's unfunded priorities and the status of IIJA projects.

Recommendations

Recommendation 1: We recommend the Commandant of the U.S. Coast Guard develop and implement appropriate planning documents to ensure *Infrastructure Investment and Jobs Act* funds are obligated before they expire.

Recommendation 2: We recommend the Commandant of the U.S. Coast Guard develop and implement a process to ensure projects on the unfunded priorities list meet the requirements of the Unfunded Priorities List Business Rules and *Civil Engineering Manual*.

Recommendation 3: We recommend the Commandant of the U.S. Coast Guard develop and implement a strategic staffing plan to identify and obtain the staffing resources needed to assist in the timely execution of the IIJA projects.

Recommendation 4: We recommend the Commandant of the U.S. Coast Guard develop and implement official guidance for formulating quarterly acquisition briefings reported to Congress.



Management Comments and OIG Analysis

Coast Guard concurred with our recommendations. Appendix B contains a copy of Coast Guard’s response in its entirety. We also received technical comments from Coast Guard on the draft report and revised the report as appropriate. We consider all four recommendations as open and resolved. A summary of Coast Guard’s response and our analysis follows.

Coast Guard Response to Recommendation 1: Concur. Coast Guard’s Office of Civil Engineering and the Shore Infrastructure Governance Council will collaborate to develop and implement required planning documents to ensure IIJA funds are obligated before they expire. Currently, planning is complete for 15 of the 18 projects funded by the IIJA. An approved Execution Proposal or Project Proposal Report exists for 10 of these 15 projects. The remaining five projects were completed using Architect/Engineer Design contracts rather than Coast Guard’s internal planning process. As such, they do not have an Execution Proposal or Project Proposal Report. Estimated Completion Date (ECD): June 30, 2025.

OIG Analysis of Coast Guard’s Response: These actions are responsive to the recommendation, which we consider open and resolved. We will close the recommendation when Coast Guard provides an Execution Proposal, Project Proposal Report, or Architect/Engineer Design contract for the projects that did not have these documents at the time of the audit.

Coast Guard Response to Recommendation 2: Concur. On October 24, 2023, Coast Guard’s Assistant Commandant for Resources began the process to include “completed planning” (i.e., an Execution Proposal or Project Proposal Report) as a prerequisite for requesting funding for projects identified in the FY 2025 Unfunded Priorities List. Moving forward, the Assistant Commandant for Resources will continue to implement the requirement and will include language to that effect in the FY 2026 Unfunded Priorities List Business Rules. ECD: December 31, 2024.

OIG Analysis of Coast Guard’s Response: These actions are responsive to the recommendation, which we consider open and resolved. We will close the recommendation when Coast Guard provides documentation to demonstrate it has included language in the FY 2026 Unfunded Priorities List Business Rules to require completed planning for projects being placed on the FY 2026 Unfunded Priorities List.

Coast Guard Response to Recommendation 3: Concur. On March 1, 2023, the Coast Guard IIJA Program Manager and Coast Guard’s Office of Civil Engineering conducted an initial informal staffing assessment to execute appropriated IIJA funds. Further, Coast Guard hired program and project managers at various times as IIJA projects progressed through the Coast Guard Shore Infrastructure Systems Engineering Acquisition Life Cycle process. As IIJA projects move through



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the planning phases, additional personnel will be hired as needed to assist with contracting and construction execution.

The updated staffing plan will be shared with Coast Guard leadership in the first quarter of FY 2025 and will provide the best course of action to achieve positive results for all IIJA projects. ECD: December 31, 2024.

OIG Analysis of Coast Guard's Response: These actions are responsive to the recommendation, which we consider open and resolved. We will close the recommendation when Coast Guard provides the documented staffing plan.

Coast Guard Response to Recommendation 4: Concur. Coast Guard's Office of Budget and Programs is refining the governance framework for quarterly acquisition briefings reported to Congress. This effort involves updating a template to provide standardized data elements to streamline the briefing material generation, clearance, and delivery process. After conferring with the relevant congressional committees and consideration of their feedback, Coast Guard will adopt the new framework. ECD: June 30, 2025.

OIG Analysis of Coast Guard's Response: These actions are responsive to the recommendation, which we consider open and resolved. We will close the recommendation when Coast Guard provides the finalized governance framework for quarterly acquisition briefings reported to Congress.



Appendix A: Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Pub. L. No. 107-296) by amendment to the *Inspector General Act of 1978*.

Our objective was to determine to what extent Coast Guard expended its \$429 million of IIJA funding for PC&I projects according to Federal requirements.

We conducted this audit from June 2023 through May 2024. Our scope was \$429 million in IIJA funds that will remain available until September 30, 2026, for housing, safety, training facilities, family support, child development centers, and shore construction. Our fieldwork included:

- reviewing laws, an OMB memorandum, policies, and procedures related to the IIJA;
- analyzing data and information related to spending and tracking IIJA funds;
- interviewing Coast Guard employees responsible for overseeing the implementation of the IIJA;
- interviewing Coast Guard personnel who are responsible for the creation of planning, approval, and contracting documentation located within Facilities Design and Construction Centers, Civil Engineering Units, the Shore Infrastructure Logistics Center, and headquarters; and
- reviewing Coast Guard quarterly status updates.

During fieldwork, we conducted site visits to the Facilities Design and Construction Center in Norfolk, Virginia, and Coast Guard headquarters to interview staff and obtain documentation. We reviewed all projects receiving IIJA funding to determine if Coast Guard is following its existing policies and procedures as well as its newly finalized program management plan.

To assess reliability of Coast Guard's expenditures reported in the Financial Systems Modernization Solution, we compared the data provided by Coast Guard to contractor invoices. We did not identify significant discrepancies. We determined Coast Guard's expenditure data was sufficiently reliable to support the findings, recommendations, and conclusions in our report.

In planning and performing our audit, we identified the internal control components and underlying internal control principles that were significant to the audit objective. We reviewed Coast Guard's *Civil Engineering Manual*, *FY 2022 Technical Guidance Memo – Unfunded Priorities List Development*, and program management plan and the related control activities. We identified internal control deficiencies, as discussed in the body of this report, that could adversely affect Coast Guard's ability to obligate IIJA funding before it expires. However,



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because we limited our review to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of our audit.

We conducted this audit pursuant to the *Inspector General Act of 1978*, 5 United States Code §§ 401–424, and according to 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The major Office of Audits contributors are Apostolos Exarchos, Director; Shamika Morris, Manager; Duane Albert, Auditor-In-Charge; Aneet Marwaha, Auditor; Jessica Jackson, Auditor; Marc Cruz, Auditor; Maria Romstedt, Communication Analyst; and Michael Thorgersen, Independent Referencer.

DHS OIG’s Access to DHS Information

During this audit, Coast Guard provided timely responses to our requests for information and did not delay or deny access to information we requested.



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Appendix B: Coast Guard Comments on the Draft Report



Commandant
United States Coast Guard

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23 Aug 2024

MEMORANDUM

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From: Craig A. Bennett
COMDT (CG-8D)

Reply to Audit Liaison
Attn of: CDR M. W. Zinn
(202) 372-3535

To: Joseph V. Cuffari, Ph.D.
Inspector General

Subj: MANAGEMENT RESPONSE TO DRAFT REPORT: COAST GUARD NEEDS TO
IMPLEMENT EFFECTIVE PLANNING FOR INFRASTRUCTURE INVESTMENT
AND JOBS ACT PROJECTS

Ref: (a) OIG Project No. 23-008-AUD-USCG

1. Per reference (a), thank you for the opportunity to comment on this draft report. The U.S. Coast Guard appreciates the Office of the Inspector General's (OIG's) work in planning and conducting its review and issuing this report.
2. Coast Guard leadership is pleased to note OIG's recognition of the Coast Guard's efforts to implement controls to spend *Infrastructure Investment and Jobs Act* (IIJA) funds in accordance with federal requirements. The Coast Guard remains committed to strengthening its policies and procedures related to the expenditure of its \$429 million of IIJA funding for Procurement, Construction, and Improvements projects.
3. The draft report contained four recommendations with which the Coast Guard concurs. Enclosed find our detailed response to each recommendation. The Coast Guard previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for OIG's consideration, as appropriate.
4. Again, thank you for the opportunity to review and comment on this draft report. If you have any questions, my point of contact is CDR Matthew Zinn who can be reached at (202) 372-3535 or Matthew.W.Zinn@uscg.mil. We look forward to working with you again in the future.

#

Enclosure: (1) U.S. Coast Guard Response to OIG Draft Report Recommendations



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Management Response to Recommendations Contained in OIG Project No. 23-008-AUD-USCG

OIG recommended that the Commandant of the U. S. Coast Guard:

Recommendation 1: Develop and implement the appropriate planning documents to ensure *Infrastructure Investment and Jobs Act* funds are obligated before they expire.

Response: Concur. The Coast Guard Office of Civil Engineering (CG-43) and the Shore Infrastructure Governance Council will collaborate to develop and implement required planning documents to ensure obligation of IJA funds before expiration. Currently, planning is complete for 15 out of the 18 projects funded by IJA. An approved Execution Proposal (EP) or Project Proposal Report (PRP) exists for 10 of these 15 projects. The remaining five projects were completed using Architect/Engineer (A/E) Design contracts rather than the Coast Guard internal planning process. As such, they do not have an EP or PRP. Estimated Completion Date (ECD): June 30, 2025.

Recommendation 2: Develop and implement a process to ensure projects on the unfunded priorities list meet the requirements of the Unfunded Priorities List Business Rules and *Civil Engineering Manual*.

Response: Concur. On October 24, 2023, the Assistant Commandant for Resources (CG-8) began the process to include "completed planning" (i.e., an EP or PRP) as a prerequisite for requesting funding for projects identified in the Fiscal Year (FY) 2025 Unfunded Priorities List. Moving forward, CG-8 will continue to implement the requirement and will include language to that effect in the FY 2026 Unfunded Priorities List Business Rules. ECD: December 31, 2024.

Recommendation 3: Develop and implement a strategic staffing plan to identify and obtain the staffing resources needed to assist in the timely execution of the IJA projects.

Response: Concur. On March 1, 2023, the Coast Guard IJA Program Manager and CG-43 conducted an initial informal staffing assessment to execute appropriated IJA funds, as well as to expedite implementation of IJA funds and maintain progress by utilizing prior appropriations and/or leveraging organic resources to initiate project planning while developing a more formal resourcing plan to support design development and oversee construction. Further, the Coast Guard hired program and project managers at various times as IJA projects progressed through the Coast Guard Shore Infrastructure Systems Engineering Acquisition Life Cycle process. The IJA Program Manager oversees continual assessment of the staffing needs in cooperation with CG-43.

As IJA projects move through the planning phases, addition personnel will be hired as needed to assist with contracting and construction execution. Additionally, the Coast Guard IJA Program Manager and CG-43 provide internal briefings to Coast Guard leadership on the progress and risks associated with the execution of each IJA funded project to ensure the projects remain on track for obligation prior to funds expiration.

Encl: (1)



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The updated staffing plan will be shared with Coast Guard leadership in the first quarter of FY 2025 and will provide the best course of action to achieve positive results for all IJA projects.

ECD: December 31, 2024.

Recommendation 4: Develop and implement official guidance for formulating quarterly acquisition briefings reported to Congress.

Response: Concur. The Coast Guard Office of Budget and Programs (CG-82) is refining the governance framework for quarterly acquisition briefings reported to Congress. Principally, this effort involves updating a template to provide standardized data elements to streamline the briefing material generation, clearance, and delivery process. After appropriate socialization with the relevant congressional committees and consideration of their feedback, the Coast Guard will adopt the new framework. ECD: June 30, 2025.

Encl: (1)



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Appendix C: IIJA Funding for Coast Guard Projects

Category	Project	Funding
FY 2022 UPL	Fuel Pier Recapitalization, Kodiak, AK (Phase I)	\$130M
	Pier and Infrastructure, Pensacola, FL	\$28M
	Kodiak Housing Construction, Kodiak, AK (Phase IV)	\$40M
	Chase Hall Barracks Annex D Renovation Coast Guard Academy, New London, CT	\$28M
	Training Center Recapitalization, Cape May, NJ	\$10M
	Sector New York Housing Renovation, Staten Island, NY (Phase II)	\$5M
	Novato Housing Renovation, Novato, CA	\$10M
	Coast Guard Academy Steam System Recapitalization, New London, CT	\$25M
	Fast Response Cutter Crew Housing, Seward, AK	\$13.5M
	City Pier Improvements, New London, CT	\$6M
	Afloat Maintenance Support Improvements, Ketchikan, AK	\$4M
	Station Port Angeles Moorings, Port Angeles, WA	\$9.5M
FY 2022 UPL Subtotal		\$309M
CDC*	Refurbish CDC Base, Cape Cod, MA	\$5M
	Expand CDC Base, Alameda, CA	\$17M
	Construct CDC Base, Kodiak, AK	\$40M
	Construct CDC Aviation Training Center, Mobile, AL	\$18M
	Construct CDC, Astoria, OR	\$20M
	Construct CDC Base, Elizabeth City, NC	\$20M
CDC Subtotal		\$120M
Total Amount		\$429M

*Childcare development center

Source: *United States Coast Guard Procurement, Construction, and Improvements Spend Plan, Fiscal Year 2022 Report to Congress*, March 15, 2022



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Appendix D: IIJA Commitments, Obligations and Expenditures

Project	Commitments	Obligations	Expenditures
Fuel Pier Recapitalization, Kodiak, AK (Phase I)	\$0	\$3,246,903	\$2,038,770
Pier and Infrastructure, Pensacola, FL	\$0	\$0	\$0
Kodiak Housing Construction, Kodiak, AK (Phase IV)	\$0	\$0	\$3,151
Chase Hall Barracks Annex D Renovation Coast Guard Academy, New London, CT	\$578,200	\$31,879,968	\$4,497
Training Center Recapitalization, Cape May, NJ	\$750,000	\$228,460	\$26,444
Sector New York Housing Renovation, Staten Island, NY (Phase II)	\$3,779,676	\$0	\$0
Novato Housing Renovation, Novato, CA	\$0	\$713,032	\$2,674,411
Coast Guard Academy Steam System Recapitalization, New London, CT	\$134,073	\$2,989,088	\$2,342
Fast Response Cutter Crew Housing, Seward, AK	\$0	\$0	\$0
City Pier Improvements, New London, CT	\$0	\$1,168,359	\$1,005,262
Afloat Maintenance Support Improvements, Ketchikan, AK	\$460,000	\$0	\$0
Station Port Angeles Moorings, Port Angeles, WA	\$845,141	\$0	\$294
Refurbish CDC Base, Cape Cod, MA	\$0	\$0	\$0
Expand CDC Base, Alameda, CA	\$0	\$0	\$0
Construct CDC Base, Kodiak, AK	\$0	\$0	\$0
Construct CDC Aviation Training Center, Mobile, AL	\$0	\$0	\$0
Construct CDC, Astoria, OR	\$0	\$0	\$0
Construct CDC Base, Elizabeth City, NC	\$0	\$0	\$0
Total	\$6,547,090	\$40,225,810	\$5,755,171

Source: Review of Financial Data in Coast Guard's Financial System Modernization Solution



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Appendix E: Information in Coast Guard's Quarterly Acquisition Briefing from the Second Quarter of FY 2024

IIJA PC&I Project Name	Fiscal Year	Funding (\$M)	Design	Procurement and Construction
Fuel Pier Recapitalization, Kodiak, AK (Phase I)	FY 2022	\$130.0	35%	0%
Pier and Infrastructure, Pensacola, FL	FY 2022	\$28.0	50%	0%
Kodiak Housing Construction, Kodiak, AK (Phase IV)	FY 2022	\$40.0	5%	0%
Chase Hall Barracks Annex D Renovation, Coast Guard Academy, New London, CT	FY 2022	\$28.0	100%	10%
Training Center Recapitalization, Cape May, NJ	FY 2022	\$10.0	65%	0%
Sector New York Housing Renovation, Staten Island, NY (Phase II)	FY 2022	\$5.0	100%	0%
Novato Housing Renovation, Novato, CA	FY 2022	\$10.0	0%	0%
Coast Guard Academy Steam System Recapitalization, New London, CT	FY 2022	\$25.0	50%	0%
Fast Response Cutter Crew Housing, Seward, AK	FY 2022	\$13.5	15%	0%
City Pier Improvements, New London, CT	FY 2022	\$6.0	100%	5%
Afloat Maintenance Support Improvements, Ketchikan, AK	FY 2022	\$4.0	5%	0%
Station Port Angeles Moorings, Port Angeles, WA	FY 2022	\$9.5	5%	0%
Refurbish CDC* Base, Cape Cod, MA	FY 2022	*	100%	0%
Expand CDC Base, Alameda, CA	FY 2022	*	100%	0%
Construct CDC Base, Kodiak, AK	FY 2022	*	35%	0%
Construct CDC Aviation Training Center, Mobile, AL	FY 2022	*	35%	0%
Construct CDC, Astoria, OR	FY 2022	*	15%	0%
Construct CDC Base, Elizabeth City, NC	FY 2022	*	35%	0%

*Childcare development center. Total funding for the six CDC projects was \$120 million combined.

Source: Coast Guard *Quarterly Acquisition Briefing* from the second quarter of FY 2024



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