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

Cassandra Tsintolas Johnson
Associate Deputy General Counsel (Human Resources)
Office of the Army General Counsel
104 Army Pentagon
Room 3C546
Washington, DC 20310-0104

6 June 2005

Re: Report, Office of Special Counsel, File No. DI-03-0750

Dear Ms. Johnson:

Enclosed are the final Corps of Engineers report and supporting attachments prepared by the Louisville District Office of Counsel in response to the Office of Special Counsel's inquiry into allegations made by Ms. Christy Watts. The report has been reviewed by the Office of Counsel, Great Lakes & Ohio River Division, and by the Office of the Chief Counsel in Headquarters, U.S. Army Corps of Engineers. The report reflects refinements in response to questions raised by your office in response to our earlier submittal dated 30 March 2005. The matters contained in this report have been coordinated with the command group in this Headquarters. For your convenience, three disks containing the electronic versions of the attachments are included.

Sincerely,

EARL H. STOCKDALE
Chief Counsel

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MEMORANDUM FOR RECORD **17 October 2002**

SUBJECT: Contracting Officer Concerns

IR (Mr. Jerry Batson & Ms. Donna Mynk) interviewed Ms. Christy Watts, District Contracting Officer (CO), on 17 October 2002 from 1000 to 1115 hours to discuss her concerns. The following comments were made:

Concern (Ia). Administrative Contracting Officers (ACOs)

The District CO stated that Construction Engineers and Area Engineers have been issuing ACO authority on "service" contracts. Their authority does not extend to "service" contracts based on guidance in EFAR 1.602-1-100. All "service" contracts are required to be administered out of Contracting (CT). It appears Field personnel have not differentiated between contracting actions issued on SF 30 (Service Contracts) versus SF 1442 (Construction Contracts). The District CO will furnish documentation on the Bluegrass Project and Construction Management Services (CMS) since these are prime examples.

It appears the above practice occurred at least some time during the predecessor CO's tenure and continued until the present CO put appropriate personnel on notice. The CO stated in a September 2002 letter that the authority granted the ACO's is for "Construction" contracts only. The CO stated it is still too early to tell if her notification letter accomplished its intent to inform appropriate personnel of their authority for Construction contracts and to prohibit use of this authority on "service" contracts.

Concern (Ib). The District has numerous accounts where the Contractors have not signed modifications making them binding as well as new procurements where the Contractor does not sign the Contract.

This practice surfaced on the Central Heat and Energy Upgrade at Ft. Campbell as well as on several instances found in CT amongst existing Contract Specialists' actions. The District CO was uncertain how long this practice has been occurring. She did add that at a meeting in November 2001, she reminded Resident Engineers that if they send a MOD or New Procurement action out with their signature affixed, that the Resident Engineers must set up a suspense system to ensure the documentation is returned to the appropriate Corps office so that the Contracting Action has both signatures ultimately present. The District CO will provide examples of what she found with no Contractor's signature.

The practice that needs to be implemented for CT MOD's and New Procurements is:

- Either mail the MOD to the Contractor without the Contracting Officer's signature while simultaneously requesting the Contractor's signature. Then upon the return of the contracting action, the ACO would sign the action.

- Or Engineers and Area Engineers could release the contracting action out of CT's system (SPS) with no Contracting Officer electronic signature.[1] If expediency is the main concern, this document could be faxed to the Contractor for signature and then faxed back for the CO's signature. The mailing of the original documentation for both parties to again sign would follow the initial faxing of documents.

Concern (Ic). ACO/field personnel are waiving requirements under the contract for a lesser standard (i.e. QC personnel education/experience requirements). This is not within their authority and no consideration is received per the FAR.

This problem surfaced at the Ft. Campbell Barracks while the District CO conducted a site visit. The Resident Engineer and the Project Engineers informed the District CO that the practice of waiving QC education/experience requirements often occurs. The one fundamental reason is the field is just trying to ensure timely execution of the job. The District CO stated that ACO's do not have the authority to waive requirements; only the District CO has that authority to grant waivers.

The District CO did not know how long these waiver practices have been occurring. The District CO stated when less qualified personnel are utilized, the District should then receive consideration back from the Contractor if the Contractor charged the District for the more experienced QC personnel. The District CO also added this practice changes the terms and conditions of the contract and could lead to protest even though the contract has already been awarded.

Concern (IIa and b). Ordering Officer Authority. 98% of the circumstances the authorization letter was not issued by the Chief of the Contracting Division, but by the contracting officer. Sometimes the authority was inside an ACO appointment letter. These are potential ratifications. And 98% of the contracts were not appropriate types of contracts to issue ordering officer authority on. Therefore we have ordering officers signing and committing the government when it is only appropriate to have a contracting officer perform the function.

The only person authorized to issue Ordering Officer Authority is the District CO. However, the District had thousands of Ordering Officer Authority letters issued by other Contracting Officers who were not authorized to issue this authority. In Engineering Division (ED), the Ordering Officers were negotiating prices while determining fair and reasonable pricing. These duties fall outside the Ordering Officer authority. Other examples of major problems found by the District CO were on contracts with Brown-Root, Landmark, and Sentinel.

In the spring of 2002, the District CO directed her personnel to rescind all of the Ordering Officer letters. Based on the District CO's rescission actions, there are now only a few

[1] Accomplishing this workaround still requires additional research on CT's part.

Ordering Officer letters, which have been reissued. The District CO added that this number will likely increase though because the number of Blanket Purchase Agreements (BPAs) will increase so as to aid in correcting the credit card problems within the District. However, the District CO stated that she believes this problem is now fixed.

Concern (IIc). The required yearly reviews, per the FAR, have never been performed on Ordering Officers.

The required yearly reviews, per the FAR, have never been performed on Ordering Officers. The District CO stated that this is primarily due to a manpower issue. The District CO has been working with Information Management (IM) to design a database to aid CT in tracking Ordering Officers. CT will have to populate the data, but the District CO believes the Ordering Officer problem is under control.

Concern (IIIa). Property Administration- No person to authorize and monitor government furnished or contractor acquired property under cost reimbursable contracts.

The District CO stated that property acquired under cost reimbursable contracts must be tracked and site visits performed for District environmental programs such as the TERC, PRAC, and DERP S&A. Also, Government Furnished equipment or drawings must also be tracked for compliance with the procedure in the Project Management Business Process (PMBP) for which the District in now noncompliant.

It is the District CO's opinion that the District requires an Industrial Property Administrator even though the District has never filled this position before. The CO added that this position could be funded through direct funding used for the TERC, PRAC, and DERP S&A (all environmental programs).

The justification offered is that the TERC contracts were set up and intended to have an Industrial Property Administrator. The CO cited Kansas City District and their existent Industrial Property Administrator as the prime example for the TERC administration.

At present, the District is fulfilling its mandatory reporting requirements on this type of property for DoD by Contractors' submittals of inventories taken on items purchased by the Contractors. The District CO furnished a document for FY01, which indicated that there were 10,373 property items with a total value of $777,288.72 (inclusive of the environment programs) in this property category of Contractor acquired or Government Furnished Property.

The District CO's main concern is that there will be difficulty in closing out Task Orders on the TERC contracts without an Industrial Property Administrator. This means that funds cannot be deobligated timely.

When asked if there was a contractor available that could perform the functions of the Industrial Property Administrator, the District CO stated that Defense Contracting

Management Command (DCMC) could perform the duties. However, the CO stated that it could costs as much as $30,000 per Task Order.

Concern (IIIb). A PM, without any authority, signed over $2,000,000 worth of property to a local sponsor that was procured under our TERC.

Of particular concern to the District CO is that Government Furnished Property acquired under cost reimbursable contract was signed over to a sponsor by a PM, Mr. Gary Chisholm. This PM was not authorized to perform this transfer. Only an Industrial Property Administrator or the District CO has the authority. It appeared this practice may have occurred during the predecessor CO's tenure as well as during the present CO's tenure.

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REPORT OF PROCEEDINGS BY INVESTIGATING OFFICER/BOARD OF OFFICERS

For use of this form, see AR 15-6; the proponent agency is OTJAG.

IF MORE SPACE IS REQUIRED IN FILLING OUT ANY PORTION OF THIS FORM, ATTACH ADDITIONAL SHEETS

SECTION I - APPOINTMENT

Appointed by RICHARD J. FAGAN, LTC, CORPS OF ENGINEERS, DEPUTY COMMANDER, LOUISVILLE DISTRICT
(Appointing authority)

on 27 MARCH 2002 *(Date)* *(Attach inclosure 1: Letter of appointment or summary of oral appointment data.) (See para 3-15, AR 15-6.)*

SECTION II - SESSIONS

The *(investigation)* (~~board~~) commenced at HQ, Louisville District, Contracting Conference Room *(Place)* at 1300 hrs *(Time)*

on 28 March 2002 *(Date)* *(If a formal board met for more than one session, check here* ☐*. Indicate in an inclosure the time each session began and ended, the place, persons present and absent, and explanation of absences, if any.)* The following persons *(members, respondents, counsel)* were present: *(After each name, indicate capacity, e.g., President, Recorder, Member, Legal Advisor.)*

The following persons *(members, respondents, counsel)* were absent: *(Include brief explanation of each absence.) (See paras 5-2 and 5-8a, AR 15-6.)*

The *(investigating officer)* (~~board~~) finished gathering/hearing evidence at 1600 hrs *(Time)* on 21 June 2002 *(Date)*

and completed findings and recommendations at 1500 hrs *(Time)* on 26 June 2002 *(Date)*

SECTION III - CHECKLIST FOR PROCEEDINGS

A. COMPLETE IN ALL CASES	YES	NO[1]	NA[2]
1 Inclosures *(para 3-15, AR 15-6)*			
Are the following inclosed and numbered consecutively with Roman numerals: *(Attached in order listed)*			
a. The letter of appointment or a summary of oral appointment data?	X		
b. Copy of notice to respondent, if any? *(See item 9, below)*			X
c. Other correspondence with respondent or counsel, if any?			X
d. All other written communications to or from the appointing authority?			X
vacy Act Statements *(Certificate, if statement provided orally)?*			X
lanation by the investigating officer or board of any unusual delays, difficulties, irregularities, or other problems encountered *(e.g., absence of material witnesses)?*			X
g. Information as to sessions of a formal board not included on page 1 of this report?			X
h. Any other significant papers *(other than evidence)* relating to administrative aspects of the investigation or board?	X		

FOOTNOTES: 1/ *Explain all negative answers on an attached sheet.*
2/ *Use of the N/A column constitutes a positive representation that the circumstances described in the question did not occur in this investigation or board.*

		YES	NO[1]	NA[2]
2	Exhibits *(para 3-16, AR 15-6)*			
	a. Are all items offered *(whether or not received)* or considered as evidence individually numbered or lettered as exhibits and attached to this report?	X		
	. Is an index of all exhibits offered to or considered by investigating officer or board attached before the first exhibit?	X		
	c. Has the testimony/statement of each witness been recorded verbatim or been reduced to written form and attached as an exhibit?	X		
	d. Are copies, descriptions, or depictions *(if substituted for real or documentary evidence)* properly authenticated and is the location of the original evidence indicated?			X
	e. Are descriptions or diagrams included of locations visited by the investigating officer or board *(para 3-6b, AR 15-6)?*			X
	f. Is each written stipulation attached as an exhibit and is each oral stipulation either reduced to writing and made an exhibit or recorded in a verbatim record?			X
	g. If official notice of any matter was taken over the objection of a respondent or counsel, is a statement of the matter of which official notice was taken attached as an exhibit *(para 3-16d, AR 15-6)?*			X
3	Was a quorum present when the board voted on findings and recommendations *(paras 4-1 and 5-2b, AR 15-6)?*			X
	B. COMPLETE ONLY FOR FORMAL BOARD PROCEEDINGS *(Chapter 5, AR 15-6)*			
4	At the initial session, did the recorder read, or determine that all participants had read, the letter of appointment *(para 5-3b, AR 15-6)?*			
5	Was a quorum present at every session of the board *(para 5-2b, AR 15-6)?*			
6	Was each absence of any member properly excused *(para 5-2a, AR 15-6)?*			
7	Were members, witnesses, reporter, and interpreter sworn, if required *(para 3-1, AR 15-6)?*			
8	If any members who voted on findings or recommendations were not present when the board received some evidence, does the inclosure describe how they familiarized themselves with that evidence *(para 5-2d, AR 15-6)?*			
	C. COMPLETE ONLY IF RESPONDENT WAS DESIGNATED *(Section II, Chapter 5, AR 15-6)*			
9	Notice to respondents *(para 5-5, AR 15-6):*			
	a. Is the method and date of delivery to the respondent indicated on each letter of notification?			
	b. Was the date of delivery at least five working days prior to the first session of the board?			
	c. Does each letter of notification indicate –			
	(1) the date, hour, and place of the first session of the board concerning that respondent?			
	(2) the matter to be investigated, including specific allegations against the respondent, if any?			
	(3) the respondent's rights with regard to counsel?			
	(4) the name and address of each witness expected to be called by the recorder?			
	(5) the respondent's rights to be present, present evidence, and call witnesses?			
	d. Was the respondent provided a copy of all unclassified documents in the case file?			
	e. If there were relevant classified materials, were the respondent and his counsel given access and an opportunity to examine them?			
10	If any respondent was designated after the proceedings began *(or otherwise was absent during part of the proceedings):*			
	a. Was he properly notified *(para 5-5, AR 15-6)?*			
	b. Was record of proceedings and evidence received in his absence made available for examination by him and his counsel *(para 5-4c, AR 15-6)?*			
11	Counsel *(para 5-6, AR 15-6):*			
	a. Was each respondent represented by counsel?			
	Name and business address of counsel:			
	(If counsel is a lawyer, check here ☐ *)*			
	b. Was respondent's counsel present at all open sessions of the board relating to that respondent?			
	c. If military counsel was requested but not made available, is a copy *(or, if oral, a summary)* of the request and the action taken on it included in the report *(para 5-6b, AR 15-6)?*			
12	If the respondent challenged the legal advisor or any voting member for lack of impartiality *(para 5-7, AR 15-6):*			
	a. Was the challenge properly denied and by the appropriate officer?			
	b. Did each member successfully challenged cease to participate in the proceedings?			
13	Was the respondent given an opportunity to *(para 5-8a, AR 15-6):*			
	a. Be present with his counsel at all open sessions of the board which deal with any matter which concerns that respondent?			
	b. Examine and object to the introduction of real and documentary evidence, including written statements?			
	c. Object to the testimony of witnesses and cross-examine witnesses other than his own?			
	d. Call witnesses and otherwise introduce evidence?			
	e. Testify as a witness?			
	f. Make or have his counsel make a final statement or argument *(para 5-9, AR 15-6)?*			
	quested, did the recorder assist the respondent in obtaining evidence in possession of the Government and in ging for the presence of witnesses *(para 5-8b, AR 15-6)?*			
	re all of the respondent's requests and objections which were denied indicated in the report of proceedings or in an inclosure or exhibit to it *(para 5-11, AR 15-6)?*			

FOOTNOTES: 1/ *Explain all negative answers on an attached sheet.*
2/ *Use of the N/A column constitutes a positive representation that the circumstances described in the question did not occur in this investigation or board.*

SECTION IV - FINDINGS *(para 3-10, AR 15-6)*

The *(investigating officer) (board)*, having carefully considered the evidence, finds:

1. That there were no instances of abuse or misuse of the government purchase card for personal gain.

2. That Louisville District Corps of Engineers credit card holders have split purchases in the past to procure services and supplies.
   a. There are 264 potential ratification actions
   b. There are 2996 transactions involved in the 264 potential ratifications
   c. The total dollar amount of potential ratifications is $3.48 million
   d. There were 100 cardholders involved in the 2996 transactions

3. That Louisville District's former Chief of Contracting established a policy change in February 1999 that permitted recurring services to be procured with the government purchase card.
   a. The former Chief of Contracting believed that he was accurately interpreting guidance from higher headquarters.
   b. The micro-purchase threshold of $2,500 still applied, but only to each separate invoice, not the total "known requirement".
   c. Louisville District's Office of Counsel advised in writing on 18 May 1999 to the former Chief of Contracting that this new policy was in violation of 29 CFR 4.141 (b), the Service Contract Act, and should be discontinued.
   d. The former Chief of Contracting disagreed with the Office of Counsel's legal opinion, and did not change his policy.

4. That Louisville District's cardholders expanded this policy and applied it to the purchase of goods and other services, including construction services.
   a. Cardholders and their supervisors justified their purchases by testing if the purchase could be considered a "stand-alone" purchase, which is the term used by the Under Secretary of Defense in a 2 OCT 98 memo, by the USACE PARC in Instruction Letter 99-1, by the CELRD Commander in a 27 Jan 99 memo, and by the Louisville District Chief of Contracting in his 19 Jan 99 memo.
   b. Cardholders renovated facilities, built new facilities, and purchased goods and services by breaking the "known requirement" into distinct locations or definable features of work and remained below the micro-purchase threshold.

5. That Louisville District's Contracting Division's periodic audits of the credit card program were insufficient.
   a. The audits did not find fault in procurement methods because the auditors were implementing the former contracting chief's policy.
   b. These audits supported and reinforced these procurement practices by not finding fault.

6. That Contracting conducted an annual inspection of three area lakes during Dec 01 and Feb 02 and discovered potential split purchases.

7. That the new Chief of Contracting was informed of this situation and immediately called for an audit by Internal Review.
   a. Internal Review began their audit in Feb 02 and discovered split purchases at the three lakes, as well as other areas.
   b. The District Commander, upon learning of this situation and its magnitude, sent to all District employees an electronic memo on 19 February 2002 discussing unauthorized commitments.
   c. The new Chief of Contracting sent out a "stop" order to all cardholders on March 27, 2002 to discontinue using the government credit card for recurring services or any other purchases that could be considered a split purchase.

SECTION V - RECOMMENDATIONS *(para 3-11, AR 15-6)*

In view of the above findings, the *(investigating officer) (board)* recommends:

1. That the Louisville District investigates all 264 potential ratifications.

2. That the 15-6 investigation results be sent to all supervisors to determine appropriate disciplinary actions.
   a. Ratifications coded as either "recurring service" or "recurring purchase" should not result in disciplinary actions for cardholders or their supervisors. These individuals were following the published policy and guidance from the former Chief of Contracting.
   b. Ratifications coded as either "project location", "project feature", or "cost-savings, convenience" should be investigated for cardholder intent to determine if disciplinary action is warranted.
   c. Individual cardholders who were following a supervisor's directive should not be disciplined.

3. That the District implement its corrective action plan to ensure that its purchase card program is in compliance with statutory and regulatory requirements. Their plan includes the following elements:
   a. Award contracts for recurring services
   b. Consider the use of blanket purchase agreements for technical and engineering services required by Engineering, Information Management, and Construction Divisions.
   c. Consider the use of an area-specific Indefinite Quantity Contract for use by the lakes and the locks and dams.
   d. Provide additional training for all cardholders and approval authorities.
   e. Require all potential cardholders to pass a test after training before issuance of their purchase card.
   f. Restructure cardholder training methods to incorporate other disciplines (legal, IM, RM, logistics)
   g. Closely monitor Area Lake Managers and assist them in the use of their $25,000 contracting warrants.
   h. Improve Contracting audit procedures to look more at trends and individual purchases, and less on recordkeeping and documentation.
   i. Dedicate a full time Agency Program Coordinator within Contracting Division.

SECTION VI - AUTHENTICATION *(para 3-17, AR 15-6)*

THIS REPORT OF PROCEEDINGS IS COMPLETE AND ACCURATE. *(If any voting member or the recorder fails to sign here or in Section VII below, indicate the reason in the space where his signature should appear.)*

James D. Bates, Major, US Army Corps of Engineers

(Recorder)

(Investigating Officer) *(~~President~~)*

(Member)

(Member)

(Member)

(Member)

SECTION VII - MINORITY REPORT *(para 3-13, AR 15-6)*

To the extent indicated in Inclosure _____, the undersigned do(es) not concur in the findings and recommendations of the board. *(In the inclosure, identify by number each finding and/or recommendation in which the dissenting member(s) do(es) not concur. State the reasons for disagreement. Additional/substitute findings and/or recommendations may be included in the inclosure.)*

(Member)

(Member)

SECTION VIII - ACTION BY APPOINTING AUTHORITY *(para 2-3, AR 15-6)*

The findings and recommendations of the *(investigating officer)* ~~*(board)*~~ are *(approved)* ~~*(disapproved) (approved with following exceptions/ substitutions)*~~. *(If the appointing authority returns the proceedings to the investigating officer or board for further proceedings or corrective action, attach that correspondence (or a summary, if oral) as a numbered inclosure.)*

INDEX OF ENCLOSURES

I. Letter of Appointment

II. Narrative Report of Investigation

III. Activity Log of Investigating Officer

ENCLOSURE I

Letter of Appointment

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, LOUISVILLE
CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

http://www.lrl.usace.army.mil/

CELRL-DD

MEMORANDUM FOR MAJ James D. Bates, Project Officer, Ft. Knox Area Office, Louisville District

SUBJECT: Investigating Officer Appointment is to Investigate possible improper usage of Credit Card Authority within the District.

1. Appointment. You are appointed an investigating officer pursuant to Army Regulation (AR) 15-6, Procedure for Investigating Officers and Boards of Officers, to conduct an informal investigation into complete description of the matter to be investigated. This investigation is your primary duty and takes precedence over all other duties.

2. Legal Orientation. Before you begin your investigation, you must receive a briefing from the Louisville District's Counsel. You must have your briefing no later than 27 April 2002. Your advisor will be Mr. Dale Holmes, Chief of Counsel, Louisville District, (502) 315-6638. You will consult with your legal advisor regarding all aspects of this investigation. Your legal advisor will brief you on the following areas: developing an investigation plan, determining whether witnesses need to be advised of their rights under the UCMJ, Article 31 or the Fifth Amendment, special procedures for interviewing Department of Army civilian employees, and preparing findings and recommendations. A guide, forms, and regulations will be given to you by LTC Fagan.

3. Procedures. You are to conduct this investigation using the informal procedures outlined in Chapter 4, AR 15-6. No individual has been named as a respondent at this time. All witnesses will be sworn prior to their interview. You will thoroughly document all witness interviews in writing, preferably on a DA Form 2823 (Sworn Statement). You will interview all witnesses in person, if practical. If in the course of your investigation you come to suspect any person may have committed criminal conduct, you must advise that person of their rights under Article 31, UCMJ or the Fifth Amendment, U.S. Constitution, as appropriate. Witness waivers of their Article 31 or Fifth Amendment rights will be documented on a DA Form 3881 (Rights Warning Procedure/Waiver Certificate). In addition, you may need to provide a witness with a Privacy Act statement before you solicit any information. You are to maintain a daily written chronology of your actions on this investigation (attach your chronology as the last annex in your investigation). You are strongly encouraged to consult your legal advisor if you have any question regarding these procedures.

4. Report of Investigation. The investigation must include, but is not limited to findings in the following areas:

a. Credit Card usage within the District
b. Ratifications within the District
c. Split disbursements of Credit Card authority within the District

CELRL-DD
SUBJ: Investigating Officer Appointment is to Investigate possible improper usage of Credit Card Authority within the District.

You will provide me with recommendations to resolve any issues or problems raised by your findings. You will consult with your legal advisor in developing your findings and recommendations. Submit your findings and recommendations on a DA Form 1574 (Report of Proceedings by an Investigating Officer/Board of Officers) to position of the appointment authority no later than 27 April 2002. Submit any requests for modification of this suspense or scope of your investigation to me.

5. Criminal Misconduct. If you determine through your investigation that possible criminal conduct has occurred, immediately notify your legal advisor before preceding any further with your investigation.

RICHARD J. FAGAN
LTC, Corps of Engineers
Deputy Commander

ENCLOSURE II

Narrative Report of Investigation

Executive Summary

The Louisville District (LRL) provides quality services to the Army and the nation through robust Civil Works, Military Works, and Environmental Programs. Louisville District personnel are dedicated professionals who perform their duties in the best interest of the government, the District, the customer, and the taxpayer.

LRL Government Purchase Card Holders conduct approximately 20,000 credit card transactions each year, totaling $10 million. This investigation identified 264 potential ratifications, involving 2996 apparent split transactions spanning over 24 months of activity. The value of these purchases is $3.5 million, or approximately 17% of all transactions investigated.

This investigation reviewed in detail the last 24 months of credit card and convenience checks transactions, covering the period between April 2000 and April 2002. It involved nearly 40,000 transactions and over $20 million worth of purchases. A team of four auditors spent over four months gathering the necessary data to research each transaction. The investigation involved reviewing transaction history through CEFMS data, Visa data, CARE system data, phone calls, emails, interviews and site visits. In cases where the investigation involved site visits, transactions dating back to January 1999 were investigated.

Louisville District Cardholders believed, in most cases, that they were acting in accordance with District guidance and policies. Based on LRL Contracting Branch's previous policy letters, emails, and meeting notes, they were. However, these previous policies issued from Contracting were in violation of several laws and regulations.

In late 1998 and early 1999, DoD placed a renewed emphasis on using the Government Purchase Card to procure more products, supplies, and services. In turn, LRL's former Contracting Chief established a District policy that allowed "recurring services" to be procured with the government credit card. This policy was contrary to the two legal opinions that the Office of Counsel issued to Contracting Division concerning requirements of the Service Contract Act, which were not followed. On February 3, 1999, Contracting held an information meeting in which this new policy was explained and disseminated. Under this new policy, existing BPAs and contracts for recurring services were allowed to expire. Future transactions would involve the credit card, and could involve monthly, weekly, or even daily charges to keep invoices below $2,500. This policy change was specifically only for "recurring services", such as janitorial, mowing, and quality assurance testing. This errant policy, additional guidance from Contracting, cardholder training, and subsequent audits by Contracting personnel have all supported and reinforced this misinterpretation. These conditions helped to create a standard practice within the District that was not in compliance with federal statutes. Approximately 33% of the 264 potential ratifications identified involve recurring services. Most were for mowing, janitorial, and computer technical support.

Since this less-stringent policy was implemented in February 1999, cardholders and their supervisors have expanded it in practicum to include other purchases as well. Many District cardholders and supervisors applied this policy interpretation to the purchase of other goods and services. This was most prevalent at the Lakes and the Locks and Dams. The main criterion for the new policy involved the "stand-alone" aspect of a purchase. If a cardholder felt a transaction could "stand alone" as a separate purchase, then was not considered a split purchase. This definition took on other applications in the field, where it was expanded to include purchases separated by phase, feature, or location of work. At many lakes, where there are many different campgrounds, boat docks, and other physically distinct sites, this policy condition is easily met. In some instances, however, the policy interpretation was used to cover a specific feature of work at a given location (e.g., roofing, flooring, walls, masonry, and plumbing activities for a restroom construction or renovation project). Roughly 49% of the 264 potential ratifications involve different locations or different features of work.

Several potential ratifications involve recurring purchases, such as fuel for river boats, computer equipment, and software licensing. These constituted 4% of the total number of potential ratifications.

Lastly, 14% of the potential ratifications were done for cost-saving reasons or for convenience. It would be very difficult to apply Contracting's previous policy or any variant of this policy to these transactions. Many cardholders have justified their actions by stating that it was saving the government money, or that they were able to purchase more for the government with the limited dollars available. From a purely Activity-Based-Costing position, this was most likely true. By allowing government employees to act as a the prime contractor, the traditional prime contractor markups are avoided, saving 20-40% or more on each project or purchase. However, these cardholders fail to consider the cost of their time while supervising the field labor, completing the administrative work, and purchasing materials, as well as the cost of putting contracts in place that already covered these services. This is not a direct cost to them or their section, and is neglected in their cost comparisons.

It is the opinion of this investigating officer that all cardholders believed they were acting in the best interest of the government, and were attempting to take care of the customer. Although LTG Flower's "Permission Slip" was not distributed within USACE for most of this period, most cardholders felt that they were in compliance with the three tests of the permission slip. They believed the "legal and ethical" criterion was met by LRL Contracting's policy.

I believe that all potential ratifications that I coded as Recurring Service or Recurring Purchase should result in information letters from the credit card program proponent, the chief of Contracting, through the cardholder's supervisors, directly to the cardholder. These letters should remind them of the laws regarding micro-purchases, and state that, although they were following previous policies, federal statutes were being disregarded. This letter should state the new District policies, and inform them of any additional training requirements.

For transactions involving Project Location or Project Feature, cardholder activity should be analyzed in more detail to determine their intent. Most of these employees informed me that their actions were based on their understanding of the "stand-alone" definition. Some, however, may have stretched this definition, and will require consideration of possible disciplinary action.

All potential ratifications coded as Cost-Savings/Convenience should be closely reviewed to determine appropriate disciplinary actions. Supervisors who acted outside of the former Contracting policy and directed their cardholders to split a purchase should receive letters of reprimand or suspensions. The facts surrounding these transactions will be more fully disclosed during the ratification process. It is my opinion that no cardholders should receive letters of reprimand if they were acting at the direction of a supervisor. I found no instances of a cardholder intentionally splitting a purchase outside of the District policy without the specific direction of their supervisor. Furthermore, I found no instances of any misuse of the purchase card for personal gain. If the Division or Office chief in the course of their investigation, finds additional evidence that I was not made aware that warrants action against a cardholder, they are to take appropriate action as they deem necessary in accordance with appropriate rules and regulations

I recommend that the 2996 transactions contained in this report be investigated for cardholder or supervisor intent. These transactions are attached as Exhibit 1. I recommend that The Louisville District implement a plan for additional training of all cardholders, approving authorities, and supervisors on correct procedures, policies, and the legal framework for these policies. I further recommend that supervisors, with the assistance of Contracting personnel, closely review the purchasing history of each office to determine if other contracting methods, such as BPAs or IQCs, would be more appropriate and in the best interest of the government and the customer.

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Introduction to the Problem

In Feb 1999, Louisville District's former Chief of Contracting implemented a policy shift that allowed recurring services valued at $2500 or less to be purchased individually using the government credit card. This policy was contrary to the two legal opinions (Exhibit 5) that the Office of Counsel issued to Contracting Division concerning requirements of the Service Contract Act, which were not followed. Further guidance was given to allow existing service contracts and BPAs to expire, and to begin using the government credit card for these procurements. Contracting's informal memo is attached at Exhibit 3, and is extracted below. This new policy was based on PARC Instruction Letter 99-1, dated December 10, 1999; and the USD Memo on Streamlined Payment Practices, dated October 2, 1998. Both of those memos are attached at Exhibit 4.

> "3. Any payments $2500 or less being made under BPA's or Purchase Orders will continue to be made using existing procedures until the expiration date of the BPA or Purchase Order. Note: The BPA or Purchase Order may or may not be for more than $2500 for an entire year. However, if the payments being made are for $2500 or less each time, then the following will apply. Contracting Division will send a letter to BPA and Purchase Order vendors who have option periods notifying them they must take VISA or risk their option periods not being renewed. If the vendor will not or cannot accept VISA, their option period will not be renewed.
>
> 4. After expiration of the current year BPA's and Purchase Orders, future purchases of those supplies/services will be made by the individual cardholder. Note: This policy shift reduces the concern for splitting requirements. If the purchase is able to stand alone, it is not considered splitting requirements. Caution: Remember, Davis-Bacon wage rates apply for construction > $2000."
>
> Extracted From Contracting's 19 Jan 99 memo, with an effective date of 1 Feb 99.

It was explained that, as long as each transaction could "stand alone", it was not a split. There are mixed reports from various attendees about exactly what was said at this meeting. Several contracting personnel have defined a "separate invoice" as one which would cover all the necessary work known to be required from that vendor at the time. Field personnel have more broadly interpreted this as being an invoice that could cover certain areas, certain days, or even certain hours of work, as long as the total invoiced amount did not exceed $2500.

In December 2001, Contracting personnel visited several of the Green River Lakes as part of Contracting's field inspection process. During these visits, a significant amount of construction was observed. The contracting personnel did not recall many construction contracts or delivery orders for these Lakes, and quickly learned that most of the work (labor and materials) was being purchased with the government credit card. The new Contracting Chief was consulted and it was agreed that these activities probably involved split purchases.

Internal Review was tasked to investigate these and many other transactions within the District. When it was discovered that there would be several ratifications, the District Engineer, COL Slockbower, informed the Division Commander, BG Hawkins. BG Hawkins then ordered a 15-6 investigation be conducted. Major James Dion Bates was appointed the investigating officer (IO) on March 28, 2002.

The IR team of auditors quickly uncovered many transactions that appeared to be splits. Nearly one-third of all transactions were flagged as "suspicious" – either possible splits or potentially fraudulent. Each of these "suspicious" transactions was investigated, and those requiring ratification are on the spreadsheets at Exhibit 1.

Historical Background

The first government-wide purchase card contract was awarded by the General Services Administration (GSA) in 1989. DoD entered the program at that time. On October 13, 1994, the President of the United States issued Executive Order 12931, the Federal Acquisition Streamline Act (FASA), mandating increased use of purchase cards for micro-purchases (purchases under $2,500.) Federal Acquisition Regulation, part 13, "Simplified Acquisition Procedures," August 7, 2000, states purchase cards should be the preferred method for purchases under $2,500. Purchase cards are also preferred for making contract payments.

Since the executive order, many other directives have been issued at all levels to emphasize the use of the purchase card program for most transactions, and to clarify the policy. These directives are chronologically listed and explained below, and are also attached at Exhibit 4.

Oct 3, 1997 – ASA Guidance on Split Purchases – FAR 13.602 states that requirements aggregating more than the micro-purchase threshold shall not be broken down into several purchases that are less than the threshold merely to permit the purchase. The Army Supplement to the FAR at 13.9003(a) states that purchases shall not be split in order to stay within the single purchase limit.

Jul 20, 1998 – DoD Purchase Card Program Reengineering Implementation Memo #6 – re-emphasizes the use of the government credit card for purchases below $2,500. At that time, there were 4.6 million commercial payments that were not made by the credit card, but should have been. This memo required action by the Secretaries of the Military Departments and the Under Secretaries of Defense to energize the program.

Oct 2, 1998 – Under Secretary of Defense Memo to re-emphasize the purchase card program. Some language in this memo may have confused District personnel.

> "Awards/orders valued in excess of the micro-purchase threshold shall be structured (e.g., contract line items, delivery schedule, and invoice instructions) to minimize the generation of invoices values at or below $2,500."

Dec 10, 1998 – PARC Instruction Letter 99-1, Streamlined Payment Practices – repeats the above-quoted paragraph.

Jan 19, 1999 – CELRL-CT memo to branch/division chiefs following the above guidance, to be effective Feb 1, 1999.

> "3. Any payments $2500 or less being made under BPA's or Purchase Orders will continue to be made using existing procedures until the expiration date of the BPA or Purchase Order. Note: The BPA or Purchase Order may or may not be for more than $2500 for an entire year. However, if the payments being made are for $2500 or less each time, then the following will apply. Contracting Division will send a letter to BPA and Purchase Order vendors who have option periods notifying them they must take VISA or risk their option periods not being renewed. If the vendor will not or cannot accept VISA, their option period will not be renewed.
>
> 4. After expiration of the current year BPA's and Purchase Orders, future purchases of those supplies/services will be made by the individual cardholder. Note: This policy shift reduces the concern for

splitting requirements. If the purchase is able to stand alone, it is not considered splitting requirements. Caution: Remember, Davis-Bacon wage rates apply for construction > $2000."

Jan 25, 1999 – CELRL-CT memo to vendors, referencing the Oct 2, 1998 memo's quote about "2,500 per invoice" for credit card payments.

Jan 27, 1999 – CELRD Commander's memo, delegating authority to not pay by credit card for purchases under $2,500.

Feb 2, 1999 – CT issued revised credit card procedures.

Feb 3, 1999 – Contracting's Visa Meeting, where the new policy was disseminated.

April 21, 1999 – USACE Office of Counsel's "Contractor Industrial Relations (CIR) Information Letter 99-1 to CELRL-OC. States that recurring services must be looked at on an annual basis, not a monthly, or per invoice or occurrence basis. If the annualized services exceed $2,500, then the Service Contract Act applies (service wages, competition, etc.)

March 27, 2002 – CELRL-CT's new guidance to credit cardholders. Splits in requirements or recurring services are not allowed. Services rendered must be looked at as a whole (per requirement, or annually).

Investigation Process

The procedures undertaken in this investigation continually evolved as the team of auditors learned more about the data software, developed better identifying criteria, and better understood the magnitude of the problem. There were two distinct methods used to obtain data. The first method involved three auditors reviewing transaction history over the course of several months using CEFMS data and the CARE system. This method was very slow and tedious, relying only on USACE data. The second method was developed after receiving direct data from the credit card bank, and was used primarily by this investigating officer (IO). This method was much more efficient, effective and thorough, and required much less time to conduct the investigation. For future audits, this second method is recommended.

Method 1

The IR team was able to extract data from the C.A.R.E. system, which is the Visa database accessible to CEFMS personnel. It is painstakingly slow, extremely difficult, and, as was later discovered, incomplete. Transaction histories were extracted and queried to identify possible splits. These queries primarily focused on the vendors, and identified those which exceeded $2,500 in transactions annually and monthly. These possible split transactions were identified, and the PR&Cs were pulled for each one. Additionally, the team looked for recurring services, potential BPAs, and questionable transactions.. Thousands of queries and PR&Cs were completed. Investigation folders were developed and provided to the investigating officer, who was charged with finding intent. The original plan was for the investigating officer to conduct site visits and interviews, obtaining sworn statements from all involved parties.

The IO visited five field offices and conducted nearly 25 interviews. This process took nearly a month to complete. At each of these five sites, all transaction folders and invoices were reviewed to determine if purchases were related. There were 92 offices to investigate, and nearly 200 cardholders to interview. Each cardholder had a supervisor and/or approval authority who was to be interviewed as well. At that rate, the investigation would take 12 months to complete.

The IO and the IR team discussed this concern with the District Engineer, and recommended that the data be analyzed by the IR/IO team, and requests for information be emailed out to cardholders. This process would produce similar results, but would more narrowly focus the efforts of the investigation, and would take significantly less time to accomplish.

The IR team had also discovered that the C.A.R.E. database did not contain all transactions. It contained roughly 90% of the transaction history of the District, but PR&Cs and payments were discovered which were not in the C.A.R.E. system. The IO worked through the District's Agency Program Coordinator (APC) and the Credit Card Liaison to obtain a complete transaction history from the actual credit card database. This took several weeks to receive. However, once this information was received, the investigative team developed method #2.

Method 2

The Credit Card Transaction History received was a 24-month snapshot of the District's transactions. It contained the complete listing of the cardholder, office, transaction data, and vendor data. It did not contain the details of what was actually purchased. This data can only be obtained by either reviewing the PR&Cs or the cardholders' monthly credit card files. This history was sorted and queried by location, by cardholder, by vendor, and by transaction date to help identify possible splits.

A significant problem was uncovered with the cardholder data, and required approximately one week to overcome. US Bank's databases maintained cardholder information based on their data entry, and registration data provided by the cardholder. If a cardholder from the Real Estate Branch completed his or her form with the words "Real Estate" in the "office" block, it would be different from someone who provided "RE" instead. This occurred in approximately 20% of the cardholders, and required many hours to repair and prepare the data so it was usable.

After receiving the transaction history, the Investigating Officer color-coded and sorted all possible splits and questionable transactions, labeling them as "suspicious transactions". A copy of this spreadsheet was made, all coding was removed, and it was emailed directly to the cardholder. The cardholder was given two working days to retrieve data and return it to the IO. The data on the spreadsheet was sorted by date to make data retrieval easier and faster. The data requested was simply the PR&C number, and a description of the purchase – item, quantity, location, and need. These two pieces of information were sufficient to determine which of the "suspicious" transactions could be considered as possibly "guilty". The IO then emailed the revised "potentially guilty" list back to the cardholder and asked for an explanation of the transactions. This was to determine intent. This process worked very well. There were a few occasions where, after receiving the cardholder's explanation, the IO determined that a "guilty" transaction actually was not guilty at all.

The IO consulted a variety of resources to help determine if splits had occurred.

- The Chief of Contracting
- Contracting Personnel
- Louisville District's Agency Program Coordinator
- Policy Memoranda from many DoD agencies
- The website for DoD's Purchase Card Program Management Office
- Mr. Dan Schwemmer, the Army Liaison at DoD PCPMO, who reports directly to the DoD Director.

In a telephone conversation on June 6, 2002 with Dan Schwemmer (above), the IO received clarification on split requirements. Mr. Schwemmer continually reiterated the "known requirement" aspect of the policy. The "known requirement" is what the cardholder new he or she needed at that given time. If the need is a picnic shelter, a cardholder generally cannot purchase the concrete from one source, the lumber from another, roofing shingles from third vendor, and labor from another vendor. If a cardholder knew of a requirement, and split it just to bring it below the micro-purchase threshold, then it is a split. Mr. Schwemmer commented that

common sense must be applied to many of these, and there will be differing interpretations on some situations.

The IO presented the situation where cardholders were purchasing medical physicals for their employees on the credit card, and the annual amounts well-exceeded $2,500. Likewise, propane was purchased during the winter months and these seasonal purchases often exceeded $2,500 a month. In both cases, he stated that the "known requirement" criteria must be investigated. If propane is purchased weekly or biweekly on an as-needed basis, then it is not a split. (After this comment, several transactions were removed from the "guilty list.") He did recommend numerous times that many of these vendors should have a BPA in place instead to protect the government. Mr. Schwemmer also stated that if one cardholder creates two PR&Cs for the same vendor on the same day, that this is not necessarily a split. If the transactions are unrelated, then you have different known requirements. This does not constitute a split. (With this comment, several more transactions (6% in total) were removed from the "guilty list".)

All ratifications were classified as either Recurring Service, Recurring Purchase, Project Feature, Project Location, or Cost Savings – Convenience. These classifications were a tool for the IO to determine intent behind the purchase, and reflect his conclusion.

Recurring Service – services performed on a recurring basis, such as:
- janitorial / cleaning services at campgrounds and offices
- mowing around the lakes and locks and dams
- tree cutting, driftwood removal, debris removal around lakes and locks and dams
- herbicide/pesticide applications.

Recurring Purchase – goods purchased on a recurring basis, such as:
- software licenses
- fuel for boats on the river
- (based on Mr. Schwemmer's guidance above, propane for heating was removed)

Project Feature – different features of work on a specific project, such as:
- materials
- labor
- electrical work
- plumbing
- roofing

Project Location – similar work performed at distinct sites, such as:
- different campgrounds
- different campsites
- different parking lots
- different buildings
- different locks and dams

Cost-Savings, Convenience – work purchased by Visa that would save the government money if a contract had been awarded instead, or work purchased by Visa because it was faster and easier

Investigation Results

LRL Government Purchase Card Holders have engaged in the practice of splitting transactions to support their customers. This investigation has identified 264 possible ratifications, involving 2996 possible split transactions. The value of these purchases is $3.5 million, or approximately 17% of all transactions within the District over a 24-month period.

This investigation reviewed the last 24 months of data, covering from April 2000 through April 2002. It involved nearly 40,000 transactions and over $20 million worth of purchases. It took a team of three IR auditors and one investigating officer over four months to gather all data and investigate each transaction. The investigation involved reviewing transaction history through CEFMS data, Visa data, CARE system data, phone calls, emails, and site visits. In several cases where the investigation involved site visits, transactions dating back to January 1999 were investigated.

Louisville District Cardholders believed, in most cases, that they were acting in accordance with District guidance and policies. Based on Contracting Branch's policy letters, emails, and meeting notes in the early 1999 timeframe, they were. However, these previous policies issued from Contracting were in violation of several laws and regulations.

In late 1998 and early 1999, DOD placed a renewed emphasis on using the Government Purchase Card to procure more products, supplies, and services. In turn, LRL's former Contracting Chief established a District policy that allowed recurring services, such as janitorial, mowing, and testing, to be purchased with the credit card. This policy was contrary to the two legal opinions that the Office of Counsel issued to Contracting Division concerning requirements of the Service Contract Act, which were not followed. On February 3, 1999, Contracting held an information meeting in which this policy was explained and disseminated. Under this new policy, existing BPAs and contracts for recurring services were allowed to expire. Future transactions would involve the credit card, and could involve monthly, weekly, or even daily charges to keep invoices below $2,500. Since this less-stringent policy was implemented, there have been many misapplications of this errant policy. This policy, additional guidance from Contracting, cardholder training, and subsequent audits by Contracting personnel, have supported and reinforced this misinterpretation. These conditions have created a practice within the District that was not in compliance with federal statutes. Approximately 33% of the 264 potential ratifications identified involve recurring services (RS), such as janitorial, mowing, and testing. See Figure 1 and Table 1 (bottom row) for these percentages.

Since this less-stringent policy was implemented in February 1999, cardholders and their supervisors have expanded it in practicum to include other purchases as well. Many District cardholders and supervisors applied this policy interpretation to the purchase of other goods and services. This was most prevalent at the Lakes and the Locks and Dams. The main criterion for the new policy involved the "stand-alone" aspect of a purchase. If a cardholder felt a transaction could "stand alone" as a separate purchase, then it was not considered a split purchase. This definition took on other applications in the field, where it included purchases separated by phase of work, feature of work, or location of work. At many lakes, where there are many different campgrounds, boat docks, and other physically distinct sites, this policy condition

is easily met. In some instances, however, the policy interpretation was used to cover a specific feature of work at a given location (e.g., roofing, flooring, walls, masonry, plumbing for a restroom renovation or construction project). Roughly 49% of the 264 potential ratifications involve different locations (PL) or different features of work (PF).

Several of the potential split purchases involved recurring purchases (RP), such as fuel for boats, software licenses, and computer equipment. These constituted 4% of the total purchases identified.

Lastly, 14% of the potential ratifications are coded as Cost-Savings or Convenience (CC). It would be very difficult to apply the previous Contracting Chief's Policy or any variant of this policy to these transactions. Many cardholders have justified their purchases by stating that it was saving the government money, or that they were able to purchase more for the government with the limited dollars they had to operate with. From a purely Activity-Based-Costing position, this is true. By allowing the government employees to act as the prime contractor, the traditional prime markups are avoided, saving 20-40% or more on each project or purchase. However, these cardholders and supervisors fail to account for their time while supervising the work, completing the administrative work, and purchasing materials. This is not a tangible cost item for them to consider, and they do not include it in their analysis.

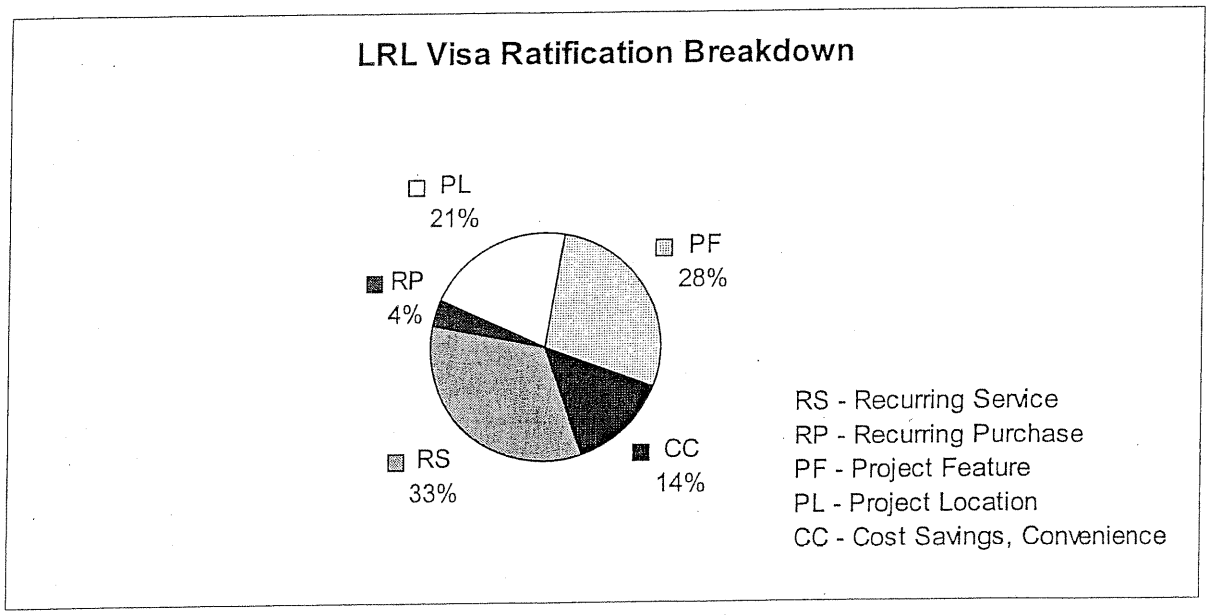

Figure 1: Visa Ratification Breakout

Table 1: Summary Table of Potential Ratifications

Location	Ratification Instances Total	>$10,000	<$10,000	Number of Transactions	Value of all Ratifications	RS	RP	PL	PF	CC
BARREN RIVER LAKE	11	2	9	131	$ 200,533	2	0	3	5	1
BROOKVILLE LAKE	4	0	4	12	$ 17,254	0	0	0	4	0
BUCKHORN LAKE	12	0	12	37	$ 61,305	0	0	7	5	0
CAESAR CREEK LAKE	11	2	9	71	$ 75,042	2	0	6	3	0
CAGLES MILL	2	0	2	5	$ 9,530	1	0	1	0	0
CANNELTON LOCK & DAM	4	2	2	43	$ 33,110	2	0	0	0	2
CARR CREEK LAKE	6	0	6	65	$ 35,847	3	0	1	2	0
CAVE RUN LAKE	1	0	1	14	$ 7,700	1	0	0	0	0
CD-CONSTRUCT. DIV	1	1	0	45	$ 84,747	1	0	0	0	0
CECIL M HARDEN LAKE	15	1	14	49	$ 81,574	2	0	1	6	6
CINCINNATI PROJECT OF	2	2	0	132	$ 17,134	2	0	0	0	0
CJ BROWN LAKE	4	0	4	11	$ 20,952	0	0	2	2	0
ED	1	1	0	8	$ 19,834	1	0	0	0	0
ED-E-E GEOTECH & ENV	2	0	2	4	$ 9,200	1	0	0	0	1
ED-M-SM	1	0	1	2	$ 4,170	0	0	0	0	1
ED-T	1	0	1	2	$ 2,906	0	0	0	0	1
ED-T-G GEOTECH	3	2	1	21	$ 48,256	2	0	0	1	0
ED-TW	1	0	1	3	$ 7,496	1	0	0	0	0
ED-TW HYDRO & HYDRAU	6	6	0	133	$ 217,455	6	0	0	0	0
EEO	2	0	2	4	$ 5,163	0	0	0	2	0
FT CAMPBELL RO	3	3	0	81	$ 78,314	3	0	0	0	0
FT KNOX AREA OFFICE	8	2	6	37	$ 69,071	3	0	0	5	0
GREEN RIVER LAKE	31	13	18	619	$ 614,107	2	0	7	12	10
GREEN RVR -L & D I	6	1	5	104	$ 75,416	2	0	3	1	0
IM	18	8	10	245	$ 399,642	7	8	0	0	3
INDIANA PO	1	1	0	19	$ 12,296	1	0	0	0	0
J. EDWARD ROUSH LAKE	2	1	1	30	$ 45,627	2	0	0	0	0
JOHN T. MYERS L & D	1	1	0	36	$ 19,240	1	0	0	0	0
LOCK #4 KY RIVER	1	0	1	9	$ 8,050	1	0	0	0	0
LOCK & DAM 52	2	1	1	57	$ 27,870	2	0	0	0	0
LOCK & DAM 53	3	1	2	82	$ 38,893	2	0	0	1	0
LOUISVILLE REPAIR STA	14	5	9	187	$ 198,197	5	1	2	4	2
MARKLAND LOCKS & DAM	2	2	0	51	$ 60,755	2	0	0	0	0
MCALPINE RES OFFICE	3	2	1	3	$ 62,446	3	0	0	0	0
MCALPINE L & D	6	3	3	67	$ 82,133	4	0	1	1	0
MISSISSINEWA LAKE	2	2	0	46	$ 60,995	2	0	0	0	0
MONROE LAKE	1	0	1	2	$ 4,737	0	0	1	0	0
NEWBURGH L & D	2	2	0	87	$ 60,617	2	0	0	0	0
NOLIN RIVER LAKE	15	4	11	113	$ 167,649	3	0	8	1	3
OP	2	0	2	7	$ 7,163	0	0	0	2	0
PATOKA LAKE	4	0	4	12	$ 21,193	0	0	2	2	0
PM-M	1	0	1	2	$ 3,320	0	0	1	0	0
PM-P	2	0	2	5	$ 9,390	0	0	1	0	1
PUBLIC AFFAIRS	1	0	1	2	$ 3,850	0	0	0	0	1
REAL ESTATE	2	0	2	6	$ 7,515	0	0	1	1	0
ROUGH RIVER LAKE	25	10	15	170	$ 261,344	4	0	7	13	1
SAFETY OFFICE	3	0	3	10	$ 17,568	2	0	0	1	0
SALAMONIE LAKE	1	1	0	27	$ 40,387	1	0	0	0	0
SMITHLAND LOCK & DAM	5	0	5	42	$ 24,073	3	1	0	0	1
TAYLORSVILLE LAKE	2	0	2	5	$ 6,700	0	0	0	0	2
WILLIAM H HARSHA LAKE	1	0	1	24	$ 7,440	1	0	0	0	0
WRIGHT-PATT RES. OF	4	0	4	32	$ 26,060	3	0	1	0	0
TOTAL RATIFICATION	264	79	185	2996	$ 3,481,264	88	10	56	74	36
FIGURES						33%	4%	21%	28%	14%

Observations

General Observations from the Field:

- I found no instances of purchase card abuse/misuse for personal gain. In every case, cardholders and their supervisors were striving to obtain a quality service or product for the government, and serve the best interest of both the Corps of Engineers and their immediate customers (communities, other offices, military bases, etc.)
- Personnel are hardworking, dedicated, professionals focused on delivering a quality product to the customer.
- Most cardholders thought they were serving the best interest of the government. Many preferred using the Visa over a formal contract, because of the "middle-man-markup" involved, which is often 25-40%. They are able to obtain "more for the tax payer's dollar" by acting as the prime contractor instead for small projects.
- Most cardholders at the lakes and locks and dams would prefer to do less Visa purchases. The process of creating a PR&C in CEFMS, shopping for the product or service, and supervising the work/purchasing the product takes too much of their time.
- Area Lake Managers did not take advantage of their $25,000 warrants. Most of these split transactions could have been covered by their warrants.
- Many cardholders did not know of the Area Managers' $25,000 warrants. Most thought that if a transaction exceeded their limits, that it must automatically be sent to Contracting.
- Most cardholders understood the $2,500 limit per transaction, but loosely applied the former Contracting Chief's Feb 99 policy of a "stand-alone" project. Contracting's guidance (via email and phone) was often shared between different lakes, and applied (and misapplied) to other situations.
- Few cardholders, approval authorities, or supervisors knew there were actual laws in place that governed these policies.
- PR&Cs were not always created before the work agreed upon or performed.
- Most cardholders feel their training was inadequate, and the guidance received from Contracting was often conflicting. Many stated that the answers received from Contracting varied, depending upon who provided them the answers.
- Previous audits conducted by LRL Contracting did not uncover this misuse, reinforcing this "loose" and incorrect interpretation of Credit Card policies within the Louisville District.
- Most cardholders prefer to avoid using Contracting for a variety reasons

Observations from within the District HQ:

- The Agency Program Coordinator (APC) was never, and still is not, a full-time responsibility. It was a very small and de-emphasized aspect of different people's responsibilities within Contracting. It is now given solely to Mrs. Janet Crum, but she still only has this as an additional duty. This should be a full-time position. (At least for the next 12 months or so, to get the District back on track.)
- The District APC has attempted to contact the Division and USACE APCs on many issues, and often gets no response or support. The APC responsibilities at higher levels have been given to several different individuals in the past few years. There is little continuity.

Training Observations:

- Not all cardholders have received adequate training from Contracting prior to receiving their card.
- The cardholder training I observed did not cover many of the pertinent issues faced by the cardholders. The Chief of Contracting did a nice job of stressing split-disbursements and legal implications, but this was a very recent addition. I recommend this be done at each training session.
- The training did not incorporate case studies or discussions. Material covered was more procedural and not very informative.
- There was no pre- or post-test for employees to demonstrate a knowledge of the policies, procedures, and laws that govern this program.
- Training did not adequately incorporate Legal, RM, LM, or other associated offices.

Recommendations for Louisville District

Many of these recommendations listed below have already been initiated within the District. Several are listed below:

- Contracts and BPAs are being written for recurring services.
- IQC contracts are being revised to incorporate additional work items.
- LRL-Contracting has issued new policy guidance and directives.
- LRL-Contracting is revising their training procedures

The Louisville District must conduct additional training on correct procedures, policies, and the legal framework for these policies. All cardholders, approving authorities, and supervisors should complete this training. It will take significant effort to do so, necessitating a sound plan and timeline. This plan should be a participative product, developed in cooperation with all branch and division chiefs and implemented with consistency, determination, and consideration for the employees affected by these changes, and the customers they support.

Through this process of investigation, review, and revision, District employees must not lose sight of their mission – to provide quality engineering support to the Army and the nation.

General Recommendations:

- Investigate the attached 2996 transactions, comprising 264 potential ratification instances.
- Send the 15-6 results to supervisors (Division/Branch chiefs) to determine of any disciplinary actions are appropriate.
- Implement the District's corrective action plan.

Procedural Recommendations:

- Contracts must be awarded for recurring services, like janitorial, mowing, debris removal, and QA testing. Ensure contracts line items are in sufficient quantities.
- Offices must use more than only a few vendors, where practicable. The Federal Acquisition Streamline Act (FASA) mandates that, where possible and costs are similar, purchases should be spread among several vendors. Cardholders must maintain better support documentation for their price comparisons and phone calls to request proposals from contractors. Few are doing this.
- IM should investigate the use of BPAs for their computer services and support.
- ED should investigate the use of BPAs for their testing and engineering services purchases.
- Lakes and Locks and Dams must use the BPA for their recurring services and purchases.
- Area Lake Managers must make more use of their $25,000 warrants. They are sorely underutilized.
- Lakes and Locks and Dams should have an IQC contractor who is capable of performing most of their construction needs, as well as other services they require. This would be separate from the JOC contractor within Ops.
- Cardholders must ensure that items purchased from GSA Contracts (i.e., Grainger) actually follow GSA pricing schedules.
- Each cardholder/office should have an SOP to follow for emergency procurements.
- A Contracting POC list for emergencies should be available to branch/division chiefs, Area Managers, and key personnel. (Home/cell numbers)
- Improve contracting procedures to make them more customer-focused. Streamline where possible. Remove policies/procedures which unnecessarily impede progress and create barriers for others to conduct business. For all procedural activities, ask "why". If it's not necessary, remove it.
- Have ONE PERSON in Contracting as the Visa POC for all issues and questions. (Should be the APC). The APC should create an email distribution list which is used to share new ideas, issues, and question/answers across the district.

Training Recommendations:

- Conduct additional training for cardholders and approval authorities on Credit Card procedures, policies, and the laws covering micro-purchases. This training must also be disseminated to those individuals who direct procurements, such as at the Louisville Repair Station, Fort Knox, and other field sites.
- Ensure Branch and Division Chiefs thoroughly understand the laws governing the purchase card program.
- Contracting personnel should travel to each field site and conduct cardholder training. This is not the most efficient method of retraining LRL's cardholders, but this "customer focus" by Contracting would pay great dividends in implementing this policy change within the District.

- The Contracting Chief should spend some time in each training session emphasizing the legal aspects of splits, and unequivocally state the District's policy and position on split purchases. If training is conducted at field sites (as per recommendation above) a very short video could be made for the trainers to play as part of their training. A teleconference call would be much better.
- Incorporate Legal into training. Discuss ethics, but emphasize the laws. This should constitute a small but important session of the training, and should follow the Contracting Chief's discussion. The same comment about a video/teleconference applies.
- Training must incorporate case studies and discussions. Many of these splits are subject to interpretation, and the "field" cardholders' interpretations differ in most cases from "District" personnel. Case studies should be analyzed by small groups, who report to the rest of the class, and a discussion should follow.
- Training handout packet needs to be updated, and reduced in size. Remove the previous Contracting Chief's policy letter and memo from January and February 1999.
- Incorporate this Internal Review audit results and show examples of the "Red Flags" seen on printouts.
- Create Cardholder/Approval Authority/Branch/Division Chief email distribution list and send periodic notes, issues, policy reminders, lessons learned.
- Cardholders must pass an exam to retain their credit card privileges. A note of concern: Many cardholders stated to me that they did not want this responsibility, and would prefer to have it taken away. Some may intentionally not pass the exam to have this responsibility taken away. If possible, some incentive could be given to those who pass the exam.

Auditing / Inspection Recommendations:

- Audits should be done more thoroughly, with definitive investigate criteria. They should focus less on the paperwork backup and look more for purchasing trends.
- Contracting auditors should exploit the talents of the Internal Review team and their software. Quarterly audits should be done with a review of transactions. Semi-annual visits to the field BY THE APC will help to foster teamwork and ownership of the program, and develop a synergistic relationship between the field and Contracting.
- Investigate all Vendors which list only a PO Box for an address. Ensure they are actual businesses.
- Inventory all accountable "P" items. Review SOPs for what constitutes a "P" code for a purchases. At LRS, for example, many accountable items are being purchased. Ensure accountable items become annotated to the property manager's listing.
- Validate/re-validate paperwork for vendors. Apparently some had been added in the past without all the requisite paperwork.
- Review construction vendors which exceed $2,000 in work for a specific item. Ensure this practice ceases.

Disciplinary Recommendations: (refer to Table 1 and Exhibits 1 and 2)

- I recommend that all potential ratifications coded as Recurring Service or Recurring Purchase should result in information letters from the chief of Contracting through the cardholder's supervisors, directly to the cardholder. These letters should remind them of the laws regarding micro-purchases, and state that, although they were following previous policies, federal statutes were being disregarded. This letter should state the new District policies, and inform them of any additional training requirements.

- For transactions involving Project Location or Project Feature, cardholder activity should be analyzed in more detail to determine their intent. Most of these actions appear to have been based on their understanding of the "stand-alone" definition. A few, however, may have stretched this definition, which may require disciplinary action.

- All potential ratifications coded as Project Location, Project Feature, or Cost-Savings/Convenience should be closely reviewed to determine appropriate disciplinary actions. Formal letters of reprimand or suspensions should be issued in cases where cardholders or supervisors knowingly broke the law and acted outside of existing policies. Cardholders who were directed by their supervisors to split a purchase should not be disciplined.

- When considering possible discipline, it is important to note that I found no instances of a cardholder intentionally splitting a purchase outside of the District policy without the specific direction of their supervisor. Furthermore, I found no instances of any misuse of the purchase card for personal gain.

ENCLOSURE III

Activity Log of Investigating Officer

Activity Log for the Investigating Officer

March 26, 2002
Telephonically notified by LTC Fagan that I was an investigating officer

March 27, 2002
Received in-brief from LTC Fagan on scope and expectations as IO

March 28, 2002

1300-1500 Attended LRL Contracting's Cardholder Class

1500-1650 Conversation with Jan Lambert, Contracting

A. Ms. Lambert came into the VISA cardholder class to assist the instructor with hypothetical cases raised by several students. After she left, I went to her desk to talk with her.
B. Ms. Lambert said that she was the first to raise suspicion when she visited the project offices and sites at Green River Lake and Barren River Lake. She stated that it appeared that they were renovating their visitor's centers one wall at a time, staying below the micro-thresholds per transaction. She said that the previous Chief of Contracting had allowed the practice of splitting transactions, as long as the transaction could stand on its own. This loose and vague interpretation left much room for error, and caused much headache and heartache among contracting officials, financial officers, and the lawyers – all of whom disagreed with his policy.

April 1, 2002
Met with Jerry Batson. Discussed his team's data-gathering techniques and strategies.

April 2, 2002

0800 – 0900: Emailed Dale Holmes questions about legal opinions on what constitutes construction activity vs. service activity

0900 – 1000: Met with Dale Holmes and Jerry Batson at Dale's office

A. Told him of the eleven instances where we have transactions totaling over $10,000. Anything over $10k would need to be ratified by HQ, USACE. Gave him my copy of these (day old data, with only nine listed.)
B. Told him of the many procurements over $2,500 (split) that would also need to be ratified. Christy Watts, Contracting Chief, has the authority to ratify these.
C. Discussed the issue of construction work over $2,000 yet under $2,500. We would be in violation of the Davis-Bacon Act if proper wages weren't paid, but there is no procedure he's aware of to repair an instance of this.
D. Discussed the interpretation/determination of what's considered construction and what's a service. It's vague. Davis-Bacon classifies construction as a repair or alteration to an existing facility, or creation of a new one. According to his reply by email, Backhoe work will generally be construction. Welding is more difficult to determine. If it's to weld a tool or device, it is more of a service. But if it's to weld steel for a building, then it's construction.

1000-1100: Met with Jan Lambert (with Jerry Batson present for first half of meeting)

A. Provided her with Jerry's list of vendors for her to research whether or not they had contracts of BPAs with them.
B. Discussed with Jan the issue of using the VISA for a rental card. She showed me where in the SOP that this was not authorized. She stated that, if there was a legitimate need, the needing organization could/should have asked thru contracting for a purchase order to the vehicle. In cases of emergencies, the local contracting officers (with $25,000 warrants) could give a verbal authorization for something like this.

11:00 – 11:30: Met with Jerry Batson and Donna Mynk in IR

A. Discussed what data they would like to have from VISA provided to them and in what form. Told them I would get draft to them.
    a. All Convenience Checks
    b. All Cash Advances
    c. Cardholder Statements – Account Activity Details (hardcopy and electronic format, like an excel file)
    d. Entire Louisville District IMPAC Card Purchases for all of calendar year 1999, 2000, 2001, 2002. (hardcopy and electronic format, like an excel file)

11:45: Emailed Dale Holmes for a legal opinion on using VISA for employee incentive/reward, such as what ED is doing under Bruce Murray.

13:15 - 15:00: Met with COL Slockbower and Dale Holmes

A. Discussed his intent for the investigation. Investigate all questionable items thoroughly, run all to ground, leave nothing unturned, do as quickly practicable.
B. COL Slockbower said he wants me to focus my investigation in two specific arenas:
    a. Forward Looking – Recommendations to repair and prevent further damage
    b. Rearward Looking
        i. Contractual – Ratifications for split disbursements
            1. Over $10,000
            2. Over $2500, but under $10,000
        ii. Disciplinary – find a pattern, look for intent, and recommend action
C. I told COL Slockbower and Dale Holmes that the data collection for FY02 should be done by the end of the week. At this rate, it would take another several months to collect data on the other years (CY 99, 00, 01).
D. COL Slockbower and Dale Holmes said they have been asked to look at CY 99, 00, and 01.
E. I told COL Slockbower that I would be the slow activity on the critical path, having to do interviews with cardholders, supervisors, project engineers, etc. He told me to get Major Herrerra from Fort Campbell involved to assist in interviewing and visiting the sites.
F. Planned meeting for 12 April, 11:00.

15:00 – Emailed Major Herrerra a warning order about helping me with interviews. He replied that he would do whatever I asked to assist in the investigation.

April 3, 2002
10:00 – Met with Donna Mynk briefly. Told her I would like her to have finished scrubbing the list against the newly-provided accounts lists from contracting, and determine which transactions could be removed from our hot list because they had an account in place. Also asked her to get numbers for me that covered the totals in each area, and total number of transactions. She said she would have all that in a few days.

Met with Jan Lambert. Discussed hypothetical situations, like partnering workshops, facilitators. Again, Jan went back to her discussion of "known requirement". In general, if you do more than $2,500 a year, you must do a BPA. However, if there was no "known requirement" at the time, it would be hard to predict and ridiculous to prepare accounts for all such contingencies.

Provided to Janet Crum our "wish list" for US Bank to provide us data.

April 9, 2002
Interviewed Fort Knox personnel.

April 10, 2002
Discussed with Jan Lambert my interview with Fort Knox personnel.

Informed LTC Fagan of my expectation that this investigation will continue for several additional weeks.

April 11, 2002
Received investigation packet and briefing on LRS issues from Jerry Batson and Donna Mynks.

April 12, 2002
Met with Angie Puckett (CD) regarding issues within CD. Concern over small, relatively trivial items like film processing, copier repair, physicals. Discussed with her and Duane Dyer the issue about QA testing and the problems with not using the credit card system anymore. Most QA firms do not like to commit to a fixed price for their work. They are afraid that they'll be held to this price for additional option years.

Briefed COL Slockbower on the 15-6, in a meeting with Jerry Batson, Dale Holmes, and Christy Watts. Provided him with my updates, the history of the issue, and showed him the files and discussed our processes. Told him I will greatly exceed the one-month timeframe on the original 15-6 appointment.

April 17, 2002
Coordinated with LRS and Barren for site visits

April 18, 2002
Received investigation packet on Green River Lake and Lock and Dam

April 22, 2002
Investigated Barren River Lake. Interviewed:
Phil Bayes, Lloyd Crabbe; David Dahle, Susan Hatcher, and Russell Brown

April 23-25, 2002
Investigated Green River Lake. Interviewed:
Neil Myers, Doug Mills, Jim Goode, Don Scott, Sandra Mattingly, and George Williams

April 29, 2002
Briefed COL Slockbower, Dale Holmes, Jerry Batson on investigation status.
Reviewed with Mr. Batson the newest Visa Card printouts received.

May 1-2, 2002
Investigated Rough River Lake. Interviewed:
Linda Clark, Jeff Defosse, J.R. Higginbothem, and Layman Lucas. Spoke at great length with Bob Barnett.

May 7-8, 2002
Investigated Louisville Repair Station. Interviewed Becky Zurschmeide. Spoke with Rick Morgan. Provided Rick Morgan with Sworn Statement documents and a listing of items to discuss. Provided to Becky Zurschmeide a spreadsheet of transactions for Walter Jones to provide details about.

May 12, 2002
Screened data on the computer for:
Buckhorn Lake (many items found)
Nolin Lake (many items found)
Brookville Lake (many items found)
Taylorsville Lake (few items found)
West Fork (few items found)
WM Harsha (few items found)
Wright Patt (few items found)
Smithland (few items found)

May 13, 2002
Faxed to Taylorsville Lake two sheets for Mr. Gault and Mr. Kelty to complete.
Received from LRS Walter Jones' spreadsheet.
Emailed Rick Morgan, LRS, identifying several more transactions for him to investigate based on Walter Jones' spreadsheet entries.

May 14, 2002
Investigated two more cardholders at Rough River; Carlos Lopez and Mr. Booth.

May 20 – 24, 2002
Prepared spreadsheets to email out to cardholders to request data on their transactions. Emailed almost 100 RFIs out, and received responses by email, phone, fax, and personal visit over the course of this week and the following week.

May 28, 2002
Met with COL Slockbower, Dale Holmes, Jerry Batson, Christy Watts. Provided update to investigation. Presented to them a roll-up summary sheet of investigation, with sample backup spreadsheets. Discussed propane, fuel, copier paper, toner cartridges, welding services, etc.

May 31, 2002
Briefed COL Slockbower and LTC Fagan on my ratification classifications. COL Slockbower made several suggestions to clarify my report. Met with Jerry Batson to discuss issues. Met with Christy Watts to obtain clarification.

June 6, 2002
Spoke with Dan Schwemmer, the Army Liaison in DOD's Purchase Card Program Management Office. He emphasized numerous times the need to clarify the "known requirement". Even though transactions might be made by the same individual on the same day to the same vendor, if the cardholder did not know of them at the same time, the "known requirement" criteria wasn't met. He further commented that, if the cardholder did know about them but the requirements were distinctly different, then they are separate requirements. Mr. Schwemmer agreed that there are many gray areas. I asked about QA Testing, Physicals, Propane and fuel, and he said that there really should be a BPA in place for many of these items, just to ensure the government obtains quality services and products IAW established and published standards. He did not say they were splits. He said you must apply the "known requirement" test to the purchase, at the time of the purchase. If a group of physicals are done at the same time, an argument could not be strongly supported that they were all not known in advance. Mr. Schwemmer commented that common sense must be applied, and the spirit of the law must be met.

June 6-7, 2002
Finalized and prepared report.

June 10, 2002
Provided investigation package to District Engineer, Office of Counsel, Chief of Contracting, and Internal Review.

June 21, 2002
Met with District Engineer, Office of Counsel, Chief of Contracting, and Internal Review to discuss my findings and recommendations.
Met with Rob Fuller, Operations Chief. He stated that although he provided the funding to the lakes for their renovation and maintenance needs, specifically Green River, he did not know what procurement methods they were using.

June 24, 2002
Met with IR, OC, CT, CPAC to discuss formal letter from DE to division chiefs

June 25, 2002
Met with IR, OC, CT, CPAC to finalize letter from DE to division chiefs and packets to disburse

June 26, 2002
Assembled report, presented to District Commander

INDEX OF EXHIBITS

1. Transaction Spreadsheets for All Branches/Divisions Investigated
2. Justifications and Responses from Cardholders and Supervisors
3. CELRL-Contracting's January 19, 1999 Memo and February 3, 1999 Agenda
4. Historical Background Memoranda (Higher HQ policies, CT policies)
5. Legal Opinions Rendered on this Situation
6. Policies and Interpretations from Higher Headquarters and LRL
7. Louisville District's New Guidance
8. Sworn Statements

EXHIBIT 1

Transaction Spreadsheets for All Branches/Divisions Investigated

4

DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
INTERNAL REVIEW OFFICE
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

CELRL-IR

6 August 2004

MEMORANDUM FOR: Commander, U.S. Army Corps of Engineers, Louisville District

SUBJECT: Report No. 04-03 Follow-Up VISA AR 15-6 Investigation

1. Introduction

a. **Background and Conclusion.** This is our report on the subject follow-up review. The review was conducted intermittently from 8 October 2003 through 9 June 2004 to follow-up on AR 15-6 Investigation of Government purchase cards (VISA) dated 26 June 2002. We examined documentation and interviewed key personnel to determine whether effective corrective actions had been taken to implement the previous Recommendations. To facilitate the examination of FY 2003 fourth quarter purchases, we utilized a file provided by U.S. Bank. This file contained 5,122 transactions totaling $2,527,674.08. Of special note is that we selected an abnormally large sample because there was no full-time District Agency Program Coordinator (APC) to monitor the Government Purchase Card (GPC) Program within the District. We utilized data mining techniques including those employed in the GAO Audit Guide, dated November 2003, to arrive at a sample to be tested, which contained 1, 439 transactions totaling $1,422, 293.36.[1]

Seventy-three different Office/Locations were tested for the fourth quarter of FY 2003. We reviewed both regular Cardholder transactions as well as Convenience Check transactions. There were 115 Cardholders totaling $1,397,742.32 in regular credit card purchases, while there were nine Convenience Check Writers totaling $24,551.04 in convenience checks written.

This follow-up review disclosed that management personnel had implemented most of the recommendations included within the prior AR 15-6 report, but had not implemented all issues relating to the ***general Recommendation iii.*** as well as to multiple sub-recommendations within ***Recommendation iii.*** The general Recommendation and Sub-recommendations unimplemented were ***iii.***, ***iii.a.***, ***iii.b.***, ***iii.c.***, and ***iii.h.*** These non-implementation issues included that there was not 100% compliance with statutory and regulatory requirements relating to ***general Recommendation iii.*** for: 'documentation' requirements in Engineering Division (ED), Operations (OP), and Resource Management (RM); and approvals required for

[1] In arriving at the sample, we used approximately 181 line items, totaling $382,065.47, more than once in order to test 'Other Attributes.'

'restricted and prohibited purchases' for CD, ED, OP, and Public Affairs. Also, OP's cardholders used 'unrelated vendors for purchases made.' This practice caused internal control issues in facilitating tracing of transactions. Equally important is that the District did not fully implement ***Sub-recommendation iii.a.*** as relates to the award of contracts for recurring services/purchases. Also, the District did not achieve full implementation of ***Sub-recommendation iii.b.*** as relates to the use of blanket purchase agreements (BPAs) for technical and engineering services required by Engineering (ED) and Information Management (IM). Further, the District achieved only partial compliance in implementing ***Sub-recommendation iii.c.***, which was applicable to using an area-specific Indefinite Quantity Contract for use by the lakes and the locks and dams since CT did not disseminate to the Operations Chief or to the appropriate Ops personnel the existence of these contracts. Additionally, only partial implementation of ***Sub-recommendation iii.h.*** occurred; CT did not understand the concept of looking more at trends and individual purchases and less on recordkeeping and documentation and did not achieve 100% compliance as to annual inspection of Billing Official accounts. In addition, CT did not perform a review of vendors listed only with a post office box for an address.

It is recommended that CT and all the other mentioned Divisions and Offices inform Internal Review (IR) when all the aforementioned corrective actions are completed for recommendations noted within this report as still 'open' ***(see pages 17-19).***

b. **Audit objectives**: The overall objective, within this follow-up engagement was to validate implementation of the recommendations from the AR 15-6 investigations of Government purchase cards (VISA) dated 26 June 2003. We also, relied on GAO Audit Guide dated November 2003 Auditing and Investigating the Internal Control of Government Purchase Card Program.

2. **Observation and Conclusion**. The AR 15-6 VISA investigation Report dated 26 June 2002 stated the following findings:

- That there were no instances of abuse or misuse of the government purchase card for personal gain.

- That Louisville District Corps of Engineers credit card holders have split purchases in the past to procure services and supplies.
    - There are 264 potential ratification actions
    - There are 2996 transactions involved in the 264 potential ratifications.
    - The total dollar amount of potential ratifications is $3.48 million.
    - There were 100 cardholders involved in the 2996 transactions.
- That Louisville District's former Chief of Contracting established a policy change in February 1999 that permitted recurring services to be procured with the Government purchase card.
    - The former Chief of Contracting believed that he was accurately interpreting guidance from higher headquarters.

- The micro-purchase threshold of $2,500 still applied, but only to each separate invoice, not the total "known requirement".
- Louisville District's Office of Counsel advised in writing on 18 May 1999 to the former Chief of Contracting that this new policy was in violation of 29 CFR 4.141 (b) the Service Contract Act, and should be discontinued.
- The former Chief of Contracting disagreed with the Office of Counsel's legal opinion, and did not change his policy.

- That Louisville District's cardholders expanded this policy and applied it to the purchase of goods and other services including construction services.
  - Cardholders and their supervisors justified their purchases by testing if the purchase could be considered a "stand-alone" purchase, which is the term used by the Under Secretary of Defense in a 2 October 1998 memo, by the USACE PARC in Instruction Letter 99-1, by the CELRD Commander in a 27 January 1999 memo, and by the Louisville District Chief of Contracting in his 19 January 1999 memo.
  - Cardholders renovated facilities, built new facilities, and purchased goods and services by breaking the "known requirement" into distinct locations or definable features of work and remained below the micro-purchase threshold.
- That Louisville District's Contracting Division's periodic audits of the credit card were insufficient.
  - The audits did not find fault in procurement methods because the auditors were implementing the former contracting chief's policy.
  - These audits supported and reinforced these procurement practices by not finding fault.
- That Contracting conducted an annual inspection of three area lakes during December 2001 and February 2002 and discovered potential split purchases.

- That the new Chief of Contracting was informed of this situation and immediately called for an audit by Internal Review.
  - Internal Review began their audit in February 2002 and discovered split purchases at the three lakes, as well as other areas.
  - The District Commander, upon learning of this situation and its magnitude, sent to all District employees an electronic memo on 19 February 2002 discussing unauthorized commitments.
  - The new Chief of Contracting sent out a "stop" order to all cardholders on March 27, 2002 to discontinue using the government credit card for recurring services or any other purchases that could be considered a split purchase.

This follow-up effort was conducted in accordance with generally accepted governmental auditing standards.

3. **Recommendations**. The Recommendations per AR 15-6 VISA Investigation were as follows:

i: That the Louisville District investigates all 264 potential ratifications.

ii. That the 15-6 investigation results be sent to all supervisors to determine appropriate disciplinary actions.

a. Ratifications coded as either "recurring service" or "recurring purchase" should not result in disciplinary actions for cardholders or their supervisors. These individuals were following the published policy and guidance from the former Chief of Contracting.

b. Ratifications coded as either "project location", "project feature", or "cost-savings, convenience" should be investigated for cardholder intent to determine if disciplinary action is warranted.

c. Individual cardholders who were following a supervisor's directive should not be disciplined.

iii. That the District implements its corrective action plan to ensure that its purchase card program is in compliance with statutory and regulatory requirements. The corrective action plan to be in compliance with statutory and requirements should also include the following elements:

a. Award contracts for recurring services
b. Consider the use of blanket purchase agreements for technical and engineering services required by Engineering, Information Management, and Construction Divisions.
c. Consider the use of an area-specific Indefinite Quantity Contract for use by the lakes and the locks and dams.
d. Provide additional training for all cardholders and approval authorities.
e. Require all potential cardholders to pass a test after training before issuance of their purchase card.
f. Restructure cardholder training methods to incorporate other disciplines (legal, IM, RM, logistics)
g. Closely monitor Area Lake Managers and assist them in the use of their $25,000 contracting warrants.
h. Improve Contracting audit procedures to look more at trends and individual purchases, and less on recordkeeping and documentation.
i. Dedicate a full time Agency Program Coordinator within Contracting Division.

4. **Management Comments**. The Findings and Recommendations of the AR 15-6 Investigation report were approved by Command.

5. **Follow-Up Results:**

i. **The Louisville District should investigate all 264 ratifications.** We consider this recommendation closed as of 31 December 2002 since we found that the Louisville District had investigated all 264 potential ratifications. CT forwarded the ratifications to Division on 31 December 2002 as follows:

Total Ratified to Date 31 December 2002: 169
Total Determined (Ratification not required): 21
Total Reviewed for HQs approval (over $10K): 83
Total Reviewed for District Approval (under $10K): 169

Note:
2 Ratifications (LRS) consolidated to 1
2 Ratifications (CD-W) consolidated to 1
Total delivered to division 252.

We conclude implementation of this recommendation.

ii. **The AR 15-6 investigation results should be sent to all supervisors to determine appropriate disciplinary actions. Individual cardholders who were following a supervisor's directive should not be disciplined.**

a. Ratifications coded as either "recurring service" or "recurring purchase" should not result in disciplinary actions for cardholders or their supervisors. These individuals were following the published policy and guidance from the former Chief of Contracting.

b. Ratifications coded as either "project location", "project feature", or "cost-savings, convenience" should be investigated for cardholder intent to determine if disciplinary action is warranted.

c. Individual cardholders who were following a supervisor's directive should not be disciplined.

We consider this recommendation closed as of FY 2003. Efforts undertaken to prove implementation included that the AR 15-6 Investigation results were sent to supervisors to determine appropriate disciplinary actions. The disciplinary actions taken are located in ***Appendix A***. We conclude the supervisors did take disciplinary actions.

iii. **The Louisville District's recommended corrective action plan should ensure that the District's purchase card program achieves compliance with statutory and regulatory requirements.** We consider this recommendation still open because we found the Louisville District was not totally in compliance

with its recommended corrective action plan to ensure that its purchase card program achieved compliance with statutory and regulatory requirements. Noteworthy results of non-compliance issues were found for purchases as relates to:

--**documentation** for both regular credit card purchases and convenience checks written. This documentation included either the invoice and/or the receiving report (DD Form 1155) were not present, or the documentation audit trail did not support the substantiation of the purchase; also, '**other supporting documentation**' to include the non-compliant use of the purchase log (CELRL 1224) or a check register.

--**restricted and prohibited purchases**, and

--**unrelated vendors utilized for the purchases made**.

Our results as relates to all of the above are discussed below:

Documentation: Information, guidance, regulations, and instructions utilized to determine if implementation of recommended actions occurred were:

--The District's Contracting web page,[2] which advises cardholders that they must maintain documentation: 1) Hard copy of the PR&C (which is the funding document); (2) original invoice from vendor; (3) Receiving Report and (4) Technical approval (if appropriate) and any other documentation (such as Memo to files, waiver from UNICOR, etc.).

--The Army SOP for the Government Purchase Card (GPC) Program advises that a log must be maintained for all purchases made and that a separate check register must be maintained for issuance of convenience checks. This responsibility is either the cardholder's when regular credit card purchases are made or the convenience check writer's when purchases are made by check. Within the Louisville District Guidebook, dated 1 October 2002, we noted that the preferred log for credit card purchases was entitled, Record of Credit Card Orders, and was referred to as LRL Form 1223.

--AR 11-2, Management Control, requires that "...documentation be complete and facilitate tracing transactions...after a transaction is complete." Also, this regulation requires that "...duties and responsibilities should be assigned systematically to a number of individuals to ensure that effective checks and balances exist."

--Credit card statements[3] to support the sample purchases tested were requested by Internal Review (IR) in its February and March 2004 data calls to the Billing Officials. Also, IR requested DD Form 1155, an electronic receiving report recorded in the financial system (CEFMS).

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[2] Found under Government Visa Purchase Card Information in Frequently Asked Questions.

[3] Before these statements can be disposed of, they must be maintained for three years.

While testing transactions and comparing compliance and non-compliance based on the above requirements, we found $25, 813.94 or approximately 1.8% of transaction dollars tested which either had no invoice, receiving report (DD Form 1155), or the documentation did not support the purchases made. Offices or locations where this was found were in Construction Division (CD), Engineering Division (ED), Operations (OP), and Resource Management (RM). A summarized recap of those transactions listed by location is found at ***Appendix B***. We concluded these locations were non-compliant based on CT's Intranet guidance for required documentation and with AR 11-2 as to documentation for tracing transactions.

For '**other supporting documentation**,' we found both compliance and non-compliance.[4] We evaluated this documentation based on the 1,439 line items within the selected sample. Included in the evaluation for 115 credit cardholders was the use of the LRL 1223, Record of Credit Card Orders (purchase log), and the use of a separate check register for the nine convenience check writers. We found:

Results for 1,439 Line Items Evaluated	Use of CELRL 1223 or Separate Check Register As deemed appropriate
854	Used the CELRL 1223
184	Did not require either form.
60	Used a substitute CELRL 1223 but it was incomplete or the purchase was not on the form (see ***Appendix C***).
192	Used a substitute, such as a spreadsheet, to replace the LRL 1223, (see ***Appendix D***).
100	Did not use CELRL 1223 or substitute, (see ***Appendix E***).
45	Used a separate check register.
4	Did not use separate check register (see ***Appendix F***).
1,439	Total

We conclude 75.3% (1,083 line items out of 1,439) compliance as to use of the CELRL 1223 or separate check register and 24.7% (356 line items our of 1,439) non-compliance as to the use of these forms.

Restricted and Prohibited Purchases: Information, guidance, and regulations, utilized to determine if implementation of recommended actions occurred were:

[4] Non-compliance issues are denoted with a separate Appendix as seen in the table above.

--The Army SOP for the Government Purchase Card as relates to motor vehicle, long-term rental or lease. In addition, information found within this same SOP that advises if a requirement is for on-going repetitive services that exceed $2,500 a year, the best solution is to obtain contractual coverage for the service through the Contracting Office.

--The District's restricted/prohibited items as are located on Contracting's web page.[5] Multiple issues addressed within these lists include purchases associated with the Information Technology Investment Portfolio System (ITIPS). This system tracks the planning, acquisition, and operations of the Automated Information Systems (AIS) and Information Technology (IT) investments and complies with Federal reporting requirements, such as those found in the Government Performance and Results Act of 1993, the Paperwork Reduction Act of 1995, and the Clinger-Cohen Act of 1996 (also known as the Information Technology Management Reform Act of 1996). It is also **critically important** that the information entered into ITIPS is complete and accurate. This information assists senior level decision makers in determining the right mix of IT investments (legacy, on-going, and new investments) to leverage technology to accomplish the USACE mission/goals and customer satisfaction/needs. At the District level, entering ITIPS numbers on purchase requests and having them approved by IM enables the District to comply with these requirements.

--Guidance email sent by the Acting Agency Program Coordinator, dated 3 October 2002, as to Javits-Wagner-O'Day (JWOD) purchases and Franklin Covey Planners. This email advised that the Corps must buy JWOD and that this includes not buying Franklin Covey.
Our results, as relates to the above guidance, are that there were non-compliance issues found during the course of this review in Construction Division (CD), Engineering Division (ED), and Public Affairs (PA) totaling $15,350.41 which represented 1.1% of the sample tested; the remaining 98.9% represented compliance as to documentation. For details of non-compliance see ***Appendix G***.

Unrelated Vendors utilized for Purchases Made: We addressed this issue in two ways. First, we judgmentally reviewed the occurrence of this practice based on results from the previous AR 15-6. Ops Physical Support at that time had processed multiple charges for a cleaning service through a relative's floor covering company. Those charges were processed in that manner since the cleaning service did not have its own Merchant account for processing credit card sales. Second, we found two other situations, which resulted from

[5] Found under Government Visa Purchase Card information in Louisville District Prohibited and Restricted items guidance.

our test of transactions. Our results disclosed non-compliance as to this issue was found at Ops Monroe Lake and at Ops Physical Support but represented only .3% of the sample tested. See ***Appendix H*** for the details.

We conclude, however, that these transactions represent a practice that is not in compliance with AR 11-2 as to documentation and facilitating tracing of transactions as well as conflicts with guidance found in DoD Government Purchase Card Concepts of Operations, which prohibits 'third party payment providers.'

iii.a. **Award Contracts for Recurring Services/Purchases.** We consider this recommendation still open as detailed below.

Guidance, regulations, and methodology utilized to determine compliance or non-compliance with the award of contracts for recurring services/purchases were:

--The Army SOP for the Government Purchase Card (GPC), which stated that the Government purchase card is the authorized 'Method of Payment' for training up to $25,000.

--Email dated, 19 February 2004, from the CPAC Chief,[6] Subject: Purchasing Training on Visa, which states, ".... an IMPAC[7] card used for training is merely a 'Method of Payment' card; the actual authorization and approval to purchase the training stems from the approval authority on the DD1556 (Training Request)." This email further discussed the concept of a "Q Card" and the practice within the Army to issue two different IMPAC cards: one for supplies and one for training/printing. The latter card represents a 'method of payment' card not subject to the single $2,500 micro-purchase limitation versus a 'purchase card' subject to the single $2,500 micro-purchase limitation.

--FAR 13.303-1 states, "... BPAs (Blanket Purchase Agreements) should be established for use by an organization responsible for providing supplies for its own operations...."

--FAR 13.303-2, Establishment of Blanket Purchase Agreements (BPAs) states that, "... there are circumstances under which BPAs may be established...." These occur when "... there is a wide variety of items in a broad class of supplies or services that are generally purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably...."

[6] The CPAC office has recently been transferred from the U.S. Army Corps of Engineers and structured directly through to the U.S. Army reporting stovepipe.
[7] The acronym IMPAC equates to the International Merchant Purchase Authorization Card.

--Methodology used in this assessment process was based on information from the last AR 15-6 investigation as to particular locations, data mining techniques keying on unusual trends, and the District Office of Counsel's opinions for some purchases. Locations identified from the AR 15-6 investigation had deficiencies in identifying the need for a contractual mechanism such as a BPA for recurring services/purchases. In addition, other locations were identified within the current sample based on trends and repetitiveness of purchases from the same merchant. Equally important is that we sought the District Office of Counsel's (OC) opinion on multiple purchases made in order to finalize our conclusions as to which locations were compliant and non-compliant in recognizing and utilizing contracts for recurring services/purchases.

Based on the above information, we found of the $140,474.80 in transactions evaluated, $70,997.64 or 50.5% compliance and $69,477.16 or 49.5% non-compliance in awarding recurring services/purchases contracts where appropriate. Further details are included in ***Appendix I*** as to which locations are not complying in recognizing and establishing contracts. These situations are noted with a "NC' for non-compliance.
We conclude, overall, that the District did not achieve implementation of this recommendation.

iii.b. Consider the use of blanket purchase agreements (BPAs) for technical and engineering services required by Engineering (ED), Information Management (IM), and Construction Divisions (CD): We consider this recommendation still open. Information and the applicable regulation used to determine compliance or non-compliance with the aforementioned recommendation were:

--IR's data call, during February and March 2004, to both the Field and District Offices requesting copies of 'contract' documentation for transactions to be tested.

--FAR 13.303-2, Establishment of BPAs, which states that, "...a BPA may be established with a single firm from which numerous individual purchases at or below the simplified acquisition threshold will likely be made in a given period..."

While utilizing the above information sources, the methodology used included testing the sample transactions for the fourth quarter of FY 2003 totaling $77,432.14[8] for compliance or non-compliance with the above applicable information sources. These transactions were reviewed for repetitiveness of purchases with the same vendor for which no contract existed and the total purchases exceeded $2,500.00. We found:

[8] Initially we started with $89,644.72 in transactions. We arrived at the $77,432.14 after eliminating $12,221.58 in duplicate lines used to test "other attributes."

Dollar Categories of Sample Transactions Tested

COMPLIANCE OR NON-COMPLIANCE	AMOUNT	% OF TOTAL TESTED
-COMPLIANCE – REQUIRED NO CONTRACT	$40,259.92	52.00%
-COMPLIANCE – HAD CONTRACT PRESENT	$25,228.07	32.58%
	$65,487.99	84.58%
-NON-COMPLIANCE – REQUIREDCONTRACT BUT HAD NO CONTRACT EVEN THOUGH REPETITIVE PURCHASES WITH THE SAME VENDOR > $2,500.00.	$11,935.15	15.42%
TOTAL TESTED	$77,423.14	100.00%

We conclude compliance for $65,487.99 or 84.58% of transactions tested and non-compliance for $11,935.15 or 15.42% of transactions tested. The locations and amounts where the non-compliances (no contract mechanism such as a BPA) occurred were:

CONTRACT	OFFICE	TRAN DATE	AMOUNT	MERCHANT
NO CONTRACT PROVIDED	ED_ENVIRO ENG	2003/07/21	$250.00	SEVERN TRENT LABS INC
NO CONTRACT PROVIDED	ED_ENVIRO ENG	2003/07/24	$1,410.00	SEVERN TRENT LABS INC
NO CONTRACT PROVIDED	ED_ENVIRO ENG	2003/08/04	$2,000.00	SEVERN TRENT LABS INC
		SUBTOTAL-ED	$3,660.00	
NO CONTRACT PROVIDED	ED_SURV&MAP	2003/08/08	$2,495.00	SEILER INSTRUMENT
NO CONTRACT PROVIDED	ED_SURV&MAP	2003/09/22	$1,857.00	SEILER INSTRUMENT
		SUBTOTAL-ED	$4,352.00	
NO CONTRACT PROVIDED	IM_INFO_SERV	2003/09/12	$2,372.40	B & H PHOTO-VIDEO-MO/TO
NO CONTRACT PROVIDED	IM_INFO_SERV	2003/09/24	$1,550.75	B & H PHOTO-VIDEO-MO/TO
		SUBTOTAL-IM	$3,923.15	
		GRAND TOTAL	$11,935.15	

Overall, we conclude it appears this recommendation is still not fully implemented.

iii.c. **Consider the use of an area-specific Indefinite Quantity Contract for use by the lakes and the locks and dams.** We consider this recommendation open; however, the recommendation should be: CT should inform the Ops Division Chief as well as the appropriate personnel at the lakes and the locks and dams that

the District's Indefinite Quantity Contracts awarded for Multiple Award Task Orders can be adapted to serve the needs of the lakes and the locks and dams.

We tested this recommendation for compliance or non-compliance by interviewing Contracting (CT) personnel as to the existence of such an available contract mechanism. CT stated that there were two active Indefinite Delivery Indefinite Quantity (IDIQ) contracts in FY 03: DACA27-01-D-0009 and DACA27-01-D-0010. These two contracts were executed to provide maintenance/repairs, construction, and design/build projects primarily for U.S. Army Reserve Centers nationwide but could include other Louisville District Corps of Engineers military and civil works projects. The work could consists of, but not be limited to: building renovations, building maintenance/repairs, building demolition, debris removal, structural repairs, site work, utility replacements, pavement replacement, channel improvements, landscaping, geotechnical, furniture (restricted to UNICOR unless a waiver is issued).

We also were informed that the Louisville District recently awarded a total of ten (10) IDIQ Multiple Award Task Order (MATOC) Umbrella contracts. These contracts were awarded in April 2004. Five contracts are full and open MATOC and five contracts are hub-zone set-aside contracts. All ten of these contracts have been executed to provide Design/Build Construction and incidental service projects associated with Military and Civil, Support for Others, and other programs to support the Great Lakes and Ohio River Division Mission. The contracts are contracts for design/build, building construction, demolition, debris removal, structural repairs, renovations, site work, utility installation and replacements, paving, channel improvements, industrial repairs/upgrades, landscaping, geotechnical work, instrumentation, architectural, security systems, and design associated with the various aforementioned tasks. These contracts are in place for the District to utilize when the Project Delivery Teams evaluate and make recommendations for the contract method on a particular project.

We conclude that the District did not specifically award these contracts to serve the needs of the lakes, locks, and dams, but it appears they could be adapted to fulfill those needs. We conclude CT will need to disseminate this information to the Operations Chief so that the lakes, locks, and dams are aware of this contractual capability. Overall, we conclude only partial implementation of this recommendation.

iii.d. <u>Provide additional training for all cardholders and approval authorities.</u>

We consider this recommendation closed as of February 2003. Efforts undertaken as to the specifics of proving this recommendation's implementation included communicating with the District's Acting Agency Program Coordinator (APC). The Acting APC stated that there was mandatory on-line training required. This required training included the DoD Government Purchase Card Tutorial Module, which had to be completed by 14 February 2003 by appropriate District personnel. Also, additional VISA training for Cardholders/Approving

Official/Alternate Approving Officials was held: 19 February 2003 for Field Employees and 20 February 2003 for District employees.

We conclude that the District appears to have implemented this recommendation.

iii.e. **Require all potential cardholders to pass a test after training before issuance of their purchase card.** We consider this recommendation closed as of February 2003. Efforts undertaken to prove implementation included communications with the District's Acting APC. This individual informed us that the DoD Government Purchase Card Tutorial Module (referred to above) required a final test to be completed before a certification was issued to applicable cardholders. Equally important was that the responsible Louisville District VISA Team developed a test for future training needs. The Acting APC provided a copy of this test during this review.

We conclude that this District appears to have implemented this recommendation.

iii.f. **Restructure cardholder training methods to incorporate other disciplines (legal, IM, RM, LM).** We consider this recommendation closed as of February 2003. Efforts employed to prove implementation of the recommendation included the Acting APC furnishing copies of an outline for VISA Training for the Louisville District as well as the VISA Training Work Plan. The former document summarily included topic areas for the February 2003 training. The latter document indicated the roles and responsibilities of District personnel and instructors involved in the training to include: the District Commander, Contracting, Resource Management, Office of Counsel, Logistics Management, and Information Management.

We conclude it appears cardholder training methods were restructured to incorporate other disciplines (legal, IM, RM, LM).

iii.g. **Closely monitor Area Lake Managers and assist them in the use of their $25,000 contracting warrants.** We consider this recommendation closed as of the fourth quarter of FY 2003. Actions utilized to prove implementation of the recommendation included communicating with CT personnel to determine Area Lake Managers who had $25,000 contracting warrant authority. We were informed that there were five Operations (Ops) Area Lake Managers with this authority; however, one of these managers did not receive the authority until 3 May 2004. This one we excluded because the authority was not received until 2004 and the scope of this review was the fourth quarter FY 2003.
We found that these managers were located at: Miami River, Middle Wabash, Upper Wabash, Green River, and Upper Kentucky (excluded). We were also informed that on 24 October 2004, due to the retirement of the Upper Wabash Area Manager, there was a request for termination of the warrant authority of this individual.

To test the utilization of the warrant authority at these particular locations, we reviewed the fourth quarter 2004-purchase transactions for 'cardholders' with the Area Lake Managers' names and matched them to contract information provided. We additionally reviewed the 'entire' fourth quarter purchase population employing the same technique of reviewing purchases listed with the Area Lake Managers' names listed as cardholders. We found $202,804.00 in purchases. As we traced these purchases to the sample purchases for which documentation was requested, we found $81,500.04 in purchases for which existent contracts were identified. Therefore, we concluded of the four managers with the warrant authority in the fourth quarter, 40% ($81,500.04) of purchase dollars were associated with contracts; the remaining 60% ($121,303.96) in purchase dollars were associated with Area Managers who had warrant authority but for which purchase information was not requested.

We conclude of the four Area Managers who had warrant authority in the fourth quarter of FY 2004, all four made purchases and that 40% of the purchase dollars spent and tested had contracts associated with them. Overall, we conclude it appears the implementation of this recommendation to use the $25,000 warrant authority has occurred as relates to these Area Managers.

iii.h. **Improve Contracting (CT) audit procedures to look more at trends and individual purchases, and less on recordkeeping and documentation.** We consider this recommendation still open. We determined that this recommendation still applies and should also have an addendum stating: CT should also review the vendors in the finance system looking for vendors who only have a P.O. Box for an address. Efforts should be undertaken to prove that these are valid vendors with valid addresses.

Efforts utilized to prove implementation or non-implementation of the recommendation included interviewing the Acting Agency Program Coordinator (APC)[9] as well as the Acting Contracting (CT) Chief. We additionally referred to the AR 15-6 results, which indicated a need to perform a review of vendors listed only with a post office box for an address.

The recommendation, which directed CT to improve audit procedures to look more at trends and individual purchases, and less on recordkeeping and documentation, resulted in the Acting APC informing us that the actions undertaken to implement this recommendation were that inspections had been performed for certain locations:

3/18/03 - Internal Review (1) cardholder
3/18/03 - EEO (1) cardholder
4/03/03 - Markland L&D (3) cardholders
10/27/03 - L/D 52 (2) cardholders

[9] Although we interviewed the individual that was referred to as an Acting Agency Program Coordinator (APC), it should be noted that this individual was an intermittent APC during FY 2004. As of May 19, 2003, the Acting APC informed all VISA cardholders that she was no longer the APC. Subsequently, the Contracting Chief reappointed this same individual on October 15, 2003 as the APC.

10/30/03 - Olmsted Resident Office (2) cardholders
10/30/03 - L/D 53 - Dennis Burnett – (2) cardholders

However, as is seen from the above, these inspections did not represent 100% annual inspection of Billing Official accounts as required by the Army SOP for the Government Purchase Card Program. Also, the Acting APC stated that she did not understand what was meant in the recommendation with its reference to look more at trends and individual purchases, and less on recordkeeping and documentation.

While communicating with the Acting CT Chief as to the review of vendors listed only with a Post Office (P.O.) box as an address, the CT Chief stated that this review had not been performed. As a result, we performed a very narrowly defined scope of the Vendor file. We found there were a total of 2,683 P.O. Box entries among address lines contained within the financial system Vendor Table. We judgmentally selected 115 (roughly 4%) for review. While utilizing Internet resources inclusive of Dun and Bradstreet and other available resources, we attempted to determine vendor validity based on vendor name and a valid P.O. Box address found. Our results disclosed:

- 87 (or 76%) of the 115 entries were identified as valid vendors.
  --60 (or 69%) of the 87 valid vendors also had a valid P.O. Box address.
  --27 (or 31%) of the 87 valid vendors did not have a valid P.O. Box address.

- 28 (or 24%) of the 115 entries were identified as invalid vendors. These vendors also had invalid P.O. Box addresses.

An additional observation made as to the 115 entries is that 24 of the 115 entries resulted in what appeared to be duplicate vendors that may have been erroneously entered into the Vendor Table.

Our results and conclusions on the above are:

--The Acting APC did not appear to understand why purchase trends and individual purchases are an important indicator in monitoring the Government Purchase Card program and had not reviewed annually 100% of Billing Officials' accounts.

--CT performed no P.O. Box address review and based on our narrow review, there were questionable and/or duplicate entries that existed within the Vendor Table entries.

--Overall, it appears this recommendation has been only partially implemented based only on a few inspections performed by the Acting APC.

iii.i. **Dedicate a full-time Agency Program Coordinator within Contracting Division.** We consider this recommendation was still open as of the fourth quarter of 2003 but has subsequently been implemented as of April 2004. Pertinent factors as relates to implementation or non-implementation of this recommendation are included below.

Previously, the AR 15-6 investigation, dated 26 June 2002, had recommended a full time Agency Program Coordinator (APC) within Contracting Division. However, on 8 October 2003, IR determined that from 19 May 2003 until IR 14 October 2003, CT had no Acting APC. On 15 October 2003 another APC was appointed to perform the duties. IR also determined the following events concerning the APC:

--On 1 July 2002 the Deputy Commander sent an email to the Chief of CT, which stated, "...as a result of the recent 15-6 investigation we absolutely must have a full time 1102. Don't know what this grade should be either.... You (Chief of CT) and CPAC will have to coordinate that one too."
--On 8 July 2002, the Deputy Commander sent an email to the Chief of CT stating that the 1102 FTE position should be presented before the Position Management Committee (PMC).
--On 30 July 2002 an Acting APC was appointed. The Chief of CT did not submit a request to the PMC until August 2003 for the 1102 (APC position). Equally important is that the Chief of CT did not submit the request with a grade level. The PMC members (August 2003) stated, "It was explained to CT that a requested grade level and reasons needed to be identified as part of the PMC process." CT was instructed, "... gather additional information and lay out the difference between the grade levels...." CT was to provide this information by the following Monday so it could be discussed in a meeting with the Deputy Commander, CPAC and CT.
--On 4 November 2003, the Acting Deputy Commander sent the Chief of CT an email that stated, "I suggest you work with our CPAC (not the CPOC) to get a position description classified."
--On 18 November 2003, CT submitted the position for classification and it stated, "Request that attached position description be reviewed and classified to determine level before establishing position for hire."
--On 29 December 2003, the CPOC advised CT, " I am returning the RPA[10] to your box I can not hold it any longer."
-- On 29 January 2004, the Chief of CPOC stated that, "we have a GS-11 job description that can be used to establish and fill the APC position in Contracting."
--On 3 March 2004, a vacancy announcement was established for the APC position.
--On 14 April 2004, an APC was appointed.

[10] RPA equates to request for personnel action.

We conclude that CT did not have an APC during the fourth quarter of 2003 but did implement this recommendation during April 2004.

6. Recommendations and Management Comments:

The following recommendations, as have been previously discussed in the pages of this report, are deemed to still remain 'open.' These are **iii.**, **iii.a.**, **iii.b.**, **iii.c.**, and **iii.h**.

iii. **Documentation:** The respective Divisions/Offices should implement within 90 days the following: ***(See Appendix B)***
-CD should ensure all cardholders maintain all invoices,
Management Comment: Concur. CD will ensure all cardholders maintain all invoices.

-ED should ensure all cardholders maintain all invoices and discontinue using substitute documentation (e.g. Memorandum) as an invoice,
Management Comment: Concur. ED will ensure all cardholders maintain all invoices and discontinue using substitute documentation (e.g. Memorandum) as an invoice.

-OPs should ensure all cardholders maintain invoices, credit card statements, and other key documentation as well as ensure convenience check registers are properly maintained for all check writers. Corps personnel should cease preparing invoices for contractors,
Management Comment: Concur. OP will ensure all cardholders maintain invoices, credit card statements, and other key documentation as well as ensure convenience check registers are properly maintained for all check writers. Corps personnel will cease preparing invoices for contractors.

-RM should ensure the check writer maintains all invoices for convenience checks written.
Management Comment: Concur. RM will ensure the check writer maintains all invoices for convenience checks written and revise its Convenience Check procedure to ensure invoices are part of the official file.

Other Supporting Documentation: The respective Divisions/Offices should implement within 90 days the following:
Inadequate LRL 1223: ***(See Appendix C)***
-ED and **EEO** should have all cardholders accurately complete the CELRL 1223, Record of Credit Card Purchases,
Management Comment: Concur. ED and EEO will have all cardholders accurately complete the CELRL 1223, Record of Credit Card Purchases. EEO

added that the Cardholder has been counseled on the importance of documentation and instructed to review both the Army SOP for the Government Purchase Card Program and The Louisville District Guidebook, dated 1 October 2002. The VISA Billing Official will review previous months and current months Record of Credit Card Orders, LRL Form 1223 at the time of VISA statement certification.

-OPs should have all cardholders record all purchases on the CELRL 1223,
Management Comment: Concur. OP will have all cardholders record all purchases on the CELRL 1223.

Use Substitute CELRL 1223:
-CD, OP, and **RM** should have within 90 days all cardholders utilize the CELRL 1223 to record all purchases. Use of substitute forms should be discontinued. ***(See Appendix D)***
Management Comment: Concur. CD, OP, and RM will ensure within 90 days all cardholders utilize the CELRL 1223 to record all purchases. Use of substitute forms will be discontinued.

No LRL 1223 or Substitute: CD, OP, PPMD, and **RE** should have within 90 days all cardholders record credit card purchases on the CELRL 1223. ***(See Appendix E)***
Management Comment: Concur. CD, OP, PPMD, and RE will have within 90 days all cardholders record credit card purchases on the CELRL 1223.

No Separate Check Register: OP should ensure check writers within 90 days maintain separate check registers for check purchases. ***(See Appendix F)***
Management Comment: Concur. OP will ensure check writers within 90 days will maintain separate check registers for check purchases.

Restricted/Prohibited Items: CD, ED, and OP should ensure within 90 days that cardholders have prior approvals for ITIPS purchases. ***(See Appendix G)***
Management Comment: Concur. CD, ED, and OP will ensure within 90 days that cardholders have prior approvals for ITIPS purchases.

-PA should ensure within 30 days that its cardholder uses the correct resource code for it ITIPS purchases.
Management Comment: Concur. PA stated it will use the correct resource code for such purchases in the future.

-OP should ensure within 30 days that cardholders observe the email guidance, dated 3 October 2002, which prohibits the purchase of Franklin Covey planners.
Management Comment: Concur. OP will ensure within 30 days that cardholders observe the email guidance, dated 3 October 2002, which prohibits the purchase of Franklin Covey planners.

-**OP** and **IM** should ensure within 90 days that MCI, the long distance carrier authorized by the FTS 2001 contract, is utilized for long distance services.
Management Comment: Concur. OP and IM will ensure within 90 days that MCI, the long distance carrier authorized by the FTS 2001 contract, is utilized for long distance services.

-**OP** should coordinate with **CT** and **LM** and within 30 days to determine how OP's recurring need for a vehicle for use by summer hires (for monitoring dredging operations) can be fulfilled. This means considering alternatives such as: the use of a Blanket Purchase Agreement, the use of a Government vehicle, or the use of travel orders authorizing a rental car.
Management Comment: Concur. OP will coordinate with CT and LM within 30 days to determine how OP's recurring need for a vehicle for use by summer hires (for monitoring dredging operations) can be fulfilled. This may mean considering alternatives such as: the use of a Blanket Purchase Agreement, the use of a Government vehicle, or the use of travel orders authorizing a rental car.

Unrelated Vendors for Purchases Made *(See Appendix H)*: **CT** should immediately inform cardholders that the use of unrelated vendors (3rd Party Payment Providers) for purchases made must be stopped since this practice is not in compliance with the DoD Government Purchase Concept of Operations.
Management Comment: Concur. The new Agency Program Coordinator will inform all Cardholders to discontinue this practice.

-**OP** should also inform its cardholder personnel that the use of unrelated vendors for purchases made must be stopped immediately.
Management Comment: Concur. OP will also inform its cardholder personnel that the use of unrelated vendors for purchases made must be stopped immediately.

-**OP** should always include supporting documentation to substantiate wage rates used to arrive at charges for services when no contract is in place (e.g. rates for meal preparation, the buying of groceries, and the cooking performed and billed).
Management Comment: Concur. OP will ensure including supporting documentation to substantiate wage rates used to arrive at charges for services when no contract is in place.

iii.a. **Award Contract for Recurring Services/Purchases *(See Appendix I)*:** **CPAC** (now Human Resources) and **CT** should analyze and determine within 90 days which Divisions/Offices require a "Q Card" for fulfilling recurring training needs.
Management Comment: Concur. CPAC (now Human Resources) and CT will analyze and determine within 90 days which Divisions/Offices require a "Q Card" for fulfilling recurring training needs. CT also stated that credit cards will be issued for training up to $25,000.00. These cards will have merchant account restrictions for training purchases only. The estimated completion date: 30 September 2004.

-**OP** and **CT** should assess when contractual mechanisms such as Blanket Purchase Agreements (BPAs) are required for OP's recurring services/purchases.
Management Comment: Concur. OP and CT will assess when contractual mechanisms such as BPAs are required for OP's recurring services/purchases. CT also stated that establishment of a blanket purchase agreement (BPA) will be considered should APC inspections reveal numerous individual purchases, from the same vendor, below the simplified acquisition threshold. The seven transactions identified in the report will be examined for possible establishment of a BPA. In addition, this area will be emphasized in the bi-annual training. Estimated completion date: 28 February 2005.

iii.b. **Use of Blanket Purchase Agreements (BPAs) for technical and engineering services in ED and IM:** **ED** and **IM** should coordinate with **CT** within 90 days to determine the contracting mechanism required for technical and engineering requirements as reported in this review under **iii.b**.
Management Comment: Concur. IM will coordinate with CT within 90 days to determine the contracting mechanism required for technical and engineering requirements as reported in this review under **iii.b**. ED stated that it will implement the recommendation by coordinating 'future needs' with CT within 90 days to determine the appropriate contracting mechanism required for technical and engineering requirements as reported in this review under **iii.b**. to prevent future non-compliances from happening.

iii.c. **Consider the use of an area-specific Indefinite Quantity Contract for use by the lakes and the locks and dams changed as follows:** **CT** within 30 days should inform the OP Chief as well as appropriate personnel at the lakes, and the locks and dams that the District's Indefinite Quantity Contracts have been awarded for Multiple Award Task Orders (MATOCs) and can be adapted to serve the needs of the lakes, and the locks and dams.
Management Comment: Concur. CT will notify the Chief of OP of the MATOCs by 1 August 2004 and request he disseminate the information to all lakes, and lock and dams. In addition, CT is currently working on a Hub-zone set-aside IDIQ for OP with award expected by January 2005.

iii.h. **Improve Contracting (CT) audit procedures to look more at trends and individual purchases, and less on recordkeeping and documentation changed as follows:** CT within 180 days should: improve Contracting audit procedures to look more at trends and individual purchases, and less on recordkeeping and documentation; perform 100% of annual inspections of Billing Officials in accordance with the Army SOP for Government Purchase Cards, and review the vendors in the finance system looking for vendors who have only a P.O. Box for an address as well as prove these vendors and their addresses are valid.

Management Comment: Concur. Although recordkeeping is an important aspect of inspections, the recently appointed APC will concentrate on individual purchases and trends. The APC will attend training that provides U.S. Bank sponsored classes in "Effective Purchase Card Program Management" and "Best Practices." In addition, the APC will work with Internal Review to better understand available data mining techniques. A post office box review will be accomplished. Estimate completion date: 28 February 2005.

Jerry A. Batson
Chief, Internal Review Office

CF:

DD	CD
DP	ED
CT	RE
OC	OP
CPAC	EO
IM	PA
LM	SO
RM	

FORMAL DISCIPLINARY ACTIONS

EMPLOYEE	LOCATION	TYPE
Park Manager	River Lake	Reprimand (3 yrs)
Park Manager	River Lake	Reprimand (2 yrs)
Park Manager	River Lake	Reprimand (1 yr)
Lock & Dam Equip Mech Supv	Lock and Dam	Reprimand (1 yr)
Park Manager	Lake	Reprimand (1 yr)

WARNINGS/COUNSELING:

EMPLOYEE	LOCATION
Park Manager	Lake
Park/Area Manager	River Project Office
Park/Area Manager	Project Office
Park Manager	Lake
Park/Area Manager	River Project Office
Park Manager	Lake
Supv IT Specialist	Division Office
L/D Equip Mech Supv	Physical Support
Supv Maint Engr	Physical Support
Supv Civil Engr	Construction Office
Geologist	Div Office
Supv Civil Engr	Construction Office
Supv Civil Engr	Construction Office

Formal Disciplinary actions (probable suspension) would have occurred. But two park managers have departed (one transferred and one retired).

DOCUMENTATION		
REGULAR PURCHASE CARD		
OFFICE	NON-COMPLIANCE ISSUE	TOTAL
CD_RICHMOND PRO	NO INVOICE, ONLY PACKING SLIP	$50.40
CD_SCOTT_PROJ	NO INVOICE & RECEIPT DESCRIPTION DIFFERENT THAN PR&C	$119.00
ED_ENVIRO ENG	NO INVOICE-MEMORANDUM USED FOR INVOICE	$250.00
OP_BARREN R LK	NO CREDIT CARD STATEMENTS FOR MULTIPLE PURCHASES	$2,612.43
OP_BUCKHORN LK	NO INVOICES	$84.32
OP_CM HARDEN LK	NO INVOICES	$239.86
OP_MARKLAND L/D	NO INVOICE, INVOICE PRECEDES PR&C, &/OR AUDIT TRAIL NOT TRACEABLE	$1,339.21
OP_MGMT SUP	NO INVOICE, DD1155 FOR ACCRUAL- NEVER RECEIVED IN CEFMS, & AUDIT TRAIL NOT TRACEABLE	$1,964.33
OP_MISSISSINEWA LK	AUDIT TRAIL NOT TRACEABLE, INVOICE PRECEDES PR&C, & CORP PERSONNEL PREPARED INVOICE FOR MOWING CONTRACTOR	$5,480.91
OP_NEWBURGH L/D	NO INVOICE	$132.57
OP_SALAMONIE LK	CORPS PERSONNEL PREPARED INVOICE FOR MOWING CONTRACTOR	$5,995.00
OP_SMITHLAND L/D	NO INVOICES	$58.35
OP_WEST FORK LK	INCOMPLETE DOCUMENTATION	$664.93
OP_WH HARSHA LK	NO INVOICES	$211.41
CONVENIENCE CHECKS		
OP_BUCKHORN LK	NO INVOICE	$1,312.12
OP_ROUGH RIV LK	CHECK REGISTER AMOUNT NOT CORRECTLY STATED	$659.06
RM_FIN_OPS	NO INVOICES	$1,790.00
OP_PHYS SUP	NO DETAILED INFORMATION PROVIDED & NO CHECK REGISTER	$2,850.04
Grand Total		$25,813.94

INADEQUATE CELRL 1223

OFFICE	LINE ITEMS	DOCUMENTATION
ED_ENVIRO ENG	10	USE CELRL 1223 BUT NOT COMPLETE
OP_L/D 53 OH RVR	46	USE CELRL 1223 BUT PURCHASES NOT ON REGISTER
EEO	4	USE CELRL 1223 BUT INADEQUATE
TOTAL	60	

NO CELRL 1223 BUT USE SUBSTITUTE

OFFICE	LINE ITEMS	DOCUMENTATION
OP_PHYS SUP	88	NO CELRL 1223 BUT USE SUBSTITUTE
CD_WRT PATT RES	3	NO CELRL 1223 BUT USE SUBSTITUTE
OP_JEDW ROUSH LK	15	NO CELRL 1223 BUT USE SUBSTITUTE
OP_MGMT SUP	36	NO CELRL 1223 BUT USE SUBSTITUTE
OP_MONROE LK	12	NO CELRL 1223 BUT USE SUBSTITUTE
OP_ROUGH RIV LK	11	NO CELRL 1223 BUT USE SUBSTITUTE
OP_SALAMONIE LK	16	NO CELRL 1223 BUT USE SUBSTITUTE
RM_FIN_OPS	3	NO CELRL 1223 BUT USE SUBSTITUTE
OP_GN RVR PROJ OFF	8	NO CELRL 1223 -HAD INADEQUATE REGISTER OF PURCHASES, ONLY ESTIMATES.
TOTAL	192	

NO CELRL 1223 OR SUBSTITUTE

OFFICE	LINE ITEMS	DOCUMENTATION
CD_COLUM_PRO	2	NO CELRL 1223
CD_OLMSTED_RES	2	NO CELRL 1223
CD_SCOTT_PROJ	2	NO CELRL 1223
OP_BARREN R LK	6	NO CELRL 1223
OP_L/D/52 OH RVR	27	NO CELRL 1223
OP_MAIN	12	NO CELRL 1223
OP_MCALPINE L/D	7	NO CELRL 1223
OP_WH HARSHA LK	3	NO CELRL 1223
PPMD	6	NO CELRL 1223
PPMD_ENVR_SUP	3	NO CELRL 1223
RE	8	NO CELRL 1223
OP_L/D 1 GN RVR	18	NO CELRL 1223 HAD NO REGISTER
OP_L/D 2 GN RVR	4	NO CELRL 1223 OR REGISTER
TOTAL	100	

USED NO SEPARATE CHECK REGISTER

OFFICE	LINE ITEMS	DOCUMENTATION
OP_PHYS SUP	4	NO SEPARATE CHECK REGISTER
TOTAL	4	

RESTRICTED/PROHIBITED ITEMS

OFFICE		# OF PURCHASES	MERCHANT	DESCRIPTION	NON-COMPLIANCE FOUND	AMOUNT
IM RELATED:						
CD_FT.CAMP_RES		1	IMPAC COMPUTER SUPPLIES	PURCHASE OF (4) USB FLASH CARD READERS.	RESTRICTED ITEM NO ITIPS AUTHORITY ON PURCHASE REQUEST	$85.56
ED_SURV&MAP		1	SEILER INSTRUMENT	PURCHASE OF A MOBILE GIS UNIT	PROHIBITED NOT APPROVED BY IM.	$2,495.00
ED_WATMNGT		1	DAVIS ELECTRONICS CO INC	12 CHANNEL GPS RECEIVER	PROHIBITED NOT APPROVED BY IM.	$1,611.00
ED_WATMNGT		1	HACH COMPANY	HYDROLAB EQUIPMENT REPAIR-COMPUTER EQUIRMENT	PROHIBITED NOT APPROVED BY IM.	$230.48
ED_WATMNGT		3	HACH COMPANY	HYDROLAB EQUIPMENT REPAIR-COMPUTER EQUIRMENT	PROHIBITED NOT APPROVED BY IM.	$2,115.90
OP_SMITHLAND L/D	*	3	VERIZON PYMT-FTWN NORTH	LONG DISTANCE SERVICES	SHOULD HAVE BEEN USING MCI FOR LONG DISTANCE,PER IM, USE FTS 2001 CONTRACT.	$703.88
OP_MARKLAND L/D	*	3	AT&T BUSI0190021196001	LONG DISTANCE SERVICES	SHOULD HAVE BEEN USING MCI FOR LONG DISTANCE,PER IM, USE FTS 2001 CONTRACT.	$24.39
OP_MGMT SUP		1	RADIO SHACK 00145631	PURCHASE OF POWER CONVERTER & FOREIGN TRAVEL PLUG SET. IM STATED THERE SHOULD HAVE BEEN ITIPS AUTHORITY.	SHOULD HAVE BEEN TECHNICALLY APPROVED BY IM.	$158.91
PUBLIC AFFAIRS		1	MURPHY'S CAMERA	CAMERA	YES; ITIPS OK, BUT WRONG RESOURCE CODE, SHOULD HAVE BEEN 'VISEQUIP' NOT ' ITADPEQUIP.'	$2,429.94
TRAVEL RELATED:						
OP_MAIN		9	ENTERPRISE RENTACAR	RENTING VEHICLES FOR SUMMER HIRES TO MONITOR DREDGING OPERATIONS. PER OPS, THIS IS A RECURRING NEED THAT COMMENCES THE BEGINNING OF THE SUMMER AND TERMINATES WITH SUMMER'S END.	CARDHOLDERS ARE PROHIBITED FROM ENTERING INTO CONTRACTS FOR RENTAL/LEASE OF MOTOR VEHICLES. LIMITED EXCEPTION MAY BE GRANTED FOR OFFICIAL NONRECURRING GOVERNMENT FUNCTIONS FOR NO MORE THAN 30 DAYS.	$5,437.80
OTHER:						
OP_PHYS SUP		2	FRANKLIN COVEY GPG	FRANKLIN WEEKLY & MONTHLY PLANNERS	PROHIBITED PURCHASE BASED ON E-MAIL GUIDANCE FROM THE ACTING AGENCY PROGRAM COORDINATOR, DATED 3 OCTOBER 2002.	$57.55
TOTAL		20				$15,350.41

* DURING THE COURSE OF THE FOLLOW-UP, OPS AND IM LOCATED AN ADDITIONAL TWO LOCATIONS NOT UTILIZING MCI FOR LONG DISTANCE SERVICES. THESE LOCATIONS WERE OP_ROUGH RIV LK AND OP_MONROE LK. PREVIOUSLY, IM STATED IT HAD SUBMITTED ORDERS TO CONVERT THE 4 LOCATIONS TO MCI. IM WAS UNCERTAIN AS TO WHY THESE SITES WERE NOT CONVERTED.

UNRELATED VENDORS FOR PURCHASES MADE

OFFICE		MERCHANT	DESCRIPTION	AMOUNT
OP_MONROE LK		LOST RIVER GAME FARM	Lost River Game Farm-TaylorSpray performed hand spraying and marker dye services. The invoice had two different businesses as well as two different business addresses. It appears these two businesses have chosen to have only one Merchant account set up for credit sales.	$1,990.00
OP_MONROE LK		PLUMB TAN	Septic tank service performed by Todd's Septic Tank for Grimes Plumbing. Grimes Plumbing and PlumbTan share the same address in Bloomington, IN. It appears Grimes Plumbing has chosen to have only one Merchant account set up for credit sales.	$60.00
OP_PHYS SUP		PIERCE CLEANING SERVICE	During the AR 15-6 investigation, this cleaning service did not have its own Visa Merchant account. We found this time, a Merchant account had been set up and there existed a contract for cleaning services; however, these purchased services were not covered by the contract. Therefore, there was no supporting documentation to substantiate wage rates used to arrive at the charges for meal preparation, the buying of groceries, and the cooking performed and billed.	$2,500.00
		Total		**$4,550.00**

RECURRING SERVICES/PURCHASES

OFFICE	MERCHANT	NUMBER OR TRANSACTIONS	NON-COMPLIANT	CONTRACT MECHANISM SUCH AS BPA NEEDED	TOTAL AMOUNT	PERCENT OF AMOUNT
CPAC	NEW HORIZONS COMP01 OF 01	4	NC	NO-BUT NEED "Q CARD" FOR RECURRING TRAINING NEEDS	$3,780.00	10.33%
CPAC	SOUTHERN ILLINOIS UNIVERS	1	NC	NO-ALTHOUGH A ONE-TIME PURCHASE, TRAINING NEEDS ARE RECURRING THROUGHOUT THE YEAR; THUS, NEED "Q CARD"	$5,872.50	16.04%
CPAC	VAISALA INC.	1	NC	NO-ALTHOUGH A ONE-TIME PURCHASE, TRAINING NEEDS ARE RECURRING THROUGHOUT THE YEAR; THUS, NEED "Q CARD"	$2,977.50	8.13%
CPAC	CAD PRODUCTIVITY INCORPOR	1	NC	NO-ALTHOUGH A ONE-TIME PURCHASE, TRAINING NEEDS ARE RECURRING THROUGHOUT THE YEAR; THUS, NEED "Q CARD"	$5,910.00	16.14%
CPAC	IUPUI ACCTNG RECORDS AND	1	NC	NO-ALTHOUGH A ONE-TIME PURCHASE, TRAINING NEEDS ARE RECURRING THROUGHOUT THE YEAR; THUS, NEED "Q CARD"	$18,070.00	49.36%
CPAC Total		8			$36,610.00	
OP_MAIN	ENTERPRISE RENTACAR	12	NC	NOT ACCEPTABLE AS IS BUT PREVIOUSLY NOTED IN RESTRICTED/PROHIB-SEE APPENDIX G	$5,437.80	100.00%
OP_MAIN Total		12			$5,437.80	
OP_MONROE LK	ROGERS GROUP	2	NC	YES; NEED CONTRACTUAL MECHANISM SUCH AS BPA	$3,107.76	100.00%
OP_MONROE LK Total		2			$3,107.76	
OP_PHYS SUP	A20	4	NC	YES; NEED CONTRACTUAL MECHANISM SUCH AS BPA	$2,733.55	11.24%
OP_PHYS SUP	AMERICAN METAL SUPPLY KY	5	NC	YES; NEED CONTRACTUAL MECHANISM SUCH AS BPA	$7,340.42	30.18%
OP_PHYS SUP	LOU WELDING SU	4	NC	YES; NEED CONTRACTUAL MECHANISM SUCH AS BPA	$4,711.10	19.37%
OP_PHYS SUP	LOUISVILLE MILL SUPPLY	3	NC	YES; NEED CONTRACTUAL MECHANISM SUCH AS BPA	$4,229.20	17.39%
OP_PHYS SUP	PIERCE CLEANING SERVICE	1	NC	NOT ACCEPTABLE AS IS BUT PREVIOUSLY NOTED IN UNRELATED VENDOR-SEE APPENDIX H	$2,500.00	10.28%
OP_PHYS SUP	WHAYNE SUPPLY COMPANY	5	NC	YES; NEED CONTRACTUAL MECHANISM SUCH AS BPA	$2,807.33	11.54%
OP_PHYS SUP Total		22			$24,321.60	
Grand Total		44			**$69,477.16**	

5

JULY 27, 2004

Acquisition

Purchase Card Use and Contracting Actions at the U.S. Army Corps of Engineers, Louisville District (D-2004-104)

Department of Defense
Office of the Inspector General

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Acronyms

A&E	Architect and Engineer
ACO	Administrative Contracting Officer
APC	Agency Program Coordinator
EFARS	Engineer Federal Acquisition Regulation Supplement
FAR	Federal Acquisition Regulation
GAO	Government Accountability Office
IG DoD	Office of Inspector General, Department of Defense
PR&C	Purchase Request and Commitment
SOP	Standing Operating Procedure
SSA	Source Selection Authority

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

July 27, 2004

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Report on Purchase Card Use and Contracting Actions at the U.S. Army Corps of Engineers, Louisville District (Report No. D-2004-104)

We are providing this report for review and comment. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. We request that the Army reconsider its position on Recommendations A.2.a. and A.2.b.(2). We request that management provide the comments on the final report by September 27, 2004.

If possible, please send management comments in electronic format (Adobe Acobat file only) to Audcm@dodig.osd.mil. Copies of management comments must contain the actual signature of the authorizing official. We cannot accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, they must be sent over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Questions should be directed to Ms. Deborah L. Carros at (703) 604-9217 (DSN 664-9217). See Appendix E for the report distribution. The team members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

David K. Steensma

David K. Steensma
Assistant Inspector General
for Contract Management

Office of the Inspector General of the Department of Defense

Report No. D-2004-104 **July 27, 2004**
(Project No. D2003CK-0185)

Purchase Card Use and Contracting Actions at the U.S. Army Corps of Engineers, Louisville District

Executive Summary

Who Should Read This Report and Why? U.S. Army Corps of Engineers managers, certifying officials, approving officials, alternate approving officials, cardholders, and contracting officials responsible for implementing and overseeing purchase card and contracting processes should read this report because it identifies problems with internal controls.

Background. This audit is in response to a Defense Hotline referral regarding irregularities in purchase card use and contracting actions at the U.S. Army Corps of Engineers, Louisville District. The Hotline allegations related to purchase card irregularities were associated with transactions reviewed from March through June 2002 as part of an Army Regulation 15-6, "Procedure for Investigating Officers and Boards of Officers," investigation. We reviewed transactions associated with the investigation to determine whether purchase card-related allegations were substantiated.

The District Contracting Division had overall responsibility of the purchase card program for 42 field offices across 5 states. In FY 2003, the District was composed of 166 cardholders and 95 approving officials, including alternate approving officials,* responsible for purchase card accounts. District cardholders made 15,228 purchase card transactions, valued at $5.9 million. During this review, we looked at 597 FY 2003 transactions for 12 purchase cardholder accounts, valued at $993,000.

Results. Purchase card controls and contracting actions at the U.S. Army Corps of Engineers, Louisville District needed improvement. Specifically, District management needed to implement the purchase card program and process contracting actions in accordance with applicable regulations.

Although purchase card controls at the U.S. Army Corps of Engineers, Louisville District have improved since the June 2002 Army Regulation 15-6 investigation report, additional improvements were still needed to properly implement purchase card controls. Specifically, controls over separation of duties were inadequate, and program oversight was weak. There was a lack of separation of duties for 237 of the 597 transactions, none of the 12 purchase card accounts were reviewed annually, and 10 of the 12 purchase card account files were incomplete. Furthermore, unless purchase card controls are strengthened and management engages in more proactive oversight, the Army cannot ensure continuous program improvement and risk mitigation necessary to prevent fraud, waste, or mismanagement. The Louisville District Commander needed to establish a

* An approving official can also be an alternate approving official for another cardholder, but an individual does not have to be an approving official to be an alternate approving official.

full-time Agency Program Coordinator, implement Army guidance on purchase cards, and review all approving official account files annually. For detailed recommendations, see Finding A of this report.

District contracting actions were not consistently executed in accordance with applicable regulations during the contract award process. Specifically, 6 of 11 contracts that we reviewed contained contracting irregularities in the following areas: contract documentation signature authority (1 contract), source selection plan approval timeliness (3 contracts), solicitation procedures application (1 contract), and design-build civil works contract funding (1 contract). As a result, the District Contracting Division could not ensure the effective execution of the contracting functions. There is a need to strengthen procedures to comply with procurement guidance, provide training on procurement procedures, and eliminate conflicting provisions between engineering and acquisition regulations. For detailed recommendations, see finding B of this report. See Appendix C for a discussion of the Defense Hotline allegations and results involving purchase card controls and contract awards at the Louisville District.

Management Comments and Audit Response. The Deputy Commander, U.S. Army Corps of Engineers agreed with all but one of the recommendations to improve controls over purchase cards and contracting actions. The Deputy Commander nonconcurred with revising the Louisville District Guidebook to address internal controls for separation of duties. The Deputy Commander stated that the Corps' purchase cardholders were exempt from the policy that no one individual can be granted the authority to initiate, approve, obligate funds, and receive goods on the basis that adequate separation of duties already exists within the Corps of Engineers Financial Management System. The Deputy Commander stated that no payments may be made until the approving official approves cardholders' statements. Additionally, the District has 42 field offices, many of which are in remote locations with just a few employees, and the cost of implementing approval for credit card purchases when adequate controls exist would outweigh the benefits derived. We disagree that adequate separation of duties exists in the credit card process to prevent fraud and abuse. The Louisville District had not complied with Army requirements for separation of duties. Purchase requests and commitments were not initiated, approved, and certified by three different individuals as required by the Army Standing Operating Procedure. Furthermore, the Army Corps of Engineers does not have the authority to exempt cardholders from the Army's separation of duties requirement.

We request that the Deputy Commander reconsider his position on the controls for separation of duties and provide additional comments or alternate solutions by September 27, 2004. See the Finding section of the report for a discussion of management comments and Management Comments section of the report for the complete text of the comments.

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Background

We conducted this audit in response to a Defense Hotline referral regarding irregularities in purchase card use and contracting actions at the U.S. Army Corps of Engineers, Louisville District. The Hotline allegations related to purchase card irregularities were associated with transactions reviewed from March through June 2002 as part of an Army Regulation 15-6, "Procedure for Investigating Officers and Boards of Officers," investigation. We reviewed transactions associated with the investigation to determine whether the purchase card related allegations were substantiated. (See Appendix C for a discussion of the allegations made to the Defense Hotline.)

U.S. Army Corps of Engineers, Louisville District. The U.S. Army Corps of Engineers, Louisville District, part of the Great Lakes and Ohio River Division, had projected FY 2003 expenditures of $553 million. The District is spread across 5 states containing 42 field offices. In FY 2003, the District was composed of 166 cardholders and 95 approving officials, including alternate approving officials,* who were responsible for purchase card accounts. District cardholders made 15,228 purchase card transactions, valued at $5.9 million.

Federal Purchase Card Program. The first Government-wide purchase card contract was awarded by the General Services Administration in 1989. DoD entered the program at that time. On October 13, 1994, the President issued Executive Order 12931 mandating increased use of purchase cards for micro-purchases (purchases under $2,500). The Federal Acquisition Streamlining Act of 1994 established $2,500 as the micro-purchase threshold and eliminated most of the procurement restrictions for purchases identified within that threshold.

How the DoD Program Works. DoD organizations are responsible for distributing cards, training employees, and managing the purchase card program. Each participating organization designates an office to manage the program and provide training, maintain a current list of cardholders and approving officials, and perform an annual oversight review of the program.

DoD appointed agency program coordinators (APC) with the responsibility for program management at the installation, major command, and Component levels. APCs issue purchase cards, establish limits on spending, and monitor use of a purchase card account. Also, DoD employees are assigned as "approving officials" to authorize and approve purchases for payment. Once a cardholder makes an authorized purchase, the cardholder and the approving official reconcile the purchased goods and services with the bank statement before the approving official requests payment from the Defense Finance and Accounting Service.

Charge Card Task Force. On March 19, 2002, the Under Secretary of Defense (Comptroller)/Chief Financial Officer established a DoD Charge Card Task Force to evaluate the purchase and travel card programs of the Department and to

* An approving official can also be an alternate approving official for another cardholder, but an individual does not have to be an approving official to be an alternate approving official.

develop recommendations for improvements. On June 27, 2002, the Task Force issued the DoD Charge Card Task Force Final Report. The Task Force focused on management emphasis and organizational culture, compliance, and process and workforce developments.

Army Regulation 15-6 Investigation. An Army Regulation 15-6 investigation of the District was conducted to review credit card and convenience check transactions for the period between April 2000 and April 2002. Nearly 40,000 transactions and more than $20 million worth of purchases were reviewed. The investigation found that District cardholders had engaged in the practice of splitting transactions to support their customers. Specifically, it appeared that single purchases totaling more than $2,500 were split into multiple smaller segments less than $2,500 to remain within the $2,500 micro-purchase threshold allowed for credit card purchases. The investigation identified the need for 265 ratifications, involving 2,800 split transactions over a 24-month period. The value of these 265 ratifications was about $3.5 million, or approximately 17 percent of the value of all transactions investigated. The Army Regulation 15-6 report, issued in June 2002, made 33 general, procedural, training, and auditing recommendations in addition to recommending disciplinary actions. The report recommended that the District APC should be the single point of contact for all purchase card-related questions, concerns, and issues. The report also recommended developing and implementing strict guidelines for performing purchase card audits.

Objectives

The audit objective was to determine whether purchase card controls and contracting actions at the U.S. Army Corps of Engineers, Louisville District were effective and appropriate and executed in accordance with applicable laws and regulations. Specifically, we reviewed Hotline allegations of purchase card irregularities that were associated with transactions reviewed as part of an Army Regulation 15-6 investigation report, June 2002. We also reviewed the management control program as it related to the audit objective. See Appendix A for a discussion of audit scope, scope limitations, and methodology. See Appendix B for a discussion of prior coverage.

A. Purchase Card Controls

Although purchase card controls at the U.S. Army Corps of Engineers, Louisville District had improved since the June 2002 Army Regulation 15-6 investigation report, additional improvements were still needed to properly implement purchase card controls. Specifically, controls over separation of duties were inadequate, and program oversight was weak. There was a lack of separation of duties for 237 of the 597 transactions selected for review. The lack of separation of duties occurred because District purchase card managers did not effectively implement Army purchase card program guidance and did not adequately enforce existing controls throughout the purchase card process. None of the 12 District purchase card accounts were reviewed annually as required. In addition, 10 of the 12 purchase card account files were incomplete. Unless purchase card controls are strengthened and management engages in proactive oversight, the Army cannot ensure the continuous program improvement and risk mitigation necessary to prevent fraud, waste, or mismanagement.

DoD Purchase Card Guidance

Department of Defense, "Government Purchase Card Concept of Operations," July 31, 2002 (Revision 1, March 31, 2003). The Concept of Operations provides an overview on how to establish and operate the Government purchase card program within the DoD. The Concept of Operations defines an APC as an individual designated to manage the Government purchase card program. APCs are required to develop and implement a surveillance plan that includes establishing how reviews should be conducted and who should conduct the reviews. The Concept of Operations requires that all approving official accounts be reviewed at least annually.

Department of Army, "Government Purchase Card Standing Operating Procedure," July 31, 2002. The Army Standing Operating Procedure (SOP) defines the requirements for establishing, maintaining, and operating the purchase card program. The Army SOP requires APCs at the organization level to manage the day-to-day operations of the Government purchase card program, including conducting initial and biannual refresher training for cardholders and approving officials and conducting annual reviews of each assigned approving official. The approving official has oversight responsibility for a number of cardholders to ensure transactions are necessary and for official purposes. The Army SOP also requires proper separation of key duties, such as making purchases, authorizing payments, certifying funding, and reviewing and auditing functions to minimize the risk of loss to the Government to the greatest extent possible. In addition, resource managers are required to certify availability of funding and cardholders must ensure that funds are certified before making purchases.

U.S. Army Corps of Engineers, Louisville District, Purchase Card Guidebook, October 1998 (Revised August 31, 2001). The Louisville District Guidebook provides the purchase card policies and procedures for the District. The Louisville District Guidebook requires cardholders to ensure that funds are certified before they make a purchase. Approving officials must certify funding through the Corps of Engineers Financial Management System. The cardholder must include the purchase request and commitment (PR&C) form as part of the permanent record, along with all receipts, the monthly statement of account, and the monthly log. The APC must prepare a delegation of authority letter for each cardholder and approving official. The delegation of authority letters must be signed by the Chief of the District Contracting Division, the cardholder, and the approving official, and copies must be retained by the cardholder, approving official, and the APC.

Louisville District Purchase Card Program

In FY 2003, the District was composed of 166 cardholders and 95 approving officials, including alternate approving officials. District cardholders made 15,228 purchase card transactions, valued at $5.9 million. We reviewed FY 2003 transactions and account files for 12 cardholders, which included 597 purchase card transactions, valued at $993,000.

Oversight of the Purchase Card Program. The District Contracting Division had overall responsibility for Government purchase card program operations at all of its 42 field offices. The Army SOP requires the Chief of the District Contracting Division to designate an APC to provide complete oversight of the purchase card program. In addition, the Army SOP states that APCs receive and process purchase card applications from approving officials; conduct training; prepare policy and guidance; prepare delegation of authority letters to appoint cardholders, approving officials, and certifying officials; change dollar thresholds for purchase cards; cancel cards; and perform audit reviews. For example, the DoD Charge Card Task Force Final Report, June 27, 2002, acknowledged that many APCs perform the required purchase card program responsibilities on an "other duties as assigned" basis. However, the DoD Task Force made a recommendation to develop a best practice for the appropriate skill sets specifically needed by an APC.

Agency Program Coordinator. The Chief of the District Contracting Division designated a full-time APC for the purchase card program in October 2003. However, the June 2002 Army Regulation 15-6 report noted that the APC "was never, and still is not, a full-time responsibility. It was a very small and de-emphasized aspect of different people's responsibilities within Contracting. . . .This should be a full-time position." The APC stated that the Chief of the District Contracting Division informally designated a contract specialist to serve from July 2002 through May 2003 as a part-time APC in response to the recommendations made by the Army Regulation 15-6 report. The part-time APC was responsible for retraining cardholders and approving officials, conducting annual reviews of purchase card accounts, and providing oversight of the purchase card program, in addition to performing contract specialist

responsibilities for the District. The APC position was then vacant from May 19 through October 14, 2003. On October 15, 2003, the Chief of the District Contracting Division unofficially appointed the contract specialist as the full-time APC at the direction of the Acting District Deputy Commander. However, the APC continued to perform contract specialist duties on an "other duties as assigned" basis.

Louisville District Purchase Card Policies and Procedures

District purchase card managers did not effectively implement Army purchase card guidance and did not adequately enforce existing controls throughout the process.

Ineffective Implementation of Army Purchase Card Guidance. District purchase card managers did not effectively implement Army purchase card guidance. The District Contracting Division issued the Louisville District Guidebook in October 1998 and issued a revised version in August 2001. However, the District Contracting Division did not update the Louisville District Guidebook to reflect the purchase card program requirements in the Army SOP. Subsequently, the Army issued its Government Purchase Card SOP on July 31, 2002. The Army SOP requires proper separation of key duties such as making purchases, authorizing payments, and certifying funds. The Army SOP also requires annual reviews on all assigned approving officials. However, the Louisville District Guidebook does not adequately address proper separation of duties. It is also unclear and overly general on the performance of annual reviews.

Separation of Duties. The Louisville District Guidebook does not adequately address separation of duties for initiating, approving, certifying, and receiving purchases. The Army SOP requires proper separation of key duties such as making purchases, authorizing payments, certifying funds, and reviewing auditing functions. In addition, the Army SOP and the Louisville District Guidebook require cardholders to ensure that funds are certified by the appropriate official to pay for purchases before the cardholders make purchases. However, controls over separation of duties for initiating, approving, and certifying PR&Cs were inadequate.

Purchase Requests and Commitments were Initiated, Approved, and Certified by a Single Individual. Six of the 12 cardholder account files had a total of 206 transactions containing PR&Cs that were initiated, approved, and certified by a single individual. For example, one cardholder account file had 72 transactions for FY 2003. Of those 72, 59 (82 percent), valued at $70,544, had PR&Cs initiated, approved, and certified by a single individual. Another cardholder account file had 174 transactions for FY 2003. Of those 174, 114 (66 percent) valued at $12,027, had PR&Cs initiated, approved, and certified by a single individual. In addition, a third cardholder account file contained a PR&C initiated, approved, and certified by a single individual in the amount of $2,475 for the purchase of photography services. See the following table for a summary of the six cardholder account files.

Summary of PR&Cs Initiated, Approved, and Certified by a Single Individual

Cardholder Account File	Number of Transactions Reviewed	Transactions Containing PR&Cs Prepared by a Single Individual	Amount of Transactions	Percentage of Cardholder Transactions
1	27	2	$4,482	7
2	11	5	$2,531	45
3	72	59	$70,544	82
4	21	2	$103	10
5	174	114	$12,027	66
6	26	24	$877	92
Total	**331**	**206**	**$90,564**	**62**

Purchases Made Before Certification of Funds. PR&Cs must be certified by the appropriate official before a cardholder can make a purchase in accordance with Army and District regulations. However, District personnel certified PR&Cs after purchases were made. Of the 12 cardholder account files that we reviewed, 37 of the 597 transactions contained PR&Cs that were certified after purchases were made. For example, one cardholder charged $2,091 for park attendant services on May 5, 2003, and the PR&C was certified 56 days later, on June 30, 2003. Another cardholder charged $1,412 for fuel filters on March 7, 2003, and the PR&C was certified 60 days later, on May 6, 2003. Proper separation of duties would ensure that PR&Cs are certified before purchases are made in accordance with Army and District regulations. See Appendix D for a summary of the transactions that were certified after purchases were made.

Annual Purchase Card Account Reviews. Contracting personnel did not perform required annual purchase card reviews. The Louisville District Guidebook states that the APC will perform audit reviews, but it does not provide guidance on how or when the reviews should be done. The Army Regulation 15-6 investigation report, issued in June 2002, recommended developing and implementing strict guidelines for performing purchase card audits. The Army SOP requires District-level APCs to review 100 percent of approving official accounts annually. As part of this procedure, cardholder accounts assigned to an approving official must also be reviewed.

Contracting personnel stated that before the Army SOP was issued in July 2002, contracting teams were responsible for performing annual "public relations" visits, which included reviewing purchase card accounts. Contracting personnel stated that District management did not support the purchase card account reviews and discouraged identifying and reporting on problems. Contracting personnel were unable to provide any reports on these reviews; therefore, no documentation was available to support that the reviews were conducted, how they were conducted, and whether problems were identified.

The APC did not perform the required annual purchase card reviews for any of the 12 FY 2003 cardholder account files that we reviewed. Furthermore, of the 166 cardholder account files in the District, the APC reviewed only 4 in FY 2003; of the 95 approving official and alternate approving official account

files, the APC reviewed only 3 in FY 2003. Annual reviews, a key control for ensuring compliance with purchase card guidance, were not performed effectively.

Inadequate Enforcement of Existing Controls. District managers did not adequately enforce existing purchase card program controls. Specifically,

- Government personnel prepared and provided invoices for vendors,
- managers did not properly direct purchase card-related questions to the APC, and
- cardholders failed to properly retain required supporting documentation in cardholder account files.

Government Personnel Prepared and Provided Invoices for Vendors. Of the 12 cardholder account files that we reviewed, 3 cardholder account files contained transactions that included invoices prepared and provided by District personnel for vendors. Specifically, the 3 cardholder account files for 5 different vendors contained 19 similarly formatted invoices, totaling $55,570. The three cardholders confirmed that District personnel provided generic invoice forms to the five vendors.

Two of the three cardholders stated that four of the five vendors used the generic invoice for future billing submissions. The four vendors completed the number of days worked, total dollar amount of the billing, and date of the invoice. The vendors signed the invoice and submitted it to the cardholder. The cardholders stated that District personnel provided generic invoice forms to the vendors because the vendors did not know what needed to be included on an invoice to the Government.

One of the three cardholders stated that District personnel prepared and mailed standard invoices for the fifth vendor because the vendor was elderly and preparing the invoice was easier for the cardholder. The cardholder filled in the days worked and dollar amount, and the vendor signed the invoice stating that the information was true and correct. However, all five vendor contracts included a contract clause requiring vendors to submit original invoices. The clause is a commercial item clause from the Federal Acquisition Regulation Part 52.212-4, "Contract Terms and Conditions - Commercial Items." The commercial item clause provided detailed guidance on items to be included in vendor invoices. The vendors who submitted invoices prepared by Government personnel did not comply with the commercial item clause included in the contracts.

Additionally, two other District cardholders at Mississinewa Lake stated that they also prepared invoices for one vendor because the vendor was elderly. Field personnel found several mistakes with those invoices. We did not review those cardholder account files.

Purchase Card Point of Contact. The Army SOP requires APCs to manage the day-to-day operations of the purchase card program. In addition, the Army Regulation 15-6 investigation report, issued in June 2002, recommended

that the District APC should be the single point of contact for all purchase card-related questions, concerns, and issues. However, District cardholders posed purchase card-related questions to different District managers and received different interpretations on guidance. Some cardholders asked managers in their chain of command, some asked personnel in the Resource Management Office, and others sought answers from District Contracting Division personnel. When asked about procedures for addressing questions on purchase card use, one cardholder stated that he would contact the APC. Two other cardholders stated they would check the Army SOP and the Louisville District Guidebook for answers and, if necessary, contact their approving official, then the operations manager for their area, and finally the District Contracting Division.

In a November 2000 e-mail, an operations manager asked the Resource Management Office whether a single individual could initiate, approve, and certify PR&Cs and a second individual could document receipt of goods. The Resource Management Office reply stated that the approver of a PR&C should not be the originator of the PR&C, but that the process described by the operations manager was acceptable. One cardholder was still using that guidance in January 2004. However, in May 2002, the Chief of the Resource Management Office distributed an e-mail to personnel in the Operations and Contracting Divisions stating that a single individual could initiate, approve, and certify the PR&C as well as document receipt of the goods. One cardholder was still using this e-mail as guidance in January 2004.

Required Supporting Documentation. Cardholders failed to properly retain required supporting documentation in accordance with the Army SOP and the Louisville District Guidebook. The Army SOP requires certified billing statements and supporting documents to be retained for 6 years and 3 months after final payment. The Louisville District Guidebook requires cardholders to retain PR&Cs, receipts, and monthly statement of accounts for 6 years and 3 months. However, for the 12 cardholder account files we reviewed, 10 cardholder account files did not contain the required supporting documentation. Specifically,

- eight cardholder account files were missing delegation of authority letters,
- nine cardholder account files were missing a total of 158 PR&Cs,
- seven cardholder account files were missing a total of 121 invoices, and
- seven cardholder account files were missing a total of 120 receiving reports.

Summary

Our review of purchase card files and transactions showed that improvements needed to be made to purchase card controls. District purchase card managers did not effectively implement Army purchase card guidance and did not adequately

enforce existing purchase card program controls. District policies and procedures were not updated to reflect Army purchase card program requirements. As a result, separation of duties was inadequate and required annual purchase card reviews were not effective. In addition, controls for initiating, approving, and certifying purchases were inadequate. Furthermore, Government personnel created vendor invoices, cardholders received different interpretations on guidance, and cardholders did not properly retain required supporting documentation in their files because District managers did not adequately enforce existing purchase card program controls.

Purchase card program policies and procedures need to be effectively implemented, program management must emphasize program oversight responsibility, and controls need to be enforced. Of particular concern are the June 2002 Army Regulation 15-6 report recommendations to designate a full-time APC and develop and implement strict guidelines for performing annual account reviews. District management did not ensure the appointment of an APC for 16 months after the recommendation was made. The APC occupies a key position in the purchase card program because this individual is both the primary source of support to management and cardholders and a critical element of the internal control program. District management must engage in more proactive oversight to mitigate risks associated with the purchase card program. District management must recognize the need to address program recommendations and fully support implementing recommendations.

The purchase card program is vital to the efficient operation of the DoD. While providing efficiency and savings to the Government, the purchase card program can pose a high level of risk because it promotes decentralized purchasing and may allow the same individual to order and receive goods and services. There is a potential for fraud and abusive or improper transactions. Losing the capabilities that purchase cards provide would require the reestablishment of a costly acquisition infrastructure. Therefore, managers at all levels must put the utmost stress on the proper management of the program. The recommendations contained in this report, if fully implemented, will improve the strength of the controls of the purchase card program.

Recommendations, Management Comments, and Audit Response

A.1. We recommend that the Commander, Louisville District:

a. Require a full-time Agency Program Coordinator dedicated to implementing and overseeing effective purchase card program controls.

Management Comments. The Deputy Commander, U.S. Army Corps of Engineers concurred, stating that the Louisville District hired a full-time Agency Program Coordinator in April 2004. Also, the purchase card program will be reviewed and revised to adhere to all requirements.

b. Direct that purchase card program guidance implements Army requirements and is appropriately disseminated throughout the District.

Management Comments. The Deputy Commander concurred and stated that the action would be completed in 90 days.

c. Clearly identify the Agency Program Coordinator as the single point of contact for all questions related to the purchase card program.

Management Comments. The Deputy Commander concurred and stated that the action would be completed in 90 days.

A.2. We recommend that the Agency Program Coordinator, Louisville District:

a. Revise the Louisville District Guidebook to adequately implement the Army Standing Operating Procedure. Specifically, the Louisville District Guidebook should address annual purchase card account reviews and adequate separation of duties.

Management Comments. The Deputy Commander partially concurred and stated that the Louisville District Guidebook will be revised to adequately implement the Army Standard Operating Procedure, but the Louisville Guidebook did not need to address adequate separation of duties because the District is following Headquarters guidance (see Recommendation A.2.b.(2).).

Audit Response. The comments concerning the separation of duties are not responsive. The Louisville District Purchase Card Program did not comply with Army requirements for separation of duties, and controls over separation of duties for initiating, approving, and certifying purchases were inadequate. We request that the Deputy Commander reconsider his position and provide additional comments or alternate solutions for the recommendation.

b. Annually review 100 percent of approving official accounts in accordance with the Army Standing Operating Procedure to verify:

(1) Compliance with purchase card guidance.

Management Comments. The Deputy Commander concurred and stated that the action would be completed in 180 days.

(2) Purchase requests and commitments are initiated, approved, and certified by three different individuals.

Management Comments. The Deputy Commander nonconcurred with requiring that purchase request and commitments be initiated, approved, and certified by three different individuals. The Corps Government purchase cardholders were exempt from the policy that no one individual can be granted the authority to initiate, approve, obligate funds, and receive goods on the basis that adequate separation of duties already exists within the Corps of Engineers Financial Management System to prevent fraud and abuse. Further, purchase card

payments may not be made until the approving official approves cardholders' statements. The District has 42 field offices, many of which are in remote locations with just a few employees, and the cost of implementing approval for credit card purchases when adequate controls exist would outweigh the benefits derived.

Audit Response. We disagree that adequate separation of duties exists in the credit card process to prevent fraud and abuse. The Louisville District had not complied with Army requirements for separation of duties. Purchase requests and commitments were not initiated, approved, and certified by three different individuals as required by the Army SOP. Furthermore, the Army Corps of Engineers does not have the authority to exempt cardholders from the Army SOP requirement for separation of duties. We request that the Deputy Commander reconsider his position and provide additional comments or alternate solutions on the recommendation.

(3) Cardholders accept only invoices originally prepared by the vendor in accordance with the commercial item clause of the contract.

Management Comments. The Deputy Commander concurred and stated that the action would be completed in 90 days.

(4) Cardholder and approving official account files are maintained in accordance with Army guidance.

Management Comments. The Deputy Commander concurred and stated that the action would be completed in 90 days.

B. Contracting Controls

U.S. Army Corps of Engineers, Louisville District contracting actions were not consistently executed in accordance with applicable regulations. Specifically, 6 of 11 contracts that we reviewed contained contracting irregularities in the following areas:

- contract documentation signature authority (1 contract),
- source selection plan approval timeliness (3 contracts),
- solicitation procedures application (1 contract), and
- design-build civil works contract funding (1 contract).

We did not find these irregularities on the five remaining contracts.

The irregularities occurred because internal management control procedures were inadequate to ensure that contracting personnel complied with established procurement regulations. As a result, the Louisville District Contracting Division cannot ensure that the contracting functions are being effectively carried out.

Army Corps of Engineers Procurement Guidance

The District established internal acquisition guidance in Louisville District Procedural Acquisition Instructions, January 1, 2001, which generally supplemented the Federal Acquisition Regulation (FAR), Defense FAR Supplement, Army FAR Supplement, Engineer FAR Supplement (EFARS), and other DoD and Army regulations. However, the Louisville District guidance is not specific on contracting procedures for supplies, equipment, and services regarding contract documentation signature authority, source selection plan approval timeliness, solicitation procedures application, and design-build civil works contract funding. Because the Louisville District guidance is inadequate, the contracting office cannot provide reasonable assurance that contracting functions are being effectively carried out in accordance with applicable laws and regulations.

Management and Administration of Contracts

The U.S. Army Corps of Engineers, Louisville District has both civil works and military construction contracting responsibilities. The civil works services include flood control, navigation, water supply, water quality, hydropower, environmental conservation, recreation, and emergency response. The military construction mission of the District is in support of Army, Air Force, and DoD facilities located in the five-state area of Illinois, Indiana, Kentucky, Michigan, and Ohio. During FY 2002, the District Contracting Division processed about

2,400 contracting actions with total obligations valued at $488.2 million. We reviewed elements of 11 contracts that were awarded by the District Contracting Division during the past 5 years. Our review found irregularities in District contracting actions.

Contract Documentation Signature Authority. An administrative contracting officer (ACO) acted outside his authority by signing contract modifications. In May 2000, a contracting officer for contract DACA27-99-C-0050 appointed an ACO to exercise limited contracting officer authority allowed by the EFARS. The appointment letter specified that the ACO may modify the contract within the scope of the contract under the specified clauses unique to construction contracts, provided that no individual contract modification exceeds $100,000. However, between February 22, 2001, and August 14, 2002, the ACO executed and signed eight contract modifications with amounts ranging between $116,800 and $300,000. No documentation indicated that a control procedure was in place to prevent such contracting irregularities.

Source Selection Plan Approval Timeliness. The Source Selection Authority (SSA) and Office of Counsel, Louisville District did not approve source selection plans before solicitations were issued for 3 of the 11 contracts that we reviewed. For example, the District Contracting Division issued contract solicitation DACW27-02-R-0004 on March 21, 2002, but the SSA did not approve the source selection plan until June 20, 2002, 3 months after the issuance of the solicitation. FAR Subpart 15.3, "Source Selection," states that the objective of source selection is to select the proposal that represents the best value to the Government. Additionally, the FAR requires the SSA to approve the source selection plan before issuing it. According to the source selection plan for solicitation DACW27-02-R-0004, the Chief of the District Contracting Division was the SSA. The SSA has full responsibility to prepare and maintain the source selection plan before the solicitation is issued, as prescribed by the District procurement guidance.

Solicitation Procedures Application. District Contracting Division personnel inappropriately used an architect and engineer (A&E) service contract to procure project management services. District Contracting Division personnel awarded contract DACA27-00-D-0004 under the Brooks Act, section 541, title 40, United States Code, (40 U.S.C. 541), as an A&E services contract. However, the primary scope and use of the contract indicated that the contract was for project management services, including developing plans, schedules, and attending and setting up meetings. The contract scope matched standard project management services listed in the FAR. As a result, District Contracting Division personnel used an A&E service contract, which was an improper solicitation procedure, to procure project management services that do not fall under A&E services.

Design-Build Civil Works Contract Funding. District Contracting Division officials incrementally funded a design-build civil works contract in accordance with U.S. Army Corps of Engineers procurement regulations (EFARS 32.7, "Contract Funding"). However, the requirement to incrementally fund design-build contracts conflicts with Engineering Regulation 1180-1-9, "Design-Build Contracting," which requires civil works project contracts to be fully funded at the time of award. Contract DACW27-02-C-0005 was a civil

works design-build contract for the design and construction of the Olmstead Miter Gate Storage Facility at Smithland Locks and Dam, Hanletsburg, Illinois. The contract was not fully funded at the time of award, as required by Engineering Regulation 1180-1-9. The contract contained EFARS clause 52.232-5001, "Continuing Contracts," which required incremental funding. The contracting officer stated that the contract award complied with prescribed procurement regulations, primarily the EFARS. EFARS 32.7, "Contract Funding," authorizes the use of civil works incrementally funded contracts and does not reflect the funding restriction in Engineering Regulation 1180-1-9. The District personnel were unaware of Engineering Regulation 1180-1-9 requirements, and did not comply. Contract awards of this type will continue to violate one of the regulations until the conflict between EFARS 32-7 and Engineering Regulation 1180-1-9 is resolved.

Summary

U.S. Army Corps of Engineers, Louisville District could not ensure that its contracting functions were effectively carried out during the contract award process. U.S. Army Corps of Engineers, Louisville District needed to establish internal policies and procedures to ensure future compliance with established procurement regulations. Based on our review of the 11 contracts, we believe there is a need for refresher training on overall contracting procedures to ensure that the contracting functions are being effectively carried out by contracting personnel. In addition, because the review was limited to the 11 contracts related to the Hotline allegations, there is potential for other contract awards to contain different kinds of issues. Also, U.S. Army Corps of Engineers Headquarters needed to clarify conflicting provisions between the EFARS and Engineering Regulation to prevent confusion in complying with prescribed regulations in the future.

Recommendations

B.1. We recommend that the Commander, Louisville District:

a. Direct the Chief of the District Contracting Division, Louisville District to strengthen the District internal management control procedures for compliance with applicable procurement guidance to include controls on contract documentation signature authority, source selection plan approval timeliness, solicitation procedures application, and design-build civil works contract funding.

Management Comments. The Deputy Commander, U.S. Army Corps of Engineers concurred and stated that the Contracting Division has established several standard operating procedures and checklists to assist Contracting Division personnel with applicable regulatory requirements. In addition, administrative contracting officer documentation and signature authority will be

taken care of when annual inspections are made by the APC Coordinator. The Deputy Commander stated that the action would be completed in 180 days.

b. Provide contracting personnel refresher training on overall contracting procedures.

Management Comments. The Deputy Commander concurred and stated that the action would be completed in 180 days.

B.2. We recommend that the Principal Assistant Responsible for Contracting, Headquarters, U.S. Army Corps of Engineers address the conflicting provisions between the Engineering Regulation 1180-1-9 and Engineer Federal Acquisition Regulation Supplement 32.7.

Management Comments. The Deputy Commander concurred, stating that the Army Corps of Engineers is transitioning to Project Development Teams, which will allow greater overview of projects whose contract price depends on reservations of funds from future appropriations. The action would be completed by June 30, 2005.

Appendix A. Scope and Methodology

We reviewed specific allegations made to the Defense Hotline regarding purchase card irregularities and contracting actions at the U.S. Army Corps of Engineers, Louisville District and also the management control program as it relates to the audit objective.

Specifically, we reviewed 12 cardholder purchase card accounts, including 597 transactions valued at $993,000 made in FY 2003. The cardholders were selected for review based on:

- transactions over $2,500,
- transactions made to the same vendor within 3 days (potential split transactions),
- potential recurring services, and
- questionable vendors.

We reviewed PR&C documents, invoices, receiving reports, annual cardholder file review memorandums, and other supporting documentation provided by Louisville District personnel. We interviewed key personnel from the U.S. Army Corps of Engineers Headquarters, Great Lakes and Ohio River Division and the Louisville District.

We reviewed documentation for 11 contracts pertaining to the Defense Hotline allegations that were awarded by the Louisville District. Contract documentation included solicitations, price negotiation memorandums, Government cost estimates, source selection plans, contract modifications, PR&Cs, task orders, ACO and ordering officer delegation of authority letters, and Individual Contracting Action Reports. We interviewed contracting officers and procurement officials that were involved in the contract awards that we reviewed. See the following table for details regarding the contracts reviewed.

Contracts Reviewed

Contract Number	Project Description	Contract Value
DACA27-97-D-0015	Engineering Support Service	$300,000,000
DACA27-98-D-0001	Contract Management Service	$3,000,000
DACA27-98-D-0035	Installation Support Service	$25,000,000
DACA27-99-C-0050	Plant Upgrade	$16,953,000
DACA27-00-D-0004	Project Management Service	$3,000,000
DACA27-00-D-0005	Facilities Maintenance	$50,000,000
DACA27-01-D-0002	Installation Support Service	$15,000,000
DACA27-01-D-0003	Maintenance and Repairs	$30,000,000
DACW27-02-C-0005	Construction of a Storage Facility	$8,696,000
DACW27-02-C-0023	Lock and Dam Construction	$221,441,500
DACA27-02-C-0027	Construction of a New Gate	$4,012,000

We performed this audit from July 2003 through April 2004 in accordance with generally accepted government auditing standards.

Scope Limitation. We did not review Corps of Engineers Financial Management System procedures or controls for paying monthly purchase card bills. We focused on the allegations associated with the improper use of purchase cards and associated controls.

Use of Computer-Processed Data. To achieve the audit objective, we relied on computer-processed data from Citibank and U.S. Bank, which were provided to us by the Defense Manpower Data Center. We did not perform a formal reliability assessment of the computer-processed data. However, we were able to establish data reliability for the information by comparing purchase card transaction data to source documentation. We did not find errors that would preclude the use of computer-processed data to meet the audit objective or that would change the conclusion in this report.

Government Accountability Office High-Risk Area. The Government Accountability Office (GAO) has identified several high-risk areas in the DoD. This report provides coverage of the high-risk area to "Improve processes and controls to reduce contract risk."

Management Control Program Review

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, and DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996, require DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of the Review of the Management Control Program. We reviewed the adequacy of management controls at the U.S. Army Corps of Engineers, Louisville District related to the allegations made to the Defense Hotline. Specifically, we reviewed Louisville District management controls over the implementation of guidance, separation of duties, purchase card account reviews, and maintenance of cardholder account files. Although we did not identify any material management control weaknesses for FY 2003, we determined that significant violations of the purchase card program were not reported as material weaknesses in FY 2002.

In April 2002, the Chief of the District Contracting Division reported three purchase card program-related management control weaknesses to District management. However, District management did not consider that the

weaknesses were material. In the FY 2002 Annual Assurance Statement, the District Commander stated:

> Review of IMPAC Visa Card Program identified potential program violations such as split requirements and purchase of recurring services. As a result, we began an informal 15-6 investigation, the results of which are expected within a few weeks.

The memorandum stated that the weakness was not material but required management action. The District Commander stated that District personnel had reasonable assurance that existing management controls provided the necessary levels of protection and safeguards to prevent fraud, waste, and abuse. However, the Army Regulation 15-6 investigation was well under way and, with the assistance of District contracting and internal review staff, was completed within a few weeks of the Annual Statement of Assurance memorandum. Furthermore, the Chief of the District Contracting Division had initially reported the weaknesses as material. The Chief of the District Contracting Division had responsibility for the program, had assigned staff to assist the investigator, and was aware of the significance of the weaknesses. Therefore, District managers were aware of the significance of the program violations and inadequate purchase card controls and should have reported the weaknesses as a material issue.

As a result, Louisville District purchase card program issues were not included in the U.S. Army Corps of Engineers Annual Statement of Assurance for FY 2002 as material weaknesses. However, the Army identified the purchase card program as a material weakness in its FY 2002, Annual Statement of Assurance, and the DoD cited that the purchase card program's systemic weakness was caused by inadequate emphasis on proper use of the purchase card, poorly enforced controls, and lax oversight.

Appendix B. Prior Coverage

During the last five years, the GAO has issued six reports and testimony discussing purchase card use within the Army specifically and DoD in general. During that same time period, the Inspector General of the Department of Defense (IG DoD) has issued six reports and testimony discussing purchase card use within the DoD. Unrestricted GAO reports can be accessed over the Internet at http://www.gao.gov. Unrestricted IG DoD reports can be accessed at http://www.dodig.osd.mil/audit/reports.

GAO

GAO Report No. GAO-04-717T, "Purchase Cards: Increased Management Oversight and Control Could Save Hundreds of Millions of Dollars," April 28, 2004

GAO Report No. GAO-04-430, "Contract Management: Agencies Can Achieve Significant Savings on Purchase Card Buys," March 12, 2004

GAO Report No. GAO-04-156, "Purchase Cards: Steps Taken to Improve DoD Program Management, but Actions Needed to Address Misuse," December 2, 2003

GAO Testimony No. GAO-02-844T, "Purchase Cards: Control Weaknesses Leave Army Vulnerable to Fraud, Waste, and Abuse," July 17, 2002

GAO Report No. GAO-02-732, "Purchase Cards: Control Weaknesses Leave Army Vulnerable to Fraud, Waste, and Abuse," June 27, 2002

GAO Testimony No. GAO-02-676T, "Government Purchase Cards: Control Weaknesses Expose Agencies to Fraud and Abuse," May 1, 2002

IG DoD

IG DoD Report No. D-2004-076-T, "How to Save the Taxpayers Money Through Prudent Use of the Purchase Card," April 28, 2004

IG DoD Report No. D-2004-016, "Purchase Card Use at the Space and Naval Warfare Systems Command, Information Technology Center, New Orleans, Louisiana," November 14, 2003

IG DoD Report No. D-2004-002, "Selected Purchase Card Transactions at Washington Headquarters Services and Civilian Personnel Management Service," October 16, 2003

IG DoD Report No. D-2003-109, "Summary Report on the Joint Review of Selected DoD Purchase Card Transactions," June 27, 2003

IG DoD Report No. D-2002-075, "Controls Over the DoD Purchase Card Program," March 29, 2002

IG DoD Report No. D-2002-029, "DoD Purchase Card Program Audit Coverage," December 27, 2001

Appendix C. Summary of Allegations and Results

The results of the allegations to the Defense Hotline are discussed below. The allegations involved purchase card controls and contracts awarded by the Louisville District.

Purchase Cards

The Hotline allegations related to purchase card irregularities were associated with transactions reviewed from March through June 2002 as part of the Army Regulation 15-6 investigation. The investigation identified errant purchase card policies that resulted in a significant number of improper purchase card transactions. We reviewed transactions associated with the investigation to determine whether purchase card-related allegations were substantiated. However, allegations pertaining to the April 2000 through April 2002 data that were either substantiated or partially substantiated were unsubstantiated for the FY 2003 data. For example, we identified questionable invoices reviewed by the investigator but not identified or reported in the Army Regulation 15-6 report; our review of FY 2003 purchase card data indicated that the District cardholders were no longer splitting transactions or paying for recurring services without a contract in place.

Allegation A.1. Split Purchases. All of the allegations under A.1. were associated with transactions reviewed in the Army Regulation 15-6 investigation. Although allegations A.1.a. through A.1.f. below were substantiated or partially substantiated for April 2000 through April 2002, the allegations were unsubstantiated for FY 2003 data. Specifically,

a. Allegation. A pier and a boat dock were constructed using 95 transactions totaling approximately $95,000. Also, a visitor center was renovated in 167 transactions totaling greater than $100,000.

Results. Substantiated. The pier and the boat dock were constructed in 94 separate transactions that amounted to $93,592. Each of the 94 transactions was less than the micro-purchase threshold. A visitor center at a lake within the District was renovated using 150 separate transactions that totaled $117,978. None of the transactions was greater than the threshold. The June 2002 Army Regulation 15-6 investigation report identified split purchases as a significant problem within the Louisville District. Our review of FY 2003 data determined that split purchases were no longer a significant problem for the District.

b. Allegation. Supervisors were instructing their cardholders to split purchases, despite knowing this practice violated the existing rules and regulations.

Results. Substantiated. Of the 35 ratification packages reviewed, 23 contained statements from the cardholders that they were instructed by their supervisors to split the purchases. One of the cardholders reaffirmed this verbally during discussions regarding the ratification packages.

c. Allegation. Recurring services, such as mowing and cleaning, that annually exceeded $2,500 were paid on a monthly basis using the purchase card because no contract was in place for these types of services.

Results. Substantiated. One of the ratification packages contained 110 transactions that totaled $151,046. All the transactions were for recurring services, such as monthly mowing and cleaning, that were performed during a period after a contract for those services had expired and before the new contract was negotiated. Each transaction was below the $2,500 micro-purchase threshold. However, a cardholder asked the District Contracting Division whether acquiring these services using the purchase card was allowed until the new contract was put in place. The District Contracting Division responded that those charges were fine, and the cardholders relied on that guidance when making these purchases.

d. Allegation. Wage rates required by the Davis-Bacon Act when construction work on a project exceeded $2,000 were not being paid.

Results. Partially substantiated. Office of Counsel identified 90 potential Davis-Bacon Act violations but decided it would not be productive to investigate the matter further because a significant period of time had passed since the actions occurred, no complaints had been received from workers, and contracting practices had improved. Because of time and resource constraints, this allegation was not examined further.

e. Allegation. Cardholders were willfully telling vendors to split their invoices to remain below the $2,500 micro-purchase threshold for the purchase card.

Results. Because split purchases were not identified in FY 2003 transaction data, this allegation was not examined further.

f. Allegation. Two vendors used by the cardholders had a number of transactions for $1,999 and $2,000 to stay under the $2,000 construction activity threshold (the micro-purchase threshold is $2,500 for all purchase card purchases except those including construction requirements, where the threshold is $2,000) for purchases on the purchase card. In addition, one of those vendors had more than 50 consecutively numbered invoices.

Results. Substantiated. Three transactions were found for $1,999 and 13 other transactions were for exactly $2,000. The allegation of consecutive invoices was partially substantiated. The invoices for this vendor spanned 57 numbers, from invoice number 8 through 64. Of those, 44, or 77 percent, were present in the various ratification packages. However, there was one string of 14 consecutive invoices from this vendor, as well as 4 other instances of at least 6 consecutive invoices.

g. Allegation. The former Chief of the District Contracting Division had issued policy effective February 1, 1999, which stated that any supply or service valued at $2,500 or less must be acquired using the purchase card. The guidance further stated that the District Contracting Division would send a letter to any

vendor that had a blanket purchase agreement and inform them that the option(s) on those blanket purchase agreements would not be exercised if the vendor would not accept the purchase card as payment. The policy continued that after blanket purchase agreements expired, individual cardholders would purchase those supplies or services. The policy ended with a "Note" that stated, "This policy shift reduces the concern for splitting requirements. If the purchase is able to stand alone, it is not considered splitting requirements."

Results. Substantiated. The Louisville District Office of Counsel was aware of the errant guidance but took no action to correct the issue. Office of Counsel, Louisville District issued two legal opinions on the guidance in May and November 1999 after the guidance was issued, but the guidance remained in effect. The guidance was superseded in March 2002 when a new Chief of the District Contracting Division issued updated guidance.

Allegation A.2. Purchase Requests and Commitments Completed After the Transaction. PR&Cs were often approved and certified after transactions were completed.

Results A.2. Substantiated. Nineteen of the 35 ratification packages reviewed contained PR&Cs that had been completed after the purchase had already been made. Those 19 ratification packages contained 616 transactions, of which 192, or 31 percent, contained PR&Cs that were approved and certified after the transactions were completed.

Our review of FY 2003 data indicated that 6 of the 12 cardholder account files reviewed also contained PR&Cs completed after the purchase had already been made. Of the 327 transactions reviewed for those 6 cardholders, 37 had PR&Cs completed after the purchase had already been made. See finding A of this report for details.

Allegation A.3. Services and Purchase Requests and Commitments Completed in Different Fiscal Years. Services were being purchased in one fiscal year and the PR&C was approved and certified in another fiscal year.

Results A.3. Partially substantiated. One cardholder account file had 37 PR&Cs indicating that the PR&C was approved and certified in one fiscal year, but the purchases were made and charged to the cardholder the following fiscal year. However, the Resource Management Office stated these transactions involved civil appropriated money, not military money, and had no time or fiscal year restrictions. Because of time and resource constraints, this allegation was not examined further.

Allegation A.4. Recommended Disciplinary Actions Reduced. The Army Regulation 15-6 investigation report recommended disciplinary actions be taken against a number of cardholders and approving officials for their actions. The recommended disciplinary actions ranged from suspension to a warning. All the disciplinary actions were reduced.

Results A.4. Substantiated. A Louisville District civilian personnel officer stated that three supervisors who were recommended for suspension received letters of

reprimand instead. The deputy district commander made the decision to change the disciplinary action because the supervisors all stated they were not given the opportunity to state their position. Twelve cardholders received either a warning or counseling.

Allegation A.5. Huntington District $200,000 Building. The Operations Division within the U.S. Army Corps of Engineers, Huntington District built a new building that cost approximately $200,000 using credit card transactions.

Results A.5. The U.S. Army Corps of Engineers, Huntington District Internal Review Office examined this issue and determined split purchases were in fact used in the construction of the building. The Internal Review Office issued Report No. LRH 02-13, which recommended that the Chief of the District Contracting Division establish and issue clear and comprehensive guidance, redesign purchase card training, and provide refresher training to District Contracting Division personnel, as well as cardholders and their approving officials. The report also made recommendations that the Chief of the Operations and Readiness Division direct site managers to coordinate acquisition of materials estimated to exceed purchase card limitations on projects with the District Contracting Division and also to request indefinite delivery/indefinite quantity contracts that identify the purchase card as a method of payment with vendors. Finally, Huntington District Internal Review Report No. LRH 02-13 recommended the Chief of the District Contracting Division and the Chief of the Operations and Readiness Division consider establishing a purchasing agent at the Marietta Repair Station to ensure requirements that exceeded the micro-purchase threshold were met in a timely manner. This allegation was not examined further.

Allegation A.6. Invoices Created by Government Personnel. Government personnel were creating vendor invoices.

Results A.6. Substantiated. An approving official involved with some of the ratification packages that resulted from the Army Regulation 15-6 investigation stated District personnel created invoices for some transactions. In addition, 3 of the 12 FY 2003 cardholder account files we reviewed contained invoices prepared by Government personnel. All three cardholders stated they prepared invoices for the vendors. See finding A of this report for details.

Allegation A.7. Guard Services. Guard services were contracted for at Fort Knox, which violated Defense FAR Supplement part 237.102-70, "Prohibition on Contracting for Firefighting or Security Guard Functions."

Results A.7. Partially substantiated. Four Fort Knox ratification packages contained transactions for guard services. Examples of this allegation were not found during our review of FY 2003 transactions.

Defense Federal Acquisition Regulation Supplement 237.102-70(d) which implements Section 332 of the 2003 National Defense Authorization Act (Public Law 107-314) allows contracts for increased performance of security guard functions at military installations or facilities if the security guard functions are undertaken in response to the terrorist attacks on the United States on September 11, 2001.

Contracting

Allegation B.1. Design-Build Indefinite Delivery/Indefinite Quantity Construction Contracts. Task orders were issued on design-build indefinite delivery/indefinite quantity contracts for design only, with an unpriced option for construction, and the construction option was never negotiated. Design was funded with 1 year fiscal year operation and maintenance money and construction was funded with different fiscal year operation and maintenance dollars, which the complainant stated, "violates fiscal law."

Results B.1. Unsubstantiated. The allegation that a task order issued for design only with an unpriced option for construction in violation of the Brooks Act was not substantiated. The Brooks Act does not prohibit issuance of a design-only task order with an option for construction. The Brooks Act would typically apply on a "design-bid-build" project. The indefinite delivery/indefinite quantity contract was more a "design-build" project as defined in 10 U.S.C. 2305a, and implemented in FAR Part 36, "Construction and Architect-Engineer Contracts."

The complainant's allegation that the construction option was never negotiated was not substantiated. Modifications to task orders to add a construction phase to contracts DACA27-00-D-0005, DACA27-98-D-0035 and DACA27-01-D-0003 were negotiated.

The allegation that the Louisville District violated fiscal law by funding the design phase with one fiscal year operation and maintenance dollars and construction with a different fiscal year operation and maintenance dollars was not substantiated. Both the design and construction were funded with the Army's military construction appropriation using the same year funding. There was no evidence of fiscal laws being violated. The service to be provided in the task order must be a requirement of the fiscal year during which the funds are available. The design and construction of a project may be the genuine needs of different fiscal years.

Allegation B.2. Ordering Officer Authority. Ordering officers were not properly authorized. Authorization letters were issued by contracting officers and not by the Chief of the District Contracting Division as required. Also, the annual reviews of ordering officers' records required by the Army FAR Supplement were never performed.

Results B.2. Substantiated. The contract file for DACA27-98-D-0001 contained designation letters for ordering officers signed by the contracting officer instead of the Chief of the District Contracting Division as required by EFARS 1.602-2-91, "Appointment of Ordering Officers." However, the Louisville District Internal Review Office was aware of the issue. According to an Internal Review report, dated October 17, 2002, the Chief of the District Contracting Division stated that the problem had been corrected. In addition, in the spring of 2002, the Chief of the District Contracting Division directed Contracting personnel to rescind all the ordering officer designation letters.

The allegation that the required annual reviews of ordering officers' records have never been performed was also substantiated. Examination of the contracts and contract files related to the allegation did not find any documentation that annual reviews were performed. Army FAR Supplement 5101.602-2, "Contracting Officers Responsibilities," requires that a written record of the reviews be maintained in the contract files. Internal Review was also aware of the issue. According to an Internal Review report, dated October 17, 2002, the Chief of the District Contracting Division had been working with the Information Management Office to design a database to aid the District Contracting Division in tracking ordering officers' records. Also, the report stated that the Chief of the District Contracting Division believed the problem was under control.

Allegation B.3. Administrative Contracting Officers. Several allegations were made concerning improper actions related to ACOs. ACO authority had been issued on service contract DACA27-01-D-0002, and the contractor had not countersigned modifications; ACOs and field personnel were waiving requirements under the contract for a lesser standard.

Results B.3. Partially substantiated. We could not substantiate the allegation that ACO authority had been issued on service contracts. We did not find a letter of designation for an ACO contained in the contract file for contract DACA27-01-D-0002. Also, we reviewed an Internal Review report that was performed to address the same issue. Internal Review Report No. 03-16 "Service Contracts Versus Construction Contracts," September 8, 2003, stated the auditor did not find that a designation of a contracting officer representative for contract DACA27-01-D-0002 was made. The Internal Review report, however, stated that the auditors found an improper designation of an ACO for contract DACA27-98-D-0001, a service contract.

The allegation that the contractor did not countersign contract modifications was substantiated. Our review of contract DACA27-99-C-0050 found that 33 contract modification documents did not have contractor signature although they were meant to be bilateral. Thirty-two of the 33 modifications affected the contract price, either with an increase or a decrease in the amount. When a modification is supposed to be "bilateral" (signed by both parties), the modification may be effective when signed only by the contracting officer when the contractor performs in accordance with the modification, indicating that the contractor intended to be bound. Our review did not find any documentation that would indicate the contractor failed to perform under the contract.

The allegation that ACOs and field personnel were waiving requirements under the contract for a lesser standard could not be determined. We were unable to determine the validity of the allegation for lack of necessary information for the review. As a result, we were unable to substantiate the alleged problems.

Allegation B.4. Source Selection Plan. The SSA and Office of Counsel, Louisville District are not approving source selection plans prior to issuance of solicitation.

Results B.4. Substantiated. The allegation was substantiated to the extent that the SSA and Office of Counsel did not approve source selection plans prior to

issuance of the solicitation for contract DACA27-02-C-0023. The SSA (the Chief of the District Contracting Division) has ultimate responsibility for approving the source selection plan before it is issued. Not approving the source selection plan was a technical oversight by the SSA, but it had no consequence in terms of the validity of the procurement. In the review of the contract files, we were unable to find any bid protest ever filed over a procedural oversight. However, the SSA should be familiar with the specific requirements of the FAR, Defense FAR Supplement, Army FAR Supplement and the source selection plan, and should provide direction to the contracting officer, chairperson of the source selection board, legal counsel, and other selected members to ensure that a source selection plan is prepared and approved prior to issuance of the solicitation.

Allegation B.5. Sole Source Items. Construction solicitations were issued containing sole source items prior to the item(s) being synopsized and a justification and approval approved.

Results B.5. Unsubstantiated. We agreed with the allegation that a construction solicitation (DACA27-02-B-1001) was issued containing sole source items prior to that item(s) being synopsized and a justification and approval approved. However, before the contract was awarded, District Contracting Division personnel discovered the sole source items included in the solicitation and took corrective action by issuing an amendment to the solicitation to delete the sole source items. The District Contracting Division issued Amendment No. 5 on September 4, 2002.

Allegation B.6. Government Furnished Property. Government furnished property acquired under five cost reimbursable contracts was not monitored. As a result, a project manager transferred more than $2 million of property from the District to a local sponsor.

Results B.6. Unsubstantiated. The responsibility for monitoring Government furnished equipment transferred from the Logistics Management Office to the District Contracting Division in May 2003. However, the Logistics Management Property Book Officer continued to monitor Government furnished equipment because the District Contracting Division had not yet assumed the responsibility. The Property Book Officer reviewed the five cost reimbursable contracts associated with the allegation. The Property Book Officer indicated that he was responsible for the contracts and that only one contract had Government furnished equipment.

The allegation that a project manager transferred District property to a local sponsor was unsubstantiated. The U.S. Army Corps of Engineers built three water supply wells and a municipal well house for Kinross Township in Michigan. The actual cost of the properties was $3.4 million. A project manager executed a DD Form 1354, "Transfer and Acceptance of Military Property," to transfer the properties to the Kinross Township. However, the execution of the DD Form 1354 and the transfer of the properties were unnecessary because the land on which the wells and well house were built was owned by the Kinross Township; therefore, no transfer of property was required, and no improper transfer of property took place.

Allegation B.7. Incremental Funding of Design-Build Contract. A design-build civil works contract was funded incrementally which was not in compliance with Engineering Regulation-1180-1-9 requirement.

Results B.7. Substantiated. Contract DACW27-02-C-0005 was a civil works design-build contract for the design and construction of the Olmstead Miter Gate Storage Facility at Smithland Locks and Dam, Hanletsburg, Illinois. Although Engineering Regulation 1180-1-9 requires that civil works project contracts be fully funded at time of award, contract DACW27-02-C-0005 was not. The contract contained EFARS clause 52.232-5001, "Continuing Contracts," which meant it was incrementally funded. The contracting officer stated that the contract was awarded based on the prescribed procurement regulation, primarily EFARS 32.7, "Contract Funding," which authorizes incremental funding of civil works contracts. This appears to contradict the provision of Engineer Regulation 1180-1-9. The EFARS does not reflect the funding restriction provided in Engineer Regulation 1180-1-9. We believe the U.S. Army Corps of Engineers needs to clarify these two conflicting regulations to prevent more confusion in the future (See Recommendation B.2. in finding B of this report).

Allegation B.8. Project Management Service versus Architect and Engineer Services. A contract was procured under A&E services to support a Project Management services contract, which constitutes a violation of the Competitions in Contracting Act.

Results B.8. Partially substantiated. We agreed with the allegation that contract DACA27-00-D-0004 was procured under the Brooks Act as an A&E services contract and that the contract scope was for project management services including developing plans, schedules, and attending and setting up meetings. However, this fact alone does not violate the Competitions in Contracting Act. FAR Subpart 6.102, "Use of Competitive Procedure," states that selection of sources for A&E contracts in accordance with the provisions of the Brooks Act is a competitive procedure. Furthermore, FAR Subpart 36.601-1, "Competition," also states that acquisition of A&E services in accordance with the Brooks Act will constitute a competitive procedure.

Allegation B.9. Contracts were not Managed Centrally. An indefinite delivery/indefinite quantity contract, contract DACA27-00-D-0002, was not centrally managed by any function within the District. As a result, contract options expired when there was still a need for the capacity, new task orders were issued that exceeded the value of the contract, task orders were issued beyond the term of the contract, and actual contract usage was not tracked.

Results B.9. Undetermined. The contract file for contract DACA27-00-D-0002 was not available for review. The contract was involved in a nationwide investigation jointly performed by the Justice Department; the Office of the Inspector General, DoD; and the Army Criminal Investigative Division.

Allegation B.10. Inappropriate Direct Labor Charges. In April 2002, the Chief of the Operations Division stated that the District Contracting Division would not be receiving any more direct labor funding for its work on Operations Division projects. The Operations Division would charge its overhead account

for work completed by District Contracting Division personnel, even though the work was directly related to the project.

Results B.10. Louisville District Internal Review Office Report No. 03-15, "Contracting Office Procedure/Operations Funding," dated March 13, 2003, found the District Contracting Division was incorrectly charging their time. The Chief of the District Contracting Division stated that improperly charged labor costs had been fixed and are no longer an issue.

Other Allegations. There were additional allegations regarding utilities contracts, blanket purchase agreements, and contracting funds administration that will be addressed in the future, based on the availability of audit resources.

Appendix D. Purchases Made Before Certification of Funding

Cardholder	Transaction Number	Transaction Date	Transaction Amount	PR&C Certify Date
1	1	10/14/2002	$ 88.00	10/31/2002
	2	01/24/2003	119.99	02/25/2003
2	3	11/23/2002	891.89	11/25/2002
	4	12/18/2002	210.50	12/19/2002
	5	08/29/2003	990.24	09/25/2003
3	6	05/05/2003	2,091.00	06/30/2003
	7	06/01/2003	3,813.00	06/30/2003
4	8	12/04/2002	40.75	01/02/2003
	9	12/04/2002	40.75	01/02/2003
	10	12/04/2002	176.78	01/02/2003
	11	12/23/2002	27.50	01/06/2003
	12	01/02/2003	176.80	01/06/2003
	13	01/02/2003	40.75	01/06/2003
	14	01/02/2003	40.75	01/06/2003
	15	01/20/2003	18.66	01/22/2003
	16	01/27/2003	286.20	01/28/2003
	17	03/18/2003	28.00	04/01/2003
	18	03/18/2003	43.00	04/01/2003
	19	03/18/2003	58.00	04/01/2003
	20	04/16/2003	450.00	04/17/2003
	21	04/21/2003	27.23	04/30/2003
	22	05/01/2003	72.00	05/12/2003
	23	05/19/2003	22.98	06/10/2003
5	24	03/13/2003	560.00	04/03/2003
	25	09/05/2003	527.00	09/06/2003
6	26	10/01/2002	235.04	10/09/2002
	27	10/02/2002	77.30	10/09/2002
	28	10/04/2002	307.03	10/31/2002
	29	10/04/2002	74.20	10/31/2002
	30	10/07/2002	152.88	10/11/2002
	31	10/15/2002	1,289.60	12/03/2002
	32	03/04/2003	101.50	04/17/2003
	33	03/06/2003	224.64	05/06/2003
	34	03/07/2003	1,411.78	05/06/2003
	35	03/10/2003	378.36	05/06/2003
	36	04/15/2003	1,115.46	04/17/2003
	37	04/22/2003	2,415.30	04/30/2003
Total			**$18,624.86**	

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
- Director, Defense Procurement and Acquisition Policy
  - Director, Purchase Card Joint Program Management Office

Under Secretary of Defense (Comptroller)/Chief Financial Officer
- Deputy Chief Financial Officer
- Deputy Comptroller (Program/Budget)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Naval Inspector General
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Combatant Command

Inspector General, U.S. Joint Forces Command

Non-Defense Federal Organization

Office of Management and Budget

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform
House Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform
House Subcommittee on Technology, Information Policy, Intergovernmental Relations, and the Census, Committee on Government Reform

Army Corps of Engineers Comments

DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CEIR

24 June 2004

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE, 400 Army Navy Drive, Arlington, VA 22202-4704

SUBJECT: Audit of Purchase Card Use and Contracting Actions at the U.S. Army Corps of Engineers, Louisville District (Project Number D2003CK-0185) -- RESPONSE

Attached is the official U.S. Army Corps of Engineers response to subject DODIG audit.

FOR THE COMMANDER:

ROBERT H. GRIFFIN
Major General, USA
Deputy Commander

Purchase Card Use and Contracting Actions at the U.S. Army Corps of Engineers, Louisville District Project Number D2003CK-0185

Recommendation A.1: We recommend that the Commander, Louisville District:

a. Require a full-time Agency Program Coordinator dedicated to implementing and overseeing effective purchase card program controls.

CONCUR. Louisville District hired in April 2004 a full-time Agency Program Coordinator (APC) Procurement Analyst, GS-11 position. The purpose of this full-time position is to ensure that the Louisville District Credit Card Program is properly managed in accordance with the applicable DOD, Army and local regulations. This program will be reviewed and it is fully intended that the program will be revised and updated to ensure all the requirements mentioned in this section will be adhered to. This action is currently being performed.

b. Direct that purchase card program guidance implements Army requirements and is appropriately disseminated throughout the District.

CONCUR. Contracting Division will ensure purchase card program guidance implements Army requirements and are provided to all District employees. This action should be completedin 90 days.

c. Clearly identify the Agency Program Coordinator as the single point of contact for all questions related to the purchase card program.

CONCUR. The Contracting Division Agency Program Coordinator will be the single point of contact for purchase card program questions. This action should be complete in 90 days.

Recommendation A-2. We recommend that the Agency Program Coordinator, Louisville District:

a. Revise the Louisville District Guidebook to adequately implement the Army Standing Operating Procedure. Specifically, the Louisville District Guidebook should address annual purchase card account reviews and adequate separation of duties.

PARTIALLY CONCUR. Concur that the Contracting Division will revise the Louisville District Guidebook to adequately implement the Army Standing Operating Procedure. Nonconcur concerning the Louisville District Guidebook since the District is following Headquarters guidance as discussed in **A.2.b(2)** below. This action should be complete in 180 days.

b. Annually review 100 percent of approving official accounts in accordance with the Army Standing Operating Procedure to verify:

(1) Compliance with purchase card guidance.

CONCUR. The Contracting Division Agency Program Coordinator will annually review 100% of approving official accounts with the Army Standing Operating Procedure to ensure compliance with purchase card guidance. This action should be complete in 180 days.

(2) Purchase and commitments are initiated, approved, and certified by three different individuals.

NONCONCUR. District guidance with respect to separation of duties is in consonance with HQUSACE, CERM-P memorandum, dated 8 Mar 00, which exempts government purchase card (GPC) holders from the policy that no one individual can be granted all four CEFMS authorities (initiate, approve, obligate fund, and receive goods). This policy was transmitted to the field on 10 Mar 2000.[1] This guidance was issued to Operations and Contracting Divisions in May 2002, as enumerated in the Mar 00 HQUSACE policy guidance. This policy was established because adequate separation of duties already exists within CEFMS to prevent fraud/abuse. Specifically, no payments may be made until the billing official approves his/her cardholders' statements.

The internal control process was strengthened in December 11, 2002, when the Director of the USACE Finance Center implemented new requirements that each billing official must be appointed as a "Certifying Officer" to approve credit card billing statements within CEFMS.[2] The attached email traffic indicated this information would also be released by Mr. Michael Organek of the USACE PARC office to all Contracting Officials. The formal appointment of the credit card billing approver as a certifying officer is provided for in the Department of the Army, Government Purchase Card Standing Operating Procedure (SOP) as well as 31 U.S.C. 3325. http://www4.law.cornell.edu/uscode/31/3325.html

The internal control process was strengthened again on 10 Jul 2003, when CEFMS functionality was released to restrict unappointed Government Purchase Card Certifying Officials from signing IMPAC card statements.[3] In order for an approver or alternate approver to be appointed, the Appointing Official must sign the electronic delegation letter and the employee must accept the assignment by electronically signing the delegation letter. Such controls do not exist in most other major Army Financial Systems (e.g., STANFINS).

Moreover, if a billing official should make a mistake and authorize an erroneous payment, they may be held pecuniarily liable under 31 USC 3528. http://www4.law.cornell.edu/uscode/31/3538.html.

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[1] See CEFMS User Access Permissions, 8 March 2000.
[2] See New CEFMS Credit Card Procedures and Certifying Officers Training.
[3] See Government Purchase Card Certifying Official.

The District has 42 field offices, many of which are in remote locations with just a few employees. The cost of implementing a superfluous approval for credit card purchases when adequate controls exist would far outweigh the benefits derived. Paragraph 2-2.a of AR 11-2, Management Control, states: *Inherently a management judgment, reasonable assurance recognizes that there are acceptable levels of risk that cannot be avoided because the cost of absolute control should not exceed the benefits derived.* Also, AR 11-2, Appendix B-2.6, Reasonable Assurance Implementation, states: *This standard recognizes that the cost of management control should not exceed the benefit derived. Reasonable assurance equates to a satisfactory level of confidence under given consideration of cost, benefit, and risk. There are sensitive resources for which the cost of controls cannot be an issue. However, for most resources and operations, the Army cannot afford to attain 100 percent compliance with requirement. Thus, essential application of this standard is in defining acceptable performance within the reality of what can be accomplished. This realistic performance objective is the basis for judging the adequacy of application management controls.*

In closing, we feel that we have complied with higher headquarters guidance on this subject, and more importantly, we firmly believe that adequate internal controls exist to prevent the unauthorized acquisition and payment of improper items. And that, if an improper acquisition should become authorized, there are specific legal remedies provided for in 31 USC 3528 for recovery of loss.

Any changes in Louisville District's current operating procedures remain contingent on HQUSACE guidance.

(3) Cardholders accept only invoices originally prepared by the vendor in accordance with the commercial item clause of the contract.

CONCUR. Contracting Division Agency Program Coordinator will remind cardholders to accept only invoices originally prepared by the vendor. This action should be complete in 90 days.

(4) Cardholder and approving official account files are maintained in accordance with Army guidance.

CONCUR. Contracting Division will maintain cardholder approving official account files with Army guidance. This action should be complete in 90 days.

Recommendation B.1. We recommend that the Commander, Louisville District:

a. Direct the Chief of the District Contracting Division, Louisville District, to strengthen the District internal management control procedures for compliance with applicable procurement guidance to include controls on: contract documentation signature authority, source selection plan approval timeliness, solicitation procedures application, and design-build civil works contract finding.

CONCUR. Contracting Division has established several SOPs and checklists that will assist the personnel in Contracting Division to ensure applicable regulatory requirements are followed. With the help of our local Internal Review team, we will ensure internal controls are in place and adhered to for future requirements. The issue of the ACO Documentation and Signature Authority should be taken care of when annual inspections are made by the APC Coordinator. This action should be complete in 180 days.

b. Provide contracting personnel refresher training on overall contracting procedures.

CONCUR. Contracting Personnel will be provided refresher training on an as-needed basis. This action should be completed in 180 days.

Recommendation B.2. We recommend that the Principal Assistant Responsible for Contracting, Headquarters, U.S. Army Corps of Engineers, address the conflicting provisions between the Engineer Regulation 1180-1-9 and Engineer Federal Acquisition Regulation 32.7.

CONCUR. Indefinite-Delivery/Indefinite-Quantity type contracts allow for a guaranteed minimum quantity to be obligated, 2%-5% of the contracts estimated amount, at the time of contract award. After the guaranteed minimum quantity or amount is used, the remainder of the work on the contract is incrementally funded and obligated with the issuance of independently funded task orders. The Design portion of the Design-Build contract should be a lump sum Firm Fixed-Price contract, but the actual construction phase of the contract, could be incrementally funded via Task Orders, and would still not violate the intent of the Brooks Act, which allows for a two phase approach for accomplishing the desired planning and construction phase of the project.

USACE is now transitioning to Project Development Teams, which will allow greater overview of projects that have a portion of the contract price dependent upon reservations of funds from future appropriations, and not obligating the full amount of the estimated amount of the contract up front. Anticipate completion of action by 30 June 2005.

CERM-P (37-1e) 8 March 2000

MEMORANDUM FOR COMMANDERS/DIRECTORS, ALL MAJOR SUBORDINATE COMMANDS, FIELD OPERATING ACTIVITIES AND ENGINEER RESEARCH AND DEVELOPMENT COMMAND

Subject: CEFMS User Access Permissions

1. Reference CERM-P memorandum, dated 28 June 1999, subject as above. The referenced memorandum established policy that no one individual can be granted all four CEFMS authorities (initiate, approve, obligate funds, and receive goods) against the same purchase request. This memorandum modifies paragraph 3d of the 28 June memorandum to exempt government purchase card (GPC) holders. There are adequate separation of duties already established in the credit card process to prevent fraud/abuse. These separation of duties consist of the GPC holder and the GPC approval official who is responsible for, at a minimum, reconciling monthly each GPC holder's statement, verifying that all transactions were for necessary government purchases in accordance with Federal Acquisition Regulations, and approving the GPC holder's monthly bill for payment.

2. The US Army Audit Agency has identified the following weaknesses involving user access permissions in CEFMS:

a. Too many individuals have been granted the authority to approve the MSC Headquarters/District/Laboratory/Field Operating Activity Operating Budget.

b. Budget formulation level authority is not adequately controlled.

c. Single individuals have been granted authority to complete an entire purchase (create and approve a purchase request, obligate funds and receive goods against a single work item), thus failing to maintain the proper separation of duties.

3. Commanders will immediately take steps to insure that the following policies are in place:

a. CEFMS Access Control Tables are reviewed semi-annually and, if necessary, modified to restrict Operating Budget approval authority to the Commander and, if necessary, a few key Resource Management officials.

Footnote I

6

DATE CHRONOLOGY

Title	Dates Performed	Other Report #	IR Review #	Report Date
Government Purchase Card Program 15-6 Investigation	28 March 2002 to 21 June 2002		Not applicable	26 June 2002
Memorandum for the Record: Contracting Chief's Concerns	17 October 2002		N/A	N/A
CT Issues: Service Contract vs. Construction Contracts	27 February 2003 to 23 July 2003		03-16	8 September 2003
Government Furnished Property	13 May 2003 to 3 July 2003		03-22	23 July 2003
Follow-Up VISA AR 15-6 Investigation	8 October 2003 to 9 June 2004		04-03	6 August 2004
Follow-Up Government Furnished Property (Orig. 03-22)	16 April 2004 to 21 April 2004		04-12	28 April 2004
Follow-Up Service Contracts vs Construction Contracts (Orig. 03-16)	19 April to 22 April 2004		04-14	28 April 2004
DoDIG ACQUISITION-Purchase Card Use and Contracting Actions at the U.S. Army Corps of Engineers, Louisville District	July 2003 to April 2004	D-2004-104		27 July 2004

9

Position Description

PD#: GJ01512
Sequence#: VARIES

Replaces PD#: 00899

SUPV PROCUREMENT ANALYST

GS-1102-14

Servicing CPAC: COE, LOUISVILLE, KY

Agency: VARIES
MACOM: VARIES
Command Code: VARIES

Region: SOUTHWEST

Citation 1: OPM GENERAL SCHEDULE SUPERVISORY GUIDE, TS-123, APR 98
Citation 2: OPM PCS CONTRACTING SERIES, GS-1102, DEC 83
PD Library PD: NO
COREDOC PD: NO

C[illegible]fied By: RALPH GRIECO, COL
C[illegible]sified Date: 10/04/1994

FLSA: EXEMPT
Career Program: 14
Functional Code: 00
Competitive Area: VARIES
Competitive Level: VARIES
Bus Code: VARIES
PD Status: VERIFIED

Drug Test Required: VARIES
Financial Disclosure Required: YES **
Requires Access to Firearms: VARIES
Position Sensitivity: VARIES
Emergency Essential: VARIES

DCIPS PD: NO
Acquisition Position: YES ***
Interdisciplinary: NO
Target Grade/FPL: 14
Career Ladder PD: NO

Duties:

SUPERVISORY CONTROLS

Works under general supervision. Work assignments are provided in broad outline with objectives to be accomplished. Advice is provided on policy matters and unusual problems or conditions. Work is reviewed through review of correspondence and reports, field visits, compliance with policies and directions and quality and adequacy of results.

M[illegible] DUTIES

Se[illegible]ves as Chief, Contracting Division, responsible for acquiring all necessary commodities in support of the Louisville District's mission. The incumbent serves as the principal procurement official and primary contracting officer vested with an unlimited monetary authority to contract for supplies and services (including construction and architect-engineer, utilities, and agreements), via any authorized contracting

method, using all manner of fixed price or cost special interest) contracts. Exercises full breadth of authority through participation in acquisition planning, contract formation, partnering, administration, [illegible]ution of disputes, and claims by means of issuing Contracting Officer Decisions (COD's) and [illegible]equent contract modifications. Prepares recommendations for sustainment or denial of mistakes in b[illegible], protest, justifications and approvals along with their related determinations and findings which must be resolved at higher agency level or through the General Accounting Office (GAO). Exercises delegated authority to appoint Ordering Officers, Administrative Contracting Officers, Contracting Officer's Representatives, and similar positions in the contracting process. Performs the following typical duties:

1. SUPERVISION/PROGRAM MANAGEMENT: 50%

Develops long range organizational plans and goals through subordinate branch chiefs, assigns work to subordinates, determining work schedules and priorities. Confers with other functional chiefs to negotiate and/or coordinate work related changes. Advises Commander of Contracting Division's work relationship to other District Programs, and furnishes periodic work status reports on all Contracting actions and programs. provides advice, counsel and instruction on work and administrative matters. Reviews and approves the full range of personnel actions recommended by subordinate supervisors. Recommends performance based awards and bonuses for subordinate supervisors and other key officials in the Contracting Division. Hears and resolves employee complaints, group grievances and more serious actions recommended by subordinate supervisors. Exercises position management responsibilities, assuring that subordinate job descriptions are current and accurate. Designs and structures subordinate positions to insure optimum effectiveness, and economy according to position management policies and programs. Assures that equal opportunity programs for minority groups, women, and disabled persons are implemented and operational, and maintains responsibility for the accomplishment of all EEO goals and objectives in accordance with the policies of DA and COE. Acts as CP14 Career Program Manager for the District, assisting subordinates with development of realistic career goals ensures timely completion of performance reviews.

[illegible]NTRACT MANAGEMENT: 25%

Manages the District's multi-million dollar contracting program for single and multiple purpose civil works water resource projects; military design and construction projects; environmental restoration, hazardous toxic and radiological waste remediation; Federal Information Processing Resources; and work for others projects throughout the United States. As subject-matter expert, incumbent is responsible for exercising independent judgment to accomplish the myriad of contracting responsibilities in support of the district mission, to include supervision of the development and execution of the contracting portion of project management plans. Refers to the Commander only those matters involving unresolved major problems. Recommendations and conclusions by the incumbent are considered authoritative. Work is reviewed primarily in terms of the incumbents effectiveness in accomplishing corporate goals and objectives. The work of the position requires application of a highly developed professional knowledge of the theories and principles of contracting. Incumbent is accountable to the District Commander, through the Deputy Commander, for all contracting commitments documented in the Project Management Plans.

a. Plans for, requests and negotiates the acquisition of all necessary resources to support the Contracting Division and prepares input for budgets. Anticipates resource requirements and/or changes in organization or functional assignments necessary to accommodate projected workloads, and organizes or reorganizes the Division to meet those needs. Establishes overall priorities within which work is to be accomplished.

b. Performs continuing review of the Contracting activities to ensure that management objectives are being met. Continually evaluates the status of the District's contracting programs through reports, program review and analyses, goals and objectives, and periodic discussion with the staff, Deputy Commander (military), DDE (civilian), District Commander, and other functional officials. Takes corrective action as r[illegible]d by formulating local contracting guidance or otherwise redirecting staff efforts. Makes changes in c[illegible]cting guidance or recommends changes in district objectives when problems are identified that have a[illegible]dverse impact on mission accomplishments.

c. Implements contracting laws, higher authority directives and policy, develops and issues local guidance. Establishes reporting procedures and priorities to ensure compliance with program directives and goals

established by higher headquarters and/or project management, such as overall internal management controls review (to include the district's credit card program) and contract audit follow-up programs. ·dinates the work of the District with Deputy Commander (military), the DDE (civilian), other functional district elements, and other organizations and activities. Establishes and maintains cooperative re..tionships with higher head quarters, other operating officials, agencies and political entities.

d. Manages the procurement of all types of supplies and services, including construction and architect-engineer design contracts. Procurement entails a full range of procurement functions such as; conducting Acquisition Strategy meetings, determining methods of procurement and locating sources, implementing use of full and open competition via Requests For Proposals, sealed bids or competitive negotiation, etc and conducting a full range of evaluations to determine responsiveness and responsibility, and resolving and preparing contracting officer recommendations/decisions relating to mistakes in bid and protests. The work consists of, but is not limited to managing acquisition programs for Federal Information Processing Systems, complex civil works; complex military projects; environmental and pollution concerns where hazardous, toxic and radiological waste sites require extensive restoration and remediation. Typical complexities include design instability in the early phases of the acquisition cycle resulting in frequent design changes; difficulty in developing time schedules; use of a variety of fixed-price and cost-reimbursement/contracts and a broad range of complex terms and conditions including cost share arrangements, progress payments and escalation clauses; multiple-year, long-term contracts; sole source negotiating environment; use of extensive cost analysis to determine reasonableness; programs involving several contracts with the same or different contractor and changes to one contract frequently affecting other contracts; and extensive use of subcontracts. Decisions involve uncertainties or problems, such as questionable financial responsibility, production scheduling, deficient performance, economic instability and complicated segments of complex programs. The incumbent interprets technical, legal and audit decisions and analyzes their impact on the procurement.

e. Either personally or through administrative contracting officers performs the following contract ·nistration functions: Develops and maintains systems to evaluate and monitor contractual ·rmance related to delivery, level of progress and associated progress payments, effective use of g. ernment-furnished property or materials, scheduling and usage of facilities, and management of maintenance and repair efforts. Initiates appropriate remedial action to avoid or minimize delays. Plans and conducts post-award conferences to ensure compliance with contractual requirements. Incorporates changed contract requirements or settles issues that develop after contract placement. As necessary resolves contract disputes and claims. Directs or performs contract terminations either for convenience of the government or default. Also included are the preparation and issuance of cure notice, show cause letters, termination notices, the negotiation and documentation of settlement agreements and the issuance of Contracting Officer decisions.

3. Attends Meetings: 20%

Serves as a key district member of the Program Budget Advisory Committee (PBAC), the Project Review Board (PRB), or similar corporate executive body, providing corporate participation to ensure that contracting product commitments are met in support of project execution. Represents the District at meeting with officials from other Districts, higher echelons, contractors, and contractors organizations (i.e. AGC's, SAME, etc) and/or local, state and other Federal agencies, concerning current and long range programs, specific projects and changes thereto, and renders decisions, advice and guidance on matters relating to contracting issues. Represent the Government as Contracting officer before various judicial and administrative Boards (i.e., GAO, GSBCA, ASBCA, EngBCA) regarding the resolution of protests and disputes brought by or against the Government. Similarly meets, confers with and coordinates actions of visiting officials to successfully accomplish objectives of visit.

4. Miscellaneous Support: 5%

-- ·ports district's readiness posture by developing and periodically updating emergency and mobilization p ·s for the assigned organization. Analyzes possible missions and prepares for the execution thereof through planning, training, and commitment of resources (i.e., personnel, alternate files, MOBTA, etc.) Supports the District's "first team" concept of making experienced training personnel available for critical emergency missions.

--Supports and facilitates the Small and Disadvantaged Business Program. Advises SADBUs on contracting ers, acquisition procedures, information regarding proposed acquisitions, etc.

P..orms other duties as assigned.

Note: This position has been designates as a critical acquisition position. This position may only be filled by a member of the Army Acquisition Corps (AAC). Note: Incumbent is required to file a confidential Statement of Affiliations and Financial Interest, DD Form 1555, with the Office of Counsel.

Factor 1. Program Scope and Effect. Fl 1-2 350 pts

Incumbent heads the Contracting Division which provides contracting services to the Louisville District and other agencies. The district includes approximately 1200 personnel located in a multitude of locations in a 5 state area and is made up of engineers, planners, economists, biologists, real estate specialists, park rangers and other professionals. The district's operating budget exceeds 600 million per year with contracts exceeding 1 billion dollars. The mission of the District is to provide quality services in such areas as navigation, flood control, military construction, emergency operations, environmental projects, HTRW, real estate and management services. Major District projects/missions include:

1. Olmstead Locks and Dam $1,000,000,000 (15 years)
2. McAlpine Locks improvements $300,000,000 (10 years)
3. MILCON $200,000,000+ (annually)

The District provides engineering and contracting services in five states, four watersheds, 31 military installations to include 7 Major Military Command Headquarters and the USACE Lakes and Rivers Division, located in Cincinnati, OH. The District supports 60 field offices which provide services to millions of users at p ts. The District manages a navigation system which moves over 220 million tons of cargo each year, a ersees 300 miles of flood control levees. The AE, construction, towing, and recreation industries are a tly affected by the Louisville District. Projects and services have a significant impact on the economic well-being and the national defense of this country.

Factor 2. Organizational Setting. FL 2-3 350 pts

Incumbent reports directly to the Deputy District Commander for direction and guidance. The Deputy District Commander provides performance appraisal and any award justifications for the incumbent.

Factor 3. Supervisory/Managerial Authority Exercised. FL 3-3 755 pts

Incumbent exercises delegated authority to oversee the planning, direction and timely execution of a $600,000,000+ annual contract program. Approves all work plans of subordinate supervisors. Exercises final authority for all personnel and organizational actions recommended by subordinate supervisors. Approves and allocates the distribution of a $1,500,000 budget annually. Manages organizational change and develops long range goals and objectives.

Factor 4. Personal Contacts.

A. Nature of Contacts: FL 4A-3 75 pts

Frequent contacts include major defense contractors, influential representatives from civic and labor groups, DA, OCE, and ORD. Also meets with SES, general officers of all services and congressional staff personnel to discuss program and contracting issues. Speaks at meetings and conferences. Testifies in eg ceedings and trials which requires many responses to unexpected and hostile questions.

urpose of Contacts: FL 4B-4 125 pts

Contacts are necessary to advise senior military and civilians on contracting and program issues, and to influence or persuade individuals to accept the position of the Louisville District involving millions of dollars

and major program involvement. Generally those contacted are uncooperative and skeptical. High Level communication and negotiation skills are required to obtain the r[illegible]uired results.

[illegible]or 5. Difficulty of Typical Work Directed. FL 5-6 800 pts

The highest grade non-supervisory work which constitutes 25 percent or more of the mission-related workload for Contracting Division is GS11.

Factor 6. Other Conditions. FL 6-5 1225 pts

Supervision and oversight requires exceptional coordination and integration of projects and professional and managerial work. The Chief of Contracting Division is personally responsible for the major contracting decisions which have a substantial effect on the operation of the District and the programs managed by the District. These include Final Contracting Officer Decisions that have a major impact on the District's mission.

Total Points: 3700

** Incumbent is required to submit a Financial Disclosure Statement, OGE-450, Executive Branch Personnel Confidential Financial Disclosure Report upon entering the position and annually, in accordance with DoD Directive 5500-7-R, Joint Ethics Regulation, dated 30 August 1993.

*** Other Work Requirements:

This is a Critical Acquisition Position. Unless specifically waived by the appropriate Army official, (i.e., the Director of Acquisition Career Management, the Army Acquisition Executive, or the Secretary of the Army) or if the employee is G[illegible]dfathered under 10 U.S.C. 1736(c)(1), the following are statutorily mandated requirements (Reference: 10 U.S.C. [illegible]nd 1737):
[illegible]ectee must be an Acquisition Corps (AC) member at the time of permanent selection for the position or have been g[illegible]nted a waiver.
- Selectee must execute, as a condition of appointment, a written agreement to remain in Federal service in the position for at least three years. In signing such agreement, the employee does not forfeit any employment rights, nor does such an agreement alter any other terms or conditions of employment.

Evaluation:

Per phone conversation with the CPAC Director, Factor 2 of PD was updated to reflect appraisal by the Deputy District Commander. A. Hernandez, Classification Spc, SWCPOC

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SOLICITATION, OFFER AND AWARD (Construction, Alteration, or Repair)	1. SOLICITATION NO. DACA27-03-R-0003	2. TYPE OF SOLICITATION ☐ SEALED BID (IFB) ☒ NEGOTIATED (RFP)	3. DATE ISSUED 05-May-2003	PAGE OF PAGES 1 of 193

IMPORTANT – The "offer" section on the reverse must be fully completed by offeror.

4. CONTRACT NO.	5. REQUISITION/PURCHASE REQUEST NO.	6. PROJECT NO.
W912QR-04-C-0004	W22W9K-3090-8448	

7. ISSUED BY CODE DACW27
CIVIL/OPS/ENVIRONMENTAL TEAM
600 DR. M. L. KING, JR. PL., RM 821
LOUISVILLE KY 40202-2230
TEL: FAX: 502.315.6193

8. ADDRESS OFFER TO *(If Other Than Item 7)* CODE
See Item 7
TEL: FAX:

9. FOR INFORMATION CALL:	A. NAME DENISE A BUSH	B. TELEPHONE NO. *(include area code)* *(NO COLLECT CALLS)* (502) 315-6209

SOLICITATION

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".

10. THE GOVERNMENT REQUIRES PERFORMANCE OF THE WORK DESCRIBED IN THESE DOCUMENTS *(Title, identifying no., date):*

Construction of Olmsted Dam, Olmsted, Illinois.

The project consists of five tainter gate bays, with hydraulic operated tainter gates, a 1400' navigable pass, two-boat abutments, four isolation joints founded on pipe piles and placement of scour protections. The dam is to be built using in-the-wet construction techniques.

The estimated cost range of the project is $250,000,000 to $500,000,000.

The project is being procured under source selection procurement procedures. Proposal submittal requirements and evaluation factors are described in Section 00115 and 00130. The selected proposal will be become a part of the contract upon award.

This contract is being issued pursuant to the Small Business Competitiveness Demonstration Program.

Amendments 0001, 0002, 0003, 0004, 0005, 0006 and 0007 are hereby incorporated into the contract.
Alterations: Section 00800, Continuing Contracts (MAR 1995) EFARS, 52,232-5001 correct to read: 1.61 (b) It is Estimated that the sum of $1,200,000.00 will be reserved for this contract for payments to the Contractor during fiscalyear 2004.
Incorporate Wage Determination No: 94-2309 Revision 27 dated 05/30/2003 and General Decision IL30016 dated 06/13/2003.

11. The Contractor shall begin performance within 10 calendar days and complete it within 2200 calendar days after receiving ☐ award, ☒ notice to proceed. This performance period is ☒ mandatory, ☐ negotiable. (See Section 00800.)

12a THE CONTRACTOR MUST FURNISH ANY REQUIRED PERFORMANCE AND PAYMENT BONDS? *(If "YES," indicate within how many calendar days after award in item 12B.)* ☐ YES ☒ NO	12B. CALENDAR DAYS

13. ADDITIONAL SOLICITATION REQUIREMENTS:

A. Sealed offers in original and 7 copies to perform the work required are due at the place specified in Item 8 by 4:00 p.m. *(hour)* local time 01 October 2003 (date). If this is a sealed bid solicitation, offers must be publicly opened at that time. Sealed envelopes containing offers shall be marked to show the offeror's name and address, the solicitation number, the date and time offers are due

B. An offer guarantee ☐ is, ☒ is not required.

C. Offers are subject to the (1) work requirements, and (2) other provisions and clauses incorporated in the solicitation in full text or by reference. Offers providing less than 120 calendar days for Government acceptance after the date offers are due will not be considered and will be rejected.

SOLICITATION, OFFER, AND AWARD (Continued)
(Construction, Alternation, or Repair)

OFFER *(Must be fully completed by offer)*

NAME AND ADDRESS OF OFFEROR *(Include ZIP Code)*

Washington Group International, Inc.
720 Park Boulevard
Boise, Idaho 83712

DUNS 12-979-0908 (Washington Group, Sponsor)

CODE 3EQ54 FACILITY CODE

15. TELEPHONE NO. *(Include area code)*
(208) 386-6028

16. REMITTANCE ADDRESS *(Include only if different than Item 14)*

See Item 14

17. The offeror agrees to perform the work required at the prices specified below in strict accordance with the terms of the solicitation, if this offer is accepted by the Government in writing within _____ calendar days after the date offers are due. *(Insert any number equal to or greater than the minimum requirement stated in Item 13D. Failure to insert any number means the offeror accepts the minimum in Item 13D.)*

AMOUNTS **SEE BIDDING SCHEDULE**

18. The offeror agrees to furnish any required performance and payment bonds.

19. ACKNOWLEDGEMENT OF AMENDMENTS
(The offeror acknowledges receipt of amendments to the solicitation – give number and date of each)

AMENDMENT NO.	0001	0002	0003	0004	0005	0006	0007		
DATE	16-June-03	23-June-03	24-July-03	03-Sept-03	17-Sept-03	19-Sept-03	25-Sept-03		

20A. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER (Type or print)

Bruce D. McKellar
Sr. Vice-President, North American Operations

20B. SIGNATURE

20c. OFFER DATE

October 1, 2003

AWARD *(To be completed by Government)*

21. ITEMS ACCEPTED:

Continuing Contract Clause, EFARS 52,232-5001 funding for FY 2004
96 NA X 3122,0000 H2 X 08 2437 010228 96152 3231 001VDS NA 471B79 for $600,000.00
96 20 X 8861.0000 H2 X 08 2437 010228 96152 3230 001VGM NA 9337DL for $600,000.00

22. AMOUNT

$564,148,484.00 (Contract Amount)
$1,200,000.00 **(Funded amount)**

23. ACCOUNTING AND APPROPRIATION DATA

24. SUBMIT INVOICES TO ADDRESS SHOWN IN *(4 copies unless otherwise specified)* ITEM

25. OTHER THAN FULL AND OPEN COMPETITION PURSUANT TO
☐ 10 U.S.C. 2304(c) ☐ 41 U.S.C. 253(c)

26. ADMINISTERED BY CODE

Civil/OPS/Environmental Team
600 Dr. M.L. King, Jr. Pl., RM 821
Louisville, KY 40202-2230

27. PAYMENT WILL BE MADE BY CODE

USACE Finance Center (UFC)
5700 Wasp Avenue
Millington, TN 38054

CONTRACTING OFFICER WILL COMPLETE ITEM 28 OR 29 AS APPLICABLE

☐ 28. NEGOTIATED AGREEMENT *(Contractor is required to sign this document and return ____ copies to issuing office.)* Contractor agrees to furnish and deliver all items or perform all work, requisitions identified on this form and any continuation sheets for the consideration stated in this contract. The rights and obligations of the parties to this contract shall be governed by (a) this contract award, (b) the solicitation, and (c) the clauses representations, certification, and specifications or incorporated by reference in or attached to this contract.

☒ 29. AWARD *(Contractor is not required to sign this document.)* Your offer on this solicitation, is hereby accepted as to the items listed. This award consummates the contract, which consists of (a) the Government solicitation and your offer, and (b) this contract award. No further contractual document is necessary.

30A. NAME AND TITLE OF CONTRACTOR OR PERSON AUTHORIZED TO SIGN (Type or print)

SIGNATURE

30C. DATE

31A. NAME OF CONTRACTING OFFICER (Type or print)
Janet M. Henderzahs
TEL: (502) 315-6211 EMAIL:

31B. UNITED STATES OF AMERICA
BY Janet M. Henderzahs

31C. AWARD DATE
28 JAN 2004

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DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE,KENTUCKY 40201-0059

REPLY TO
ATTENTION OF

November 25, 2003

CELRL-CT-P

Washington Group/Alberici Constructors a JV
720 Park Blvd
Boise, ID 83712

Dear Sirs:

Reference is made to Solicitation Number DACW27-03-R-0003, Construction of the Olmsted Dam, Olmsted, Illinois.

Based on the Governments current best estimate for this project, approximately $15-20 million will be available in FY-2004, for payment to the contractor. The remaining years funding of this project is based on future appropriations by Congress. It is the Districts best estimate at this time that the contractor should assume a maximum of $80 million will be available for payment in any fiscal year. Refer to Section 00800, Paragraph 1.61 Continuing Contracts Clause and Section 00130, Paragraph 3.8. Please revise your proposal to reflect this maximum funding level.

You are hereby advised that discussions are concluded. Please submit your Final Proposal Revision or confirmation of your offer to the Contracting Officer no later than 4:30 p.m. (local time) on Tuesday, December 9, 2003. Submit your Final Proposal Revision to U.S. Army Corp of Engineers, 600 Dr. Martin Luther King Jr. Place, Room 821, Louisville, KY 40202, Attn: Denise Bush, Contract Specialist or by telefax to (502) 315-6195.

Sincerely,

Janet M. Henderzahs

JANET M. HENDERZAHS
Contracting Officer

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DEPARTMENT OF THE ARMY
U. S. ARMY ENGINEER DISTRICT, LOUISVILLE
CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

REPLY TO
ATTENTION OF

Contracting Division

28 January 2004

Washington Group/Alberici Constructors a JV
720 Park Blvd
Boise, ID 83712

Gentlemen:

Congratulations, your proposal submitted in response to RFP No. DACW27-03-R-0003, is hereby accepted in the amount of $564,148,484.00, which includes an estimated cost of $522,359,708.00, Base Fee $15,670,791.00, and a maximum award fee of $26,117,985.00, for the construction of Olmsted Dam, Olmsted, Illinois.

Enclosed herewith is your fully executed copy of Contract No. W912QR-04-C-0004. The authority to proceed with any work or incur any costs will be issued as a Work Authorization Document (WAD), signed by the Contracting Officer.

We also request that your corporation submit six (6) copies of the Advance Agreements/Contract Management Procedures (CMP's) for this contract, no later than February 26, 2004. The copies should be sent to the attention of Jan Lambert, Contracting Division. Any questions please contact Ms. Lambert at (502) 315-6214.

1. <u>If your company is a corporation</u>:

a. A list of the officers and;/or employees who are authorized to act on behalf of the corporation (include any limitations on such authorization); such list to be signed by an officer of the corporation, and

b. An attestation by the Secretary of the Corporation (with seal affixed) that the person signing such list is an officer of the corporation.

2. <u>If you are a partnership</u>:

A list of the individuals who have contractual authority to act for the partnership; such list to be executed by a partner (with limitations noted).

3. <u>If you are doing business as an individual</u>:

You must execute a notarized statement of the individuals you designate to act on your behalf (with limitations noted).

Quality, cost and time are the critical three aspects in the performance of your contract. Nothing short of a quality product will be acceptable. Safety is of paramount importance to all of us. Your safety performance will be monitored closely. We owe it to everyone on the job site. Colonel Robert A. Rowlette, Jr., the District Engineer, is available to discuss any issues you feel warrant his attention.

I look forward to working with you on this job.

Sincerely,

Janet M. Henderzahs

JANET M. HENDERZAHS
Contracting Officer

Enclosures

CF:
CELRLCD-A
Res/Area Engineer
CELRLED (PE/A)
CELRLP3MD

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WORK ALLOWANCE REPORT PAGE 1

FROM: CECW-BA DATE: 02/05/04 APPRO: GP CONTROL NO: B04038

TO DIVISION: LRD DISTRICT: LRL

SUBJECT:
FY 2004 INLAND WATERWAYS TRUST FUND WORK ALLOWANCE

REFERENCE:
A. E-MAIL MESSAGE FROM WILSON (CELRD) TO HENRY (HQ) DATED 30 JANUARY 2004, SUBJECT: CG REPROGRAMMING 00001 R2.XLS.

PWI #	PROJECT	ORG	CODE	AMOUNT
010228	OLMSTED LOCKS AND DAM, IL AND KY	LRL	300	(6,750,000.00)
010358	McALPINE LOCK AND DAM, KY, IN	LRL	300	10,000,000.00
	TOTAL ALLOTMENT/REVOCATION (BY DIST):	LRL		3,250,000.00

REMARKS OR SPECIAL INSTRUCTIONS:

1. ADJUSTMENT OF INLAND WATERWAYS TRUST (96-20X8861) FUND WORK ALLOWANCE IS APPROVED AS INDICATED ABOVE.

2. BY SEPARATE ACTION, INLAND WATERWAYS TRUST (96-20X8861) FUNDS WILL BE ALLOTTED AND/OR REVOKED AS INDICATED ABOVE.

COPIES FURNISHED:
CECW-BE (MS ANGIER)
CERM-BE
CECW-BE (MR. HENRY)
CEFC-AR (MR. COLLINS)

/S/
JERRY A. MCCRORY
CHIEF
CECW-BE

WORK ALLOWANCE REPORT PAGE 1

FROM: CECW-BA DATE: 02/05/04 APPRO: B CONTROL NO: B04037

TO DIVISION: LRD DISTRICT: LRL LRE

SUBJECT:
FY 2004 CONSTRUCTION, GENERAL WORK ALLOWANCE

REFERENCE:
A. E-MAIL MESSAGE FROM WILSON (CELRD) TO HENRY (HQ) DATED 30 JANUARY 2004, SUBJECT: CG REPROGRAMMING 00001 R2.XLS.

PWI #	PROJECT	ORG	CODE	AMOUNT
010228	OLMSTED LOCKS & DAM, IL & KY	LRL	220	(6,750,000.00)
010358	MCALPINE LOCK AND DAM, IN & KY	LRL	220	10,000,000.00
053991	GREAT LAKES FISHERY & ECO REST, IL, IN, MN, OH, PA	LRE	771	(470,000.00)
076281	OAKLAND COUNTY, MI	LRE	772	(140,000.00)
076335	NORTHERN WISCONSIN ENVIRONMENTAL ASSISTANCE, WI	LRE	772	(4,900,000.00)
169677	GENESEE COUNTY DRAIN, GENESEE COUNTY, MI	LRE	772	(604,000.00)
169678	NEGAUNEE, MI	LRE	772	(386,000.00)

4.5M

TOTAL ALLOTMENT/REVOCATION (BY DIST):

LRL	3,250,000.00
LRE	(6,500,000.00)

REMARKS OR SPECIAL INSTRUCTIONS:

1. ADJUSTMENT OF CONSTRUCTION, GENERAL (96X3122) WORK ALLOWANCES IS APPROVED AS INDICATED ABOVE.

2. BY SEPARATE ACTION, CONSTRUCTION, GENERAL (96X3122) FUNDS WILL BE ALLOTTED AND/OR REVOKED AS INDICATED ABOVE.

COPIES FURNISHED:
CECW-BE (MS ANGIER)
CERM-BE
CECW-BE (MR. HENRY)

/S/
JERRY A. MCCRORY
CHIEF
CECW-BE

14

SECTION 00115

PROCEDURES FOR SUBMITTAL OF OFFERS

1. GENERAL REQUIREMENTS.

1.1. The intent of this solicitation is to select one contractor for the construction of the dam for the Olmsted Locks and Dam Project on the Ohio River near Olmsted, Illinois.

1.2. Offerors submitting proposals for this project should limit submissions to data essential for evaluation of proposals so that a minimum of time and monies will have been expended in preparing information required herein. However, in order to be effectively and equitably evaluated, the proposals must include information sufficiently detailed to clearly describe the offeror's experience, technical approach and management capabilities to successfully complete the project. Proposals should follow in the order of sequence set forth in the RFP. Information provided out of sequence may not be evaluated and may result in the offerors disqualification from award. Requirements stated in this RFP are minimums. The bid documents contain the design requirements for the completed Olmsted Dam. In general, the method of construction and equipment as defined in the "F" series drawings is conceptual in nature to demonstrate one way of constructing the designed Dam. Hyraulic and navigation modeling and environmental studies have been completed to support in-the-wet construction of the dam as designed in these documents in conjunction with work previously completed or planned for the Olmsted site. (Note: Phased cofferdam construction is not supported by these models and studies.) If the offeror chooses to propose alternate methods of construction, or equipment, they shall be clearly detailed in the proposal. Advantages/disadvantages and increased/decreased risk as compared to the construction methods outlined in the bid documents must be identified in Section III Technical Approach. If the offeror chooses to use the methods outlined in the bid documents, it should be clearly stated in the proposal. Any deviations from requirements should be clearly noted and justified in the proposal.

1.3. Offerors shall submit their proposals to the US Army Corps of Engineers, 600 Dr. Martin Luther King, Jr. Place, Room 821, Louisville, KY 40202-2230 no later than the time and date specified in Block 13 of Standard Form 1442.

1.4. Offerors are required to submit a proposal made up of a Technical Proposal and a Price Proposal. All proposal materials shall be submitted in binders with a table of contents and tabbed section dividers. The sections should parallel the submission requirements identified below. Sections I, II, III, IV and V shall be submitted in original and 7 copies Sections VI, VII and VIII shall be submitted in original only and shall be placed in a separate envelope. There is a limit of 250 pages (excluding dividers) using a minimum font size of 11 and a minimum margin size of one half inch on all sides. If both sides of the pages are used, it will be counted as two (2) pages. A small type may be used on charts, graphs, figures, diagrams and schematics to accommodate a "make it fit" software capability, however, all text must be legible and easy to read. The schedule may be printed on a larger sheet (maximum size 36"x 48") and included in a pocket in the binder. Format restrictions will be adhered to and enforced. Information submitted which exceeds the specified limit may not be evaluated.

2. PROPOSAL SECTIONS

This solicitation requires no submission of formal drawings. However, offerors may submit drawings or sketches to demonstrate any required information. (Drawings are excluded from the 250 page limit.)

2.1 Section I. Experience

Prime Contractor and Subcontractor Experience.

For the following items provide descriptions of projects which are similar to this project in size and scope and dollar value. If the work is not being self-performed, also provide the same information for the proposed subcontractor in the respective area. Formats for Prime Contractor and Subcontractor Experience are included for your use. Use as many forms as necessary to meet the criteria. If you elect not to use the formats, all information identified on the formats is still required for evaluation of this item. Extra consideration may be given for subcontractors who have prior experience with and can demonstrate team continuity with the prime contractor. Work must have been self-performed to qualify as experience.

1. Construction and overall management of major marine facilities
2. Placing Large Precast Concrete Elements In-the-Wet
3. Fabrication of Large Precast Elements
4. Underwater inspection and Quaility Control
5. Underwater pile installation
6. Dredging, Screeding, and Underwater Placement of Scour Stone Protection
7. Underwater vibrocompaction/Ground Improvement
8. Fabrication of Large Structural Steel Assemblies (tainter/wicket gates)
9. Operation and Maintenance of large concrete batch plant facilities
10. Placing Tremie and Structural Concrete and Reinforcement

dividual Personnel Experience.

Provide resumes for key personnel including:

1. Project Manager
2. Project Engineer(s)
3. Project Superintendent
4. Diving Superintendent
5. All CQC Personnel including Quality Control Manager
6. Project Safety Specialist
7. Superintendents for all major subcontractors
8. On-site Purchase Agent/Procurement Manager
9. Project Controls
10. Cost Engineer

NOTE: The identified personnel must be used on the project. Any substitution of these persons will not be permitted without prior approval of the Contracting Officer. Indicate if the experience of the key personnel includes work on Cost Reimbursable Contracts and indicate the position(s) held. A format for Personnel Resume is included for your use. If you elect not to use the format, all information identified on it is still required for evaluation of this item. Identification of two individuals proposed for a single position will result in the evaluation of only the least qualified person.

2.2 Section II. Management

A. Operational Management Plan

Management Information System (MIS). MIS requirement are specified in Section 00800, paragraph 1.85, of this solicitation. Requested information that offeror shall submit the following;

1. Program Management/Project Management.
    a. The offeror's experience in operating the Management Information System.

b. Describe plans for providing the Corps with electronic access to MIS data.
c. Describe how the estimate provided as a proposal, if accepted for award, will be tracked against actual cost for cost reimbursement. Describe MIS system lag times, success of managers to project estimates to complete and the type of "learning system" is utilized to incorporate historical data to improve future projections.
d. Include how long contractor has used these systems.

2. Cost Control.
   a. Achievement of Cost. Explain how you achieve cost control and best value on purchases of materials, supplies, equipment and subcontracted work.
   b. Describe how cost control, including tracking subcontractor costs, is achieved.
   c. Name of software, type and hardware compatibility. Name of the company that produces the software.
   d. Measurement/Monitoring Productivity. Describe methods used for measuring and monitoring productivity and present your evaluation of the effectiveness of your methods and the supporting documentation
   e. Describe how forecasting will be done.

B. Acquisition Management Plan

1. Procurement. Discuss your procurement system and procedures for acquisition and control of equipment, supplies, material, and labor resources. Assure that equipment; supplies material and personnel will be available when they are required. Describe your procurement system and procedures for acquisition of subcontractors. Discuss how completion and best value will be achieved. Discuss if your purchasing system is approved by the Government, if so, by which agency and contract. Discuss tracking of property which will become government owned under cost plus.

2. Property Control – Government Furnished Property. Describe your procedures for identification and control of Government furnished property. Plan shall contain applicable parts of FAR Subpart 45.5 "Management of Government Property in the Possession of Contractors". Note after award this procedure will be negotiated and become a Contract Management Procedure (CMP).

C. Management Plan.

Provide a management and execution plan for the project that describes how your labor, resources, designers, and specialist, including subcontractors and material suppliers, will be coordinated and used to ensure successful completion of the project. Describes how you will manage, supervise and coordinate the subcontractors work. Plan shall include who in the organization will be responsible for this management and coordination. In addition, include how you will control and manage the test out of the equipment particularly, the mechanical, electrical, and controls systems. On-site personnel and equipment must be clearly distinguished from resources that are available but not present at the site.

Provide an organizational chart for this project showing home office support, on-site management and the responsible chain of command. Include names of assigned personnel and all subcontractors and their areas of responsibility. Joint venture offerers must show the respective areas of responsibility for each partner. Clearly delineate on-site from off-site personnel. Quality Control and Safety should be included in the chart. Also include in the organization chart all anticipated field office positions necessary to complete the project.

D. Labor Plan

Present a narrative showing how the personnel will be committed to this job. Discuss the staffing plan to accommodate normal fluctuating workloads in order to maintain an experienced work force during periods of work buildup and decline. Include information that demonstrates the Contractors knowledge in the local labor market. If the contractor is working multiple shifts the plan shall address how these shifts will be staffed.

2.3 Section III. Technical Approach

NOTE – As part of the discussion in each of the following sub-paragraphs, the offeror shall indicate their intent to use or not use the means outlined in the "F" Series Drawings.

Method of Transport, Positioning and Set-Down of Precast Elements

Provide a detailed plan describing the equipment and methodology for transport, lifting, controlled positioning and lowering of each of the types of precast concrete dam segments to ensure proper positioning on the foundation in variable river conditions.

Method of Maintaining Riverbed Stability

a. Provide a detailed plan for methods and proposed equipment that will be used to prevent scour of the riverbed and damage to the dam foundation during construction.
b. Provide a detailed plan (including proposed equipment) for sequence and methods that will be used to place the permanent scour protection.

Method of Fabrication and Installation of Dam Foundation Piles

(a) Provide a plan for obtaining and fabricating the piling required for the dam foundation. This shall include:
    1) Tainter Gate Pipe Piles
    2) Navigable Pass Pipe Piles
    3) Boat Abutment Pipe Piles
    4) Isolation Joint Pipe Piles
    5) Cutoff wall Master and sheet piles

(b) Provide a detailed plan for installation of the piles listed above in (a). Include templates, guides, pile hammers, methods for controlling the location and elevation of the piles, and methods for removal of misplaced piles.

Location and Method of Precast Element Construction.

(a). Provide the location of the facility that will be used to construct the precast concrete elements required for this project. Indicate if the precast elements will be fabricated by the prime contractor, a subcontractor, or a manufacturer. If an offsite facility will be used, indicate if this is an undeveloped site acquired for this project only or if this is a developed pre-existing facility. If it is a developed pre-existing facility, indicate what additional development is required for this project. Provide all applicable licenses, environmental permits, and proof of compliance with zoning requirements or the contractors plan and schedule for obtaining these permits.

(b). Provide detailed plans and descriptions of the Casting Facility site, including site development requirements. Describe and show locations of equipment and facilities to support the dam segment fabrication.

(c). Provide a detailed plan describing the construction methods that will be used for the precast elements.

(d). Submit a detailed plan for loadout of the precast segments.

Method of River Bottom Grading and Screeding

Provide a plan describing the proposed equipment and methods for accurately grading, monitoring and screeding the river bottom to the required tolerances.

Method of Concrete Production, Delivery, and Placement

Provide a detailed plan describing the proposed equipment and methods for production, delivery, and placement of all concrete for this project. This includes concrete for precast units, tremie infill, and cast in place. Describe how batch plants will be designed with (backup components) to accomplish uninterrupted placements, and methods to be used to maintain concrete temperature and slump.

Method of Tainter Gates Installation

Provide a detailed plan for assembly and installation of the tainter gates required for this project. Include a detailed plan stating how the dual tainter gate cylinders will be operated with the PLC and or/manual controls in the control system. This may include responsible players and there roles in coordinating this system to assure a timely working product.

Schedule and Sequence of Work

(a) Network Analysis
Submit a summary network analysis (utilizing software described in section 01320) showing how the work will be performed and completed based on the duration shown in Special Contract Requirement No.1. The analysis must acknowledge the conditions noted in Section 00800 SCR 11.8 and 36. The schedule should be sufficiently detailed to show the Contractor has a complete understanding of the project's requirements. The schedule should contain between 250 and 400 activities.

(b) Sequence of Work

Submit a brief narrative description of how major milestones will be accomplished. Include the estimated manpower levels, number of shifts, and number of workdays per week to accomplish the work in the major milestone durations. The narrative shall be such detail that's its clear to the evaluator what will be accomplished in the river, each low water season.

Special Equipment Plan

Provide a description of all specialized major equipment required for this project. Include the design and fabrication requirements, current location, availability, and schedule for delivery.

2.4 Section IV. Past Performance:
Provide references for all of the experience identified in 2.1 A. Reference information should include project name, location, owner's name, point of contact and telephone number. Also include any ratings, letters, awards,

etc which support past performance on these projects. The Government may also use other methods to obtain past performance information such as CCASS, contacting references, etc.

2.5 Section V. Safety.

A. Provide a detailed narrative describing the contractors plan for maintaining a safe work project. Identify all hazardous activities (including diving operations) and plans for mitigation. Describe the Managements commitment to safety and chain of authority on safety related items. Describe any safety incentive plans and special training that will be used.

B. Describe the safety performance and record of the prime contractor and subcontractor(s) listed in paragraph 2.1.A within the last five years. Provide the following information:

a. Workman's Compensation Experience Modification Insurance Rating over the last five year period. Submit the Prime Contractor's Experience Modification Rate (EMR), showing evidence that the EMR was calculated by a professional rate service organization such as the National Council of Compensation Insurance.
b. Provide OSHA Inspections or statements of no inspection over the last five (5) year period. Any fatalities, foreign or domestic must be documented.

2.6 Section VI. Sub-Contracting Information (Go, No-Go)

A. Past Performance on Utilization of Small, Small Disadvantaged, and Women-Owned Small Businesses. All firms must identify your efforts to comply with Clause 52.219-8, Utilization of Small, Small Disadvantaged, and Women-Owned Small Business Concerns. If you are a large business, provide copies of subcontracting plans, both initial and final, that clearly represent your efforts to comply with FAR Clause 52.219-9, Small, Small Disadvantaged, and Women-Owned Small Business Subcontracting Plan. If you are a small business, provide details of efforts on previous projects that clearly represent your efforts to comply with FAR Clause 52.219-8 Information is to be limited to projects identified under Section II, Experience.

B. Subcontracting Plan for Large Business. Large business offerors shall submit a subcontracting plan in accordance with the above numbered FAR Clauses. To be acceptable, plans must adequately address the six required statutory elements and provide sufficient information to enable the Contracting Officer to answer affirmatively questions A through H of Appendix DD, Part 2, AFARS 19.705. You may use the attached sample subcontracting plan as a starting point. Percentage goals apply to the total amount being subcontracted. The current goals for the Louisville District are 57.2% to Small Business, 8.9% to Small Disadvantaged Business. 8.1% to Women-Owned Small Business, 3.0% for Hubzone Businesses, and 3.0% to Veteran Owned Small Business.

2.7 Section VII. Pro Forma Requirements
The Offeror shall submit on completed original of Section 00600, Representations and Certifications.

The Offeror shall submit his proposed Contract Management Procedures/Advance Agreements for the following:

1. Personnel and Company policies;
2. Compensation for personal services, including but not limited to allowances for off-site pay, incentive pay, hardship pay, cost of living differential and termination of defined benefits pension plans.
3. Travel and relocation cost;
4. Overtime policy.

The above shall be submitted with the proposal in appendices. These procedures will be negotiated with the firm selected for award. The firm selected for award should be prepared to negotiate these procedures immediately after award of the contract.

The following Contract Management Procedures/Advance Agreements are anticipated and will be negotiated with the firm selected for award. Do not submit them with your proposal in response to this RFP.

1. Government property management plan;
2. Training and education cost;
3. Cost of automatic data processing equipment;
4. Procurement plan and procedures;
5. Manpower utilization;
6. Work allocation document (WAD) procedures;
7. General and administrative cost (e.g., corporate, division, or branch allocation) attributable to the general management, supervision, and conduct of the contractor's business as a whole.
8. Security Plan.

2.8 Section VIII. Cost.

The offeror shall submit in a separate envelope, Standard Form 1442 and Section 00010, Price Breakdown Schedule in original only. Both of these forms are included in Section 00010 of this solicitation. Include an expenditure curve by fiscal year based on your schedule.

The price evaluation team request the offeror submit their cost following the detailed break down schedule included at the end of this section.

Data on Home and Field Office Costs (Prime Contractor and Team Subcontractors):

A. Overhead Rates. Current home office overhead rates for service and construction. For example, overhead rates should include, but not be limited to fringe, labor overhead and general & administrative (G&A). On an annual basis, specify a time or dollar volume threshold above which overhead rates can be reduced. Provide a detailed breakdown of what is included in your overhead rate.

B. Audit. State the date of the offeror's last Government audit and which audit office conducted the audit. The offeror shall state what the overhead rate(s) is/are as determined by the audit agency and how the rate(s) is/are applied to the cost. The overhead rates provided shall be for the latest accounting period (last 12 months) and projection for accounting period which coincides with the contract period. The home office and field overhead rates must be supported by cost pool expense account in such detail as to allow analysis by negotiators and auditors for the determination of allowable and allocable costs

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DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

S: 30 September 2002

CELRL-IR

27 August 2002

MEMORANDUM FOR Division and Office Chiefs

SUBJECT: Request for FY 2003 Audit Suggestions

1. The Internal Review function provides an important service to the District as part of our operational control system. Our intention is to establish an internal review program that is both flexible and responsive to the needs of this District. AR 11-7 states that the annual internal review program will be developed based on direction from the Commander and input received from the staff activities and other functional managers.

2. The District's Internal Review Office is in the process of preparing the FY 2003 Internal Review Program and, accordingly, is soliciting input from all District activities. Please review the missions and functions of your office and identify known or potential problem areas that should be considered as possible areas for review. Matters to be considered when identifying potential reviews are: (a) level of project or program funding; (b) potential loss and risk; (c) high visibility programs; (d) newness or major changes in operations, programs, systems, or controls; (e) problem areas or internal control weaknesses noted in evaluations by managers and inspection groups; and (f) known significant audit findings at other activities having local applicability. These audit suggestions should be in the format at Enclosure 1.

3. The audit suggestions that you previously submitted, but which could not be accomplished because of limited resources, are listed at Enclosure 2. In responding to this memorandum, you should advise the Internal Review Office as to whether these audit suggestions are still valid and, if so, their recommended priority.

4. Addressees should submit their audit suggestions or a negative response to IR no later than 30 September 2002. I encourage you to submit potential candidates for internal audits and troubleshooting reviews, both now and as the need arises during the next year.

ROBERT A. ROWLETTE, JR.
Colonel, Corps of Engineers
Commander and District Engineer

2 Encls
as

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C7 Per Christy Watts
FY03 Audit Suggestions

Received in IR 27 Sep 02

Louisville District Contracting Issues

1. Design/Build (D/B) IDIQ Construction Contracts -

   a. Issuing Task orders for design only (unpriced options for construction). Contractor is completing design almost 100% prior to negotiating construction. Violates Brooks Act. (See attached legal and financial opinion)

   b. Issuing Task orders for design only (unpriced options for construction). The construction option is never negotiated. Violates Brooks Act. (See attached legal and financial opinion)

   c. Design is funded with one FY O&M dollars and construction is funded with a different FY O&M dollars. Violates fiscal law.

2. Ordering Officer Authority:

   a. 98% of the circumstances the authorization letter was not issued by the Chief of the Contracting Division, but by the contracting officer. Sometimes the authority was inside an ACO appointment letter. These are all potential ratifications.

   b. 98% of the contracts were not appropriate types of contracts to issue ordering officer authority on. Therefore we have ordering officers signing and committing the government when it is only appropriate to have a contracting officer perform that function.

   c. The required yearly reviews, per the FAR, have never been performed on ordering officers.

3. Administrative Contracting Officers (ACO):

   a. EFARS 1.602-1-100 gives a Contracting Officer the authority to issue ACO authority, to those in the 800 series, on construction contracts only. On several occasions, ACO authority has been issued on service contracts. Bluegrass, CMS

   b. The ACOs regularly issue modifications with their signature first and the send it to the contractor for signature. This in and of itself is not the issue. The issue is we have numerous accounts where the contractor has not counter signed the modification, making it binding. This puts us in a unilateral modification situation and we have paid 100% where we are only suppose to pay 80% prior to resolution. It is also a practice where it opens the door for contractors to later claim/dispute the previously "settled issues" if they do not like things that happen in the future.

c. ACO/field personnel are waiving requirements under the contract for a lesser standard (i.e. QC personnel education/experience requirements). This is not within their authority and no consideration is received per the FAR.

4. The Source Selection Authority (SSA) prior to issuance of the solicitation is not approving source selection plans. DFARS

5. Construction solicitations continued to be issued containing sole source items prior to that item(s) being synopsized and a J&A approved.

6. Others outside of contracting/contracting officers have been deobligating money from contracts without the appropriate modifications in place.

7. Expiring Contracts:

   a. Current A/E, construction or service IDIQ contracts are not being managed centrally by any function within the district. This has resulted in the following:
      1. Options expiring when there was still a need for the capacity. Legal has recently determined that we can bilaterally exercise these options after they expire if the contractor is willing to give up certain rights (see OC's memo).
      2. We have issued new task orders that exceed the current value of the contract (prior to exercising the option).
      3. We have issued new task orders beyond the term/period of the contract (prior to exercising the option).
      4. We have allowed other district to utilize capacity on our contracts and the district has not tracked actual usage to know where the values of our contracts are. This has lead to some of the above issues and others.

8. Property Administration:

   a. We currently have no person to authorize and monitor govt furnished or contractor acquired property under cost reimbursable contracts
   b. A PM, without any authority, signed over $2,000,000 worth of property to a local sponsor that was procured under our TERC

9. SMART- non-COR changing work on contracts
10. Guard Services being contracted for FT Knox illegally.
11. Surcharges to other districts for IDIQ usage beyond 1 year mark.
12. Army Bluegrass Depot – Using S&A dollars for preaward work in lieu of P&D dollars.
13. ACO's issuing modification on service contracts, which is not with in their authority.
14. LRL personnel are completing receiving reports in CEFMS against expire BPA's and contracts with excess money beyond the term of the contract. Sometimes it is the wrong type of money when this crosses fiscal years.

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DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
INTERNAL REVIEW OFFICE
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

CELRL-IR (11-7a.) 8 September 2003

MEMORANDUM FOR: Commander, US Army Corps of Engineers, Louisville District

SUBJECT: Report No. 03-16 - SERVICE CONTRACTS VERSUS CONSTRUCTION CONTRACTS

1. **Background and Summary of Conclusions.** The Contracting Division Chief (CT) expressed concerns on service versus construction contracts within the Louisville District.

Our first objective was to determine if Construction Engineers and Area Engineers have been issuing ACO authority on "service" contracts or if it appeared Field personnel have not differentiated between contracting actions issued on Service Contracts (SF 30) versus Construction Contracts (SF 1442).

Our second objective was to determine if we have numerous accounts where the contractor has not counter signed the modification for service and construction contracts making it binding.

IR determined that two service contracts ACO actions were inappropriate and unauthorized. Change orders for these two service contracts could possibly result in ratifications. We tested six other service contracts and did not observe any other inappropriate and unauthorized situations. The CT Chief had issued an email dated 20 Aug 2002 stating that "You are to no longer issue modifications on service contracts." We suggested that the email be resent on an annual basis to remind management that they are not to issue modifications on service contracts.

We reviewed 15 contracts and determined that there were 29 out of 95 (31%) change orders where the contractor had not countersigned the modification. Also, we determined in our sample that $1,503,345 occurred during the prior Chief of CT's tenure and $4,978,908 occurred during the current Chief of CT's tenure. We also found the AFARS 1.602-2 requires CT validation, by the Contracting Officers, of Contracting Officer Records and Ordering Officer Records every 12 months to ensure compliance with the term of the contract. Validating records should have determined the non-compliance issues. We suggested that the CT Officer perform the 12 months review of records to ensure compliance.

2. **Scope and Methodology.** On 26 February, 2003 we initiated discussion as to the relative exposure risks and, had a more formalized entrance conference the following day. Within our Observations and Conclusions section, we have reiterated the Contracting Division Chief's concern, including the inherent risks involved. We first

obtained copies of several basic forms used in Service and Construction Contracts. Next, excerpts from several corresponding regulations were obtained. We reviewed EFARS 1.602-1-100 Administrative Contracting Officer authority (ACO). We reviewed 10 U.S.C. 2307, 41 U.S.C. 255 concerning advance payments and AFARS 1.602-2 Responsibilities. We reviewed various contract files from CT. We also made inquires, as deemed necessary, from various CT personnel. Where appropriate, we expanded our scope for more information. We reviewed an email from the Chief of CT, dated 20 Aug 2002, that disclosed service vs. construction contract authority including modification. Our engagement was performed intermittently, among other assignments, from 27 February through 23 July 2003. We conducted this review in accordance with generally accepted government auditing standards for other services.

3. Observations and Conclusions.

A. ACO AUTHORITY:

Nature of Concern: The District Contracting Chief stated that Construction Engineers and Area Engineers have been issuing ACO authority on 'service' contracts. Their authority does not extend to 'service' contracts based on guidance in EFAR 1.602-1-100. All 'service' contracts are required to be administered out of Contracting (CT). It appears Field personnel have not differentiated between contracting actions issued on SF 30 (Service Contracts) versus SF 1442 (Construction Contracts)…." The Chief identified contracts which had problems: DACA27-98-D001 Horizon Environmental and DACA27-01-D-002 Holmes Environmental. The Chief of Contracting issued an email on 20 Aug 2002 which stated, "On service contracts that have been issued in the past there may have been ACO letters issued. EFARS 1.602-1-100 only allows a PCO to issue ACO authority for construction contracts. Therefore if these letters have been previously issued they are rescinded immediately. You are to no longer issue modifications on service contracts such as the CMS contracts for example. Those contracts whose basic award was issued on a SF 33 are service contracts. Construction contracts are issued on a SF-1442. If in doubt as to the contract type, please contact the assigned team leader for advice."

Results of Review: Contracts DACA27-98-D-0001 Horizon Environmental (Wright Patterson) and DACA27-01-D-0002 Holmes Environmental (Ft. Campbell) did demonstrate situations in which an unauthorized individual acted erroneously as an ACO in initiating Orders for Services and Changes within each Service Contract. For these two service contracts ACO actions were inappropriate and unauthorized. We determined that a Contracting Officer from CT improperly designated an ACO for the Horizon Environmental service contract. It appeared that this Contracting Officer did not know to differentiate between contracting actions issued on SF 30 (Service Contracts) versus those issued on SF 1442 (Construction Contracts) as to when to delegate ACO authority. Certainly, the effect was to extend authority to Service Contracts beyond the limitations of the above criteria, EFARS 1.602-1-100, which only addressed Construction Contracts.

We were also informed that the Contracting Officers, to the CT Chief's knowledge, have never conducted annual validation of Ordering Officers records as required by the

AFARS 1.602-2 which is to validate compliance with the terms of the contract. This review may have provided a control to detect problems such as the one mentioned above.

We did not find that any Contracting Officer (or other) designated an ACO for the Holmes Environmental service contract. It appeared that Construction employees considered the Holmes contract a construction contract not recognizing that the contract was actually a service contract. Therefore, this contract also violated EFARS 1.602-1-100. It is our opinion, however, that the Construction employee's oversight of viewing a service contract as a construction contract may have been avoided or at least detected earlier if the CT Officers had been performing the required annual reviews of the Ordering Officers' records.

Based on our review of these two service contracts, we further determined the following: Horizon Environmental had 114 change orders of which 45 had unauthorized ACO authority which had a total net change of $1,271,867.32[1]. Change orders for the Horizon contract ranged from 12 Dec 97 to 13 May 02. Holmes Environment had 15 change orders for which 6 had unauthorized ACO authority which had a total net change of $31,464.40[2]. Change orders for the Holmes contract ranged from 26 Sept 01 to 10 Oct 02.

We also tested six other Service Contracts as otherwise provided by CT:

DACW27-02-D-0001 Anatech (Various locations)
DACW27-02-D-0002 Quest Structures (FOLSOM Dam American River CA)
DACA27-02-D-0005 C A T I, Inc. (Various Locations)
DACA27-02-D-0010 E A Engineering Science & Technology (Fort Campbell)
DACA27-01-F-0024 Knoll Inc (US Army Reserve, Rockville, MD)
DACA27-02-F-0035 J.M. Waller Associates, Inc. (Fort Campbell)

We reviewed 17 change orders from among these six contracts (above) and based upon our results we did not observe any situations where an ACO had been improperly designated for the administration of the Service Contracts.

Since we did not find additional unauthorized ACO actions it is our opinion that the CT 20 Aug 2002 email may have resulted in stopping further unauthorized ACO actions. Furthermore, based on a discussion with the CT Chief, it appears no annual validations, by Contracting Officers, of Ordering Officers records have been performed to ensure compliance with the terms of the contract. These reviews (if the District CT Officers had possessed the necessary knowledge required to designate Ordering Officer authority and perform the required annual records reviews) may have either detected the problems with the two contracts at an earlier date or even avoided one of the problems completely.

B. COUNTERSIGNATURES ON MODIFICATIONS:

Nature of Concern: The District Contracting Chief stated we have numerous accounts where the contractor has not counter signed the modification, making it binding. This puts us in a unilateral modification situation and we have paid 100% where we are only

[1] Change orders could possibly result in ratifications.
[2] Ibid.

supposed to pay 80% prior to resolution. It is also a practice where it opens the door for contractors to later claim/dispute the previously 'settled issues' if they do not like things that happen in the future.

Results of Review: Based upon our review of 15 contracts and 95 modifications we noted the following:

Contract #	Location	Number of Modifications Reviewed	Number of Modifications Not Countersigned
DACA27-01-C-0008	Wright Patterson	17	3
DACA27-01-C-0006	Wright Patterson	14	4
DACA27-00-C-0061	Fort Campbell	11	3
DACA27-99-C-0050	Fort Campbell	19	12
DACA27-00-C-0025	McAlpine	14	0
DACA27-02-D-0005	Various	3	2
DACA27-02-D-0010	Fort Campbell	5	0
DACA27-01-F-0024	Army Reserve	1	1
DACA27-02-F-0035	Fort Campbell	1	0
DACW27-02-C-0013	Olmsted L&D	1	0
DACW27-02-C-0023	McAlpine	1	0
DACW27-02-C-0024	Ind. N. Flood Proj.	0	0
DACW27-02-C-0001	Ind. N. Flood Proj.	0	0
DACW27-02-D-0001	Various	4	3
DACW27-02-D-0002	Folsom Dam	4	1
		95	29

The following is our cumulative results by contract location:

	Number of Modifications Reviewed	Number of Modifications Not Countersigned	PER CENTAGE
Army Reserves	1	1	100%
Various Areas	7	5	71%
Fort Campbell	36	15	42%
Folsom Dam	4	1	25%
Wright Patterson AFB	31	7	22%
Mc Alpine L&D	15	0	0%
Indy N. Flood Project	0	0	0%
Olmsted	1	0	0%
	95	29	

We found 31% (29 out of 95) of the Changes (Amendments, Modifications, Task/Change Orders), for which Countersignatures appeared warranted, had not been signed by respective contractors. The frequency of Countersignature Omission at contract locations ranged from 100% for Army Reserve (1 out of 1), 71% among Various Areas, 42% at Fort Campbell, 25% at Folsom Dam, and 22% at Wright Patterson. Three locations, McAlpine, Indianapolis N. Flood Project and Olmsted, had no countersignature exceptions or omissions among their modifications. Equally important is that we differentiated those Countersignature Omissions that occurred during the present CT Officer/Chief's tenure versus those that occurred during the predecessor CT

Officer/Chief's tenure. We determined that $1,503,345 of these occurred during the predecessor tenure and $4,978,908 occurred during the current Chief CT.

During the course the review, the CT Chief stated that the annual reviews required by the Contracting Officer to validate Contracting Officer Records and Ordering Officer Records every 12 months to ensure compliance with the terms of the contract had never been performed. Moreover, this means that the reviews neither occurred during the predecessor's CT Officer/Chief's tenure nor during the present CT Officer/Chief's tenure.

AFARS 1.602-2 requires Contracting Officers to validate Contracting Officer Records and Ordering Officer Records every 12 months to ensure compliance with the terms of the contract. A written record of the review is to be placed in the contract file.[3]

Unilaterally signed delivery orders, contracts, amendments, etc. could create claim cases against the Government. If the final outcome is determined to be against the Government, the potential for unnecessary expenditure of the Government's funds could result.[4]

The District Contracting Chief stated we have numerous accounts where the contractor has not counter signed the modification, making it binding. This puts us in a unilateral modification situation and we have paid 100% where we are only supposed to pay 80% prior to resolution. Statutory provisions 10 U.S.U. 2307 and 41 U.S.C. 255 discuss advance payments. We determined with OC guidance and opinion the unilateral modification (i.e., part of required contract work) is legally "binding" even if unsigned. The signature by the contractor makes it a binding bilateral agreement that settles all issues related to the modification. These provisions apply to what is known as an "undefinitized contract." In these kinds of circumstances, the 80% limitation on payment applies until the contract action is definitized as to terms, specifications, and price. However, in most circumstances the District does not do business using undefinitized contract actions and these have been extremely rarely used contract actions. A unilateral modification or even bilateral modification that is not signed first by the contractor is not an undefinitized contract action subject to the statutory limitation, if the modification is issued for a specified price and with specified terms.

4. **Suggested Command Actions.**

a. Although no recent ACO designation exceptions were noted, we suggest it would be beneficial to resend to management the 20 AUG 2002 memo, on an annual basis, as a simple reminder so as to distinguish responsibilities between Service and Construction Contracts.

---

[3] The CT Officer/Chief stated that she was working with Information Management to design a data base to aid CT in tracking Ordering Officers.

[4] We did determine during this review, that there were no claims filed against these procurement actions.

b. We suggest that the CT Chief commence initiating reviews by the Contracting Officers, of Contracting Officer Records and Ordering Officer Records every 12 months to ensure compliance with the terms of the contract and generate a written record of the review for placement in the contract file. If a database is generated it should interface with CT's present systems to aid the annual tracking requirements.

IR COMMENTS: This report was submitted in draft form to the Contracting Office Chief on 28 July 2003 with a due date of 13 August. Since the initial request, two additional requests for comments were sent on 28 August and 4 September. However, no comments were received. IR will perform a follow-up review on the above Suggested Command Actions.

Jerry A. Batson
Chief, Internal Review Office

CF:
DE
DD
DP
CD
CT
OC
CELRD-IR
CEIR

18

Certificate of Appointment

Under authority vested in the undersigned and in conformance with
Subpart 1.6 of the Federal Acquisition Regulation

RICHARD A. MARKWELL

is appointed

ADMINISTRATIVE

Contracting Officer

for the

United States of America

Subject to the limitations contained in the Federal Acquisition Regulation and to the following:
(i) Modify construction contracts within the scope of the contract under clauses entitled changes, Differing Site Conditions, Variation in Estimated Quantities--Subdivided Items, Value Engineering and Suspension of Work, provided no individual contract action exceeds $100,000 (sum of additions and deletions); (ii) to modify construction contract performance periods for unusually severe weather conditions under the Default (Fixed Price Construction) clause; and (iii) to modify purchase orders (1155) which do not cause the total value of the action to exceed $25,000 under the Changes and Changed Conditions Clause.

Unless sooner terminated, this appointment is effective as long as the appointee is assigned to:

The Ohio River Division
Appointment No. 86-23, dated
18 Aug 86 is revoked

Ohio River Division
(Organization)

Department of the Army, Corps of Engineers
(Agency/Department)

Paul Y. Chinen
PAUL Y. CHINEN, COL, EN, Commanding
(Signature and Title)

11 July 89
(Date)

89-24
(No.)

10/31/2001

NSN7540-01-152-5812
1402-101

STANDARD FORM 1402 (10-83)
Prescribe
FAR (48 -1

19

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, LOUISVILLE
CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

Contracting Division (1180-1-1k) October 08, 1997

SUBJECT: Administrative Contracting Officer Authority for Indifinite Delivery Contract No. DACA27-98-D-0001 with Horizon Environmental Group, Inc., for CMS and Environmental Management Services for various projects primarily Ohio, but also includes the states of Indiana, Illinois, Kentucky, and Michigan.

Mr. Richard A. Markwell, Area Engineer
U.S. Army Engineer District, Louisville
Wright-Patterson Resident Office
P O Box 31039
Airway Finance Post Office
Dayton, Ohio 45437-0039

Superceded
RAS 5/6/99

1. You are hereby designated as Administrative Contracting Officer, in connection with the above contract, to exercise the following limited Contracting Officer authority as allowed by EFARS 1.602-1-100.

2. This letter also appoints you as Ordering Officer in accordance with AFARS 1.603-1-90. Upon ensuring that funds are available, you may sign task orders, and changes thereto, under this contract on behalf of the Government, provided that the total value of the action is $100,000 or less and the non-prepriced items do not exceed $10,000. In addition, you may evaluate contractor proposals, compare with the independent government estimate, and negotiate the scope of work, quantities and performance period for the work required for orders within your signature authority and up to the point of award for orders over $100,000.

3. Your authority is subject to the following limitations and requirements as stated below:

a. Execution of unilateral administrative modifications to task orders under FAR 43.103 (b)(1).

b. Modification of the task order within the scope of the task order under any of the following contract clauses unique to construction management contracts, provided that no individual task order modification exceeds $100,000 (the sum of deletions and additions):

(1)	FAR 52.242-14	Suspension of Work; and
(2)	FAR 52-243-4	Changes

c. Modification of the contract performance periods under FAR 52.249-4, Termination for Convenience of the Government (Services), when a delay is

Contracting Division 08 October 1997

SUBJECT: Administrative Contracting Officer Authority for Indifinite Delivery Contract No. DACA27-98-D-0001 with Horizon Enviromental Group, Inc., for CMS Services and Environmental Management Services for various projects primarily Ohio, but includes the states of Indiana, Illinois, Kentucky and Michigan.

d. Perform any of the contract administrative functions in FAR 42.302 subject to the limitations in paragraphs a. through c. above.

e. You shall not modify the contract under any clause not specified in paragraphs a. through c. above, including, but not limited to, terminations of convenience or for default.

f. You are responsible for ensuring that all proposed task orders and project descriptions express the Government's actual requirements in a professional and understandable manner.

g. You will ensure that all independent Government estimates are prepared prior to receipt and evaluation of the contractor's proposal; and ensure that adequate and proper funds have been committed for the project prior to issuance of an order.

h. You shall be responsible for maintaining complete contract file documentation for each order executed, including a record of all related correspondence and actions taken prior to award of the order and in the order administration phase.

i. You shall be responsible for assisting the Contracting Officer in technical monitoring of the contractor's performance or orders issued under this contract to include --

(i) Monitoring compliance with the scope of work and schedule;
(ii) Service Contract Act compliance;
(iii) Assessment and validation of percentage of completion for progress payments purposes;
(iv) Recommendation to the Contracting Officer for changes to existing orders, including extension of performance period;
(v) Documenting and quickly reporting to the Contracting Officer systemic or recurring problems in contractor performance;

4. All correspondence/documents necessary to effect the designated authority contained in Paragraphs 1 and 2 shall be signed as "Administrative Contracting Officer."

5. This designation shall be effective on the date of this letter and remain in effect until completion of the contract or until revoked by me or my successor.

6. If Government Furnished Property (GFP) or Salvage is contained in this contract, you are responsible for monitoring and maintaining adequate records to control the proper use of GFP, in accordance with Acquisition Letter 95-4, AFARS Part 45 - Government Property.

Contracting Division 08 October 1997

SUBJECT: Administrative Contracting Officer Authority for Indefinite Delivery Contract No. DACA27-98-D-0001 with Horizon Environmental Group, Inc., for CMS and Environmental Management Services for various projects primarily Ohio, but includes the states of Indiana, Illinois, Kentucky and Michigan.

7. Please acknowledge receipt of the Notice of Appointment letter in the space provided below and return one copy to the U.S. Army Engineer District, Louisville, **ATTN: CELRL-CT-C (Converse)**, P. O. Box 59, Louisville, Ky 40201-0059.

Denise A. Bauer
Contracting Officer

Copy furnished:
Addressee (dupe)
Contractor (dupe)
CELRL-RM-F
CELRL-CD-A
CELRL-CT-C (Converse)

Receipt acknowledged: 29 Oct 97

R. H. Markwell
(signature)

AREA ENGINEER
(title)

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DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, LOUISVILLE
CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

http://www.lrl.usace.army.mil/

CERLRL-IR

28 April 2004

MEMORANDUM FOR: Commander, U.S. Army Corps of Engineers, Louisville District

SUBJECT: Report No. 04-14 Follow-Up Service Contracts vs. Construction Contracts

1. **Introduction**

a. **Background and Conclusion.** This is our report on the subject follow-up review. The review was conducted from 19 through 22 April 2004 to follow-up on Report No. 03-16 Service Contracts vs Construction Contracts dated 8 Sept. 2003. We examined documentation and interviewed key personnel to determine whether effective corrective actions had been taken to implement the previous Suggested Command Actions. This follow-up review disclosed that management personnel had implemented one of the two Suggested Command Actions in the prior report suggesting to resend to management the 20 Aug 2002 memo, Subject: "Modification on Service Contracts," as a reminder so as to distinguish responsibilities between Service and Construction Contracts. In addition, we suggested the CT Chief commence initiating reviews of the Contracting Officer Records and Ordering Office Records every 12 months to ensure compliance with the terms of the contract. The follow-up disclosed CT has not implemented the Suggested Command Actions concerning the CT Chief initiating reviews of the Contracting Officer Records and Ordering Officer Orders every 12 months to ensure compliance with the terms of the contract. CT's approach is to have the Agency Program Coordinator (APC) for which this position was selected on 14 April 04, to perform these duties. Therefore, IR will perform a second follow-up to determine implemented concerning reviews of the Contracting Officer Records and Ordering Officer Records after the APC has perform these duties. It is recommended that CT inform IR when the APC performs these duties inorder for IR to perform the second follow-up.

b. **Audit objectives**: The overall objective, within this follow-up engagement was to validate compliance to ensure CT had resent to management the 20 Aug 2002 Memo, Subject: "Modification on Service Contracts," as a reminder to distinguish responsibilities between Service and Construction Contracts. In addition, to ensure CT had initiated reviews of Contracting Officer Records and Ordering Officer Records to ensure compliance with the terms of the contract.

2. **Observation and Conclusion**. We previously determined in Report No. 03-16 dated 8 Sept. 2003 that two service contracts Administrative Contracting Officer (ACO) actions were inappropriate and unauthorized. Change orders for these two service contracts could possibly result in ratifications. We tested six other service contracts

and did not observe any other inappropriate and unauthorized situations. The CT Chief had issued an email dated 20 Aug 2002 stating that "You are to no longer issue modifications on service contracts."

We reviewed 15 contracts and determined that there were 29 out of 95 (31%) change orders where the contractor had not countersigned the modification. Also, we determined in our sample that $1,503,345 occurred during the prior Chief of CT's tenure and $4,978,908 occurred during the current Chief of CT's tenure.
We also found the AFARS 1.602-2 requires CT validation, by the Contracting Officers, of Contracting Officer Records and Ordering Officer Records every 12 months to ensure compliance with the terms of the contract. Validating records should have determined the non-compliance issues. This follow-up effort was conducted in accordance with generally accepted governmental auditing standards for other services.

3. **Recommendations**. The Suggested Command Actions per CELRL-IR Report No. 03-16 were as follows:

   a. Although no recent ACO designation exceptions were noted, we suggest it would be beneficial to resend to management the 20 Aug 2002 memo, on an annual basis, as a simple reminder so as to distinguish responsibilities between Service and Construction Contracts.

   b. We suggest that the CT Chief commence initiating reviews by the Contracting Officers, of Contracting Officer Records and Ordering Officer Records every 12 months to ensure compliance with the terms of the contract and generate a written record of the review for placement in the contract file. If a database is generated it should interface with CT's present systems to aid the annual tracking requirements.

4. **Management and IR Comments** Management's Comments and IR Comments per Report No. 03-16 were as follows:

IR COMMENTS: This report was submitted in draft form to the Contracting Office Chief on 28 July 2003 with a due date of 13 August. Since the initial request, two additional requests for comments were sent on 28 August and 4 September. However, no comments were received. IR will perform a follow-up review on the above Suggested Command Actions.

5. **FOLLOW-UP RESULTS**:
   a. CT resent the "Modification on Service Contracts" e-mail on 24 March 2004 as follows:

      On <u>service</u> contracts that have been issued in the past there may have been ACO letters issued. EFARS 1.602-1-100 only allows a PCO to issue ACO authority for <u>construction</u> contracts. Therefore if these letters have been previously issued they are rescinded immediately.

You are to no longer issue modifications on service contracts such as the CMS contracts for example. Those contracts whose basic award was issued on a SF 33 are service contracts. Construction contracts are issued on a SF1442. If in doubt as to the contract type, please contact the assigned team leader for advise. This issue has been coordinated with the Chief of Construction Division.

b. CT advertised for a GS-11 APC Coordinator position on 3 March for the District. The APC Coordinator position was selected on 14 April. CT stated that the position will be making inspections to all areas that have VISA credit cards. As part of those inspections, Contracting Officer Records and Ordering Officer Records will be incorporated. This will be accomplished as long as the CT budget allows labor and travel money for those inspections. Therefore, IR will perform a second follow-up to determine implementation concerning reviews of the Contracting Officer Records and Ordering Officer Records after the APC has performed these duties. It is recommended that CT inform IR when the APC perform these duties inorder for IR to perform the second follow-up.

Jerry A. Batson
Chief, Internal Review Office

CF:
DD
DP
CT
CD
OC

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OMB APPROVAL NO. 2700-0042

SOLICITATION, OFFER, AND AWARD (Construction, Alteration, or Repair)	1. SOLICITATION NO.	2. TYPE OF SOLICITATION	3. DATE ISSUED	PAGE OF PAGES
	DACA27-99-B-0023	☒ SEALED BID (SFB) ☐ NEGOTIATED	15 Jul 1999	1 of 5

IMPORTANT - The "offer" section on the reverse must be fully completed by offeror.

4. CONTRACT NO.	5. REQUISITION/PURCHASE REQUEST NO.	6. PROJECT NO.
DACA27-99-C-0050		

7. ISSUED BY	CODE	8. ADDRESS OFFER TO
U.S. Army Engineer District, Louisville Corps of Engineers 600 Dr. Martin Luther King, Jr. Place Louisville, Kentucky 40202-2230	5	U.S. Army Engineer District, Louisville Corps of Engineers 600 Dr. Martin Luther King, Jr. Place, Room 821 Louisville, Kentucky 40202-2230

Reviewed For Legal Sufficiency
Robert E. Pessolano
Office of Counsel

9. FOR INFORMATION CALL:	A. NAME	B. TELEPHONE NO. *(Include area code)* ***(NO COLLECT CALLS)***
	See Instructions	See Instruction

SOLICITATION

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder."

10. THE GOVERNMENT REQUIRES PERFORMANCE OF THE WORK DESCRIBED IN THESE DOCUMENTS *(Title, identifying no., date):*
CENTRAL ENERGY PLANT UPGRADE, FT. CAMPBELL, KENTUCKY

The construction of this project will convert the existing steam distribution system serving the 3700 and 4000 blocks of Ft. Campbell to a low temperature hot water system. Modifications will be made to the central steam plant and throughout all of the buildings served to facilitate the transition to low temp hot water as a heat source. Certain buildings will be removed from the central plant distribution and will be retrofitted with stand alone steam boilers. Chilled water distribution will be replaced at the same time. All new piping will be sch 40 steel and placed in new reinforced concrete shallow trenches. Alterations to the central plant include a building addition to house the low temp hot water heat exchangers and variable speed pumps. Steam repiping will feed steam to the new low temp hot water inverters. Some asbestos will be abated on the steam piping. Demolition includes steam vaults, piping and existing chilled water piping.

AMENDMENTS 001, 002, & 003 ARE ATTACHED A MADE A PART HEREOF.

The estimated cost range of this project is from $10,000,000 to 25,000,000.

BID MODIFICATIONS RECEIVED BY FACSIMILE OR TELETYPE WILL NOT BE CONSIDERED.
AWARD IS BEING MADE PURSUANT TO THE SMALL BUSINESS COMPETITIVENESS DEMONSTRATION PROGRAM.
DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS (SEP 1990) FAR 52.211-14: This is a rated order certified for national defense use, and the Contractor shall follow all the requirements of the Defense Priorities and Allocations System regulation (15 CFR 700), PRIORITY RATING: DO-C2

11. The Contractor shall begin performance within _10_ calendar days and complete it within _**_ calendar days after receiving ☐ award, ☒ notice to proceed. This performance period is ☒ mandatory, ☐ negotiable. *(See **Section 00800, Para 1.)*

12A. THE CONTRACTOR MUST FURNISH ANY REQUIRED PERFORMANCE AND PAYMENT BONDS?	12B. CALENDAR DAYS
☒ YES ☐ NO	10

13. ADDITIONAL SOLICITATION REQUIREMENTS:

A. Sealed offers in original and _2__ copies to perform the work required are due at the place specified in Item 8 by **_2:00 p.m._** *(hour)* local time __**17 August 1999**_____ *(date)*. If this is a sealed bid solicitation, offers must be publicly opened at that time. Sealed envelopes containing offers shall be marked to show the offeror's name and address, the solicitation number, and the date and time offers are due.

B. An offer guarantee ☒ is, ☐ is not required.

C. All offers are subject to the (1) work requirements, and (2) other provisions and clauses incorporated in the solicitation in full text or by reference.

Offers providing less than __60___ calendar days for Government acceptance after the date offers are due will not be considered and will be rejected.

RECORD COPY

OFFER *(Must be fully completed by offeror)*

14. NAME AND ADDRESS OF OFFEROR *(Include ZIP Code)*

Foley Company
7501 Front Street, Kansas City, MO 64120

DUNS # 00-288-5614

CODE FACILITY CODE

15. TELEPHONE NO. *(Include area code)*

816/241-3335

16. REMITTANCE ADDRESS *(Include only if different than Ite*

Same

TIN # 43-1267170

17. The offeror agrees to perform the work at the prices specified below in strict accordance with the terms of this solicitation, if this offer is acceptec by the Government within __60___ calendar days after the date offers are due. *(Insert any number equal to or greater than the minimum requirement stated in Item 13D. Failure to insert any number means the offeror accepts the minimum in Item 13D.)*

AMOUNTS

Bidders shall show his prices on the Bid Schedule of this section.

18. The offeror agrees to furnish any required performance and payment bonds.

19. ACKNOWLEDGMENT OF AMENDMENTS

The offeror acknowledges receipt of amendments to the solicitation -- give number and date of each

AMENDMENT NO.	1	2	3							
DATE	7/30	8/6/99	8/13							

20A. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER *(Type or print)*

Michael J. Palmer, President

20B. SIGNATURE

Michael J. Palmer

20C. OFFER DATE

8/19/99

AWARD *(To be completed by Government)*

21. ITEMS ACCEPTED:

TOTAL BASE BID

22. AMOUNT

$16,480,300.00

23. ACCOUNTING AND APPROPRIATION DATA

21 NA 1999 2050.0000 H2 1999 08 8041 70000000000 33017 3200 003D9F

24. SUBMIT INVOICES TO ADDRESS SHOWN IN *(4 copies unless otherwise specified) Will be identified in Delegation letters.*

ITEM: Sec 105 Para. 30

25. OTHER THAN FULL AND OPEN COMPETITION PURSUANT TC

☐ 10 U.S.C. 2304(c)( ) ☐ 41 U.S.C. 253(c)( )

26. ADMINISTERED BY CODE

U.S. Army Engineer District, Louisville
Corps of Engineers, P.O. Box 59
Louisville, KY 40201-0059

27. PAYMENT WILL BE MADE BY

USACE Finance Ctr. (UFC)
5720 Integrity Drive EFT:T
Millington, TN 38054-5005

CONTRACTING OFFICER WILL COMPLETE ITEM 28 OR 29 AS APPLICABLE

☐ 28. NEGOTIATED AGREEMENT *(Contractor is required to sign this document and return ____ copies to issuing office.)* Contractor agrees to furnish and deliver all items or perform all work, requisitions identified on this form and any continuation sheets for the consideration slated in this contract. The rights and obligations of the parties to this contract shall be governed by (a) this contract award, (b) the solicitation, and (c) the clauses, representations, certifications, and specifications or incorporated by reference in or attached to this contract.

☐ 29. AWARD *(Contractor is not required to sign this document* Your offer on this solicitation is hereby accepted as to the item listed. This award consummates the contract, which consists of (a the Government solicitation and your offer, and (b) this contrac award. No further contractual document is necessary.

30A. NAME AND TITLE OF CONTRACTOR OR PERSON AUTHORIZED TO SIGN *(Type or print)*

30B. SIGNATURE

30C. DATE

31A. NAME OF CONTRACTING OFFICER *(Type or print)*

JANET M. HENDERZAHS

31B. UNITED STATES OF AMERICA

BY Janet M. Henderzahs

31C. AWARD DATE

22 SEP 99

Computer Generated

BID SCHEDULE

CONTINUATION SHEET	REFERENCE NO. DOCUMENT BEING CONTUNUED	PAGE 5 of 5
	DACA27-99-B-0023	

NAME OF OFFEROR OR CONTRACTOR

ITEM NO.	SUPPLIES/SERVICES	QTY	UNIT	UNIT PRICE	AMOUNT
1 #1	Central Energy Plant Upgrade	1		LS	$16,449,316.00
2	Asbestos Abatement	1		LS	$ 30,984.00
	TOTAL BASE BID				#1 $16,480,300.00
	ADDITIVES				
*2 A1	Demolish existing steam and chilled water piping that is within 5 feet of the surface as shown on drawings 2C21 through 2C25 and 3C21 through 3C25.	1		LS	$ 113,200.00
A2	Demolish upper portion of steam vaults as shown on drawings 2C26 through 2C32, 3C26 through 3C32, and 4C06	1		LS	$ 167,650.00
A3	Furnish and install BTU meters, as specified in Section 15556, paragraph 2.19, in all non-barracks buildings (22 each). Installation shall be in accordance with BTU meter manufacturer's written instructions, and actual mounting location shall be field coordinated with the Contracting Officer Representative.	1		LS	*2 $ 191,900.00
	Special Bid Conditions. If a modification to a bid based on unit prices is submitted, which provides for a lump sum adjustment to the total estimated cost, the application of the lump sum adjustment to each unit price in the bid schedule must be stated. If it is not stated, the bidder agrees that the lump sum adjustment shall be applied on a pro rata basis to every unit price in the bid schedule.				

22

DATE: 03/07/05

MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
REV CONTRACT PRICE: $ 30777208.84
AWARD DATE.....:09/22/99
NTP ACKNOWLEDGE DATE:10/28/99
ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
001-1	RELOCATE EXT UTILITIES, N ORTH	02/02/00	EST. AMT :	0.00	0	A00001	02/02/00	02/29/00	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	75000.00					
001-2	RELOCATE EXT UTILITIES, N ORTH	02/02/00	EST. AMT :	50400.00	0	A00077	05/17/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
001S1	RELOCATE EXT UTILITIES	05/23/00	EST. AMT :	0.00	0	A00009	06/16/00	05/23/00	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	25000.00					
	RELOCATE TRENCH	02/23/00	EST. AMT :	0.00	0	A00002	02/23/00	07/06/00	WORK DEL. BY A00003
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
003-1	TRENCH E-1	02/23/00	EST. AMT :	0.00	0	A00003	06/23/00	07/06/00	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
003-2	TRENCH E-1	02/23/00	EST. AMT :	150000.00	0	A00077	05/17/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
003S1	TRENCH E-1	03/08/00	EST. AMT :	0.00	0	A00004	03/10/00	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
003S2	TRENCH E-1	11/13/00	EST. AMT :	0.00	0	A00012	11/16/00	11/16/00	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	140000.00					
004-1	TRENCH E	03/07/00	EST. AMT :	0.00	0	A00005	03/13/00	/ /	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
004-2	TRENCH E	03/06/00	EST. AMT :	541000.00	0	A00038	08/14/01	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	41064.00					
004S1	TRENCH 3 (PART 1 SUPPL I)	04/24/00	EST. AMT :	0.00	0	A00006	04/24/00	07/06/00	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	85000.00					
005-1	TRENCH E, SOUTH	05/04/00	EST. AMT :	0.00	0	A00007	05/09/00	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
5-2	TRENCH E, SOUTH	05/09/00	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					

14251909

36364

DATE: 03/07/05

MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
REV CONTRACT PRICE: $ 30777208.84
AWARD DATE.....:09/22/99
NTP ACKNOWLEDGE DATE:10/28/99
ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
005S1	TRENCH E-SOUTH	06/28/01	EST. AMT :	0.00	0	A00028	06/28/01	07/16/01	ISS IN PD2 AS A00039
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-1387688.00					
006	CEP ELEV ISSUES	03/03/00	EST. AMT :	3658.00	0	A00008	05/16/00	07/01/00	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	3658.00					
007-1	ELECTRICAL CHANGES, NORTH	11/27/00	EST. AMT :	0.00	0	A00013	11/27/00	07/08/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	150000.00					
	ELECTRICAL CHANGES, NORTH	05/16/00	EST. AMT :	61700.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
008	WEATHER EXTENSION	06/06/00	EST. AMT :	0.00	2	A00010	06/12/00	07/01/00	CCD = 1/27/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
009	ABATE & DISPOS OF ASB CEM	10/20/00	EST. AMT :	15590.58	0	A00011	10/30/00	07/12/02	
	ENT PIPE		PRE-VAL AMT:	0.00					
			SETLD AMT :	15590.58					
010-1	COMBINE TRENCHES E&F 4000	02/28/01	EST. AMT :	0.00	0	A00019	02/28/01	03/24/01	
	AREA		PRE-VAL AMT:	0.00					
			SETLD AMT :	220000.00					
010-2	COMBINE TRENCHES E&F 4000	12/12/00	EST. AMT :	30000.00	0	A00077	05/19/02	08/15/02	
	AREA		PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
010S1	TRENCH E-F COMBINATION	06/08/01	EST. AMT :	0.00	0	A00022	06/08/01	06/08/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	1378417.00					
011-1	ADD "E" EAST TRENCH	06/08/01	EST. AMT :	0.00	0	A00023	06/12/01	06/12/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	431914.00					
011-2	ADD "E" EAST TRENCH	06/12/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
012-1	ADD E-NORTH TRENCHES	06/21/01	EST. AMT :	0.00	0	A00024	06/21/01	06/25/01	PD2 SIGNED AS P00001
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-708832.00					
012-2	ADD E-NORTH TRENCHES	06/21/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					

DATE: 03/07/05

MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
REV CONTRACT PRICE: $ 30777208.84
AWARD DATE.....:09/22/99
NTP ACKNOWLEDGE DATE:10/28/99
ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
013-1	ADD E-7, E-17 G TRENCHES	06/22/01	EST. AMT :	0.00	0	A00025	06/22/01	06/25/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	898117.00					
013-2	ADD E-7, E-17 G TRENCHES	06/22/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
014-1	EXTEND TRENCH E WEST	02/22/01	EST. AMT :	0.00	0	A00016	02/22/01	03/09/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	200000.00					
2	EXTEND TRENCH E WEST	02/22/01	EST. AMT :	350000.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
014S1	ADD E-WEST TRENCHES	06/22/01	EST. AMT :	0.00	0	A00026	06/22/01	06/25/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	178494.00					
015-1	ADD TRENCH 4067	02/28/01	EST. AMT :	0.00	0	A00018	02/28/01	03/24/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	25000.00					
015-2	ADD TRENCH 4067	12/12/00	EST. AMT :	75000.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
015S1	ADD TRENCH TO BLDG 4067	06/26/01	EST. AMT :	0.00	0	A00027	06/26/01	06/26/01	PD2 HAS THIS AS P00004
			PRE-VAL AMT:	0.00					
			SETLD AMT :	325068.00					
016	WEATHER 5/1/00 - 8/31/00	/ /	EST. AMT :	0.00	0		/ /	/ /	CASE CANCL 3/13/03
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
017	WEATHER 9/1/00 - 12/31/00	/ /	EST. AMT :	0.00	0		/ /	/ /	CASE CANCL 3/13/03
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
018-1	LOCATE ADD'L ELEC & COMMO 3700 BLOCK	03/09/01	EST. AMT :	0.00	0	A00020	03/09/01	03/24/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	10000.00					
018-2	LOCATE ADD'L ELEC & COMMO 3700 BLOCK	01/12/01	EST. AMT :	40000.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
18S1	LOCATE ADDITIONAL ELEC & COMMO	07/05/01	EST. AMT :	0.00	0	A00032	07/05/01	08/17/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	10000.00					

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MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
REV CONTRACT PRICE: $ 30777208.84
AWARD DATE.....:09/22/99
NTP ACKNOWLEDGE DATE:10/28/99
ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
018S2	LOCATE ADD'L ELEC/COMMO 3	08/23/01	EST. AMT :	0.00	0	A00042	08/23/01	09/11/01	
	700 BLOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	25000.00					
019-1	LOCATE ADD'L U/G UTIL 370	02/26/01	EST. AMT :	0.00	0	A00017	02/26/01	03/09/01	
	0 BLOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	10000.00					
019-2	LOCATE ADD'L U/G UTIL 370	02/26/01	EST. AMT :	40000.00	0	A00077	05/19/02	08/15/02	
	0 BLOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
	LOCATE ADDITIONAL UNDERGR	07/06/01	EST. AMT :	0.00	0	A00033	07/06/01	08/17/01	
	OUND UTILITIES		PRE-VAL AMT:	0.00					
			SETLD AMT :	20000.00					
019S2	LOCATE ADD'L UNDERGROUN U	08/28/01	EST. AMT :	0.00	0	A00044	08/28/01	09/11/01	
	TIL 3700 BLOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	15000.00					
020	MODIFY CONVERTERS	08/06/01	EST. AMT :	84101.00	0	A00066	12/19/01	07/12/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	84101.00					
021	PROVIDE AND INSTALL VALVE	02/16/01	EST. AMT :	8633.00	0	A00021	03/26/01	07/12/02	
	S 4000 BLOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	8633.00					
022	CHANGE ALARM BELL AND SEN	07/05/01	EST. AMT :	10500.00	0	A00035	07/05/01	08/30/01	
	SOR		PRE-VAL AMT:	0.00					
			SETLD AMT :	112.00					
023	DELETE AND REPLACE PUMP P	07/05/01	EST. AMT :	1750.00	0	A00034	07/05/01	08/30/01	
	3,4		PRE-VAL AMT:	0.00					
			SETLD AMT :	1750.00					
024	TIME EXTENSION WEATHER #2	07/30/01	EST. AMT :	0.00	89	A00040	08/16/01	07/12/02	CCD = 5/31/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
025	REPLACE/MODIFY PUMPS 4000	06/27/01	EST. AMT :	17000.00	0	A00062	12/06/01	07/12/02	
	BLOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	5659.00					
026	MODIFY WATER SYSTEMS	05/10/01	EST. AMT :	10000.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
7-1	3700 UTILITY RELOCATE B T	07/06/01	EST. AMT :	0.00	0	A00029	07/06/01	08/17/01	
	RENCH EAST		PRE-VAL AMT:	0.00					
			SETLD AMT :	50000.00					

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DATE: 03/07/05

MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
REV CONTRACT PRICE: $ 30777208.84
AWARD DATE.....:09/22/99
NTP ACKNOWLEDGE DATE:10/28/99
ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
027-2	3700 UTILITY RELOCATE B T RENCH EAST	07/06/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
028-1	3700 TRENCH CHANGE B TREN CH EAST	06/25/01	EST. AMT :	0.00	0	A00030	06/25/01	08/17/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	300000.00					
028-2	3700 TRENCH CHANGE B TREN CH EAST	06/25/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
	3700 TENNIS COURT ELEC CH ANGE	07/05/01	EST. AMT :	0.00	0	A00031	07/05/01	08/17/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	2000.00					
029-2	3700 TENNIS COURT ELEC CH ANGES	07/05/01	EST. AMT :	0.00	0	A00060	11/30/01	07/12/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-193.00					
030	DELETE BARRACK ROOM CONVE R	05/09/02	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
031-1	RELOCATE UNKNOWN UTIL BLO CK 4000	08/13/01	EST. AMT :	0.00	0	A00036	08/13/01	08/17/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	150000.00					
031-2	RELOCATE UNKNOWN UTIL BLO CK 4000	08/13/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
032	"R@D ADDITIONAL ASBESTOS MATERIAL	06/18/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
032-1	R&D ADDITIONAL ASBESTOS M ATERIAL	07/06/01	EST. AMT :	0.00	0	A00037	07/06/01	08/17/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	25000.00					
033	B-NORTH UTILITY LOCATE	/ /	EST. AMT :	0.00	0		/ /	/ /	CASE CANCL 8/22/01
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
034-1	B NORTH UTILITIES RELOCAT ION	09/05/01	EST. AMT :	0.00	0	A00046	09/05/01	09/13/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-35000.00					
034-2	B NORTH UTILITIES RELOCAT ION	09/05/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					

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DATE: 03/07/05

MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
REV CONTRACT PRICE: $ 30777208.84
AWARD DATE.....:09/22/99
NTP ACKNOWLEDGE DATE:10/28/99
ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
035-1	B-NORTH TRENCH CHANGES	09/11/01	EST. AMT :	0.00	0	A00048	09/13/01	09/14/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-219486.00					
035-2	B-NORTH TRENCH CHANGE	09/11/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
036	B-SOUTH UTILITY LOCATES	/ /	EST. AMT :	0.00	0		/ /	/ /	CASE CANCL 8/22/01
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
	B-SOUTH UTILITIES RELOCAT ES	09/10/01	EST. AMT :	0.00	0	A00047	09/10/01	09/24/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-50000.00					
037-2	B-SOUTH UTILITIES RELOCAT ES	09/10/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
038-1	B SOUTH TRENCH CHANGES	09/18/01	EST. AMT :	0.00	0	A00049	09/18/01	12/06/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	272511.00					
038-2	B SOUTH TRENCH CHANGES	09/18/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
039	WEATHER NO 3	05/09/02	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
040-1	EXTEND FOOH(E-1 TRENCH 37 00 & 4000)	08/31/01	EST. AMT :	0.00	134	A00045	08/31/01	09/13/01	CCD = 9/10/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	280000.00					
040-2	EXTEND OH & IMPACTS	08/31/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
041-1	TEMPORARY HEAT 4000 BLOCK	09/21/01	EST. AMT :	0.00	0	A00050	09/21/01	09/30/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	50000.00					
041-2	TEMPORARY HEAT 4000 BLOCK	09/21/01	EST. AMT :	39526.00	0	A00063	12/10/01	07/12/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	39526.00					
042-1	4000 BLOCK DIRECT BURY	09/24/01	EST. AMT :	0.00	0	A00051	09/24/01	10/02/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	100000.00					

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DATE: 03/07/05

MODIFICATION STATUS REPORT

****

* CONTRACT NUMBER: DACA27-99-C-0050 *

****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
REV CONTRACT PRICE: $ 30777208.84
AWARD DATE.....:09/22/99
NTP ACKNOWLEDGE DATE:10/28/99
ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
042-2	4000 BLOCK DIRECT BURY	09/24/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
043-1	3700 BLOCK DIRECT BURY	09/24/01	EST. AMT :	0.00	0	A00052	09/24/01	09/30/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	50000.00					
043-2	3700 BLOCK DIRECT BURY	09/24/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
[illegible]	GERTSCH GYM TRENCH DELETI ON	09/25/01	EST. AMT :	0.00	0	A00053	09/25/01	09/26/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-404234.00					
044-2	GERTSCH GYM TRENCH DELETI ON	09/25/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
045-1	GERTSCH GYM MECHANICAL	09/30/01	EST. AMT :	0.00	0	A00054	09/30/01	10/02/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	75000.00					
045-2	GERTSCH GYM MECHANICAL	09/30/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
046	CATHODIC PROTECTION FOR G AS LINES	05/09/02	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
047	TIME EXTENSION NO 5 WEATH ER	10/03/01	EST. AMT :	0.00	3	A00055	10/04/01	10/12/01	CCD = 10/18/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
048	3700 & 4000 BLOCK ADMIN B LDG THERMOSTATS	01/21/02	EST. AMT :	12043.59	0	A00069	01/21/02	07/12/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	12043.59					
049	WEATHER NO 6	09/04/01	EST. AMT :	0.00	1	A00056	10/09/01	08/06/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
050	CONDENSATE TANK INSTALLAT ION	05/09/02	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
[illegible]	B WEST TRENCH CHANGES 370 0 BLOCK	11/19/01	EST. AMT :	0.00	0	A00057	11/21/01	11/27/01	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	296460.00					

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DATE: 03/07/05

MODIFICATION STATUS REPORT

****

* CONTRACT NUMBER: DACA27-99-C-0050 *

****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
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ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
051-2	B WEST TRENCH CHANGES 370	11/19/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
	0 BLOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
052-1	B-WEST UTILITIES RELOCATE	11/27/01	EST. AMT :	0.00	0	A00058	11/27/01	12/06/01	
	D		PRE-VAL AMT:	0.00					
			SETLD AMT :	-16000.00					
052-2	B-WEST UTILITIES RELOCATE	11/27/01	EST. AMT :	0.00	0	A00077	05/19/02	08/15/02	
	D		PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
	TIME EXTENSION #7	11/20/01	EST. AMT :	0.00	1	A00059	11/28/01	08/15/02	CCD = 9/15/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
054	ADDITIONAL TRENCH BEAMS 4	11/27/01	EST. AMT :	13285.00	0	A00061	12/04/01	07/12/02	
	000 BLOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	13285.00					
055	TIME EXTENSION #8	12/11/01	EST. AMT :	0.00	3	A00064	12/11/01	07/12/02	CCD = 9/18/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
056-1	ADD'L CREWS & SUPERVISION	12/12/01	EST. AMT :	0.00	0	A00065	12/12/01	01/02/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	84000.00					
056-2	ADD'L CREWS & SUPERVISION	12/12/01	EST. AMT :	0.00	0	A00077	05/17/02	08/15/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	547693.41					
056S1	ADD'L CREWS & SUPERVISION	01/18/02	EST. AMT :	0.00	0	A00067	01/18/02	01/18/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	1892147.59					
057	TIME EXTENSION #9	01/21/02	EST. AMT :	0.00	3	A00068	01/21/02	07/12/02	CCD = 9/21/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
058	ADD'L TRENCH BEAMS 3700 B	01/11/02	EST. AMT :	5061.00	1	A00070	01/24/02	07/12/02	CCD = 9/22/02
	LOCK		PRE-VAL AMT:	0.00					
			SETLD AMT :	5061.00					
059	3700 BKS MECH RM ELEC CHA	/ /	EST. AMT :	0.00	0		/ /	/ /	CASE CANCL 8/28/03
	NGE		PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
60-1	ADD'L CHANGE BLOCK 3700 A	04/02/02	EST. AMT :	0.00	0	A00072	04/02/02	07/12/02	
	FTER 2/13/02		PRE-VAL AMT:	0.00					
			SETLD AMT :	75000.00					

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DATE: 03/07/05

MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

ORIG CONTRACT PRICE: $ 16480300.00
REV CONTRACT PRICE: $ 30777208.84
AWARD DATE.....:09/22/99
NTP ACKNOWLEDGE DATE:10/28/99
ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
060-2	ADD'L CHANGES 3700 BLOCK AFTER 2/13/02	04/02/02	EST. AMT :	0.00	0	A00111	04/29/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-1832.00					
060S1	ADD'L CHANGES 3700 BLOCK	08/30/02	EST. AMT :	0.00	0	A00086	08/30/02	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	75000.00					
061-1	ADD'L CHANGES 4000 BLOCK AFTER 2/13/02	04/05/02	EST. AMT :	0.00	0	A00073	04/05/02	07/12/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	75000.00					
[illegible]	ADD'L CHANGES 4000 BLOCK AFTER S/13/02	04/05/02	EST. AMT :	0.00	0	A00109	04/02/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	1588.00					
061S1	ADD'L CHANGES 4000 BLK AFTER 2/12/02	03/17/03	EST. AMT :	0.00	0	A00103	03/17/03	06/01/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	15000.00					
062-1	GLOBAL MODIFICATION SETTLEMENT	03/29/02	EST. AMT :	2300000.00	0	A00071	03/29/02	03/29/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	2300000.00					
062-2	GLOBAL MODIFICATION SETTLEMENT	03/29/02	EST. AMT :	0.00	42	A00077	05/17/02	08/15/02	CCD = 10/30/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	988828.00					
063-1	ADD'L ELEC CHANGE AFTER 2/13/02	04/10/02	EST. AMT :	0.00	0	A00074	04/10/02	07/12/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	50000.00					
063-2	ADD'L ELEC CHANGE AFTER 2/13/02	04/10/02	EST. AMT :	0.00	0	A00110	04/02/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-5986.00					
063S1	ADD'L ELEC CHANGES	02/25/03	EST. AMT :	0.00	0	A00104	03/18/03	06/01/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	10000.00					
064-1	3700 & 4000 ADMIN AH CHANGES	06/21/02	EST. AMT :	0.00	0	A00081	06/21/02	09/14/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	350000.00					
064-2	3700 & 4000 ADMIN AH CHANGES	06/21/02	EST. AMT :	137808.00	0	A00082	07/09/02	09/14/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	137808.00					
[illegible]	BKS MECH RM ELEC CHANGE	04/11/02	EST. AMT :	0.00	0	A00075	04/11/02	08/05/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	5000.00					

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MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
ADDRESS: 7501 FRONT STREET
KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

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ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
065-2	BKS MECH RM ELEC CHANGE	04/11/02	EST. AMT :	43243.00	0	A00080	06/07/02	08/05/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	43243.00					
066	CEP EQUIPMENT FAIL SAFE	04/18/02	EST. AMT :	7961.00	0	A00079	05/22/02	07/30/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	7961.00					
067	TEMP CHILLERS	07/11/02	EST. AMT :	35000.00	0	A00083	07/24/02	08/23/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	35000.00					
	TEMP CHILLERS	07/11/02	EST. AMT :	11920.00	0	A00083	07/24/02	08/23/02	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	11920.00					
068-1	CEP PIPING CHANGE	05/20/02	EST. AMT :	0.00	0	A00078	05/20/02	03/13/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	30000.00					
068-2	CEP PIPING CHANGE	05/20/02	EST. AMT :	0.00	151	A00091	11/26/02	03/13/03	CCD = 5/15/03
			PRE-VAL AMT:	0.00					
			SETLD AMT :	447.00					
069	STEAM & CHILLER WATER PIT	/ /	EST. AMT :	0.00	0		/ /	/ /	CASE CANCL 3/13/03
	DEMO		PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
070	ADD'L ACCELERATION COST M	07/11/02	EST. AMT :	120000.00	0	A00085	08/14/02	12/04/02	
	AR-JUN 02		PRE-VAL AMT:	0.00					
			SETLD AMT :	116803.67					
071	CONCRETE FOR ADD'L UTILIT	07/25/02	EST. AMT :	154699.00	0	A00084	07/25/02	09/21/02	
	IES		PRE-VAL AMT:	0.00					
			SETLD AMT :	154699.00					
072-1	ADD'L AIR HANDLER CHANGS	09/04/02	EST. AMT :	0.00	0	A00087	09/04/02	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	30000.00					
072-2	ADD'L AIR HANDLER CHANGES	09/04/02	EST. AMT :	0.00	0	A00099	02/06/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	14582.00					
072S1	ADD'L AIR HANDLER CHANGES	12/09/02	EST. AMT :	0.00	0	A00093	12/09/02	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	35000.00					
073	FRAT GYM AIR HANDLER	12/12/02	EST. AMT :	11870.00	0	A00094	12/12/02	03/13/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	-11870.00					

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MODIFICATION STATUS REPORT

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* CONTRACT NUMBER: DACA27-99-C-0050 *
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SFB: DACA27-99-B-0023

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CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
074	TESTING AND BALANCING ADD	08/27/02	EST. AMT :	16047.00	0	A00096	01/09/03	03/13/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	16047.00					
075	ADD'L COMMUMICATION NETWO RK	09/19/02	EST. AMT :	7644.00	0	A00088	09/24/02	03/13/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	7644.00					
076	CONTROLS 4028 AND STRAP O N STRATS BKS	01/14/03	EST. AMT :	22721.00	0	A00097	01/17/03	03/13/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	22721.00					
	TROOP LEE VILLAGE SEPARAT ION	01/28/03	EST. AMT :	0.00	0	A00098	01/28/03	01/27/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	586619.64					
077-2	TROOP LEE VILLAGE SEPARAT ION	01/28/03	EST. AMT :	157380.36	0	A00102	03/13/02	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	157380.36					
078	EXTEND FIELD OFFICE OVERH EAD	11/14/02	EST. AMT :	70326.00	45	A00089	11/14/02	03/13/03	CCD = 12/14/02
			PRE-VAL AMT:	0.00					
			SETLD AMT :	70326.00					
079	AS BUILT DRAWINGS	11/14/02	EST. AMT :	15465.00	0	A00090	11/15/02	03/13/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	15465.00					
080	ADDITIONAL CEP PIPING CHA NGES	12/02/02	EST. AMT :	93031.00	0	A00092	12/06/02	03/13/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	93031.00					
081	DEMO OF PIPING AT CEP	/ /	EST. AMT :	0.00	0		/ /	/ /	CASE CANCL 4/29/03
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
082	SUBCONTRACTOR'S BOND	12/19/02	EST. AMT :	4443.00	0	A00095	01/08/03	03/13/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	4443.00					
083	SUM AT BE	03/03/03	EST. AMT :	0.00	0	A00105	03/21/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	14119.00					
084	INSTALL POT FEEDERS	02/11/03	EST. AMT :	16000.00	0	A00100	02/13/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	16000.00					
085	FLUSH CHILLED WATER LINES	02/20/03	EST. AMT :	36535.00	0	A00101	03/10/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	36535.00					

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DATE: 03/07/05

MODIFICATION STATUS REPORT

****
* CONTRACT NUMBER: DACA27-99-C-0050 *
****

SFB: DACA27-99-B-0023

PROJECT: CENTRAL ENERGY PLANT UPGRADE
AREA OFFICE: FC
PROJECT LOCATION: FT CAMPBELL, KY
CONTRACTOR: FOLEY COMPANY
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KANSAS CITY, MO 64120
CONTRACTING OFFICER: JANET M HENDERZAHS

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REV CONTRACT PRICE: $ 30777208.84
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ORIG CONTRACT TIME: 820
ORIG COMPLETION DATE:01/25/02
CUR COMPLETION DATE: 05/15/03
SUBS COMPLETION DATE: / /

CASE NO.	DESCRIPTION	RFP DATE			SETLD TIME	MOD NO.	RCO/CO SIGNED	TO SU-C	REMARKS
086	SUMP PROTECTION GRATING	02/27/03	EST. AMT :	0.00	0	A00107	04/02/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	13225.00					
087	GERTSCH GYM PIPING CHANGE	02/21/03	EST. AMT :	0.00	0	A00108	04/02/03	04/29/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	12959.00					
088	CHILLED WATER CHEMICAL TR EATMENT	04/25/03	EST. AMT :	7682.00	0	A00112	04/25/03	06/17/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	7682.00					
	089	/ /	EST. AMT :	0.00	0		/ /	/ /	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	0.00					
090	INSULATION REPAIRS IN MEC HANICAL ROOM	08/26/03	EST. AMT :	0.00	0	A00113	09/04/03	10/15/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	7265.00					
091	DEMO STEAM AND CHILLED WA TER PITS	10/01/03	EST. AMT :	151470.00	0	A00114	10/28/03	12/02/03	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	151470.00					
092-1	CHANGE IN WAGE DECISION	02/17/04	EST. AMT :	0.00	0	A00117	07/28/04	08/30/04	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	2000000.00					
092-2	CHANGE IN WAGE DECISION	02/17/04	EST. AMT :	710000.00	0	A00118	08/12/04	08/30/04	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	710000.00					
093	RE-PIPE BLDG 3721 AIR HAN DLERS	02/18/04	EST. AMT :	1636.00	0	A00115	02/25/04	03/11/04	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	1636.00					
094	DEMO STEAM PIT AT 3603	03/09/04	EST. AMT :	3277.00	0	A00116	03/19/04	05/03/04	
			PRE-VAL AMT:	0.00					
			SETLD AMT :	3277.00					

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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
J	1 | 5

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO.(If applicable)
A00067	18-Jan-2002		

6. ...ED BY	CODE	7. ADMINISTERED BY (If other than item 6)	CODE
...NGINEER DISTRICT, LOUISVILLE CEORL-CT ... DR. MARTIN LUTHER KING PLACE ROOM 821 LOUISVILLE KY 40202	DACA27	FT CAMPBELL RESIDENT OFFICE FT. CAMPBELL RES. OFFICE BLDG 2180 13 1/2 STREET FT. CAMPBELL KY 42223-5356	H2M1IC0

8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code)			
FOLEY COMPANY STEPHEN HANCOCK 7501 FRONT STREET KANSAS CITY MO 64120			9A. AMENDMENT OF SOLICITATION NO.
			9B. DATED (SEE ITEM 11)
		X	10A. MOD. OF CONTRACT/ORDER NO. DACA27-99-C-0050
CODE 0DU76	FACILITY CODE	X	10B. DATED (SEE ITEM 13) 22-Sep-1999

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer ☐ is extended, ☐ is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

See Schedule

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

☐ A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

☐ ...ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying ...e, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).

X ...HIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
52.0243-0004 Changes

☐ D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Contract Amount is increased by $1,892,147.59.00
W22W9K-9180-5618

Case 56 "Additional Crews and Supervision, Part 1, Supplement 1"

DACA27-99-C-0050
Central Energy Plant Upgrade, at Fort Campbell, Kentucky

See Page 2

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		JANET M HENDERZAHS / ADDED BY SUMI	
15B. CONTRACTOR/OFFEROR ...ure of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY Janet M. Henderzahs (Signature of Contracting Officer)	16C. DATE SIGNED 18-Jan-2002

SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

Changes in Solicitation/Contract/Order Form

The total cost has increased from $19,829,226.58 by $1,892,147.59 to $21,721,374.17

Changes in Section 00010

CLIN 0055

The total CLIN cost has increased from $84,000.00 by $1,892,147.59 to $1,976,147.59
The unit price amount has increased from $84,000.00 by $1,892,147.59 to $1,976,147.59

Changes in Section SF 30

14. DESCRIPTION OF MODIFICATION (CONTINUED)

A. SCOPE OF WORK

Case 56 "Additional Crews and Supervision, Part 1, Supplement 1"

The Contractor shall provide all material, labor, and equipment necessary to perform the following scope of work:

1. Contractor shall provide a mechanical superintendent to join a joint COE, A-E, contractor team to determine exact scope of work required to make connection to the new CEP LTHW/CW lines, scope exact work required in each mechanical room in the 3700 and 4000 blocks, including coordination between contractors, and outages require. This may require contractor to mobilize an additional supervisor.

2. Procure additional form material, labor, and supervision for additional crews for cast in place tops. Focus shall be to complete trench and backfill trenches that are currently open in 3700 Block and 4000 Block. Both Blocks shall be worked concurrently.

3. Complete all work associated with concrete trenches, including piping, supports and anchors, insulation, testing of piping, concrete tops, and backfill, including paving in parking areas by 30 May 2002. An interim completion date of 30 May 2002 for this work is hereby established. Grading shall be completed up to final grade. Seeding of the areas shall be accomplished during the turf establishment period stated in the contract.

4. Complete all mechanical room conversions, direct buried piping, and have HVAC in all buildings functioning by 01 July 2002. The contract completion date is hereby established at 01 July 2002, after which liquidated damages established under this contract shall be assessed if work is not substantially complete.

5. All other contract work outside a boundary of Indiana, Tennessee, 49th and 59th Streets shall be accomplished by 18 September 2002. Work such as Gertsch Gym, Dental Clinic and final testing of the HVAC systems shall be completed by this new, separate contract completion date.

B. CHANGE IN CONTRACT PRICE

Total contract price is increased by $1,892,147.59. A00065, the NTP, was written for $84,000.00, this modification, A00067, is for $1,892,147.59 therefore a total not-to-exceed price for case 56 is $1,976,147.59. This is a not-to-exceed increase lump sum amount is established for the purpose of making interim progress payments until such time as final negotiations are completed. The lump-sum amount is hereby incorporated into the contract and shall be designated for payment purposes as follows:

The following revisions shall be made to the pricing schedule.

New/ Revised	Item No.	Description	Quantity	Unit Price	Change Amount
New	A00065	Additional Crews and Supervision, Part 1 NTP	1.00 LS	$84,000.00	$84,000.00
New	A00067	Additional Crews and Supervision, Part 1, Supplement 1	1.00 LS	$1,892,147.59	$1,892,147.59
				Total	$1,976,147.59

C. CHANGE IN CONTRACT TIME

The contract completion date shall remain unchanged by reason of this modification.

D. CLOSING STATEMENT

It is understood and agreed that the lump sum amount of $84,000.00 was established under pay item A00065 "Additional Crews and Supervision, Part 1, NTP". This amount is increased by $1,892,147.59 under new pay item A00067 "Additional Crews and Supervision, Part 1, Supplement 1". This amount is pending further negotiations and issuance of a final adjustment modification. Further, it is understood and agreed that the amount established is provisional and upon determination of total allowable costs, may be adjusted upward or downward, as required, to a total final definite contract price adjustment by means of an appropriate Part II Final modification, which will also provide adjustment to the contract performance period if necessary.

Please note Special Contract Requirement, Paragraph 40, requires separate reporting of ALL extra costs associated with change orders or construction changes for which total price and/or time have not been necessary.

The "Changes" Clause of the contract further provides that an equitable adjustment will be made if the change will increase or decrease the cost or time required for completion of performance under the contract. Your proposal dated December 20, 2001 in the amount of $2,588,658.00 has been received and is being evaluated.

The change will be formalized by a subsequent Part II modification signed by the Administrative Contracting Officer containing the price and time adjustment, if any, as well as additional details of the change if required. You may claim for adjustment under the Change Clause of the contract upon receipt by the Contractor of the Supplement Agreement containing the price and time adjustment.

Changes in Section 00800

Summary for the Payment Office

As a result of this modification, the total funded amount of the contract is increased by $1,892,147.59 from $7,793,054.58 to $9,685,202.17

CLIN :0055
AS: 9180-5618 21 NA 1999 2050.000 H2 1999 08 8041 70000000000 33017 3200 003D9F 000000000000
is increased by $1,892,147.59 from $84,000.00 to $1,976,147.59

CELRL-CD-C-C

January 15, 2002

JUSTIFICATION FOR UNPRICED NOTICE TO PROCEED

Contract No. DACA27-99-C-0050
Central Energy Plant Upgrade
Fort Campbell, Kentucky
Case 00056 - "Additional Crews and Supervision – Part 1, Supplement 1"
Modification No. A00067
Page 1 of 2

This work is within scope and chargeable to Appropriation No. W22W9K91805618 - for a Not-To-Exceed cost increase of $1,892,147.59 on this modification. The total Not-To-Exceed cost of Case 56 (Mod A00065 for $84,000.00) is up to $1,976,147.59.

It is considered urgent that the work proceeds without delay in accordance with the following justification per FAR 17.7503 (b) (1) (100):

(1) Normal procedures are not practical because at the direction of FORSCOM, our contract work may impede potential deployment of the 1st and 2nd Brigades of the 101st Airborne. The 101st Division Commander directed completion in this area within six (6) months.

(2) This change resulted from the necessity to accelerate the contract and to buy back time granted under previous modifications.

(3) The consequences if this change is not initiated as proposed would be delay in completion thus causing deployment issue in the event of national emergency.

(4) The definization period is 90 days to receive and evaluate the Contractor's proposal, negotiate and issue a Part II final modification to Case No. 0056.

(5) Not definitized.

(6) Not definitized.

(7) A Not-To-Exceed price of $1,892,147.59 has been established for progress payments until a Part Two Final can be written. Sufficient project funds exist to finalize negotiations and issue a Part II final modification.

Contract No. DACA27-9-C-0050
Central Energy Plant Upgrade
Fort Campbell, Kentucky
Case 00056 - "Additional Crews and Supervision - Part 1, Supplement 1"
Modification No. A00067

Prepared By: _____ Date: 17 Jan 02

John N. Briggs, P.E.
Senior Resident Engineer
Administrative Contracting Officer

Reviewed By: _____ Date: 1/18/02

Bobbi Lockwood
Construction Technical Support Specialist

Approved By: _____ Date: 1/18/02

Janet M. Henderzahs
Contracting Officer

Legal Reviewed By: _____ Date: 2/20/02

CELRL-CD-C-C

January 15, 2002

SHORT FORM PNM
(LESS THAN $500k)

Contract No. DACA27-99-C-0050
Central Energy Plant Upgrade
Fort Campbell, Kentucky
Case 00056 - "Additional Crews and Supervision Part 1 Supplement 1"
Modification No. A00067
Page 1 of 2

1. Scope Of Work: The Contractor shall provide all material, labor, and equipment necessary to perform the following scope of work:

1. Contractor shall provide mechanical superintendent to join a joint COE, A-E, contractor team to determine exact scope of work required to make connection to the new CEP LTHW/CW lines, scope exact work required in each mechanical room in the 3700 and 4000 blocks, including interfaced between contractors, and outages require. This may require contractor to mobilize an additional supervisor.

2. Procure additional form material, labor, and supervision for additional crews for cast in place tops. Focus shall be to complete trench and backfill trenches that are currently open in 3700 Block and 4000 Block. Both Blocks shall be worked concurrently.

3. Complete all work associated with concrete trenches, including piping, supports and anchors, insulation, testing of piping, concrete tops, and backfill, including paving in parking areas by 30 May 2002. An interim completion date of 30 May 2002 for this work is hereby established. Grading shall be completed up to final grade. Seeding of the areas shall be accomplished during the turf establishment period stated in the contract.

4. Complete all mechanical room conversions, direct buried piping, and have HVAC in all buildings functioning by 01 July 2002. The contract completion date is hereby established at 01 July 2002, after which liquidated damages established under this contract shall be assessed if work is not substantially complete.

5. All other contract work outside a boundary of Indiana, Tennessee, 49th and 59th Streets shall be accomplished by 18 September 2002. Work such as Gertsch Gym, Dental Clinic and final testing of the HVAC systems shall be completed by this new, separate contract completion date.

6.

2. Necessity For Change: This change is necessary because of delays; the Contractor has many open trenches. The Contractor must for safety, security and the readiness of the 1st and 2nd Brigade, accelerate the trench tops and investigations of mechanical rooms.

Contract No. DACA27-99-C-0050
Central Energy Plant Upgrade
Fort Campbell, Kentucky
Case 00056 - "Additional Crews and Supervision Part 1, Supplement 1"
Modification No. A00067

3. Reason For Omission From Plans And Specifications: This is to accelerate a portion of the contract.

4. Resume Of Negotiations: Mr. John Briggs of the Corps of Engineers spoke with Mr. Tim Christopher and Mr. Chris Calligari, both of Foley Company, on January 14, 2002 to discuss issuing a Part 1, Supplement 1 to proceed for the Additional Crews and Supervision. This Part 1 Supplement 1 will continue the pre-acceleration until the full blown acceleration begins, which is now anticipated to start mid- February. The Part 1, Supplement 1 modification, will be sent to Foley Company the week of January 15, 2002. This modification will allow for interim progress payments while finalization of the change is being pursued. Mr. Christopher was requested via NTP to submit their proposal. Mr. Christopher was informed that the "Changes" Clause of the contract provides for an equitable cost and time adjustment to the contract as a result of this modification and therefore the contract completion date remains "unchanged" at this time. *

* error per John Briggs - [illegible] 4/20/02

5. Time: The contract completion date shall remain unchanged.

Prepared By: John N. Briggs Date: 17 Jan 02

John N. Briggs, P.E.
Senior Resident Engineer
Administrative Contracting Officer

Reviewed By: Bobbi Lockwood Date: 1/18/02

Bobbi Lockwood
Construction Technical Support Specialist

Approved By: Janet M. Henderzahs Date: 1/18/02

Janet M. Henderzahs
Contracting Officer

Legal Reviewed By: [illegible] Date: 2/20/02

CELRL-OC

February 20, 2002

Memorandum of Law

I have reviewed contract modification "Case 56", "Additional Crews and Supervision, Part 1, Supplement 1", for Modification No. A00067, for Contract No. DACA27-99-C-0050, Central Energy Plant (CEP) Upgrade at Ft Campbell, by the Foley Company; Wherein the Contract Amount is increased (unilaterally) by the Not-To-Exceed-Price (NTE) of $1,892,147.59; For the additional work, among other listed requirements, to perform as follows: "Complete all mechanical room conversion, direct buried piping, and have HVAC in all buildings functioning by 01 July 2002. The contract completion date is hereby established at 01 July 2002,. . . ." The Modification states that the current total price for case 56, $1,976,147.59, "is established for the purpose of making interim progress payments until such time as final negotiations are complete." The modification is supported by the required "back up" documentation, including an Independent Government Estimate.

The original Notice to Proceed, (NTP) for this contract change was for a NTE price of $84,000 and was issued by the Sr. Res. Engr./ACO, on 12/12/01. The Contractor's proposal dated 12/20/01 including its proposed price was received and reviewed by the Government.

Approximately 2 years ago, upon finding unmarked and unknown underground obstructions after award of the contract, including unmarked communications cabling, the contractor was directed by the Government to perform additional work including increases in the same type of work originally required under the contract; The Government's direction increased, among other items, the amount of linear footage of excavation, amount of underground piping, amount of piping connections, and the resulting impacts, thereby resulting in increases in contract cost of performance and increased contract performance time, as recognized by the Government. That additional work was within the general scope of the original contract, IAW Contract "Changes" Clause, FAR 52.243-4, "Changes", and FAR Subpart 43.201(a). Due to the additionally directed work, (including what has been estimated to be

approximately 10% more "ditching" work), the original contract completion date of January 28, 2002, was changed to October, 2002, adding approximately 8 months more performance time, also within the general scope of the contract.

In the latter months of 2001, approximately December, 2001, due to new military reconsideration of defense requirements and their impacts on a review of the prolonged performance completion date of the CEP project, our Military customers requested that the CEP project, including the additional work in progress, be completed to "functional" operability NLT 01 July 02; This was approximately 3 months sooner than the extended contract completion date of October 2002.

Pursuant to the military request and by the above-mentioned NTP of 12/12/01, the Government directed the contractor to "accelerate" its contract work to accommodate the new completion date for functional HVAC, 01 July 2002.

The acceleration of the project work was contemplated by the above-cite contract "Changes" clause, mandated by the above-cited FAR 52.243-4, "Changes" clause, as follows in paragraph (a)(4): "The Contracting Officer may, ant any time, . . . make changes . . . in the general scope . . . , including changes- . . (4) Directing **acceleration** in the performance of the work." (emphasis added). The acceleration was within the general scope of the original contract work, as was the additional work itself. The same type work was to be performed, only more of it, and completed sooner.

To the extent an issue arises concerning the "bona fide need rule" of fiscal obligations, as to the funding for this Modification for acceleration costs, several comptroller cases may be referenced to find repeated affirmation that such costs for such construction contracts are the bona fide need of the obligation originally used for the funding of such projects, as this CEP project. The test for bona fide need rule is: (1) whether a bona fide need for the project continues; (2) whether the purpose of the project remains the same, and (3) whether the project will have the same scope as the original project. (Comp.Gen., *Matter of FHA Program*, 1981); In regard of the bona fide need rule it is noted that the acceleration of the CEP project

work, includes acceleration of both the original contract work and the additional work, none of which are "severable" one from the other. Likewise, the acceleration work and its costs are "nonseverable" (not severable) from either the original or the additional work. The crews, materials, and equipment performing the acceleration of the work, (for example overtime work), are doing so at the same time as they are employed on the original contract work and the additional work (including extra ditching). Neither one part of the work performed by itself, nor the acceleration portion of the work by itself are representative of the finished project contracted for nor are they of separate value to the Government by themselves; The completed, accelerated project is nonseverable. All of the project's costs represent the "bona fide needs" of the period in which they were obligated to the appropriation. (Comp. Gen. B- 272,191, 97-2 CPD P 141.)

The Comptroller General, in "*Matter of: The Honorable Jerry Lewis, Chairman, Subcommittee on Defense, Committee on Appropriations*", HOR, B-287,619, has recently held, "If a change causes an increase or **decrease** in the contractor's cost of, or **time** required for, the performance of work under the contract , the contracting officer must make an equitable adjustment and modify the contract in writing.. . Change orders may result from new laws or regulations, or from **DOD initiatives**.. . " The CG Decision further pointed out, " The issue of the proper obligation of the costs of change orders **cannot be separated** from the underlying events triggering the government's liability. . . . [For] obligation purposes, the issue is whether a service is severable or nonseverable." (Comp.Gen., B-287,619, 2001, citing B-277,165, Jan., 2000), (Emphasis added). The Decision continued, "The nature of the services performed determines whether a service is severable or nonseverable. Id. **Nonseverable services involve services that represent a single undertaking, or, in other words, provide value when the entire project is complete**. Id. (Comp.Gen., B-287,619, 2001), (Emphasis added). The Comptroller General has noted that examples of bona fide needs over several years and with changing performance terms of completion are "contracts for construction of buildings, or other long lead-time items, which are begun in one year, but which may take several years to complete. These contracts

usually are considered bona fide needs of the year in which the contract is executed, not the year in which the work is completed, . . ." (65 Comp. Gen. 741, B- 219,829, 1986). In that case, the Decision of the Comptroller General stated that the "final" service was that which was "contracted for" and it stated, "We do not think the service contracted for here is severable." (Supra, 65 Comp. Gen. 741).

For the foregoing reasons I find that as a matter of law the above-described "Case 56", "Additional Crews and Supervision, Part 1, Supplement 1", for Modification No. A00067, is both within the general scope of the original contract work and is a "bona fide need" of the government as of the execution of the original contract.

Carl Platt
Assistant District Counsel
Louisville District, U.S. Army Corps of Engineers
502-315-6653

INDEPENDENT GOVERNMENT ESTIMATE CHECKLIST

The following check list shall be attached when putting together an official Government estimate:

	Yes	N/A
a. Have you briefly described the work or attached RFP for which the cost has been estimated?	X	
b. If estimate is revised, have you included basis of revision, original estimate and necessary cross references?		X
c. Is pricing period stated	X	
d. Is impact addressed with appropriate rationale? (If none, so state.)	X	
e. Are equipment rates from COE Equipment Manual?		X
f. Are sources of pricing data including production and labor rates and materials quotes/prices noted?	X	
g. Are Labor Burdens (fringes), payroll taxes and insurance properly included?	X	
h. Has overtime, small tools and supervision been considered?	X	
i. Has each page of the estimate been completely checked, initialed, numbered and dated?	X	
j. Is there a Alternate Structured Approach Profit Sheet for the prime contractor and each subcontractor? (Note for Government assistance, average or none is .12)	X	
k. Have you reduced risk factor because some or all work was done prior to negotiations?	X	
l. Are field <u>and</u> home office overheads and prime contractor's bond <u>identified</u> as appropriate and explained? Avoid flat percentages without rationale.	X	
m. If extended field overhead is involved, is complete time and money rationale detailed and percent overheads credited as appropriate? Only variable/time related costs allowed.		X
n. Have you avoided using "contingencies?"	X	
o. Is estimate properly stamped "For Official Use Only"?	X	
p. Is DA Label 87 attached as cover?	X	
q. Is signature sheet prepared for authorized signatures?	X	
r. Is the estimate a good working document that could be used in negotiations? Would you present it as a part of your testimony in a dispute situation or hearing?	X	
s. Have you included statement of independent preparation for an initial estimate?	X	
t. Is District approval required because of gross value (over $500K), extended home office (G&A)/Eichleay overhead, termination, or other complexity?		X

Note that if A/E liability and resulting Government damage is involved, identify these damages (See Appendix A-XX and A-XX).

Preparer [signature] Date 12/18/01

Review By [signature] Date 12/18/01

CONSTRUCTION COST ESTIMATE

PROJECT: Central Energy Plant
DATE PREPARED: Dec 14, 2001
SHEET 1 OF 7
LOCATION: Ft. Campbell
ARCHITECT ENGINEER: DACA 27-99-C-0050
DRAWING NO.:
BASIS FOR ESTIMATE: ☐ CODE A (No design completed) ☐ CODE B (Preliminary design) ☐ CODE C (Final design) ☐ OTHER (Specify)
ESTIMATOR: BRIGGS
CHECKED BY: Me

Acceleration

SUMMARY	QUANTITY NO. UNITS	QUANTITY UNIT MEAS.	LABOR PER UNIT	LABOR TOTAL	MATERIAL PER UNIT	MATERIAL TOTAL	TOTAL COST
Case — Acceleration							
TOTAL Acceleration Costs							$ 2,486,987.30
Pricing Period — 15 Dec 2001 — 15 July 2002							
Impact — Only as identified therein.							
Scope — see sheet ___ of ___							

This estimate was prepared independently of the Contractor's Proposal

Recommended by

John N. Briggs PE
Senior Resident Engr
17 Dec 01
DATE

Approved

George Jungman, PE
Chief, Construction Div
12/19/01
DATE

FOR OFFICIAL USE ONLY
PROTECTIVE MARKINGS MAY BE CANCELLED UPON DETERMINATION OF EQUITABLE PRICE(S)

ENG FORM 1 AUG 59 150

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Scope for Acceleration

Objective: Complete CEP work within the Brigade areas within 6 months of NTP

a. not included in NTP- Gertsch Gym, Dental Clinic, areas outside tennesse, Indiana, 49th and 59th streets

b. work on 3700 block and 4000 block concurrently. Complete trenches by 1 May 2002

c. Complete Mechanical rooms by 30 June 2002

d. Concerted effort to complete trenches, including piping, insulation, tops, and backfill in 3700 block along Indiana, and south leg.

e. Initiate excavation of trench to building 3717, not as a last activity.

Maximum effort must be to complete trenches ASAP, including tops and backfill.

Work effort 6 days a week.

Schedule work in mechanical rooms so that minimum outages occur, to minimize additional costs for temporary heating.

32,000 mlt x .75/h x 1.35 =

32 400

10

9.65

319 39,204

$ 526,190.92

CONSTRUCTION COST ESTIMATE

DATE PREPARED: Dec 16, 2001

SHEET 3 OF 7

PROJECT: Central Energy Plant

LOCATION: Ft. Campbell

ARCHITECT ENGINEER: DACA27-99-C-0050

DRAWING NO.:

BASIS FOR ESTIMATE
- [ ] CODE A (No design completed)
- [ ] CODE B (Preliminary design)
- [ ] CODE C (Final design)
- [ ] OTHER (Specify)

ESTIMATOR: BRIGGS

CHECKED BY: [illegible]

Acceleration SUMMARY	QUANTITY NO. UNITS	QUANTITY UNIT MEAS.	LABOR PER UNIT	LABOR TOTAL	MATERIAL PER UNIT	MATERIAL TOTAL	TOTAL COST
Because of acceleration during winter months, much backfill must be stone, in lieu of earth. Also, must provide stone base for access over mud							
stone, dga, etc	25,000	TN	@ 7.50				187,500
ADDITIONAL FORM MATERIALS FOR ADDITIONAL CREWS							
Quote from Goebeke (form rental)						18,939	
Quote from MICO (Beam)						5,280	
misc lumber, 4x8, Kickers, etc						8,000	
						32219	32219
Tempory Heat for Cold Weather Concrete Use a percentage of Remaining Work From Estimating 2% of 3,000,000 Handbook							$ 60,000
Small Tools (3% of add'l labor)							
			03 X 856,200 (Sheets of 7)				$ 25,686
ADDITIONAL EQUIPMENT → ABOVE THAT REQUIRED TO COMPLETE AS CURRENTLY SCHEDULED							
Trackhoe	1	ea	3 month	x 2000			6,000
Loaders	4	ea	4 months	x 2000			32,000
Dump Trucks	3	ea	3 month	x 3000			9,000
P/U truck	8	ea	6 month	x 1,000			48,000
							95,000

ENG FORM 150
1 AUG 59

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CONSTRUCTION COST ESTIMATE

DATE PREPARED: Dec 16, 2001

SHEET 4 OF 7

PROJECT: Central Energy Plant

LOCATION: Ft. Campbell

ARCHITECT ENGINEER: DACA27-99-C-0050

DRAWING NO.:

BASIS FOR ESTIMATE:
- [ ] CODE A (No design completed)
- [ ] CODE B (Preliminary design)
- [ ] CODE C (Final design)
- [ ] OTHER (Specify)

ESTIMATOR: BRIGGS

CHECKED BY: MC

Acceleration SUMMARY	QUANTITY NO. UNITS	QUANTITY UNIT MEAS.	LABOR PER UNIT	LABOR TOTAL	MATERIAL PER UNIT	MATERIAL TOTAL	TOTAL COST
Additional Supervision							
Foley							
5ea Concrete Supervisors	18			1000/wk		18,000	
Excavation "	10			1000/wk		10,000	
3ea Insulators	18			1000/wk		10,000	
2ea Pipefitters	18			1000/wk		10,000	
2ea Mechanical	26			1000/wk		10,000	
1ea Electrical	26			1000/wk		24,000	
3ea Direct Buried	26			1000/wk		26,000	
				1000/wk		26,000	
Project Manager	26			1500/wk		39,000	
on site (full time)							
QC (2)	6	mo		4000/mo		48,000	
safety (1)	6	mo		4000/mo		24,000	
						237,000	
				35% burden		82,950	
						$ 319,950	
Per Diem for			10 people				
			180 days x 10 x 75/day			135,000	
airfare for Calicut			18 trips x 800			14,400	
			TOTAL this page			$ 469,350	

ENG FORM 150 1 AUG 59

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CONSTRUCTION COST ESTIMATE

DATE PREPARED: Dec 16, 2001

SHEET 5 OF 7

PROJECT: Central Energy Plant

LOCATION: Ft. Campbell KY

ARCHITECT ENGINEER: DACA27-99-C-0050

BASIS FOR ESTIMATE
- [ ] CODE A (No design completed)
- [ ] CODE B (Preliminary design)
- [ ] CODE C (Final design)
- [ ] OTHER (Specify)

DRAWING NO.:

ESTIMATOR: Briggs

CHECKED BY: Mc

Acceleration SUMMARY	QUANTITY NO. UNITS	QUANTITY UNIT MEAS.	LABOR PER UNIT	LABOR TOTAL	MATERIAL PER UNIT	MATERIAL TOTAL	TOTAL COST
Due to acceleration, contractor must complete all trenches, tops, piping, insulation, testing by May, in lieu of Aug 2002 16wks vs 32wks.							
Contractor has approximate 75 people on site							
75 people x 40 hrs/wk x 32 wks = 96,000 mHs							
WITH 16wks to work, must work 6000 mH/wk							
100 people working 60 HR/wk							
20 HR/wk x 100 people x 16wk = 32,000 HRS OT TOTAL							
OT — 32,000 x 15/hr prem =							$ 480,000
MECH OT 8 people x 20hrs/wk x 18wks x 15/hr							43,200
Electric 10 peopt x 20 hr/wk x 18wks x 15/hr							54,000
Insulators 10 people x 20 hrs x 18wk x 15/hr							54,000
							$ 631,200
labor inefficiencies on regularly schedule work.							
See attachment (25% inefficiency) Contractors normal payroll for 75 people is approximately $50,000.							
18 weeks x 50000 x 0.25 =							$ 225,000
					TOTAL Labor		856,200
Temporary Heat - Based on Case 41 - Temp Heat at 89,526, figuring 8 of 30+ building will require temp heat							
2 x 89,526							179,052

ENG FORM 150
1 AUG 59

PREVIOUS EDITION MAY BE USED

* U.S. GOVERNMENT PRINTING OFFICE

CONSTRUCTION COST ESTIMATE

DATE PREPARED: Dec 16, 2001

SHEET 6 OF 7

PROJECT: Central Energy Plant

LOCATION: Ft. Campbell

ARCHITECT ENGINEER: DACA27-99-C-0050

BASIS FOR ESTIMATE:
- [ ] CODE A (No design completed)
- [ ] CODE B (Preliminary design)
- [ ] CODE C (Final design)
- [ ] OTHER (Specify)

DRAWING NO.:

ESTIMATOR: BRIGGS

CHECKED BY: Me

Recreation SUMMARY	QUANTITY NO. UNITS	QUANTITY UNIT MEAS.	LABOR PER UNIT	LABOR TOTAL	MATERIAL PER UNIT	MATERIAL TOTAL	TOTAL COST
Overtime for project office staff QC, safety, Super	15 people	x 350 wk	x 26 wks			$	136,500
TOTAL OF ALL ITEMS						$	2,041,507
				overheads		10%	2,245,657
				profit		9.65	2,462,363
				bond		1%	2,486,987

ENG FORM 150
1 AUG 59

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PROFIT FACTOR

Project: Central Energy Plant Upgr le
Location: Fort Campbell, KY
Contract No. DACA27-99-C-0050
Change Order Case No.

Sheet 7 of 7

Estimated By GM
Checked By JB

PROFIT OBJECTIVE FOR: Prime contractor

FACTOR	RATE	WEIGHT 0.03 - 0.12	VALUE
1. Degree of Risk	20	0.12	2.40
2. Relative Difficulty of Work	15	0.12	1.80
3. Size of Job	15	0.08	1.20
4. Period of Performance	15	0.07	1.05
5. Contractor's Investment	5	0.12	0.60
6. Assistance by Government	5	0.12	0.60
7. Subcontracting	25	0.08	2.00
Tol l:	100		
		Profit (%):	9.65

1. High risk of delaying project cor pletion
2. Above average difficulty and ve high coordination
3. Less than $2,500,000
4. 6 months
5. Above average investment
6. Above average Government as stance
7. 40 - 50% subcontracting

Loss of Efficiency due to Project cceleration

Assumptions:

1. Normal work week = five 8 hr da; ı, accelerated work week = six 9 hr days
2. Original schedule requ red 75 pe ple(assumed optimum crew). Now will need 100 to account for total work hours.
3. Now 25% of work in winter. Acce ıration will be about 40% (with all trench work affected) - average 93% reduction in efficiency. Use 96% - p · John Briggs, winter will effect about 50% of work
4. Dilution of supervision / crew cro ding and disruption - use 10% loss.
5. Errors & Omission 1 -3% loss.

Work Week (six 9 hr days)	87%	92%	see attachments 1 & 2
Seasonal Change (more winter wor	96%	96%	see attachments 3
Dilution of Super./Crew Crowding	90%	90%	see attachments 4
Errors & Omission	99%	99%	see attachments 4
Overall Efficiency	74.4%	78.7%	**Say - 25% loss of efficiency**
Original Crew	75	75	
Accelerated Crew	100	100	
Total Crew To Overcome Inefficienc	134	127	

24

SOURCE SELECTION PLAN

SOLICITATION NO. DACW27-02-R-0004

LOCK CONSTRUCTION
MCALPINE LOCK REPLACEMENT PROJECT
LOUISVILLE, KENTUCKY

March 2002

SOURCE SELECTION INFORMATION
For Official Use Only

TABLE OF CONTENTS

1.0 PURPOSE

2.0 OBJECTIVE

3.0 PROPOSAL REQUIREMENTS

4.0 ORGANIZATION

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6.0 EVALUATION CRITERIA

7.0 EVALUATION PROCEDURE

8.0 SELECTION PROCESS

9.0 SOURCE SELECTION DECISION (SSD) DOCUMENT

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11.0 DEBRIEFING OF UNSUCCESSFUL OFFERORS

12.0 RULES OF CONDUCT

ATTACHMENTS:

SECTION 00115 - PROPOSAL SUBMISSION REQUIREMENTS AND EVALUATION FACTORS

SECTION 00130 – PROPOSAL EVALUATION CRITERIA

SAMPLE SSEB EVALUATION SHEET

PROPOSAL RISK ASSESSMENT

PERFORMANCE RISK ASSESSMENT

FOR OFFICIAL USE ONLY
"SOURCE SELECTION INFORMATION - SEE FAR 3.104"

Lisa Frazier
LISA FRAZIER
Chairperson

3/28/02
DATE

Robert W. Pessolano
Office of Counsel

4/19/02
DATE

Janet M. Henderzahs
JANET M. HENDERZAHS
Contracting Officer

5/23/02
DATE

Christy C. Watts
CHRISTY C. WATTS
Source Selection Authority

6/20/02
DATE

Approved X Not Approved____

FOR OFFICIAL USE ONLY

FOR OFFICIAL USE ONLY
"SOURCE SELECTION
INFORMATION - SEE
FAR 3.104"

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
J	1 |

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO.(If applicable)
0002	14-May-2002	W22W9K-2056-4504	

6. ISSUED BY CODE DACW27
USA ENGINEER DISTRICT, LOUISVILLE
ATTN: CELRL-CT
600 DR. MARTIN LUTHER KING PLACE
ROOM 821
LOUISVILLE KY 40202

7. ADMINISTERED BY (If other than item 6) CODE DACA27
PROCUREMENT BRANCH
ATTN: LISA M. FRAZIER
P. O. BOX 59
LOUISVILLE KY 40201-0059

8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code)

CODE FACILITY CODE

X	9A. AMENDMENT OF SOLICITATION NO. DACW27-02-R-0004
X	9B. DATED (SEE ITEM 11) 11-Mar-2002
	10A. MOD. OF CONTRACT/ORDER NO.
	10B. DATED (SEE ITEM 13)

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer [ ] is extended, [X] is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Request for Proposal No. DACW27-02-R-0004 for Lock Construction, McAlpine Lock Replacement Project, Louisville, Kentucky, is hereby amended as follows:

SEE ATTACHED

REVIEWED FOR
PROCUREMENT SUFFICIENCY
GFP none
SALVAGE none
MAS 5/14/2002
(INITIALS)
PROCUREMENT ANALYST

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)	16C. DATE SIGNED 13-May-2002

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Sebastian, Allen E LRL

m: Fagan, Richard J LRL02
ent: Friday, August 16, 2002 5:12 PM
To: Rowlette, Robert A LRL02
Subject: FW: Contracting Issues

Sensitivity: Confidential

sir,

Christy tried (I think) to dum her problems off and I did not accept them for either you or I. This is the ***guidance*** I gave her.

v/r
Rick

-----Original Message-----
From: Fagan, Richard J LRL02
Sent: Friday, August 16, 2002 5:11 PM
To: Watts, Christy C LRL02
Subject: RE: Contracting Issues
Sensitivity: Confidential

Christy,

I am not going to begin to try to explain why COL Slockbower did not get back with you concerning these items. But I do have a few thoughts that I will share with you. First of all, this is a bit overwhelming. Its like looking at a copy of War and Peace; you know you have to read it, but it is hard to get started on it. Taken all at once, it would overhelm anyone - I ink. Another aspect is that as a GS-14 Division Chief, the Colonel and I expect you to resolve issues without our help. nted you need and should expect our support, but if we get too involved in specific issues - we'll never be able to do r jobs and the district will suffer. When you do need our help, I would try to pick and choose which battles are worth fighting and where you need us to be your trump card. Also, we need to have possible options with the pros and cons (all of the possible solutions), instead of just getting a problem.

This is probably not exactly the answer you are looking for, but it was also the impetus for my message calling for a Summit for Acquisition Strategy, Planning and Policy. I believe this is where I can help you the most and do the district the most good.

Thanks,
LTC Fagan

-----Original Message-----
From: Watts, Christy C LRL02
Sent: Thursday, August 15, 2002 5:32 PM
To: Fagan, Richard J LRL02; Rowlette, Robert A LRL02
Subject: Contracting Issues
Importance: High
Sensitivity: Confidential

Attached is the list of major contracting concerns (that I know about at this moment in time) that I provided COL Slockbower several months before his departure with a few additions at the end. This does not even talk to the basic things going on in Contracting Division such as we don't even know who all our COR's are on what contract without looking through every individual contract file.

As you know this is not my choice way to communicate these issues to you, but I look forward to discussing them further on Monday. Some of these issues on the list have been resolve through much blood letting and we can go over those and deal with the others.

<< File: Louisville District Contracting Issues.doc >>

Christy C. Watts
Chief, Contracting Division
Louisville District
(502) 315-6172
(502) 315-6195 (fax)

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2.2 CALCIUM SILICA UNITS

Straight wall veneer units to be 194 mm (7 5/8 inches) high by 397 mm (15 5/8 inches) long by 92 mm (3 5/8 inches) wide with renaissance rockface finish as manufactured by "Arriscraft" International. Curved wall veneer units to be 194 mm (7 5/8 inches) high by 194 mm (7 5/8 inches) long by 92 mm (3 5/8 inches) wide with renaissance rockface finish as manufactured by "Arriscraft" International. Calcium silicate units color range standard Sandrift.

2.2 CONCRETE MASONRY UNITS (CMU)

Hollow and solid concrete masonry units shall conform to ASTM C 90. Cement shall have a low alkali content and be of one brand. Units where indicated on the drawings to exposed faces scored 203.2 by 203.2 (8"x8") ground smooth to expose the aggregate. CMU integral color to match calcium silica units.

2.2.1 Aggregates

Lightweight aggregates and blends of lightweight and heavier aggregates in proportions used in producing the units, shall comply with the following requirements when tested for stain-producing iron compounds in accordance with ASTM C 641: by visual classification method, the iron stain deposited on the filter paper shall not exceed the "light stain" classification.

2.4.2 Kinds and Shapes

Units shall be modular in size and shall include closer, jamb, header, lintel, and bond beam units and special shapes and sizes to complete the work as indicated. In exposed interior masonry surfaces, units having a bullnose shall be used for vertical external corners except at door, window, and louver jambs. Radius of the bullnose shall be 25 mm (1 inch). Units used in exposed masonry surfaces in any one building shall have a uniform fine to medium texture and a uniform color.

2.3 PREFACED CONCRETE MASONRY UNITS

Prefaced concrete masonry units shall conform to ASTM C 744 using masonry units conforming to ASTM C 90. The facing shall turn over the edges and ends of the unit at least 10 mm (3/8 inch) in the direction of the thickness of the unit to form a lip at least 2 mm (1/16 inch) thick. Variation in color and texture shall not exceed that of the approved samples. All shapes and sizes shall be provided for a complete installation. Bullnose units shall be used along sills and caps and at vertical external corners including door jambs, window jambs, and other such openings. Radius of the bullnose shall be 25 mm (1 inch. Base units shall be coved to meet finished floor surfaces where ceramic tile floor occurs.

2.4 PRECAST CONCRETE ITEMS

Trim, lintels, copings, splashblocks and door sills shall be factory-made units from a plant regularly engaged in producing precast concrete units. Unless otherwise indicated, concrete shall be 28 MPa (4000 psi) minimum using 13 mm (1/2 inch) to No. 4 nominal-size coarse aggregate, and minimum reinforcement shall be the reinforcement required for handling of the units. Clearance of 20 mm (3/4 inch) shall be maintained between

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AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
J	1 | 5

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO.(If applicable)
0005	04-Sep-2002	W22W9K-2193-9111	

6. ISSUED BY CODE DACA27

IGINEER DISTRICT, LOUISVILLE
CELRL-CT
.. MARTIN LUTHER KING PLACE
/ 821
LOUISVILLE KY 40202

7. ADMINISTERED BY (If other than item 6) CODE DACW27

CONTRACT ADMINSTRATION BRANCH
ATTN: B. J. DURRETT
P. O. BOX 59
LOUISVILLE KY 40201-0059

8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code)

CODE FACILITY CODE

X	9A. AMENDMENT OF SOLICITATION NO. DACA27-02-B-1001
X	9B. DATED (SEE ITEM 11) 05-Aug-2002
	10A. MOD. OF CONTRACT/ORDER NO.
	10B. DATED (SEE ITEM 13)

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

[X] The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer [ ] is extended, [X] is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning 1 copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying 'fice, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).

IIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor [ ] is not, [ ] is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Solicitation DACA27-02-B-1001, Gate 1B, Wright-Patterson Air Force Base, Ohio, is hereby amended as follows:

a. Specifications, Section 04200a, page 7, paragraph 2.2, CALCIUM SILICA UNITS, is deleted in its entirety and the following paragraph is added as 2.15:

(continued on next page)

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) TEL: EMAIL:	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)	16C. DATE SIGNED 04-Sep-2002

SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

SECTION SF 30 - BLOCK 14 CONTINUATION PAGE

The following have been added by full text:
AMENDMENT 0005

2.15 CALCIUM SILICA UNITS

Straight wall veneer units to be 194 mm (7 5/8 inches) high by 397 mm (15 5/8 inches) long by 92 mm (3 5/8 inches) wide with renaissance rockface finish. Curved wall veneer units to be 194 mm (7 5/8 inches) high by 194 mm (7 5/8 inches) long by 92 mm (3 5/8 inches) wide with renaissance rockface finish. Calcium silicate units color range standard Sandrift.

b. Specification Section 08710, page 7, paragraph 3.5, HARDWARE SETS, delete in its entirety and replace with the following:

3.5 HARDWARE SETS

SAMPLE LIST OF HARDWARE SETS

Guard House

HW-1 (Door #1) (Rm. 101 to Exterior)

1	Mortice lock set store room function lever thru bolted trim #26D finish
1	Cylinder
1 1/2 pair	Butt Hinges five knuckle 114.3 mm 114.3 mm 4 1/2" x 4 1/2" full mortice hinges stainless steel #FBB199.
1	Door closer heavy duty with hold open cush.
1	Stainless steel kick plate 11" (279 mm) x 34" (864 mm) thickness 0.050, 26D finish.
1	Threshold
1	Jamb & Head weather stripping
1	Door bottom shoe
3	Rubber door silencers

HW-2 (Door #2) (Rm 100 to Exterior)

1	Mortice latch set passage function lever thru bolt trim #26D finish

1 1/2 pair	Factory customized hinges, 6"x6" Non Removable Pin (NRP) with US26D finish.
1	Door closer heavy duty with hold open cush.
1	Stainless steel kick plate 11" (279 mm) x 34" (864 mm) thickness 0.050, 26D finish.
1	Threshold
1	Jamb & Head weather stripping
1	Door bottom shoe
3	Rubber door silencers

HW-3 (Door #3) (Rm. 102 to Rm. 101)

1	Mortice lock set bathroom function lever thru bolted trim #26D finish
1 1/2 pair	Butt Hinges five knuckle 114.3 mm 114.3 mm 4 1/2" x 4 1/2" full mortice hinges stainless steel #FBB199.
1	Door closer heavy duty with hold open cush.
1	Stainless steel kick plate 11" (279 mm) x 34" (864 mm) thickness 0.050, 26D finish.
3	Rubber door silencers

HW-4 (Door #1) (Rm. 101 to Rm 100)

1	Mortice lock set passage function lever thru bolted trim #26D finish
1 1/2 pair	Butt Hinges five knuckle 114.3 mm 114.3 mm 4 1/2" x 4 1/2" full mortice hinges stainless steel #FBB199.
1	Door closer heavy duty with hold open cush.
2	Stainless steel kick plate 11" (279 mm) x 34" (864 mm) thickness 0.050, 26D finish.
3	Rubber door silencers

HW-5 (Door #5) (Rm. 103 to Exterior)

1	Mortice lock set closet function lever thru bolted trim #26D finish
2 pair	Butt Hinges five knuckle 114.3 mm 114.3 mm 4 1/2" x 4 1/2" full mortice hinges stainless steel #FBB199.
4	Rubber door silencers
2	Door bolts dull chrome finish

<u>Building 81</u>

HW-6 Toilet Room to Visitor Center

1	Mortice lock set bathroom function lever thru bolted trim #26D finish
1 1/2 pair	Butt Hinges five knuckle 114.3 mm 114.3 mm 4 1/2" x 4 1/2" full mortice hinges stainless steel #FBB199.
1	Door closer heavy duty with hold open cush.
1	Stainless steel kick plate 11" (279 mm) x 34" (864 mm) thickness 0.050, 26D finish.
3	Rubber door silencers

HW-7 Utility to Reception

1	Mortice lock set store room function lever thru bolted trim #26D finish
1	Cylinder
1 1/2 pair	Butt Hinges five knuckle 114.3 mm 114.3 mm 4 1/2" x 4 1/2" full mortice hinges stainless steel #FBB199.
1	Door closer heavy duty with hold open cush.
1	Stainless steel kick plate 11" (279 mm) x 34" (864 mm) thickness 0.050, 26D finish.
1	Threshold
1	Jamb & Head weather stripping
1	Door bottom shoe
3	Rubber door silencers

c. Specification Section 10800a, paragraph 3.3, page 4, delete in its entirety and replace with the following:

3.3 SCHEDULE

Accessories Schedule

Guard House and Visitors Center

A. Jumbo Toilet Paper Dispenser with tinted PVC housing.
Dispenser to accommodate 13-inch diameter by 4-inch wide tissue rolls on 3-inch cores.

B. Combination Paper Towel and Waste Dispenser.
Semi-recessed dispenser to accommodate one 8-inch and one 3-inch (stub roll) by 8-inch wide rolls on 1-1/2 inch cores.

C. Sanitary Napkin Disposal

D. Soap Dispenser

E. Full Length Mirror: 20-inch by 60-inch

F. Coat Hooks: Coat Hooks with 3 hooks, color white

G. Mirror: Channel frame w/shelf

H. Sink Trap and Supply Lines: Protective Pipe Covers

I. Grab Bars

d. Specifications, Section 02225, page 1, paragraph 1.03, QUALITY ASSURANCE, item C "The Building Moving Contractor must have moved a building of stone construction that was on the Historic Register and after relocation was placed back on the Historic Register" is deleted in its entirety.

e. The bid opening still remains 12 September 2002, 2:00 p.m. (local time). All amendments must be acknowledged.

(End of Summary of Changes)

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ENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES 1 3

AMENDMENT/MODIFICATION NO. 000110

3. EFFECTIVE DATE 11/18/98

4. REQUISITION/PURCHASE REQ. NO. W22W9K-8320-7200

5. PROJECT NO. (If applicable)

JED BY CODE W22W9K

U.S.ARMY CORPS OF ENGINEERS

600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230
B. J. Durrett C04(502) 582-6796

7. ADMINISTERED BY (If other than Item 6) CODE bjd6796

U. S. ARMY CORPS OF ENGINEERS
ATTN: CELRL-CT-C (B. J. DURRETT)
600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Vendor ID: 00011263

MONTGOMERY WATSON AMERICAS INC

2100 CORPORATE DRIVE
ADDISON IL 60101

(X) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

X 10A. MODIFICATION OF CONTRACT/ORDER NO. DACW27-97-D-0015 0001

10B. DATED (SEE ITEM 13) 06/20/97

CODE 09C13 FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
97 - as indicated herein

Mod Obligated Amount US $3,561,523.00
EFT: T

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

X Changes

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

RECORD COPY

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Task Order #0001, Perform Environmental Restoration at Savanna Army Depot Activity, Illinois, is modified as follows:

a. Additional funding in the amount of $3,561,523.00 is provided for the following tasks:

OLD BURN GROUND

The remaining estimated costs amount of $431,525.00 needed to fully

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Philip L. Hall FRC Program Manager

15B. CONTRACTOR/OFFEROR

15C. DATE SIGNED 12/3/98

(Signature of person authorized to sign)

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Joseph L. Theobald KO2

16B. UNITED STATES OF AMERICA BY

(Signature of Contracting Officer)

16C. DATE SIGNED 20 Nov 98

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

16

SF 30 CONTINUATION SHEET

fund the contractor's proposal dated September 10, 1998 in the amount of $2,225,310.00 (reference mod #07) for the Soil Stockpile Removal Action, is hereby provided.

$215,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for the remaining ecological risk assessment work including draft and final risk analysis plan, sampling and analysis plan, technical memorandum, ecological risk assessment, and appropriate meetings and field investigations.

PESTICIDE DISPOSAL

$2,700,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for tasks in accordance with the attached draft scope of work dated 05 November 1998. site B9

RUBBLE PILE

$85,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for tasks in accordance with the attached draft scope of work dated 09 November 1998. site L4

OL AREA

$130,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for document review and development of detailed scope of work and cost proposal for tasks for the OL Area as directed by the Contracting Officer Representatives.

b. This modification results in the total amount for task order #0001 being $6,824,931.00 ($6,614,204.00 in estimated costs with $210,727.00 fee).

NOTE: The estimated costs includes the $40,000.00 Notice to Proceeds listed in paragraph a and also a $5,000.00 Notice to Proceed issued in modification #08 for Site 75, Army Reserve Motor Pool. Each of these proposals, after receipt by the government, will be negotiated for estimated costs with appropriate fixed fee. The cost proposal format and schedule will be as directed by COR's Gary Meden or Don Peterson.

c. This modification is effective the date of the Contracting Officer's signature.

//Finance & Accounting Classification Data//
97 NA X 0510.40E1 H2 1999 08 8041 61356R16000 33017 3200 002SVB =
$431,523.00 (affects WAD 19)

97 NA X 0510.40E1 H2 1999 08 8041 61356R16000 33017 252G 002STN =
$215,000.00 (affects WADS 1, 2, 7 and 8)

97 NA X 0510.40E1 H2 1999 08 8041 61359R52000 33017 252G 002SS9 =
$2,700,000.00 (affects new WADS 121 & 122)

97 NA X 0510.40E1 H2 1999 08 8041 61359R55000 33017 252G 002STM =
$130,000.00 (affects new WADS 133 & 134)

97 NA X 0510.40E1 H2 1999 08 8041 61359R57000 33017 252G 002SSC =
$85,000.00 (affects new WADS 131 and 132)

WAD funding is subject to movement between WADs at later dates as deemed necessary by the Contracting Officer Representatives.

BJ CO

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. B22W9K83207204	DATE 16Nov1998	PAGE 0001

TO: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: FT CAMPBELL AREA OFFICE

It is requested that the supplies and services enumerated below or on attached list be:

PURCHASED FOR FT CAMPBELL AREA OFFICE | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN(DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN | TELEPHONE NUMBER

LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL OBG RA DOLLARS (TERC)	0	LS	$.000	$431,523.00
DEL DATE	16Nov1998 97 NA X 0510.40B1	R2 1999 08	8041	61356R16400	33017 3200 002SVB
SHIP TO					
DEL TO	DONALD PETERSON				(309)782-2198

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW

$466,044.84

RECEIVED
NOV 18 1998
OH/MI TEAM

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

THE FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF INITIATING OFFICER	SIGNATURE	DATE
DONALD STACK	/S/DONALD STACK	16Nov1998

TELEPHONE NO.

TYPED NAME AND GRADE OF SUPPLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	17Nov1998

DA FORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. N22M9R3207174	DATE 16Nov1998	PAGE 0001

TO: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SBC

It is requested that the supplies and services enumerated below or on attached list be:

PURCHASED FOR: ENVIRONMENTAL REMEDIATION SBC	DELIVERED TO: SEE LINE ITEM BELOW	NOT LATER THAN (DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN

TELEPHONE NUMBER:

☐ LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

☐ REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW $215,000.00

ITEM	DESCRIPTION OF SUPPLIES OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL OBG ECO RISK ASSESSMENT RD (TERC)	0	LS	$.000	$215,000.00
DEL DATE	16Nov1998 97 MA X 0510.40H1 H2 1999 08	8041	61156R16000	33017 2520 002STN	
SHIP TO					
DEL TO	GARY MEDEN			(502)582-5321	

THE FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN H WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF INITIATING OFFICER	SIGNATURE	DATE
GARY MEDEN	/S/GARY MEDEN	16Nov1998
TELEPHONE NO.		

TYPED NAME AND GRADE OF SUPPLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

DA FORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22N9K83287158	DATE 16Nov1998	PAGE 0001

TO: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

PURCHASED FOR ENVIRONMENTAL REMEDIATION SEC | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock; therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN

TELEPHONE NUMBER:

☐ LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

☐ REQUISITIONING DISCLOSES UNAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

☐ EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW $130,000.00

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL CL AREA SITES RD (TERC)	0	LS	$.00	$130,000.00
DEL DATE	16Nov1998 97 NA X 0510.4021	HZ 1999 08	8041	61359855000	33017 2520 0025TH
SHIP TO					
DEL TO	GARY MEDEN				(502)582-5921

7446

THE FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	16Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES? YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF INITIATING OFFICER	SIGNATURE	DATE
GARY MEDEN	/S/GARY MEDEN	16Nov1998
TELEPHONE NO.		

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

TYPED NAME AND GRADE OF SUPPLY OFFICER	SIGNATURE	DATE

DA FORM 3953, MAR 91

35

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. H22W9K83207183	DATE 16Nov1998	PAGE 0001

TO: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

PURCHASED FOR ENVIRONMENTAL REMEDIATION SEC | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN | TELEPHONE NUMBER

LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL PESTICIDE DISPOSAL RD (TERC)	0	LS	$.000	$400,000.00
DEL DATE	16Nov1998 97 NA X 0510.40E1 H2	1999 08	8041	61359R52000	33017 2526 002859
SHIP TO					
DEL TO	GARY MEDEN				(502)582-5321

THE FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW $400,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF INITIATING OFFICER	SIGNATURE	DATE
DONALD STACK	/S/DONALD STACK	16Nov1998
TELEPHONE NO.		
TYPED NAME AND GRADE OF SUPPLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

DA FORM 3953, MAR 91

BJ

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1; the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22N9RB3307200	DATE 16Nov1998	PAGE 0001

TO: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: FT CAMPBELL AREA OFFICE

It is requested that the supplies and services enumerated below or on attached list be:

PURCHASED FOR FT CAMPBELL AREA OFFICE | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY NEDEN

TELEPHONE NUMBER:

☐ LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

☐ REQUISITIONING DISCLOSES UNAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT: SEE LINE ITEM BELOW

RECEIVED NOV 10 1998 OH/MI TEAM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL PESTICIDE DISPOSAL HA (TERC)	0	LS	$.000	$2,300,000.00
DEL DATE	16Nov1998 97 NA X 0510.40E1 H2 1999 08	8041	61359R52000	13017 3700 002SS9	$2,484,000.00
SHIP TO					
DEL TO	DONALD PETERSON			(309) 782-2198	

THE FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF INITIATING OFFICER	SIGNATURE	DATE
DONALD STACK	/S/DONALD STACK	16Nov1998
TELEPHONE NO.		
TYPED NAME AND GRADE OF SUPPLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	17Nov1998

DA FORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1; the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K0J207172	DATE 16Nov1998	PAGE 0001

TO: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

PURCHASED FOR ENVIRONMENTAL REMEDIATION SEC	DELIVERED TO SEE LINE ITEM BELOW	NOT LATER THAN (DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION
GARY MEDEN

TELEPHONE NUMBER

LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL RUBBLE PILE RD (TERC)	0	LS	$.000	$85,000.00
DEL DATE	16Nov1998 97 NA X 0510.40E1	H2 1999 08	8041	61359R57000	3J017 252G 002SSC
SHIP TO					
DEL TO	GARY MEDEN				(502)582-5321

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW

$85,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	16Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

THE FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF INITIATING OFFICER	SIGNATURE	DATE
DONALD STACK	/S/DONALD STACK	16Nov1998
TELEPHONE NO.		
TYPED NAME AND GRADE OF SUPPLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

DA FORM 3953, MAR 91

29

SOLICITATION, OFFER, AND AWARD *(Construction, Alteration, or Repair)*	1. SOLICITATION NO. DACA27-00-R-0011-0003	2. TYPE OF SOLICITATION ☐ SEALED BID (IFB) ☒ NEGOTIATED *(RFP)*	3. DATE ISSUED 07-Jun-2001	PAGE OF PAGES 1 OF 170

:TANT - The "offer" section on the reverse must be fully completed by offeror.

ONTRACT NO.	5. REQUISITION/PURCHASE REQUEST NO.	6. PROJECT NO.
DACA27-00-D-0002	W22W9K-0090-1218	

7. ISSUED BY CODE DACA27	8. ADDRESS OFFER TO *(If Other Than Item 7)* CODE
USA ENGINEER DISTRICT, LOUISVILLE ATTN: CELRL-CT 600 DR. MARTIN LUTHER KING PLACE ROOM 821 LOUISVILLE KY 40202 TEL: FAX: 502-582-5266	**See Item 7** TEL: FAX:

9. FOR INFORMATION CALL:	A. NAME	B. TELEPHONE NO. *(Include area code)* *(NO COLLECT CALLS)*
	BARBARA J SIMPSON	(502) 625-7634

SOLICITATION

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and "bidder".

10. THE GOVERNMENT REQUIRES PERFORMANCE OF THE WORK DESCRIBED IN THESE DOCUMENTS *(Title, identifying no., date):*

Indefinite Delivery - Indefinite Quanity (IDIQ) contract for quick response to Construction, Design/Build and Service Projects associated with Military, Civil and other Programs for the Louisville District Corps of Engineers.
Projects can be located anywhere in the Louisville District Mission Boundaries.

This project is 100% set-aside under the 8(a) Competitive Program for 8(a) contractors serviced in SBA Region 4 and 5.

ated $100,000.00 to $5,000,000.00

11. The Contractor shall begin performance within 10 calendar days and complete it within _____ calendar days after receiving ☒ award, ☐ notice to proceed. This performance period is ☒ mandatory, ☐ negotiable. *(See* Section 00115 *.)*

12 A. THE CONTRACTOR MUST FURNISH ANY REQUIRED PERFORMANCE AND PAYMENT BONDS? *(If "YES," indicate within how many calendar days after award in Item 12B.)* ☒ YES ☐ NO	12B. CALENDAR DAYS 10

13. ADDITIONAL SOLICITATION REQUIREMENTS:

A. Sealed offers in original and 6 copies to perform the work required are due at the place specified in Item 8 by 04:30 AM *(hour)* local time 19 May 2000 *(date)*. If this is a sealed bid solicitation, offers must be publicly opened at that time. Sealed envelopes containing offers shall be marked to show the offeror's name and address, the solicitation number, and the date and time offers are due.

B. An offer guarantee ☒ is, ☐ is not required.

ffers are subject to the (1) work requirements, and (2) other provisions and clauses incorporated in the solicitation in full text or by reference.

ers providing less than 60 calendar days for Government acceptance after the date offers are due will not be considered and will be rejected.

DACA27-00-R-0011

OFFER *(Must be fully completed by offeror)*

14. NAME AND ADDRESS OF OFFEROR *(Include ZIP Code)*

Landmark Construction Corporation
4705 Bakers Ferry Rd. S.W, Suite E
Atlanta, GA 30336-2200

DUNS: 942755372 Cage Code: 1FVZO

CODE FACILITY CODE

15. TELEPHONE NO. *(Include area code)*

(404) 699-1542

16. REMITTANCE ADDRESS *(Include only if different than Item 14)*

Landmark Construction Corporation
4360 Montebello Drive, Suite 900
Colorado Springs, CO 80918

17. The offeror agrees to perform the work required at the prices specified below in strict accordance with the terms of this solicitation, if this offer is accepted by the Government in writing within _____ calendar days after the date offers are due. *(Insert any number equal to or greater than the minimum requirement stated in Item 13D. Failure to insert any number means the offeror accepts the minimum in Item 13D.*

AMOUNTS ▶

18. The offeror agrees to furnish any required performance and payment bonds.

19. ACKNOWLEDGMENT OF AMENDMENTS
(The offeror acknowledges receipt of amendments to the solicitation — give number and date of each)

AMENDMENT NO.	0001	0002	0003							
DATE	4/28/00	5/9/00	5/10/00							

20A. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER *(Type or print)*

Douglas J. Pourier, President

20B. SIGNATURE

Doug Pourier

20C. OFFER DATE

5/19/00

AWARD *(To be completed by Government)*

ITEMS ACCEPTED:

22. AMOUNT

23. ACCOUNTING AND APPROPRIATION DATA

24. SUBMIT INVOICES TO ADDRESS SHOWN IN ▶ ITEM
(4 copies unless otherwise specified)

25. OTHER THAN FULL AND OPEN COMPETITION PURSUANT TO
☐ 10 U.S.C. 2304(c) ( ) ☐ 41 U.S.C. 253(c) ( )

26. ADMINISTERED BY CODE

USA Engineer District, Louisville
ATTN: CELRL-CT
600 Dr. Martin Luther King Place
Louisville, KY 40202

27. PAYMENT WILL BE MADE BY

USACE FINANCE CENTER (UFC)
5700 Wasp Avenue
Millington, TN 38054

CONTRACTING OFFICER WILL COMPLETE ITEM 28 OR 29 AS APPLICABLE

☐ 28. NEGOTIATED AGREEMENT *Contractor is required to sign this document and return _____ copies to issuing office.)* Contractor agrees to furnish and deliver all items or perform all work requirements identified on this form and any continuation sheets for the consideration stated in this contract. The rights and obligations of the parties to this contract shall be governed by (a) this contract award, (b) the solicitation, and (c) the clauses, representations, certifications, and specifications incorporated by reference in or attached to this contract.

☐ 29. AWARD *(Contractor is not required to sign this document.)* Your offer on this solicitation is hereby accepted as to the items listed. This award consummates the contract, which consists of (a) the Government solicitation and your offer, and (b) this contract award. No further contractual document is necessary.

30A. NAME AND TITLE OF CONTRACTOR OR PERSON AUTHORIZED TO SIGN *(Type or print)*

SIGNATURE

30C. DATE

31A. NAME OF CONTRACTING OFFICER *(Type or print)*

Janet M. Henderson

31B. UNITED STATES OF AMERICA

BY

31C. AWARD DATE

6/30/00

30

CC WP:

CELRL-IR (11-7a)

15 November 2001

MEMORANDUM FOR REC

SUBJECT: Memorandum of Agree n

1. Responsibilities of Parties. Office of Counsel (OC) and Criminal Investigation Division (CID) requested, and the District Commander approved, for IR to provide analysis spreadsheets as relates to the default of Landmark Construction on contract, DACA27-00-D-0002.

2. Objective and nature of services to be performed:
   - Provide Background Information to include significant dates and a recap of all Landmark Delivery Orders
   - Analyze information available as relates to possible False Claims issues addressed in OC's Referral to CID (memorandum dated 12 September 2001).
   - Analyze information available as relates to Performance and Payment Bonds as addressed in OC's Referral to CID (memorandum dated 12 September 2001).

FILE I
F, D

3. Time Table. 39 Audit Days

4. Description of Final Product. No report will be provided. IR will provide analysis spreadsheets to OC and CID as relates to:
   - providing Background Information to include significant dates and a recap of all Landmark Delivery Orders;
   - analyzing the possible False Claims issues to include progress payments and Subcontractors affected , differentiation of problems versus no problems, estimate of the Default, reprocuring the Delivery Orders not completed by Landmark; and
   - analyzing Performance and Payment Bonds purchased to include: D.O.'s for which no Bonds were purchased, Disbursements/Payment by Corps & Check Register Dates, and a Cost Impact Statement defining administrative costs and reprocurement inclusive of the amounts the Subs were out.

FILE I
F, D

Jerry A. Batson
Chief Internal Review

MEMORANDUM FOR RECORD **11 April 2002**

SUBJECT: Landmark Information

The IR Chief, Mr. Jerry Batson and the IR auditor, Ms. Donna Mynk were visited on April 10-11, 2002 by CID, Ms. Joan Piro (Defense Criminal Investigative Service) and Mr. Ray Rayos (Criminal Investigation Command) concerning the defaulted Landmark Contract:

- IR turned over all contract files on Landmark and Sentinel.
- CID photocopied all of IR's work papers and information files.

RAY A. RAYOS
SPECIAL AGENT

DEPARTMENT OF THE ARMY
CRIMINAL INVESTIGATION COMMAND

DALLAS FRAUD RESIDENT AGENCY
MAJOR PROCUREMENT FRAUD UNIT
2201 N. COLLINS, SUITE 360
ARLINGTON, TX 76011

TEL: (817) 543-~~1005~~ 1522
FAX: (817) 543-2309
PAGER: 1-800-759-8888
PIN #1851628

U.S. DEPARTMENT OF DEFENSE
OFFICE OF INSPECTOR GENERAL

JOAN PIRO
SPECIAL AGENT

DEFENSE CRIMINAL INVESTIGATIVE SERVICE

SOUTHWEST FIELD OFFICE
2201 N. COLLINS, SUITE 300
ARLINGTON, TX 76011

METRO (817) 543-4354
EXT. 240
FAX (817) 543-4365

31

Henderzahs, Janet M LRL02

om: Holmes, Dale LRL02
nt: Tuesday, April 30, 2002 2:09 PM
To: Watts, Christy C LRL02
Cc: Pessolano, Robert W LRL02; Murray, Bruce C LRL02; Keith, Joe M LRL02; Bauer, Denise A LRL02; Henderzahs, Janet M LRL02; Slockbower, Robert E LRL02; Mullins, Robert L LRL02
Subject: Exercise of Options on A/E and Other Contracts After the Option Expires

Christy,

You have asked for a legal opinion on the issue of whether it is possible for a Contracting Officer to exercise an option, when the period for exercising the option has expired. There have been several meetings and discussions on this issue. In the past this has been done and the question is whether it is legally defensible to continue the practice in the future. The answer is a qualified yes, in certain narrow circumstances, that may apply to the present situation. Additionally, on a quasi-legal note, I understand we have no system in the District to assure that options are properly and timely exercised. This is likely a nonconformity under our ISO 9001/PMBP process. It is especially important that we have a system in place to fix this problem because of possible legal complications from failing to properly exercise options, which I explain more fully below.

An option is essentially a "firm offer" by the contractor (the "optionor") that can be exercised solely at the discretion of the government (the "optionee"). The optionor has no "option" but to perform the option work exactly as required in the event that the option is exercised ("accepted") by the government (the optionee). Because all of the authority is given to the government (the optionee), courts tend "to construe the attempt to accept the terms offered under the option strictly." Williston on Contracts. An additional basic proposition on options is that "since the exercise of an option is ordinarily required within a stated period of time, 'the expiration of that period **automatically terminates the power of acceptance.**'" Tecom, Inc., IBCA No. 2970 A-1, 95-2 BCA Para. 27,607 (citing, Corbin on Contracts). Further, the Board went on to note that "In order to bind the optionor [the contractor], 'the notice by which the power of an option holder is exercised must be unconditional and **in exact accord with the terms of the option**." Tecom, Inc., citing, Corbin on Contracts. This is the general rule, and this why it is so important for us to properly and timely exercise options.

Additional risk occurs if the government believes that it has properly exercised the option, but has failed to strictly 'here to the requirements for exerising the option. For example, I understand that we have on numerous occasions ccelerated option amounts (going over the base contract price and advancing option work) prior to formally following the requirements to exercise the option. The noted Board case of Tecom involved a case where the government failed to strictly follow option exercising requirements, the contractor was unhappy with performing the work under the original terms, and filed a claim. Because of the government's failure to properly exercise the option, Tecom succeeded in its claim and was paid actual costs for all option work under a "constructive change" legal theory.

For these reasons, it is critical to follow all contractual requirements for exercising an option, including timeliness.

Having opined the above, there is a limited exception to these strict construction rules on timeliness that may be helpful in the present circumstance. Under this exception, "Nothing less [than strict compliance with option requirements] will suffice, **unless the optionor [the contractor] waives one or more of the terms of the option**." Tecom, citing, Williston on Contracts. Therefore, if the contractor is willing to waive the failure of the government to make a timely exercise of the option, the option can be legally executed. This must be done by bilateral agreement, for if the contractor refuses to agree to waive the untimeliness, then we have no option and no legal recourse. Additionally, because of the risk of claims of the sort that occurred in Tecom, we should also obtain a waiver of all claims associated with the late exercise of the option (such as additional labor costs due to higher rates or inflation). Counsel can assist in drafting appropriate waiver language, in the event the contractor agrees to the appropriate waiver of the time limit and additional costs related to delays in exercising the option work.

5/2/02
Bob Pessolano
will draft waive

91-D 0002
Sasaki

32

RECORD NUMBER: 2532PRC0002
CBD ISSUE DATE: 02/11/00 SECTION: Procurements FSC CODE: C

TITLE: ARCHITECT ENGINEERING SERVICES FOR AN INDEFINITE DELIVERY TYPE CONTRACT TO SUPPORT PROJECT MANAGEMENT ON CIVIL WORKS, MILITARY, ENVIRONMENTAL AND OTHER VARIOUS PROJECTS WITHIN THE LOUISVILLE DISTRICT
MISSION BOUNDARIES
SOL W22W9K-0031-5608
DUE 031000
POC Contract Specialist, Denise Bush (502) 625-7528, Technical, David Dale (502) 582-6120
Contract Information: Engineering Services are required to support Project Management for the Great Lakes and Ohio River Division's civil works, military, environmental, and other various projects within the Louisville District Mission Boundaries. The base year and each option year shall not exceed $1,000,000.00 and no delivery order shall exceed $1,000.000.00. The contract base period is one year from date of award with two one year options with an additional ceiling amount of $1,000,000.00 for each option year exercised for a maximum contract amount of $3,000,000.00. Individual Delivery Orders will be issued for actual work to be accomplished. Delivery Orders will be firm fixed price. To be eligible for award, a firm must be registered in the DoD Central Contractor Registration (CCR) Registrar via the CCR Internet site at: http://ccr.edi.disa.mil, or by contacting the DoD Electronic Commerce Information Center at 1-800-334-3414. This announcement is open to all businesses, regardless of size. Before award of this contract, the firm, if not a Small Business concern) shall be required to present an acceptable Small Business and Small Disadvantage Business Subcontracting Plan in accordance with Public Law 95-507. The current subcontracting goals are 61.2% to Small Business, 9.1% to Small Disadvantaged Business, 4.5% to Women-Owned Small Business, and 1.5% to HUBZone Small Business. Some projects may require partnering with the selected firm which could require the selected A/E to attend an approximate one day partnering meeting to define the User's expectations of the A/E, create a positive working atmosphere, encourage open communication, and identify common goals. Significant emphasis will be placed on the A/E's quality control procedures, as the District will not review quality into the project. Project Information: Typical services include, but are not limited to: Preparation and Maintenance of Project Management Plans (PMP's); Development and maintenance of schedules for planning, design, construction and operation and management of projects; collection and analysis of project information; site visits; preparation and maintenance of project fact sheets and status reports; development and maintenance of Draft Project Cooperation Agreements (PCA's); development and maintenance of cost estimates for planning, design, construction and other related services; preparation and analysis of Earned Value reports

and reproduction of any of the documents for distribution and use. Preparation, maintenance and analysis of business processes as they relate to the project Management Business Process. The services will generally be provided in the office of the requesting organization; however services in the selected firms' office may be required also. Selection Criteria: Submittals will be evaluated against the general evaluation factors listed in Note 24 in descending order of importance. Specific selection criteria (a d) being primary and (e h) being secondary is as follows and must be documented with resumes in the SF 255. Resumes shall indicate registration, certification, training and education of individuals proposed for this contract. Firms must provide two resumes that indicate the professional qualifications necessary for satisfactory performance of the required services in each field for the following individuals: (a) Professional Qualifications: Project Controls Specialist, Engineer, Construction Manager, Business Consultant, Designer, Cost Estimator. These project assignments may be filled by a qualified professional from any one of these fields, as indicated in the SF 255. Firms should include two resumes for each project assignment. (b) Specialized Experience: Specialized experience and technical competence, including 1) Knowledge and experience in Project Management within the construction industry with a specific working knowledge of project and program reporting and controls using Earned Value Project Management techniques at both the Project and Programmatic level; 2) Knowledge and experience with Corps of Engineers programming process, budget process and project development process; 3) Working knowledge of Prima Vera Suretrak and P3 for Windows; 4) Working knowledge of the Crops of Engineers Program and Project Management Information System (PROMIS), 5) Experience in the use of work breakdown structure, resource allocation and budget development using both PRIMA Vera and PROMIS systems; 6) Experience in using the MS Office applications to extract, analyze and report information extracted for Oracle Data Bases; 7) Experience in Business Process Development, analysis and improvement for large multi-functional organizations; 8) In addition, a Brief Design Management Plan including an explanation of the firm's management approach, management of subcontractors (if applicable), quality control procedures and an organizational chart showing the inter-relationship of management and various team components must be shown in paragraph 10 of the SF 255. c) Capacity: capacity to accomplish the work in the required time, including the capacity to perform several actions at the same time in various geographic locations; d) Past Performance: past performance on contracts with respect to cost control, quality of work, and compliance with performance schedules. e) Superior Performance Evaluations on recently completed DoD contracts. f) Geographical location and knowledge of the locality of the project; g) Volume of DOD contract awards in the last 12 months as described in Note 24; h) Extent of participation of SB, SDB, Historically Black Colleges and Universities, and minority institutions in the proposed contract team,

measured as a percentage of the estimated effort. Submittal Requirements: See Note 24 for general submission requirements. Any firm with an electronic mailbox responding to this solicitation should identify such address in the SF 255. ACASS numbers should be listed in Block 3 of the SF 255. All firms responding to this announcement will be notified of their respective status within 10 days after approval of any selection. Firms which are interested and meet the requirements described in the announcement are invited to submit one completed SF 255 U.S. Government A/E and Related Services for Specific Project to the office shown above. All responses on SF 255 to this announcement must be received no later than 4:30 PM Local Time on March 10, 2000 to be considered for selection. All responding firms which do not have a current SF 254 (within the past 12 months) on file with the North Pacific Division, Corps of Engineers, must also furnish a completed SF 254. NO OTHER INFORMATION INCLUDING PAMPHLETS OR BOOKLETS IS REQUESTED OR REQUIRED. No other general notification to firms under consideration for this project will be made and no further action is required. This is NOT a request for proposal.

U.S. Army Corps of Engineers, 600 M.L. King, Jr. Pl., Rm 821, Louisville, KY 40202-2230
(W-040 SN423621)

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Sebastian, Allen E LRL

From: Watts, Christy C LRL02
Sent: Thursday, August 15, 2002 5:32 PM
To: Fagan, Richard J LRL02; Rowlette, Robert A LRL02
Subject: Contracting Issues

Importance: High
Sensitivity: Confidential

Follow Up Flag: Follow up
Flag Status: Flagged

Attached is the list of major contracting concerns (that I know about at this moment in time) that I provided COL Slockbower several months before his departure with a few additions at the end. This does not even talk to the basic things going on in Contracting Division such as we don't even know who all our COR's are on what contract without looking through every individual contract file.

As you know this is not my choice way to communicate these issues to you, but I look forward to discussing them further on Monday. Some of these issues on the list have been resolve through much blood letting and we can go over those and deal with the others.

Louisville District Contractin...

Christy C. Watts
Chief, Contracting Division
Louisville District
(502) 315-6172
(502) 315-6195 (fax)

Louisville District Contracting Issues

1. Design/Build (D/B) IDIQ Construction Contracts -

    a. Issuing Task orders for design only (unpriced options for construction). Contractor is completing design almost 100% prior to negotiating construction. Violates Brooks Act. (See attached legal and financial opinion)

    b. Issuing Task orders for design only (unpriced options for construction). The construction option is never negotiated. Violates Brooks Act. (See attached legal and financial opinion)

    c. Design is funded with one FY O&M dollars and construction is funded with a different FY O&M dollars. Violates fiscal law.

2. Ordering Officer Authority:

    a. 98% of the circumstances the authorization letter was not issued by the Chief of the Contracting Division, but by the contracting officer. Sometimes the authority was inside an ACO appointment letter. These are all potential ratifications.

    b. 98% of the contracts were not appropriate types of contracts to issue ordering officer authority on. Therefore we have ordering officers signing and committing the government when it is only appropriate to have a contracting officer perform that function.

    c. The required yearly reviews, per the FAR, have never been performed on ordering officers.

3. Administrative Contracting Officers (ACO):

    a. EFARS 1.602-1-100 gives a Contracting Officer the authority to issue ACO authority, to those in the 800 series, on construction contracts only. On several occasions, ACO authority has been issued on service contracts. Bluegrass, CMS

    b. The ACOs regularly issue modifications with their signature first and the send it to the contractor for signature. This in and of itself is not the issue. The issue is we have numerous accounts where the contractor has not counter signed the modification, making it binding. This puts us in a unilateral modification situation and we have paid 100% where we are only suppose to pay 80% prior to resolution. It is also a practice where it opens the door for contractors to later claim/dispute the previously "settled issues" if they do not like things that happen in the future.

c. ACO/field personnel are waiving requirements under the contract for a lesser standard (i.e. QC personnel education/experience requirements). This is not within their authority and no consideration is received per the FAR.

4. The Source Selection Authority (SSA) prior to issuance of the solicitation is not approving source selection plans. DFARS

5. Construction solicitations continued to be issued containing sole source items prior to that item(s) being synopsized and a J&A approved.

6. Others outside of contracting/contracting officers have been deobligating money from contracts without the appropriate modifications in place.

7. Expiring Contracts:

   a. Current A/E, construction or service IDIQ contracts are not being managed centrally by any function within the district. This has resulted in the following:
      1. Options expiring when there was still a need for the capacity. Legal has recently determined that we can bilaterally exercise these options after they expire if the contractor is willing to give up certain rights (see OC's memo).
      2. We have issued new task orders that exceed the current value of the contract (prior to exercising the option).
      3. We have issued new task orders beyond the term/period of the contract (prior to exercising the option).
      4. We have allowed other district to utilize capacity on our contracts and the district has not tracked actual usage to know where the values of our contracts are. This has lead to some of the above issues and others.

8. Property Administration:

   a. We currently have no person to authorize and monitor govt furnished or contractor acquired property under cost reimbursable contracts
   b. A PM, without any authority, signed over $2,000,000 worth of property to a local sponsor that was procured under our TERC
9. SMART- non-COR changing work on contracts
10. Guard Services being contracted for FT Knox illegally.
11. Surcharges to other districts for IDIQ usage beyond 1 year mark.
12. Army Bluegrass Depot–Using S&A dollars for preaward work in lieu of P&D dollars.
13. ACO's issuing modification on service contracts, which is not with in their authority.
14. LRL personnel are completing receiving reports in CEFMS against expire BPA's and contracts with excess money beyond the term of the contract. Sometimes it is the wrong type of money when this crosses fiscal years.

REASONS FOR NONSELECTION

Firms were not selected for referral to the Selection Board for the reasons indicated below. Criteria 1-8 are as indicated in the CBD advertisement. In each case, the criteria were applied to an individual firm as that firm appeared in relation to all other firms responding to the advertisement. Reason for nonselection is not to indicate a lack of qualification in itself, but rather a relative rating of qualification in relation to the selected firm.

PROJECT: Architect Engineering Services for an Indefinite Delivery Contract to Support Project Management on Civil Works, Military, Environmental, and other Various Projects within the Louisville District Mission Boundaries

SELECTION CRITERIA

1. **Specialized Experience** and technical competence in the type of work required:

The Project consists of: Typical services include, but are not limited to: Preparation and Maintenance of Project Management Plans (PMPs); Development and maintenance of schedules for planning, design, construction and operation and management of projects; collection and analysis of project information; site visits; preparation and maintenance of project fact sheets and status reports; development and maintenance of cost estimates for planning, design, construction and other related services; preparation and analysis of Earned Value Reports and reproduction of any of the documents for distribution and use. Preparation, maintenance and analysis of business processes as they relate to the Project Management Business Process. The services will generally be provided in the office of the requesting organization; however, services in the selected firms' office may be required also.

1. **Professional Qualifications:** Design by professionals in the fields necessary for satisfactory performance of the required services for subject project is required as follows:

Resumes shall indicate registration, certification, training and education of individuals proposed for this contract. Qualified professionals from any one of these fields may fill project assignments. Firms must provide two resumes that indicate the professional qualifications necessary for satisfactory performance of the required services in the following fields:

a. Project Controls Specialist

b. Engineer

c. Construction Manager

d. Business Consultant

e. Designer

f. Cost Estimator

2. Specialized experience and technical competence in the following areas must be indicated:

a. Experience, technical competence and knowledge in Project Management within the construction industry with a specific working knowledge of project and program reporting and controls using Earned Value Project Management techniques at both the Project and programmatic level

b. Experience, technical competence, knowledge with Corps of Engineers programming process, budget process and project development process

c. Specialized experience, technical competence, working knowledge of Prima Vera Suretrak and P3 for Windows

d. Specialized experience, technical competence, working knowledge of the Corps of Engineers Program and Project Management Information System (PROMIS)

e. Specialized experience, technical competence, and experience in the use of work breakdown structure, resource allocation and budget development using both PRIMA Vera and PROMIS systems

f. Specialized experience, technical competence, and experience in using the MS Office applications to extract, analyze and report information extracted for Oracle databases

g. Specialized experience, technical competence and experience in Business Process Development, analysis and improvement for large multi-functional organizations

h. A brief Design Management Plan including and explanation of subcontractors (if applicable), quality control procedures and an organizational chart showing the inter-relationship of management and various team components (including subcontractors) must be included in paragraph 10 of the SF 255.

3. Capacity to accomplish the work in the required time; if a

branch office, its capacity to perform independently of the main office. Capacity to perform several actions at the same time in various geographic locations.

Capacity of the firm or with consultants to accomplish the work in the time frame specified is required. A second individual qualified in the fields of:

a. **Project Controls Specialist**

b. **Engineer**

c. **Construction Manager**

d. **Business Consultant**

e. **Designer**

f. **Cost Estimator**

4. **Past Performance** on contracts with Government agencies and private industry in terms of cost control, quality of work and compliance with performance schedules.

SECONDARY FACTORS

5. **Superior Performance Evaluations on recently completed DoD contracts.**

6. **Geographical Location** in the general area of Louisville, KY and knowledge of the locality of the project **Superior Performance Evaluations on recently completed DoD contracts.**

7. **Volume of DoD Contract Awards in the last 12 months** as described in Note 24.

8. **Extent of participation of Small Business, Small Disadvantaged Business, Historically Black Colleges and Universities, and Minority Institutions in the proposed contract team, measured as a percentage of the estimated effort.**

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DACA27-00-D-0004

Science Applications International Corporation
An Employee-Owned Company

June 27, 2000

Sent by Fax and Overnight Courier

1032T.20000627.003

U. S. Army Corps of Engineers
Louisville District
ATTN: CEORL-CT-P/Ms. Denise Bush
600 Dr. Martin Luther King, Jr. Place, Room 821
Louisville, KY 40202

Subject: **Solicitation No. DACA27-00-R-0007, *Negotiated Cost Proposal and Certificate of Current Cost or Pricing Data* for Architect-Engineer Services to Support Project Management on Civil Works, Military, Environmental and Other Various Projects within the Louisville District Mission Boundaries**

Dear Ms. Bush:

Science Applications International Corporation is pleased to provide an original and two copies of Schedule A with our revised labor rates to provide Architect-Engineer Services to support project management within the Louisville District Mission Boundaries, in response to discussions held on June 26, 2000, and communications on June 27, 2000. In addition and in accordance with the request for proposal, we have enclosed a Certificate of Current Cost or Pricing Data.

As discussed, we have revised labor rates for the categories of program manager, senior, junior, and technical engineers, construction manager, and secretarial support in Schedule A to be consistent with Option Year 2 (which began September 30, 1999) labor rates under USACE Louisville District/SAIC Contract No. DACA27-97-D-0025.

We appreciate the opportunity to provide project management services to the USACE Louisville District and look forward to a mutually beneficial and rewarding association. Should you have any questions or require additional information, please contact me at (865) 481-4700 or email to martha.k.turpin@saic.com.

Sincerely,

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

Martha K. Turpin

Martha K. Turpin
Contracts Representative

Louisvilleprojmgtnegproltrjun2700.doc

800 Oak Ridge Turnpike, P.O. Box 2502, Oak Ridge, Tennessee 37831 • (423) 482-3628 • (423) 482-7257
Other SAIC Offices: Albuquerque, Colorado Springs, Dayton, Falls Church, Huntsville, Las Vegas, Los Altos, Los Angeles, McLean, Oak Ridge, Orlando, San Diego, Seattle, and Tucson

BASE YEAR

NAME OF FIRM: *Science Applications International Corporation*
nitial Proposal

DATE: 27-Jun-00
Solication No.: DACA27-00-R-0007

SCHEDULE "A"
INDEFINITE DELIVERY CONTRACT FOR ARCHITECT ENGINEER SERVICES
PROJECT MANAGEMENT

DISCIPLINE/CATEGORY	DIRECT HOURLY RATE		CONTRACT HOURLY RATE
Program Manager	$49.21		$118.60
Project Manager	$47.79		$113.00
Civil Engineer (Senior)	$45.26		$96.48
Civil Engineer (Junior)	$30.13		$72.50
Civil Engineer Tech	$22.09		$52.71
Structural Engineer (Senior)	$45.26		$96.48
Structural Engineer (Junior)	$30.13		$72.50
Environmental Engineer (Senior)	$45.26		$96.48
Environmental Engineer (Junior)	$30.13		$72.50
Geotechnical Engineer (Senior)	$45.26		$96.48
Geotechnical Engineer (Junior)	$30.13		$72.50
Mechanical Engineer (Senior)	$45.26		$96.48
Mechanical Engineer (Junior)	$30.13		$72.50
Electrical Engineer (Senior)	$45.26		$96.48
Electrical Engineer (Junior)	$30.13		$72.50
Architect (Senior)	$41.21		$98.35
Architect (Junior)	$29.61		$71.50
Reporting & Control Spec. (Senior)	$32.63		$78.28
Reporting & Control Spec. (Junior)	$21.84		$52.39
Reporting & Control Spec. Tech	$17.64		$42.27
Reporting & Control Spec. (Senior) *	$36.31		$72.59
Reporting & Control Spec. (Junior) *	$21.84		$43.67
Reporting & Control Spec. Tech *	$15.59		$31.14
Business Process Consultant (Senior)	$45.17		$107.00
Business Process Consultant (Junior)	$33.08		$79.58
Cost Estimator (Senior)	$38.10		$91.00
Cost Estimator (Junior)	$24.87		$59.74
Construction Manager (Senior)	$40.82		$96.38
Construction Manager (Junior)	$28.90		$66.00
Construction Manager Tech	$19.81		$48.00
Reports Writer	$20.31		$45.03
Secretarial Support	$16.46		$36.82

Customer Site

Overhead % *See attached for application of various indirect rates.*
G&A % *See attached for application of various indirect rates.*

PROFIT - will be negotiated per delivery order.

The unit rates include overhead on direct labor. Unit rates do not include profit, direct expenses or per diem. Per diem rates will be paid when work assigned in 50 miles or more from the Contractor's or subcontractor's home office. Motel receipts will be required. Travel expenses will be in accordance with the current Joint Travel Regulations.
mt00052

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DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
INTERNAL REVIEW OFFICE
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

CELRL-IR 23 July 2003

MEMORANDUM FOR Command, Louisville District Corps of Engineers

SUBJECT: 03-22 Government Furnished Property

1. Background and Summary of Conclusions: The Commander requested we review government furnished property related to cost reimbursable contracts to determine (a) the total scope of contracts in the District (b) the responsible office for government furnished property in the District (c) the close out of task orders and (d) the propriety of a government furnished property transfer to a sponsor which resulted from completion of a task order for TERC contract work.

The District Chief of Contracting (CT) stated that government furnished property acquired under cost reimbursable contracts must be tracked and site visits performed for District environmental programs such as the TERC, PRAC, and DERP S&A. The CT furnished a document for FY01, which indicated that there were 10,373 property items with a total value of $777,288.72 (inclusive of the environmental programs) in this property category of Contractor acquired or Government Furnished Property. It is the CT's opinion that the District needs to acquire an Industrial Property Administrator even though the District has never filled this position before. The CT added that this position could be funded through direct funding used for the TERC, PRAC, and DERP S&A (all environmental programs).The justification offered is that the TERC contracts were set up and intended to have an Industrial Property Administrator. At the present, the District is fulfilling its mandatory reporting requirements on this type of property for DoD by Contractors' submittals of inventories taken on items purchased by the Contractors. The CT's main concern is that there will be difficulty in closing out Task Orders on the TERC contracts without an Industrial Property Administrator. This means that funds cannot be deobligated timely. Of particular concern to the District CT is that Government Furnished Property, acquired under a TERC cost reimbursable contract, was signed over to a sponsor by a Project Manager (PM). According to the Chief of CT, the PM was not authorized to perform this transfer and only an Industrial Property Administrator or the District Contracting Officer (CO) had the authority.

We determined for FY01 and FY02 there were 7 contracts that had government furnished property composing 595 items valued at $318,893 for FY01 and 828 items valued at $503,977. Management had previously determined that LM would be responsible for government furnished property in the District. We did find that LM was unaware of the scope of the government furnished property in the District because CT had not established a method to provide LM with the DD 1662 forms provided by the various Contractors. We suggested CT provide all future DD 1662's to LM to ensure proper accountability. IR provided to LM all DD 1662's identified in this report. The Chief of CT provided IR with three task orders which could not be closed out

due to government furnished property issues. We determined that the three task orders had no government furnished property. We did determine that there was no government furnished property transferred as a result of a completed task order for the TERC contract. Per Real Estate's (RE's) files and an OC opinion, the TERC contract did not include government furnished property because the property was owned by Kinross Township. The Project Manager did not have the authority to transfer the property; however, since no transfer was required, it is OC's opinion, that a letter from the Contracting Officer (CO) should be sent to Kinross Township to inform the Township of the closeout of Corps' work.[1]

2. Scope and Methodology. The Chief of CT provided a list of contracts for FY01 and FY02 that were identified as having government furnished property. We reviewed contract files and obtained DD Form 1662 (DoD Property in the Custody of Contactors) which identified government furnished property. In addition, we interviewed CT personnel to obtain files and to discuss the DD Form 1662's. We reviewed Real Estate's files and obtained a legal opinion from the Office of Counsel concerning the transfer of government furnished property to a sponsor as the result of completion of a task order from a TERC contract. We conducted this review in accordance with generally accepted government auditing standards for other services which was performed intermittently from 13 May to 3 July 2003.

3. Observations and Conclusions: The CT provided IR with 9 cost reimbursable contracts that had government furnished property for FY01 and FY02. We determined that of the 9 contracts provided, one (DACW49-00-D-0002 Severson) was transferred to the Buffalo District, which has the responsibility to administer the contract, and one contract (DACW27-96-D-0037 CKY) was expired and closed out. The following (as stated by their Form DD 1662) are the 7 contracts which had government furnished property and include the quantity of items as well as acquisition cost per contract:

Contract Number	Total Name of Contract	FY01 Total Quantity of items	FY01 Acquisition Costs	FY02 Quantity of Items	FY02 Acquisition Cost
DACA27-01-D-0001	CAP	0	$ 0	0	$ 0
DACA27-02-D-0005	CATI***	0	0	0	0
DACA27-00-D-0008	PRI	0	0	0	0
DACA27-99-D-0018	ECC	0	0		
DACA27-99-D-0021	IT	1	3,622	1	2,052
DACA27-99-D-0005	IT	0	2,506	0	0
DACW27-97-D-0015	MW	594	312,765	827	501,925
	TOTALS	595 *	$318,893	828 **	$ 503,977

*Majority are expendable items.
**For FY02 of the 828 items approximately 230 are nonexpendable items.
***No Property Reports submitted.

Separate and distinct from the above, we analyzed 12 other Corps Districts to determine which office (CT or LM) had the responsibility for government furnished property. We found all the Districts except one had the government furnished property responsibility located within the Logistics Management Office. Equally important is that the Louisville District had previously decided to assign government furnished property responsibility to the Logistics Management Office (LM). Also, during our review of CT's government furnished property contracts, we

[1] Any future projects such as the Nike Project should be closed out in the same manner.

determined that LM was unaware which contracts had government furnished property because of a lack of communication. IR provided LM with the contracts and DD 1662 forms to ensure adequate control of government furnished property.

Since we were aware that the CT Chief had concerns with the close out of task orders which may have had government furnished property, IR requested the Chief of CT provide a list of these task orders. Three tasks orders for TERC contracts at Savannah, Detroit, and Crab Orchard were identified; however, we found that there was no government furnished property.

We reviewed the one TERC contract (DACW27-97-D-0015 Montgomery Watson) where property was transferred from the Louisville District to the sponsor. A letter from Montgomery Watson to the Louisville District, dated 30 October 2000, stated "Montgomery Watson (MW) is submitting this letter to notify you of the above-referenced Drinking Water Supply and Distribution System that is currently government property. System construction, for which the Corps was responsible during 2000 and 2001, consists of the following:

- Three pumping wells (TWP 05, TWP 06, and TWP 07); two wells (TWP-06 and TWP-07) were installed by MW this year, one well (TWP-05) was previously pumping and is owned and operated by the Kinross Charter Township as one of their drinking water supply wells. MW retrofitted TWP-05 during 2000 to increase pump capacity.
- Well House including pumps, controls, valves, and telemetry system, Chlorine Feed System, Hydrofluoro-silicic Acid Feed System, and emergency generator.

The estimated replacement cost for the two wells, plus the well TWP 05 upgrade and the new well house and system is approximately $2,000,000."

The PM transferred the property to Kinross Charter Township on 16 May 01 per DD form 1354 Transfer and Acceptance of Military Real Property. We questioned the transfer of the property based on the DD 1354 and requested RE and OC to review this transfer.

Per RE's files, the property, where the Drinking Water Supply and Distribution System is located, is owned by the Kinross Township. Therefore, the property is not Federal property but belongs to the Kinross Township. OC provided an opinion. OC opined that since the property in question is not Federal property, no transfer of property is required. OC also stated that the Project Manager did not have authority to transfer the property. However, it is OC's opinion that the Contracting Officer (CO) should send a letter to the Kinross Township stating that the Louisville District has completed the FUDS project to ensure closure of Corps' work.

4. Suggested Command Actions.

4.i. CT should ensure all government furnished property Forms DD1662 (from all contractors) are provided to LM. All future contracts should state that government contractors are to provide a copy of their DD 1662 Forms to LM.

Management Comments: Concur. CT and LM should develop roles and responsibilities for each office. LM should immediately schedule the assigned person for the DAU training.

Audit Position: We agree that CT and LM should develop roles and responsibilities. In addition, CT and LM should coordinate the efforts with the Cost Reimbursement Administrator (PM) on government furnished property.

4.ii. CT should send a letter to Kinross Township informing the Township that the Louisville District has completed the FUDS project.

Audit Position: CT did not comment. A letter, dated no later than 1 September, should be sent from CT to Kinross Township informing the Township that the Louisville District has completed the FUDS project.

Jerry A. Batson
Chief Internal Review

CF:
DD
DE
DP
CT
LM
OC
RE

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MEMORANDUM FOR RECORD **1 July 2003**

SUBJECT: Meeting with Mr. Bob Pessolano, OC and Mr. Gary Chisholm, PM

CK WP
FILE III

IR (Mr. Jerry Batson & Ms. Donna Mynk) met with Mr. Bob Pessolano (OC) and Mr. Gary Chisholm (PM) on 1 July 2003 from 9:00 – 9:20 A.M.

OC again stated that the PM did not have authority to transfer any property. However, since the property was not Federal property but belonged to the Kinross Township, no transfer of property was required. OC further stated that the Contracting Officer (CO) should send a letter to the Kinross Township stating the Louisville District has completed the FUDS project to ensure closure of Corps' work on this project.

B-4
1 of 31
FILE I
K 9/11-03
PESSOLANO

FORMERLY USED DEFENSE SITES PROGRAM
FINDINGS AND DETERMINATION OF ELIGIBILITY

KINCHELOE AIR FORCE BASE
KINROSS, CHIPPEWA COUNTY, MICHIGAN
DEFENSE ENVIRONMENTAL RESTORATION PROGRAM
PROPERTY NO. G05IN0019

1. Kincheloe Air Force Base was located 19 miles southwest of Sault Ste Marie, Michigan. During the period 1942 – 1976 the United States Government acquired 887.2 acres of fee interest, 2,817.74 acres of leasehold, 4.75 acres for licenses, 3,589.61 acres for various easements of which 33.75 acres were by reacquisition, for a net total of 7,265.55 acres.

2. The site was acquired by DOD for Air Force use as the Kincheloe AFB and served initially as a refueling stop for Alaskan flights, later as part of the Air Defense Command and finally as part of the Strategic Air Command. A total of 1,307 buildings, including housing and support facilities for servicemen and their families were constructed by the Air Force. The property was under no other control during the period of DOD ownership and use.

3. Between 1959 and 1976, 1.05 acres of leasehold, 1.10 acres license, 516.02 acres of temporary avigation easements had been terminated and 1,123.02 acres of perpetual avigation easements were conveyed, of which 28.75 acres of leasehold and 5.00 acres easement had been reacquired for a net of 1,607.44 acres. On 2 September 1977, the remaining 5,658.11 (887.2 acres of fee interest, 2816.69 acres of leasehold, 3.65 acres license, and 1950.57 acres of various easements) acres were reported excess to GSA. Of the 5,658.11 acres, 3.65 acres were retained by GSA, 2,816.69 acres of leasehold interest were terminated with the remainder of 2,837.77 acres being conveyed to Chippewa County (449.40 of fee interest and 526.57 acres for various easements), the State of Michigan Department of Corrections (13.80 acres of fee interest), Pickford Township Schools (127.00 acres of safety zone easement for firing range) American Kinross, Inc. (406.40 acres of fee interest – previously owned by Nevis – Pauly and Hauss until bankruptcy and foreclosure proceedings in March 1986) the State of Michigan (5.00 acres of road easement, and 1292.00 acres of safety zone easement for firing range) and Rudyard Area Schools, District No. 11, (17.60 acres of fee interest). The deed conveying the Airport property to Chippewa County reserved to the United States the right to have exclusive or non-exclusive use of the airport facilities during a declared emergency. The United State was released from liability for restoration or other damage under any lease or agreement involving the airport. Restoration clauses contained in leases between the United States and the State of Michigan were waived.

DETERMINATION

4. Based on the foregoing findings of fact, the site has been determined to be formerly used by DOD. It is therefore eligible for the Defense Environmental Restoration Program – Formerly Used Defense Sites established under 10 USC 2701 et. Seq.

FORMERLY USED DEFENSE SITES PROGRAM
FINDINGS AND DETERMINATION OF ELIGIBILITY

KINCHELOE AIR FORCE BASE
KINROSS, CHIPPEWA COUNTY, MICHIGAN
DEFENSE ENVIRONMENTAL RESTORATION PROGRAM
PROPERTY NO. G05IN0019

_____
Date

_____
STEVEN R. HAWKINS
Brigadier General, US Army
Commanding

36

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, LOUISVILLE
CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

http://www.lrl.usace.army.mil

March 4, 20004

Planning, Programs and
Project Management Division

Lawrence J. Palma
Kinross Township Supervisor
Kinross Charter Township
P.O. Box 175
Kinross, MI 49752

Mr. Palma:

This letter is written to serve as the final and official correspondence acknowledging the transfer of the municipal well house and water supply wells to the Kinross Township. The project was contracted and executed by the U.S. Army Corps of Engineers, Louisville District via contract number DACW-27-D-97-0015. Cost of the construction amounted to $3,037,906.55 for construction costs and $214,915 for the design fee, with a total cumulative cost of $3,252,871.55. The system was accompanied by a one-year warranty, which began when the City of Kinross Township officially started operation of the system in May 2001.

We greatly appreciate the time that you and the rest of the community have spent partnering with us to make this project a success.

Sincerely,

Janet M. Henderzahs

Janet Henderzahs
TERC Contracting Officer
U.S. Army Corps of Engineers, Louisville

37

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, LOUISVILLE
CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE, KENTUCKY 40201-0059

http://www.lrl.usace.army.mil/

CERLRL-IR 28 April 2004

MEMORANDUM FOR: Commander, U.S. Army Corps of Engineers, Louisville District

SUBJECT: Report No. 04-12 Government Furnished Property

1. **Introduction**

a. **Background.** This is our report on the subject follow-up review. The review was conducted from 16 through 21 April 2004 to follow-up on Report No. 03-22 Government Furnished Property dated 23 July 2003. We examined documentation and interviewed key personnel to determine whether effective corrective actions had been taken to implement the previous Suggested Command Actions. This follow-up review disclosed that management personnel had implemented the Suggested Command Actions in the prior report concerning that Contracting Division (CT) should ensure all government furnished property forms DD 1662 (from all contractors) are provided to Logistics Management (LM). Also, CT should send a letter to Kinross Township informing the Township that the Louisville District has completed the TERC FUDS project.

b. **Audit objectives**: The overall objective, within this follow-up engagement was to validate compliance as to whether CT had provided all government furnished property Forms DD 1662 to LM and had sent a letter to Kinross Township informing the Township that the District had completed the TERC FUDS project.

2. **Observation and Conclusion**. We previously determined in Report No. 03-22 dated 22 July 2003 that for FY01 and FY02, respectively, there were 7 contracts that had government furnished property comprising 595 items valued at $318,893 and 828 items valued at $503,977. Management had previously determined that LM would be responsible for government furnished property in the District. We did find that LM was unaware of the scope of the government furnished property in the District because CT had not established a method to provide LM with the DD 1662 forms (DOD Property in the Custody of Contracts) provided by the various Contractors. We suggested CT provide all future DD 1662's to LM ensure proper accountability. IR provided to LM all DD 1662's identified in this report (Report No. 03-22). Also, we did determine that there was no government furnished property transferred as result of a completed task order for the TERC contract. Per Real Estate's (RE's) files and an Office of Counsel (OC) opinion,

the TERC contract did not include government furnished property because the property was owned by Kinross Township. The Project Manager did not have the authority to transfer the property; however, since no transfer was required, it is OC's opinion, that a letter from the Contracting Officer (CO) should be sent to Kinross Township to inform the Township of the closeout of Corps' work. This follow-up effort was conducted in accordance with generally accepted governmental auditing standards for other services.

3. **Recommendations**. The Suggested Command Actions per CELRL-IR Report No. 03-22 were as follows:

   i. CT should ensure all government furnished property Forms DD 1662 (from all contractors) are provided to LM. All future contracts should state that government contractors are to provide a copy of their DD 1662 Forms to LM.

   ii. CT should send a letter to Kinross Township informing the Township that the Louisville District has completed the FUDS project.

4. **Management Comments and Audit Position**. Management's Comments and Audit Position per CELRL-IR Report No. 03-22 were as follows:

   i. Management Comments: Concur. CT and LM should develop roles and responsibilities for each office. LM should immediately schedule the assigned person for the DAU training.

   Audit Position: We agree that CT and LM should develop roles and responsibilities. In addition, CT and LM should coordinate the efforts with the Cost Reimbursement Administrator (PM) on government furnished property.

   ii. Management Comments: CT did not comment.

   Audit Position: A letter, dated no later than 1 September 2003, should be sent from CT to Kinross Township informing the Township that the Louisville District has completed the FUDS project.

5. **FOLLOW-UP RESULTS**:

   i. CT provided two memorandums for Logistic Management (LM) Property Administrator dated 23 March 2004 subject: DOD Property in the Custody of Contractors DD 1662. The memoranda enclosed five FY2002 and one FY 2003 annual DD forms 1662 of government furnished property to LM. IR verified that LM did receive the DD 1662's.

   ii. CT prepared and sent a letter dated 4 March 2004 to the Kinross Township. The letter stated: This letter is written to serve as the final and official correspondence acknowledging the transfer of the

municipal well house and water supply wells to the Kinross Township. The project was contracted and executed by the U.S. Army Corps of Engineers, Louisville District via contract number DACW-27-D-97-0015. Cost of the construction amounted to $3,037,906.55 for construction costs and $214,915 for the design fee, with a total cumulative cost of $3,252,871.55. The system was accompanied by a one year warranty, which began when the City of Kinross Township officially started operation of the system in May 2001. We greatly appreciate the time that you and the rest of the community have spent partnering with us to make this project a success.

Jerry A. Batson
Chief, Internal Review Office

CF:
DD
DP
CT
OC

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DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE,KENTUCKY 40201-0059

REPLY TO
ATTENTION OF

January 18, 2005

CELRL-CT-C

Memorandum For: Logistic Management, Property Administrator
From: Contract Specialist

Subject: DoD Property in the Custody of Contractors, DD Form 1662

1. Enclosed is the FY 2004 annual DD Form 1662 submitted by the following Contractor:

Contractor	Contract Number
MWH	DACW27-97-D-0015
ECC	DACA27-99-D-0018-0003
Shaw Environmental	DACA27-97-D-0005
Shaw Environmental	DACA27-99-D-0021
Earth Tech	DACA27-98-D-0013

2. A copy of the DD Form 1662 will be retained in the official contract file.

3. You are required to acknowledge receipt of these reports on the duplicate copy and return it to the Contracting Division, Attn: Denise Bush, Room 821.

Denise A Bush

DENISE A. BUSH
Contract Specialist

Receipt is acknowledged:

Mark O. [illegible]
SIGNATURE
7 Feb 05
DATE

DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE,KENTUCKY 40201-0059

REPLY TO
ATTENTION OF

March 23, 2004

CELRL-CT-C

Memorandum For: Logistic Management, Property Administrator
From: Contract Specialist

Subject: DoD Property in the Custody of Contractors, DD Form 1662

1. Enclosed is the FY 2003 annual DD Form 1662 submitted by the following Contractor:

Contractor	Contract Number
MWH	DACW27-97-D-0015

2. A copy of the DD Form 1662 will be retained in the official contract file.

3. You are required to acknowledge receipt of these reports on the duplicate copy and return it to the Contracting Division, Attn: Denise Bush, Room 821.

Denise A. Bush

DENISE A. BUSH
Contract Specialist

Receipt is acknowledged:

Mark D. [illegible]
SIGNATURE
14 avril 2002
DATE

DEPARTMENT OF THE ARMY
LOUISVILLE DISTRICT, CORPS OF ENGINEERS
P.O. BOX 59
LOUISVILLE,KENTUCKY 40201-0059

REPLY TO
ATTENTION OF

March 23, 2004

CELRL-CT-C

Memorandum For: Logistic Management, Property Administrator
From: Contract Specialist

Subject: DoD Property in the Custody of Contractors, DD Form 1662

1. Enclosed are the FY 2002 annual DD Form 1662 submitted by the following Contractors:

Contractor	Contract Number
~~MWH~~	~~DACW27-97-D-0015~~
IT Corporation	DACA27-99-D-0021
IT Corporation	DACA27-98-D-0022
SAIC	DACA27-00-D-0004
SAIC	DACA27-97-D-0025

2. A copy of the DD Form 1662 will be retained in the official contract file.

3. You are required to acknowledge receipt of these reports on the duplicate copy and return it to the Contracting Division, Attn: Denise Bush, Room 821.

Denise A. Bush
DENISE A. BUSH
Contract Specialist

Receipt is acknowledged:

Mark D. [illegible]
SIGNATURE
14 April 2004
DATE

39

SOLICITATION, OFFER, AND AWARD (Construction, Alteration, or Repair)	1. SOLICITATION NO. DACW27-02-R-0002	2. TYPE OF SOLICITATION [ ] SEALED BID (IFB) [X] NEGOTIATED (RFP)	3. DATE ISSUED 26-Nov-2001	PAGE OF PAGES 1 OF 112

IMPORTANT - The "offer" section on the reverse must be fully completed by offeror.

4. CONTRACT NO.	5. REQUISITION/PURCHASE REQUEST NO.	6. PROJECT NO.
DACW27-02-C-0005	W22W9K-1303-3193	

7. ISSUED BY	CODE DACW27	8. ADDRESS OFFER TO (If Other Than Item 7)	CODE
USA ENGINEER DISTRICT, ATTN: CELRL-CT 600 DR. MARTIN LUTHER KING ROOM 821 LOUISVILLE KY 40202 TEL:(502) 315-6186 FAX: (502) 315-6193		See Item 7 TEL: FAX:	

Reviewed For Legal Sufficiency
Robert W. Tessolano
Office of Counsel

9. FOR INFORMATION CALL:	A. NAME	B. TELEPHONE NO. (Include area code) (NO COLLECT CALLS)
	KIM J MCKNIGHT	(502) 315-6186

SOLICITATION

NOTE: In sealed bid solicitations "offer" and "offeror" mean "bid" and

10. THE GOVERNMENT REQUIRES PERFORMANCE OF THE WORK DESCRIBED IN THESE DOCUMENTS (Title, identifying no., date):

Work consists of the design and construction of a sheet pile cut off wall, a concrete slab, a 60' tall gate pier, installation of 48" drilled shafts, the assembly of two miter gates, dredging, a water line, electrical service and access road. Offers will be evaluated in accordance with the following criteria, in the descending order of impotance: 1) technical approach; 2) prime contractor experience; 3) past performance; 4) management plan; 5) safety; 6) slef-performed work; 7) subcontracting information and 8) price, with price being approximately equla to all other factors combined.

timated Construction Range - $5 - $10 million

This project is UNRESTRICTED

NAICS 234990

This contract is being made pursuant to the Small Business Competitiveness Demonstration Program.

Amendment Nos. 0001,0002,0003 are attached and made a part hereof.

ALTERATION: This is a Continuing Funded Contract. Section 00800, Continuing Contracts, 1.61, b. The sum of $3,000,000.is deleted and $1,000,000. is substituted therefore. (See Attached) Wage Decision No. IL020016, dated 3/01/2002 is attached hereto and made a part hereof and replaces Wage Decision No. IL010016, dated 01/04/02.

11. The Contractor shall begin performance within 10 calendar days and complete it within 820 calendar days after receiving [ ] award, [X] notice to proceed. This performance period is [X] mandatory, [ ] negotiable. (See Par 800, Sec 1 .)

12 A. THE CONTRACTOR MUST FURNISH ANY REQUIRED PERFORMANCE AND PAYMENT BONDS? (If "YES," indicate within how many calendar days after award in Item 12B.)	12B. CALENDAR DAYS
[X] YES [ ] NO	10

13. ADDITIONAL SOLICITATION REQUIREMENTS:

A. Sealed offers in original and 5 copies to perform the work required are due at the place specified in Item 8 by 16:00:00 (hour) local time 1/10/02 (date). If this is a sealed bid solicitation, offers must be publicly opened at that time. Sealed envelopes containing offers shall be marked to show the offeror's name and address, the solicitation number, and the date and time offers are due.

B. An offer guarantee [X] is, [ ] is not required.

C. All offers are subject to the (1) work requirements, and (2) other provisions and clauses incorporated in the solicitation in full text or by reference.

ffers providing less than 60 calendar days for Government acceptance after the date offers are due will not be considered and will be rejected.

RECORD COPY

SOLICITATION, OFFER, AND AWARD (Continued)

(Construction, Alteration, or Repair)

OFFER ***(Must be fully completed by offeror)***

14. NAME AND ADDRESS OF OFFEROR *(Include ZIP Code)*	15. TELEPHONE NO. *(Include area code)*
AQUATERRA CONTRACTING INC. 'OLLARS USTRIAL BLVD. OWN TX 78380	(361) 767-9363
	16. REMITTANCE ADDRESS *(Include only if different than Item 14)* **See Item 14**
CODE 1NXY8 / FACILITY CODE	

17. The offeror agrees to perform the work required at the prices specified below in strict accordance with the terms of this solicitation, if this offer is accepted by the Government in writing within _____ calendar days after the date offers are due. *(Insert any number equal to or greater than the minimum requirements stated in Item 13D. Failure to insert any number means the offeror accepts the minimum in Item 13D.)*

AMOUNTS	SEE SCHEDULE OF PRICES

18. The offeror agrees to furnish any required performance and payment bonds.

19. ACKNOWLEDGMENT OF AMENDMENTS

(The offeror acknowledges receipt of amendments to the solicitation -- give number and date of each)

AMENDMENT NO.										
DATE										

20A. NAME AND TITLE OF PERSON AUTHORIZED TO SIGN OFFER *(Type or print)*	20B. SIGNATURE	20C. OFFER DATE

AWARD ***(To be completed by Government)***

21. ITEMS ACCEPTED:

E SCHEDULE

22. AMOUNT	23. ACCOUNTING AND APPROPRIATION DATA
$8,696,883.00	**See Schedule**

24. SUBMIT INVOICES TO ADDRESS SHOWN IN *(4 copies unless otherwise specified)*	**ITEM**	25. OTHER THAN FULL AND OPEN COMPETITION PURSUANT TO ☐ 10 U.S.C. 2304(c) ☐ 41 U.S.C. 253(c)
26. ADMINISTERED BY CODE H2P0C00 CONTRACT ADMINSTRATION BRANCH 600 M L KING, JR PLACE ROOM 821 LOUISVILLE KY 40202-2230		27. PAYMENT WILL BE MADE BY: CODE T0B0200 USACE FINANCE CENTER (UFC) 5700 WASP AVENUE MILLINGTON TN 38054

CONTRACTING OFFICER WILL COMPLETE ITEM 28 OR 29 AS APPLICABLE

☐ 28. NEGOTIATED AGREEMENT *(Contractor is required to sign this document and return _____ copies to issuing office.)* Contractor agrees to furnish and deliver all items or perform all work, requisitions identified on this form and any continuation sheets for the consideration stated in this contract. The rights and obligations of the parties to this contract shall be governed by (a) this contract award, (b) the solicitation, and (c) the clauses, representations, certifications, and specifications or incorporated by reference in or attached to this contract.

☒ 29. AWARD *(Contractor is not required to sign this document.)* Your offer on this solicitation, is hereby accepted as to the items listed. This award consummates the contract, which consists of (a) the Government solicitation and your offer, and (b) this contract award. No further contractual document is necessary.

REF:

30A. NAME AND TITLE OF CONTRACTOR OR PERSON AUTHORIZED TO SIGN *(Type or print)*	31A. NAME OF CONTRACTING OFFICER *(Type or print)* DENISE A BAUER / ADDED BY SUMI
30B. SIGNATURE / 30C. DATE	31B. UNITED STATES OF AMERICA BY Denise A. Bauer / 31C. AWARD DATE 08-Mar-2002

Louisville District CEFMS

Action Edit Block Field Record Query ESIG Help Window

V2.1.3 Obligation Amendment View Screen 3.7

Obligation No.: DACW27-02-C-0005

Delivery Order No.: NA

Total Requested Amt.: 8690000.00

Total Approved Amt.: 8690000.00

Amend. Num.	Amend. Date	Status	Status Date	Amendment Amount	Accepting Officer
0	07-MAR-2002	APPROVED	08-MAR-2002	1000000.00	
P00001	25-JUL-2002	APPROVED	25-JUL-2002	-500000.00	
P00002	10-OCT-2002	APPROVED	10-OCT-2002	50000.00	
P00003	04-NOV-2002	APPROVED	04-NOV-2002	150000.00	
P00004	06-DEC-2002	APPROVED	09-DEC-2002	200000.00	
P00005	18-DEC-2002	APPROVED	18-DEC-2002	800000.00	
P00006	25-FEB-2003	APPROVED	25-FEB-2003	400000.00	

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You may query on the Amend No. field. Press <PgDn> to View Line Items.

Record. 1/?

40

conditions shall be considered to be average for determining equipment rates using the schedule unless specified otherwise by the contracting officer. For equipment not included in the schedule, rates for comparable pieces of equipment may be used or a rate may be developed using the formula provided in the schedule. For forward pricing, the schedule in effect at the time of negotiations shall apply. For retroactive pricing, the schedule in effect at the time the work was performed shall apply.

(c) Equipment rental costs are allowable, subject to the provisions of FAR 31.105(d)(ii) and FAR 31.205-36. Rates for equipment rented from an organization under common control, lease-purchase arrangements, and sale-leaseback arrangements, will be determined using the schedule, except that actual rates will be used for equipment leased from an organization under common control that has an established practice of leasing the same or similar equipment to unaffiliated lessees.

(d) When actual equipment costs are proposed and the total amount of the pricing action exceeds the small purchase threshold, the contracting officer shall request the contractor to submit either certified cost or pricing data, or partial/limited data, as appropriate. The data shall be submitted on Standard Form 1411, Contract Pricing Proposal Cover Sheet.

(End of clause)

52.232-5000 Payment for materials delivered off-site.

As prescribed in 32.111(S-100), insert the following clause in solicitations and contracts for construction.

PAYMENT FOR MATERIALS DELIVERED OFF-SITE (MAR 1995) — EFARS

(a) Pursuant to FAR clause 52.232-5, Payments Under Fixed Priced Construction Contracts, materials delivered to the contractor at locations other than the site of the work may be taken into consideration in making payments if included in payment estimates and if all the conditions of the General Provisions are fulfilled. Payment for items delivered to locations other than the work site will be limited to: (1) materials required by the technical provisions; or (2) materials that have been fabricated to the point where they are identifiable to an item of work required under this contract.

(b) Such payment will be made only after receipt of paid or receipted invoices or invoices with canceled check showing title to the items in the prime contractor and including the value of material and labor incorporated into the item. In addition to petroleum products, payment for materials delivered off-site is limited to the following items: [*List items for which payments will be made for off-site delivery*]

(End of clause)

52.232-5001 Continuing contracts.

As prescribed at 32.705-100(a), insert the following clause in civil works solicitations and contracts:

CONTINUING CONTRACTS (MAR 1995) — EFARS

(a) This is a continuing contract, as authorized by Section 10 of the River and Harbor Act of September 22, 1922 (33 U.S. Code 621). The payment of some portion of the contract price is dependent upon reservations of funds from future

appropriations, and from future contribution to the project having one or more non-federal project sponsors. The responsibilities of the Government are limited by this clause notwithstanding any contrary provision of the "Payments to Contractor" clause or any other clause of this contract.

(b) The sum of $_____ has been reserved for this contract and is available for payments to the contractor during the current fiscal year. It is expected that Congress will make appropriations for future fiscal years from which additional funds together with funds provided by one or more non-federal project sponsors will be reserved for this contract.

(c) Failure to make payments in excess of the amount currently reserved, or that may be reserved from time to time, shall not entitle the contractor to a price adjustment under the terms of this contract except as specifically provided in paragraphs (f) and (i) below. No such failure shall constitute a breach of this contract, except that this provision shall not bar a breach-of-contract action if an amount finally determined to be due as a termination allowance remains unpaid for one year due solely to a failure to reserve sufficient additional funds therefore.

(d) The Government may at any time reserve additional funds for payments under the contract if there are funds available for such purpose. The contracting officer will promptly notify the contractor of any additional funds reserved for the contract by issuing an administrative modification to the contract.

(e) If earnings will be such that funds reserved for the contract will be exhausted before the end of any fiscal year, the contractor shall give written notice to the contracting officer of the estimated date of exhaustion and the amount of additional funds which will be needed to meet payments due or to become due under the contract during that fiscal year. This notice shall be given not less than 45 nor more than 60 days prior to the estimated date of exhaustion.

(f) No payments will be made after exhaustion of funds except to the extent that additional funds are reserved for the contract. The contractor shall be entitled to simple interest on any payment that the contracting officer determines was actually earned under the terms of the contract and would have been made except for exhaustion of funds. Interest shall be computed from the time such payment would otherwise have been made until actually or constructively made, and shall be at the rate established by the Secretary of the Treasury pursuant to Public Law 92-41, 85 STAT 97, as in effect on the first day of the delay in such payment.

(g) Any suspension, delay, or interruption of work arising from exhaustion or anticipated exhaustion of funds shall not constitute a breach of this contract and shall not entitle the contractor to any price adjustment under the "Suspension of Work" clause or in any other manner under this contract.

(h) An equitable adjustment in performance time shall be made for any increase in the time required for performance of any part of the work arising from exhaustion of funds or the reasonable anticipation of exhaustion of funds.

(i) If, upon the expiration of sixty (60) days after the beginning of the fiscal year following an exhaustion of funds, the Government has failed to reserve sufficient additional funds to cover payments otherwise due, the contractor, by written notice delivered to the contracting officer at any time before such additional funds are reserved, may elect to treat his right to proceed with the work as having been terminated. Such a termination shall be considered a termination for the convenience of the Government.

(j) If at any time it becomes apparent that the funds reserved for any fiscal year are in excess of the funds required to meet all payments due or to become due the contractor because of work performed and to be performed

40a

From: Mynk, Donna M LRL
Sent: Tuesday, May 31, 2005 9:33 AM
To: Holmes, Dale LRL
Cc: Finley, Kevin M LRL; Sebastian, Allen E LRL
Subject: FW: Purchase Card Use at the Corps of Engineers D-2004-104

Attachments: IG followup.doc
Dale,

As you will see from the attached at A.2.a. and A.2.b.(2), The Louisville District Guidebook has been rewritten to address annual reviews and separation of duties at the District Level but Headquarters, USACE guidance was still pending; programming changes were implemented in March 2005 to ensure a purchase request can no longer be approved and certified by the initiator. All Louisville District Approving officials and cardholders have been trained on the changes. Therefore, both recommendations have been implemented at the District level.

From: Batson, Jerry LRL
Sent: Wednesday, April 20, 2005 1:16 PM
To: Mynk, Donna M LRL
Subject: FW: Purchase Card Use at the Corps of Engineers D-2004-104

fyi

From: Batson, Jerry LRL
Sent: Wednesday, April 20, 2005 1:15 PM
To: Patters, Pearlena L HQ02
Cc: Yates, Mark R LRL
Subject: Purchase Card Use at the Corps of Engineers D-2004-104

Pearlena attached is the Louisville District response.

Jerry Batson
Chief Internal Review Office
Louisville District

Page 1

U.S. Army Corps of Engineers, Louisville District, follow-up on Report No. D-2004-104, "Purchase Card Use and Contracting Actions at the U.S. Army Corps of Engineers, Louisville District," July 27, 2004.

Finding A of the report relates to management controls over implementation of the Government Purchase Card Program within the U.S. Army Corps of Engineers (USACE), Louisville District. Following is a summary of recommendations and corrective actions.

- **A.1a.** Require a full-time APC dedicated to implementing and overseeing effective purchase card program controls. The USACE response stated that a full-time APC had already been hired for the Louisville District.

  Response: A full-time APC was hired in April 2004. Recommend this item be closed.

- **A.1.b.** Direct that purchase card program guidance implements Army requirements and is appropriately disseminated throughout the District. The USACE response concurred and stated that this action should be completed in 90 days (by September 24, 2004).

  Response: Both DoD and Army requirements have been fully implemented in a new Louisville District Government Purchase Card (GPC) Guidebook. In addition, the GPC intranet web page has been streamlined and updated with current information and links to all echelons of guidance and directives. A GPC newsletter published every other month provides a vehicle to update recent changes and regulations. Finally, all billing officials and cardholders completed refresher training that includes all new information. Recommend this item be closed.

- **A.1.c.** Clearly identify the APC as the single point of contact for all questions related to the purchase card program. The USACE response concurred and stated that this action also should be completed in 90 days.

  Response: The first newsletter in July 2004 to all billing officials and cardholders introduced the new APC as the single point of contact for all questions related to the purchase card program. Recommend this item be closed.

- **A.2.a.** Revise the Louisville District Guidebook to adequately implement the Army Standard Operating Procedure. Specifically, the Louisville District Guidebook should address annual purchase card account reviews and adequate separation of duties. The final USACE response concurred and stated that the Louisville District Guidebook would be revised to address adequate separation of duties and to follow Army and Headquarters, USACE guidance. The response noted that Headquarters, USACE guidance was pending. No anticipated implementation date was provided.

  Response: The Louisville District Guidebook has been rewritten to address annual reviews and separation of duties. Recommend this item be closed.

- **A.2.b.** Annually review 100% of approving official accounts in accordance with the Army Standard Operating Procedure to verify:

(1) Compliance with purchase card guidance. The USACE response concurred and noted that the APC would review 100% of approving official accounts to ensure compliance with guidance. The response noted that this action should be underway within 180 days (December 24, 2004).

Response: The APC began annual reviews of approving official's accounts. So far nearly 20 percent of accounts have been reviewed and the remainder are scheduled. **Estimated completion date: September 2005.**

(2) Purchase request and commitments are initiated, approved, and certified by three different individuals. The final USACE response concurred and noted that the Corps of Engineers Financial Management System (CEFMS) Development Center was in the process of programming changes to the CEFMS that would prevent any one person from initiating, approving, and certifying a purchase request. The programming changes were anticipated to be completed by the end of October 2004 and implemented thereafter within the Louisville District.

Response: The programming changes were implemented in March 2005. A purchase request can no longer be approved and certified by the initiator. All Louisville District approving officials and cardholders have been trained on the changes. Recommend this item be closed.

(3) Cardholders accept only invoices originally prepared by the vendor in accordance with the commercial item clause of the contract. The USACE response concurred and stated that the APC would remind cardholders to accept only invoices originally prepared by the vendor. The response noted that this action should be underway within 90 days.

Response: The Agency Program Coordinator made invoices a topic of interest in the GPC Newsletter. Additionally, annual inspections of cardholder files substantiate compliance with invoice requirements. Recommend this item be closed.

(4) Cardholder and approving official account files are maintained in accordance with Army guidance. The USACE response concurred and stated that the Contracting Division would maintain cardholder approving official account files according to Army guidance. The response noted that this action should be underway within 90 days.

Response: The Agency Program Coordinator made maintenance of contract files an item of interest in the GPC Newsletter. Additionally, the new District GPC Guidebook defines the specific requirements for files. Finally, a "Frequently Asked Questions" portion of the GPC web page addresses file maintenance requirements. Recommend this item be closed.

Finding B of the report relates to management controls over contracting procedures within the Louisville District. In response to the finding recommendations, USACE officials stated that they would implement the recommendations, or they proposed alternative corrective actions. At this time we also request an update on the status of Finding B recommendations. Following are summaries of the recommendations for Finding B and proposed corrective

actions. Recommendation B.1 was directed to the Commander, Louisville District and B.2 was directed to the Principal Assistant Responsible for Contracting, Headquarters, USACE.

- **B.1.a.** Strengthen the District internal management control procedures for compliance with applicable procurement guidance to include controls on contract documentation signature authority, source selection plan approval timeliness, solicitation procedures application, and design-build civil works contract funding. The USACE response concurred and noted that the Contracting Division had already established several SOPs and checklists to assist personnel in implementing applicable regulatory requirements. This action should be fully implemented within 180 days.

  Response: The SOPs and checklists have been fully implemented. Recommend this item be closed.

- **B.1.b.** Provide refresher training on overall contracting procedures to contracting personnel. The USACE response concurred and noted that contracting personnel would be provided refresher training on an as-needed basis. This action should be fully implemented within 180 days.

  Response: Contracting personnel have received a number of training classes to include Fiscal Law, A-E Contracting, Design Build Construction, and Performance Based Acquisition Training. In addition, several training sessions were included during semi-annual team building sessions. Recommend this item be closed.

- **B.2.** That the Principal Assistant Responsible for Contracting, Headquarters. USACE address the conflicting provisions between the Engineering Regulation 1180-1-9 and Engineer Federal Acquisition Regulation Supplement 32.7. The USACE response concurred and noted that this action should be completed by June 30, 2005.

  Response: This is a Headquarters USACE item.

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TOTAL SE S FOR FY05

SERVICE	CONTRACT #	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
GRC FR	1435-01-98-RC-30974	35881.15	35881.15	45000.00	45000.00	45000.00								206762.30
BLUEGRASS CELLULAR	002 0203550 5	85.33	85.33	85.33	85.33	85.33								426.65
SPRINT	#0033734714-2	150.17	155.93	144.44	150.25									600.79
APPALACHIAN WIRELESS (4)	W912QR-04-M-0055	286.48	288.31	294.13	282.98	333.68								1485.58
VERIZON WIRELESS (3)	W912QR-04-F-0068	16400.63	9480.61	11276.99	8382.64+	8248.25+								37158.23
NEXTEL (5) 083/010	W912QR-04-F-0136	446.19	442.11	445.42	456.49	216.70								2006.91
NEXTEL (11) 085	W912QR-05-F-0005	221.73	401.00	217.39	218.44									1058.56
NEXTEL (1) 528/086	GS07T0-3B-G-D003	675.86	672.76	669.41	670.91	556.43+								2688.94
MCI LD DO	FTS2001	74.36	36.99	90.50	1443.23									1645.08
MCI CALLING CARDS	"	52.56	43.51	34.17	42.41									172.65
MCI AUDIO CONFERENCE	"	715.38	598.32	874.36	861.08									3049.14
MCI VIDEO CONFERENCE	"				162.67									162.67
MCI '800' SERVICE	"			135.08	192.54									327.62
MCI LD FIELD	"	733.90	774.86	789.55	1104.23									3402.54
TELCOVE 1005854458 (5)	W912QR-04-P-0042 PBX	4931.96	4931.96	4931.96	4931.96	4974.30								24702.14
TELCOVE 1005854482 (5)	" MCALPINE	-191.76	-189.64	-192.82	-189.64	-193.88								-957.74
TELCOVE 1005854472 (5)	" MRO	568.28	568.28	568.28	569.34	568.28								2842.46
TELCOVE 1005854533 (5)	" LRS	408.03	500.73	493.31	496.49	492.25								2390.81
TELCOVE 5350000106 (5)	" LRS/MRO/MCA	946.15	946.15	946.15	946.15	946.15								4730.75
TELCOVE 416254163 (5)	" NAV BLDG	69.92	69.92	69.92	69.92	69.92								349.60
ARCH PAGING	7211373-1	139.93	139.93	227.84	N/A	N/A	58.05							565.75
SKYTEL PAGING (5)	W912QR-04-F-0108	270.04	267.04	218.27	84.73	62.92								903.00
INSIGHT CABLE TV (6)	W912QR-04-M-0077	403.74	408.69	408.69	450.73	433.86								2105.71
INSIGHT H SPEED MODEM	COMPUTER ROOM	99.95	99.95	99.95	99.95	99.95								499.75
INSIGHT H SPEED MODEM	OC					116.27								116.27
VISA (D)		2171.28	20173.42	915.65	2585.40									25845.75
VISA (P)/(W)														0.00
AVOTUS (10)	ANNUAL MAINTENANCE	2289.50												2289.50
LABOR	001W71/RF5111	12232.97	10984.31	11623.04	10986.16	11,451.13								57277.61
LABOR CT		4597.56	3696.43	1344.70	91.33	1,004.82								10734.84
PRIP (RADIO)	1VJP/5100/5160	415.29	415.28	106.42	106.42	115.88								1159.29
PRIP (PBX)	5110	11846.24	11846.24	11846.24	11846.24	11943.84								59328.80
NEXTIRAONE PBX MAINT (6)	DACW27-02-F-0078	3163.59	3163.59	3163.59	3163.59	3,163.59								15817.95
ADD WORK BY NEXTIRAONE	NEXTIRAONE		2480.00											2480.00
AMERICAN TELESIS (9)	W912QR-04-P-0070	1292.00	1292.00	1292.00	1292.00	1292.00	1292.00							7752.00
ISP/VTC ISDN 581-0856 (4)	W912QR-04-P-0036	566.65	547.21	547.15	547.15	568.31								2776.47
ISDN/FT CAMPBELL (9)	DACW27-03-M-0172	310.47	295.33	295.35	295.35	312.30								1508.80
BELL/BEACON 477-5422		47.38	47.34	47.34	47.49									189.55
AT&T BEACON		28.03	25.00	25.96	32.21									111.20
SBC AMERI 815-423-5642	JOLIET P.O.	20.77	20.41	31.85	27.03	24.64								124.70
TALKAMERICA		3891.24	223.32	145.85										4260.41
NAVIGATOR	W912QR-04-M-0160		4754.93	2539.28	3746.11									11040.32
SEN %33500730	VTC ROOM		3000.00											3000.00
TRAVEL														0.00
VEHICLE														0.00
VERIZON 812-364-1315/1295	OC	85.41	85.41	85.41	85.85	85.85								427.93
BCN TELECOM	DIAL-IN/PBX	5149.16	4795.86	2369.02										12314.04
ALLTEL 543-7173	TAY 160 962 072 222	50.10	50.10	50.10	50.31	50.31								250.92
CIN BELL 513-825-1901 (9)	DACW27-03-M-0171	397.44	404.23	412.75	405.63	413.37								2033.42
WATCH TV	LIMA	64.19	64.19	64.19	64.19	64.19	64.19							385.14
VERIZON 618-262-4840	ED	34.93	34.93	34.93	34.93	35.14	39.14							214.00
SBC AMERI 812-547-8904	ED	38.53	38.53	38.60	38.73									154.39
ALLTEL 270-369-8620	ED	44.05	44.05	44.05	44.05	44.18								220.38
SKYTEL BLACKBERRIES (12)	GS07T0-5B-G-D001	887.43	928.17	973.34	973.34	973.34								4735.62
CISCO HISI	W912QR-05-F-0004/0023			3135.48		9,262.50								12397.98
TOTAL		112994.19	126014.17	108960.61	94593.70	94,011.12	1453.38	0.00	0.00	0.00	0.00	0.00	0.00	538027.17

VERIZON FY05 W912QR-04-F-0068															
PHONE NUMBER	ACCOUNT NUMBER	OFFICE/NAME	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL
			USAGE	USAGE	USAGE	USAGE	USAGE	USAGE	USAGE	USAGE	USAGE	USAGE	USAGE	USAGE	
263-3409	501051761	ED-T-G/SCHAEFER	45.25	45.25	45.25	45.25									181.00
263-3903	501051761	PM-M/GATES	122.22	122.20	122.20	122.20									488.82
263-8051	501051761	PM-M/JASPER	224.95	226.45	122.20	122.20									695.80
263-8104	501051761	PM-M/GRANT	37.15	37.15	37.15	37.15									148.60
263-8605	501051761	PM/DEANE	31.95	31.75	31.75	31.75									127.20
263-8611	501051761	PM-M/CHISHOLM	29.05	29.05	29.05	20.05									107.20
263-8928	501051761	PM-M/SERKE	37.15	37.15	37.15	37.15									148.60
396-0595	501051761	OP-L/FRICK	37.85	29.05	29.05	29.05									125.00
396-1236	501051761	PA/SOLIS				189.94									189.94
396-1618	501051761	IM-S/PRATHER	31.50	31.50	31.50	31.50									126.00
396-1667	501051761	IM-S/DUGGINS	121.10	69.90	81.10	31.50									303.60
396-2117	501051761	CD/FORT KNOX/KING	45.25	45.25	45.25	45.25									181.00
396-2134	501051761	CD-K/CHILDS	81.70	81.70	81.70	81.70									326.80
396-2140	501051761	CD-K/FORTNER	45.25	45.25	45.25	45.25									181.00
396-2142	501051761	CD-K/GRAVES	45.25	45.25	45.25	45.25									181.00
396-2143	501051761	CD-K/IRWIN	45.25	45.25	45.25	45.25									181.00
396-2152	501051761	CD-K/KALISZ	45.25	45.25	45.25	45.25									181.00
396-2154	501051761	CD/SWEENEY	45.25	45.25	45.25	45.25									181.00
396-3176	501051761	OP/EOC/DENTON	610.08	95.49	81.79	84.33									871.69
396-3533	501051761	ED-M-A/Floater	45.25	45.25	45.25	45.25									181.00
396-4051	501051761	IR/BATSON	29.05	35.05	29.05	29.05									122.20
396-4052	501051761	ED-M-A/Floater	45.25	45.25	45.25	45.25									181.00
396-4159	501051761	ED-M-A/Floater	45.25	45.25	45.25	45.25									181.00
396-4272	501051761	OP-E/BOYD	49.29	50.54	49.29	49.29									198.41
396-4358	501051761	OP/EOC/HALT	119.33	64.11	30.35	32.57									246.36
396-4460	501051761	CD-Q/DYER		95.91	62.25	29.05									187.21
396-5083	501051761	LM/STENGER	-21.10												-21.10
396-5177	501051761	PM/pool	-11.19												-11.19
396-5463	501051761	PM-M/INLOW	29.05	29.05	29.05	29.05									116.20
396-5471	501051761	PM-M/BUSH	63.20	159.10	238.57	77.14									538.01
396-5569	501051761	OP/McAlpine Guage 1	55.89	55.89	55.89	55.89									223.56
396-5587	501051761	OP/McAlpine Guage 2	55.89	55.89	55.89	55.89									223.56
396-5877	501051761	PM-P/HIBBARD	29.05	29.05	30.30	29.05									117.45
396-5931	501051761	PM-M/TOUTANT	81.30	45.25	196.48										323.03
396-6928	501051761	CT/Floater	346.95	52.95	45.25	45.25									490.40
396-8418	501051761	HR/HIBBS	29.05	40.25	95.05	41.45									205.80
396-9361	501051761	OP-EOC/general usage													0.00
396-9432	501051761	OP/LRS	45.25	45.25	45.25	45.25									181.00
396-9441	501051761	OP/LRS	111.05	68.35	45.25	45.25									269.90
396-9592	501051761	RE/BARTER	45.25	45.25	45.25	45.25									181.00
396-9976	501051761	OP-EOC/general usage													0.00

514-1839	501051761	HELP DESK/BLACKBERRY	375.50	41.19	41.44	41.19									499.32
523-1722	501051761	PM-M/RISSLER	61.45	61.45	61.45	61.45									245.80
523-1851	501051761	OP/EOC/LIAGRE	29.05	29.05	29.05	29.05									116.20
523-1874	501051761	PM-C/HOLLEY	19.65	20.25	19.65	36.85									96.40
523-3225	501051761	ED-D-A	29.05	29.05	29.05	29.05									116.20
523-3238	501051761	ED-DS	30.30	29.05	29.05	29.05									117.45
523-3811	501051761	PM-M/THOMPSON	45.25	45.25	45.25	45.25									181.00
523-3905	501051761	PM-M/BECKHAM	45.25	45.25	45.25	45.25									181.00
523-7084	501051761	ED/LEWIS	29.05	29.05	57.85	29.05									145.00
523-7916	501051761	OP-TM/BIG DREDGE	42.67	39.22	37.15	37.84									156.88
548-0108	501051761	OP/GREEN RIVER L&D#1/PEABODY	29.05	29.05	29.05	29.05									116.20
552-1475	501051761	ED-T-G	29.05	29.05	-16.06										42.04
552-5986	501051761	EXO/DALE	61.45	61.45	86.49	78.08									287.47
552-6449	501051761	PM-M/HERZOG	37.15	37.15	37.15	37.15									148.60
552-9635	501051761	ED-T-S/O'NEAL	33.09	33.09	33.09	135.04									234.31
552-9643	501051761	ED-T-G	34.25	29.05	29.05	29.05									121.40
552-9650	501051761	PM-P/Floater	29.05	38.65	29.05	29.05									125.80
552-9675	501051761	PM-M/LOTZ	61.45	69.15	61.45	61.45									253.50
558-1484	501051761	SO/BURG/BLACKBERRY			415.74	387.73									803.47
558-1922	501051761	EXO/WALZ	29.05	32.25	29.05	29.05									119.40
558-2164	501051761	OP/FRICK/BLACKBERRY			414.64	69.08									483.72
558-2353	501051761	OP-E/RAGER	732.81	334.00	139.82	124.54									1331.17
558-2896	501051761	OP/CHEEK/BLACKBERRY			414.64	69.08									483.72
558-2898	501051761	PM-M/RYAN	81.70	81.70	81.70	81.70									326.80
558-2906	501051761	PM-M/GOODMAN	45.25	45.25	116.65	62.05									269.20
558-3006	501051761	PM/MURPHY/BLACKBERRY			414.64	69.08									483.72
558-3041	501051761	IM/EMELIO/BLACKBERRY			415.24	69.08									484.32
558-3787	501051761	OP-EOC/general usage				41.45									41.45
558-4240	501051761	OP-EOC/general usage				41.45									41.45
558-4303	501051761	OP-EOC/general usage				41.45									41.45
558-4379	501051761	OP-EOC/general usage				41.45									41.45
558-4678	501051761	OP-EOC/general usage				41.45									41.45
558-4966	501051761	OP-EOC/general usage				41.45									41.45
558-4990	501051761	OP-EOC/general usage				41.45									41.45
558-5093	501051761	OP-EOC/general usage				41.45									41.45
558-5108	501051761	OP-EOC/general usage				41.45									41.45
558-5430	501051761	PM-M-E/SPILLANE	29.05	29.05	29.05	29.05									116.20
558-5939	501051761	OP-EOC/general usage				41.45									41.45
558-6881	501051761	OP/EOC	29.05	29.05	29.05	29.05									116.20
558-7932	501051761	PA/HORNBACK	29.05	29.05	29.05	29.05									116.20
558-8525	501051761	EX/ROWLETTE/BLACKBERRY	375.50	41.44	41.44	41.19									499.57
558-8672	501051761	EX/FAGAN/BLACKBERRY	375.50	41.19	42.19	41.19									500.07
558-8790	501051761	EX/DALE/BLACKBERRY	375.50	52.94	43.19	41.19									512.82
558-9536	501051761	PM-M/NATION/BLACKBERRY	375.50	41.19	41.69	41.94									500.32
558-9566	501051761	OP/EOC/FRANK	37.15	37.15	37.84	37.15									149.29
558-9672	501051761	OP/FULLER/BLACKBERRY	375.50	42.69	85.25	69.08									572.52

640-0071	501051761	ED-D-A	29.05	29.05	29.05	29.05									116.20
640-0174	501051761	ED-D	29.05	29.05	29.05	29.05									116.20
640-0175	501051761	ED-DM	29.05	29.05	29.05	29.05									116.20
640-0176	501051761	ED-DM	29.05	69.85	29.05	29.05									157.00
640-0203	501051761	PM-M/DOHRMAN	29.05	29.05	29.05	29.05									116.20
640-0216	501051761	ED-DS	33.05	29.05	29.05	30.30									121.45
640-0878	501051761	PM-M/TURNER	37.15	69.35	37.15	37.15									180.80
640-2001	501051761	PM-P-F/ZIMMERMAN	37.15	37.15	37.15	37.15									148.60
640-2002	501051761	PM-P/SAFFRAN	37.15	37.15	38.40	37.15									149.85
640-2003	501051761	PM-P/BRUMMETT	37.15	38.40	37.15	39.65									152.35
640-2004	501051761	PM-P/SUGGS	37.15	37.15	37.15	37.15									148.60
640-2005	501051761	PM-P/MOORE	47.67	40.34	37.15	37.15									162.31
640-2006	501051761	PM-P/LOGSDON	31.75	37.15	37.15	37.15									143.20
640-2007	501051761	PM-P/SETTERS	45.25	49.80	90.75	45.25									231.05
640-2009	501051761	PM-P-E/TURNER,M.	45.25	45.25	45.25	45.25									181.00
640-2010	501051761	PM-P/BOND	315.03	69.60	45.25	45.25									475.13
640-3285	501051761	RE/Floater	45.25	45.25	45.25	45.25									181.00
640-3286	501051761	RE/PUCKETT	45.25	45.25	45.25	45.25									181.00
640-3287	501051761	RE/TUCKER	45.25	45.25	45.25	45.25									181.00
640-5249	501051761	PM/C-RIFE	29.05	29.05	29.05	29.05									116.20
640-5250	501051761	PM/C-FLICKNER	29.05	29.05	51.54	29.05									138.69
640-6660	501051761	CD/FT KNOX/DAVIES	61.45	61.45	173.91	61.45									358.26
640-8240	501051761	RE/FLOATER	45.25	45.25	45.25	45.25									181.00
640-9213	501051761	ED-E	-38.61												-38.61
640-9214	501051761	ED-E	45.25	45.25	45.25	45.25									181.00
645-0044	501051761	PM-P/RUHL	31.45	123.85	32.65	38.65									226.60
645-0169	501051761	PM-M/RINGENBERG	45.25	45.25	45.25	45.25									181.00
645-0344	501051761	RE/Floater	24.85	28.05	92.65	154.65									300.20
645-0852	501051761	OP/LRS/SHREVE	131.75	55.10	45.25	132.40									364.50
645-1057	501051761	PM-P/Floater	29.05	29.05	29.05	29.05									116.20
645-1261	501051761	RE/Floater	318.00	152.00	47.05	29.05									546.10
645-1263	501051761	RE/Floater	30.30	29.05	29.05	29.05									117.45
645-1298	501051761	RE/Floater	29.05	29.05	29.05	29.05									116.20
645-1306	501051761	RE/Floater	29.05	29.85	31.45	29.05									119.40
645-1401	501051761	PM-M/GRIGG	199.35	308.20	-56.70										450.85
645-1673	501051761	PM-M/BOYD	45.25	45.25	45.60	45.25									181.35
645-1743	501051761	OP/TECH SUPPORT	29.05	29.05	29.05	29.05									116.20
645-1831	501051761	PM-M/CRUZ	61.45	61.45	61.45	61.45									245.80
645-1843	501051761	PA/WHITWORTH	29.05	29.05	36.65	30.30									125.05
645-3417	501051761	ED-M-A/general usage	45.25	45.25	45.25	45.25									181.00
645-3627	501051761	ED-M-A/general usage	45.25	46.50	45.27	45.25									182.27
645-3776	501051761	ED-M-A/general usage	45.25	45.25	45.25	45.25									181.00
648-0047	501051761	OP-L-MC/BROWNING	45.25	45.25	45.25	45.27									181.02
648-1023	501051761	PM-C/SCHUELER	51.65	30.45	111.45	34.65									228.20
648-1431	501051761	ED-TG/HORNBECK	24.85	24.85	29.05	100.65									179.40
648-1458	501051761	ED-TG/ROBISON	24.85	24.85	29.05	81.85									160.60

648-6620	501051761	ED-T	29.05	29.05	29.05	29.05									116.20
648-6621	501051761	ED-T-H/BYRON	29.05	29.05	29.05	29.05									116.20
648-6622	501051761	ED-E/LEWIS	45.25	45.25	45.25	45.25									181.00
648-6623	501051761	ED-EE/BARNESE-WALZ	45.25	45.25	45.25	45.25									181.00
648-6624	501051761	OP-TM/NAVIGATOR	37.15	61.30	39.22	37.15									174.82
648-6625	501051761	OP-TM/SUR TRUCK	19.65	19.90	19.65	19.65									78.85
648-6626	501051761	OP-TM/SUR BOAT	37.15	37.15	38.53	37.15									149.98
648-6627	501051761	OP-TM/VanHoff	29.04	29.04	29.04	29.04									116.16
648-7332	501051761	OP/FN-PARKER	33.05	30.25	29.05	29.05									121.40
648-7471	501051761	CD-S/JAGEMAN	37.15	37.15	37.15	37.15									148.60
648-8140	501051761	OP/TAYLORSVILLE/MAINTENANCE	29.05	29.05	29.05	29.05									116.20
648-8146	501051761	OP/TAYLORSVILLE/RICHARDSON	29.05	29.05	29.05	29.05									116.20
648-8152	501051761	OP/TAYLORSVILLE/FREEMAN	31.50	31.50	31.50	31.50									126.00
648-8196	501051761	OP-EOC/general usage													0.00
648-8241	501051761	OP-EOC/general usage													0.00
648-8267	501051761	OP-EOC/general usage													0.00
648-8291	501051761	OP-EOC/general usage													0.00
648-8293	501051761	OP-EOC/general usage													0.00
648-8440	501051761	OP-EOC/general usage													0.00
648-8579	501051761	OP-EOC/general usage													0.00
648-8627	501051761	OP-EOC/general usage													0.00
649-1480	501051761	OC/General Usage	61.45	61.45	61.45	61.45									245.80
649-1797	501051761	EXO/ROWLETTE	152.68	68.10	62.50	61.45									344.73
649-2674	501051761	PM-M/CARLTON	29.05	41.57	29.07	29.05									128.74
649-2694	501051761	PM-M/BRADEN	29.05	29.05	29.05	29.05									116.20
649-2959	501051761	PM-M/SUGIMURA	31.50	31.50	31.50	31.50									126.00
649-3190	501051761	PM-M/FLEMING	45.25	45.25	45.25	45.25									181.00
649-3191	501051761	PM-M/MARSHALL	29.05	29.05	29.05	96.52									183.67
649-6913	501051761	ED-M-A	19.65	19.65	19.65	0.00									58.95
649-6914	501051761	ED-C/LAMBERT	29.05	29.05	29.05	29.05									116.20
649-6915	501051761	ED-T-C	29.05	29.05	29.05	29.05									116.20
649-6916	501051761	ED-C/SPEER	29.05	29.05	29.05	29.05									116.20
649-6917	501051761	ED-C/SIMS	96.53	29.05	29.05	29.05									183.68
649-8264	501051761	OP-F	29.05	29.05	29.05	29.05									116.20
649-8546	501051761	OP-TM/SM DREDGE	21.15	19.90	19.65	19.65									80.35
693-0322	501051761	PM-P/LAYMAN	29.05	29.05	29.05	29.05									116.20
693-2247	501051761	EXO/LTC FAGAN	45.25	45.25	45.25	45.25									181.00
693-2614	501051761	PM-M/McCARTIN	45.25	47.75	45.25	69.05									207.30
693-2854	501051761	IM-S/GERDING/BLACKBERRY	375.50	41.19	84.44	69.08									570.21
693-3577	501051761	PA/FLESHMAN	45.25	45.25	45.25	45.25									181.00
693-3617	501051761	OP-L/MORGAN/BLACKBERRY	375.50	41.69	94.00	69.08									580.27
693-3751	501051761	OP/FULLER	29.05	29.05	-19.85										38.25
693-4663	501051761	ED/MURRAY/BLACKBERRY	375.50	41.19	43.44	41.19									501.32
693-5402	501051761	OC/HOLMES/BLACKBERRY	375.54	41.19	151.07	78.08									645.88
693-7005	501051761	ED-G/B MURRAY	29.05	39.45	29.05	29.05									126.60
741-1581	501051761	PM-M/NATION	29.05	29.05	29.05	29.05									116.20

741-2105	501051761	PM-M/PERRO	29.05	29.05	29.05	29.05								116.20
741-3337	501051761	EXO/VAN	19.65	19.65	19.65	19.65								78.60
741-3340	501051761	PM-M/SHUMATE	81.70	81.70	81.70	81.70								326.80
741-4061	501051761	OC	61.45	61.45	61.45	61.45								245.80
741-4062	501051761	PM-C/MURPHY	45.25	45.25	247.64	45.25								383.39
741-4069	501051761	PM-C/BIBELHAUSER	45.25	45.25	45.25	45.25								181.00
741-4413	501051761	RM/ORMEROD	29.05	29.05	29.05	29.05								116.20
741-6003	501051761	IM-S/FLOATER	31.45	35.05	29.05	29.05								124.60
741-6948	501051761	ED-E	45.25	169.85	45.25	45.25								305.60
741-6952	501051761	ED-E	46.50	45.25	45.25	45.25								182.25
741-7263	501051761	PA/BATERNIK	30.30	75.85	91.35	64.75								262.25
741-7264	501051761	SO	29.05	29.05	29.05	29.05								116.20
260-224-1593	601124527	OP-UW-H/Floater	15.00	15.00	15.00	15.00	34.20							94.20
260-224-1594	601124527	OP-UW-H/Floater	15.00	25.30	15.00	15.00	41.40							111.70
260-450-7200	601124527	OP-UW-S/Floater	21.50	15.00	15.00	15.00	21.95							88.45
260-450-7201	601124527	OP-UW-S/Floater	15.00	15.00	15.00	15.00	15.00							75.00
270-619-5249	601121084	OP/J.T. MYERS L&D	29.13	29.13	29.13	29.13	29.98							146.50
270-748-6145	601121084	OP/#52/HALL	30.30	29.10	29.10	29.10	29.10							146.70
270-748-6837	601121084	CD/OLMSTED	45.30	45.30	45.30	45.30	45.30							226.50
270-832-3658	601121084	OP/SMITHLAND/CRAIG	29.10	29.10	29.10	29.10	29.10							145.50
317-691-2666	601121087	OP/FN-CRUMP	30.71	20.82	22.14	28.12	16.09							117.88
317-727-4844	601121087	OP-F/ALLEN	176.29	56.56	50.41	64.57	25.05							372.88
513-218-4055	601324661	OP/HARSHA	12.59	12.18	15.59	12.22								52.58
513-310-5908	601324661	OP/CAESAR CREEK LAKE	20.75	20.34	20.34	20.40								81.83
513-659-0197	601324661	OP-FN/Hagan	29.95	29.54	29.54	29.62								118.65
513-659-0732	601324661	OP	35.99	35.58	35.58	35.68								142.83
513-659-0939	601324661	OP/WEST FORK	13.23	12.18	12.18	13.29								50.88
618-367-0367	601121089	CD/OLMSTED/SHARED	45.30	45.30	45.30	45.30	45.40							226.60
618-367-0621	601121089	OP/#53/NIX	45.30	45.30	45.30	45.30	45.40							226.60
618-559-1606	601124480	CD/OLMSTED/BAKER	44.55	44.55	44.55	44.55	45.40							223.60
618-791-0669	601126048	CD/SCOTT AIR FORCE BASE	55.00	55.00	55.00	55.00	55.00							275.00
618-791-0769	601126048	CD/SCOTT AIR FORCE BASE	55.00	56.25	56.25	55.00	55.00							277.50
765-348-8272	601124527	OP/CAGLES	15.00	15.00	15.00	15.00	15.00							75.00
765-348-8273	601124527	OP/CAGLES	15.00	15.00	15.00	15.00	15.00							75.00
765-437-4190	601121087	OP-UW-M/General usage	29.49	29.49	29.49	29.49	29.49							147.45
765-438-4562	601121087	OP/MISSISSENEWA	15.94	23.23	15.94	15.94	15.94							86.99
765-914-3278	601126044	OP/BROOKVILLE	15.75	15.00	15.00	15.00	16.95							77.70
812-243-1432	601124542	OP/DAVIS	51.20	44.55	44.55	44.55	44.55							229.40
812-243-1823	601124542	OP-L-C/KINMAN	31.55	28.35	28.35	28.35	28.35							144.95
812-322-4041	601121087	OP/MONROE/MARM	15.94	15.94	15.94	15.94	15.94							79.70
812-322-4042	601121087	OP/MONROE/CABLE	18.48	15.94	15.94	15.94	15.94							82.24
812-454-1139	601121098	OP-FS/NEWBURGH REG. OFC.	30.76	32.03	29.49	29.49								121.77
812-454-1214	601121098	OP-FS/NEWBURGH REG. OFC.	31.15	31.15	31.15	31.15								124.60
859-240-3863	601324661	CD/CIN.PROJ.OFC./CRUSHAM	26.42	26.01	26.01	26.08								104.52
859-630-3206	601324661	CD/CIN.PROJ.OFC./WRIGHT	30.74	30.33	30.33	30.42								121.82
937-307-1011	601324661	CD/WRIGHT-PATT/Schneider	35.04	34.63	34.63	34.73								139.03

937-307-1477	601324661	CD/WRIGHT-PATT;"general usage"	25.84	25.43	25.43	25.50									102.20
937-776-1506	601324661	CD/WRIGHT-PATT/Leonardi	1478.83	28.70	25.43	25.50									1558.46
937-776-1507	601324661	CD/WRIGHT-PATT/Lesko	29.95	29.54	29.54	29.62									118.65
937-776-6100	601324661	CD/WRIGHT-PATT/Gen Usage	10.60	10.19	10.19	10.22									41.20
937-776-6102	601324661	CD/WRIGHT-PATT/Childers	21.43	19.18	15.34	12.98									68.93
937-776-6103	601324661	CD/WRIGHT-PATT/Szynski	829.40	73.73	55.10	45.39									1003.62
937-776-6104	601324661	CD/WRIGHT-PATT/Gerard	35.98	35.57	35.57	35.67									142.79
937-776-6105	601324661	CD/WRIGHT-PATT/Flynn	56.30	55.89	55.89	56.04									224.12
937-776-6106	601324661	CD/WRIGHT-PATT/Forney	33.58	100.47	25.43	25.50									184.98
937-776-6107	601324661	CD/WRIGHT-PATT/Childs	45.69	45.28	45.28	46.65									182.90
937-776-6108	601324661	CD/WRIGHT-PATT/Amburgey	114.15	74.66	86.45	63.75									339.01
937-776-6109	601324661	CD/WRIGHT-PATT/Gen Usage	10.60	10.19	10.19	10.22									41.20
937-974-0414	601324661	OP/C.J.BROWN	11.62	11.21	11.21	12.31									46.35
TOTAL			16400.63	9480.61	11276.99	9761.75	730.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	47650.51

APPALACHIAN WIRELESS CONTRACT #W912QR-04-M-0055															
606-438-8111	100553566	OP/UKAO/Amburgey	37.88	37.88	37.88	37.18									150.82
606-438-8112	100553566	OP/BUCKHORN/Smith	37.88	37.88	37.88	37.18									150.82
606-438-8124	100553566	OP/BUCKHORN/Rouse	37.88	37.88	37.88	37.18									150.82
606-438-8127	100553566	OP/BUCKHORN/McAfoose	37.88	37.88	37.88	37.18									150.82
606-438-8128	100553566	OP/BUCKHORN/Shouse	37.88	37.88	37.88	37.18									150.82
606-634-5850	100124126	OP/CARR CREEK/Vacant	24.27	26.10	31.92	24.27									106.56
606-634-5851	100124126	OP/CARR CREEK/Wright	24.27	24.27	24.27	24.27									97.08
606-634-5852	100124126	OP/CARR CREEK/Saylor	24.27	24.27	24.27	24.27									97.08
606-634-5853	100124126	OP/CARR CREEK/Combs	24.27	24.27	24.27	24.27									97.08
TOTAL			**286.48**	**288.31**	**294.13**	**282.98**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**1151.90**
SPRINT ACCOUNT # 0033734714-2															
563-650-1619	0033734714-2	CD/SAVANNA/Coffey	6.65	10.74	1.51	7.28	10.87								37.05
563-650-1621	0033734714-2	CD/SAVANNA/Peterson	116.04	117.48	132.64	112.65	117.53								596.34
815-483-9137	0033734714-2	CD-W-V/Peterson	20.58	21.95	21.78	24.51	21.85								110.67
TOTAL			**143.27**	**150.17**	**155.93**	**144.44**	**150.25**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**744.06**
NEXTEL CONTRACT #GS07T03BD0003															
317-223-1973	527422528	CD/INDIANA PO/Stivers	51.44	51.44	51.56										154.44
317-223-6112	527422528	CD/INDIANA PO/Charles	51.44	51.83	51.56										154.83
317-223-6312	527422528	CD/INDIANA PO/Tague	51.44	52.83	51.56										155.83
502-379-0544	425777086	CD-K-K/Childs	39.70	39.31	39.41										118.42
502-379-0615	425777086	CD-K-K/Puckett	41.37	39.31	39.41										120.09
502-379-0616	425777086	CD-K-K/Ringstaff	40.40	39.31	39.41										119.12
502-379-0637	425777086	PM/FORT KNOX/Graham	39.31	39.31	39.41										118.03
502-379-0720	425777086	CD-K-K/Phelps	40.34	39.31	40.24										119.89
502-379-0729	425777086	CD-K-K/Spencer	42.38	43.58	40.83										126.79
502-379-0764	425777086	CD-K-K/Fortner	39.31	39.31	39.41										118.03
502-379-0787	425777086	CD-K-K/Graves	39.31	40.67	39.41										119.39
502-643-8583	397537085	PM-M-E/G. Beckham		200.92	42.15	40.83									283.90
765-230-6951	425777086	CD-K-M/Lorence	39.31	39.31	39.41										118.03
765-230-6952	425777086	CD-K-G/Burnett	39.31	39.31	39.56										118.18
765-230-6953	425777086	CD-K-M/Scott	39.31	39.31	39.41										118.03
765-230-6954	425777086	CD-K-G/Scheiter	42.18	39.31	39.41										120.90
765-230-6955	425777086	CD-K-G/Weaver	39.31	39.31	39.41										118.03
502-773-1772	509875083	CD/FORT KNOX/Addison	45.29	45.29	45.39										135.97
502-773-1773	509875083	CD/FORT KNOX/Batton	45.29	45.29	45.39										135.97
502-773-1774	509875083	CD/FORT KNOX/Hardsaw	45.29	45.29	45.70										136.28
502-773-1775	509875083	CD/FORT KNOX/Irwin	45.29	45.29	45.39										135.97
502-773-1776	509875083	CD/FORT KNOX/Mullins	46.69	45.29	45.39										137.37

502-773-1777	509875083	CD/FORT KNOX/Sweeney	45.29	45.29	45.39										135.97
502-773-1778	509875083	CD/FORT KNOX/Pike	47.32	45.29	45.39										138.00
502-773-0158	397537085	CD-M/McQuary	51.96	47.61	39.31	39.41									178.29
502-773-7265	397537085	CD-M/Klinstiver	49.25	45.29	45.29	45.39									185.22
502-773-7266	397537085	CD-M/Hearne	61.89	53.59	45.29	45.68									206.45
502-773-7267	397537085	CD-M/Wise	58.63	53.59	45.35	45.39									202.96
614-496-0869	268350010	CD/COLUMBUS/Casey	42.70	42.20	44.28										129.18
614-496-0870	268350010	CD/COLUMBUS/Kunke	41.59	41.44	41.55										124.58
614-554-7719	268350010	CD/COLUMBUS/Sennett	41.44	41.44	41.55										124.43
TOTAL			1343.78	1515.87	1332.22	216.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4408.57
BLUEGRASS CELLULAR ACCOUNT #002 0203550 5															
270-849-5834	002 0203550 5	OP/GREEN RIVER/MAINTENANCE	46.11	46.11	46.11	46.11	46.11								230.55
270-849-5837	002 0203550 5	OP/GREEN RIVER/RANGERS	19.61	19.61	19.61	19.61	19.61								98.05
270-849-5839	002 0203550 5	OP/GREEN RIVER/WILLIAMS	19.61	19.61	19.61	19.61	19.61								98.05
TOTAL			85.33	85.33	85.33	85.33	85.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	426.65
G TOTAL			18259.49	11520.29	13144.60	10491.20	966.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54381.69

A

SECRETARY OF THE ARMY
WASHINGTON

29 JAN 2005

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (MANPOWER AND RESERVE AFFAIRS)

SUBJECT: Delegation of Authority Under Title 5, Sections 1213 (c) and (d)

In accordance with Title 10, United States Code, section 3013(f), I hereby delegate to you certain authority conferred upon me as agency head under Title 5, United States Code, section 1213. Specifically you are authorized to review, sign and submit written reports of investigations of information and related matters transmitted to the Department of the Army by The Special Counsel, in accordance with Title 5, United States Code, sections 1213(c) and (d). The authority delegated herein may not be further subdelegated.

This delegation shall remain in effect for three years from the date of the execution, unless earlier rescinded in writing by me.

Francis J. Harvey

CF:
Acting General Counsel

Printed on Recycled Paper

B

U.S. OFFICE OF SPECIAL COUNSEL
1730 M Street, N.W., Suite 300
Washington, D.C. 20036-4505

www.osc.gov

The Special Counsel

February 8, 2005

The Honorable Francis J. Harvey
Secretary of the Army
101 Army Pentagon
Washington, D.C. 20310-0101

Re: OSC File No. DI-03-0750

Dear Mr. Secretary:

Under my responsibilities as Special Counsel, I am referring to you a whistleblower disclosure that the U.S. Army Corps of Engineers (USACE) has violated federal contracting laws, rules, and regulations.

The U.S. Office of Special Counsel (OSC) is authorized by law to receive disclosures of information from federal employees alleging violations of law, rule, or regulation, gross mismanagement, gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety. 5 U.S.C. § 1213(a) and (b). As Special Counsel, if I find, on the basis of the information disclosed, that there is a substantial likelihood that one of these conditions exists, I am required to advise the appropriate agency head of my findings, and the agency head is required to conduct an investigation of the allegations and prepare a report. 5 U.S.C. § 1213(c) and (g). As mentioned, OSC has received a disclosure alleging violations of federal contracting law, rule, or regulation.

More specifically, Christy Watts, the former GS-14 Contracting Division Chief at USACE's Great Lakes and Ohio River Division, Louisville District ("District"), made eleven disclosures that the District violated federal contracting laws, rules, and regulations in connection with numerous federal contracts. Ms. Watts's allegations are described in greater detail in the attached report.

I have concluded that there is a substantial likelihood that the information Ms. Watts provided to OSC discloses violations of law, rule, or regulation. Accordingly, I am referring this information to you for an investigation of Ms. Watts's allegations and a report of your findings within 60 days of your receipt of this letter. By law, the report must be reviewed and signed by you personally. Should you delegate your authority to review and sign the report to the Inspector General, or any other official, the delegation must be specifically stated and must include the authority to take the actions necessary under 5 U.S.C. § 1213(d)(5). Without this information, I would hasten to add that the report may be found deficient. The requirements of the report are set forth at 5 U.S.C. § 1213(c) and (d). A summary of § 1213(d) is enclosed.

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Enclosure 1

In the event it is not possible to report on the matter within the 60-day time limit under the statute, you may request in writing an extension of time not to exceed 60 days. Please be advised that an extension of time is normally not granted automatically, but only upon a showing of good cause. Accordingly, in the written request for an extension of time, please state specifically the reasons the additional time is needed.

After making the determinations required by 5 U.S.C. § 1213(e)(2), copies of the report, along with any comments on the report from the person making the disclosure and any comments or recommendations by this office will be sent to the President and the appropriate oversight committees in the Senate and House of Representatives owing to the requirements set forth in 5 U.S.C. § 1213(e)(3).

Unless classified or prohibited from release by law, a copy of the report and any comments will be placed in a public file in accordance with 5 U.S.C. § 1219(a).

Please refer to our file number in any correspondence on this matter. If you need further information, please contact Catherine A. McMullen, Chief, Disclosure Unit, at (202) 254-3604. I am also available for any questions you may have.

Sincerely,

Scott J. Bloch

Enclosures

Enclosure

Requirements of 5 U.S.C. § 1213(d)

Any report required under subsection (c) shall be reviewed and signed by the head of the agency[1] and shall include:

(1) a summary of the information with respect to which the investigation was initiated;

(2) a description of the conduct of the investigation;

(3) a summary of any evidence obtained from the investigation;

(4) a listing of any violation or apparent violation of law, rule or regulation; and

(5) a description of any action taken or planned as a result of the investigation, such as:

(A) changes in agency rules, regulations or practices;

(B) the restoration of any aggrieved employee;

(C) disciplinary action against any employee; and

(D) referral to the Attorney General of any evidence of criminal violation.

In addition, we are interested in learning of any dollar savings, or projected savings, and any management initiatives that may result from this review.

[1] Should you decide to delegate authority to another official to review and sign the report, your delegation must be specifically stated.

U.S. OFFICE OF SPECIAL COUNSEL
1730 M Street, N.W., Suite 218
Washington, D.C. 20036-4505
202-254-3600

REPORT OF DISCLOSURES REFERRED FOR INVESTIGATION
OSC FILE NO. DI-03-0750

I. SUMMARY

Christy C. Watts, a former employee of U.S. Department of the Army, U.S. Army Corps of Engineers (USACE), Great Lakes and Ohio River Division, Louisville District, disclosed to the U.S. Office of Special Counsel (OSC) violations of federal contracting laws, rules, and regulations in connection with numerous Louisville District contracts.

II. THE WHISTLEBLOWER'S DISCLOSURES

Christy Watts, who has consented to the release of her name,[1] is the former GS-14 Contracting Division Chief at USACE's Great Lakes and Ohio River Division, Louisville District ("District"). She has over 18 years of experience in the field of federal contracting. During her 12 years with USACE, Ms. Watts served as Contracting Division Chief in its South Atlantic Division, Charleston District, from March 1992 to June 1998; its Pacific Ocean Division, Alaska District, from June 1998 to June 2001; and its Ohio River Division, Louisville District ("District") from June 2001 to May 2004.

In the normal course of performing her Contracting Division Chief duties, Ms. Watts reviewed contract files and discovered administrative anomalies (e.g., the absence of required documents) and other indicia of the District's alleged violation of federal contracting laws, rules, and regulations. She alleges that the District's contracting personnel routinely disregarded applicable federal contracting laws, rules, and regulations, including the Federal Acquisition Regulation (FAR), Engineering FAR Supplement (EFARS), Department of Defense FAR Supplement (DFARS), the Chief Financial Officers Act of 1990 (CFOA) (31 U.S.C. § 901 et seq.), the Competition in Contracting Act (CICA) (10 U.S.C. § 2304), and the Brooks Act (40 U.S.C. § 541 et seq.). On three separate occasions between June 2001 and January 2003, Ms. Watts brought her concerns to Colonel Robert A. Rowlette, Louisville District Commander and Engineer. Col. Rowlette, however, allegedly took no action.

Ms. Watts reported the following specific allegations to us:

1. In violation of FAR 15.206, the District failed to amend its solicitation prior to awarding Contract Number DACW27-03-R-003—a $500 million cost-reimbursement construction contract—after learning that fiscal year funding levels had been significantly reduced from $15

[1] Ms. Watts's current address is 5815 Running Fox Lane, Mason, Ohio, 45040. Her telephone number is (513) 573-0833.

million to $2.5 million. According to Ms. Watts, the District reasonably should have known that the change in funding would increase the time it would take to complete the project and, in turn, increase USACE's costs significantly. Nevertheless, the District did not request revised proposals or provide offerors with the opportunity to submit them, as Ms. Watts argues is required by FAR 15.206. Further, in light of the funding reduction, Ms. Watts alleges that it was impossible for the District to have accurately evaluated competitive proposals, as required by FAR 15.305A(a)(1), or to conduct a meaningful cost realism analysis, as required by FAR 15.404-1(d), prior to awarding that contract.

2. District contracting officers delegated Administrative Contracting Officer (ACO) authority on Contract Number DACA27-01-D-2002, a *service* contract. According to Ms. Watts, the delegation of ACO authority on that contract violated EFARS 1.602-1-100, which limits the delegation of ACO authority to *construction* contracts.

3. Ninety (90) impermissible unilateral contract modifications totaling approximately $25 million made on Contract Number DACA27-99-C-0050 (the Central Energy Plant Fort Campbell project). According to Ms. Watts, the agency was required by FAR 43.102(b) to negotiate or finalize those contract modifications before the contractor performed the work. However, the contract file showed that those modifications were neither negotiated nor finalized until over 12 months later.

4. On Contract Number DACW27-02-R-0004, neither the District's Source Selection Authority nor its Office of Counsel approved the source selection strategy or acquisition plan before publicly releasing the solicitation. Ms. Watts alleges that such omission violated FAR 15.303(b)(2), DFARS 215.303(b)(2), and AFARS 5115-303(b)(2)(b). She bases her allegation on the contract file's lack of documentation of such approval.

5. The District issued construction solicitations containing sole source items on Contract Number DACA27-02-B-1001 without following any of the required sole source procedures set forth in FAR 6.3, which governed that contract. She bases her allegation on the contract file's lack of documentation supporting the use of a sole source.

6. The Total Environmental Restoration Contract Number DACA27-97-D-0015 was intentionally over-obligated on several task orders—specifically Task Orders 01, 10, 11, and 4005 for the Savanna Army Depot Activity project, which exceeded $3,000,000—in order to reserve expiring funds for customers. Ms. Watts alleges that those actions, which are commonly referred to as "parking" or "banking" of funds, constitute an impermissible movement of funds because they are sham transactions. She further asserts that the task orders violated FAR Part 43, which governs contract modifications, because they were made without first negotiating their scope and without the intent that the work would be completed at that time. We have enclosed documents provided to OSC by Ms. Watts pertaining to those task orders. See Enclosure #1.

7. Without exercising applicable options, the District issued new task orders on Contract Number DACA27-00-D-0002, an Architectural/Engineering (A/E) contract, that exceeded the

value of the contract and that were outside the scope of the contract. She asserted that the contract file did not contain documents reflecting the executed options.

She also alleges that, based on her review of documents in the contract file, the District modified task orders that were already in place after the task order's period of performance had expired. She asserts that the District's actions violated required procedures for A/E contracts set forth in FAR 36, which implements the Brooks Act, the federal statute governing A/E contracts.

8. The District awarded Contract Number DACA27-00-D-004 without price competition in violation of CICA and the FAR's guiding principles found in FAR 1.102(b). Specifically, she alleges the District treated that contract as if it were an A/E contract—where price quotations need not be considered during the selection process—when, in fact, the primary scope of that contract was other than A/E services.

9. The District violated DFAR 245 on Contract Number DACW27-97-D-0015 when Project Manager Gary Chisolm transferred a $2,000,000 municipal well house and water supply wells to a local sponsor without authority to do so. We have enclosed documents provided to OSC by Ms. Watts pertaining to her allegation. See Enclosure #2.

Ms. Watts further asserts that the District did not have authorized personnel monitoring government furnished or contractor acquired property on Contract Number DACW27-97-D-0015, as required by FAR 45.5.

10. Contract Number DACW27-02-C-0005, a design/build contract, violated EFARS 1180-1-9, ¶ 8c(1)(d), which requires that design/build contracts for civil works be 100% funded at the time of the award. Ms. Watts alleges that the contract file contains documents indicating that contract was funded incrementally, not fully at the time of its award.

11. The District does not have written contracts for utility services, in violation of FAR 41.201(b), 41.202, and 41.205. She also alleges that it does not have written contracts for local or long distance telephone service or wireless communication services such cellular telephones, pagers, and personal data assistants, as required by FAR 37.101 and FAR 39.1 for information technology services. As the District Contracting Division Chief, Ms. Watts asserts that she would have known if written contracts existed.

III. CONCLUSION

Given Ms. Watts' knowledge of matters she has disclosed, the detail she has provided, her years of experience in the field of federal contracting, and the specific position she held while employed in the Louisville District, the Special Counsel has concluded that there is a substantial likelihood that she has disclosed a violation of law, rule, or regulation arising out of actions by Louisville District employees.

IV. REQUEST FOR INVESTIGATION AND REPORT

In light of the Special Counsel's findings, he has requested that the Secretary of the Department of the Army conduct an investigation of the allegations described above. Moreover, the Special Counsel has requested that, within 60 days, the Secretary report its findings to the Special Counsel.

Enclosure #1

Total Environmental Restoration Contract No. DACA27-97-D-0015

9

MWH
MONTGOMERY WATSON HARZA

VIA REGULAR MAIL

26 October 2001

Attention: Roy Vest
United States Army Corps of Engineers
Louisville District
P.O. Box 59
Louisville, KY 40201-0059

Subject: DD 1662 Report - Property in the Custody of Contractors
Contract DACW27-97-D-0015

Dear Mr. Vest:

In accordance with FAR Part 45 and DFARS Part 245, Montgomery Watson Americas' is pleased to submit the annual report of government property and material currently in our custody under the subject contract. Our inventory as of 30 September 2001, reflects the property/material acquired under Task Orders 0001 (Savanna), 0005 (Marion/Scioto), 4002 (Plum Brook), and 0004/4000 (Joliet Army Ammunition Plant). Please note the property/material inventory reports supporting this submission are also enclosed. In addition, I've enclosed the DD 1354 Form identifying transfer and acceptance of the $2,000,000 municipal well house and water supply wells located at Kincheloe Air Force Base – Task Order 0006 from the U.S. Army Corps of Engineers to Kinross Charter Township.

If you have and questions or require additional information in this regard, please contact me at (916) 565-4219.

Best Regards,

Rick C. Van Buren

Rick C. Van Buren
Federal Property/Service Manager

Encl.: DD1662
DD1354
MWA Property/Material Report – Savanna
MWA Property Report – Marion/Scioto
MWA Property Report – Plum Brook
DD1662 – Duke Engineering, Plum Brook
Duke Engineering Property Report – Plum Brook
MWA Property/Material Report - Joliet

cc: Denise Bauer/USACE
Rick Maurer/MW – LOU1
Paul Avery/MW – LOU1
Harvey Wong/MW – PAS1
File – SAC1

777 Campus Commons
Suite 175
Sacramento, California
95825

Tel: 916 924 8844
Fax: 916 924 9102 / 916 924 3293

DOD PROPERTY IN THE CUSTODY OF CONTRACTORS

(DFARS 245.505-14)

(See Instructions on back before completing this form.)

REPORT AS OF 30 SEP 01
OR

Form Approved
OMB No. 0704-0246
Expires Jan 31, 2003

public reporting burden for this collection of information is estimated to average 1 hour per response; including the time for reviewing instructions, searching existing data sources, hering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports 04-0246), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be ject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THIS ADDRESS.
RETURN COMPLETED FORM TO THE ADDRESS IN ITEM 1.

TO *(Enter name and address of property administrator)*

United States Army Corps of Engineers
Louisville District
Attention: Roy Vest
P.O. Box 59
Louisville, KY 40201

2. FROM *(Enter full name, address and CAGE code of contractor)*

Montgomery Watson Americas, Inc.
9401 Williamsburg Plaza, Suite 101
Louisville, KY 40222
Cage Code: 1K8S2

IF GOVERNMENT-OWNED, CONTRACTOR-OPERATED PLANT, ENTER GOVERNMENT NAME OF PLANT

CONTRACT NO. *(PIIN)*	5. CONTRACT PURPOSE	6. BUSINESS TYPE *(Enter L, S, or N)*	7. OFFICIAL NAME OF PARENT COMPANY
DACW27-97-D-0015	I	L	Montgomery Watson Harza Americas, Inc.

PROPERTY LOCATION(S)

Science Court
Madison, WI 53711
---And---
Army Depot
, IL 61074

41551 Eleven Mile Road
Novi, MI 48375
---And---
6100 Columbus Ave.
Sandusky, OH 44870

29407 South Rte. 53
Wilmington, IL 60481

9. PLANT EQUIPMENT PACKAGE *(PEP No. and use)*

a. PROPERTY *(Type or Account)*	b. BALANCE START OF PERIOD (1) ACQUISITION COST *(in dollars)*	b. BALANCE START OF PERIOD (2) QUANTITY *(in units or acres)*	c. ADDITIONS *(in dollars)*	d. DELETIONS *(in dollars)*	e. BALANCE END OF PERIOD (1) ACQUISITION COST *(in dollars)*	e. BALANCE END OF PERIOD (2) QUANTITY *(in units or acres)*
10. LAND						
11. OTHER REAL PROPERTY						
12. OTHER PLANT EQUIPMENT	2,119,176	412	170,022	2,000,425	288,773	594
13. INDUSTRIAL PLANT EQUIPMENT						
14. SPECIAL TEST EQUIPMENT						
15. SPECIAL TOOLING *(Government Title Only)*						
16. MILITARY PROPERTY *(Agency-Peculiar)*						
17. GOVERNMENT MATERIAL *(Government-Furnished)*						
18. GOVERNMENT MATERIAL *(Contractor-Acquired)*	3,809				23,992	

19. CONTRACTOR REPRESENTATIVE		
a. TYPED NAME *(Last, First, Middle Initial)*	b. SIGNATURE	c. DATE SIGNED *(YYYYMMDD)*
Van Buren, Rick, C.	Rick C. Van Buren	20001025

20. DOD PROPERTY REPRESENTATIVE		
a. TYPED NAME *(Last, First, Middle Initial)*	c. SIGNATURE	d. DATE SIGNED *(YYYYMMDD)*
DeVore, Ron		
b. TELEPHONE NUMBERS *(Commercial and DSN)*		
(502) 315-6626		

9

TRANSFER AND ACCEPTANCE OF MILITARY PROPERTY

OMB No. 0704-0188

PAGE 1 OF 1 PAGES

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503.

1. FROM (Installation/Activity/Service and Zip code)	2. OPERATING UNIT	3. DISTRICT CODE	4. OPERATING AGENCY	5. DATE	6. JOB NUMBER	7. SERIAL NUMBER	8. CONTRACT NUMBER
U.S. Army Corps of Engineers, Louisville District P.O. Box 59 Louisville, KY 40201-0059							DACW27-97-D-0015

9. TO (Installation/Activity/Service and Zip code)	10. OPERATING UNIT	11. DISTRICT CODE	12. OPERATING AGENCY	13. ACCOUNTING NUMBER	14. ACCOUNTABLE OFFICE NUMBER	15. TYPE OF TRANSACTION		16. PROJECT NUMBER
Kinross Charter Township P.O. Box 175 Kinross, MI 49752						A. [X] NEW CONSTR. [ ] EXISTING FAC. [ ] CAPITAL IMP. [ ] OTHER (Specify)	B. [ ] BIRFD [ ] PHYSICAL COM. [X] FINAN. COM. [ ] OTHER (Specify)	

ITEM NO. 17	CATEGORY CODE 18	FACILITY (Category description) 19	NO. OF UNITS 20	TYPE 21	UNIT OF MEAS. 22	TOTAL QUANTITY 23	COST 24	DRAWING NUMBERS 25	REMARKS 26
		Municipal well house and water supply wells							
1	N/A	Remedial Design Cost	1		JOB	1	$214,965.00		
2	N/A	Remedial Action Cost					$3,037,906.55		
3	N/A	Total Project Cost					$3,252,871.55		

27. STATEMENT OF COMPLETION: The facilities listed hereon are in accordance with maps, drawings, and specifications and change orders approved by the authorized representative of the using agency except for the deficiencies listed on the reverse side.

TRANSFERRED BY (Signature): Gary L. Chisholm

TITLE (Area Engr/Base Engr/AF PWO): GARY L. CHISHOLM, P.E., Project Manager

DATE: 5/16/01

28. ACCEPTED BY (Signature): Lawrence J. Palma

TITLE (Area Engr/Base Civ. Engr/Navy Rep): Township Supervisor

DATE: 5/21/01

29. PROPERTY VOUCHER NUMBER: NA

DD FORM 1354, FEB 00 — Previous editions are obsolete. — UNAPPROVED

TO 0006 of 008

R. Pavlik (Gov)
FILE 135000.010201

Enclosure #2

Contract No. DACW27-97-D-0015

15

ENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES 1 3

ENDMENT/MODIFICATION NO. 000110	3. EFFECTIVE DATE 11/18/98	4. REQUISITION/PURCHASE REQ. NO. W22W9K-8320-7200	5. PROJECT NO. (If applicable)

JED BY CODE W22W9K

U.S.ARMY CORPS OF ENGINEERS

600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230
B. J. Durrett C04(502) 582-6796

7. ADMINISTERED BY (If other than Item 6) CODE bjd6796

U. S. ARMY CORPS OF ENGINEERS
ATTN: CELRL-CT-C (B. J. DURRETT)
600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Vendor ID: 00011263

MONTGOMERY WATSON AMERICAS INC

2100 CORPORATE DRIVE
ADDISON IL 60101

CODE 09CT3 FACILITY CODE

(X) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

X 10A. MODIFICATION OF CONTRACT/ORDER NO. DACW27-97-D-0015 0001

10B. DATED (SEE ITEM 13) 06/20/97

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
97 - as indicated herein

Mod Obligated Amount US $3,561,523.00
EFT: T

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

X Changes

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

RECORD COPY

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Task Order #0001, Perform Environmental Restoration at Savanna Army Depot Activity, Illinois, is modified as follows:

a. Additional funding in the amount of $3,561,523.00 is provided for the following tasks:

OLD BURN GROUND

The remaining estimated costs amount of $431,523.00 needed to fully

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Montgomery Watson
Philip L. Hall TERC Program Manager

CONTRACTOR/OFFEROR

(Signature of person authorized to sign)

15C. DATE SIGNED 12/3/98

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Joseph L. Theobald K02

16B. UNITED STATES OF AMERICA BY

(Signature of Contracting Officer)

16C. DATE SIGNED 20 Nov 98

STANDARD FORM 30 (REV. 10-83)

fund the contractor's proposal dated September 10, 1998 in the amount of $2,225,310.00 (reference mod #07) for the Soil Stockpile Removal Action, is hereby provided.

$215,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for the remaining ecological risk assessment work including draft and final risk analysis plan, sampling and analysis plan, technical memorandum, ecological risk assessment, and appropriate meetings and field investigations.

PESTICIDE DISPOSAL

$2,700,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for tasks in accordance with the attached draft scope of work dated 05 November 1998. Site 89

RUBBLE PILE

$85,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for tasks in accordance with the attached draft scope of work dated 09 November 1998. Site 61

CL AREA

$130,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for document review and development of detailed scope of work and cost proposal for tasks for the CL Area as directed by the Contracting Officer Representatives.

b. This modification results in the total amount for task order #0001 being $6,824,931.00 ($6,614,204.00 in estimated costs with $210,727.00 fee).

NOTE: The estimated costs includes the $40,000.00 Notice to Proceeds listed in paragraph a and also a $5,000.00 Notice to Proceed issued in modification #08 for Site 75, Army Reserve Motor Pool. Each of these proposals, after receipt by the government, will be negotiated for estimated costs with appropriate fixed fee. The cost proposal format and schedule will be as directed by COR's Gary Meden or Don Peterson.

c. This modification is effective the date of the Contracting Officer's signature.

//Finance & Accounting Classification Data//
97 NA X 0510.40E1 H2 1999 08 8041 61356R16000 33017 3200 002SVB =
$431,523.00 (affects WAD 19)

97 NA X 0510.40E1 H2 1999 08 8041 61356R16000 33017 252G 002STN =
$215,000.00 (affects WADS 1, 2, 7 and 8)

97 NA X 0510.40E1 H2 1999 08 8041 61359R52000 33017 252G 002SS9 =
$2,700,000.00 (affects new WADS 121 & 122)

97 NA X 0510.40E1 H2 1999 08 8041 61359R55000 33017 252G 002STM =
$130,000.00 (affects new WADS 133 & 134)

97 NA X 0510.40E1 H2 1999 08 8041 61359R57000 33017 252G 002SSC =
$85,000.00 (affects new WADS 131 and 132)

WAD funding is subject to movement between WADs at later dates as deemed necessary by the Contracting Officer Representatives.

1. Pesticide Disposal Site (Site 89) Background. In the summer of 1952, approximately 836 tons of dinitro-ortho-cresol (DNOC) was buried at the northern end of Savanna Army Depot. In 1997, SAIC conducted sampling and other invesstigatory work at the pesticide burial area as part of the post Remedial Investigation. This investigation included geophysical investigations, surface water sampling, sediment sampling, surface soil sampling, subsurface soil sampling, monitoring well installation, groundwater sampling, stream gauge installation, land surveying, and laboratory analysis. The field effort at site 89 was designed to establish the horizontal and vertical boundaries of the trench in which DNOC disposal occurred and to evaluate the occurrence of DNOC in soils, groundwater, surface water, and sediment. Because of its proximity to a former range fan, all intrusive sampling at Site 89 was cleared by an UXO contractor, ATI. A geophysical survey was conducted, but it did not clearly delineate the extent of the DNOC. Forty-three Geoprobe borings were made to aid in the delineation of the trench boundaries. The trench was determined to be approximately 400 feet long and 25 feet wide. The top of the waste layer ranged from 4 to 8 feet BLS, and bedrock was encountered between 8 feet and 18 feet BLS. Eight soil borings were completed outside the disposal trench. Groundwater was not found in any of the Geoprobe borings. All soil samples were analyzed for DNOC and all bu two for VOCs. Some samples were analyzed for pH. Four monitoring wells were installed to determine whether DNOC was present in the groundwater. One round of groundwater samples was collected. All groundwater samples were analyzed for VOCs, SVOCs, PCP, PAHs, and anions. Analysis for DNOC was included in the SVOC analysis. A second round of water sampling occurred as a result of one "hit." Results of the second round are not yet available.

Results of the surface soil analysis showed that all detectable values (25 to 120 ug/kg were well below the PRG screening value of 7,800 ug/kg. Twenty-two subsurface soil samples from 10 boring locations were obtained in the vicinity of the disposal pit. DNOC was not detected in subsurface soil beyond the trench boundaries. Within the pit boundaries, concentrations were found up to 4,800,000 ug/kg. One groundwater sample was found to have a DNOC concentration of 14ug/kg which is above the screening level (3.7 ug/kg). The surface water analyses (samples taken from the ditch/stream that flows along the northern and western sides of the area) showed several compounds above TACO and PRG screening levels, but the subsances are unrelated to DNOC.

2. **Project Scope**: Develop an Engineering Evaluation and Cost Analysis (EE/CA) and Action Memorandum for Remediation/Disposal of the Pesticide Disposal area. The EE/CA shall follow the format typical of current environmental engineering practice. It shall include a site description, giving the location, surrounding land use (past and current), hydrology, and nature of contamination. Operational history and regulatory background shall be presented in the EE/CA. It shall include presentation of available analytical data and an evaluation of the quality of that data.

Examine all reasonable, feasible, alternatives. Evaluate the effectiveness of each alternative. Address protection of workers and risks associated with alternatives. Provide the availability of necessary equipment, materials, personnel, and disposal capacity, as appropriate.

5 November 1998

LOUISVILLE DISTRICT
CORPS OF ENGINEERS

Scope of Services (Draft)
Pesticide Disposal Area Removal Action EE/CA/Action Memo
Savanna Army Depot Activity (SVDA)
Savanna, IL
Contract No. DACW27-97-D-0015
Task Order No. 0001
(Tentative) Mod 111

Provide information on ability to implement each alternative, including compliance with action-specific ARARs *(RCRA)*, the ability to meet process efficiencies or performance goals, the demonstrated performance of the alternatives, and the contribution to the long-term remedy for the site.

Provide the total cost (Present Value) of each alternative.

Provide the estimated schedule (number of days to complete) for each alternative. Include effects of weather as appropriate.

Provide qualitative strengths and weaknesses of each alternative in a matrix form.

Provide the EE/CA Action Memorandum. After the draft EE/CA has been available for public comment for 30 days, prepare a draft Action Memorandum. Appropriate officials shall sign the Action Memorandum. Provide distribution of the signed memorandum.

3. This work will be executed under a single WAD with a corresponding fee WAD. Work breakdown structure and project schedule must, as a minimum, address development of the draft EE/CA, preparation of the final EE/CA, review and meeting(s) (including 30 day public comment period), and preparation of the draft and final versions of the action memo). If site visits are necessary, prior coordination must be made with USACE COR, and all installation safety and security procedures must be followed per original Task Order #1 Scope of Work.

4. Work progress, reporting, and invoicing will be unchanged from the current practices on TERC Task Order #1.

5. A proposal for the removal action (including cost estimate) will be requested once a reasonable approach is determined for the removal.

Louisville District
U. S. Army Corps of Engineers
Scope of Work
Site 61 - Open Rubble Pile

Date: 9 November 1998

Subject: Mod# 110 (tentative) to Contract No. DACAW27-97-D-0015 Task Order No. 0001 at Savanna Army Depot Activity, Savanna, Illinois.

The purpose of this project is to remove concrete and asphalt debris at Site 61, Rubble Pile Area, Savanna Army Depot Activity, Savanna, Illinois.

Site 61 - Rubble Pile Area Background: The Savanna Army Depot Activity (SVDA) is located about 12 miles north of Savanna, Illinois, in Jo Daviess and Carroll Counties. The installation was used as a proof and test facility for artillery guns and ammunition. The Rubble Pile at Site 61 is located at the southern end of the facility, southwest of the heliport off the CN Road. It has been used to stockpile asphalt and concrete rubble from demolished structures. Site 61 did not receive hazardous waste or constituents. There is no need for remediation at this site, only removal of the debris.

Project Scope: Develop a proposal including scope, schedule, Work Breakdown Structure (WBS), and cost estimate for developing a Work Plan, Site Safety and Health Plan (SSHP), and performing removal of the rubble pile. Develop the Work Plan, incorporate comments, and finalize. Develop a SSHP, incorporate comments, and finalize. Remove rubble in accordance with the Work Plan and SSHP.

Execution of Work: This work will be executed under a single Work Authorization Document, WAD 131, with a corresponding fee WAD 132. Project management can be a new WAD or part of WAD 1. The work will be divided into the following WBS's and their corresponding Work Breakdown Elements (WBE):

- WBS 1 - Scoping, Proposal, Negotiations
- WBS 2 - Design
  - WBE 2.1 - Work Plan Development
  - WBE 2.2 - Health and Safety Plan
- WBS 3 - Removal Action
  - WBE 3.1 - Construction
  - WBE 3.2 - Confirmatory Sampling
  - WBE 3.3 - Closure Report

1. Scoping, Proposal, Negotiations: The project is to include one site visit. Negotiations should take one day based on the descriptions below.

2. Design: Prior to initiation of work, the contractor will prepare a Work Plan and a Site Safety and Health Plan.

3. Removal Action: Construction will consist of hauling approximately 14,000 cy (based on 200 ft. by 300 ft area about 6 ft. high) of construction debris and disposing of debris in a landfill. Confirmatory sampling will consist of visual on site observations and walk over inspections. Approval will be made by ACOE and IOC. The Closure Report will be a narrative describing site activities, and include disposal manifests, and photo documentation.

DD350 INDIVIDUAL CONTRACTING ACTION REPORT Page: 1
CONTRACT NO. DACW27-97-D-0015 DATE: 981119

1. Entry Type: 0 A3. Contract Office: ca27
Report No.: 0319 A4. Name: USAED, LOUISVILLE
A. PIIN: DACW2797D0015 B1B. Origin of Contract Number: A
B2. Mod/Order/Other ID: 000110
B3. Action Date: 19981118 B4. Completion Date: 19990701
B5A. Contractor Code: 045232204 B5B. Govt Agency: n B5C. Cage: 09CT3
B5D. Name: MONTGOMERY WATSON AMERICAS INC
Division:
B5E. Address: 2100 CORPORATE DRIVE
City: ADDISON St: IL Zip: 60101
B5F. Tax ID: 951878805 B5G. Parent Tax ID: 954378311
B5H. Parent Name: Montgomery Watson Inc.
B6A. City/Place Code: 67847 B6B. State or Country Code: 17
B6C. Name of City/State/Country: Savanna Army Depot, IL
B7. Type Obligation: 1 B8. Amount: 3561523
B9. Foreign Military Sale: N
B10. Multi Year Contract: N
B11. Total Multi-Year Value: 0
B12A. FSC: F999
B12B. DOD Claimant Prog. No.: s10
B12C. System or Equipment Code: ZOP
B12D. SIC Code: 8744
B12E. Name Description: Savanna Remedial Svc
B13A. Contract/Order: 5 B14. CICA Applicability: b
13B. IDC Contract Type: b
B13C. IDC Award Type: s
D. Modification: b
Synopsis Code: a
C2. Reason Not Synopsized:
C3. Extent Competed: a
C4. Sea Transportation: n
C5. Type of Contract: u
C6. Number of Offerors Solicited: 2
C7. Number of Offers Received: 002
C8. Solicitation Procedures: b
C9. Auth/Other than Full & Open:
C10. Subject/Labor Standards Stat: c
C11. Cert/Current Cost or Pricing: y
C12. Contract Financing (PP and AP): z
C13A. Place of Manufacture:
C13B. Country of Origin Code:
C14. Commercial Items: n
D1. Type of Business: c E1. (reserved)
D2. Reason not awarded to SDB: a E2. (reserved)
D3. Reason not awarded to Sm Bus: c E3. (reserved)
D4A. Type of SB - Set Aside: a E4. Contingency Operation:
D4B. Type of SDB Set Aside-SDB Pref: a
D4C. Black or minority institution: a
4E. Premium Percent: E8. Other:
Ethnic Code: F1. Contracting Officer: k02
6. Woman-Owned Business: n Name: Joseph L. Theobald
SBIR Program: a F2.
Subcontr Plan - Small and SDB: c ----------
D9. Demonstration Test Program: n Signature
D10. Size of Business: F3. Phone: (502) 582-5591
D11. Emerging Small Business: F4. DATE: 19981119

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207174	DATE 16Nov1998	PAGE 0001

Purchasing and Contracting Officer	THRU: CONTRACTS BRANCH	FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

CHASED FOR ENVIRONMENTAL REMEDIATION SEC	DELIVERED TO SEE LINE ITEM BELOW	NOT LATER THAN (DATE) SEE LINE ITEM BELOW

e supplies and services listed below cannot be secured through normal channels or other ny supply sources in the immediate vicinity, and their procurement will not violate existing gulations pertaining to local purchases for stock, therefore, local procurement is necessary the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION
GARY MEDEN

TELEPHONE NUMBER

LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

EM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
001	SAVANNA IL OBG ECO RISK ASSESSMNT RD (TERC)	0	LS	$.000	$215,000.00
DATE TO TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08 GARY MEDEN		8041	61356R16000	33017 252G 002STN (502)582-5321

FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW

$215,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

ED NAME AND GRADE OF CIATING OFFICER MEDEN	SIGNATURE /S/GARY MEDEN	DATE 16Nov1998
EPHONE NO.		
ED NAME AND GRADE OF PLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

ORM 3953, MAR 91

BJ CO

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207204	DATE 16Nov1998	PAGE 0001

Purchasing and Contracting Officer	THRU: CONTRACTS BRANCH	FROM: FT CAMPBELL AREA OFFICE

It is requested that the supplies and services enumerated below or on attached list be:

CHASED FOR FT CAMPBELL AREA OFFICE	DELIVERED TO SEE LINE ITEM BELOW	NOT LATER THAN (DATE) SEE LINE ITEM BELOW

e supplies and services listed below cannot be secured through normal channels or other my supply sources in the immediate vicinity, and their procurement will not violate existing gulations pertaining to local purchases for stock, therefore, local procurement is necessary r the following reason: (Check appropriate box and complete item)

LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

TEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
001	SAVANNA IL OBG RA DOLLARS (TERC)	0	LS	$.000	$431,523.00
DATE	16Nov1998 97 NA X 0510.40E1 HZ 1999 08	8041	61356R16000		33017 3200 002SVB
P TO TO	DONALD PETERSON				(309)782-2198

FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

ED NAME AND GRADE OF TIATING OFFICER ALD STACK	SIGNATURE /S/DONALD STACK	DATE 16Nov1998	TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
EPHONE NO.					
ED NAME AND GRADE OF PLY OFFICER	SIGNATURE	DATE	DONALD STACK BUDGET ANALYST	/S/DONALD STACK	17Nov1998

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN

TELEPHONE NUMBER:

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW $466,044.84

RECEIVED NOV 18 1998 OH/MI TEAM

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

ORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207172	DATE 16Nov1998	PAGE 0001
Purchasing and Contracting Officer	THRU: CONTRACTS BRANCH	FROM: ENVIRONMENTAL REMEDIATION SEC		

It is requested that the supplies and services enumerated below or on attached list be:

CHASED FOR ENVIRONMENTAL REMEDIATION SEC	DELIVERED TO SEE LINE ITEM BELOW	NOT LATER THAN (DATE) SEE LINE ITEM BELOW

e supplies and services listed below cannot be secured through normal channels or other ny supply sources in the immediate vicinity, and their procurement will not violate existing gulations pertaining to local purchases for stock, therefore, local procurement is necessary r the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION GARY MEDEN	TELEPHONE NUMBER

LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

TEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
001	SAVANNA IL RUBBLE PILE RD (TERC)	0	LS	$.000	$85,000.00
DATE P TO TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08 8041 61359R57000 33017 252G 002SSC GARY MEDEN (502)582-5321				

FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW

$85,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	16Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

ED NAME AND GRADE OF CIATING OFFICER ALD STACK	SIGNATURE /S/DONALD STACK	DATE 16Nov1998
EPHONE NO.		
ED NAME AND GRADE OF PLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

ORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT
For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY

PURCHASE INSTRUMENT NO.

REQUISITION NO. W22W9K83207158 | DATE 16Nov1998 | PAGE 0001

Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

CHASED FOR ENVIRONMENTAL REMEDIATION SEC | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

e supplies and services listed below cannot be secured through normal channels or other ny supply sources in the immediate vicinity, and their procurement will not violate existing gulations pertaining to local purchases for stock, therefore, local procurement is necessary r the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN

TELEPHONE NUMBER

LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

TEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
001	SAVANNA IL CL AREA SITES RD (TERC)	0	LS	$.000	$130,000.00
DATE P TO TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08 8041 61359R55000 33017 252G 002STM				
	GARY MEDEN (502)582-5321				

7446

FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW $130,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	16Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES. YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

ED NAME AND GRADE OF TIATING OFFICER Y MEDEN	SIGNATURE /S/GARY MEDEN	DATE 16Nov1998
EPHONE NO.		
ED NAME AND GRADE OF PLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

ORM 3953, MAR 91

BJ

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207200	DATE 16Nov1998	PAGE 0001

D: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: FT CAMPBELL AREA OFFICE

It is requested that the supplies and services enumerated below or on attached list be:

URCHASED FOR FT CAMPBELL AREA OFFICE | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

	LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL PESTICIDE DISPOSAL RA (TERC)	0	LS	$.000	$2,300,000.00
L DATE IP TO L TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08 8041 61359R52000 33017 3200 002SS9 DONALD PETERSON (309)782-2198				

E FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

PED NAME AND GRADE OF TIATING OFFICER NALD STACK	SIGNATURE /S/DONALD STACK	DATE 16Nov1998
EPHONE NO.		
PED NAME AND GRADE OF PPLY OFFICER	SIGNATURE	DATE

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN | TELEPHONE NUMBER

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

RECEIVED NOV 18 1998 OH/MI TEAM

SEE LINE ITEM BELOW $2,484,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	17Nov1998

ORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207183	DATE 16Nov1998	PAGE 0001

Purchasing and Contracting Officer	THRU: CONTRACTS BRANCH	FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

CHASED FOR ENVIRONMENTAL REMEDIATION SEC	DELIVERED TO SEE LINE ITEM BELOW	NOT LATER THAN (DATE) SEE LINE ITEM BELOW

e supplies and services listed below cannot be secured through normal channels or other my supply sources in the immediate vicinity, and their procurement will not violate existing gulations pertaining to local purchases for stock, therefore, local procurement is necessary r the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION GARY MEDEN	TELEPHONE NUMBER

	LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

TEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
001	SAVANNA IL PESTICIDE DISPOSAL RD (TERC)	0	LS	$.000	$400,000.00
DATE	16Nov1998 97 NA X 0510.40E1 H2 1999 08 8041 61359R52000				33017 252G 002SS9
P TO TO	GARY MEDEN				(502)582-5321

FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW

$400,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

ED NAME AND GRADE OF TIATING OFFICER ALD STACK	SIGNATURE /S/DONALD STACK	DATE 16Nov1998
EPHONE NO.		
ED NAME AND GRADE OF PLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

ORM 3953, MAR 91

15

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES 1 2

MENDMENT/MODIFICATION NO. 000117

3. EFFECTIVE DATE 09/27/99

4. REQUISITION/PURCHASE REQ. NO. W22W9K-9266-4471

5. PROJECT NO. (If applicable)

UED BY CODE W22W9K

U.S.ARMY CORPS OF ENGINEERS

600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230
B. J. Durrett C04(502) 582-6796

7. ADMINISTERED BY (If other than Item 6) CODE bjd6796

U. S. ARMY CORPS OF ENGINEERS
ATTN: CELRL-CT-C (B. J. DURRETT)
600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Vendor ID: 00011263

MONTGOMERY WATSON

9401 WILLIAMSBURG PLAZA SUITE 101
LOUISVILLE KY 40222

CODE 1k8s2 FACILITY CODE

(X) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

X 10A. MODIFICATION OF CONTRACT/ORDER NO. DACW27-97-D-0015 0001

10B. DATED (SEE ITEM 13) 06/20/97

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

CCOUNTING AND APPROPRIATION DATA (If required)

97X051040E1 088041 3200002SS961359R52000 NA 33017 Mod Obligated Amount US $66,388.89 EFT: T

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X) X A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
Changes Clause

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

RECORD COPY

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Task Order #0001, Perform Environmental Restoration at Savanna Army Depot Activity, Illinois, is modified as follows:

a. Reference modifications #10 and #12; modification #10 placed $2,700,000.00 and gave the contractor a notice to proceed to develop scope of work and cost proposal regarding pesticide disposal. Modification #12 identified acceptance of design proposal for the pesticide disposal for the amount of $93,635.00. The remaining $2,606,365.00 would be applied for the

as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

AME AND TITLE OF SIGNER (Type or print) Ralph L. Hall Tech Program Mgr

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Joseph L. Theobald K02

. CONTRACTOR/OFFEROR (Signature of person authorized to sign)

15C. DATE SIGNED 10/4/99

16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)

16C. DATE SIGNED 27 Sep 99

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA

remediation action of the pesticide disposal as directed by the government at a later date.

b. The contractor is hereby provided additional funding in the amount of $66,388.89, resulting in a total of $2,672,753.89, for the pesticide disposal remediation action. The government will advise the contractor how to apply these funds at a later date.

c. The total for task order #0001 is $8,511,307.89 as follows:

$830,000.00 for CL Area under modifications #10 and #16. The proposal has not been received and negotiated to determine estimated costs and appropriate fee.

$105,000.00 Old Burn Ground Ecological Risk Assessment in modification #16. The proposal has not been received and negotiated to determine the estimated costs and appropriate fee.

$192,441.00 for additional soil sampling sites and lab analysis in modification #15. The proposal has not been received and negotiated to determine the estimated costs and appropriate fee.

$2,672,753.89 for pesticide disposal. The proposal has not been received and negotiated for the RA to determine the estimated costs and appropriate fee.

$291,292.00 fee

$4,419,821.00 estimated costs

d. This modification is effective the date of the Contracting Officer's signature.

//FINANCE & ACCOUNTING DATA//
Funds Expire September 2003
WAD 121
must be expended by September 2008

C

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
104 ARMY PENTAGON
WASHINGTON, DC 20310-0104

REPLY TO
ATTENTION OF

Suspense: 11 March 2005
15 February 2005

MEMORANDUM FOR United States Army Corps of Engineers, Headquarters, Office of the Chief Counsel, Mr. Earl Stockdale, 441 G Street, N.W., Washington, D.C. 20314

SUBJECT: Whistleblower Investigation—Great Lakes and Ohio River Division, Louisville District (OSC File No. DI-03-0750)

Enclosed for your action is an 8 February 2005 letter from the Office of Special Counsel (OSC), requesting an investigation of the noted allegations and a report pursuant to 5 U.S.C.1213(c)(1) and (g). The Special Counsel has concluded that there is substantial likelihood that information provided by Ms. Christy Watts, the former GS-14 Contracting Division Chief of the United States Army Corps of Engineers (USACE) at its Great Lakes and Ohio River Division, Louisville District, discloses violations of law, rule or regulation in connection with numerous federal contracts and services.

According to the OSC's correspondence, Ms. Watts made eleven disclosures that the District violated federal contracting laws, rules and regulations when the District's contracting personnel routinely disregarded applicable federal contracting laws, rules and regulations, including the Federal Acquisition Regulation (FAR), Engineering FAR Supplement (EFARS), Department of Defense FAR Supplement (DFARS), Competition in Contracting Act (CICA) (10 U.S.C. section 2304), and the Brooks Act (40 U.S.C. section 541 et seq.). She brought these concerns to the attention of Colonel Robert A. Rowlette, Louisville District Commander and Engineer, who allegedly took no action. The specifics for each of the allegations are contained in Enclosure 1.

A final response describing any actions taken to address the allegations should be prepared for the signature of the Assistant Secretary of the Army (Manpower and Reserve Affairs) (ASA (M&RA)) who has been delegated the authority by the Secretary of the Army to review, sign and submit written reports of investigations of information and related matters transmitted to the Department of the Army by the Special Counsel, in accordance with Title 5, United States Code, sections 1213(c), (d) and (g). The final response should be submitted to this office AS SOON AS POSSIBLE BUT NOT LATER THAN 11 March 2005.

The Army's response will be available to the public. Therefore, our response and any supporting investigative report should be prepared in a manner intended to facilitate public understanding of the allegations and Army's response thereto. The requirements specified in 5 U.S.C. 1213(d) (copy enclosed) may be used as a guideline and should include findings, conclusions and corrective action. In all cases, please furnish for our

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review all backup materials supporting the proposed response that will be used to prepare the official response for the Secretary of the Army.

If necessary, I will seek an extension of the date for our reply to the Special Counsel. As soon as it becomes apparent that more time will be needed, you should forward to me an interim response requesting the extension and indicating the reasons for the request and the date by which the Special Counsel can expect to receive your final response.

Cassandra Tsintolas Johnson

CASSANDRA TSINTOLAS JOHNSON
Associate Deputy General Counsel
(Human Resources)

Enclosure

CF: DAJA-LE, Ms. Diane Nugent
DA IG, COL Bob Faille
DACS-ZDV-HR, Ms. Lolita Myers

D

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
104 ARMY PENTAGON
WASHINGTON, DC 20310-0104

REPLY TO
ATTENTION OF

7 April 2005

Ms. Catherine A. McMullen
Chief, Disclosure Unit
U.S. Office of Special Counsel
1730 M Street, N.W., Suite 300
Washington, D.C. 20036-4505

Re: Great Lakes and Ohio River Division,
Louisville District (OSC File No. DI-03-0750)

Dear Ms. McMullen:

This letter is a request that you grant an extension of time to file the Department of the Army's report required by 5 USC §1213 for the above captioned Office of Special Counsel (OSC) case where the Special Counsel concluded that there is substantial likelihood that information provided by Ms. Christy Watts, the former GS-14 Contracting Division Chief of the United States Army Corps of Engineers (USACE) at its Great Lakes and Ohio River Division, Louisville District, discloses violations of law, rule or regulation in connection with numerous federal contracts and services. According to the OSC's correspondence, Ms. Watts made eleven disclosures that the District violated federal contracting laws, rules and regulations when the District's contracting personnel routinely disregarded applicable federal contracting laws, rules and regulations.

On 30 March 2005, the USACE Office of the Chief Counsel forwarded its report to the Office of the Army General Counsel for review and further processing. (Enclosure 1). In order to properly complete the staffing of this report, it is necessary to request an extension of time to review the draft report and prepare the final report for the OSC in satisfaction of the 5 USC §1213 requirements. Just within the OGC office, there are three practice groups that must review the subject report. Therefore, I am requesting that you grant an extension so that the Department of the Army can complete its review of the report prepared by the USACE, ensure that all allegations were addressed in a thorough and complete manner, and then forward the required 5 USC §1213 report to the OSC.

Should you grant this extension, please advise me as to length of the extension. Within that allotted time, I will either provide you another status update on this pending action or

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be able to submit the final Department of the Army report to the Special Counsel.

I appreciate your assistance in considering the extension request. To advise me if this extension will be granted, you can reach me at 703-614-3500.

Cassandra Tsintolas Johnson

CASSANDRA TSINTOLAS JOHNSON
Associate Deputy General Counsel
(Human Resources)

Enclosure

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

REPLY TO
ATTENTION OF:

Office of the Chief Counsel

Cassandra Tsintolas Johnson
Associate Deputy General Counsel (Human Resources)
Office of the Army General Counsel
104 Army Pentagon
Room 3C546
Washington, DC 20310-0104

30 March 2005

Re: Report, Office of Special Counsel, File No. DI-03-0750

Dear Ms. Johnson:

Enclosed are the final Corps of Engineers report and supporting attachments prepared by the Louisville District Office of Counsel in response to the Office of Special Counsel's inquiry into allegations made by Ms. Christy Watts. The report has been reviewed by the Office of Counsel, Great Lakes & Ohio River Division, and by the Office of the Chief Counsel in Headquarters, U.S. Army Corps of Engineers. For your convenience, three disks containing the electronic versions of the attachments are included.

Sincerely,

EARL H. STOCKDALE
Chief Counsel

E

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

6 June 2005

Cassandra Tsintolas Johnson
Associate Deputy General Counsel (Human Resources)
Office of the Army General Counsel
104 Army Pentagon
Room 3C546
Washington, DC 20310-0104

Re: Report, Office of Special Counsel, File No. DI-03-0750

Dear Ms. Johnson:

Enclosed are the final Corps of Engineers report and supporting attachments prepared by the Louisville District Office of Counsel in response to the Office of Special Counsel's inquiry into allegations made by Ms. Christy Watts. The report has been reviewed by the Office of Counsel, Great Lakes & Ohio River Division, and by the Office of the Chief Counsel in Headquarters, U.S. Army Corps of Engineers. The report reflects refinements in response to questions raised by your office in response to our earlier submittal dated 30 March 2005. The matters contained in this report have been coordinated with the command group in this Headquarters. For your convenience, three disks containing the electronic versions of the attachments are included.

Sincerely,

EARL H. STOCKDALE
Chief Counsel

A

SECRETARY OF THE ARMY
WASHINGTON

29 JAN 2005

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (MANPOWER AND RESERVE AFFAIRS)

SUBJECT: Delegation of Authority Under Title 5, Sections 1213 (c) and (d)

In accordance with Title 10, United States Code, section 3013(f), I hereby delegate to you certain authority conferred upon me as agency head under Title 5, United States Code, section 1213. Specifically you are authorized to review, sign and submit written reports of investigations of information and related matters transmitted to the Department of the Army by The Special Counsel, in accordance with Title 5, United States Code, sections 1213(c) and (d). The authority delegated herein may not be further subdelegated.

This delegation shall remain in effect for three years from the date of the execution, unless earlier rescinded in writing by me.

Francis J. Harvey

CF:
Acting General Counsel

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B

U.S. OFFICE OF SPECIAL COUNSEL
1730 M Street, N.W., Suite 300
Washington, D.C. 20036-4505

www.osc.gov

The Special Counsel

February 8, 2005

The Honorable Francis J. Harvey
Secretary of the Army
101 Army Pentagon
Washington, D.C. 20310-0101

Re: OSC File No. DI-03-0750

Dear Mr. Secretary:

Under my responsibilities as Special Counsel, I am referring to you a whistleblower disclosure that the U.S. Army Corps of Engineers (USACE) has violated federal contracting laws, rules, and regulations.

The U.S. Office of Special Counsel (OSC) is authorized by law to receive disclosures of information from federal employees alleging violations of law, rule, or regulation, gross mismanagement, gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety. 5 U.S.C. § 1213(a) and (b). As Special Counsel, if I find, on the basis of the information disclosed, that there is a substantial likelihood that one of these conditions exists, I am required to advise the appropriate agency head of my findings, and the agency head is required to conduct an investigation of the allegations and prepare a report. 5 U.S.C. § 1213(c) and (g). As mentioned, OSC has received a disclosure alleging violations of federal contracting law, rule, or regulation.

More specifically, Christy Watts, the former GS-14 Contracting Division Chief at USACE's Great Lakes and Ohio River Division, Louisville District ("District"), made eleven disclosures that the District violated federal contracting laws, rules, and regulations in connection with numerous federal contracts. Ms. Watts's allegations are described in greater detail in the attached report.

I have concluded that there is a substantial likelihood that the information Ms. Watts provided to OSC discloses violations of law, rule, or regulation. Accordingly, I am referring this information to you for an investigation of Ms. Watts's allegations and a report of your findings within 60 days of your receipt of this letter. By law, the report must be reviewed and signed by you personally. Should you delegate your authority to review and sign the report to the Inspector General, or any other official, the delegation must be specifically stated and must include the authority to take the actions necessary under 5 U.S.C. § 1213(d)(5). Without this information, I would hasten to add that the report may be found deficient. The requirements of the report are set forth at 5 U.S.C. § 1213(c) and (d). A summary of § 1213(d) is enclosed.

50201730

Enclosure 1

In the event it is not possible to report on the matter within the 60-day time limit under the statute, you may request in writing an extension of time not to exceed 60 days. Please be advised that an extension of time is normally not granted automatically, but only upon a showing of good cause. Accordingly, in the written request for an extension of time, please state specifically the reasons the additional time is needed.

After making the determinations required by 5 U.S.C. § 1213(e)(2), copies of the report, along with any comments on the report from the person making the disclosure and any comments or recommendations by this office will be sent to the President and the appropriate oversight committees in the Senate and House of Representatives owing to the requirements set forth in 5 U.S.C. § 1213(e)(3).

Unless classified or prohibited from release by law, a copy of the report and any comments will be placed in a public file in accordance with 5 U.S.C. § 1219(a).

Please refer to our file number in any correspondence on this matter. If you need further information, please contact Catherine A. McMullen, Chief, Disclosure Unit, at (202) 254-3604. I am also available for any questions you may have.

Sincerely,

Scott J. Bloch

Enclosures

Enclosure

Requirements of 5 U.S.C. § 1213(d)

Any report required under subsection (c) shall be reviewed and signed by the head of the agency[1] and shall include:

(1) a summary of the information with respect to which the investigation was initiated;

(2) a description of the conduct of the investigation;

(3) a summary of any evidence obtained from the investigation;

(4) a listing of any violation or apparent violation of law, rule or regulation; and

(5) a description of any action taken or planned as a result of the investigation, such as:

(A) changes in agency rules, regulations or practices;

(B) the restoration of any aggrieved employee;

(C) disciplinary action against any employee; and

(D) referral to the Attorney General of any evidence of criminal violation.

In addition, we are interested in learning of any dollar savings, or projected savings, and any management initiatives that may result from this review.

[1] Should you decide to delegate authority to another official to review and sign the report, your delegation must be specifically stated.

U.S. OFFICE OF SPECIAL COUNSEL
1730 M Street, N.W., Suite 218
Washington, D.C. 20036-4505
202-254-3600

REPORT OF DISCLOSURES REFERRED FOR INVESTIGATION
OSC FILE NO. DI-03-0750

I. SUMMARY

Christy C. Watts, a former employee of U.S. Department of the Army, U.S. Army Corps of Engineers (USACE), Great Lakes and Ohio River Division, Louisville District, disclosed to the U.S. Office of Special Counsel (OSC) violations of federal contracting laws, rules, and regulations in connection with numerous Louisville District contracts.

II. THE WHISTLEBLOWER'S DISCLOSURES

Christy Watts, who has consented to the release of her name,[1] is the former GS-14 Contracting Division Chief at USACE's Great Lakes and Ohio River Division, Louisville District ("District"). She has over 18 years of experience in the field of federal contracting. During her 12 years with USACE, Ms. Watts served as Contracting Division Chief in its South Atlantic Division, Charleston District, from March 1992 to June 1998; its Pacific Ocean Division, Alaska District, from June 1998 to June 2001; and its Ohio River Division, Louisville District ("District") from June 2001 to May 2004.

In the normal course of performing her Contracting Division Chief duties, Ms. Watts reviewed contract files and discovered administrative anomalies (e.g., the absence of required documents) and other indicia of the District's alleged violation of federal contracting laws, rules, and regulations. She alleges that the District's contracting personnel routinely disregarded applicable federal contracting laws, rules, and regulations, including the Federal Acquisition Regulation (FAR), Engineering FAR Supplement (EFARS), Department of Defense FAR Supplement (DFARS), the Chief Financial Officers Act of 1990 (CFOA) (31 U.S.C. § 901 et seq.), the Competition in Contracting Act (CICA) (10 U.S.C. § 2304), and the Brooks Act (40 U.S.C. § 541 et seq.). On three separate occasions between June 2001 and January 2003, Ms. Watts brought her concerns to Colonel Robert A. Rowlette, Louisville District Commander and Engineer. Col. Rowlette, however, allegedly took no action.

Ms. Watts reported the following specific allegations to us:

1. In violation of FAR 15.206, the District failed to amend its solicitation prior to awarding Contract Number DACW27-03-R-003—a $500 million cost-reimbursement construction contract—after learning that fiscal year funding levels had been significantly reduced from $15

[1] Ms. Watts's current address is 5815 Running Fox Lane, Mason, Ohio, 45040. Her telephone number is (513) 573-0833.

million to $2.5 million. According to Ms. Watts, the District reasonably should have known that the change in funding would increase the time it would take to complete the project and, in turn, increase USACE's costs significantly. Nevertheless, the District did not request revised proposals or provide offerors with the opportunity to submit them, as Ms. Watts argues is required by FAR 15.206. Further, in light of the funding reduction, Ms. Watts alleges that it was impossible for the District to have accurately evaluated competitive proposals, as required by FAR 15.305A(a)(1), or to conduct a meaningful cost realism analysis, as required by FAR 15.404-1(d), prior to awarding that contract.

2. District contracting officers delegated Administrative Contracting Officer (ACO) authority on Contract Number DACA27-01-D-2002, a *service* contract. According to Ms. Watts, the delegation of ACO authority on that contract violated EFARS 1.602-1-100, which limits the delegation of ACO authority to *construction* contracts.

3. Ninety (90) impermissible unilateral contract modifications totaling approximately $25 million made on Contract Number DACA27-99-C-0050 (the Central Energy Plant Fort Campbell project). According to Ms. Watts, the agency was required by FAR 43.102(b) to negotiate or finalize those contract modifications before the contractor performed the work. However, the contract file showed that those modifications were neither negotiated nor finalized until over 12 months later.

4. On Contract Number DACW27-02-R-0004, neither the District's Source Selection Authority nor its Office of Counsel approved the source selection strategy or acquisition plan before publicly releasing the solicitation. Ms. Watts alleges that such omission violated FAR 15.303(b)(2), DFARS 215.303(b)(2), and AFARS 5115-303(b)(2)(b). She bases her allegation on the contract file's lack of documentation of such approval.

5. The District issued construction solicitations containing sole source items on Contract Number DACA27-02-B-1001 without following any of the required sole source procedures set forth in FAR 6.3, which governed that contract. She bases her allegation on the contract file's lack of documentation supporting the use of a sole source.

6. The Total Environmental Restoration Contract Number DACA27-97-D-0015 was intentionally over-obligated on several task orders—specifically Task Orders 01, 10, 11, and 4005 for the Savanna Army Depot Activity project, which exceeded $3,000,000—in order to reserve expiring funds for customers. Ms. Watts alleges that those actions, which are commonly referred to as "parking" or "banking" of funds, constitute an impermissible movement of funds because they are sham transactions. She further asserts that the task orders violated FAR Part 43, which governs contract modifications, because they were made without first negotiating their scope and without the intent that the work would be completed at that time. We have enclosed documents provided to OSC by Ms. Watts pertaining to those task orders. See Enclosure #1.

7. Without exercising applicable options, the District issued new task orders on Contract Number DACA27-00-D-0002, an Architectural/Engineering (A/E) contract, that exceeded the

value of the contract and that were outside the scope of the contract. She asserted that the contract file did not contain documents reflecting the executed options.

She also alleges that, based on her review of documents in the contract file, the District modified task orders that were already in place after the task order's period of performance had expired. She asserts that the District's actions violated required procedures for A/E contracts set forth in FAR 36, which implements the Brooks Act, the federal statute governing A/E contracts.

8. The District awarded Contract Number DACA27-00-D-004 without price competition in violation of CICA and the FAR's guiding principles found in FAR 1.102(b). Specifically, she alleges the District treated that contract as if it were an A/E contract—where price quotations need not be considered during the selection process—when, in fact, the primary scope of that contract was other than A/E services.

9. The District violated DFAR 245 on Contract Number DACW27-97-D-0015 when Project Manager Gary Chisolm transferred a $2,000,000 municipal well house and water supply wells to a local sponsor without authority to do so. We have enclosed documents provided to OSC by Ms. Watts pertaining to her allegation. See Enclosure #2.

Ms. Watts further asserts that the District did not have authorized personnel monitoring government furnished or contractor acquired property on Contract Number DACW27-97-D-0015, as required by FAR 45.5.

10. Contract Number DACW27-02-C-0005, a design/build contract, violated EFARS 1180-1-9, ¶ 8c(1)(d), which requires that design/build contracts for civil works be 100% funded at the time of the award. Ms. Watts alleges that the contract file contains documents indicating that contract was funded incrementally, not fully at the time of its award.

11. The District does not have written contracts for utility services, in violation of FAR 41.201(b), 41.202, and 41.205. She also alleges that it does not have written contracts for local or long distance telephone service or wireless communication services such cellular telephones, pagers, and personal data assistants, as required by FAR 37.101 and FAR 39.1 for information technology services. As the District Contracting Division Chief, Ms. Watts asserts that she would have known if written contracts existed.

III. CONCLUSION

Given Ms. Watts' knowledge of matters she has disclosed, the detail she has provided, her years of experience in the field of federal contracting, and the specific position she held while employed in the Louisville District, the Special Counsel has concluded that there is a substantial likelihood that she has disclosed a violation of law, rule, or regulation arising out of actions by Louisville District employees.

IV. REQUEST FOR INVESTIGATION AND REPORT

In light of the Special Counsel's findings, he has requested that the Secretary of the Department of the Army conduct an investigation of the allegations described above. Moreover, the Special Counsel has requested that, within 60 days, the Secretary report its findings to the Special Counsel.

Enclosure #1

Total Environmental Restoration Contract No. DACA27-97-D-0015

9

MWH
MONTGOMERY WATSON HARZA

VIA REGULAR MAIL

26 October 2001

Attention: Roy Vest
United States Army Corps of Engineers
Louisville District
P.O. Box 59
Louisville, KY 40201-0059

Subject: DD 1662 Report - Property in the Custody of Contractors
Contract DACW27-97-D-0015

Dear Mr. Vest:

In accordance with FAR Part 45 and DFARS Part 245, Montgomery Watson Americas' is pleased to submit the annual report of government property and material currently in our custody under the subject contract. Our inventory as of 30 September 2001, reflects the property/material acquired under Task Orders 0001 (Savanna), 0005 (Marion/Scioto), 4002 (Plum Brook), and 0004/4000 (Joliet Army Ammunition Plant). Please note the property/material inventory reports supporting this submission are also enclosed. In addition, I've enclosed the DD 1354 Form identifying transfer and acceptance of the $2,000,000 municipal well house and water supply wells located at Kincheloe Air Force Base – Task Order 0006 from the U.S. Army Corps of Engineers to Kinross Charter Township.

If you have and questions or require additional information in this regard, please contact me at (916) 565-4219.

Best Regards,

Rick C. Van Buren

Rick C. Van Buren
Federal Property/Service Manager

Encl.: DD1662
DD1354
MWA Property/Material Report – Savanna
MWA Property Report – Marion/Scioto
MWA Property Report – Plum Brook
DD1662 – Duke Engineering, Plum Brook
Duke Engineering Property Report – Plum Brook
MWA Property/Material Report - Joliet

cc: Denise Bauer/USACE
Rick Maurer/MW – LOU1
Paul Avery/MW – LOU1
Harvey Wong/MW – PAS1
File – SAC1

777 Campus Commons
Suite 175
Sacramento, California
95825

Tel: 916 924 8844
Fax: 916 924 9102 / 916 924 3293

DOD PROPERTY IN THE CUSTODY OF CONTRACTORS

(DFARS 245.505-14)

(See Instructions on back before completing this form.)

REPORT AS OF 30 SEP 01
OR

Form Approved
OMB No. 0704-0246
Expires Jan 31, 2003

public reporting burden for this collection of information is estimated to average 1 hour per response; including the time for reviewing instructions, searching existing data sources, hering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports 04-0246), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be ject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THIS ADDRESS.
RETURN COMPLETED FORM TO THE ADDRESS IN ITEM 1.

TO *(Enter name and address of property administrator)*

United States Army Corps of Engineers
Louisville District
Attention: Roy Vest
P.O. Box 59
Louisville, KY 40201

2. FROM *(Enter full name, address and CAGE code of contractor)*

Montgomery Watson Americas, Inc.
9401 Williamsburg Plaza, Suite 101
Louisville, KY 40222
Cage Code: 1K8S2

IF GOVERNMENT-OWNED, CONTRACTOR-OPERATED PLANT, ENTER GOVERNMENT NAME OF PLANT

CONTRACT NO. *(PIIN)*	5. CONTRACT PURPOSE	6. BUSINESS TYPE *(Enter L, S, or N)*	7. OFFICIAL NAME OF PARENT COMPANY
DACW27-97-D-0015	I	L	Montgomery Watson Harza Americas, Inc.

PROPERTY LOCATION(S)

Science Court
Madison, WI 53711
And---
Army Depot
, IL 61074

41551 Eleven Mile Road
Novi, MI 48375
---And---
6100 Columbus Ave.
Sandusky, OH 44870

29407 South Rte. 53
Wilmington, IL 60481

9. PLANT EQUIPMENT PACKAGE *(PEP No. and use)*

a. PROPERTY *(Type or Account)*	b. BALANCE START OF PERIOD (1) ACQUISITION COST *(in dollars)*	b. BALANCE START OF PERIOD (2) QUANTITY *(in units or acres)*	c. ADDITIONS *(in dollars)*	d. DELETIONS *(in dollars)*	e. BALANCE END OF PERIOD (1) ACQUISITION COST *(in dollars)*	e. BALANCE END OF PERIOD (2) QUANTITY *(in units or acres)*
10. LAND						
11. OTHER REAL PROPERTY						
12. OTHER PLANT EQUIPMENT	2,119,176	412	170,022	2,000,425	288,773	594
13. INDUSTRIAL PLANT EQUIPMENT						
14. SPECIAL TEST EQUIPMENT						
15. SPECIAL TOOLING *(Government Title Only)*						
16. MILITARY PROPERTY *(Agency-Peculiar)*						
17. GOVERNMENT MATERIAL *(Government-Furnished)*						
18. GOVERNMENT MATERIAL *(Contractor-Acquired)*	3,809				23,992	

19. CONTRACTOR REPRESENTATIVE		
a. TYPED NAME *(Last, First, Middle Initial)*	b. SIGNATURE	c. DATE SIGNED *(YYYYMMDD)*
Van Buren, Rick, C.	Rick C. Van Buren	20001025

20. DOD PROPERTY REPRESENTATIVE		
a. TYPED NAME *(Last, First, Middle Initial)* DeVore, Ron	c. SIGNATURE	d. DATE SIGNED *(YYYYMMDD)*
b. TELEPHONE NUMBERS *(Commercial and DSN)* (502) 315-6626		

PREVIOUS EDITION MAY BE USED.

9

TRANSFER AND ACCEPTANCE OF MILITARY PROPERTY

OMB No. 0704-0188

PAGE 1 OF 1 PAGES

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, Va. 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503.

1. FROM (Installation/Activity/Service and Zip code)	2. OPERATING UNIT	3. DISTRICT CODE	4. OPERATING AGENCY	5. DATE	6. JOB NUMBER	7. SERIAL NUMBER	8. CONTRACT NUMBER
U.S. Army Corps of Engineers, Louisville District P.O. Box 59 Louisville, KY 40201-0059							DACW27-97-D-0015

9. TO (Installation/Activity/Service and Zip code)	10. OPERATING UNIT	11. DISTRICT CODE	12. OPERATING AGENCY	13. ACCOUNTING NUMBER	14. ACCOUNTABLE OFFICE NUMBER	15. TYPE OF TRANSACTION A.	B.	16. PROJECT NUMBER
Kinross Charter Township P.O. Box 175 Kinross, MI 49752						[X] NEW CONSTR. [ ] EXISTING FAC. [ ] CAPITAL INV. [ ] OTHER (Specify)	[ ] BIN/JO [ ] PHYSICAL CON. [X] FINAN. CON. [ ] OTHER (Specify)	

ITEM NO. 17	CATEGORY CODE 18	FACILITY (Category description) 19	NO. OF UNITS 20	TYPE 21	UNIT OF MEAS. 22	TOTAL QUANTITY 23	COST 24	DRAWING NUMBERS 25	REMARKS 26
		Municipal well house and water supply wells							
1	N/A	Remedial Design Cost	1		JOB	1	$214,965.00		
2	N/A	Remedial Action Cost					$3,037,906.55		
3	N/A	Total Project Cost					$3,252,871.55		

27. STATEMENT OF COMPLETION: The facilities listed hereon are in accordance with maps, drawings, and specifications and change orders approved by the authorized representative of the using agency except for the deficiencies listed on the reverse side.

28. ACCEPTED BY (Signature): Lawrence J. Palma

DATE: 5/21/01

TRANSFERRED BY (Signature): Gary L. Chisholm

DATE: 5/16/01

TITLE (Field Engr/Base Engr/DPW): GARY L. CHISHOLM, P.E., Project Manager

TITLE (Field Engr/Base Civ. Engr/Army Rep): Township Supervisor

29. PROPERTY VOUCHER NUMBER: NA

USAPPC V3.00

DD FORM 1354, FEB 00

Previous editions are obsolete.

To Do 0006 & 0008

R. Parzee (Gov.)
FILE 135006.010201

Enclosure #2

Contract No. DACW27-97-D-0015

15

ENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES 1 3

ENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
000110	11/18/98	W22W9K-8320-7200	

JED BY CODE W22W9K

U.S.ARMY CORPS OF ENGINEERS

600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230
B. J. Durrett C04(502) 582-6796

7. ADMINISTERED BY (If other than Item 6) CODE bjd6796

U. S. ARMY CORPS OF ENGINEERS
ATTN: CELRL-CT-C (B. J. DURRETT)
600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Vendor ID: 00011263

MONTGOMERY WATSON AMERICAS INC

2100 CORPORATE DRIVE
ADDISON IL 60101

CODE 09CT3 FACILITY CODE

(X) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

X 10A. MODIFICATION OF CONTRACT/ORDER NO. DACW27-97-D-0015 0001

10B. DATED (SEE ITEM 13) 06/20/97

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

ACCOUNTING AND APPROPRIATION DATA (If required) Mod Obligated Amount US $3,561,523.00

97 - as indicated herein EFT: T

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

X Changes

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

RECORD COPY

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Task Order #0001, Perform Environmental Restoration at Savanna Army Depot Activity, Illinois, is modified as follows:

a. Additional funding in the amount of $3,561,523.00 is provided for the following tasks:

OLD BURN GROUND

The remaining estimated costs amount of $431,523.00 needed to fully

cept as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	15C. DATE SIGNED	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	16C. DATE SIGNED
Montgomery Watson Phil R L Hall / TERC Program Manager	12/3/98	Joseph L. Theobald K02	20 Nov 98
CONTRACTOR/OFFEROR (Signature of person authorized to sign)		16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)	

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA

NSN 7540-01-152-8070

16

fund the contractor's proposal dated September 10, 1998 in the amount of $2,225,310.00 (reference mod #07) for the Soil Stockpile Removal Action, is hereby provided.

$215,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for the remaining ecological risk assessment work including draft and final risk analysis plan, sampling and analysis plan, technical memorandum, ecological risk assessment, and appropriate meetings and field investigations.

PESTICIDE DISPOSAL

$2,700,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for tasks in accordance with the attached draft scope of work dated 05 November 1998. Site 89

RUBBLE PILE

$85,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for development of detailed scope of work and cost proposal preparation and related services for tasks in accordance with the attached draft scope of work dated 09 November 1998. Site 61

CL AREA

$130,000.00 is funded with a Notice to Proceed monetary limitation of $10,000.00 for document review and development of detailed scope of work and cost proposal for tasks for the CL Area as directed by the Contracting Officer Representatives.

b. This modification results in the total amount for task order #0001 being $6,824,931.00 ($6,614,204.00 in estimated costs with $210,727.00 fee).

NOTE: The estimated costs includes the $40,000.00 Notice to Proceeds listed in paragraph a and also a $5,000.00 Notice to Proceed issued in modification #08 for Site 75, Army Reserve Motor Pool. Each of these proposals, after receipt by the government, will be negotiated for estimated costs with appropriate fixed fee. The cost proposal format and schedule will be as directed by COR's Gary Meden or Don Peterson.

c. This modification is effective the date of the Contracting Officer's signature.

//Finance & Accounting Classification Data//
97 NA X 0510.40E1 H2 1999 08 8041 61356R16000 33017 3200 002SVB =
$431,523.00 (affects WAD 19)

97 NA X 0510.40E1 H2 1999 08 8041 61356R16000 33017 252G 002STN =
$215,000.00 (affects WADS 1, 2, 7 and 8)

97 NA X 0510.40E1 H2 1999 08 8041 61359R52000 33017 252G 002SS9 =
$2,700,000.00 (affects new WADS 121 & 122)

97 NA X 0510.40E1 H2 1999 08 8041 61359R55000 33017 252G 002STM =
$130,000.00 (affects new WADS 133 & 134)

97 NA X 0510.40E1 H2 1999 08 8041 61359R57000 33017 252G 002SSC =
$85,000.00 (affects new WADS 131 and 132)

WAD funding is subject to movement between WADs at later dates as deemed necessary by the Contracting Officer Representatives.

1. Pesticide Disposal Site (Site 89) Background. In the summer of 1952, approximately 836 tons of dinitro-ortho-cresol (DNOC) was buried at the northern end of Savanna Army Depot. In 1997, SAIC conducted sampling and other invesstigatory work at the pesticide burial area as part of the post Remedial Investigation. This investigation included geophysical investigations, surface water sampling, sediment sampling, surface soil sampling, subsurface soil sampling, monitoring well installation, groundwater sampling, stream gauge installation, land surveying, and laboratory analysis. The field effort at site 89 was designed to establish the horizontal and vertical boundaries of the trench in which DNOC disposal occurred and to evaluate the occurrence of DNOC in soils, groundwater, surface water, and sediment. Because of its proximity to a former range fan, all intrusive sampling at Site 89 was cleared by an UXO contractor, ATI. A geophysical survey was conducted, but it did not clearly delineate the extent of the DNOC. Forty-three Geoprobe borings were made to aid in the delineation of the trench boundaries. The trench was determined to be approximately 400 feet long and 25 feet wide. The top of the waste layer ranged from 4 to 8 feet BLS, and bedrock was encountered between 8 feet and 18 feet BLS. Eight soil borings were completed outside the disposal trench. Groundwater was not found in any of the Geoprobe borings. All soil samples were analyzed for DNOC and all bu two for VOCs. Some samples were analyzed for pH. Four monitoring wells were installed to determine whether DNOC was present in the groundwater. One round of groundwater samples was collected. All groundwater samples were analyzed for VOCs, SVOCs, PCP, PAHs, and anions. Analysis for DNOC was included in the SVOC analysis. A second round of water sampling occurred as a result of one "hit." Results of the second round are not yet available.

Results of the surface soil analysis showed that all detectable values (25 to 120 ug/kg were well below the PRG screening value of 7,800 ug/kg. Twenty-two subsurface soil samples from 10 boring locations were obtained in the vicinity of the disposal pit. DNOC was not detected in subsurface soil beyond the trench boundaries. Within the pit boundaries, concentrations were found up to 4,800,000 ug/kg. One groundwater sample was found to have a DNOC concentration of 14ug/kg which is above the screening level (3.7 ug/kg). The surface water analyses (samples taken from the ditch/stream that flows along the northern and western sides of the area) showed several compounds above TACO and PRG screening levels, but the subsances are unrelated to DNOC.

2. **Project Scope**: Develop an Engineering Evaluation and Cost Analysis (EE/CA) and Action Memorandum for Remediation/Disposal of the Pesticide Disposal area. The EE/CA shall follow the format typical of current environmental engineering practice. It shall include a site description, giving the location, surrounding land use (past and current), hydrology, and nature of contamination. Operational history and regulatory background shall be presented in the EE/CA. It shall include presentation of available analytical data and an evaluation of the quality of that data.

Examine all reasonable, feasible, alternatives. Evaluate the effectiveness of each alternative. Address protection of workers and risks associated with alternatives. Provide the availability of necessary equipment, materials, personnel, and disposal capacity, as appropriate.

5 November 1998

LOUISVILLE DISTRICT
CORPS OF ENGINEERS

Scope of Services (Draft)
Pesticide Disposal Area Removal Action EE/CA/Action Memo
Savanna Army Depot Activity (SVDA)
Savanna, IL
Contract No. DACW27-97-D-0015
Task Order No. 0001
(Tentative) Mod 111

Provide information on ability to implement each alternative, including compliance with action-specific ARARs *(RCRA)*, the ability to meet process efficiencies or performance goals, the demonstrated performance of the alternatives, and the contribution to the long-term remedy for the site.

Provide the total cost (Present Value) of each alternative.

Provide the estimated schedule (number of days to complete) for each alternative. Include effects of weather as appropriate.

Provide qualitative strengths and weaknesses of each alternative in a matrix form.

Provide the EE/CA Action Memorandum. After the draft EE/CA has been available for public comment for 30 days, prepare a draft Action Memorandum. Appropriate officials shall sign the Action Memorandum. Provide distribution of the signed memorandum.

3. This work will be executed under a single WAD with a corresponding fee WAD. Work breakdown structure and project schedule must, as a minimum, address development of the draft EE/CA, preparation of the final EE/CA, review and meeting(s) (including 30 day public comment period), and preparation of the draft and final versions of the action memo). If site visits are necessary, prior coordination must be made with USACE COR, and all installation safety and security procedures must be followed per original Task Order #1 Scope of Work.

4. Work progress, reporting, and invoicing will be unchanged from the current practices on TERC Task Order #1.

5. A proposal for the removal action (including cost estimate) will be requested once a reasonable approach is determined for the removal.

Louisville District
U. S. Army Corps of Engineers
Scope of Work
Site 61 - Open Rubble Pile

Date: 9 November 1998

Subject: Mod# 110 (tentative) to Contract No. DACAW27-97-D-0015 Task Order No. 0001 at Savanna Army Depot Activity, Savanna, Illinois.

The purpose of this project is to remove concrete and asphalt debris at Site 61, Rubble Pile Area, Savanna Army Depot Activity, Savanna, Illinois.

Site 61 - Rubble Pile Area Background: The Savanna Army Depot Activity (SVDA) is located about 12 miles north of Savanna, Illinois, in Jo Daviess and Carroll Counties. The installation was used as a proof and test facility for artillery guns and ammunition. The Rubble Pile at Site 61 is located at the southern end of the facility, southwest of the heliport off the CN Road. It has been used to stockpile asphalt and concrete rubble from demolished structures. Site 61 did not receive hazardous waste or constituents. There is no need for remediation at this site, only removal of the debris.

Project Scope: Develop a proposal including scope, schedule, Work Breakdown Structure (WBS), and cost estimate for developing a Work Plan, Site Safety and Health Plan (SSHP), and performing removal of the rubble pile. Develop the Work Plan, incorporate comments, and finalize. Develop a SSHP, incorporate comments, and finalize. Remove rubble in accordance with the Work Plan and SSHP.

Execution of Work: This work will be executed under a single Work Authorization Document, WAD 131, with a corresponding fee WAD 132. Project management can be a new WAD or part of WAD 1. The work will be divided into the following WBS's and their corresponding Work Breakdown Elements (WBE):

- WBS 1 - Scoping, Proposal, Negotiations
- WBS 2 - Design
  - WBE 2.1 - Work Plan Development
  - WBE 2.2 - Health and Safety Plan
- WBS 3 - Removal Action
  - WBE 3.1 - Construction
  - WBE 3.2 - Confirmatory Sampling
  - WBE 3.3 - Closure Report

1. Scoping, Proposal, Negotiations: The project is to include one site visit. Negotiations should take one day based on the descriptions below.

2. Design: Prior to initiation of work, the contractor will prepare a Work Plan and a Site Safety and Health Plan.

3. Removal Action: Construction will consist of hauling approximately 14,000 cy (based on 200 ft. by 300 ft area about 6 ft. high) of construction debris and disposing of debris in a landfill. Confirmatory sampling will consist of visual on site observations and walk over inspections. Approval will be made by ACOE and IOC. The Closure Report will be a narrative describing site activities, and include disposal manifests, and photo documentation.

DD350 INDIVIDUAL CONTRACTING ACTION REPORT Page: 1
CONTRACT NO. DACW27-97-D-0015 DATE: 981119

1. Entry Type: 0 A3. Contract Office: ca27
Report No.: 0319 A4. Name: USAED, LOUISVILLE
A. PIIN: DACW2797D0015 B1B. Origin of Contract Number: A
B2. Mod/Order/Other ID: 000110
B3. Action Date: 19981118 B4. Completion Date: 19990701
B5A. Contractor Code: 045232204 B5B. Govt Agency: n B5C. Cage: 09CT3
B5D. Name: MONTGOMERY WATSON AMERICAS INC
Division:
B5E. Address: 2100 CORPORATE DRIVE
City: ADDISON St: IL Zip: 60101
B5F. Tax ID: 951878805 B5G. Parent Tax ID: 954378311
B5H. Parent Name: Montgomery Watson Inc.
B6A. City/Place Code: 67847 B6B. State or Country Code: 17
B6C. Name of City/State/Country: Savanna Army Depot, IL
B7. Type Obligation: 1 B8. Amount: 3561523
B9. Foreign Military Sale: N
B10. Multi Year Contract: N
B11. Total Multi-Year Value: 0
B12A. FSC: F999
B12B. DOD Claimant Prog. No.: s10
B12C. System or Equipment Code: Z0P
B12D. SIC Code: 8744
B12E. Name Description: Savanna Remedial Svc
B13A. Contract/Order: 5 B14. CICA Applicability: b
13B. IDC Contract Type: b
B13C. IDC Award Type: s
D. Modification: b
Synopsis Code: a
C2. Reason Not Synopsized:
C3. Extent Competed: a
C4. Sea Transportation: n
C5. Type of Contract: u
C6. Number of Offerors Solicited: 2
C7. Number of Offers Received: 002
C8. Solicitation Procedures: b
C9. Auth/Other than Full & Open:
C10. Subject/Labor Standards Stat: c
C11. Cert/Current Cost or Pricing: y
C12. Contract Financing (PP and AP): z
C13A. Place of Manufacture:
C13B. Country of Origin Code:
C14. Commercial Items: n
D1. Type of Business: c E1. (reserved)
D2. Reason not awarded to SDB: a E2. (reserved)
D3. Reason not awarded to Sm Bus: c E3. (reserved)
D4A. Type of SB - Set Aside: a E4. Contingency Operation:
D4B. Type of SDB Set Aside-SDB Pref: a
D4C. Black or minority institution: a
4E. Premium Percent: E8. Other:
Ethnic Code: F1. Contracting Officer: k02
6. Woman-Owned Business: n Name: Joseph L. Theobald
SBIR Program: a F2.
Subcontr Plan - Small and SDB: c ----------
D9. Demonstration Test Program: n Signature
D10. Size of Business: F3. Phone: (502) 582-5591
D11. Emerging Small Business: F4. DATE: 19981119

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207174	DATE 16Nov1998	PAGE 0001

: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

RCHASED FOR ENVIRONMENTAL REMEDIATION SEC | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

ne supplies and services listed below cannot be secured through normal channels or other rmy supply sources in the immediate vicinity, and their procurement will not violate existing egulations pertaining to local purchases for stock, therefore, local procurement is necessary or the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION
GARY MEDEN

TELEPHONE NUMBER

	LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL OBG ECO RISK ASSESSMNT RD (TERC)	0	LS	$.000	$215,000.00
L DATE IP TO L TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08 8041 61356R16000 33017 252G 002STN GARY MEDEN (502)582-5321				

E FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW

$215,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

PED NAME AND GRADE OF ITIATING OFFICER RY MEDEN	SIGNATURE /S/GARY MEDEN	DATE 16Nov1998
LEPHONE NO.		
PED NAME AND GRADE OF PPLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

FORM 3953, MAR 91

BJ CO

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207204	DATE 16Nov1998	PAGE 0001

D: Purchasing and Contracting Officer	THRU: CONTRACTS BRANCH	FROM: FT CAMPBELL AREA OFFICE

It is requested that the supplies and services enumerated below or on attached list be:

URCHASED FOR FT CAMPBELL AREA OFFICE	DELIVERED TO SEE LINE ITEM BELOW	NOT LATER THAN (DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

	LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL OBG RA DOLLARS (TERC)	0	LS	$.000	$431,523.00
EL DATE HIP TO EL TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08 8041 61356R16000 DONALD PETERSON				33017 3200 002SVB (309)782-2198

HE FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

YPED NAME AND GRADE OF NITIATING OFFICER ONALD STACK	SIGNATURE /S/DONALD STACK	DATE 16Nov1998
ELEPHONE NO.		
YPED NAME AND GRADE OF UPPLY OFFICER	SIGNATURE	DATE

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN

TELEPHONE NUMBER:

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

RECEIVED NOV 18 1998 OH/MI TEAM

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW $466,044.84

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	17Nov1998

FORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207172	DATE 16Nov1998	PAGE 0001

: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

RCHASED FOR ENVIRONMENTAL REMEDIATION SEC | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

he supplies and services listed below cannot be secured through normal channels or other rmy supply sources in the immediate vicinity, and their procurement will not violate existing egulations pertaining to local purchases for stock, therefore, local procurement is necessary or the following reason: (Check appropriate box and complete item)

	LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL RUBBLE PILE RD (TERC)	0	LS	$.000	$85,000.00
DATE P TO TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08 8041 61359R57000 33017 252G 002SSC GARY MEDEN (502)582-5321				

FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

PED NAME AND GRADE OF TIATING OFFICER NALD STACK	SIGNATURE /S/DONALD STACK	DATE 16Nov1998
EPHONE NO.		
PED NAME AND GRADE OF PPLY OFFICER	SIGNATURE	DATE

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN | TELEPHONE NUMBER

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW $85,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	16Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

ORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT
For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY

PURCHASE INSTRUMENT NO.

REQUISITION NO. W22W9K83207158 | DATE 16Nov1998 | PAGE 0001

: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

RCHASED FOR ENVIRONMENTAL REMEDIATION SEC | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

ne supplies and services listed below cannot be secured through normal channels or other rmy supply sources in the immediate vicinity, and their procurement will not violate existing egulations pertaining to local purchases for stock, therefore, local procurement is necessary or the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN

TELEPHONE NUMBER

	LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL CL AREA SITES RD (TERC)	0	LS	$.000	$130,000.00
L DATE IP TO L TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08		8041	61359R55000	33017 252G 002STM
	GARY MEDEN				(502)582-5321

7446

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW

$130,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	16Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES. YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

: FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

PED NAME AND GRADE OF ITIATING OFFICER RY MEDEN	SIGNATURE /S/GARY MEDEN	DATE 16Nov1998
LEPHONE NO.		
PED NAME AND GRADE OF PPLY OFFICER	SIGNATURE	DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

FORM 3953, MAR 91

BJ

PURCHASE REQUEST AND COMMITMENT
For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY

PURCHASE INSTRUMENT NO.

REQUISITION NO. W22W9K83207200 | DATE 16Nov1998 | PAGE 0001

TO: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: FT CAMPBELL AREA OFFICE

It is requested that the supplies and services enumerated below or on attached list be:

PURCHASED FOR FT CAMPBELL AREA OFFICE | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

The supplies and services listed below cannot be secured through normal channels or other Army supply sources in the immediate vicinity, and their procurement will not violate existing regulations pertaining to local purchases for stock, therefore, local procurement is necessary for the following reason: (Check appropriate box and complete item)

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN

TELEPHONE NUMBER

☐ LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY

☐ REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL PESTICIDE DISPOSAL RA (TERC)	0	LS	$.000	$2,300,000.00
DEL DATE	16Nov1998 97 NA X 0510.40E1 H2 1999 08		8041	61359R52000	33017 3200 002SS9
SHIP TO					
DEL TO	DONALD PETERSON				(309)782-2198

THE FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

RECEIVED NOV 18 1998 OH/MI TEAM

SEE LINE ITEM BELOW $2,484,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER: EVELYN WATKINS, ACCOUNTANT | SIGNATURE: /S/EVELYN M WATKINS | DATE: 17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF INITIATING OFFICER: DONALD STACK | SIGNATURE: /S/DONALD STACK | DATE: 16Nov1998

TELEPHONE NO.

TYPED NAME AND GRADE OF SUPPLY OFFICER | SIGNATURE | DATE

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE: DONALD STACK, BUDGET ANALYST | SIGNATURE: /S/DONALD STACK | DATE: 17Nov1998

FORM 3953, MAR 91

PURCHASE REQUEST AND COMMITMENT For use of this form, see AR 37-1: the proponent agency is Hq Dept. ARMY	PURCHASE INSTRUMENT NO.	REQUISITION NO. W22W9K83207183	DATE 16Nov1998	PAGE 0001

: Purchasing and Contracting Officer | THRU: CONTRACTS BRANCH | FROM: ENVIRONMENTAL REMEDIATION SEC

It is requested that the supplies and services enumerated below or on attached list be:

RCHASED FOR ENVIRONMENTAL REMEDIATION SEC | DELIVERED TO SEE LINE ITEM BELOW | NOT LATER THAN (DATE) SEE LINE ITEM BELOW

he supplies and services listed below cannot be secured through normal channels or other rmy supply sources in the immediate vicinity, and their procurement will not violate existing egulations pertaining to local purchases for stock, therefore, local procurement is necessary or the following reason: (Check appropriate box and complete item)

	LOCAL PURCHASES AUTHORIZED AS THE NORMAL MEANS OF SUPPLY FOR THE FOREGOING BY		REQUISITIONING DISCLOSES NONAVAILABILITY OF ITEMS AND LOCAL PURCHASE IS AUTHORIZED BY

EMERGENCY SITUATION PRECLUDES USE OF REQUISITION CHANNELS FOR SECURING ITEM

ITEM	DESCRIPTION OF SUPPLY OR SERVICES	QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL COST
0001	SAVANNA IL PESTICIDE DISPOSAL RD (TERC)	0	LS	$.000	$400,000.00
L DATE IP TO L TO	16Nov1998 97 NA X 0510.40E1 H2 1999 08 8041 61359R52000 33017 252G 002SS9 GARY MEDEN (502)582-5321				

: FOREGOING ITEMS ARE REQUIRED NOT LATER THAN AS INDICATED ABOVE FOR THE FOLLOWING PURPOSE

PED NAME AND GRADE OF TIATING OFFICER ALD STACK	SIGNATURE /S/DONALD STACK	DATE 16Nov1998
EPHONE NO.		
PED NAME AND GRADE OF PPLY OFFICER	SIGNATURE	DATE

NAME OF PERSON TO CALL FOR ADDITIONAL INFORMATION: GARY MEDEN

TELEPHONE NUMBER:

Fund Certification

The supplies and services listed on this request are properly chargeable to the following allotments, the available balances of which are sufficient to cover the cost thereof, and funds have been committed.

ACCOUNTING CLASSIFICATION AND AMOUNT

SEE LINE ITEM BELOW

$400,000.00

TYPED NAME AND TITLE OF CERTIFYING OFFICER	SIGNATURE	DATE
EVELYN WATKINS ACCOUNTANT	/S/EVELYN M WATKINS	17Nov1998

DISCOUNT TERMS

PURCHASE ORDER NUMBER

DELIVERY REQUIREMENTS

ARE MORE THAN 7 DAYS REQUIRED TO INSPECT AND ACCEPT THE REQUESTED GOODS OR SERVICES YES____ NO____
IF YES, NUMBER OF DAYS REQUIRED

TYPED NAME AND GRADE OF APPROVING OFFICER OR DESIGNEE	SIGNATURE	DATE
DONALD STACK BUDGET ANALYST	/S/DONALD STACK	16Nov1998

ORM 3953, MAR 91

15

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE

PAGE OF PAGES 1 2

MENDMENT/MODIFICATION NO. 000117

3. EFFECTIVE DATE 09/27/99

4. REQUISITION/PURCHASE REQ. NO. W22W9K-9266-4471

5. PROJECT NO. (If applicable)

UED BY CODE W22W9K

U.S.ARMY CORPS OF ENGINEERS

600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230
B. J. Durrett C04(502) 582-6796

7. ADMINISTERED BY (If other than Item 6) CODE bjd6796

U. S. ARMY CORPS OF ENGINEERS
ATTN: CELRL-CT-C (B. J. DURRETT)
600 DR M L KING JR PL RM 821
LOUISVILLE KY 40202-2230

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Vendor ID: 00011263

MONTGOMERY WATSON

9401 WILLIAMSBURG PLAZA SUITE 101
LOUISVILLE KY 40222

CODE 1k8s2 FACILITY CODE

(X) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

X 10A. MODIFICATION OF CONTRACT/ORDER NO. DACW27-97-D-0015 0001

10B. DATED (SEE ITEM 13) 06/20/97

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or 'er, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

CCOUNTING AND APPROPRIATION DATA (If required)

97X051040E1 088041 3200002SS961359R52000 NA 33017 Mod Obligated Amount US $66,388.89 EFT: T

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

X Changes Clause

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103 (b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

RECORD COPY

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 2 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Task Order #0001, Perform Environmental Restoration at Savanna Army Depot Activity, Illinois, is modified as follows:

a. Reference modifications #10 and #12; modification #10 placed $2,700,000.00 and gave the contractor a notice to proceed to develop scope of work and cost proposal regarding pesticide disposal. Modification #12 identified acceptance of design proposal for the pesticide disposal for the amount of $93,635.00. The remaining $2,606,365.00 would be applied for the

as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

AME AND TITLE OF SIGNER (Type or print) Ralph L. Hall TERC Program Mgr

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Joseph L. Theobald K02

. CONTRACTOR/OFFEROR (Signature of person authorized to sign)

15C. DATE SIGNED 10/4/99

16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)

16C. DATE SIGNED 27 Sep 99

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
30-105

remediation action of the pesticide disposal as directed by the government at a later date.

b. The contractor is hereby provided additional funding in the amount of $66,388.89, resulting in a total of $2,672,753.89, for the pesticide disposal remediation action. The government will advise the contractor how to apply these funds at a later date.

c. The total for task order #0001 is $8,511,307.89 as follows:

$830,000.00 for CL Area under modifications #10 and #16. The proposal has not been received and negotiated to determine estimated costs and appropriate fee.

$105,000.00 Old Burn Ground Ecological Risk Assessment in modification #16. The proposal has not been received and negotiated to determine the estimated costs and appropriate fee.

$192,441.00 for additional soil sampling sites and lab analysis in modification #15. The proposal has not been received and negotiated to determine the estimated costs and appropriate fee.

$2,672,753.89 for pesticide disposal. The proposal has not been received and negotiated for the RA to determine the estimated costs and appropriate fee.

$291,292.00 fee

$4,419,821.00 estimated costs

d. This modification is effective the date of the Contracting Officer's signature.

//FINANCE & ACCOUNTING DATA//
Funds Expire September 2003
WAD 121
must be expended by September 2008

C

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
104 ARMY PENTAGON
WASHINGTON, DC 20310-0104

REPLY TO
ATTENTION OF

Suspense: 11 March 2005
15 February 2005

MEMORANDUM FOR United States Army Corps of Engineers, Headquarters, Office of the Chief Counsel, Mr. Earl Stockdale, 441 G Street, N.W., Washington, D.C. 20314

SUBJECT: Whistleblower Investigation—Great Lakes and Ohio River Division, Louisville District (OSC File No. DI-03-0750)

Enclosed for your action is an 8 February 2005 letter from the Office of Special Counsel (OSC), requesting an investigation of the noted allegations and a report pursuant to 5 U.S.C.1213(c)(1) and (g). The Special Counsel has concluded that there is substantial likelihood that information provided by Ms. Christy Watts, the former GS-14 Contracting Division Chief of the United States Army Corps of Engineers (USACE) at its Great Lakes and Ohio River Division, Louisville District, discloses violations of law, rule or regulation in connection with numerous federal contracts and services.

According to the OSC's correspondence, Ms. Watts made eleven disclosures that the District violated federal contracting laws, rules and regulations when the District's contracting personnel routinely disregarded applicable federal contracting laws, rules and regulations, including the Federal Acquisition Regulation (FAR), Engineering FAR Supplement (EFARS), Department of Defense FAR Supplement (DFARS), Competition in Contracting Act (CICA) (10 U.S.C. section 2304), and the Brooks Act (40 U.S.C. section 541 et seq.). She brought these concerns to the attention of Colonel Robert A. Rowlette, Louisville District Commander and Engineer, who allegedly took no action. The specifics for each of the allegations are contained in Enclosure 1.

A final response describing any actions taken to address the allegations should be prepared for the signature of the Assistant Secretary of the Army (Manpower and Reserve Affairs) (ASA (M&RA)) who has been delegated the authority by the Secretary of the Army to review, sign and submit written reports of investigations of information and related matters transmitted to the Department of the Army by the Special Counsel, in accordance with Title 5, United States Code, sections 1213(c), (d) and (g). The final response should be submitted to this office AS SOON AS POSSIBLE BUT NOT LATER THAN 11 March 2005.

The Army's response will be available to the public. Therefore, our response and any supporting investigative report should be prepared in a manner intended to facilitate public understanding of the allegations and Army's response thereto. The requirements specified in 5 U.S.C. 1213(d) (copy enclosed) may be used as a guideline and should include findings, conclusions and corrective action. In all cases, please furnish for our

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review all backup materials supporting the proposed response that will be used to prepare the official response for the Secretary of the Army.

If necessary, I will seek an extension of the date for our reply to the Special Counsel. As soon as it becomes apparent that more time will be needed, you should forward to me an interim response requesting the extension and indicating the reasons for the request and the date by which the Special Counsel can expect to receive your final response.

Cassandra Tsintolas Johnson

CASSANDRA TSINTOLAS JOHNSON
Associate Deputy General Counsel
(Human Resources)

Enclosure

CF: DAJA-LE, Ms. Diane Nugent
DA IG, COL Bob Faille
DACS-ZDV-HR, Ms. Lolita Myers

D

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
104 ARMY PENTAGON
WASHINGTON, DC 20310-0104

REPLY TO
ATTENTION OF

7 April 2005

Ms. Catherine A. McMullen
Chief, Disclosure Unit
U.S. Office of Special Counsel
1730 M Street, N.W., Suite 300
Washington, D.C. 20036-4505

Re: Great Lakes and Ohio River Division,
Louisville District (OSC File No. DI-03-0750)

Dear Ms. McMullen:

This letter is a request that you grant an extension of time to file the Department of the Army's report required by 5 USC §1213 for the above captioned Office of Special Counsel (OSC) case where the Special Counsel concluded that there is substantial likelihood that information provided by Ms. Christy Watts, the former GS-14 Contracting Division Chief of the United States Army Corps of Engineers (USACE) at its Great Lakes and Ohio River Division, Louisville District, discloses violations of law, rule or regulation in connection with numerous federal contracts and services. According to the OSC's correspondence, Ms. Watts made eleven disclosures that the District violated federal contracting laws, rules and regulations when the District's contracting personnel routinely disregarded applicable federal contracting laws, rules and regulations.

On 30 March 2005, the USACE Office of the Chief Counsel forwarded its report to the Office of the Army General Counsel for review and further processing. (Enclosure 1). In order to properly complete the staffing of this report, it is necessary to request an extension of time to review the draft report and prepare the final report for the OSC in satisfaction of the 5 USC §1213 requirements. Just within the OGC office, there are three practice groups that must review the subject report. Therefore, I am requesting that you grant an extension so that the Department of the Army can complete its review of the report prepared by the USACE, ensure that all allegations were addressed in a thorough and complete manner, and then forward the required 5 USC §1213 report to the OSC.

Should you grant this extension, please advise me as to length of the extension. Within that allotted time, I will either provide you another status update on this pending action or

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be able to submit the final Department of the Army report to the Special Counsel.

I appreciate your assistance in considering the extension request. To advise me if this extension will be granted, you can reach me at 703-614-3500.

Cassandra Tsintolas Johnson

CASSANDRA TSINTOLAS JOHNSON
Associate Deputy General Counsel
(Human Resources)

Enclosure

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

REPLY TO
ATTENTION OF:

Office of the Chief Counsel

Cassandra Tsintolas Johnson
Associate Deputy General Counsel (Human Resources)
Office of the Army General Counsel
104 Army Pentagon
Room 3C546
Washington, DC 20310-0104

30 March 2005

Re: Report, Office of Special Counsel, File No. DI-03-0750

Dear Ms. Johnson:

Enclosed are the final Corps of Engineers report and supporting attachments prepared by the Louisville District Office of Counsel in response to the Office of Special Counsel's inquiry into allegations made by Ms. Christy Watts. The report has been reviewed by the Office of Counsel, Great Lakes & Ohio River Division, and by the Office of the Chief Counsel in Headquarters, U.S. Army Corps of Engineers. For your convenience, three disks containing the electronic versions of the attachments are included.

Sincerely,

EARL H. STOCKDALE
Chief Counsel

E

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

6 June 2005

Cassandra Tsintolas Johnson
Associate Deputy General Counsel (Human Resources)
Office of the Army General Counsel
104 Army Pentagon
Room 3C546
Washington, DC 20310-0104

Re: Report, Office of Special Counsel, File No. DI-03-0750

Dear Ms. Johnson:

Enclosed are the final Corps of Engineers report and supporting attachments prepared by the Louisville District Office of Counsel in response to the Office of Special Counsel's inquiry into allegations made by Ms. Christy Watts. The report has been reviewed by the Office of Counsel, Great Lakes & Ohio River Division, and by the Office of the Chief Counsel in Headquarters, U.S. Army Corps of Engineers. The report reflects refinements in response to questions raised by your office in response to our earlier submittal dated 30 March 2005. The matters contained in this report have been coordinated with the command group in this Headquarters. For your convenience, three disks containing the electronic versions of the attachments are included.

Sincerely,

EARL H. STOCKDALE
Chief Counsel