

Department of Homeland Security **Office of Inspector General**

Use of American Recovery and Reinvestment Act Funds by the U.S. Coast Guard for the Alteration of Bridges Program



American Recovery and Reinvestment Act of 2009

OIG-12-09

November 2011



Homeland
Security

November 18, 2011

MEMORANDUM FOR: Rear Admiral Stephen P. Metruck
Assistant Commandant for Resources,
Chief Financial Officer

FROM: Anne L. Richards 
Assistant Inspector General for Audits

SUBJECT: *Use of American Recovery and Reinvestment Act Funds by
the U.S. Coast Guard for the Alteration of Bridges
Program*

Attached for your information is our final letter report, *Use of American Recovery and Reinvestment Act Funds by the U.S. Coast Guard for the Alteration of Bridges Program*. We incorporated your formal comments in the final report.

We determined that the U.S. Coast Guard was administering *American Recovery and Reinvestment Act* funds for the Alteration of Bridges program according to program plans and requirements. The report contains no recommendations. Therefore, no further response to the Office of Inspector General regarding this report is required.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. The report will be posted on our website.

Should you have any questions, please call me, or your staff may contact John E. McCoy II, Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Background

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) appropriated to the Department of Homeland Security (DHS) \$2.75 billion for, among other purposes, preserving and stimulating economic growth in the United States. Of that amount, the U.S. Coast Guard (USCG) received \$240 million, of which \$142 million was for alteration or removal of obstructive bridges, as authorized by section 6 of the *Truman-Hobbs Act* (T-H Act). The Recovery Act stipulated that USCG “shall award the funds to those bridges that are ready to proceed to construction” and that funds remain available for obligation until September 30, 2010.

Section 3 of the T-H Act authorizes bridges to be altered if such alteration is “necessary in order to render navigation through or under [said bridge] reasonably free, easy, and unobstructed.” The act also requires that the alteration “be reasonably necessary for the purposes of navigation.” The act provides for federal funding to alter lawfully constructed railroad or publicly owned bridges that allowed for the reasonable needs of navigation at the time of construction, but no longer do so because the character of navigation has changed. Under the T-H Act, USCG issues an Order to Alter to owners of bridges that are unreasonable obstructions to navigation. According to Title 33 U.S. Code, Section 516, USCG pays the U.S. government’s share of the costs necessary for the bridge owner to comply with the order. The government’s share is based on an “apportionment of cost” calculation and requires the bridge owner to fund such “part of the cost as is attributable to the direct and special benefits which will accrue to the bridge owner as a result of the alteration.”

Typically, Congress appropriates federal funds for the Alteration of Bridges Program under the T-H Act each year with the stipulation that the funds will remain available until expended. USCG will authorize the design of a project, but normally will not authorize the award of a construction contract by the bridge owner until Congress has appropriated sufficient funds to complete the project. The amounts appropriated in a single year have not been large enough to fund any one construction project.

To help federal agencies manage Recovery Act funds, the Office of Management and Budget issued Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*. The memorandum requires federal agencies to submit plans for each program funded by the Recovery Act. The plan must include information on goals and objectives of the program; kinds and scope of activities to be performed; delivery schedule; measures of program outputs, outcomes, and efficiency; and program monitoring processes. DHS issued its “Alteration of Bridges Expenditure Plan” on April 3, 2009. USCG subsequently issued its “Alteration of Bridges Program-Specific Recovery Act Plan” on May 14, 2009. Finally, USCG provided DHS with an updated expenditure plan on March 16, 2010.

Results of Review

USCG is administering the Recovery Act Alteration of Bridges program according to plans and requirements. USCG's status report to DHS shows outlays to bridge owners of approximately \$107.6 million, or 75.8% of Recovery Act Alteration of Bridges funds, as of June 30, 2011. For the quarter ending June 30, 2011, bridge owners reported funding 202.61 jobs with Recovery Act funds.

Alteration of Bridges Project Awards and Status

USCG obligated the \$142 million to the four Recovery Act bridge alteration projects by September 30, 2010.¹ USCG selected the four projects because they were construction ready and because adding Recovery Act funds to previous T-H Act project appropriations of \$129.2 million provided sufficient funds to complete the projects. Table 1 lists the projects and funding.

Table 1. Funding of Recovery Act Alteration of Bridges Projects				
Bridge Project	State	Federal Share of Project		
		Recovery Act Funds	Previous Appropriations	Total Funds
Burlington Bridge	Iowa	\$36,445,756	\$26,778,889	\$63,224,645
Elgin, Joliet & Eastern Bridge	Illinois	30,037,955	16,949,117	46,987,072
Mobile Bridge	Alabama	14,614,808	53,094,541	67,709,349
Galveston Causeway Bridge	Texas	60,901,481	32,357,375	93,258,856
Total		<u>\$142,000,000</u>	<u>\$129,179,922</u>	<u>\$271,179,922</u>

The Alteration of Bridges program's latest spending plan forecasts that the Recovery Act funds will be expended by March 31, 2012. Table 2 lists Recovery Act obligations, outlays, jobs, and the percentage of projects completed.

Table 2. Bridge Project Status as of June 30, 2011				
Bridge Project	Recovery Act Funds		Jobs*	Percentage of Project Completed
	Obligation	Outlays		
Burlington Bridge	\$36,445,756	\$36,445,756	.10	94
Elgin, Joliet & Eastern Bridge	30,037,955	29,472,286	64.40	80
Mobile Bridge	14,614,808	14,614,808	0.00	77
Galveston Causeway Bridge	60,901,481	27,051,243	138.11	38
Total	<u>\$142,000,000</u>	<u>\$107,584,093</u>	<u>202.61</u>	
*Represents jobs reported by recipients for the quarter ending June 30, 2011.				

¹ USCG does not deliver funds to the bridge owner via a federal contract, grant, or loan. Instead, USCG reimburses the bridge owner based on an agreed-upon allocation of project costs. Bridge owners bear the costs of any alterations or modifications included in alteration plans that are for their direct or special benefit.

Management Comments and OIG Analysis

We obtained written comments on a draft of the report from the Assistant Commandant for Resources, Chief Financial Officer. USCG agreed with our report and did not have any additional comments. We have included a copy of USCG's response in appendix A.

Appendix A

Purpose, Scope, and Methodology

Our objective was to determine (1) whether USCG was administering Recovery Act funds for the Alteration of Bridges program according to program plans and requirements and (2) the status of the program funds and projects. To address our objective, we—

- Reviewed applicable laws, regulations, and USCG’s policies, procedures, and internal directives used to administer and monitor the Alteration of Bridges program;
- Interviewed USCG officials and Alteration of Bridges program staff to obtain information on the administration, management, and oversight of the Recovery Act bridge alteration projects;
- Reviewed project files for two of the four Recovery Act bridge alteration projects; and
- Reviewed USCG monitoring of project performance and recipient reporting to determine compliance with program guidelines and requirements.

We conducted this audit from January through June 2011 in Washington, DC, pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based upon our audit objectives.

We appreciate the efforts by USCG management and staff to provide the information and access necessary to accomplish this review.

Appendix B

Management Comments to the Draft Letter Report

U.S. Department of
Homeland Security

United States
Coast Guard



Commandant
United States Coast Guard

2100 Second Street, S.W., Stop 7245
Washington, DC 20593
Staff Symbol: CG-823
Phone: (202) 372-3533
Fax: (202) 372-2311

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MEMORANDUM

From: RDML S. R. Metruck
COMDT (CG-8)

Reply to: Audit Manager,
Attn of: Mark Kulwicki
(202) 372-3533

To: Anne L. Richards
Assistant Inspector General for Audits

Subj: DHS OIG REPORT ON USE OF AMERICAN RECOVERY AND REINVESTMENT
ACT FUNDS BY THE U.S. COAST GUARD FOR THE ALTERATION OF
BRIDGES PROGRAM

Ref: (a) DHS OIG Draft Report dated August 2, 2011

1. Thank you for the opportunity to review and comment on Department of Homeland Security (DHS) Office of Inspector General's (IOG's) Draft Report 11-062-AUD-DHS entitled, "Use of American Recovery and Reinvestment Act Funds by the U.S. Coast Guard for the Alteration of Bridges Program."
2. The United States Coast Guard (USCG) appreciates the efforts of the OIG to document current administering of four alterations of bridge projects supported by the American Recovery and Reinvestment Act funds.
3. The USCG agrees with the findings of the report and has no comments.
4. If you have any questions, my point of contact is Mr. Mark Kulwicki who can be reached at (202) 372-3533.

#

Copy: Roger LaRouche, Director,
Jerome Fiely, Audit Manager
Shawn Cosman, Auditor

Appendix C
Major Contributors to this Report

Roger LaRouche, Director
Jerome Fiely, Audit Manager
Shawn Cosman, Auditor
Gloria Medina-Ortiz, Referencer

Appendix D

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