



Memorandum

Date: February 12, 2020

Subject: INFORMATION: Audit Announcement | The Maritime Administration's Management of the National Security Multi-Mission Vessel Program | Project No. 20Z3001Z000
Maritime Administration

From: Mary Kay Langan-Feirson 
Assistant Inspector General for Acquisition and Procurement Audits

To: Maritime Administrator

Licensed mariners help keep the Nation's shipping industry competitive and maintain national defense and disaster response capabilities. The Maritime Administration's (MARAD) United States Merchant Marine Academy (USMMA) and six State maritime academies (SMA) train approximately 4,700 cadets to become licensed mariners. MARAD supplies SMAs with training ships so that cadets can fulfill ship time requirements for obtaining their licenses.

The six SMA ships are now approaching the end of their useful lives. Congress has directed MARAD to replace the ships,¹ and MARAD has initiated the National Security Multi-Mission Vessel (NSMV) Program to replace the five oldest ships. The National Defense Authorization Act (NDAA) for Fiscal Year 2017 directs MARAD to have a third party choose a shipyard to build the NSMVs using commercial design standards and commercial construction practices consistent with the best interests of the Federal Government.² In May 2019, MARAD awarded a contract for vessel construction management (VCM) and shipyard selection services. The 10-year contract has a ceiling value of \$1.75 billion.

Due to MARAD's significant investment in the construction of these vessels, we are initiating this audit. Our audit objective will be to assess MARAD's management of the NSMV program, including Agency oversight of the VCM contract and the use of commercial design standards and commercial

¹ See H. Rep. 114-129, at 62 (2015).

² National Defense Authorization Act for Fiscal Year 2017, Pub. Law No. 114-328, § 3505 (2016).

construction practices consistent with the best interests of the Federal Government.

We plan to begin the audit later this month, and will contact your audit liaison to schedule an entrance conference. We will conduct our work at DOT Headquarters and the contractor's facilities. If you have any questions, please contact me at 202-366-5225, or Jill Cottonaro, Program Director, at 202-366-3831.

cc: DOT Audit Liaison, M-1
MARAD Audit Liaison, MAR-392