



---

## Memorandum

Date: November 18, 2019

Subject: Audit Announcement—MARAD’s U.S. Merchant Marine Academy Acquisitions |  
Project No. 19Z3003Z000  
Maritime Administration

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

To: Maritime Administrator

---

The Maritime Administration (MARAD) operates the United States Merchant Marine Academy (USMMA), a Federal service academy whose students become licensed Merchant Marine officers and commissioned officers in the Armed Forces. Previous audits by the Government Accountability Office (GAO) and Department of Transportation Office of Inspector General (OIG) have identified weaknesses in MARAD’s and USMMA’s acquisition policies and practices. For example, in 2009, GAO found that weaknesses in USMMA’s internal controls resulted in improper sources and uses of funds.<sup>1</sup> In 2013, OIG’s audit<sup>2</sup> on MARAD’s Port Infrastructure Development Program found that MARAD did not follow Federal and departmental acquisition requirements or effectively manage its port project contracts. Furthermore, in 2017, two USMMA employees were found guilty of steering contracts to preferred vendors in exchange for kickbacks. These findings and outcomes suggest that internal control weaknesses may exist in USMMA’s acquisition program, leaving it vulnerable to fraud, waste, and abuse.

Due to concerns highlighted by the past criminal activity and GAO and OIG reports, we are initiating an audit of USMMA’s acquisition function. Our objective will be to assess contract award and administration policies, procedures, and practices for MARAD’s USMMA acquisitions.

We plan to begin the audit in the coming weeks and will contact your audit liaison to schedule an entrance conference. We will conduct our work at MARAD

---

<sup>1</sup> GAO, *Internal Control Weaknesses Resulted in Improper Sources and Uses of Funds; Some Corrective Actions are Under Way* (GAO-09-635), August 2009.

<sup>2</sup> *MARAD Has Taken Steps to Develop a Port Infrastructure Development Program but It is Challenged in Managing Its Current Port Projects* (OIG Report No. CR2013117), August 2, 2013.

Headquarters and USMMA in Kings Point, NY. If you have any questions, please contact me at 202-366-5225, or Ken Prather, Program Director, at 202-366-1820.

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