



DEPARTMENT OF HOMELAND SECURITY - US COAST GUARD  
Notification of Finding and Recommendation (NFR)  
Fiscal Year Ended September 30, 2004

**Risk Factor - Medium**

**Location/Office:** Headquarters

**Finding number:** CG 04-015

**Audit Area:** Environmental Liabilities

**W/P Reference:**

**Date Provided to Management:** October 29, 2004

**Date Response Due:** November 3, 2004

**Title:** Environmental Remediation - Small Arms Firing Range

**Background:** As of September 3, 2004, Coast Guard reported that it was responsible for 22 indoor and 39 outdoor Small Arms Firing Ranges (SAFRs). In addition, Coast Guard reported that there are 41 aquatic ranges at which Coast Guard vessels/aircraft discharge small arms ammunition or target debris into the water. Service members use these SAFRs to train and maintain proficiency in small arms or crew-served weapons firing.

Coast Guard also reported that there were another 53 SAFRs that it classified as unknown (Coast Guard personnel have not determined whether or not the Coast Guard has responsibility for these SAFRs). Typically, the firing of small arms weapons causes environmental contamination through the release of lead, which may require some form of remediation.

**Condition:** Coast Guard currently has recorded \$231,200, for remediation of environmental contamination at 12 SAFRs. However, there appears to be no effective process to estimate such a liability for the remaining SAFRs.

**Criteria:** The Government Accountability Office's *Standards for Internal Control in the Federal Government* states that management is responsible for developing and documenting detailed policies, procedures, and practices that fit their agency's operations and as part of their monitoring of internal control, management must continue to maintain these policies and procedures and assess the quality of performance over time. Commandant Publication P5090.1A (COMDTPUB 5090.1A), dated February 4, 2000, provides guidance to Coast Guard Commands for acquiring and maintaining knowledge of laws & regulations governing environmental liabilities and remediation, as well as developing programs to locate, assess, mitigate and monitor environmental liabilities within their jurisdictions. Generally, the Coast Guard assesses compliance with this guidance through their Environmental Compliance Evaluations (ECE).

**Cause:** Coast Guard has not developed formal policies to define the technical approach, cost estimation methodology, and overall management of SAFR remediation projects, thus each unit/organization that was responsible for SAFRs had its own process for assessing, estimating and documenting various environmental liabilities and project remediation.

**Effect:** The Coast Guard's FY 04 estimate for environmental liabilities could be underestimated. KPMG has estimated that the potential understatement could be approximately \$9.8 million.

**Recommendations:** KPMG recommends that the Coast Guard:

1. Develop policies and procedures to define the technical approach, cost estimating methodology, periodic updates, and overall management of SAFR remediation projects.
2. Consider the use of various products to assist in the estimation of SAFR remediation, such as the Range Estimating Software Tool (REST) developed by the US Army Environmental Center at Aberdeen, which could assist in yielding a better level of understanding of the potential contamination of the range.
3. Determine responsibility for environmental liabilities associated with the 53 SAFRs that were classified as unknown. For those SAFRs that the Coast Guard is responsible for, develop a cost estimate for the environmental liability.



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**Management Response:**

KPMG policy requires that we obtain your response to this notification of finding and recommendation in writing. As such, please indicate your response by checking the appropriate box below and providing the appropriate supporting documentation to KPMG within five business days from the date of this notification. Your written response will be considered when preparing the draft consolidated audit report.

- Management concurs with the Notification of Finding and Recommendation and has provided a corrective action plan, with milestone dates, developed to address the condition in the space provided below or as an attachment to this document. (Note: Responses should not be delayed until plans are finalized. If plans are not complete, specify a completion date when forwarding your responses.)
- Management does not concur with the Notification of Finding and Recommendation and provided further detail supporting our position in the space provided below or as an attachment to this document.
- Corrective action will be taken and completed in current fiscal year (check box if "yes").



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**General Comments**

Do not concur. The Coast Guard is not legally required to record an environmental liability for the operation of small arms ranges.

The Resource Conservation and Recovery Act (RCRA) of 1976 established specific regulations for the determination of when an item becomes waste, and how hazardous waste items are to be managed. In 1992, the Federal Facility Compliance Act (FFCA) was signed into law. This law required the U.S. Environmental Protection Agency (EPA), in consultation with DoD and the States, to publish regulations that identify when conventional and chemical military munitions become hazardous waste and subject to Subtitle C of RCRA, and that provide for the safe storage and transportation of such waste. These regulations, entitled the Military Munitions Rule (MMR) (62 FR 6621, February 12, 1997), that define when military munitions become waste and how these waste military munitions (WMM) will be managed, became effective at the Federal level on August 12, 1997.

According to the MMR, military munitions are not a solid waste for regulatory purposes when a munition is being used for its intended purpose, which includes when a munition is being used for the training of military personnel. This rule also specifies that used or fired munitions are considered solid waste when they are removed from their landing spot and then either: (1) managed off-range (i.e., when transported off-range and stored, reclaimed, treated, or disposed of; or (2) disposed of (i.e., buried or land filled) on-range.

Range management, including range clearance, is considered to be a necessary part of the safe use of ammunition for its intended purpose. Thus, recovery of lead shot and bullets is an intrinsic part of the range use and excluded from RCRA hazardous waste management regulations. As long as the range is operational, EPA does not require that an assessment be performed and accordingly, an environmental liability should not be recorded on the financial statements. If and when a range is taken out of service and declared inactive, the servicing CEU will develop and implement a remediation plan to adding the range to the Coast Guard's EC&R Remediation "backlog." Further, an appropriate environmental liability will be reflected in the Coast Guard's financial statements.

**Corrective Action Planned**

1. If a range goes off line, the Coast Guard will consider the use of various products to assist in the estimation of SAFR remediation, such as the Range Estimating Software Tool (REST) developed by the US Army Environmental Center at Aberdeen.
2. G-SEC will determine if the Coast Guard is responsible for the 53 unknown ranges. Consistent with the foregoing, however, an environmental liability will not be developed for these facilities.



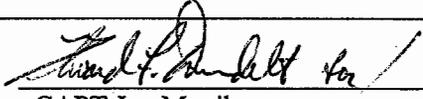
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**KPMG Response, if Necessary:** (See GAGAS paragraph 5.30)

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Bruce Antiporowich  
Senior Manager, KPMG LLP

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CAPT Jay Manik  
Chief, Office of Civil Engineering

3.

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CAPT Larry White  
Chief, Office of Financial Policy

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Date Provided to Management