



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CECC-G

MEMORANDUM FOR ALL MAJOR SUBORDINATE COMMAND, DISTRICT
COMMAND, FIELD OPERATING ACTIVITY AND LABORATORY COUNSELS

SUBJECT: CECC-G Bulletin No. 01-03, Post-Award Engineering Services

1. This bulletin highlights a clarification in USACE policy regarding the funding of post-award design and support of design for Military Construction projects. It is based on an informal clarification of the Department of Defense Financial Management Regulation, Volume 3, Chapter 7, Paragraphs C & D (December 1996) made by the Principal Deputy Under Secretary of Defense (Comptroller). In accordance with this informal clarification, CEMP-MA recently issued guidance directing that design and support for design for Military Construction projects, including design-build projects, after construction contract award will be funded with construction funds only. Further, supervision and review of design-build contractors' design submissions must be funded with construction funds.

2. Department of Defense Financial Management Regulation, Volume 3, Chapter 17, Paragraph 170102.D defines all of the expenses of a Major Construction project that must be paid out of the constructions funds in a project. This provision states that the "[c]osts of a major construction project should include the following:

... f. Design and support of design for construction projects after construction award (includes change orders, value engineering proposals, and as-built drawings)."

This language indicates that post award design and support for design should be funded out of construction funds.

3. In October, 1998, CEMP-MD and CEMP-EE published guidance stating that "[e]ngineering and design services performed after construction contract award will continue to be funded from construction appropriations, but will be accounted for as design costs." The guidance further clarified that such post-award expenses will be funded from "project construction contingency funds." See Memorandum, CEMP-MD/CEMP-EE, Subject: Post-Award Engineering Services (14 October 1998).

4. In the past, we had construed the DoD Financial Management Regulation language as offering a general rule for typical design-bid-build construction. Under this interpretation, USACE, in some cases, funded post-award design costs for design-build contracts with Planning and Design funds. Recently, however, the Principal Deputy Under Secretary of Defense (Comptroller) responded to a Department of the Air Force question on this issue by noting that the language of the Financial Management

Regulation is mandatory in all circumstances. In response, CEMP-MA issued guidance reiterating that "design and support for Military Construction projects after construction contract award will be funded with construction funds. Thus, USACE now funds all post-award engineering costs with construction funds for both design-bid-build and design-build contracts. Supervision and review of design-build contractors' design submissions also must be funded with construction funds." Memorandum, CEMP-MA, Subject: Post-Award Engineering Services (6 February 2001).

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