



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

RECOVERY

RECOVERY OVERSIGHT ADVISORY

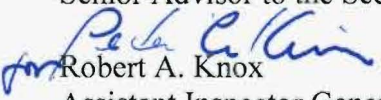
Compliance with Davis-Bacon Act Requirements



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OCT 20 2010

To: Chris Henderson
Senior Advisor to the Secretary for Economic Recovery and Stimulus

From:  Robert A. Knox
Assistant Inspector General for Recovery Oversight

Subject: Recovery Oversight Advisory – Compliance with Davis-Bacon Act Requirements
(ROO-ROA-MOA-1022-2010)

This advisory informs you of our efforts to ensure that bureaus within the U.S. Department of the Interior (DOI) are in compliance with requirements of the Davis-Bacon Act, that prevailing wages are paid on Federally-funded construction projects. It is part of our ongoing efforts to oversee and ensure the accountability of funding appropriated to DOI in the American Recovery and Reinvestment Act of 2009 (Recovery Act).

Please provide a written response to this advisory within 30 days of receipt detailing the corrective actions DOI will implement to meet our recommendation, as well as targeted completion dates and title(s) of the official(s) responsible for implementation.

We will post this advisory on our Web site (www.doioig.gov/recovery/) and Recovery.gov. Information contained in this advisory may also be included in our semiannual reports to Congress. Please contact me if you have any questions.

Background and Findings

We performed a limited review of financial assistance agreements (grants and cooperative agreements) and contracts within the Bureau of Reclamation (USBR), National Park Service (NPS), the U.S. Fish and Wildlife Service (FWS) and the U.S. Geological Survey (USGS) and noted issues with Davis-Bacon Act compliance.

Under Section 1606 of the Recovery Act, “all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.”¹ It is the responsibility of Federal agencies, in this case DOI, to ensure that Davis-Bacon Act requirements are met. In accordance with the Davis-Bacon Act requirements:

¹ The American Recovery and Reinvestment Act of 2009, Public Law No, 111-5, § 1606.

Federal agencies directly contracting for construction work using ARRA funds must ensure that bid solicitations and resulting covered contracts contain Davis-Bacon labor standards and wage determinations in accordance with the Federal Acquisitions Regulations (FAR). . . In addition, Federal agencies must ensure that recipients of assistance under ARRA require contractors and subcontractors to pay laborers and mechanics employed by contractors on ARRA-assisted construction projects at least the prevailing wages as determined under the [Davis-Bacon Act].²

We observed instances where contracting and grants officers and their respective technical representatives were not properly monitoring their contracts/grants to ensure compliance with Davis-Bacon Act requirements. We specifically noted examples in a USBR cooperative agreement where appropriate wage determinations were not outlined in the grant agreement. At NPS, we observed a situation where wage categories and wage rates paid did not match the Davis-Bacon Act requirements provided in the contract. In the FWS cooperative agreement that we reviewed, we found an instance of lack of control and oversight in that the grants officer did not ensure that the recipient submitted certified payrolls.

Table A

| Bureau | Award | Discrepancy |
|--------|---|--|
| USBR | Cooperative Agreement #R09AC40R01 \$7,160,520 | <ul style="list-style-type: none"> Appropriate wage determinations outlined in grant agreement did not match those submitted on the certified payroll. |
| NPS | Contract #N4800090625 \$42,781 | <ul style="list-style-type: none"> Appropriate wage determinations outlined in contract did not match those submitted on the certified payroll. Electricians on the contract were paid below the Davis-Bacon Act wage rate. |
| NPS | Contract # I4800090624 \$65,900.00 | <ul style="list-style-type: none"> Appropriate wage determinations outlined in contract did not match those submitted on the certified payroll. |
| FWS | Cooperative Agreement #40181RJ008 \$600,000 | <ul style="list-style-type: none"> Grants officer did not ensure the recipient submitted certified payrolls. |
| USGS | Contract #G10PC00118 \$741,856 | <ul style="list-style-type: none"> Appropriate wage determinations outlined in contract did not match those submitted on the certified payroll. Over half of the certified payrolls examined were not signed. As of September 15, 2010, they have been signed and submitted. |

² All Contract Agencies of the Federal Government and the District of Columbia, Memorandum No. 207, U.S. Department of Labor; May 29, 2009, <http://www.dol.gov/whd/recovery/AAM207.pdf>.

Recommendations

We recommend that DOI:

1. Verify that contracting and grants officers are monitoring compliance with the requirements of the Davis-Bacon Act, as applicable to contracts and financial assistance agreements funded by the Recovery Act.
2. Ensure each bureau resolves the discrepancies noted in Table A.

cc: Deputy Secretary, Department of the Interior
Assistant Secretary – Policy, Management, and Budget
Acting Director, Office of Financial Management
Director, Office of Acquisition and Property Management
Departmental GAO/ OIG Audit Liaison
Audit Liaison, Office of the Secretary

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