



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

October 17, 2012

MEMORANDUM FOR ALLISON H. AZEVEDO
REGIONAL COMMISSIONER, PBS
GREAT LAKES REGION (5P)

FROM ADAM R. GOOCH *Adam Gooch*
REGIONAL INSPECTOR GENERAL FOR AUDITING
GREAT LAKES REGION (JA-5)

SUBJECT Contract Administration of Task Order for Construction
Services at the United States Courthouse in Minneapolis,
Minnesota in Support of the American Recovery and
Reinvestment Act of 2009 ¹
Memorandum Number A090184-67

As part of our oversight of the General Services Administration's American Recovery and Reinvestment Act projects, we identified an issue that warrants your attention. Specifically, Davis-Bacon wage rate compliance was not fully ensured during the administration of the subject contract.

The Public Buildings Service (PBS) awarded task order GSP0510SE0007 against Madison Services, Inc.'s Indefinite Delivery Indefinite Quantity (IDIQ) contract GS05P07SED0072 for curtain wall upgrades at the United States Courthouse in Minneapolis, Minnesota. This contract with modifications has a total value of \$2,713,205.88.

The base IDIQ contract describes the requirements and duties associated with wages: "The Davis-Bacon Act requires that the Contractor pay contract employees minimum salary and fringe benefits, that the Contractor submit weekly certified payrolls, and allows contract employees to be interviewed concerning their salaries and fringe benefits."

¹ The American Recovery and Reinvestment Act of 2009 (Recovery Act) provides the General Services Administration (GSA) with \$5.55 billion for the Federal Buildings Fund. In accordance with the Recovery Act, the GSA Public Buildings Service (PBS) is using the funds to convert federal buildings into High-Performance Green Buildings as well as to construct federal buildings, courthouses, and land ports of entry. The Recovery Act mandates that \$5 billion of the funds must be obligated by September 30, 2010 and that the remaining funds must be obligated by September 30, 2011. The GSA Office of Inspector General is conducting oversight of the projects funded by the Recovery Act. One objective of this oversight is to determine if PBS is awarding and administering contracts for limited scope and small construction and modernization projects in accordance with prescribed criteria and Recovery Act mandates.

In reviewing contract documents we found several labor standard interviews. During three of these interviews the employees indicated that they did not receive fringe benefits as required by the Davis-Bacon Act. Despite this, no one followed up with the contractor. Thus PBS had no assurance that the contractor met the requirements of the Davis-Bacon Act while the work was being performed.

The project had been completed at the time of our review. Nevertheless, we brought this matter to the attention of PBS officials. They then contacted the contractor, who was able to obtain documentation from the local carpenters' union that indicated the interviewed employees were in good standing with the union at the time they worked on this project and that the employees in question received applicable fringe benefits. Although PBS has followed up on the situation, this review should have taken place at the time the discrepancy was first noted (during the labor standard interviews).

In response to our memo, Region 5 officials concurred that this assurance was not initiated at the time the work was being performed. PBS stated that "future training will include a reminder that such discrepancies be addressed at the time they are first noted and corrective action should be taken in a timely manner if such discrepancies are found to be valid."

We appreciate the support that has been provided throughout this review. If you have any questions about this memorandum, please contact me at (312) 353-0500 or Hilda Garcia at (312) 353-6695.

Report Distribution

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Regional Commissioner, Public Buildings Service (5P)

Regional Recovery Executive (5P)

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