



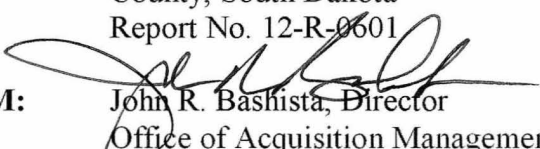
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

NOV 21 2012

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: Response to Final Audit Report: American Recovery and Reinvestment Act Site Visit of the Diversion Ditch Repair Project at the Gilt Edge Mine Superfund Site, Lawrence County, South Dakota
Report No. 12-R-0601

FROM: 
John R. Bashista, Director
Office of Acquisition Management

TO: Arthur A. Elkins, Jr., Inspector General
Office of Inspector General

Thank you for the opportunity to comment on the final report entitled, "American Recovery and Reinvestment Act Site Visit of the Diversion Ditch Repair Project at the Gilt Edge Mine Superfund Site", dated July 25, 2012. As stated in the draft report, we are in agreement with the findings and recommendations and will ensure all corrective actions are completed as required.

Comments on Recommendations:

Recommendation 1: Disallow and recover Pacific Western Technologies, Ltd. (PWT) field inspection costs of \$2,551.

Response: As stated on page 9, section 1 of the final audit report, the contracting officer accepted \$2,551 as the ineligible construction field inspection costs for the Buy American noncompliance on January 9, 2012. PWT repaid the amount in February 2012, and the Office of Inspector General considered "the recommendation closed".

Attachment 1 contains the following documentation:

- 1a. A copy of PWT's check payable to EPA in the amount of \$2,205.55.
- 1b. A copy of voucher AO61, page 2, which shows a deduction of \$2,205.55. The remaining \$345.45 represents an invoice credit (Total Cost and Fixed Fee).
- 1c. A copy of Work Assignment 008 Amendment 12 deducts \$181,466 which includes the \$345.45.

Recommendation 2: Advise the contracting officer to designate the grouting pipe costs of \$88,712 as ineligible costs under the contract and reduce the project funding accordingly.

Response: The original budget for Work Assignment 14 was \$2,935,228. The dollars actually incurred were \$2,479,176.96. Work Assignment 14 Amendment 7 decreased the ceiling by \$431,259; an amount which included the grouting pipe costs of \$88,712. Work Assignment 14 Amendment 8 decreased the funds ceiling by the remaining balance of \$24,792.00, which was left on the Work Assignment for anticipated final rate adjustments.

Attachment 2 contains the following documentation:

- 2a. A copy of Work Assignment 14 Amendment 7.
- 2b. A copy of Work Assignment 14 Amendment 8.
- 2c. A copy of PWT's spreadsheet which reflects the reduction to actuals.
- 2d. A copy of PWT's closeout letter dated September 24, 2012, for Work Assignment 14. This included an estimate of final costs, which shows a credit of \$88,713.48 for grout pipe costs.

Recommendation 3: Require PWT to ensure that PWT staff is trained on contract terms and conditions, including Recovery Act requirements.

Response: Item 3 of PWT's letter dated September 26, 2012, describes the training that has been offered to their employees to date.

PWT submitted a copy of their Quality Management Plan dated August 10, 2012 which describes their training policies and procedures.

PWT conducted RAC 2 Terms and Conditions Training, which included Recovery Act requirements, to PWT employees on October 4, 2012. Three employees were not able to attend. Therefore, a make up session was conducted on October 19, 2012 for those employees.

Attachment 3 contains the following documentation:

- 3a. A copy of PWT's letter dated September 26, 2012.
- 3b. A copy of PWT's Quality Management Plan training policies and procedures.
- 3c. A copy of PWT's RAC2 Terms and Conditions training material.

Recommendation 4: Require PWT to verify that all subcontractors and vendors comply with Davis-Bacon Act (DBA) requirements.

Response: PWT has submitted a letter dated September 26, 2012, which states "PWT has verified that we have received all certified payrolls from the subcontractors and vendors of all levels associated with the Gilt Edge project and certifies they are compliant with the Davis Bacon Act requirements."

Regarding the audit recommendation on implementation of FAR 52.222-8 Payrolls and Basic Records, PWT has agreed to submit the required documents to the contracting officer as relevant work activities begin the week of November 5, 2012.

Attachment 4 contains the following documentation:

4a. A copy of PWT's letter dated September 26, 2012.

Should you have any questions or comments, please contact me at 202-564-4310.

Attachments (11)

