



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

RECOVERY

# RECOVERY OVERSIGHT ADVISORY

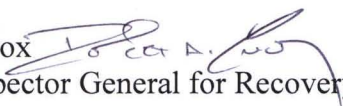
National Park Service Contract C2011101023



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**JUN 06 2011**

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 – National Park Service Contract C2011101023  
Report No. RO-D-NPS-067-2011

This advisory, which addresses concerns regarding the construction of a museum collection facility at the Hopewell Culture National Historic Park (HCNHP) in Ross County, OH, is part of our ongoing effort to oversee and ensure the accountability of funding appropriated to the U.S. Department of the Interior (DOI) in the American Recovery and Reinvestment Act of 2009 (Recovery Act).

### **Background**

On April 14, 2011, we received a complaint regarding the possible violation of the Davis-Bacon Act, a Federal law which requires the payment of prevailing wage on public works projects. The complainant reported that Chillicothe Fire & Security, Inc. (CF&S), a subcontractor to Hammer LCG, Incorporated (Hammer), failed to pay their employees the prevailing wages established by the U.S. Department of Labor.

We learned that Hammer won a sole source 8(a) set-aside Recovery Act contract, number C2011101023, in the amount of \$1,366,244.20 for the construction of a museum collection facility at HCNHP. Hammer subcontracted with SOS Electric, Inc. (SOS), who then subcontracted the fire alarm installation work to CF&S.

### **Findings**

#### *Davis-Bacon Act Compliance*

We reviewed the weekly certified payroll documents submitted by CF&S and found that CF&S violated provisions of the Davis-Bacon Act by not paying their employees the prevailing wages established by the U.S. Department of Labor for Ross County, OH, as required by Section 1606 of the Recovery Act. During the installation of the fire alarm equipment, CF&S employed four employees – three cable pullers and one installer. Figure 1 depicts a review of the weekly certified payroll documents.

<b>Employee</b>	<b>CF&amp;S Rate + Fringe</b>	<b>DOL Prevailing Rate + Fringe</b>	<b>Difference</b>	<b>Hours</b>	<b>Total Owed</b>
Cable Puller #1	\$15.75	\$17.13	\$1.38	40.75	\$56.24
Cable Puller #2	\$12.00	\$17.13	\$5.13	23.50	\$120.56
Cable Puller #3	\$9.00	\$17.13	\$8.13	3	\$24.39
Installer	\$24.86	\$27.05	\$2.19	16	\$35.04
<b>TOTAL</b>					<b>\$236.23</b>

Figure 1. Analysis of CF&S weekly certified payroll documents.

On May 2, 2011, CF&S provided confirmation that it paid the outstanding amounts owed to their employees.

*Construction Management Representative*

The Construction Management Representative (CMR) identified the discrepancy in wage rates paid and those required by the Davis-Bacon Act during routine labor standards interviews of the on-site workers. The CMR notified CF&S management. CF&S management acknowledged that they were not aware of the requirement, which led to their mistake, and pending final payment from SOS, prepared checks in February 2011 for wages owed to their employees. CF&S forwarded the checks to their employees after we made initial contact.

No response to this advisory is required; however, we do suggest the following:

1. Disseminate guidance to educate prime contractors on their responsibility to inform and oversee that subcontractors pay employees in accordance with the applicable, prevailing wage rates and fringe benefits required by the Recovery Act; and
2. Remind contracting officers to provide timely and sufficient oversight regarding the payment of proper wages and fringe benefits to both prime and subcontractor employees.

We will post this advisory on our Web site ([www.doioig.gov/recovery/](http://www.doioig.gov/recovery/)) and [Recovery.gov](http://Recovery.gov). Information contained in this advisory may also be included in our semiannual reports to Congress. We performed our work in accordance with the applicable Quality Standards adopted by the Council of the Inspectors General on Integrity and Efficiency. Please contact me if you have any questions.

cc: Deputy Secretary, U.S. Department of the Interior  
 Director, Office of Executive Secretariat and Regulatory Affairs  
 Director, National Park Service  
 Assistant Secretary for Policy, Management and Budget  
 Acting Director, Office of Financial Management  
 Director, Office of Acquisition and Property Management

Assistant District Director, U.S. Department of Labor  
Departmental GAO/OIG Audit Liaison  
Audit Liaison, Office of the Secretary  
Audit Liaison, National Park Service  
Recovery Liaison, National Park Service

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