



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

September 28, 2011

MEMORANDUM FOR: MARY RUWWE
REGIONAL COMMISSIONER, PBS
HEARTLAND REGION (6P)

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

SUBJECT: Contract Administration of Renovations for the Roman Hruska Courthouse (Omaha, Nebraska)—a PBS Limited Scope Construction Project Funded by the American Recovery and Reinvestment Act (ARRA) of 2009¹
Memorandum Number A090184-25

In reviewing the administration of the subject contract we noted an issue we would like to bring to your attention. The payroll records were incomplete and not submitted on a weekly basis as required by the Federal Acquisition Regulation (FAR). We based these observations on documentation obtained during the review and from PBS personnel, as well as supplemental information.

On July 28, 2009, the Heartland Region PBS awarded a \$2,498,539 sole-source contract (GS06P09GYC0026) under section 8(a) of the Small Business Act to Johnson Roofing and Construction, Inc. (Johnson Roofing) of Vidalia, Georgia. The base contract was to provide renovations to the Roman Hruska Courthouse located in Omaha, Nebraska, specifically "design-build services for the removal and replacement of the existing roof." The project also included energy management system improvements.

The contract incorporates FAR 52.222-8² which requires submission of weekly certified payroll records for all work performed, including work done by subcontractors. However,

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 be obligated by September 30, 2011. The GSA Office of Inspector General (OIG) 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.

² Per FAR 52.222-8 (a), payrolls and basic related records shall be maintained by the contractor during the course of the work and preserved for a period of 3 years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker, his or her correct classification, hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide

we noted, Johnson Roofing did not always submit complete payroll records on a weekly basis nor were payroll records for all subcontractors found in the file.

On January 28, 2010, GSA sent an email to the contractor, stating that GSA had not received any payroll records and would not release any payments until they were received. The email did not mention the number of missing payroll records, or the dates they covered. The next day (the 29th), the contractor prepared payroll records covering its employees for the period from November, 2009 to January, 2010. It is not clear when GSA received these records.

In addition, we found a "Return of Payroll Document for Correction" (GSA Form 1995) in the file. The form showed that the contractor had failed to supply either the full name or address of any of the employees on five of its first six payrolls. These payrolls were never corrected. However, beginning in April, 2010, payrolls with complete information were submitted. These subsequent payrolls showed that most of the workers had addresses in Georgia or Florida.

We received payroll records from just two subcontractors (Engineered Controls and Waldinger Corporation) of the eight working on the project. Lack of payroll records makes it difficult for the Government to know who was working on the project and to assess whether the workers were paid in accordance with the appropriate Davis-Bacon Act³ wage determination.

The Contracting Officer has confirmed the lack of payroll records in an email to our office.

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 John Langeland at (312) 353-6691.

fringe benefits), daily and weekly number of hours worked, deductions made, and actual wages paid. FAR 52.222-8 (b)(1) requires the prime contractor to submit copies of payrolls by all subcontractors.

³ According to the Dept. of Labor, the Davis-Bacon Act requires that each contract over \$2,000 to which the United States or the District of Columbia is a party for the construction, alteration, or repair of public buildings or public works shall contain a clause setting forth the minimum wages to be paid to various classes of laborers and mechanics employed under the contract.

Report Distribution

Regional Administrator (6P)

Regional Commissioner, Public Buildings Service (6P)

Regional Recovery Executive (6P)

National Program Office ARRA Executive, PBS (PCB)

PBS Audit Liaison (PFF)

Assistant Inspector General for Auditing (JA)

Deputy Assistant Inspector General for Investigations (JI)