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**United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General**

Office of Audits

**Audit of International Boundary
And Water Commission Construction
Contract With Inuit Services, Inc.,
Using Funds Provided by the
American Recovery and Reinvestment Act**

Report Number AUD/CG-12-10, November 2011

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United States Department of State
and the Broadcasting Board of Governors

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PREFACE

This report is being transmitted pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared as part of the Office of Inspector General's (OIG) responsibility to promote effective management, accountability, and positive change in the Department of State and the Broadcasting Board of Governors.

This report addresses the International Boundary and Water Commission's (IBWC) compliance with Federal, Department, and American Recovery and Reinvestment Act (Recovery Act) acquisition management practices. The report is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

OIG contracted with the independent public accountant Cotton & Company, LLP, to perform this audit. The contract required that Cotton perform its audit in accordance with guidance contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Cotton's report is included.

Cotton identified three areas in which improvements could be made: complying with all relevant Federal laws and regulations, including those of the Recovery Act; having adequate processes and systems in place to collect information required to be reported by the Recovery Act; and providing complete and accurate information as required by the Recovery Act.

OIG evaluated the nature, extent, and timing of Cotton's work; monitored progress throughout the audit; reviewed Cotton's supporting documentation; evaluated key judgments; and performed other procedures as appropriate. OIG concurs with Cotton's findings, and the recommendations contained in the report were developed on the basis of the best knowledge available and were discussed in draft form with those individuals responsible for implementation. OIG's analysis of management's response to the recommendations has been incorporated into the report. OIG trusts that this report will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of the individuals who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "Harold W. Geisel".

Harold W. Geisel
Deputy Inspector General

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Audit of International Boundary and Water Commission Construction Contract With
Inuit Services, Inc., Using Funds Provided by the American Recovery and Reinvestment Act

Office of Inspector General
U.S. Department of State
Washington, D.C.

Cotton & Company, LLP (referred to as “we” in this letter), has performed an audit of the International Boundary and Water Commission’s (IBWC) construction contract with Inuit Services, Inc., using funds provided by the American Recovery and Reinvestment Act (Recovery Act). We evaluated Inuit’s compliance with relevant Federal laws and regulations, including those of the Recovery Act; adequacy of processes and systems in place to collect information required to be reported by the Recovery Act; and accuracy and completeness of required report submissions. This performance audit, performed under Contract No. S-AQM-PD-04-D-0035, was designed to meet the objective identified in the report section titled “Objective” and further defined in Appendix A, “Scope and Methodology.”

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We communicated the results of our performance audit and related findings and recommendations to the U.S. Department of State Office of Inspector General.

We appreciate the cooperation provided by personnel in Department offices during the audit.

Cotton & Company LLP

A handwritten signature in black ink, appearing to read "Michael W. Gillespie".

Michael W. Gillespie, CPA, CFE
Partner

Alexandria, Virginia
November 2011

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Acronyms

Department	Department of State
HUBZone	Historically Underutilized Business Zone Empowerment Contracting Program
IBWC	International Boundary and Water Commission
Inuit	Inuit Services, Inc.
OFCCP	Office of Federal Contract Compliance Programs
OIG	Office of Inspector General
P&J	Phillips and Jordan, Inc.
Recovery Act	American Recovery and Reinvestment Act of 2009

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Executive Summary

The Department of State (Department), Office of Inspector General (OIG), Office of Audits, engaged Cotton & Company, LLP (referred to as “we” in this report), to conduct performance audits of contractors that received funding provided by the American Recovery and Reinvestment Act of 2009 (Recovery Act) from the International Boundary and Water Commission (IBWC). The audit objective was to determine whether contractors that received Recovery Act funds from IBWC complied with relevant Federal laws and regulations, including those of the Recovery Act; had adequate processes and systems in place to collect information required to be reported by the Recovery Act; and submitted required reports that were accurate and complete. One contractor selected for review was Inuit Services, Inc. (Inuit).

Inuit was awarded a contract on July 24, 2009, to furnish all labor, materials, and equipment for constructing improvements for the North Banker Floodway Levee Improvements Project in Hidalgo County, Texas. Inuit invoiced and was paid \$943,291 to date for work completed by May 2010. As of January 12, 2011, IBWC and Inuit were negotiating outstanding change order requests.

Inuit did not comply with all relevant Federal laws and regulations, including those of the Recovery Act. Specifically, it did not have proper controls for reporting subcontractor payments, obtain all subcontractor certifications, comply with affirmative action requirements, implement Buy American Act controls, or submit accurate and complete Recovery Act reports.

We made recommendations for IBWC to ensure that the contractor implements procedures to comply with Federal affirmative action requirements, obtain certifications from its subcontractor performing on these contracts, and establish procedures for complying with Buy American Act requirements.

In its response to the draft report (see Appendix B), IBWC agreed with three of the report’s four recommendations. For the one recommendation (No. 1) that IBWC took exception to, IBWC provided information that resulted in OIG’s closing the recommendation without any additional action required.

Background

IBWC is an international body composed of the United States Section and the Mexican Section. Each section is administered independently of the other. The United States Section is a Federal Government agency and has its headquarters in El Paso, Texas. IBWC operates under the foreign policy guidance of the Department of State. The mission of IBWC is to apply the rights and obligations that the Governments of the United States and Mexico assume under the numerous boundary and water treaties and related agreements. IBWC’s obligations include construction, operation, and maintenance of levees and floodway projects along the Rio Grande River.

The Recovery Act provided \$220 million to IBWC for the Rio Grande Flood Control Project to evaluate needed repairs and/or rehabilitation of deficient portions of flood control

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systems, with all funds required to be obligated by September 30, 2010. Repairs and rehabilitation entail raising levee segments to original design levels and reconstructing segments where structural integrity has been compromised. The project consists of two primary phases: the Pre-construction Phase, which involves geotechnical investigations, environmental documentation, and design, and the Construction Phase, which involves project construction. IBWC projects may continue to expend Recovery Act funds for contracts as long as those funds were obligated by September 30, 2010.

IBWC awarded Contract No. IBM09C0014 for \$950,997 to Inuit on July 24, 2009. The acquisition was a HUBZone Set-Aside¹ for the associated small-business size standard. The contract was to furnish all labor, materials, and equipment for constructing improvements on the North Banker Floodway Levee Improvement Project in Hidalgo County, Texas. Inuit invoiced and was paid \$943,291 as of June 16, 2010, for work completed. As of January 12, 2011, IBWC and Inuit were negotiating outstanding change order requests.

Objective

The audit objective was to determine whether contractors that received Recovery Act funds from IBWC complied with relevant Federal laws and regulations, including those of the Recovery Act; had adequate processes and systems in place to collect information required to be reported by the Recovery Act; and submitted required reports that were accurate and complete.

Results of Audit

Inuit did not comply with all relevant Federal laws and regulations, including those of the Recovery Act. Specifically, it did not have proper controls for reporting subcontractor payments, obtain all subcontractor certifications, comply with affirmative action requirements, implement Buy American Act controls, or submit accurate and complete Recovery Act reports.

Finding A. Contractor Certified Incorrect Subcontractor Payments

The contractor Inuit inaccurately reported amounts paid to its subcontractor on pay estimate certifications to IBWC. IBWC Form 245, Pay Estimate, requires contractors to sign and certify the following:

2. Payments to subcontractors and suppliers have been made from previous payments received under the Contract, and timely payments will be made from the proceeds of the payment covered by this certification, in accordance with subcontract agreements and the requirements of Chapter 39 of Title 31, U.S Code.

¹ The Historically Underutilized Business Zone Empowerment Contracting Program (HUBZone) was enacted into law as part of the Small Business Reauthorization Act of 1997. The program encourages economic development in HUBZones through the establishment of preferences.

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3. *This request for progress payment does not include any amounts which the Prime Contractor intends to withhold or retain from a subcontractor or supplier in accordance with the terms and conditions of the subcontract.*

Specifically, Inuit certified to IBWC on its pay estimates for January through May 2010 that it had paid more to its subcontractor Phillips & Jordan, Inc. (P&J), than it did and also that P&J had invoiced less than it did. As summarized in Table 1, for the May 2010 pay estimate, Inuit certified that it had paid P&J \$722,690.10, although it had actually paid \$540,329.55, or a difference of \$182,360.55. After amounts were paid to P&J in June, the difference was \$92,377.33 between the amounts reported as paid and the amounts actually dispersed to the subcontractor. Information from P&J showed that P&J had billed and provided a Miller Act Notice² to Inuit for \$1,076,283.87 based on a number of outstanding change orders.

Table 1. Differences Between Contractor and Subcontractor Records

	Contractor Inuit Records	Subcontractor P&J Records
Original Contract Amount	\$837,353.88	\$837,353.88
Contract Modification Requests	\$(129,918.49)	\$238,929.99
Contract Value With Requested Modifications	\$707,435.39	\$1,076,283.87
Total Paid to Subcontractor (P&J)	\$630,312.77	\$630,312.77
Certified as Paid on IBWC Forms 154	\$722,690.10	
Difference	\$(92,377.33)	
Amount Billed on Subcontractor (P&J) Invoices 1-8	\$1,076,283.87	
Certified as Billed to Date on Forms 154	\$733,633.62	
Difference	\$342,650.25	\$445,971.10

Inuit attributed the differences in amounts reported as paid to IBWC to mathematical errors on a spreadsheet. Inuit issued contract reduction task orders to P&J totaling \$129,918.49 that P&J did not sign. P&J submitted change order requests totaling \$238,929.99 to Inuit that Inuit did not approve. Inuit representatives stated that they are awaiting decisions on change orders submitted to IBWC before approving any of P&J's change order requests.

Inuit should have been more diligent in accounting for subcontractor costs and making accurate subcontractor payments in a timely manner. Unresolved issues between Inuit and P&J create the potential for liens to be placed on the project or other contingent liabilities.

Recommendation 1. We recommend that the International Boundary and Water Commission (IBWC) contracting officer for IBWC Contract No. IBM09C0014 ensure that decisions on all outstanding change orders are communicated to the contractor Inuit Services, Inc., in a timely manner and that Inuit pays the subcontractor for amounts owed, including interest if applicable, and that Inuit obtains all required lien waivers.

² A Miller Act Notice is a claim filed under the Miller Act, as amended (40 U.S.C. §§ 3131-3134), "Public Buildings, Property, and Works") by a subcontractor to the prime contractor against the prime contractor's payment bond for labor and or materials supplied on a Federal construction project.

IBWC Response: IBWC stated that it “[took] exception to the recommendation” in that it had “communicated to the prime contractor in a timely manner all changes relative to this contract.” IBWC further stated that it did not recognize the change order transactions between the subcontractor and the contractor, since IBWC did “not have privity of subcontract” but that it appeared that “both prime [contractor] and subcontractor had a separate set of payment records not otherwise accessible or recognized by [IBWC].” IBWC further stated that it recognizes change orders it initiated and that there were “no outstanding USIBWC change orders with Inuit.” In addition, IBWC also stated:

Although Inuit has one unsupportable claim before USIBWC, it would be seriously improper for [IBWC] to direct Inuit to pay the subcontractor amounts owed on an otherwise unjustified claim.” IBWC additionally stated, “There is no contract requirement to obtain lien waivers on [U.S. Government] construction contracts. Primes are responsible to obtain lien waivers from their [subcontractors] in order to protect themselves, NOT the [U.S. Government]. The inclusion of a Payment Bond assures protection of the [subcontractors] on contractual matters between themselves and the prime contractor.

OIG Analysis: Based on the the clarifications provided by IBWC in its response, OIG considers the recommendation closed, and no further action is required.

Finding B. Contractor Did Not Comply With All Contract Terms and Conditions

The contractor Inuit did not comply with all terms and conditions of its Recovery Act construction contract. It did not have controls in place and did not perform any actions to ensure compliance with affirmative action requirements. The FAR³ requires contractors to take “affirmative action to ensure equal employment opportunity” and further requires contractor compliance to be “based upon its effort to achieve maximum results from its actions.” The FAR⁴ further requires the efforts to be fully documented and affirmative action steps to be implemented. Inuit representatives stated that they were unaware of these requirements.

Recommendation 2. We recommend that the International Boundary and Water Commission (IBWC) contracting officer for IBWC Contract No. IBM09C0014 require the contractor Inuit Services, Inc., to implement procedures to ensure that it complies with *Federal Acquisition Regulation* affirmative action requirements.

IBWC Response: IBWC stated that since it “did not receive any complaints alleging violation of the requirement of affirmative action, . . . the [Office of Federal Contract

³ FAR 52.222-27(g), “Affirmative Action Compliance Requirements for Construction.” (Feb. 1999)

⁴ Ibid.

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Compliance Programs]⁵ regional office was not required to be involved in this particular contract.” IBWC further stated that since the contract had been “listed as final” on the Web site FederalReporting.gov, IBWC will “submit a reminder notice” for Inuit “to document and implement affirmative action procedures in future federal contracts.”

OIG Analysis: OIG considers the recommendation resolved. The recommendation can be closed pending OIG’s review and acceptance of documentation showing that Inuit has taken action to implement affirmative action procedures for future Federal contracts.

Finding C. Contractor Did Not Obtain Required Subcontractor Certifications

The contractor Inuit did not obtain all required certifications from its subcontractor P&J. Inuit did not obtain a certification at the time of award confirming that “the subcontractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the Federal Government” in accordance with the FAR.⁶ Inuit representatives stated that they were not aware of the FAR requirement to obtain this certification.

The failure to obtain required forms and certifications could result in subcontractors’ being unaware of applicable FAR clauses and/or of subcontracts being awarded to companies that have been debarred, suspended, or proposed for debarment. We were able to verify that the subcontractor was not included in the Excluded Parties List System, an electronic Web-based system that identifies those parties excluded from receiving Federal contracts.

Recommendation 3. We recommend that the International Boundary and Water Commission (IBWC) contracting officer for IBWC Contract No. IBM090014 require that the contractor Inuit Services, Inc., obtain the required certification from its subcontractor confirming that Phillips & Jordan, Inc., or its principals are not debarred, suspended, or proposed for debarment.

IBWC Response: IBWC stated that although the work is completed and the contracting officer had already verified that the subcontractor was not debarred, suspended, or proposed for debarment, it would request that Inuit provide the certification before August 30, 2011.

OIG Analysis: OIG considers the recommendation resolved. The recommendation can be closed pending OIG’s review and acceptance of Inuit’s certification showing that the subcontractor is not debarred, suspended, or proposed for debarment.

⁵ The Office of Federal Contract Compliance Programs (OFCCP), which is part of the U.S. Department of Labor, is responsible for ensuring that employers doing business with the U.S. Government comply with the laws and regulations requiring nondiscrimination.

⁶ FAR 52.209-6(b), “Protecting the Government’s Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment.” (Sept. 2006)

Finding D. Contractor Did Not Have Buy American Act Controls in Place

The contractor Inuit did not have policies and procedures in place to ensure that all construction materials used on the construction project were produced in the United States. The FAR⁷ defines “construction material” as “an article, material, or supply brought to the construction site” by the contractor or subcontractor “for incorporation into the building or work.” The FAR⁸ requires “unless an exception applies, that all iron, steel, and other manufactured goods used as construction material in the project” be produced in the United States for Recovery Act-funded projects. This clause also implements the Buy American Act⁹ by providing a preference for unmanufactured domestic construction material.

Inuit’s subcontractor P&J purchased construction materials, and Inuit personnel relied on the subcontractor to have procedures in place to ensure compliance with the requirements. Without procedures, a contractor and/or a subcontractor could be in violation of the Buy American Act, for which corrective actions can include removing and replacing the improperly purchased foreign-manufactured goods, reducing the amount of the award, or even withholding future funds. We were able to verify that materials used during construction were produced in the United States.

Recommendation 4. We recommend that the International Boundary and Water Commission (IBWC) contracting officer for IBWC Contract No. IBM09C0014 require the contractor Inuit Services, Inc., to establish procedures to ensure that materials purchased for American Recovery and Reinvestment Act construction projects are in compliance with the Buy American Act.

IBWC Response: IBWC stated that although the work had been completed and the contracting officer had verified that all installed material met the requirements of the Buy American Act to ensure payment to the contractor, it would request that Inuit certify compliance with the act on or before August 30, 2011.

OIG Analysis: OIG considers the recommendation resolved. The recommendation can be closed pending OIG’s review and acceptance of the contractor’s certification of compliance with the Buy American Act.

⁷ FAR 52.225-21(a), “Required Use of American Iron, Steel, and Other Manufactured Goods–Buy American Act–Construction Materials.”

⁸ FAR 52.225-21(b)(1)(i)-(b)(1)(ii).

⁹ 41 U.S.C. §§ 10a-10d.

List of Recommendations

Recommendation 1. We recommend that the International Boundary and Water Commission (IBWC) contracting officer for IBWC Contract No. IBM09C0014 ensure that decisions on all outstanding change orders are communicated to Inuit Services, Inc., in a timely manner and that Inuit pays the subcontractor for amounts owed, including interest if applicable, and that Inuit obtains all required lien waivers.

Recommendation 2. We recommend that the International Boundary and Water Commission (IBWC) contracting officer for IBWC Contract No. IBM09C0014 require the contractor Inuit Services, Inc., to implement procedures to ensure that it complies with *Federal Acquisition Regulation* affirmative action requirements.

Recommendation 3. We recommend that the International Boundary and Water Commission (IBWC) contracting officer for IBWC Contract No. IBM090014 require that the contractor Inuit Services, Inc., obtain the required certification from its subcontractor confirming that Phillips & Jordan, Inc., or its principals are not debarred, suspended, or proposed for debarment.

Recommendation 4. We recommend that the International Boundary Water Commission (IBWC) contracting officer for IBWC Contract No. IBM09C0014 require the contractor Inuit Services, Inc., to establish procedures to ensure that materials purchased for American Recovery and Reinvestment Act construction projects are in compliance with the Buy American Act.

Scope and Methodology

The Department of State (Department), Office of Inspector General (OIG), Office of Audits, engaged Cotton & Company, LLP (referred to as “we” in this appendix), to conduct performance audits of contractors that received American Recovery and Reinvestment Act (Recovery Act) funds from the International Boundary and Water Commission (IBWC). One of the contractors selected for review was Inuit Services, Inc. (Inuit), in Hidalgo County, Texas. The audit included Recovery Act funds expended between November 2009 and June 30, 2010, with fieldwork conducted in September 2010.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on audit objectives.

We discussed tentative results of this audit with Inuit officials during fieldwork and with IBWC officials on January 12, 2011.

To meet our audit objectives, we used the following methodology:

- Reviewed documentation available on the Internet for Inuit and its subcontractor Phillips & Jordan, Inc. (P&J), to evaluate Inuit and its subcontractor’s eligibility to perform on U.S. Government contracts and validate the entity status of the organizations.
- Selected and tested a sample of Recovery Act reports on the Web site FederalReporting.gov to determine whether information reported was accurate and supported.
- Determined whether Inuit had established and functioning processes to ensure compliance with Buy American Act requirements.
- Selected and tested a sample of Inuit- and P&J-certified payrolls to verify compliance with Davis-Bacon Act¹ and Copeland Act² requirements and to verify that processes were in place to validate employment eligibility of those individuals performing on the contract.

¹ The Davis-Bacon Act requires Federal contractors to pay prevailing wages, as defined by the Wage and Hour Division of the U.S. Department of Labor on Federally funded or assisted construction projects.

² The Copeland “Anti-Kickback” Act prohibits Federal contractors or subcontractors engaged in building construction or repair from inducing an employee to give up compensation.

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- Reviewed and evaluated the subcontract executed by Inuit to ensure inclusion of proper clauses, receipt of debarment certifications, notification made to IBWC of active subcontracts, and timely payments.
- Evaluated whether Inuit and its subcontractor had proper programs in place to ensure compliance with code of business ethics, equal employment opportunity, and affirmative action requirements.

Review of Internal Controls

Based on our review of Inuit's controls to ensure Inuit and subcontractor compliance with contractual and regulatory requirements, we found that Inuit

- Did not have appropriate controls established to ensure compliance with contractual and regulatory requirements.
- Did not have controls in place to ensure compliance with affirmative action requirements.
- Did not have a process in place to obtain subcontractor certifications regarding debarment status.
- Had not implemented controls to ensure that construction materials met Buy American Act requirements.
- Did not have appropriate controls established to submit accurate Recovery Act reports.

We believe that implementation of the recommendations contained in the report will improve controls over ensuring compliance with required laws and regulations and accurate reporting of Recovery Act spending to the public.

Use of Computer-Processed Data

We used payroll files, job cost data, and other financial reports from Inuit's systems to test the accuracy of its reporting on FederalReporting.gov. We also validated expenditures listed in IBWC's budgetary and billing systems to ensure accuracy of reporting on the Web site. We found no unexplained discrepancies in expenditure data reported but did find some inaccuracies identified in data reported on the FederalReporting.gov Web site. These errors were the result of Inuit's misunderstanding of reporting requirements or a lack of controls to detect mathematical errors and were not caused by automated data system issues.

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Appendix B

INTERNATIONAL BOUNDARY AND WATER COMMISSION
UNITED STATES AND MEXICO

July 29, 2011



OFFICE OF THE COMMISSIONER
UNITED STATES SECTION

United States Department of State and the Broadcasting Board of Governors
Office of Inspector General
Attn: Evelyn R. Klemstine, Assistant Inspector General for Audits
2201 C. Street, N.W.
Washington, D.C. 20520-0308

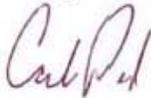
Subject: OIG Audit of International Boundary and Water Commission Construction Contract with Inuit Services, Inc.

Dear Ms. Klemstine:

We are pleased to provide you the attached responses to the findings and recommendations shown in the draft audit report entitled Audit of International Boundary and Water Commission Construction Contract with Inuit Services, Inc., using Funds provided by the American Recovery and Reinvestment Act Draft Report dated June, 2011.

We note that improvements have already been made in the USIBWC Acquisition Division in response to the recommendations provided in the audit report, and specific responses to each finding and recommendation are provided.

Sincerely,


for Edward Drusina, P.E.
Commissioner

Attachment As Stated
CC, D. Forti, C. Parker

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(915) 832-4100 • Fax: (915) 832-4190 • <http://www.ibwc.gov>

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Thank you for the copy of your report dated June 2011, we greatly appreciate the opportunity to respond to the report.

The USIBWC generally agrees with all of the OIG recommendations, and each recommendation and suggestion that was noted in the report is addressed below:

OIG recommendations and USIBWC response:

1. Recommendation 1. We recommend that the USIBWC contracting officer for IBWC Contract no. IBM09C0014 ensure that decisions on all outstanding change orders are communicated to the contractor Inuit Services, Inc. in a timely manner and that Inuit pays the subcontractors for amounts owed, including interest if applicable, and that Inuit obtains all required lien waivers.

Response: This office takes exception to the recommendation. The USIBWC has communicated to the prime contractor in a timely manner all changes relative to this contract. The change order transactions between P&J (subcontractor) and Inuit (Prime) are not recognized by this office since we do not have privity of subcontract but it does appear that both prime and subcontractor had a separate set of payment records not otherwise accessible or recognized by this office. We do recognize change orders initiated by the USIBWC and there are no outstanding USIBWC change orders with Inuit. Although Inuit has one unsupported claim before the USIBWC, it would be seriously improper for this office to direct Inuit to pay the subcontractor amounts owed on an otherwise unjustified claim. There is no contract requirement to obtain lien waivers on Govt construction contracts. Primes are responsible to obtain lien waivers from their subs in order to protect themselves, NOT the government. The inclusion of a Payment Bond assures protection of the subs on contractual matters between themselves and the prime contractor.

2. Recommendation 2: We recommend that the USIBWC contracting officer for IBM09C0014 require the prime contractor to implement procedures to ensure that it complies with FAR affirmative action requirements.

Response: This office did not receive any complaints alleging violation of the requirements of affirmative action. Therefore, the OFCCP regional office was not required to be involved in this particular contract. Since the contract is now listed as final in Federal Reporting this office will submit a reminder notice to Inuit that it document and implement affirmative action procedures in future federal contracts.

3. Recommendation 3: We recommend that the USIBWC contracting officer for IBWC Contract No. IBM09C0014 require that the contractor Inuit Services, Inc. obtain the required additional certification from its subcontractor confirming that Phillips & Jordan or its principals are not debarred, suspended, or proposed for debarment.

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Response: Although the work is completed and the CO had already previously verified Phillips & Jordan was not debarred, suspended or proposed for debarment, this office will request Inuit provide such certification on or before Aug 30, 2011.

4. Recommendation 4: We recommend that the USIBWC contracting officer for contract IBM09C0014 require Inuit Services, Inc. to establish procedures to ensure that materials purchased for ARRA construction projects are in compliance with the Buy American Act.

Response: Although the work is completed and the COR had verified all installed material met the requirements of Buy American in order to assure payment to the contractor, this office will request Inuit certify compliance with Buy American Act on or before Aug 30, 2011.

Thank you again for the opportunity to respond to this draft report and please advise us of any follow-up questions, comments, or concerns about this response letter.

(b) (6)

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