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TO: Thomas L. Tidwell
Chief
Forest Service

ATTN: Thelma Strong
Acting Chief Financial Officer
Forest Service

FROM: Gil H. Harden
Assistant Inspector General
for Audit

SUBJECT: American Recovery and Reinvestment Act – Forest Service
Capital Improvement and Maintenance Projects
Abandoned Mine Remediation

This report presents the results of the subject review. Your written response to the official draft report, excluding the attachments, is included at the end of the report. Excerpts from the response and the Office of Inspector General's (OIG) position are incorporated into the relevant sections of the report. Based on the information in your written response, we have accepted your management decision for all the report recommendations. Please follow your internal agency procedures in forwarding final action correspondence to the Office of Chief Financial Officer. Final action on the management decision should be completed within 1 year of the date of the management decision to preclude being listed in the Department's annual Performance and Accountability Report.

We appreciate the courtesies and cooperation extended to us by members of your staff during our audit fieldwork and subsequent discussions.

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American Recovery and Reinvestment Act – Forest Service Capital Improvement and Maintenance Projects Abandoned Mine Remediation

Executive Summary

The American Recovery and Reinvestment Act of 2009 (Recovery Act) authorized \$650 million for Forest Service (FS) to implement capital improvement and maintenance program projects, of which \$22.7 million was approved for the remediation of abandoned mines on National Forest System land. Ultimately, these Recovery Act funds were used to assess and mitigate safety hazards and environmental damage at 16 abandoned mine remediation projects on FS lands in 7 States. FS gave priority to cleaning up abandoned mines that are publicly accessible and located in high priority watersheds. OIG reviewed 12 of the 16 projects to determine whether FS and subsequent recipients of Recovery Act funds complied with laws and regulations pertaining to the Recovery Act funding.

Recovery Act Contracts Lacked Required Provisions

Based on our review of these 12 projects, we found that FS did not always include required Recovery Act provisions in the contracts it used. The Recovery Act required that FS add special terms and provisions to enhance accountability and transparency of Recovery Act funds, and the agency responded by establishing four specialized Economic Recovery Operations Centers (EROCs) that were responsible for executing and managing FS' Recovery Act awards in a consistent manner agencywide.

At FS' Intermountain EROC, however, we found that a number of necessary Recovery Act provisions were either not included or inadequately stated in the executed contracts for the FS Northern Region's mine remediation projects. For example, the contracts lacked the provision requiring contractors to comply with all applicable Recovery Act requirements. It also lacked the provision stating FS' right to suspend or terminate a contract or debar a contractor for failure to comply with Recovery Act requirements. This occurred because FS did not have a standard template specific to Recovery Act contracts, but instead allowed EROC contracting officers to determine which Recovery Act provisions to include in the contracts and how those provisions would be described. We reported this issue to the FS Chief on March 11, 2010, in a Fast Report.¹ Subsequently, we identified other contracts in FS' Northern Region that did not include the Recovery Act provisions related to a Recovery Act-funded abandoned mine remediation project.

EROCs Did Not Conduct Required Quality Assurance Reviews of Contracts

Although contracting leads were required to review 10 percent of all contracts at their EROC, the contracting leads at three of the four EROCs did not conduct the required quarterly quality

¹ Audit Report 08703-0006-SF(1), The Recovery Act – Forest Service Abandoned Mine Remediation (March 11, 2010).

assurance reviews of Recovery Act contracts.² This occurred because the contracting lead at one of the EROCs did not view the reviews as a priority, while the contracting leads at the other two EROCs assumed that their staffs were already conducting them. As a result, FS lacked assurance that the contracts for Recovery Act-related projects administered by the EROCs were compliant with the Recovery Act and Office of Management and Budget (OMB) guidance. We reported this issue to FS on June 4, 2010, in a Fast Report.³

FS has since disbanded the EROCs and transferred their responsibilities to the regions or local units where projects are located and administered. According to the assistant director of acquisition management (AQM), each region now develops its own Internal Process Plan based on a standardized template, and is responsible for conducting the quality assurance reviews for its awarded contracts. We reviewed the standardized plan template developed by AQM and found that it did not contain any guidance on how regions were to conduct quality assurance reviews for the Recovery Act contracts the EROCs transferred to the regions. We brought this to the attention of AQM's assistant director, who agreed that the standardized plan template needed to include specific guidance on how the Recovery Act quality assurance reviews should be conducted. The assistant director said that FS will develop a supplement to the standardized plan template that will inform FS regions of their responsibility for conducting the quality assurance reviews for all Recovery Act contracts, and also specify the frequency and number of Recovery Act contracts that need to be reviewed.

Recommendation Summary

To ensure accountability over Recovery Act-awarded funds, the Fast Report issued on March 11, 2010, recommended that FS immediately modify its contract templates to include the necessary Recovery Act provisions. In its written response to the Fast Report, FS concurred with our recommendation and stated that it had already taken corrective action.

To ensure that the quality assurance reviews are serving their intended purpose, the Fast Report issued on June 4, 2010, recommended that FS remind the EROCs' contracting leads of their responsibility for the quarterly quality assurance reviews and provide the EROCs additional guidance, specifying how they should conduct quarterly quality assurance reviews to ensure sufficient and consistent coverage agencywide.

Because EROCs will no longer perform quality assurance reviews, we recommend that FS develop a supplement to the standardized plan template informing the regions of their new responsibility for conducting quality assurance reviews for all Recovery Act contracts. The supplement should also include specific guidance on how to conduct quality assurance reviews, including the frequency of the reviews, the methodology for selecting the contracts to review, and how the reviews should be documented.

² The contracting leads at EROCs had overall responsibility for administering the Recovery Act contracts. Therefore, they were responsible for staffing the EROC and overseeing the work of the contracting officers, contract specialists, and procurement technicians.

³ Audit Report 08703-0006-SF(2), The Recovery Act – Forest Service Abandoned Mine Remediation (June 4, 2010).

Agency Response

In its written response to the draft report, dated April 2, 2012, FS concurred with all of our findings and recommendations. FS' response is included at the end of this report.

OIG Position

Based on FS' written response, OIG accepts FS' management decision for all the audit recommendations.

Background and Objectives

Background

Congress enacted the Recovery Act on February 17, 2009,⁴ to stimulate the nation's economy and to create or save jobs across the country. The Recovery Act provided FS with \$1.15 billion in funding. FS used \$650 million of the funding to implement capital improvement and maintenance projects. Of this amount, \$19.8 million was approved for the remediation⁵ of abandoned mines⁶ on National Forest System land. On July 7, 2009, the Secretary of Agriculture announced that the \$19.8 million of Recovery Act funds would be used for 14 abandoned mine remediation projects on National Forest System land in 7 States.⁷ These projects assess and mitigate abandoned mine safety hazards and environmental damage. Mitigating safety hazards of abandoned mines helps ensure public health and safety and protect habitats and ground water. FS gave priority to cleaning up abandoned mines that are publicly accessible and located in high priority watersheds. Given the complexity of the projects and the limited timeframes for work due to adverse weather conditions, many of the projects have long-term contracts because they can take several years to complete.

Congress, in enacting the Recovery Act, emphasized the need for accountability and transparency in the expenditure of funds. Further, in February 2009, OMB issued initial guidance that required Federal agencies to establish rigorous internal controls, oversight mechanisms, and other approaches to meet the accountability objectives of the Recovery Act.⁸ OMB issued additional guidance in April 2009 to clarify existing requirements and establish additional steps that must be taken to facilitate the accountability and transparency objectives of the Recovery Act. Moreover, OMB emphasized that, due to the unique implementation risks of the Recovery Act, agencies must take steps, beyond standard practice, to initiate the additional oversight mechanisms.⁹ The USDA's Office of Inspector General (OIG) was charged with the responsibility of overseeing FS and other agencies' activities in order to ensure Recovery Act funds are spent in a manner that minimizes the risk of improper use.

In April 2009, to streamline the acquisition management process under the Recovery Act, FS established four EROCs across the country, which were part of the AQM division. EROCs were responsible for awarding and administering contracts, grants, and agreements for all Recovery Act projects in a consistent manner agencywide. EROCs were located in the following geographic areas: (1) Northwestern (Sandy, Oregon); (2) Southwestern (Vallejo, California);

⁴ Public Law 111-5, American Recovery and Reinvestment Act of 2009, February 17, 2009.

⁵ Remediation activities include closing mine openings and vertical shafts; recontouring open pits, trenches, and associated roads; and removing or stabilizing abandoned buildings, equipment, and hazardous materials.

⁶ Abandoned mines generally include a range of mining impacts (from past hardrock mining) or features that may pose a threat to water quality, public safety, and/or the environment.

⁷ FS subsequently added two more projects. In total, FS had 16 projects funded by the Recovery Act consisting of 34 abandoned mine land sites valued at \$22.7 million.

⁸ OMB Memorandum M-09-10, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009* (February 18, 2009).

⁹ OMB Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009* (April 3, 2009).

(3) Intermountain (Denver, Colorado); and (4) Eastern (Atlanta, Georgia). EROCs provided FS' field units with services related to Recovery Act contracting as well as grant and agreement development and implementation. They also monitored contracts, grants, and agreements under the Recovery Act. Two leads headed the EROC staff – one for grants and agreements and one for contracts.

In April 2009, OMB issued Memorandum 09-15 requiring agencies to provide appropriate oversight of contracts to ensure that outcomes are consistent with and measurable against agency plans and goals under the Recovery Act. FS assigned this responsibility to the AQM Director. To meet the additional oversight requirements, AQM developed an Internal Process Plan (referred to as “the plan”) for EROCs to ensure consistent execution of contracts and compliance with Recovery Act and OMB requirements. The plan required the EROCs' contracting lead or a designee to review 10 percent of all contracts, regardless of value, at various stages of their completion to ensure that the Government received a quality and timely product.

As the Recovery Act funding expired at the end of fiscal year (FY) 2010, EROCs were no longer awarding new contracts, grants, or agreements. At the start of FY 2011, Recovery Act-funded mine remediation contracts were transferred to the regions in accordance with FS' EROC Transition Plan.¹⁰ The EROCs were subsequently disbanded and the administration of awarded contracts, including responsibility for the quality assurance reviews, was transferred to respective regions and/or local units where the projects were located and administered.

Objectives

Our objectives were to determine whether FS and subsequent recipients of Recovery Act funds for abandoned mine remediation: (1) complied with laws and regulations pertaining to the Recovery Act funding; (2) selected projects that met eligibility and program requirements; (3) accurately accounted for and timely completed those projects; and (4) accurately and timely reported their accomplishments.

Although our audit did not identify any reportable issues related to the last three objectives, we did find control deficiencies relating to the first objective. Regarding the fourth objective, we did not review the accuracy of the information that subsequent recipients of the Recovery Act funds reported since this will be reviewed during a subsequent audit.

¹⁰ Forest Service, Transition Plan, Economic Recovery Operations Centers (October 4, 2010).

Finding 1: Contracts Lacked Required Recovery Act Provisions

At the Intermountain EROC, we found that a number of necessary Recovery Act provisions were either not included or inadequately stated in the executed contracts for the FS Northern Region's Recovery Act-funded abandoned mine remediation projects. This occurred because FS did not have a standard template for the Recovery Act contracts, but instead allowed the EROC contracting officers to determine for themselves which Recovery Act provisions to include in the contracts and the extent to which the provisions would be described. The FS national office AQM branch chief, who was responsible for the development of the contract templates, agreed that FS needed a new template specific to the Recovery Act. We also found that one of the Northern Region's cooperators¹¹ did not include required Recovery Act provisions in its contracts related to a mine remediation project. Although the cooperative agreement¹² with FS requires the cooperator to include all necessary Recovery Act provisions in its contracts, FS did not review the contracts to ensure they contained the required Recovery Act provisions—even though it was the Intermountain EROC's standard practice to review contracts pertaining to cooperative agreements, particularly the larger contracts. If the Recovery Act provisions are not included in contracts, not only may contractors be unaware of the provisions, FS will not be able to enforce contractors' compliance with them.

The Recovery Act requires changes to the normal way FS administers grants and agreements and contracts, including special terms and provisions to enhance accountability and transparency of Recovery Act funds. OMB directed Federal agencies to include any terms and conditions needed to implement the Recovery Act provisions in their grants, agreements, and contracts.¹³ The cooperative agreement requires the cooperator to ensure that all sub-awards for the Recovery Act-funded project also have the applicable Recovery Act provisions in its award documents.

FS Template Used for Contracts Lacked Required Recovery Act Provisions

The Intermountain EROC managed and monitored the Northern Region's Recovery Act contract awards. EROC staff used standard contract templates from the Integrated Acquisition System (IAS) as the basis for preparing every FS Recovery Act contract.¹⁴ We reviewed the contract templates the Intermountain EROC used and two of the region's executed contract awards and determined that both the template and contract awards lacked a number of required or necessary Recovery Act provisions. Specifically, the contracts did not include language stating that:

- Contractors and their subcontractors are responsible for complying with all applicable Recovery Act requirements;

¹¹ A cooperator is an individual or entity that voluntarily cooperates with FS on a project and is willing to formalize the relationship by entering into a Memorandum of Understanding or other type agreement.

¹² A legal instrument under Federal Assistance used by FS to document a transaction where FS is substantially involved in the project.

¹³ OMB Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, Sections 5.9 and 6.4 (April 3, 2009).

¹⁴ IAS is a commercial off-the-shelf software application that FS uses to administer government contracts.

- Contractors and their subcontractors are required to comply with the Recovery Act's Buy American¹⁵ requirement;
- Contract recipients are responsible for complying with the Recovery Act's recipient reporting requirements;
- OIG has access to contractor and subcontractor records; and
- FS has the right to suspend or terminate a contract or debar a contractor for failure to comply with Recovery Act requirements.

Although FS had standard contract templates in IAS, FS did not have a standard contract template specifically for the Recovery Act. For Recovery Act awards, the contracting officers at Intermountain EROC would generally attach whatever Recovery Act requirements they believed necessary to the standard template obtained from IAS. Specifically, for each contract they worked on, the contracting officers would determine for themselves which Recovery Act provisions to include and to what extent the provisions would be described, since there was no standard template in IAS containing the required Recovery Act provisions. This resulted in inconsistencies between contracts. Accordingly, the two contracts we reviewed did not contain all the necessary Recovery Act requirements.

Below, we discuss the missing Recovery Act provisions in more detail:

Contractors' Compliance with Recovery Act Requirements - The contract template in IAS did not include provisions directing contractors to comply with all Recovery Act requirements. In addition, the contract template did not inform contractors of OMB guidance developed specifically to ensure consistent interpretation of Recovery Act requirements, such as instructions on quantifying jobs created and retained with Recovery Act funding. The template also did not contain provisions to control subcontractors' use of Recovery Act funds, since contractors may contract out portions of the work to subcontractors. FS' contract template directed contractors to notify their subcontractors that they are also subject to the same terms and conditions stated in the primary contract; however, the template did not specifically require contractors to include Recovery Act terms in their contracts with subcontractors. In the absence of such pass-through language, subcontractors could receive substantial amounts of Recovery Act money without being subject to the Recovery Act requirements. The award template needed to include a provision directing contractors to be aware of and comply with all Recovery Act requirements. Without such general provisions, Recovery Act contractors could be exempt from Recovery Act requirements.

Buy American Requirement - Congress expects that recipients of Federal funding buy American-made products and equipment (known as the Buy America Act), and each Federal agency must provide the recipients notice of this requirement when providing financial assistance or awarding contracts.¹⁶ However, the contract template Intermountain EROC used for Recovery Act projects did not include the Buy American Act provision. The contracting officer believed that the provision was not necessary for service type contracts and removed the clause from the contract template. However, another contracting officer

¹⁵ FAR 25.602 and FAR 25.607, dated October 2010.

¹⁶ 7 United States Code, Section 7012, Purchase of American-Made Equipment and Products (January 2007).

stated that some service contracts may require equipment or materials purchases to perform the contracted service, and in those cases, the Buy American Act provision would be warranted. The Federal Acquisition Regulation (FAR) requires that items purchased through service contracts exceeding a certain micro-purchase threshold be made in America.¹⁷ Because it is likely that many of the service contracts administered by the EROCs may require the purchase of equipment and supplies exceeding the micro-purchase threshold, we believe that all service type contracts should have contained the Buy American Act provision to ensure that all contractors are fully aware of the requirement.

Recipient Reporting Requirement - The standard contract template did not adequately disclose the contract recipient reporting requirements. The Recovery Act requires that contract recipients periodically report certain information about their Recovery Act-funded projects, such as the amount of Recovery Act funds invoiced for the reporting period, significant services performed or supplies delivered, and the contractor's progress towards the completion of the project. According to FS' Recovery Act Program Direction, FS must appropriately inform recipients of the reporting requirements through contract clauses or provisions.¹⁸ While the contracts we reviewed did reference the FAR Section (52.204-11) on recipient reporting, contractors would have to research the FAR reference to know what was actually required. Therefore, we believe that a mere reference to this pertinent Recovery Act provision was insufficient to adequately inform contractors of their reporting responsibilities. Furthermore, FS Recovery Act contracts did not specify that the contractor had reporting responsibilities for the www.federalreporting.gov website and that the contractor must register with the site in order to report its data. To ensure that contractors comply with the reporting requirement and that they consistently and accurately report the necessary information, the Recovery Act reporting requirement should be fully described in the contract.¹⁹

OIG's Right to Access Recovery Act Related Records - The contract template did not specify OIG's rights to access Recovery Act related records. Section 1515 of the Recovery Act provides authority for representatives of the Inspector General (IG) to examine each contract awarded using Recovery Act funds. This includes any contractor and subcontractor records, and records of any State or local agencies administering such contracts. IG representatives may also interview any officer or employee of the contractor or subcontractors regarding such transactions. Notifying contractors of OIG's right to access records is an important control over the accountability of Recovery Act funds, because it informs contractors and subcontractors that their use of Recovery Act funds is subject to a Federal audit. This serves as a deterrent to fraud, waste, and abuse.

Penalties for Non-Performance - The contract template did not adequately state the remedies FS has against contractors who fail to perform or do not comply with the Recovery Act and other contract terms. The FAR requires Federal agencies to exercise appropriate contractual remedies if Recovery Act recipients fail to comply with the Recovery Act and other contract

¹⁷ Currently \$2,500 for equipment and supplies and \$2,000 for construction materials.

¹⁸ FS Program Direction, *American Recovery and Reinvestment Act*, Chapter 5, pgs. 5-34 (October 2, 2009).

¹⁹ For those projects reviewed, we determined that the contract recipients had reported the required information.

requirements.²⁰ There are two types of standard termination provisions: a termination for the Government's convenience and a termination for default.²¹ Termination for the Government's convenience reserves the Government's right to terminate the contract when in the Government's best interest. A termination for default allows the Government to terminate the contract due to a default or breach of contract by the contractor. In the event of a termination, the contractor would be liable to the Government for any and all rights and remedies, as provided by the law. According to the FAR, these remedies also include suspension and debarment.²² Although the contract template included the two standard termination provisions discussed above, it did not specify the enforcement actions FS could ultimately take in response to the contractor's failure to comply with the Recovery Act provisions. FS should specifically state in the contract that the contract could be suspended or terminated, or the contractor debarred, if the contractor fails to comply with the terms of the Recovery Act. This would further ensure FS' legal rights to initiate enforcement actions when necessary.

We reported these conditions to the FS Chief in a March 2010 Fast Report.²³ To ensure consistent and sufficient accountability over Recovery Act-awarded funds, the Fast Report recommended that FS immediately modify its contract templates in IAS to include the necessary Recovery Act provisions discussed above. In its March 2010 written response to the Fast Report, FS concurred with our recommendation and stated that it had already taken corrective action. Considering that most abandoned mine remediation projects have multi-year contracts, we are also recommending that FS review all abandoned mine remediation contracts still active to determine whether they contain the required Recovery Act provisions. For those abandoned mine remediation contracts that do not contain the required Recovery Act provisions, FS needs to modify the contracts in order to ensure the Government's interests are adequately protected.

Contracts Administered by FS Cooperator Lacked Required Recovery Act Provisions

Following the issuance of our March 2010 Fast Report, we found that one of the Northern Region's cooperators also did not include all Recovery Act provisions in its contracts related to a mine remediation project we reviewed. FS entered into a cooperative agreement with the State of Idaho's Department of Environmental Quality (DEQ) to conduct work on an abandoned mine in Idaho (hereafter referred to as the Idora mine). Under the agreement, DEQ was responsible for: overseeing the removal of mine tailings (mineral waste) from the site and relocating them to a repository, closing the repository with an impermeable cap, and re-vegetating the repository.²⁴ DEQ awarded two contracts for the project, one for the design of the repository (estimated at \$63,000) and the other for the removal of the tailings and construction of the repository (estimated at \$875,000). The two contractors received over 91 percent of the Recovery Act funds awarded to DEQ to complete the project.²⁵ However, we determined neither contract

²⁰ FAR 4.1501, March 2009; FAR 25.607, August 2010; and FAR 52.212-4, June 2010.

²¹ FAR 49.402, October 2010; FAR 49.502, May 2007; FAR 52.249-2, May 2004; and Far 52.249-8, April 1984.

²² FAR 9.406 and 9.407, December 1994.

²³ 08703-06-SF(1), The Recovery Act – Forest Service Abandoned Mine Remediation (March 11, 2010).

²⁴ The Idora mine site is located on FS land; however, the tailings and the contaminants are located on both federal and private lands. DEQ was involved in the project because the State of Idaho has jurisdiction over private lands.

²⁵ The two contractors ultimately received only \$795,580 after the cost of the project was reduced to \$870,000.

contained the Recovery Act provisions required under the cooperative agreement. Although the Intermountain EROC's standard practice was to review larger contracts, it did not review either contract before they were awarded.

According to the grant lead at Intermountain EROC, the cooperator is responsible for ensuring that all of the contracts include the required Recovery Act provisions. Although FS has the option to review and approve the contracts before they are awarded, FS elected not to do so.²⁶ Instead, the grant lead said that FS relied on the cooperator to ensure that the contracts contained the required Recovery Act provisions. However, in cases where the contractor is either new or expected to perform a significant portion of the project work, the grant lead also stated it was generally their standard practice to review the contracts to ensure the cooperator was in compliance with the cooperative agreement. In the case of the Idora mine project, FS' Intermountain EROC staff could not account for why they did not follow their standard practice.

DEQ officials confirmed that the cooperative agreement required them to include the Recovery Act provisions in their subsequent contracts; however, they attributed the omission to oversight. DEQ officials stated that they would amend the two contracts related to the Idora mine project to include all the required Recovery Act provisions. To ensure the Government's interests are adequately protected, FS should follow up with DEQ to verify that the required Recovery Act provisions have been added.

Recommendation 1

Immediately modify the contract templates in IAS to include the necessary Recovery Act provisions.

Agency Response

In its March 25, 2010, response to our Fast Report, FS concurred with this recommendation and stated that it had implemented corrective action. FS created a template in IAS that included all of the FAR Recovery Act clauses and provisions, and distributed a notice regarding the template to the EROC leads on January 26, 2010. AQM Staff followed OMB direction to ensure that the contract templates included the standard provisions of FAR, Agriculture Acquisition Regulation (AGAR), and Forest Service Acquisition Regulation (FSAR) clauses that are sufficient to protect the Government's interests regarding Recovery Act contracts.

FS noted that the finding also recommended that additional language be put into all Recovery Act contracts over and above the FAR clauses and provisions. FS stated that any contract clause language not included in the FAR, AGAR, or FSAR must be approved by the U.S. Department of Agriculture and submitted to the *Federal Register* for public comment. Instead of including new clause language in the contracts, FS added wording in the award letters that included the OIG-recommended provisions. The added wording notifies contractors of (1) the Inspector General's rights to access records and (2) the Government's right to take actions as it deems

²⁶ Forest Service Handbook 1509.11, Chapter 20, page 52, October 2009.

necessary for a contractor's failure to perform or to comply with Recovery Act and other contract terms.

OIG Position

Based on the response to the fast report, we accept FS' management decision on this recommendation.

Recommendation 2

Review all abandoned mine remediation contracts still active to determine whether the required Recovery Act provisions were included.

Agency Response

FS concurs with this audit recommendation. The agency will conduct a review on all active abandoned mine remediation contracts to ensure the required Recovery Act provisions were included. FS' estimated completion date for this action is May 31, 2012.

OIG Position

We accept FS' management decision on this recommendation.

Recommendation 3

For those abandoned mine remediation contracts that did not contain the required Recovery Act provisions, amend the contracts to include them.

Agency Response

FS concurs with this audit recommendation. During the review conducted by the agency in Recommendation 2, if there are contracts that do not have the required Recovery Act provisions, the agency will amend the contracts to include them. FS' estimated completion date for this action is May 31, 2012.

OIG Position

We accept FS' management decision on this recommendation.

Recommendation 4

Review the amended contracts pertaining to the cooperative agreement for the Recovery Act-funded Idora mine project to ensure that DEQ included all of the required Recovery Act provisions.

Agency Response

FS concurs with this audit recommendation. The agency will review the contracts pertaining to the cooperative agreement for the Idora mine projects, to ensure that DEQ included all of the required Recovery Act provisions. FS' estimated completion date for this action is May 31, 2012.

OIG Position

We accept FS' management decision on this recommendation.

Finding 2: EROCs Did Not Conduct Required Quality Assurance Reviews of Contracts

The contracting leads at three EROCs did not conduct the required quarterly quality assurance reviews of Recovery Act contracts.²⁷ This occurred because the contracting lead at one of the EROCs did not see the reviews as a priority, while the contracting leads at the other two EROCs assumed their staffs were already conducting them. The contracting leads were required to review 10 percent of all contracts administered by their EROC staff to ensure that the contracts were in compliance with the Recovery Act and OMB guidance. As a result, FS lacked the assurance it needed that the contracts for Recovery Act-related projects administered by the EROCs were compliant with the Recovery Act and OMB guidance.

According to FS' Recovery Act Program Direction,²⁸ the AQM director is responsible for implementing processes to ensure proper compliance with Recovery Act and OMB guidance on awards with Recovery Act funds.²⁹ To meet the additional oversight requirements, AQM developed an Internal Process Plan for the EROCs to ensure consistent execution of contracts and compliance with Recovery Act and OMB requirements. The plan requires the EROCs' contracting lead or a designee to review 10 percent of all contracts at various stages of completion, regardless of value. These reviews are meant to ensure that the Government receives a quality and timely product, and contract administration is appropriately documented.³⁰ At a minimum, the contracting lead needed to review the contract payments, contract administration evidence, and the close-out process. The plan also stated that reviews should be performed quarterly and documented in a separate review file maintained in the office of the

²⁷ The contracting leads at the EROCs had overall responsibility for administering the Recovery Act contracts. Therefore, they were responsible for staffing the EROC and overseeing the work of the contracting officers, contract specialists, and procurement technicians.

²⁸ FY 2009/2010, American Recovery and Reinvestment Act, Chapter 2 – Program-Specific Plan, pgs. 2-21 (October 2, 2009).

²⁹ OMB Memorandum M-09-10, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009* (February 18, 2009); and OMB Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009* (April 3, 2009).

³⁰ EROC – AQM Internal Process Plan, Section C, pgs. 7-8 (October 1, 2009).

EROCs' contracting lead. The plan required AQM's procurement analysts to review the EROCs' internal control processes at least quarterly.³¹

The EROC contracting officers were responsible for administering the contracts, and the contracting lead is responsible for reviewing the contracting officers' work to ensure that contracts were properly administered and in compliance with the Recovery Act and OMB requirements. Our review found that only one of the four EROCs performed the required reviews.

At the Intermountain EROC, the contracting lead stated that quality assurance reviews were not a priority since most of his attention was directed towards resolving staffing issues at the EROC. At the Northwest EROC, the contracting lead explained that her contracting officers were conducting the quality assurance reviews on her behalf; however, she could not provide any documentation to show that they had performed the reviews. At the Eastern EROC, the contracting lead stated that she delegated the review responsibility to a contracting officer. However, we determined that this responsibility was never officially delegated to the contracting officer and the contracting officer, therefore, never conducted the quality assurance reviews. Although AQM's plan allows the EROCs' contracting lead to delegate the responsibility for the reviews, it also states that the contracting lead needs to ensure that the reviews were actually performed and documented. The contracting lead attributed the omission to oversight.

Contracting officers at the Southwestern EROC did conduct the reviews.³² Although not currently required, the Southwestern EROC also developed an informal plan for its quality assurance reviews, describing its process for conducting the reviews, its methodology for selecting the contracts to review, the specific areas to cover during the reviews, and how the reviews should be documented.

For example, the Southwestern EROC's plan stated that it selected contracts for review using the Acquisition Workflow Tracking Database.³³ First, the EROC would sort contracts in the database by award date and by dollar value. The contracting lead would then select every tenth contract within a designated time period. The contracting lead would also add to his sample selection by judgmentally selecting contracts over \$1 million to ensure high dollar contracts were included in the quality assurance reviews. The other EROCs had not developed a review plan because they wanted additional guidance from AQM that more clearly specified how the reviews should be conducted to ensure sufficient and consistent coverage nationwide.

We reported this condition to the FS Chief in a June 2010 Fast Report.³⁴ In the Fast Report, we recommended that FS (1) remind the EROCs' contracting leads of their responsibility for the quarterly quality assurance reviews; (2) provide additional guidance to the EROCs, specifying how the quarterly quality assurance reviews should be conducted to ensure sufficient and

³¹ EROC – *AQM Internal Process Plan*, Section F, pgs. 11-12 (October 1, 2009).

³² The contracting lead at the Southwest EROC delegated the responsibility for the quarterly quality assurance reviews to other EROC staff and reviewed their work once it was completed.

³³ The Acquisition Workflow Tracking Database is a Lotus Notes database that tracks the work status of all contracts. EROCs are required to input and maintain acquisition data in the database.

³⁴ 08703-06-SF(2), *The Recovery Act – Forest Service Abandoned Mine Remediation* (June 4, 2010).

consistent coverage agencywide; (3) require EROCs to develop a plan for conducting the quarterly quality assurance reviews similar to the one developed by the Southwestern EROC; and (4) check to ensure that the EROCs' contracting leads are actually doing the quarterly quality assurance reviews during the AQM's review of EROCs. In its June 2010 written response to the Fast Report, FS concurred with each of our recommendations and stated it had already taken corrective action.

As was previously noted in the background section of this report, the EROCs were subsequently disbanded and the administration of awarded contracts, including responsibility for the quality assurance reviews, was transferred to the respective regions and/or local units where the projects were located and administered. According to the Assistant Director of AQM, each region now develops its own plan for conducting quality assurance reviews based on a standardized template developed by AQM. AQM will oversee the establishment of the regional plans by reviewing and approving the plans prior to implementation. Each region will be required to certify in writing that it has fulfilled the requirements of its plan, which includes performing the number of quality assurance reviews prescribed in its plan.

However, the standardized template that AQM developed did not contain any guidance on how the regions were to conduct the quality assurance reviews for the Recovery Act contracts transferred from the EROCs. The template did not contain requirements for reviewing Recovery Act contracts, such as the frequency and number of Recovery Act contracts to review, nor did it contain a checklist specifying the areas to cover during the reviews. Recovery Act contracts require their own provisions, such as recipient reporting requirements, that need to be incorporated into the contracts. A checklist specific to the Recovery Act is necessary to ensure that the quality assurance reviews cover all the additional requirements mandated by both the Recovery Act and OMB.

We discussed our concerns with FS officials on July 11, 2011. During the meeting, AQM's assistant director agreed that the standardized plan template needed to include specific guidance on how the Recovery Act quality assurance reviews should be conducted. The assistant director said that FS would develop a supplement to the standardized plan template that would both inform FS regions of their responsibility for conducting the quality assurance reviews and specify the frequency and number of Recovery Act contracts that need to be reviewed. In addition, the supplement will include a Recovery Act checklist, which will describe the areas to cover during quarterly quality assurance reviews. Once completed by FS, we believe these steps will help ensure the effectiveness of quality assurance reviews since they are no longer performed by the EROCs.

Recommendation 5

Remind the EROCs' contracting leads of their responsibility for the quarterly quality assurance reviews.

Agency Response

In its June 17, 2010, response to our Fast Report, FS concurred with this recommendation and stated that corrective action had been implemented. FS will remind the leads of their responsibility on the upcoming monthly leads call, and will also send them an email reminder.

OIG Position

Based on the response to the fast report, we accept FS' management decision on this recommendation.

Recommendation 6

Provide additional guidance to the EROCs, specifying how the quarterly quality assurance reviews should be conducted to ensure sufficient and consistent coverage agencywide.

Agency Response

In its June 17, 2010, response to our Fast Report, FS concurred with this recommendation. FS stated that it will provide additional guidance by June 30, 2010, to the EROCs specifying how the quarterly quality assurance reviews should be conducted. FS provided the EROCs the additional guidance in an Internal Process Plan that it issued on June 30, 2010.

OIG Position

Based on the response to the fast report, we accept FS' management decision on this recommendation.

Recommendation 7

Require that the EROCs develop a plan for conducting the quarterly quality assurance reviews similar to the one developed by the Southwestern EROC.

Agency Response

In its June 17, 2010, response to our Fast Report, FS concurred with this recommendation. FS stated that it will require the EROCs to adopt the Southwestern EROC plan during the upcoming monthly leads call and through an email reminder for conducting the quarterly quality assurance reviews. The EROC review plans will be completed by June 30, 2010. Although FS did not ultimately require the EROCs to develop a plan similar to the one used by the Southwestern EROC, it did develop the sampling methodology to use when conducting the quality assurance reviews, which was included in the Internal Process Plan that it issued on June 30, 2010.

OIG Position

Based on the response to the fast report, we accept FS' management decision on this recommendation.

Recommendation 8

Check to ensure that the EROCs' contracting leads are actually doing the quarterly quality assurance reviews during AQM's review of the EROCs.

Agency Response

In its June 17, 2010, response to our Fast Report, FS concurred with this recommendation. FS stated that during its normal monitoring of the Internal Process Plan, it will check to ensure that the contracting leads are conducting the quarterly reviews.

OIG Position

Based on the response to the fast report, we accept FS' management decision on this recommendation.

Recommendation 9

Develop a supplement to the standardized Internal Process Plan template informing the regions of their responsibility for conducting the quality assurance reviews for all Recovery Act contracts. The supplement should also include specific guidance on how to conduct the quality assurance reviews, including the frequency of the reviews, the methodology for selecting the contracts to review, and how the reviews should be documented.

Agency Response

FS concurs with this recommendation. The agency will issue guidance to the Regions, Stations, and Areas regarding their responsibility as it relates to conducting the quality assurance reviews for all Recovery Act contracts. FS' estimated completion date for this action is June 30, 2012.

OIG Position

We accept FS' management decision on this recommendation.

Recommendation 10

Develop a checklist to be used for conducting the quality assurance reviews that specifies the areas that should be covered.

Agency Response

FS concurs with this recommendation. The agency will issue guidance to the Regions, Stations, and Areas regarding their responsibility as it relates to conducting the quality assurance reviews for all Recovery Act contracts. This guidance will include a checklist of the areas that should be recovered. FS' estimated completion date for this action is June 30, 2012.

OIG Position

We accept FS' management decision on this recommendation.

Scope and Methodology

The scope of our review included all abandoned mine remediation projects funded by the Recovery Act. To accomplish our audit objectives, we performed audit work at five FS regional offices and eight National Forests (see Exhibit A). We also performed fieldwork at the three corresponding EROCs that serviced the five regions' Recovery Act projects. In addition, we visited 10 project sites in the five regions that had already started work and could still be accessed despite the adverse weather conditions where the mines were located. We performed fieldwork between October 2009 and February 2011.

We selected the five regions for review because they were administratively responsible for 12 of FS' 16 abandoned mine remediation projects funded by the Recovery Act. The 12 projects were valued at over \$21 million and represented 93 percent of the total Recovery Act funds FS received for its abandoned mine remediation projects. We selected the eight National Forests because they were responsible for monitoring the 12 abandoned mine remediation projects that we selected for review.

In developing the findings for this report, we performed the following steps and procedures:

At selected EROCs (see Exhibit A), we:

- Interviewed key EROC staff, including the contracting lead, to determine their roles and responsibilities pertaining to the Recovery Act.
- Ascertained how the Recovery Act contracts are processed using the standard IAS contract template.
- Ascertained the EROCs' controls to ensure that Recovery Act funds were adequately tracked and expenditures were appropriately authorized and supported.
- Ascertained the EROCs' controls to ensure that contracts were administered and projects monitored in accordance with Recovery Act requirements.
- Interviewed the contracting lead from the one EROC not selected for review to determine the EROC's policy and procedures for conducting quality assurance reviews of contracts.
- Ascertained EROCs' compliance with Recovery Act reporting requirements.

At selected FS regional offices (see Exhibit A), we:

- Interviewed key regional office staff, including the Recovery Act coordinator, to determine their roles and responsibilities pertaining to the Recovery Act.
- Evaluated the regional offices' project selection process, and whether the selected projects met program and Recovery Act eligibility requirements.

- Ascertained the regional offices' controls to ensure that Recovery Act funds were adequately tracked and expenditures were appropriately authorized and supported.
- Ascertained the regional offices' controls to ensure that contracts were administered and projects monitored in accordance with Recovery Act requirements.
- Ascertained the regional offices' compliance with Recovery Act reporting requirements.

At selected FS National Forests (see Exhibit A), we:

- Interviewed key National Forest staff, including the project on-site coordinators, to determine their roles and responsibilities pertaining to the Recovery Act.
- Determined whether the National Forests selected and proposed projects that met Recovery Act requirements.
- Ascertained the National Forests' controls to ensure that Recovery Act funds were adequately tracked and expenditures were appropriately authorized and supported.
- Ascertained the National Forests' controls to ensure that contracts were administered and projects monitored in accordance with Recovery Act requirements.
- Ascertained the National Forests' compliance with Recovery Act reporting requirements.

At selected project sites (see Exhibit A), we:

- Toured the sites to assess the status of the work performed.
- Interviewed FS project coordinators to determine the controls in place to track and monitor project status and contractor performance.
- Interviewed the contractors to ascertain their controls to ensure compliance with Recovery Act requirements.

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 our audit objectives.

Abbreviations

AGAR	Agriculture Acquisition Regulation
AQM	Acquisition Management
DEQ	Department of Environmental Quality
EROCs	Economic Recovery Operation Centers
FAR.....	Federal Acquisition Regulations
FS	Forest Service
FSAR.....	Forest Service Acquisition Regulation
FY	Fiscal Year
IAS	Integrated Acquisition System
IG	Inspector General
OIG	Office of Inspector General
OMB	Office of Management and Budget

Exhibit A: Audit Sites Visited

This exhibit shows the name and location of all sites visited including FS offices and project sites.

AUDIT SITE	LOCATION
<p><u>Intermountain EROC</u></p> <p><u>Region 1</u> Northern Regional Office Idaho Panhandle National Forest</p> <ul style="list-style-type: none"> • Jack Waite Project Site 	<p>Golden, CO</p> <p>Missoula, MT Coeur d' Alene, ID Idaho Panhandle National Forest</p>
<p><u>Southwest EROC</u></p> <p><u>Region 3</u> Southwestern Regional Office Tonto National Forest</p> <ul style="list-style-type: none"> • North Phoenix Mine Site <p>Coronado National Forest</p> <ul style="list-style-type: none"> • World's Fair Project Site • Santa Rita Project Site <p>Santa Fe National Forest</p> <ul style="list-style-type: none"> • Nacimiento Project Site <p><u>Region 5</u> Pacific Southwest Regional Office Tahoe National Forest</p> <ul style="list-style-type: none"> • Dredge 1, 2, 3 Mine Site • Poorman Tailing Mine Site <p>Sequoia National Forest</p> <ul style="list-style-type: none"> • Four Oaks Mine Site <p>Shasta-Trinity National Forest</p> <ul style="list-style-type: none"> • Golinsky Project Site 	<p>Vallejo, CA</p> <p>Albuquerque, NM Phoenix, AZ Tonto National Forest Tucson, AZ Coronado National Forest Coronado National Forest Santa Fe, NM Santa Fe National Forest</p> <p>Vallejo, CA Nevada City, CA Tahoe National Forest Tahoe National Forest Kernville, CA Sequoia National Forest Redding, CA Shasta-Trinity National Forest</p>
<p><u>Northwest EROC</u></p> <p><u>Region 6</u> Pacific Northwest Regional Office Rogue River-Siskiyou National Forest</p> <ul style="list-style-type: none"> • Blue Ledge Project Site 	<p>Sandy, OR</p> <p>Portland, OR Medford, OR Rogue River-Siskiyou National Forest</p>

<p><u>Region 10</u> Alaska Regional Office</p>	<p>Juneau, AK</p>
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Exhibit B: Recovery Act-Funded Abandoned Mine Remediation Projects Reviewed

This Exhibit shows the following for each Recovery Act-funded abandoned mine remediation project reviewed: FS region responsible for the project, project name, project funding amount, number of mine sites needing mitigation, and number of mine sites visited.

Region	Project Number	Project Name	Project Funding	Number of Mine Sites Needing Mitigation	Number of Mine Sites Visited
R 1	CIM-0104-02A	North Idaho Abandoned Mines Cleanup	\$3,600,000	3	1
	CIM-0114-05A	Scotchman Mine Waste Cleanup	\$450,000	1	0
R 3	CIM-0305-04A	World's Fair Acid Mine Drainage Remediation	\$1,000,000	1	1
	CIM-0305-13A	Santa Rita Abandoned Mine Safety Mitigation/Closures	\$250,000	1	1
	CIM-0309-09A	North Phoenix Abandoned Mine Safety Mitigation/Closures	\$500,000	2	1
	CIM-0316-01	Cleanup Hazardous Materials and Ground Water Cleanup at Nacimiento Mine	\$1,100,000	1	1
R 5	CIM-05-01A	Installing Barriers at Abandoned Mine Sites	\$155,000	3	0
	CIM-05-04A	Clean-up and Installation of Barriers at Abandoned Mines ³⁵	\$750,000	6	1
	CIM-0517-06A	Clean-up of Abandoned Mines - Tahoe AMLs ³⁶	\$1,039,000	9	2
	CIM-0514-05A	Golinsky Acid Mine Drainage Treatment	\$895,000	1	1
R 6	CIM-0610-01A	Blue Ledge Acid Mine Toxic Waste Cleanup	\$8,500,000	1	1
R 10	CIM-1005-1A	Salt Chuck Mine Soil and Tailings Cleanup	\$2,800,000	1	0
			\$21,039,000	30	10

³⁵ This project included the following six mining sites: AML Closures-CNF; Black Eagle; Four Oaks; Mazourka Canyon Fencing; Rex Montis; and Sweetwater.

³⁶ This project included the following nine mining sites: Arcade; Dredge 1, 2, 3; Edna; Johnson Sink; Gaston; Mammoth Springs; Poorman Tailing; Roadrunner; and Seymore Quartz.

**USDA'S
FOREST SERVICE
RESPONSE TO AUDIT REPORT**



Forest
Service

Washington
Office

1400 Independence Avenue, SW
Washington, DC 20250

File Code: 1430

Date: April 2, 2012

Route To:

Subject: Response to OIG Draft Report No. 08703-06-SF , "The Recovery Act - Forest Service Abandoned Mine Remediation," dated March 2, 2012

To: Gil Harden, Assistant Inspector General for Audit, Office of Inspector General, USDA

Thank you for the opportunity to review and comment on the OIG draft audit report titled, "Forest Service Abandoned Mine Remediation," dated March 2, 2012. The Forest Service concurs with the report's findings and recommendations. The agency's comments regarding the status of recommendation numbers 1 and 5 through 8, and our plans to implement recommendation numbers 2 through 4 and 9 through 10 are enclosed.

If you have any questions, please contact Thelma Strong, Acting Chief Financial Officer, at 202-205-1321 or tstrong@fs.fed.us.

/s/ Mary Wagner for
THOMAS L. TIDWELL
Chief

cc: Dianna Capshaw
Erica Y Banegas
George A Sears
Robert Jaeger
Elizabeth Donnelly



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USDA Forest Service (FS)

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**Office of Inspector General (OIG) Draft Audit Report No. 08703-0006-SF
Forest Service Abandoned Mine Remediation**

Status Update and Closure

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OIG Recommendation #1: Immediately modify the contract templates in IAS to include the necessary Recovery Act provisions.

FS Response: FS concurs with this recommendation. In its March 25, 2010, response to the Fast Report, the agency concurred with this recommendation and stated that it had implemented corrective action. The agency created a template in IAS that included all of the FAR Recovery Act clauses and provisions, and distributed a notice regarding the template to the EROC leads on January 26, 2010. AQM Staff followed OMB direction to ensure that the contract templates included the standard provisions of FAR, Agriculture Acquisition Regulation (AGAR), and Forest Service Acquisition Regulation (FSAR) clauses that are sufficient to protect the Government's interests regarding Recovery Act contracts.

The agency noted that the finding also recommended that additional language be put into all Recovery Act contracts over and above the FAR clauses and provisions. The agency stated that any contract clause language not included in the FAR, AGAR, or FSAR must be approved by the U.S. Department of Agriculture and submitted to the *Federal Register* for public comment. Instead of including new clause language in the contracts, the agency added wording in the award letters that included the OIG-recommended provisions. The added wording notifies contractors of 1) the Inspector General's rights to access records and 2) the Government's right to take actions as it deems necessary for a contractor's failure to perform or to comply with Recovery Act and other contract terms.

OIG Position: Based on the response to the fast report, we accept FS' management decision on this recommendation.

Estimated Completion Date: January 26, 2010

FS Actions Completed to Date: FS requests closure of this recommendation. The agency completed corrective action by creating a template in IAS that included all of the FAR Recovery Act clauses and provisions. A notice was distributed to the EROC lead on January 26, 2010. See **Enclosure A and B.**

OIG Recommendation 5: Remind the EROCs' contracting leads of their responsibility for the quarterly quality assurance reviews.

FS Response: FS concurred with this recommendation and stated in the June 17, 2010 response to the Fast Report, that corrective action had been implemented. The agency will remind the

leads of their responsibility on the upcoming monthly leads call, and will also send them an email reminder.

OIG Position: Based on the response to the Fast Report, we accept management decision for this recommendation.

Estimated Completion Date: June 17, 2010

FS Actions Completed to Date: FS requests closure of this recommendation. The FS completed corrective action by reminding the leads of their responsibility on the monthly lead calls. See **Enclosure C**.

OIG Recommendation 6: Provide additional guidance to the EROCs, specifying how the quarterly quality assurance reviews should be conducted to ensure sufficient and consistent coverage agency-wide.

FS Response: FS concurs with this recommendation. The agency stated in the June 17, 2010 response to the Fast Report, that it will provide additional guidance by June 30, 2010, to the EROCs specifying how the quarterly quality assurance reviews should be conducted. The agency provided the EROCs the additional guidance in an Internal Process Plan that was issued on June 30, 2010.

OIG Position: Based on the response to the Fast Report, we accept management decision for this recommendation.

Estimated Completion Date: June 30, 2010

FS Actions Completed to Date: FS requests closure of this recommendation. The agency completed corrective action by updating the Economic Recovery Operation Center (EROC) Acquisition Management (AQM) Internal Process Plan (IPP) (dated June 30, 2010). See **Enclosure D**.

OIG Recommendation 7: Require that the EROCs develop a plan for conducting the quarterly quality assurance reviews similar to the one developed by the Southwestern EROC.

FS Response: FS concurs with this recommendation. The agency stated in the June 17, 2010 response to the Fast Report, that it will require the EROCs to adopt the Southwestern EROC plan during the upcoming monthly leads call and through an email reminder for conducting the quarterly quality assurance reviews. The EROC review plans will be completed by June 30, 2010. Although FS did not ultimately require the EROCs to develop a plan similar to the one used by the Southwestern EROC, it did develop the sampling methodology to use when conducting the quality assurance reviews, which was included in the Internal Process Plan that it issued on June 30, 2010.

OIG Position: Based on the response to the Fast Report, we accept management decision for this recommendation.

Estimated Completion Date: June 30, 2010

FS Actions Completed to Date: FS requests closure of this recommendation. The agency completed corrective action by reminding the leads to conduct the quarterly assurance reviews on the monthly leads call, through an email reminder, and by updating the Economic Recovery Operation Center (EROC) Acquisition Management (AQM) Internal Process Plan (IPP) (June 30, 2010). See **Enclosure C and D**.

OIG Recommendation 8: Check to ensure that the EROCs' contracting leads are actually doing the quarterly quality assurance reviews during AQM's review of the EROCs.

FS Response: FS concurred with this recommendation. In the June 17, 2010 response to the Fast Report, the agency stated that during its normal monitoring of the Internal Process Plan, it will check to ensure that the contracting leads are conducting the quarterly reviews.

OIG Position: Based on the response to the Fast Report, we accept management decision for this recommendation.

Estimated Completion Date: June 30, 2010

FS Actions Completed to Date: FS requests closure of this recommendation. The agency completed corrective action by updating the Economic Recovery Operation Center (EROC) Acquisition Management (AQM) Internal Process Plan (IPP) (dated June 30, 2010). See **Enclosure D**.

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USDA Forest Service (FS)

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Office of Inspector General (OIG) Audit Report No. 08703-0006-SF
The Recovery Act - FS Abandoned Mine Remediation

Management Decision

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OIG Recommendation 2: Review all abandoned mine remediation contracts still active to determine whether the required Recovery Act provisions were included.

FS Response: The FS concurs with this recommendation. The agency will conduct a review on all active abandoned mine remediation contracts to ensure the required Recovery Act provisions were included.

Estimated Completion Date: May 31, 2012

OIG Recommendation 3: For those abandoned mine remediation contracts that did not contain the required Recovery Act provisions, amend the contracts to include them.

FS Response: The FS concurs with this recommendation. During the review conducted by the agency in Recommendation 1, if there are contracts that do not have the required Recovery Act provisions, the agency will amend the contracts to include them.

Estimated Completion Date: May 31, 2012

OIG Recommendation 4: Review the amended contracts pertaining to the cooperative agreement for the Recovery Act-funded Idora mine project to ensure that DEQ included all of the required Recovery Act provisions.

FS Response: The FS concurs with this recommendation. The agency will review the contracts pertaining to the cooperative agreement for the Idora mine projects, to ensure that DEQ included all of the required Recovery Act provisions.

Estimated Completion Date: May 31, 2012

OIG Recommendation 9: Develop a supplement to the standardized Internal Process Plan template informing the regions of their responsibility for conducting the quality assurance reviews for all Recovery Act contracts. The supplement should also include specific guidance on how to conduct the quality assurance reviews, including the frequency of the reviews, the methodology for selecting the contracts to review, and how the reviews should be documented.

FS Response: The FS concurs with this recommendation. The agency will issue guidance to the Regions, Stations, and Areas regarding their responsibility as it relates to conducting the quality assurance reviews for all Recovery Act contracts.

Estimated Completion Date: June 30, 2012

OIG Recommendation 10: Develop a checklist to be used for conducting the quality assurance reviews that specifies the areas that should be covered.

FS Response: The FS concurs with this recommendation. The agency will issue guidance to the Regions, Stations, and Areas regarding their responsibility as it relates to conducting the quality assurance reviews for all Recovery Act contracts. This guidance will include a checklist of the areas that should be recovered.

Estimated Completion Date: June 30, 2012

Informational copies of this report have been distributed to:

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