

CHAPTER 3: COST CONTROL

Cost control, the second element of cost management, ensures that public funds, once approved, are expended responsibly, and that resources are used effectively and efficiently to avoid unnecessary removal costs. Cost control involves five primary tasks:

- o general cost planning;
- o on-going cost projection;
- o cost tracking;
 - extramural
 - intramural
- o cost monitoring; and
- o verification of cleanup contractor charges.

This chapter explores each of these cost control mechanisms.

3.1 GENERAL COST PLANNING

Cost control generally begins before the removal action is initiated. The OSC must plan to ensure that the government secures the most efficient services and equipment, whenever practicable. This section identifies a number of planning activities that an OSC should undertake to become an effective cost manager. Cost planning is also necessary to provide the best daily cost estimates (Chapter 2) and to ensure that the project stays within the budget of the project ceiling.



3.1.1 Identify Non-Commercial Support Services and Response Equipment Available to the Region

Often support services and response equipment may be available through Federal, State, or local agencies at a lower cost than through available commercial vendors. To identify least-cost resources, an OSC can:

- o Review National, Regional, and State contingency plans. Contingency plans often list expertise and equipment available through different agencies and, therefore, are an important resource for the prospective cost manager. By reviewing existing contingency plans, the OSC can identify the response capabilities of organizations which may be available to assist the Regional project (e.g., member agencies on the Regional Response Team). These plans may also help identify non-commercial sources of response equipment (e.g., emergency lighting through a local maintenance department).
- o Identify responsibilities and roles that other Federal agencies may play in response activities. As described in Section 300.21 of the NCP and delegated in Executive Orders 12580 and 86735, a variety of Federal agencies may be called upon by an OSC during the planning or implementation of a response to provide assistance in their respective areas of expertise. The Superfund Removal Procedures Manual also details the use of IAGs and MOUs during response activities. Appendix M provides a description of the assistance other Federal agencies may supply at Superfund response actions.
- o Review existing agreements with Federal and State agencies for the performance and reimbursement of Superfund-related activities. EPA has negotiated several standing agreements with Federal and State agencies for the performance and reimbursement of certain Superfund-related activities. Such agreements may take a variety of forms, including Memoranda of Understanding (MOUs) or Interagency Agreements (IAGs) with Federal agencies, and cooperative agreements or Letter Contracts with States. OSCs should review existing documents (such as the January 4, 1982, MOU between the EPA and the USCG, reproduced in Appendix L) to learn the terms of the agreements and the available



resources. In addition, an OSC should become familiar with the procedures for securing and compensating Federal and State agencies for services rendered on-site. Appendix L summarizes the current administrative procedures for procuring such services and includes an explanation of EPA's relationship with the USCG.

3.1.2 Identify Cleanup Services Available to the Region

Identification of the appropriate cleanup contractor is part of the process for scoping the project (see Section 2.2.1). The ERCS Contracts Users Manual provides guidance on selecting contractors to clean up sites; however, the OSC should become familiar with the costs of using each of the different types of ERCS contractors available. The ERCS Zone contracts are likely to be the most expensive because they are bid using "emergency response" price lists. The prices include contingencies for the rapid response time required by the contract, as well as the many unknowns that may be encountered during a removal action.

Since the Regional and site specific contracts contain less restrictive response initiation times and are more limited in geographical response area, these contracts may be less costly to use; however, the OSC should confirm this before selecting a contractor. The contractors may also offer a special expertise or may be available locally in a given area. Again, these considerations may reduce the cost of a project. In addition, companies will bid on site-specific contracts knowing the site conditions and scope of work. This information, resulting in a lower degree of uncertainty, should reduce the cost of contingencies normally associated with response to unknown situations.

It may be cost effective to use more than one contractor on a site. For example, the removal may be divided into two phases, using the ERCS contractor for stabilization, and a site-specific contractor for treatment and/or disposal.

As a result of the increased number of contracts that can be used, the OSC should maintain familiarity with the capabilities of cleanup contractors in the Region. Updated



services and cost information should be verified, whenever possible, by Regional personnel. Such verification is especially important when considering the use of alternative technologies. The OSC should become familiar with the availability and effectiveness of the technologies being considered. Sources of information on alternative technologies include, but are not limited to: the Superfund Technology Transfer Program; ERT Technology Bulletins; ORD Publications Announcements; the ORD "Technology Transfer" newsletter; and the Superfund Innovative Technology Evaluation Program (SITE).

When a waste management facility is to be used as part of the cleanup operations, the NCP requires that the facility be in compliance with Subtitle C of the Resource Conservation and Recovery Act (RCRA), as amended by the Solid Waste Disposal Act. The OSC is also responsible for complying with the NCP provision that requires Fund-financed removals to use transport, storage, and disposal facilities operating under appropriate Federal or State permits and authorization (40 CFR 300.65(g)). The Off-Site Policy entitled, "Revised Procedures for Implementing Off-Site Response Actions," (OSWER Directive 9834.11) details how to implement this policy. For removal actions, compliance with the Off-Site Policy requirements is mandatory except in cases where the OSC or other appropriate Regional official determines that extenuating conditions exist. These conditions and requirements are detailed in section IV-A of the Superfund Removal Procedures Manual (Revision #3).

3.1.3 Maintain Field Safety Cost Information

The level of protection required for workers on-site will affect the cost of a removal action. The OSC should, therefore, maintain cost information on safety equipment, costs of operating and maintaining that equipment (available through ERCS contractors), and information on the length of time expected to perform cleanup tasks in all levels of protection. Some recently awarded cleanup contracts contain provisions for a broader definition of Other Direct Costs (ODCs) that include safety equipment. Certain items



will not be directly charged to the site and some equipment will be reimbursed at cost. For example, in Zone 4, if the ERCS contractor uses a cascade system, the system will not be directly charged to the project. However, the tyveks used will be directly billed at cost to the project. Effective cost control requires that the OSC be thoroughly conversant with site safety requirements and the contractual costs of those requirements. If a question arises, the OSC can obtain information from the ERCS DPO, Regional Contract Officer, or the Contract Officer at Headquarters.

3.2 ON-GOING COST PROJECTION

Removal cost projection does not end with the signing of the Action Memo. On-going projection and tracking (of both intramural and extramural expenditures) are essential elements of all removals. On-going cost projection refers to the process of periodically rescoping the project using the process outlined in Chapter 2. Re-examining the scope of work enables the OSC to re-evaluate the initial assumptions about cost of the project, and allows the OSC to make necessary revisions, request approval for additional funds, and track the costs against the statutory limits. The OSC will be aided in managing the removal by maintaining awareness of any deviations from the original assumptions that would change the original cost projection.

On a continuing basis, OSCs must keep track of remaining funds in order to 1) control costs, 2) anticipate the need for ceiling increases, or 3) request an exemption to the \$2 million statutory limit. If a removal action exceeds the total project ceiling or the \$2 million limit without an exemption approval, site work must cease immediately. Note that if work continues before new funds are authorized, the OSC is in violation of the Anti-Deficiency Act. If the authorized funds of the project ceiling are spent, then the site must be demobilized until the necessary approval has been received. This delay may pose a serious threat to human health and the environment. Moreover, work stoppage and demobilization are costly and an inefficient use of Federal funds and personnel. A



reasonable on-going projection, however, can help OSCs avoid exceeding statutory or Action Memo ceiling limits inadvertently. The following situation(s) should trigger an OSC review:

- o When the estimated total cost approaches \$1.6 million (or 80% of the project ceiling);
- o When an estimate has been received from a contractor that project costs will exceed \$2 million (or the Action Memo ceiling);
- o When 9 months have elapsed since the start of the removal action;
- o Or at any earlier time during the removal action, if the OSC believes that the \$2 million limit (or the Action Memo ceiling) will be exceeded.

For actions requiring more than \$2 million and/or 1 year, the \$2 million exemption/ceiling increase request should be in a separate Action Memorandum. Appendices C and E provide a model outline to aid the OSC in preparing the exemption requests and more detail is provided in section III-E of the Superfund Removal Procedures Manual (Revision #3).

3.3 COST TRACKING

The cornerstone of on-going cost projection is accurate daily cost tracking (both intramural and extramural). The importance of this activity cannot be overemphasized. To estimate the funds remaining to complete a removal, the OSC must have a reasonably accurate accounting of the costs incurred to date. Therefore, the OSC must utilize a system to track, on a daily basis, the costs being charged against a project ceiling. Chapter 5 details various tools that may be used to keep track of costs, including the computerized Removal Cost Management System (RCMS). Although there are manual methods for cost tracking, the RCMS is the preferred method because all records are archived and are easily accessible by other EPA personnel once site activities are completed by the removal program.

The task of developing a cost tracking system is complicated by the fact that many of the costs which count toward the project ceiling and the \$2 million statutory limit are not readily available to the OSC on a daily basis (e.g., off-site Regional and



Headquarters personnel costs). As a result, an OSC could exceed a statutory or project ceiling because of charges beyond his/her direct control or knowledge.

As discussed in Section 2.3, data from previous removals demonstrates that five major cost categories generally account for almost all removal costs. These categories are:

- o cleanup contract (ERCS) costs including subcontractor charges such as transportation, disposal, and analytical laboratory costs;
- o support contractor costs including TAT personnel costs and CLP analytical costs;
- o other Federal agency personnel costs (e.g., USCG Strike Team, FEMA);
- o EPA direct costs (e.g., intramural costs for on-site and off-site personnel salaries, Regional lab analysis, travel, per diem); and
- o EPA indirect costs from Regional management and administration. In the past, these costs were estimated as an additional 15% of all other costs, but are now being estimated with provisional rates (see Appendix H).

Therefore, an OSC can derive an estimate of the cost-to-date of a removal by daily tracking of the five elements listed above. The best way to determine what charges have been made to a site is through the Financial Management System (FMS), which is accessible by computer in each Region. The FMS can provide an accurate account of costs actually charged to the site. The only actual charges to a site that would not appear in the FMS are expenditures of other Federal agencies that are funded through transfer allocation Interagency Agreements (IAGs). FEMA IAGs are funded in this manner. A record of FEMA charges can be obtained monthly from the "FEMA: Status of Superfund" report. Headquarters costs may be obtained through the Financial Management Office in each Region. It is only necessary to track Headquarters costs on a weekly basis, unless Headquarters personnel are visiting the site and charging hours to it.

Although most costs will eventually be recorded in FMS, ERCS costs are not recorded in FMS until they are obligated, and other extramural costs are not recorded in FMS until they are paid. Exhibit 3-1 identifies the methods by which daily cost information can be obtained for the five elements listed above. In addition, Chapter 5 includes a suggested



Incident Obligation Log (IOL) that is designed to help the OSC keep a running total of overall project costs and individual totals for each major cost category (e.g., ERCS, EPA, TAT). The RCMS easily generates a computerized IOL and cost summary reports. The objective of the IOL form is to organize all cost information on a single sheet, thus allowing the OSC (or designated cost manager) to track costs toward the overall ceiling and the individual category limits (ERCS, TAT, etc.) simultaneously.

3.4 CONTRACTOR MONITORING

On-scene monitoring of contractor work is an essential feature of controlling costs at Superfund removal actions. Monitoring actions as they occur can lead to significant savings by ensuring that:

- o all work is consistent with OSC instructions;
- o the contractor uses equipment and personnel in the most cost-effective manner;
- o the quality of work is adequate to protect public health, welfare, and the environment; and
- o site workers adhere to safety protocols and demonstrate common sense in their actions.

In addition, documented cost monitoring can support cost recovery actions by verifying that total removal costs were not inflated by improper or excessive use of contractor resources.

An OSC's ability to monitor site work adequately is determined largely by two factors: (1) the number of personnel available to oversee contractor activities, and (2) the number of on-site activities (e.g., diking, tank draining, drum staging) that occur concurrently. The OSC should use available resources (e.g., EPA, TAT, USCG, and State personnel) to the extent practicable to ensure adequate oversight of cleanup contractor performance. At the OSC's discretion, non-Federal monitors, such as TAT or State



EXHIBIT 3-1

METHODS OF OBTAINING REMOVAL COST DATA

<u>Type of Cost</u>	<u>Method of Obtaining Cost</u>
ERCS Contractor	Cleanup contractor provides costs for EPA Form 1900-55.
TAT	Multiply on-site and off-site TAT hours by the appropriate PL hourly rate. Per diem and travel expenses are added individually. Apply administrative multiplier to cover administrative costs. Each DPO receives a copy of the monthly invoice for site-specific charges. Estimated costs can be verified against this invoice.
USCG Strike Team	Strike Team will provide a daily cost accounting upon request.
Other Federal Agency	When an IAG for special assistance at a site is employed (e.g., a FEMA-managed temporary relocation), the agency representative should be able to provide costs of the agency services to date on a regular basis.
State and Local	At the request of the OSC, State and local personnel will provide a daily accounting of costs. Total State and local agency costs may not be available until the end of the removal action.
Intramural Direct	Multiply EPA on-site and off-site Direct labor hours by the Regional Direct labor hour rate for all personnel.
Intramural Indirect	Multiply EPA Regional direct on-site and off-site hours by the provisional rate provided in Appendix H, to obtain Regional Indirect Costs.
Intramural Headquarters Direct	Contact Regional FMO to determine if there are costs associated with the site from ERD.



personnel, may observe the contractor and report any suggestions or problems to the OSC. Non-Federal employees (e.g., TAT), may not give direction to the cleanup contractor, but may perform oversight functions, record observations, and carry out the instructions of the OSC. The OSC should make every effort to be on site as much as possible to give proper direction. As stated in the Removal Procedures Manual, if an OSC leaves the site for more than 24 hours, an alternate should be designated. The TAT may not assume the responsibilities of the OSC. It is strongly suggested that the designee be a Federal employee; however, State personnel may be designated as the OSC.

OSCs must use professional judgment when deciding on how to allocate available personnel among competing site activities. Invariably, there will be pressure to use available personnel for important site duties (e.g., site safety officer and security officer) in addition to cost monitoring. The OSC, however, must not underestimate the importance of cost monitoring. The EPA Form 1900-55 is computerized on RCMS and therefore can be archived for future use by PCMD. Chapter 5 discusses the EPA Form 1900-55 in detail.

3.5 VERIFICATION OF CLEANUP CONTRACTOR CHARGES

Under the ERCS contracts, the contractor will supply the information to complete a daily Contractor Cost Report (EPA Form 1900-55), identifying all charges that will be billed to the Federal government as a result of services provided each day. (See copy and description of EPA Form 1900-55 in Chapter 5). Each of the ERCS contracts features four different categories of costs. Labor and equipment are charged by either (1) fixed rates or (2) provisional rates, depending upon the item. Invoices from subcontractor and rental agents are (3) cost reimbursement items. Overhead and general and administrative (G & A) costs are included in (4) indirect charges.

The OSC verifies the EPA Form 1900-55 to confirm that contractor services were rendered as stated. In doing so, the OSC confirms that the hours of work charged for



personnel, equipment, and any other services are correct. Rate verification, however, is not the responsibility of the OSC (see Section 4.3). Daily verification of the Contractor Cost Report provides a check on possible contractor oversights (and abuses). Verification also helps to avoid disputes of specific contractor charges in cost recovery actions (see Chapter 4).

The following sections describe suggested methods for verifying: (1) personnel charges, (2) equipment charges, (3) charges for expendable materials, and (4) subcontractor charges. In addition, Section 3.5.6 explains the procedures for certifying contractor invoices and reconciling disputes over invoices.

3.5.1 Verify Personnel Charges

Personnel costs can constitute a large portion of total removal costs and, therefore, should be carefully documented. It is the responsibility of the cleanup contractor Response Manager to place cleanup personnel in positions best suited to the needs of the removal, and to ensure that the field clerk supplies the information documenting personnel use for the day on the EPA Form 1900-55. The OSC or other designated on-site personnel can then verify personnel charges by routinely recording which personnel are on-site, the duties that they perform, and the length of time that they remain on site. This information can then be cross-referenced with the personnel charges provided on the EPA Form 1900-55. The reliability and effectiveness of this technique depends on consistent and thorough documentation of personnel information. Chapter 5 elaborates on how to log on-site personnel activity for the purpose of verifying hours (regular and overtime) and costs for all on-site personnel. The personnel log will also help determine if hours overlap for personnel who serve in more than one labor category and verify that these hours are charged to the appropriate labor category. One way an overlap can occur is when one person fulfills the responsibility of more than one labor category a day. For example, one person may be a heavy equipment operator in the morning and a recovery



technician in the afternoon. The second way an overlap can occur is when a chemist performs the duties of a recovery technician. The chemist should then be billed at the technician rate. Occasionally, the hours are inappropriately charged at the chemist rate. The ERCS User's Manual discusses overtime and labor categories in more detail. It is also important for the OSC to maintain a record of personnel hours spent in the hot zone in order to verify charges for contractor work hours in protective gear.

3.5.2 Verify Equipment Charges

The OSC can ensure the cost efficiency of a removal by ensuring that equipment charges are correct, and by understanding the ERCS equipment rate schedule and adjusting work practices accordingly. The ERCS contracts establish hourly, daily, weekly, and monthly rate schedules for the majority of necessary on-site equipment. OSC decisions on equipment standby and the length of a working day will dictate which rates are used and how much the government is charged. The new ERCS contracts have been improved to include certain cost reimbursable equipment and to exclude infrequently used items. Rented equipment is only reimbursed for the cost of rental. Equipment rental and usage is tracked using the EPA Form 1900-55. Also, the acquisition cost is now limited to \$1,000 for items not directly charged to a project. The ERCS Users' Manual discusses these expenditures in more detail.

To verify that equipment charges are accurate, the OSC or other designated on-site personnel must prepare a record of what equipment was on site, the length of time that each piece of equipment remained on site, and whether or not it was used. See Chapter 5 for mechanisms to record equipment usage.

For more information on the ERCS equipment rate schedule, consult the appropriate ERCS DPO or the EPA Headquarters or Regional Contracting Officer.



3.5.3 Verify Expendable Materials

It is difficult to monitor usage of expendable materials; in addition, most verification methods require more time and money than are saved in correcting errors in contractor charges. To verify contractor charges for these materials, periodic inventories of expendable materials can be performed. The OSC should include a requirement in the Delivery Order for the ERCS contractor to provide a pre-removal inventory of expendable materials and subsequent updated inventories on a regular basis. The OSC log should also note the arrival of significant quantities of expendable items delivered to the site. For further information on Delivery Orders, see Chapter 4 of the EPA ERCS Contracts Users' Manual.

3.5.4 Verify Subcontractor Charges

The OSC or other designated on-site personnel must verify all ERCS subcontractor charges claimed on the EPA Form 1900-55 by carefully checking subcontractor invoices. Under the ERCS contracts, the authority of the Government to consent or not consent to the award of any subcontract rests with the OSC. Before consenting to the award of a subcontract, the OSC should ascertain how and why a particular subcontractor was selected, including measures taken to ensure competition and reasonable prices. The OSC must also ensure that the ERCS contractor has fully documented the subcontractor selection process. The ERCS contractors are required by the terms of their contract to obtain a minimum of three bids (if practicable), and to present to the OSC the results of such competition, the record of price negotiations, and the rationale for selecting every subcontractor. It is imperative that the contractor clearly and fully document the rationale for the selection of the subcontractor. This is especially important if the subcontractor selected is not the lowest bidder. The OSC cannot direct the contractor to use a specific subcontractor; however, the OSC does have the authority to veto the choice of subcontractor. The OSC must ensure that all subcontracting decisions are fully documented



by the contractor. The OSC must also document his/her approval of the subcontractor; and his/her evaluation of the contractor's use of subcontractors and the subcontractor selection process.

3.5.5 Sign EPA Form 1900-55

After the OSC has verified all the charges listed on the EPA Form 1900-55, the form is signed by the OSC. If a discrepancy exists, the OSC and contractor representative should try to reconcile the difference. If the difference is irreconcilable, the OSC notes the disputed cost on the EPA Form 1900-55. As a last resort, the OSC can always refuse to sign an EPA Form 1900-55 if it cannot be reconciled with the OSC's cost documentation. The difference may then be referred to the EPA Headquarters Contracting Officer.

Sometimes, actual costs may not be available and estimated costs will be listed on the EPA Form 1900-55. In such cases, the amounts should be clearly marked as estimates, with "await bill" annotated next to the estimated charge.

The RCMS provides a computerized EPA Form 1900-55 using the charges supplied by the ERCS contractor. The information is entered into the computer by the OSC-designated on-site personnel. The individual who prepared the 1900-55 should be identified on the form, along with his/her affiliation. This information may be used in future invoice reconciliation.

3.5.6 Certify Invoices

Each month, the ERCS contractor prepares a detailed invoice (bill) of the actual costs incurred on site, a copy of which is sent to the OSC. Contractor invoices submitted for payment must be certified promptly by the OSC. Note, however, that certification of a invoices implies only that the services have been rendered. Certification does not represent that invoiced costs are accurate, complete, or reasonable. The ERCS contractor



must submit a written justification with each invoice stating that the costs are accurate, complete, or reasonable. In addition, the ERCS contractor must submit a written justification with any invoice submitted more than ninety days after completion of the Delivery Order.

If there is a portion of the invoice that cannot be reconciled with the contractor, the OSC should certify the invoice except for the disputed amount, draft a memorandum stating the disputed amount, and forward the invoice and memorandum to the Financial Management Division (FMD) in Research Triangle Park, N.C. A copy of the invoice and memorandum should be forwarded immediately to the Contracting Officer, who can attempt to resolve the problem or authorize FMD to withhold payment. An example of a memorandum entitled "Documenting Questionable Charges," is shown in Exhibit 3-2. For further information, refer to the ERCS Contracts Users' Manual.

The RCMS provides a computerized mechanism for the preparation of ERCS invoice reports which include a detailed daily project cost report, the daily project cost summary, the equipment usage report, the project summary report, the subcontractor/cost material log, and the awaiting subcontractor bill report. The format of the invoice reports produced by the RCMS has been approved by PCMD and will be very similar to invoice reports submitted by the ERCS contractors. The RCMS allows the OSC to review a "draft" invoice prior to receiving an invoice from the contractor. The OSC then knows what should be charged to the site from actual on-site estimates. This standardization of invoice report formats should greatly increase the efficiency of the invoice verification and delivery order verification process. General procedures for certifying ERCS invoices are presented in the EPA ERCS Contracts Users' Manual.



EXHIBIT 3-2

Documenting Questionable Charges - Sample Memorandum

MEMORANDUM

SUBJECT: Contract No. _____

Delivery Order No. _____
(if applicable)

Contractor Name _____ Date _____

Invoice No. _____

FROM:

On-Scene Coordinator
Region _____

TO:

Accounts Payable Branch
Contracts Section (MD-32)
Office of Financial Management
Research Triangle Park, NC 27711

I have reviewed the subject invoice for payment and have attached it with the signed certification statement. However, I recommend that only partial payment of \$ _____ be made on this invoice, based upon my review and comparison of the amounts charged with those accepted on the Reports of Daily Services (EPA Forms 1900-55). The following individual items are questioned.

<u>Date</u> <u>(from 1900-55)</u>	<u>Line</u> <u>Item</u>	<u>Amount</u> <u>Invoiced</u>	<u>Amount</u> <u>Disputed</u>	<u>Amount</u> <u>Recommended</u> <u>for Payment</u>
Totals		_____	_____	_____

Attached is my explanation for all disputed amounts. On the basis of this, I recommend that \$ _____ be withheld from the total amount paid.

Attachments: Certified invoice
Explanation of charges not accepted

cc: Contracting Officer
Contractor



CHAPTER 4

COST RECOVERY

The on-site observation and documentation of site conditions, response activities, and response costs are important for cost recovery actions brought against responsible parties. Essential evidence required for a cost recovery action includes, but is not limited to:

- o evidence of responsibility of the defendant(s) for the presence of the hazardous substance;
- o evidence of a release or substantial threat of release of a hazardous substance;
- o proof that the removal action taken was consistent with the National Oil and Hazardous Substances Contingency Plan (NCP); and
- o proof of costs of the removal action taken by EPA.

In the role of overseeing the on-scene cost management system, the OSC is responsible, in particular, for the last three kinds of evidence. In addition, the OSC must ensure that the costs are reasonable and allowable to the project. The OSC plays a critical role in observing, documenting, and preserving the above evidence.

4.1 JUSTIFY THAT REMOVAL ACTIONS ARE CONSISTENT WITH THE NCP

The OSC is responsible for justifying that removal actions are consistent with the NCP. This determination, and evidence of a release or threat of a release of a hazardous substance, are usually established in the Action Memo authorizing or documenting authorization (if using the 50K authority) of the removal action. Any changes in the



scope or nature of the removal activities must be corroborated in at least one of several documents such as the OSC/Site Log, POLREPs, or a ceiling increase request memorandum. Section II-8 of the Superfund Removal Procedures Manual (Revision #3) provides more detail on justifying consistency with the NCP (40 CFR 300.65).

4.2 ACCOUNT FOR COSTS ACTUALLY INCURRED

The Financial Management System (FMS), which is maintained by the Financial Management Division (FMD), is the Agency's official source for fund obligation and disbursement data. Accordingly, the FMS is the primary source of evidence for costs actually incurred at a removal site for cost recovery actions. However, not all costs currently incurred at a site are identified in the FMS. It is possible that removal costs which are obligated and paid prior to the establishment of a site ID (SSID) will not be assigned to the specific site. Other costs may not appear on FMS reports until after invoicing or payment.

The cost information kept on site by the OSC is, therefore, necessary to determine if additional cost information needs to be collected directly from other sources. It is important to emphasize again that on-site cost documentation is the primary source of information as to how and why costs were incurred at a removal site.

4.3 ENSURE THAT COSTS ARE REASONABLE AND ALLOWABLE

TO THE PROJECT

The reasonableness of all charges paid under any delivery order is the responsibility of the Contracting Officer, not the OSC. It is also the Contracting Officer who determines if costs are allowable under terms of the contract. The OSC has no authority to negotiate prices or rates, nor to determine if costs are allowable. However, in the interest of good cost management practice, the OSC should be cognizant of costs allowable under the ERCS contract and associated rates.

