

# **ANA Facilities at Mazar-e-Sharif and Herat Generally Met Construction Requirements, but Contractor Oversight Should Be Strengthened**



**April 25, 2011**



## OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

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This report discusses the results of the Office of the Special Inspector General for Afghanistan Reconstruction's (SIGAR) audit of U.S. Air Force Center for Engineering and the Environment (AFCEE) infrastructure projects in Mazar-e-Sharif and Herat. This report includes two recommendations to AFCEE designed to strengthen contractor oversight and provide timely information to other U.S. government contracting agencies on contractor performance at Herat.

A summary of this report is on page ii. This performance audit was conducted by SIGAR under the authority of Public Law No. 110-181, as amended, the Inspector General Act of 1978, and the Inspector General Reform Act of 2008. When preparing the final report, we considered comments from AFCEE and the Combined Security Transition Command – Afghanistan (CSTC-A). AFCEE noted that it has taken action to address our recommendations and CSTC-A concurred with our findings regarding the quality of construction. These comments are reproduced in appendixes II and III of this report.

A handwritten signature in black ink, appearing to read "Herbert Richardson".

Herbert Richardson  
Acting Special Inspector General  
for Afghanistan Reconstruction



# SIGAR

SIGAR Audit-11-9

April 2011

## ANA Facilities at Mazar-e-Sharif and Herat Generally Met Construction Requirements, but Contractor Oversight Should Be Strengthened

### What SIGAR Reviewed

A key objective of the coalition efforts in Afghanistan is to build the country's capacity to provide for its own security by housing, training, equipping, and sustaining the Afghanistan National Security Forces. The Combined Security Transition Command –Afghanistan (CSTC-A) provided \$42.3 million to the Air Force Center for Engineering and the Environment (AFCEE) to support construction of facilities for the Afghan National Army (ANA) at Camp Shaheen outside of Mazar-e-Sharif and at Camp Zafar outside of Herat. AFCEE awarded one task order to CH2M Hill Constructors, Inc. (CH2M Hill) and one to AMEC Earth and Environmental, Inc. (AMEC) to complete these projects. AFCEE officials (located in both San Antonio, Texas, and Kabul, Afghanistan) were responsible for providing contract administration and oversight of construction activities. This report (1) examines modifications to the task orders awarded to CH2M Hill and AMEC and assesses the nature and adequacy of project oversight by AFCEE; (2) determines whether construction at Mazar-e-Sharif and Herat met the terms of the task orders; and (3) evaluates efforts to ensure sustainability of the facilities. To accomplish these objectives, we reviewed relevant contract files; performed site inspections at both locations; and interviewed officials from CSTC-A and AFCEE, among others. We conducted our work in San Antonio, Texas; Kabul, Mazar-e-Sharif, and Herat, Afghanistan; and Washington, D.C., from May 2010 to April 2011, in accordance with generally accepted government auditing standards.

### What SIGAR Found

The projects at Mazar-e-Sharif and Herat experienced cost increases and construction delays, and the AFCEE contracting officer failed to provide adequate oversight of the contractor at Herat. At Mazar-e-Sharif, project costs increased because of additional work, including an electrical upgrade, added to the contract through modifications. The project was also delayed, primarily because the contractor had difficulty obtaining generators for this upgrade. At Herat, the project was delayed because of poor contractor performance, particularly with regard to cost and schedule management. For example, a December 2009 AFCEE report noted that the project had experienced 75 percent schedule growth and an estimated cost overrun of \$1.68 million. We found that the AFCEE contracting officer did not exercise adequate oversight of the contractor at Herat. Specifically, he approved over \$5 million in funding increases for the project, despite having identified serious concerns about the contractor's performance. He also failed to follow up on his requests to the contractor to take corrective actions and did not provide timely information to other U.S. government contracting officials on the contractor's performance through the Construction Contractor Appraisal Support System (CCASS).

In general, SIGAR found that the quality of construction at both sites met the terms of the contract requirements. For example, the buildings SIGAR inspected at Herat appeared to have properly applied finishes both on the interior and exterior, windows and doors were installed and working, and plumbing and electrical systems were operational. However, SIGAR also identified some minor flaws, such as areas with inadequate grading, which could lead to flooding.

Although AFCEE and CSTC-A have taken steps to provide for the sustainment of the facilities at Mazar-e-Sharif and Herat, SIGAR found that these efforts did not occur in a timely manner. First, AFCEE did not arrange for the facilities to be covered under the operations and maintenance (O&M) contract for CSTC-A facilities in Afghanistan in a timely manner. Second, although CSTC-A updated its "austere" or "Afghan-friendly" construction standards and developed a mechanism for taking feedback from key stakeholders into account when revising these standards, these updates were not available to contractors at the time of the Mazar-e-Sharif and Herat projects.

### What SIGAR Recommends

SIGAR is making two recommendations to AFCEE to address the following actions: (1) establish and implement procedures to ensure that contracting officers follow up on contractors' plans to take corrective action in a timely manner and (2) file a final rating of the contractor at Herat in CCASS. In commenting on a draft of this report, AFCEE stated that it will begin setting specific deadlines for stakeholders, including the contracting officer, to follow up when performance problems are identified. In response to our second recommendation, AFCEE stated that it has now filed a rating in CCASS on the contractor in Herat. CSTC-A concurred with our findings regarding the quality of construction at both sites.

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## ACRONYMS

ACASS	Architect-Engineer Contract Administration Support System
AFCEE	Air Force Center for Engineering and the Environment
AMEC	AMEC Earth and Environmental, Inc.
ANA	Afghan National Army
ANSF	Afghanistan National Security Forces
CAP	Corrective Action Plan
CCASS	Construction Contractor Appraisal Support System
CH2M Hill	CH2M Hill Constructors, Inc.
CO	Contracting Officer
COR	Contracting Officer Representative
CSTC-A	Combined Security Transition Command - Afghanistan
DFAC	Dining Facility
FAR	Federal Acquisition Regulation
GAGAS	Generally Accepted Government Auditing Standards
HERC	Heavy Engineering, Repair and Construction
O&M	Operations and Maintenance
PVC	polyvinyl chloride
R&R	revised & resubmitted
RSC-W	Regional Support Command-West
SIGAR	Special Inspector General for Afghanistan Reconstruction



## **ANA Facilities at Mazar-e-Sharif and Herat Generally Met Construction Requirements, but Contractor Oversight Should Be Strengthened**

One objective of coalition efforts in Afghanistan is to build the country's capacity to provide for its own security by training and equipping the Afghanistan National Security Forces (ANSF).<sup>1</sup> In 2001, the Bonn Agreement initially set troop levels for the Afghan National Army (ANA) at 50,000. New requirements call for the ANA to grow to approximately 171, 600 by October 2011. As a result of these increases, additional facilities are needed to train and base the Afghan forces. Between fiscal years 2005 and 2010, about \$25 billion was appropriated for the Afghanistan Security Forces Fund, which provides the funding to train and equip the ANSF.

In 2008, the Combined Security Transition Command-Afghanistan (CSTC-A)<sup>2</sup> funded two projects through the Air Force Center for Engineering and the Environment (AFCEE) to support construction at Camp Shaheen outside of Mazar-e-Sharif in Balkh Province and at Camp Zafar outside of Herat city in Herat Province. AFCEE awarded two cost plus fixed-fee task orders<sup>3</sup> in the amount of \$42.3 million to CH2M Hill Constructors, Inc. (CH2M Hill) and AMEC Earth and Environmental, Inc. (AMEC) to complete projects at Mazar-e-Sharif and Herat, respectively.

This report is part of a series of performance audits by the Special Inspector General for Afghanistan Reconstruction (SIGAR) examining contract outcomes, costs, and oversight. This report (1) examines modifications to the task orders awarded to CH2M Hill and AMEC and assesses the nature and adequacy of project oversight by AFCEE; (2) determines whether construction at Mazar-e-Sharif and Herat met the terms of the task orders; and (3) evaluates efforts to ensure sustainability of the facilities.

To accomplish these objectives, we reviewed relevant contract files, including the statements of work, modifications, available construction plans and specifications, and quality assurance plans and reports. We examined criteria and guidance defined in the Federal Acquisition Regulation (FAR), as well as AFCEE's final and draft policies. We conducted inspections of the Herat and Mazar-e-Sharif sites in Herat and Balkh provinces, respectively, and we interviewed officials from AFCEE headquarters in San Antonio, Texas; AFCEE-Afghanistan; CSTC-A; U.S. Army Corps of Engineer Afghanistan Engineer Districts-North and South; AMEC; and CH2M Hill. We conducted our work in San Antonio, Texas; Kabul, Mazar-e-Sharif, and Herat, Afghanistan; and Washington, D.C., from May 2010 to April 2011, 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

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<sup>1</sup> ANSF includes the Afghan National Army and the Afghanistan National Police.

<sup>2</sup> The North Atlantic Treaty Organization Training Mission-Afghanistan and CSTC-A are a joint command under a single commander. Because CSTC-A distributes and manages all U.S.-provided funding to support ANSF, this report refers to CSTC-A.

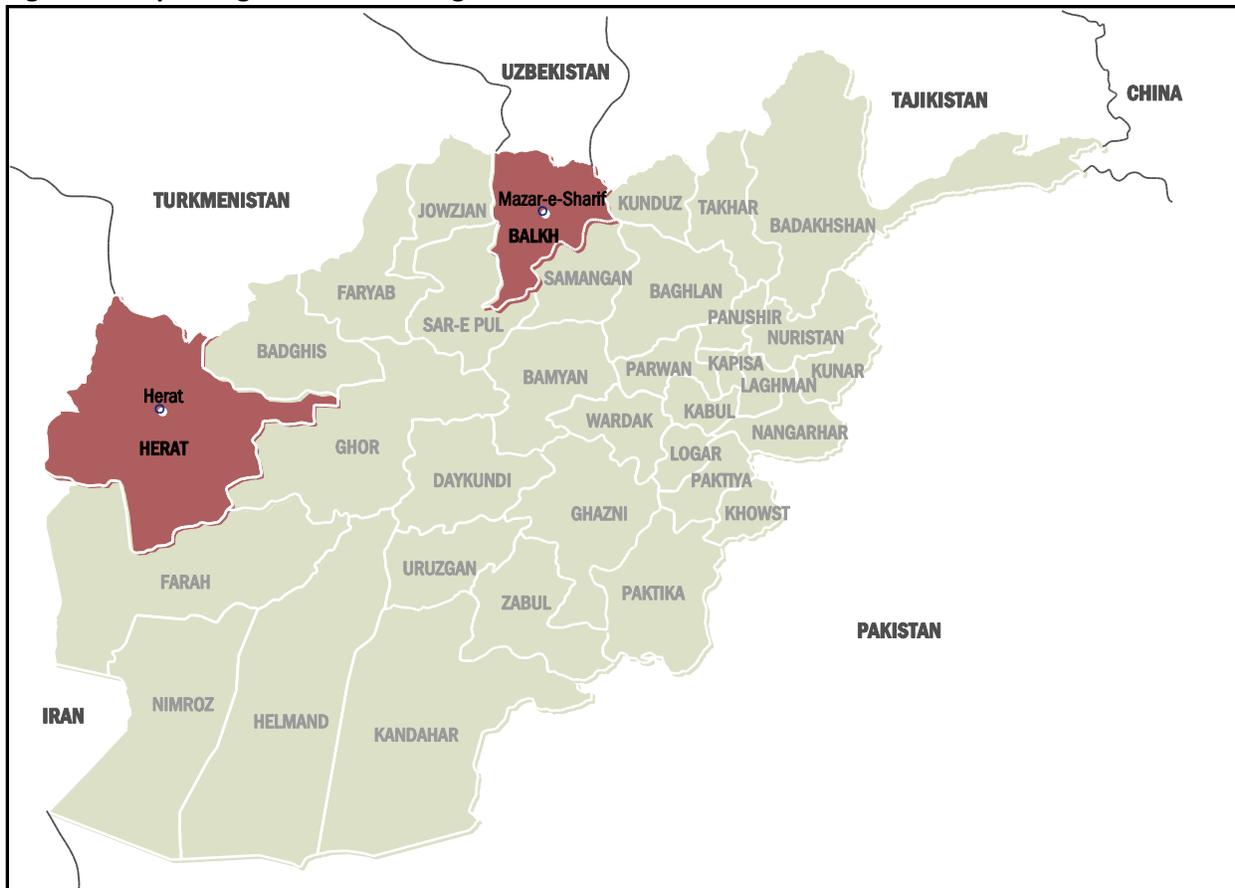
<sup>3</sup> A cost plus fixed-fee contract or task order provides for payment of allowable incurred costs to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer. This contract type also provides for payment to the contractor of a negotiated fee that is fixed at the inception of the contract and does not vary with actual cost. This contract type permits contracting for efforts that might otherwise present too great a risk to contractors. See Federal Acquisition Regulation (FAR) Subpart 16.3.

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. A discussion of our scope and methodology is included in appendix I.

## BACKGROUND

The CSTC-A-funded projects in Mazar-e-Sharif and Herat (see figure 1) provided for the construction of additional facilities at existing ANA bases, including the construction of medical barracks, and, at one location, a new commando compound. CSTC-A identified a need for these additional facilities based on the changing missions of the garrisons and contracted through AFCEE for construction and quality assurance oversight.

**Figure 1: Map of Afghanistan Showing Balkh and Herat Provinces**



Source: SIGAR

As of October 2010, Camp Shaheen, near Mazar-e-Sharif, had an authorized level of almost 8,000 military personnel. Camp Shaheen is home to the ANA's 209th Corps and houses the 209th Corps' headquarters, a brigade and its general support unit, and two battalions, including combat support and combat support services. The purpose of the task order awarded by AFCEE to CH2M Hill was to perform additional construction at two sites at Camp Shaheen, specifically:

- Commando compound – enlisted barracks; non-commissioned officer barracks; officer barracks; four company headquarters; a battalion headquarters; a small arms storage building; a battalion storage building; fitness and training centers; motor pool with a vehicle maintenance bay; a dining facility; a solid waste collection point; a perimeter fence with two lighted entry control gates; an indirect fire shelter; an asphalt road and parking areas; storm water management; sewer and water distribution; power distribution and generator upgrade; and a communication system.
- Forward support depot – enlisted barracks; senior non-commissioned officer/officer barracks; two medical barracks; a latrine for each of the barracks; a dining facility; a warehouse with vehicle maintenance bay; renovation of another warehouse; fuel point and fuel storage; concrete bunkers; asphalt roads; and sewer, water, and electric distribution with connection to the existing system.

As of October 2010, Camp Zafar, near Herat, had an authorized level of more than 7,800 military personnel. Camp Zafar is home to the ANA's 207th Corps and houses the 207th Corps' headquarters, a brigade and its general support unit, and six battalions, including combat support and combat support services. AFCEE awarded the task order to AMEC to perform additional construction at three sites at Camp Zafar, specifically:

- Forward support depot – guard houses and fence; asphalt pavement; enlisted barracks and bath house; officer quarters; fuel point, vehicle maintenance, and storage; warehouse renovation; water, electrical, and wastewater systems; and concrete bunkers.
- Dining facility and K-span<sup>4</sup> area – new asphalt pavement; a dining facilities (DFAC) building; K-span facilities; parking and drainage; a wastewater collection system; electrical and water distribution; and gravel roadway.
- Medical barracks area – non-commissioned officer barracks; enlisted barracks; a bath house; gravel roadway and drainage; a wastewater collection system; and electrical and water distribution.

### **AFCEE Selects Contractors through a Two-Tiered Approach**

AFCEE uses a two-tiered approach to select contractors for its construction projects. First, under its Heavy Engineering, Repair and Construction (HERC) business model, AFCEE solicits bids, selects contractors, and awards multiple indefinite delivery/indefinite quantity contracts,<sup>5</sup> in accordance with the FAR, to provide heavy construction and engineering activities worldwide. Second, AFCEE headquarters requests proposals covering potential heavy construction and engineering projects exclusively from HERC prime contractors. Contractors interested in competing for the work provide proposals. The AFCEE contracting officer (CO) located in San Antonio, Texas, makes a determination as

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<sup>4</sup>A K-span is a pre-engineered building built with roll-formed arched steel structures that weld together in large sections to form a self-supporting building with no internal structure. A K-span building can be used many ways, including as a warehouse, hangar, office space, or troop barracks.

<sup>5</sup>Indefinite-delivery indefinite-quantity contracts provide for an indefinite quantity of services during a fixed period of time. They are used when the government cannot predetermine, above a specified minimum, the precise quantities of supplies or services that will be required during the contract period. The government places delivery orders (for supplies) or task orders (for services) against a basic contract for individual requirements. Minimum and maximum quantity limits are specified in the basic contract as the number of units (for supplies) or as dollar values (for services).

to which contractor will provide the best value for the dollar, and the selected contractor is awarded the task order.<sup>6</sup>

### **AFCEE Outsources Quality Assurance, but Contracting Officer is Ultimately Responsible for Contractor Oversight**

AFCEE engages engineering contractors to provide quality assurance for its construction projects, but the AFCEE CO has final responsibility for monitoring contractor performance and holding the contractor accountable for its actions. The quality assurance contractors perform onsite supervision, inspection, and oversight for construction throughout Afghanistan to ensure that construction contractors meet quality control and construction standards. Duties include, but are not limited to, onsite technical surveillance and project assessment; review and comment on the contractor's submittals; and preparation and posting of daily quality assurance reports that document project details, actions taken, and items inspected, etc. The quality assurance contractor provides documentation of these actions to the contracting officer representative (COR), who is responsible for evaluating the quality assurance contractor's performance and for using the information provided to interact with and advise the CO. The AFCEE CORs, located in Afghanistan and San Antonio, Texas, also administer the contracts. The quality assurance function for the projects at Mazar-e-Sharif and Herat was awarded first to Versar, Inc. and subsequently to Jacobs Engineering Group, Inc., for approximately \$38.7 million. Versar continued to perform the quality assurance function for the project sites at Mazar-e-Sharif and Herat after the Jacobs Engineering Group, Inc. assumed the role as the primary quality assurance contractor.

The CO approves modifications to the contract and holds the contractor accountable for its performance. The CO is responsible for filing the contractor's interim and final performance evaluations, which provide U.S. agencies with relevant information for selecting contractors. These evaluations also serve as one of the CO's primary tools for influencing remedial action by a contractor during contract performance. According to the FAR, during the contractor's period of performance, the CO can request a corrective action plan outlining the contractor's proposed steps to fix a problem and prevent it from happening again. The CO should follow up to ensure performance improvement. If the contractor fails to improve, the CO can provide less-than-satisfactory interim and final contractor evaluations through the government's formal reporting system, the Construction Contractor Appraisal Support System (CCASS) and the Architect-Engineer Contract Administration Support System (ACASS).<sup>7</sup>

### **BOTH PROJECTS EXPERIENCED COST INCREASES AND SCHEDULE DELAYS, AND CONTRACTOR OVERSIGHT AT HERAT WAS INSUFFICIENT**

The projects at Mazar-e-Sharif and Herat experienced cost increases and construction delays, and the AFCEE CO failed to provide adequate oversight of the contractor at Herat. At Mazar-e-Sharif, the cost of the project increased because of additional work, including a major electrical upgrade, added to the contract through modifications. Construction at the site was delayed primarily because the contractor

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<sup>6</sup> A task order is an order for services placed against an established contract, in this case the HERC contract.

<sup>7</sup> CCASS and ACASS are databases that contain construction contractor and architect-engineer performance evaluations, respectively. The evaluations provide information on contractor performance, including the quality and timeliness of the work, effectiveness of management, and compliance with contract terms, labor standards, and safety requirements. Information from CCASS is passed to the Past Performance Information Retrieval System, a government-wide performance information repository, where it can be retrieved by federal government agencies, including DOD, for use in selecting contractors. ACASS provides the same evaluation opportunity for architect-engineer contracts.

had difficulty obtaining two generators called for as part of this utility upgrade. At Herat, the project experienced substantial cost increases and schedule delays because of poor contractor performance. We found that the AFCEE contracting officer failed to exercise adequate oversight of the contractor at Herat. Specifically, he approved multiple cost increases and schedule extensions for the project, despite having identified significant contractor performance problems. He also failed to follow up on the contractor's plans to improve performance and did not report the contractor's performance deficiencies in CCASS for timely use by other U.S. contracting agencies.

### **Mazar-e-Sharif Project Was Behind Schedule Due, in Part, to Difficulties Completing an Electrical Upgrade at the Site**

As of February 2011, the Mazar-e-Sharif facilities were more than 20 months behind schedule, in part because of utility work added to the contract under a scope modification. In addition, the cost for the AFCEE-constructed facilities at Mazar-e-Sharif increased from \$17.0 million to \$23.2 million based on several modifications to the task order, including the utility work. Table 1 outlines the cost, schedule, and scope changes for the Mazar-e-Sharif facilities.

**Table 1: Modifications to Contract FA8903-06-D-8510, Task Order 012**

<b>Modification (Mod)</b>	<b>Date</b>	<b>Purpose</b>	<b>Cost/Schedule Change</b>
Mod 1	Jan 14, 2009	Capped general and administrative rates	No change
Mod 2	May 14, 2009	Revised building sizes and subcontracted forward support depot site	Contract increased by \$1.0 million Field construction completion date extended from May 12, 2009 to July 19, 2009
Mod 3	Aug 19, 2009	Required installation of culverts and control points; modified forward support depot warehouse	Contract increased by \$2.2 million Field construction completion date extended to September 30, 2009
Mod 4	Sep 19, 2009	Expanded scope to include design, furnishing, and installation of two megawatt power upgrade; design and installation of vehicle service pits; and furnishing and installation of two 25,000-gallon diesel fuel tanks to support new generators	Cost increased by \$3.1 million Field construction completion date extended to June 30, 2010
Mod 5	Jun 28, 2010	Extended contract due to non-receipt of special order generators	No cost increase Field construction completion date extended to August 15, 2010
Mod 6	Aug 10, 2010	Added new U.S. Central Command and Joint Contracting Command contract clauses regarding fitness for duty, facility safety, and business clearances	No cost increase No schedule change
Mod 7	Sep 14, 2010	Extended contract due to special order generators held in Pakistan	No cost increase Field construction completion date extended to November 15, 2010

Modification (Mod)	Date	Purpose	Cost/Schedule Change
Mod 8	Nov 1, 2010	Extended contract due to special order generators held in Pakistan	No cost increase Field construction completion date extended to December 15, 2010
Mod 9	Dec 13, 2010	Extended contract due to special order generators held in Pakistan	No cost increase Field construction completion date extended to March 19, 2011

Source: SIGAR analysis of Contract FA8903-06-D-8510, Task Order 012, dated July 16, 2008, and all task order modifications.

Note: General and administrative rates are for management or financial expenses incurred by or allocated to a business unit and support the management and administration of the business unit as a whole.

According to the FAR, contract files should include sufficient documentation to provide a complete history of the project as a basis for making informed decisions, supporting actions taken, and providing information for reviews and investigations.<sup>8</sup> However, the extent to which the modifications shown in Table 1 were appropriately supported varied. For example, we found that modifications 1, 2, 3, and 6, which capped general and administrative cost rates, made minor building size changes during initial design, and added minor alterations to construction plans, were sufficiently supported by documentation in the contract files. In addition, modifications 5, 7, and 8, which extended the performance periods, were directly connected to the added utility work and therefore were sufficiently documented.

However, the extent to which the AFCEE CO obtained adequate documentation supporting the need to expand the scope of the Mazar-e-Sharif project to include unplanned utility work is unclear. During contract performance (prior to June 14, 2009), CSTC-A identified a potential problem with the electrical power available for current and future infrastructure and requested additional capacity at Mazar-e-Sharif. In response to this request, the AFCEE CO modified the scope of the Mazar-e-Sharif task order (modification 4, dated September 2009) to upgrade the power plant by two megawatts, increasing the project's cost by about \$3.1 million. In July 2010, when we asked for documentation supporting the need to upgrade the power plant, neither CSTC-A nor AFCEE could provide it. In addition, our review of the contract files found no documentation from CSTC-A supporting the need for modification 4. However, in February 2011, when we reiterated concerns about the need for documentation supporting the modification, AFCEE provided a utility assessment of Camp Shaheen completed in July 2009. The assessment recommended two new generators in the short-term and a total of twelve generators in the long-term. While this study predates modification 4 (indicating that support for the expansion was available), the work change request submitted by the contractor to add the utility work at the request of CSTC-A was issued in June 2009, prior to completion of the study (indicating that the study's results were not the basis of the decision to add the utility upgrade). Further, based on a subsequent June 2010 assessment of all utility requirements at Mazar-e-Sharif, CSTC-A concluded that it had overestimated the power requirements at virtually all bases, including Camp Shaheen. Therefore, the power upgrade called for under modification 4 will not be needed until the site reaches its full capacity of 12,000 troops. (According to a CSTC-A official, as of February 2011, there were between 4,000 and 5,000 troops stationed there.)

As of February 2011, the ANA had assumed occupancy of all facilities at the site, but the project remained incomplete because of a delay obtaining and installing the generators called for under the

<sup>8</sup>See FAR 4.801.

utility upgrade. The contractor experienced significant delays getting the two generators through Pakistani and Afghan border controls because it had lost its business license in mid-2010. According to AFCEE, the contractor was unable to renew its license because it owed the Ministry of Finance taxes that one of its Afghan subcontractors had not paid in previous years. (The Afghan customs office will not authorize the release of the generators to an unlicensed company.) In February 2011, CSTC-A reported that the contractor had resolved the problem and that the generators were en route to Camp Shaheen, after which they would be installed. A CSTC-A official stated that there had been no adverse effect from the delay because the generators will not be needed until the base gets closer to full capacity. He also emphasized that importing materials, such as generators, for construction is his “single most difficult problem” because so little is manufactured in Afghanistan.

### **Herat Project Was Over Cost and Behind Schedule, Due to Both an Unsupported Scope Modification and Poor Contractor Performance**

As of June 30, 2010, the AFCEE-constructed facilities at Herat were \$7.4 million over cost and 9 months behind schedule, in part because of poor contractor performance. The costs for the Herat facilities increased from the initial cost of \$11.6 million to \$19 million based on several modifications to the task order. The facilities were also originally scheduled for completion by September 15, 2009, but the scheduled completion date was delayed until June 30, 2010. Table 2 shows the status of the cost, schedule, and scope changes for the Herat facilities task order.

**Table 2: Modifications to Contract FA8903-06-D-8507, Task Order 013**

Modification	Date	Purpose	Cost/Schedule Change
Mod 1	Apr 29, 2009	Revised building areas and heating, ventilation, and air conditioning requirements	Contract increased by \$2.2 million
Mod 2	Sep 30, 2009	Revised transformer sizes due to building size changes; expanded scope to include a hydrological survey and installation of a water well and treatment facility	Contract increased by \$3.2 million Completion date extended to January 15, 2010
Mod 3	Jan 15, 2010	Extended field performance due to construction delays	Field construction completion date extended to June 5, 2010
Mod 4	Apr 19, 2010	Descoped hydrological work	\$1.3 million remaining from descoped hydrological work was left on the contract to offset additional project costs reported by contractor
Mod 5	Jun 16, 2010	Increased contract ceiling; replaced ceiling fans in K-spans	Contract increased by \$2.0 million to cover additional costs reported by contractor Field construction completion date extended to June 30, 2010
Mod 6	Jul 19, 2010	Changed the funding source for modification 5, per CSTC-A request	No change
Mod 7	Aug 9, 2010	Changed the funding source for modification 5 back to the original source, again at CSTC-A request	No change

Source: SIGAR analysis of Contract FA8903-06-D-8507, Task Order 013, dated September 12, 2008, and all task order modifications.

We found that the AFCEE contracting officer expanded the scope of this task order without sufficient documentation support for this modification. Specifically, modification 2, dated September 2009, expanded the scope of the project to include conducting a hydrological survey and installing a water well and treatment facility. CSTC-A requested the modification when water availability for the entire garrison at Herat became a problem, and the AFCEE CO modified the task order. However, neither CSTC-A nor AFCEE could provide us with documentation supporting the hydrological upgrade, which accounted for \$2.2 million of the \$3.2 million modification.

After we raised questions about how scope changes were supported, CSTC-A initiated a plan to determine all utility requirements, i.e., water, wastewater, electrical, and drainage, for the twelve ANA garrison sites, including Herat. In doing so, CSTC-A officials acknowledged that utility assessments could better support future contracted utility work and would help ensure that these garrisons have proper power and other utility capacities. They further stated that by analyzing current in-place capacity, planned construction, population and mission, and other planning factors, the assessments could identify specific recommendations at each site for changes in the utility construction programs. In December 2010, CSTC-A engineers reported that assessments had been completed on 9 of the 12 ANA

garrison sites, including Herat. The Herat assessment confirmed that a new well would be needed to accommodate an anticipated increased demand for water. However, it also found that an upgrade in treatment facilities would not necessarily be needed, depending on the quality of water produced through the recommended wells. In April 2010, the hydrology work was descoped because the two wells the contractor dug after completing the hydrological survey were dry, and CSTC-A did not have additional funding to drill more wells.

The project at Herat also experienced delays and cost increases because of poor contractor performance, particularly with regard to cost and schedule management. Initial indications of poor contractor performance surfaced in both the quality assurance contractor's correspondence and in-country COR reports as early as June 2009, only 3 months after surveying and other pre-excavation work had started. For example, in June 2009, the AFCEE COR sent an email to the contractor, AMEC, expressing concern that AMEC had completed only about 16 percent of the project and continued to average only about 1.5 percent progress per week. The COR added that AMEC had had many weeks with less than 1 percent progress. He estimated that, at current pace, AMEC would not finish until at least September 2010. In early August 2009, the COR reiterated these concerns directly to the AFCEE CO. For example, he informed the AFCEE CO that, while bad weather could account for some of the project's delays, "all other delays are associated with the contractor's performance." On August 21, 2009, the AFCEE CO submitted a letter of concern to AMEC, stating that "AMEC's project management...has led to significant project completion delays." The CO added that AFCEE had repeatedly raised concerns over this lack of performance and that AMEC had yet to take more than minimal actions to bring the progress to an acceptable rate.

Reports submitted by the quality assurance contractor, Versar, Inc., indicate that the contractor also experienced serious difficulties preparing approvable design submittals, leading to delays. For example, on October 13, 2009, Versar noted an increase in the number of the contractor's required submittals that the CO had classified as needing to be "revised and resubmitted" (R&R) or needing more extensive work. By November 22, 2009, the lack of approved submittals had become a significant problem, with 17 unresolved R&R submittals. Some of these submittals dated back several months. For example, the contractor's submitted warehouse renovation designs had been designated as R&R on July 9, 2009, but remained unresolved at the end of November. Until submittals are approved, the parts of the project covered under those submittals cannot proceed.

In December 2009, the AFCEE CO again wrote to AMEC expressing concerns that the project was "significantly behind schedule and over budget." He noted that, while quality of workmanship remained high, AMEC's inability to maintain schedule and budget was a performance deficiency. For example, he cited a December 9, 2009, AFCEE report, which showed a 75 percent schedule growth and an estimated cost overrun of \$1.68 million. Finally, a performance assessment by the COR found that the contractor's adherence to the approved schedules was unsatisfactory, resulting in significant delays in project completion. For example, the COR recognized a trend—for every month of construction, the schedule was extended by between 1 and 1 ½ months.

At the end of June 2010, the AFCEE CO, having learned that AMEC had exhausted project funds, directed the contractor to suspend all work.<sup>9</sup> According to a CSTC-A official, CSTC-A was not informed of this problem early enough to secure additional funding to finance the remaining work. The contractor acknowledged the order to suspend work and demobilized.

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<sup>9</sup> FAR clause 52.232-20 states that a contractor may not incur costs in excess of the estimated costs of the contract.

When the contractor demobilized, the medical barracks were complete; the forward support depot, the dining facility, and two K-spans were largely complete, with the exception of some “punch list” items; and the third K-span was incomplete. For example, the third K-span had no exterior coating; no ceiling lights, fans, or interior insulation (Photo 1); and an unfinished latrine area (Photo 2).

**Photo 1: Unfinished K-Span at Herat with No Ceiling Lights, Fans or Interior Insulation**



Source: SIGAR, August 8, 2010.

**Photo 2: Unfinished Latrine Area in K-Span at Herat**



Source: SIGAR, August 7, 2010.

AFCEE turned the facilities over “as-is” to CSTC-A either for occupancy by the ANA or to complete the unfinished facilities. CSTC-A, in turn, transferred the completed medical barracks to the ANA and the remaining facilities to the engineers at Regional Support Command – West (RSC-W). During July and early August 2010, the RSC-W engineers addressed the minor deficiencies in the remaining facilities and turned over all of the facilities to the ANA, except for four—the dining facility and the three K-spans. The dining facility required additional contractor involvement to install the sinks and test the plumbing system. In addition, RSC-W awarded a \$247,756 contract on November 18, 2010, to a local company to complete one of the three K-spans. Delayed facility completion set back the release of these facilities for occupancy and use by the ANA. In December 2010, an official from RSC-W informed us that it was still in possession of the three K-Spans because of continuing problems with the quality of construction. For example, RSC-W had found control panels with fuses that had been removed. In February 2011, CSTC-A and AFCEE officials informed us that the ANA had assumed occupancy of all facilities at Herat.

### **Despite Contractor Performance Problems at Herat, the Contracting Officer Approved Cost Increases and Schedule Extensions and Failed to Follow up on Corrective Action Plans or Report Performance Deficiencies**

We found that the AFCEE CO in San Antonio, Texas, did not provide adequate contractor oversight of AMEC, the contractor at Herat. One of the guiding principles stipulated in the Air Force Acquisition Regulation Supplement is that contracting officers exercise effective leadership, sound business judgment, and risk management techniques. However, the AFCEE CO approved multiple cost increases and schedule extensions for the project at Herat, despite having identified significant concerns about AMEC’s performance. In addition, the CO failed to follow up on his own requests to the contractor to detail plans for improving performance and did not report the contractor’s performance deficiencies in CCASS to other U.S. contracting agencies in a timely manner. For example, the CO requested a corrective action plan (CAP) from AMEC three times during the course of the project, but we found no documentation indicating the CO followed up on the corrective actions outlined in the CAPs to ensure that contractor performance improved. We also found that the CO did not submit an evaluation of

AMEC to CCASS, the database used by U.S. contracting officials to assess past performance of construction contractors.

A detailed chronology of the CO's funding and schedule decisions, as well as his formal communications with the contractor, point to a significant lack of proper oversight at Herat.

- August 21, 2009 – November 12, 2009

As noted above, the AFCEE CO first sent a letter to AMEC on August 21, 2009, expressing concern about significant project completion delays and requesting a CAP. Although AMEC provided a CAP, we found no correspondence between September 10, 2009 and November 12, 2009, to indicate that the AFCEE CO followed up on the actions agreed to under this CAP. However, on September 30, 2009, the AFCEE CO approved a cost increase in the amount of \$3.2 million for the hydrology upgrade described earlier in this report. He also extended the scheduled field construction completion date to January 15, 2010.

- November 13, 2009 – December 22, 2009

On November 13, 2009, the COR sent an e-mail to AMEC again indicating concerns about poor schedule management. This letter was followed by a December 11, 2009, performance deficiency letter sent from the AFCEE CO to AMEC because the project was still significantly behind schedule and over budget. The AFCEE CO warned in the letter that delays could force AFCEE's customers to incur unnecessary expenses in order to erect temporary tent cities to house soldiers. The letter called for another CAP, which AMEC provided on December 22, 2009.

- December 23, 2009 – April 14, 2010

We found no correspondence between the AFCEE CO, AMEC, or the COR following up on the December 22 CAP. This break in communication regarding performance improvement lasted almost 4 months—between December 23, 2009 and April 14, 2010. However, during this time, there were indications of continued problems at Herat. For example, on December 30, 2009, AMEC submitted a proposal to AFCEE, requesting a 5-month extension and \$3.7 million in additional funding to complete the project. The proposal indicated that the \$3.7 million was needed, in large part, to cover the additional expenses associated with the delay, such as the costs of private security and rest and recuperation breaks for employees. On January 15, 2010, the CO extended the project's field construction completion date to June 5, 2010.

- April 15, 2010 – June 28, 2010

On April 15, 2010, the AFCEE CO sent AMEC another performance deficiency letter and requested another CAP. We could not find any evidence that the contractor complied with the request for the new CAP. On April 19, 2010, the AFCEE CO descoped the hydrological work initially called for under modification 2. However, instead of directing AMEC to return the \$1.3 million in remaining funds, the CO left those funds on the contract to offset the additional costs reported by the contractor on December 30. On June 16, 2010, the AFCEE CO increased the contract ceiling by another \$2 million to cover more of the additional costs reported by AMEC at the end of December. He also extended the field construction completion date to June 30, 2010. As noted earlier in this report, the AFCEE CO issued a work suspension order to the contractor on June 28, 2010.

Both during the project and after ordering the contractor to suspend work, the AFCEE CO failed to ensure that other contracting officials were made aware of AMEC's performance at Herat. The FAR

states that interim evaluations shall be prepared to provide current information for source selection purposes for contracts or orders with a period of performance, including options, exceeding 1 year. The FAR also requires that past performance evaluations be prepared at the time the work under the contract or order is completed and that these evaluations be submitted electronically to the Past Performance Information Retrieval System, which houses CCASS.<sup>10</sup> However, we found no interim evaluations of the contractor. In July 2010, immediately after the contractor demobilized, the COR submitted a less-than-satisfactory draft CCASS rating on AMEC to the CO, noting that the contractor had consistently demonstrated unsatisfactory management of materials, submittals, and subcontractors. However, as of February 2011, HQ AFCEE personnel had still not entered a final performance rating of the contractor in CCASS, although a draft rating had been provided to AMEC for its review. Consequently, other U.S. agencies did not have timely access to this contractor's current performance information as they made contracting award determinations.

### **FACILITIES AT MAZAR-E-SHARIF AND HERAT WERE GENERALLY WELL CONSTRUCTED**

The AFCEE-built facilities at Mazar-e-Sharif and Herat appeared to meet the overall requirements of the contract drawings and specifications, but we also identified a few minor design flaws.

Based on the criteria described in the contract's statement of work and related technical specifications, we made a site inspection of the commando compound and the forward support depot sites at Mazar-e-Sharif from July 19-20, 2010, and found that the buildings were generally constructed within contract specifications. For example, the buildings we inspected had interior finishes, fire alarms, lighting, and ceiling fans properly installed and appeared to conform to contract requirements. In the maintenance and warehouse areas, we observed solid construction for upper building levels and staircases leading to them. Photos 3 and 4 provide examples of completed construction at Mazar-e-Sharif.

**Photo 3: Enlisted Barracks at Mazar-e-Sharif**



Source: SIGAR, July 19, 2010.

**Photo 4: Vehicle Maintenance Building at Mazar-e-Sharif**



Source: SIGAR, July 19, 2010.

We also observed, however, some minor design weaknesses. For example, as shown in photo 5 below, polyvinyl chloride (PVC)<sup>11</sup> piping was installed in the latrine and shower areas at sink level, within human

<sup>10</sup> FAR Subpart 42.15.

<sup>11</sup> PVC is a plastic material widely used in construction because it is inexpensive, durable, and easy to assemble.

reach. This use of PVC piping, rather than a stronger material such as galvanized piping, could cause maintenance issues with wear and tear.

**Photo 5: PVC Piping at Sink Level at Mazar-e-Sharif**



Source: SIGAR, July 20, 2010.

In addition, we found that “goose-neck” faucets were installed throughout the latrines and dining facilities and that insubstantial shower heads were used in the shower buildings. These plumbing fixtures will be more difficult to maintain long-term due to the heavy use they will receive. Photo 6 shows goose-neck faucets in the latrine area; photo 7 shows insubstantial shower heads in the commando compound shower area. AFCEE officials we met with confirmed that “goose-neck” faucets are not sufficiently sturdy for the facilities in Afghanistan. CSTC-A has since updated its design specifications to call for the use of more durable low profile metal valves, rather than “goose-neck” faucets.

**Photo 6: “Goose-Neck” Faucets in a Latrine Area at Mazar-e-Sharif**



Source: SIGAR, July 19, 2010.

**Photo 7: Insubstantial Shower Heads at Mazar-e-Sharif**



Source: SIGAR, July 19, 2010.

At the time of our site inspection, the ANA had occupied most of the newly constructed buildings, and these facilities appeared in good condition with only minimal signs of daily use. The ANA was also in the process of assuming occupancy of the other buildings constructed under the contract.

Although most of the facilities at Herat were not sufficiently complete to pass final inspection when we conducted our site visits, the construction that had been completed appeared to meet overall requirements, with a few minor construction issues. We made a visual inspection of the site from June 26 – 28, 2010, and again from August 7 – 8, 2010. At the time of our June visit, the medical barracks was the only facility that was sufficiently complete to pass final inspection. For example, at the warehouse building, we observed unfinished wiring and doors that were not squared and therefore did not work. However, for the most part, the facilities we inspected in August appeared to be well-constructed.

Based on the criteria described in the contract’s statement of work and related technical specifications, we found that the buildings were generally constructed within contract specifications. For example, the buildings we inspected appeared to have properly applied finishes both on the interior and exterior, windows and doors were installed and working, and plumbing and electrical systems were operational. Photo 8 provides an example of completed construction at Herat. This photo shows that the concrete floor slabs in the forward support depot storage area appeared to be well-finished and sealed with an epoxy coating, as evidenced by the light reflection.

**Photo 8: Forward Support Depot Storage Area at Herat**



Source: SIGAR, August 8, 2010

During our inspections, we also identified some minor deficiencies. For example, while the grading of the site appeared generally adequate, we identified areas where drainage problems may occur, such as on the uphill end of one of the K-spans. As shown in photo 9 below, this area has a significant embankment that was excavated to accommodate the building. Any runoff from the embankment will drain toward the building, causing pooling and potential flooding.

**Photo 9: Problematic Grading next to K-Span 3**



Source: SIGAR August 4 – 7, 2010

## **EFFORTS TO ENSURE SUSTAINABILITY OF MAZAR-E-SHARIF AND HERAT FACILITIES DID NOT OCCUR IN A TIMELY MANNER**

Although AFCEE and CSTC-A have taken steps to provide for the sustainment of the facilities at Mazar-e-Sharif and Herat, these efforts did not occur in a timely manner. First, AFCEE did not arrange for the facilities at Mazar-e-Sharif and Herat to be covered under the operations and maintenance (O&M) contract for CSTC-A funded facilities in Afghanistan in a timely manner. Coverage under this contract is important in the short term for ensuring that the facilities will be repaired should damage occur. Second, although CSTC-A updated its “austere” or “Afghan-friendly” construction standards and developed a mechanism for taking feedback from key stakeholders into account when revising these standards, these updates were not available to contractors at the time of the Mazar-e-Sharif and Herat projects. These updated standards should help transition responsibility for maintenance of these facilities to the Afghan government in the long term.

### **Facilities at Mazar-e-Sharif and Herat Were Not Added to the O&M Contract in a Timely Manner**

AFCEE did not arrange for the facilities at Mazar-e-Sharif and Herat to be added to the O&M contract for CSTC-A funded facilities in Afghanistan in a timely manner.<sup>12</sup> According to CSTC-A policy, a meeting to, among other things, coordinate O&M coverage is required when construction is 80 percent complete. In addition, O&M contracting officials told us that they typically need 90 days to modify the O&M contract to add completed facilities to it. However, at Mazar-e-Sharif, AFCEE held turnover meetings about 3 months after reaching the 80-percent complete milestone and less than 60 days before turnover. At Herat, AFCEE held meetings about 1 month after reaching the 80-percent milestone. Consequently, there were delays in O&M coverage for the facilities. For example, the commando

<sup>12</sup>The U.S. Army Corps of Engineers awarded two new O&M contracts for ANSF facilities in July 2010 to cover facilities in northern and southern Afghanistan for \$450 million and \$350 million, respectively. These indefinite delivery/indefinite quantity contracts have task orders for O&M activities written against the contracts for specific locations.

compound facilities at Mazar-e-Sharif were occupied in April 2010 but were not covered under the O&M contract until July 1, 2010, and the forward support depot area at Mazar-e-Sharif was completed in June 2010 but not covered until July 1, 2010. In addition, although a modification to the O&M contract was initiated to provide coverage for the Herat facilities on August 1, 2010, the modification was not signed until August 27, 2010, after all but four of the facilities had been completed and turned over to the ANA.

These delays exposed AFCEE to unnecessary liability because any damage to the facilities would not have been covered under construction contractor warranty. Such damage would have required local or regional contracting centers or other organizations to fund contracts to repair the damage, thereby increasing costs to the U.S. government.

In August 2010, we raised concerns about timely O&M coverage with both CSTC-A and AFCEE officials. In January 2011, AFCEE updated its procedures to provide for O&M coverage in order to ensure that maintenance and sustainment is provided to newly constructed facilities upon project completion and that there is a smooth coordinated transition between the contractor, AFCEE, and project stakeholders. According to a CSTC-A official, the O&M process has been working more effectively since AFCEE updated its procedures. For example, he stated that in his weekly construction meetings with O&M managers from U.S. Army Corps of Engineers Afghanistan Engineer Districts – North and South the managers have reported seeing an improvement in the facilitation of O&M coverage.

### **CSTC-A Updated Afghan-Friendly Construction Standards, but New Standards Were Not Available for the Mazar-e-Sharif and Herat Projects**

A key development that will influence the Afghan government's ability to sustain U.S.-funded facilities without U.S. assistance is the CSTC-A move toward "austere," or "Afghan-friendly," construction standards for ANSF facilities. Although U.S. officials have stated that the government of Afghanistan does not currently have the financial or technical capacity to sustain ANSF facilities once they are completed, CSTC-A has plans to transfer all O&M maintenance responsibility for these facilities to the Afghan government by 2013. In an August 2009 memorandum, CSTC-A identified specific construction specifications, such as the use of plain concrete floors instead of tiled floors, which would better meet the needs of the ANSF and minimize the level of damage likely to occur at these facilities. According to CSTC-A, these standards were an attempt to provide uniform guidance to help ensure the long-term sustainability of U.S.-funded construction in Afghanistan. During a previous audit,<sup>13</sup> we found that CSTC-A's guidance on these austere standards could be improved, and we recommended a one-time update to the memorandum.

On February 3, 2011, CSTC-A issued an updated memorandum on "austere" construction specifications. CSTC-A officials explained that developing construction standards for use by the ANSF has been a learning experience regarding cultural differences, and that the changes to the standards reflect the results of that experience. For example, the standards have been updated to eliminate the use of "goose-neck" faucets would break easily because, as CSTC-A learned, they were often mistaken for water pumps. Similarly, the standards have been revised to eliminate the use of pedestal sinks to accommodate cultural practices regarding the washing of feet. Now, the standards call for trough-type concrete sinks directly to the floor and capable of supporting a person's weight.

In this audit, we also found that CSTC-A, using feedback from the O&M contractors, the ANSF (the facility end-users), and construction companies, could leverage lessons learned to identify and

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<sup>13</sup> SIGAR Audit 10-12, ANP Compound at Kandahar Generally Met Contract Terms but Has Project Planning, Oversight, and Sustainability Issues, July 22, 2010.

implement austere standards on a more routine basis. When we performed site inspections, we discussed construction specifications with O&M contract personnel, O&M contractor oversight personnel, and AFCEE personnel. These individuals suggested many improvements regarding design specifications. For example, they suggested that CSTC-A require using externally mounted, short shower heads instead of flexible-neck systems that are less durable and require using locally available plumbing fixtures. At the time, they had no process for providing these suggestions to CSTC-A for vetting, approval, and distribution.

In August 2010, SIGAR auditors raised this issue with CSTC-A, and CSTC-A has since instituted a mechanism incorporating feedback and updating the standards. Specifically, in its February 3, 2011, memo, CSTC-A wrote that the construction standards for Afghanistan Security Forces Fund projects will be formally reviewed and updated every 6 months and that “everyone is encouraged to submit recommendations and lessons learned...as often as is needed.” These updated standards (and the new process for reviewing them on a regular basis) should help communicate consistent design specifications, minimize O&M training requirements, better use funds for sustainable construction, and decrease long-term maintenance costs.

## **CONCLUSION**

As the U.S. military transfers responsibility to the ANA to provide for its own security, the importance of having well-constructed and sustainable facilities available for these forces increases. The U.S. government has an interest in ensuring that the funds used to pay for these facilities are used for their intended purpose. However, our review shows that at Herat, the AFCEE CO approved more than \$5 million in funding increases for the project and several schedule extensions, even though he was aware that the contractor had significant difficulty staying within budget and maintaining a schedule. At best, this suggests that the CO did not exercise proper due diligence in his oversight of the contractor. Without concrete steps in place to strengthen contractor oversight and provide timely contractor performance information to other contracting agencies, other ANA facilities under similar contracting arrangements may be at risk.

## **RECOMMENDATIONS**

To strengthen contractor oversight and ensure that other U.S. contracting agencies have accurate information on contractor performance, SIGAR is making two recommendations to the Director of AFCEE, specifically:

1. establish and implement procedures (including specific deadlines) to ensure that contracting officers follow up on contractors’ corrective action plans in a timely manner; and
2. take immediate action to finalize the performance rating of AMEC, the prime contractor at Camp Zafar, and add this rating to CCASS.

## COMMENTS

AFCEE and CSTC-A provided comments on a draft of this report, which are included in appendixes II and III, respectively. In response to our first recommendation, AFCEE stated that, although it has an established and effective practice of communicating performance issues with contractors, the CO will begin including a follow up suspense date (or specific deadline) in the performance deficiency letter/corrective action plan process. According to AFCEE, by documenting that date in performance deficiency letters, all stakeholders (including the CO, COR, and contractors) will be informed and take the required actions. We believe that instituting this practice is an improvement and suggest that AFCEE monitor its use to determine if it is a sufficient procedure for ensuring that contracting officers conduct timely follow up. In response to our second recommendation, AFCEE commented that it has now prepared and submitted the rating to CCASS for AMEC's performance on the ANA garrison facilities at Herat. AFCEE also stated that due to an error within CCASS, the rating was accepted as an interim, rather than a final rating. AFCEE has requested that this error be corrected. CSTC-A commented that it concurred with our finding that the quality of construction at both Mazar-e-Sharif and Herat met contract requirements.

## APPENDIX I: SCOPE AND METHODOLOGY

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This report provides the results of the Office of the Special Inspector General for Afghanistan Reconstruction's (SIGAR) review of two construction task orders funded by the Combined Security Transition Command-Afghanistan (CSTC-A) and implemented by the Air Force Center for Engineering and the Environment (AFCEE) to complete projects to provide additional medical and forward support facilities at the Afghan National Army (ANA) garrisons in Mazar-e-Sharif and Herat provinces. This report (1) examines modifications to the task orders awarded to CH2M Hill Constructors, Inc. (CH2M Hill) and AMEC Earth and Environmental, Inc. (AMEC), the prime construction contractors, and assesses the nature and adequacy of project oversight by AFCEE; (2) determines whether construction at Mazar-e-Sharif and Herat met the terms of the task orders; and (3) evaluates efforts to ensure sustainability of the facilities.

To examine whether contract modifications and construction at the two sites met the terms of the task orders, SIGAR met with officials from AFCEE (based in San Antonio, Texas), AFCEE-Afghanistan, CSTC-A, CH2M Hill and AMEC, and the quality assurance contractor (Versar, Inc.). We reviewed the contract documentation, including statements of work, modifications, email documents, and contract officer correspondence. We conducted site inspections of both locations between June 27, 2010, and August 8, 2010. In addition, former Inspector General Arnold Fields conducted a site inspection of the Mazar-e-Sharif facilities in September 2010. During our site visits, we inspected the interior and exterior of all buildings, as well as the grounds within the perimeter of the construction sites as outlined in the contract and supporting documents. Site inspections were documented with still photography. We did not use computer-processed data to determine the construction status; however, we relied extensively on documentation available on the prime and quality assurance contractor Web sites (designed and provided in accordance with AFCEE contracts). We also reviewed electronic files and correspondence from AFCEE-Afghanistan and CSTC-A.

To assess project oversight, we met with officials from AFCEE, AFCEE-Afghanistan, Versar, Inc., and CSTC-A. We reviewed criteria and guidance in the Federal Acquisition Regulation, the quality assurance reports, and AFCEE guidance for construction to determine if the contracting process and oversight of the contracts met AFCEE regulations and contract requirements. Additionally, we reviewed AFCEE guidance to determine the roles and responsibilities for AFCEE and AFCEE-Afghanistan personnel.

To evaluate efforts to sustain constructed facilities, we held discussions with officials from AFCEE-Afghanistan, CSTC-A, CH2M Hill, and AMEC. During site visits, we also met with officials from the operations and maintenance contractor, Afghanistan Engineer District-South, and Regional Support Command-North and -West. We also reviewed austere standards documentation and other CSTC-A, Afghanistan Engineer District-North, and Afghanistan Engineer District - South guidance on Afghan-friendly construction.

We conducted work in San Antonio, Texas; Kabul, Mazar-e-Sharif, and Herat, Afghanistan; and Washington, D.C., from May 2010 to April 2011, in accordance with generally accepted government auditing standards. These 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. This audit was also conducted under the authority of Public Law 110-181, as amended, the Inspector General Act of 1978, and the Inspector General Reform Act of 2008.

**APPENDIX II: COMMENTS FROM AIR FORCE CENTER FOR ENGINEERING AND THE ENVIRONMENT**



**DEPARTMENT OF THE AIR FORCE**  
**AIR FORCE CENTER FOR ENGINEERING AND THE ENVIRONMENT**  
**LACKLAND AIR FORCE BASE TEXAS**

8 April 2011

MEMORANDUM FOR SIGAR

FROM: FROM: AFCEE/CXS  
3515 S. General McMullen, Bldg 171  
San Antonio TX 78226-2018

SUBJECT: SIGAR Audit-11-9 Contract Performance and Oversight/ANA Facilities

As requested, we are providing our draft review comments to the audit recommendations for SIGAR Audit-11-9 Contract Performance and Oversight/ANA Facilities

If you have any questions or concerns with our comments, please contact Mr. Scott D. Moss, OSF, DSN 969-8476.

  
CRAIG M. MAYO  
Chief, Contingency Support Branch

Attachment:  
Management Comments

SIGAR Audit-11-9  
Contract Performance and Oversight/ANA Facilities

**RECOMMENDATIONS**

To strengthen contractor oversight and ensure that other U.S. contracting agencies have accurate information on contractor performance, SIGAR is making two recommendations to the Director of AFCEE, specifically:

1. establish and implement procedures (including specific deadlines) to ensure that contracting officers follow up on contractors' corrective action plans in a timely manner; and
2. take immediate action to finalize the performance rating of AMEC, the prime contractor at Camp Zafar, and add this rating to CCASS.

**COMMENTS**

1. Response: AFCEE and 772d ESS (Contracting) have an established and effective practice of communicating performance issues with contractors. Performance issues are addressed in a memo for record the government team calls a "Performance Deficiency Letter" (PDL). In response to a PDL the contractor submits a Corrective Action Plan (CAP) which is evaluated by both the Contracting Officer and the Contracting Officer's Representative. Upon approval, the corrective actions are incorporated into the contractor's execution plans including the schedule, design and Quality Control Plan for the project.

To ensure timely follow up, the Contracting Officer will begin including a follow up suspense date (a specific deadline) in the PDL-CAP process by documenting that date in PDLs so that all stakeholders (COR, CO, & Contractors) are informed and take required actions.

Note that in the event that deficiencies are severe enough that the Contracting Officer must consider contract termination as a feasible course of action that is in the best interest of the government; he/she will issue a cure notice in accordance with the procedures of the applicable default clause.

2. AFCEE has prepared and submitted the performance rating to CCASS for AMEC TO 0013 New Mission Facilities at ANA Garrison Herat, Afghanistan. Due to an error within CCASS, the rating was accepted as an interim instead of as a final. A correction of the error has been requested, once corrected the rating will be re-accomplished.

**ADDITIONAL COMMENTS**

Under DoDI 4270.5 and Military Construction statutory authority, the Department of Defense apportioned responsibility to the various departments to act as design agent and construction agent. The full construction capability of the Army Corps of Engineers has been established since WWII. The Air Force on the other hand, has never had the same capability, but instead appropriately and legally contracts for Title II services and construction services under its 4PAE and HERC contracts.

**APPENDIX III: COMMENTS FROM COMBINED SECURITY TRANSITION COMMAND-  
AFGHANISTAN**



HEADQUARTERS  
NATO TRAINING MISSION - AFGHANISTAN  
COMBINED SECURITY TRANSITION COMMAND - AFGHANISTAN  
KABUL, AFGHANISTAN  
APO, AE 09356

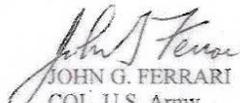


5 April 2011

MEMORANDUM FOR Office of the Special Inspector General for Afghanistan  
Reconstruction, 400 Army-Navy Drive, Arlington, VA 22202

SUBJECT: NTM-A Response to Draft SIGAR Audit Report No. 11-9, Dated April 2011

1. We appreciate the effort of your audit team in reviewing the Air Force Center for Engineering and the Environment (AFCEE) executed projects at Mazar-e-Sharif and Herat. We concur with your findings that the quality of construction at both sites met the terms of the contract requirement. AFCEE will provide their own response to your recommendations.
2. We appreciate that you noted that NTM-A/CSTC-A issued a revised memorandum on "austere" construction specifications and instituted a process to capture new lessons learned. We plan to update the standards every six months. Additionally, you noted that NTM-A/CSTC-A and our execution agents have streamlined the process to incorporate newly built facilities onto the National O&M contract. We have recently activated our Infrastructure Training and Advisory Group in order to develop the facility sustainment capability of the Afghan Army and Police. This capability is only at initial operating capacity (six sites) and we are waiting on the deployment of additional personnel to expand it to additional sites.

  
JOHN G. FERRARI  
COL, U.S. Army  
Deputy Commander for Programs

(This report was conducted under the audit project code SIGAR-025A).

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**SIGAR's Mission**

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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**Obtaining Copies of SIGAR Reports and Testimonies**

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