SIGAR

Special Inspector General for Afghanistan Reconstruction

SIGAR 18-35 Inspection Report

Afghan Ministry of Interior Headquarters Project: Phases 1 and 3 Experienced Construction Deficiencies, Poor Oversight, and Increased Costs

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WHAT SIGAR REVIEWED

In September 2011, the U.S. Army Corps of Engineers (USACE) initiated a three-phase, $90 million project to construct a headquarters compound in Kabul for the Afghan Ministry of Interior (MOI) and the national police. The Combined Security Transition Command–Afghanistan funded the project. This report focuses on phases 1 and 3. SIGAR issued a report on phase 2 on September 11, 2017.

On September 8, 2011, USACE awarded a $3.2 million firm-fixed-price contract to Abdulhai-Gardezi Construction Firm (ACF), an Afghan company, for the phase 1 construction. Phase 1 focused on building the compound's main road network, the main entry control point, a storm water management system, and other utilities and basic infrastructure.

On March 20, 2012, USACE awarded a $54.3 million firm-fixed-price contract to Lakeshore Toltest Corporation (LTC), a U.S. firm, for the phase 3 construction. Phase 3 required LTC to construct the national police command center, barrack buildings, a dining facility, and other support structures. In January 2014, USACE terminated LTC's contract for default and engaged Macro Vantage Levant (MVL), an Emirati company, to complete the project.

On October 5, 2016, SIGAR sent an alert letter to USACE and other Department of Defense officials expressing concerns regarding the installation of noncertified doors in place of certified fire doors throughout the MOI compound and the associated safety issues.

The inspection objectives were to assess whether (1) the phase 1 and 3 construction was completed in accordance with contract requirements and applicable construction standards, and (2) the buildings and infrastructure are being used and maintained.

March 2018

Afghan Ministry of Interior Headquarters Project: Phases 1 and 3 Experienced Construction Deficiencies, Poor Oversight, and Increased Costs

SIGAR 18-35 INSPECTION REPORT

WHAT SIGAR FOUND

During 24 site visits from October 2015 through September 2016, SIGAR found 12 deficiencies in the work associated with phases 1 and 3 of the project to construct the MOI headquarters compound. Most significantly, USACE approved and MVL, the phase 3 contractor, installed 780 noncertified doors instead of the certified fire-rated doors that were required under the contract, which presents a safety hazard in the event of a fire. Although the contract required the fire doors to be certified by one of three certifying agencies—Underwriters Laboratories, Factory Mutual Engineering and Research, or Warnock Hersey International—the installed doors did not meet fire safety standards and were not certified. SIGAR determined that the doors installed in connection with phase 3 were not listed in any of the agencies' directories of acceptable fire-rated products, nor were certification labels attesting to the doors' fire ratings affixed to fire doors at the factory, as required. SIGAR also found that false fire certification labels were applied after installation. Further, because the installed doors are not certified fire doors, they were likely less expensive for the contractor to acquire than the required doors would have been, which raises concerns about whether the U.S. government overpaid for them. SIGAR continues to investigate the circumstances surrounding the noncertified doors.

SIGAR identified 11 other deficiencies, 2 also involving the contractors' unauthorized substitution of inferior products, and 9 design and construction deficiencies. Some of these deficiencies pose safety risks, and all raise concerns about USACE's oversight of the project. For example, SIGAR found that:

- Instead of installing concrete pavers on the storm water lift station, as called for by the contract, ACF installed terrazzo tiles without USACE's approval. These tiles have a slippery surface and are a safety hazard when wet. Additionally, instead of installing door hardware manufactured by Union UK Export that USACE approved, MVL installed inferior hardware manufactured by a different company.
- Two streets were a foot narrower than the required width of 23 feet, increasing the potential for traffic accidents. Also, the phase 1 contract required contraction joints every 8.2 feet to control random cracking, but two streets had joints ranging from 10 to 23 feet, and the concrete had cracked.
- USACE did not include continuous storm water drainage ditches in the design drawings. As a result, two streets were built without them, which will cause water to pool on them. Also, one of the two storm water detention basins is 118 feet shorter and 30 feet narrower than required. This, along with improperly compacted soil on the banks of both detention basins, increases the potential for flooding during a storm.
- Less than a year after completion, the exterior wall plaster had already started to crack and the paint was peeling on the five guard shacks, the

gate house building, and the two wastewater lift station buildings. Although USACE identified this deficiency for one of the guard shacks in its 6-month warranty inspection, the deficiency was not corrected.

- The contract design drawings required the installation of exhaust fans in the wood-burning stove kitchen. However, MVL did not install any fans, creating an unhealthy environment for the kitchen staff due to the buildup of smoke generated during cooking.

SIGAR determined that USACE's inadequate oversight of the phase 1 and 3 contracts contributed to the deficiencies it identified. For example, USACE did not adhere to its three-phase quality assurance inspection process, which consists of preparatory, initial, and follow-up phases, and is designed to help USACE and its contractors detect and correct construction deficiencies. As a result, USACE accepted the noncertified doors, substituted products, and deficiencies during all three quality assurance phases. SIGAR also found that USACE did not include information about ACF's poor performance during the first year of the phase 1 contract in its final Contractor Performance Assessment Report. These reports provide critical information that contracting officers and source selection officials can use to identify patterns of initial poor performance across contracts, make informed contracting decisions, and avoid awarding contracts to poor performing companies.

SIGAR also found that phases 1 and 3 experienced delays, contract extensions, and cost increases that resulted in construction being completed more than 2 years after the originally planned completion dates, and the contract costs increasing by $2.7 million and $7.3 million, respectively. For phase 1, time and cost increases were due to contract modifications that added work and to poor contractor performance. For phase 3, time and cost increases were caused by LTC's termination for default, poor performance, and failure to pay subcontractors.

Finally, SIGAR found that since August 2016, the MOI has occupied most of the headquarters compound and the facility is being maintained by IDS International Government Services, a U.S. company. In addition to maintaining the facilities, IDS is training MOI staff on operation and maintenance. The staff will likely take over maintenance responsibilities on May 11, 2018, when the IDS contract expires. One maintenance concern involves the MOI partition of some office buildings into smaller rooms with full-height walls that are not compatible with the heating, ventilating, and air conditioning or electrical systems installed under the phase 3 contract. These additions occasionally cause the compound's electrical system to overload.

WHAT SIGAR RECOMMENDS

To protect the U.S. taxpayers' investment in phases 1 and 3 of the MOI project and improve the administration of other construction contracts in Afghanistan, SIGAR recommends that the USACE Commanding General and Chief of Engineers, in coordination with the Combined Security Transition Command–Afghanistan Commander, take the following actions and report the results back to SIGAR within 90 days:

1. **Remove all manufacturer fire rating and field labels from the noncompliant doors, and notify the MOI of the potential safety hazards resulting from the noncompliant doors installed throughout the headquarters compound.**
2. **Reinforce with USACE's contracting officers the importance of preparing final Contractor Performance Assessment Reports that include details from interim evaluations to ensure that any contractor performance deficiencies identified and actions taken to address those deficiencies reflect the complete history of contractor's performance over the course of the contract.**

SIGAR provided a draft of this report to the Department of Defense for review and comment. The Combined Security Transition Command–Afghanistan deferred to USACE to provide comments. USACE did not concur with recommendation 1 in the draft report, which also directed USACE to take immediate steps to replace all noncertified fire doors and seek reimbursement from MVL for the price difference. Although USACE acknowledged that it did not comply with standard contract administration procedures during the course of the project, it also stated that the contracting officer determined that it was not in the government's interest to make any further demand on the contractor to replace the doors or to reimburse the government because the phase 3 contract is complete, and the warranty has expired. However, USACE was aware of the noncertified fire doors before the contract was completed and had ample time to direct the contractor to correct the deficiency or to obtain a refund before the warranty had expired. Because USACE stated that it will not take any further action, SIGAR revised recommendation 1 to only recommend that USACE remove the fire rating and field labels from the noncompliant doors and notify the MOI of the potential safety hazards resulting from the

noncompliant fire-rated doors installed throughout the compound. USACE concurred with recommendation 2 and stated that it has reminded rating personnel and contracting officers that the final evaluation replaces the interim evaluation and should summarize significant information for the contract's life. This recommendation remains open pending documentation of these efforts. The draft report included a third recommendation to USACE to either correct the construction deficiencies SIGAR identified or seek reimbursement for those deficiencies that cannot be corrected. USACE partially agreed with this recommendation but noted that its contracting officer determined that it was not in the government's interest to make any further demands on the contractors to correct the deficiencies or seek reimbursement because the construction is complete and has been accepted, and the warranty has expired. Based on USACE's response, SIGAR removed that recommendation from the final report.

March 23, 2018

The Honorable James N. Mattis
Secretary of Defense

General Joseph L. Votel
Commander, U.S. Central Command

General John W. Nicholson, Jr.
Commander, U.S. Forces–Afghanistan and
Commander, Resolute Support

Lieutenant General Todd T. Semonite
Commanding General and Chief of Engineers,
U.S. Army Corps of Engineers

Major General Robin L. Fontes
Commander, Combined Security Transition Command–Afghanistan

This report discusses the results of SIGAR's inspection of the work associated with phases 1 and 3 of the project to construct the Afghan Ministry of Interior's (MOI) headquarters compound located in Kabul, Afghanistan. In September 2011, the U.S. Army Corps of Engineers (USACE) initiated a $90 million, three-phase project to construct an MOI headquarters building and support structures near the Kabul International Airport for the MOI and national police. Combined Security Transition Command–Afghanistan funded the project. Due to the project's size and complexity, we have issued two reports of our inspections of this compound. We issued the first report on phase 2 on September 11, 2017.

This second report focuses on the MOI headquarters support structures of phases 1 and 3. Phase 1 required the construction of the main road network, the main entry control point, a storm water management system, and other utilities and basic infrastructure. The phase 3 project included the construction of more than 20 new facilities including a new national police command center, administration buildings, barrack buildings, and a dining facility. USACE modified the contracts 65 times, increasing the contract cost by $10 million to nearly $67.6 million, and extending the completion dates for phases 1 and 3 to July 7, 2014, and February 12, 2016, respectively.

We found that project phases 1 and 3 were completed, but we identified 12 deficiencies, including some that pose safety risks. Most significantly, USACE approved and Macro Vantage Levant (MVL), the contractor for phase 3, installed 780 noncertified fire doors instead of the certified fire-rated doors that were required under the contract, which presents a safety hazard in the event of a fire. We also identified two additional instances of product substitution and nine design or construction deficiencies. In addition, we found that phases 1 and 3 experienced delays, contract extensions, and cost increases. Despite these problems, the facilities are being used and maintained. However, one maintenance concern involves the MOI partitioning some of the office buildings into smaller rooms with walls that are not compatible with the preexisting heating, ventilating, and air conditioning systems, or the electrical system. This has caused the compound's electrical system to overload occasionally.

We are making two recommendations in this report. We recommend that the USACE Commanding General and Chief of Engineers, in coordination with the Combined Security Transition Command–Afghanistan Commander, take the following actions and report the results back to SIGAR within 90 days: (1) remove all manufacturer fire rating and field labels from the noncompliant doors and notify the MOI of the potential safety hazards resulting from the noncompliant doors installed throughout the headquarters compound, and (2) reinforce to USACE's contracting officers the importance of preparing final Contractor Performance Assessment Reports that include details from interim evaluations to ensure that any contractor performance deficiencies identified and actions taken to address those deficiencies reflect the complete history of contractor's performance over the course of the contract.

We provided a draft of this report to the Department of Defense for review and comment. The Combined Security Transition Command–Afghanistan deferred to USACE to provide comments, which are reproduced in appendix II. USACE did not concur with recommendation 1 in the draft report, which also directed USACE to take immediate steps to replace all noncertified fire doors and seek reimbursement from MVL for the price difference. Although USACE acknowledged that it did not comply with standard contract administration procedures during the course of the project, it also stated that the contracting officer determined that it was not in the government's interest to make any further demand on the contractor to replace the doors or to reimburse the government because the phase 3 contract is complete, and the warranty has expired. Based on USACE's response, we revised recommendation 1. USACE concurred with recommendation 2 and stated that it has reminded rating personnel and contracting officers that the final evaluation replaces the interim evaluation and should summarize significant information for the contract's life. This recommendation remains open pending documentation of this effort. The draft report included a third recommendation to USACE to either correct the construction deficiencies we identified or seek reimbursement for those deficiencies that cannot be corrected. USACE partially agreed with this recommendation but noted that its contracting officer determined that it was not in the government's interest to make any further demands on the contractor to correct the deficiencies or seek reimbursement because the construction is complete and has been accepted, and the warranty had expired. Based on USACE's response, we removed that recommendation from the final report.

SIGAR conducted this inspection under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

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ABBREVIATIONS

ACF	Abdulhai-Gardezi Construction Firm
AMC	Akhtiar Zada Metallurgy and Engineering Company
ASPIC	Ayande Sazan Productive & Industrial Company
COR	contracting officer's representative
DFOW	definable feature of work
FAR	Federal Acquisition Regulation
FM	Factory Mutual Engineering and Research
IBC	International Building Code
LTC	Lakeshore Toltest Corporation
MOI	Ministry of Interior
MVL	Macro Vantage Levant
OST	Omran Steel Tech
UL	Underwriters Laboratory
USACE	U.S. Army Corps of Engineers
WHI	Warnock Hersey-Interteck

In September 2011, the U.S. Army Corps of Engineers (USACE) initiated a $90 million, three-phase project to construct a Ministry of Interior (MOI) headquarters building and support structurers near the Kabul International Airport for the MOI and national police.[1] The MOI compound includes a headquarters building, national police command center, a communications building, gatehouse, police barracks, and supporting infrastructure such as perimeter walls, a power plant, and a wastewater treatment plant. Due to the project's size and complexity, we have issued two reports of our inspections of this facility. We issued the first report on phase 2 on September 11, 2017.[2] This second report focuses on phases 1 and 3.

The objectives of this inspection were to determine whether (1) the phase 1 and 3 construction was completed in accordance with contract requirements and applicable construction standards, and (2) the buildings and infrastructure are being used and maintained.

We conducted our work in Kabul, Afghanistan from July 2015 through March 2018, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. The engineering assessment was conducted by our professional engineers in accordance with the National Society of Professional Engineer's *Code of Ethics for Engineers*. Appendix I contains a detailed discussion of our scope and methodology.

BACKGROUND

On September 8, 2011, USACE awarded a $3.2 million firm-fixed-price contract to Abdulhai-Gardezi Construction Firm (ACF), an Afghan company, for phase 1 construction at the MOI headquarters compound.[3] The phase 1 contract required ACF to construct the compound's main road network, the main entry control point, a storm water management system, and other utilities and basic infrastructure by March 21, 2012. The contract was modified 14 times, increasing the contract cost to nearly $6 million. ACF completed the phase 1 construction on July 7, 2014.

On March 20, 2012, USACE awarded a $54.3 million firm-fixed-price contract to Lakeshore Toltest Corporation (LTC), a U.S. firm, for phase 3 construction at the MOI headquarters compound.[4] The original planned completion date was October 10, 2013. The phase 3 contract required LTC to construct the national police command center, barrack buildings, administration buildings, a dining facility, and other support structures. Photo 1 shows the command center. In January 2014, USACE terminated LTC's contract for default. USACE officials stated that, based on progress payment records, when the contract was terminated LTC had completed about 61 percent of the

Photo 1 - National Police Command Center on the MOI Headquarters Compound

Source: SIGAR, March 23, 2016

[1] The Combined Security Transition Command–Afghanistan funded all three phases of the project.

[2] Phase 2 consisted of the construction of the headquarters and communication buildings, along with the gatehouse, water supply system, wastewater treatment plant, power plant, and fuel storage facility. See SIGAR, *Afghan Ministry of Interior Headquarters Project: Phase 2 Experienced Lengthy Delays, Increased Costs, and Construction Deficiencies that Need to Be Addressed*, SIGAR 17-65-IP, September 11, 2017.

[3] The contract number is W912DQ-11-C-4038.

[4] The contract number is W912DQ-12-C-4004.

command center and 56 percent of the remaining structures. In August 2014, the surety on the contract engaged Macro Vantage Levant (MVL), an Emirati company, to complete the phase 3 contract by December 26, 2015.[5] MVL completed the construction on February 11, 2016. During the period of performance, USACE modified the contract 51 times, increasing the contract cost to approximately $61.6 million, and extending the completion date to February 12, 2016. Overall, the final combined cost of phases 1 and 3 was nearly $67.6 million.

On October 5, 2016, we sent an alert letter to the Secretary of Defense, the USACE Commanding General and Chief of Engineers, and other Department of Defense officials expressing concerns about the safety of 25 buildings on the MOI headquarters compound.[6] These concerns centered on 934 noncertified fire doors the contractors installed in these buildings, despite contract requirements calling for certified fire-rated doors for specific rooms, corridors, and stairwells.[7] In addition to safety, this also raises concerns about whether the U.S. government overpaid for inferior products and whether the contractors defrauded the government when they installed the noncompliant doors. Due to the seriousness of the matter, we suggested that USACE take immediate corrective action, where necessary, to ensure the safety of building occupants at the MOI compound and to safeguard the expenditure of U.S. funds by:

- Taking immediate steps to identify all noncertified fire doors in the 25 MOI buildings that do not meet the fire-rating standards required in the contracts and replace them with certified fire doors that do meet those standards.
- Identifying the USACE official(s) who approved the installation of noncertified fire doors instead of the required certified fire doors and take appropriate disciplinary action.
- Taking steps to identify other completed and ongoing USACE construction projects in Afghanistan that required the installation of certified fire doors, and if noncertified doors were installed, take appropriate action to replace those doors.

On November 3, 2016, USACE sent MVL a letter referencing our alert letter, stating that the fire doors installed on the MOI compound were not contract-compliant. USACE also noted that it was conducting an inspection of the installed doors and their hardware. On November 9, 2016, USACE sent MVL another letter stating that USACE had completed its analysis and found that the 779 doors MVL installed under phase 3—the same ones we attributed to MVL in our alert letter—had deficiencies.[8] For example, USACE found that 208 of the 779 doors did not have smoke seals installed around them as required. In another example, USACE found 625 of the installed doors did not have hinges that conformed to the contract's specifications. As a result, USACE directed MVL to submit a corrective action plan.

In April 2017, MVL sent us several documents related to the fire doors that we requested from USACE, but never received. For example, in a November 20, 2016, response to USACE, MVL stated that it used fire doors that USACE had approved LTC to install before its termination. MVL also stated that USACE did not mention the fire door deficiencies during the project's substantial completion inspections or include the deficiencies on a punch list.[9] MVL added that USACE gave it an "Exceptional" rating for quality and an "Outstanding" rating for

[5] A termination for default is generally the exercise of the government's contractual right to completely or partially terminate a contract because of the contractor's actual or anticipated failure to perform its contractual obligations. A surety bond ensures that the contract is completed in the event of contractor failure. If the contractor defaults, the surety company must find another contractor to complete the contract or compensate the project owner for the financial loss incurred.

[6] See SIGAR, *Fire Doors at the MOI Compound in Kabul,* SIGAR 17-2-AL, October 5, 2016.

[7] We identified 1 fire door for phase 1, 153 for phase 2, and 780 for phase 3.

[8] USACE listed 784 doors in its phase 3 inspection. Of these, 779 doors had at least one deficiency, 2 could not be inspected at the time, and 3 had been removed and replaced.

[9] A punch list consists of items identified during an inspection that do not conform to the approved drawings and specifications. The contractor must correct these items prior to final payment.

quality control performance. Further, in January 2016, the USACE contracting officer's representative (COR) directed MVL via emails to obtain and affix field labels to the doors.

On May 9, 2017, USACE responded to our alert letter by stating that the doors we identified in phases 1, 2, and 3 did not meet Underwriters Laboratory (UL) or other specified agency certification requirements, and provided an update on its actions to address the fire door issues. USACE stated that the 1-year warranty period for the phase 3 contract had expired, but that it had inspected the fire doors and acknowledged that they did not meet contract requirements. USACE stated that it requested a proposed action plan from MVL and that it was working to award a third-party contract to assess whether the entire door assemblies meet, or could meet if tested, the standards for fire resistance. USACE added that it implemented a training program that focuses on a comprehensive and detailed review of fire door assemblies, contract requirements, and referenced standards. USACE noted that the training program is intended to train field personnel, such as project engineers, quality assurance representatives, and local national quality assurance personnel.

USACE also told us that it determined its personnel had no malicious intent regarding the noncertified fire doors and no disciplinary action was required. USACE added that it is still investigating the suitability of the installed doors and is in the process of developing several courses of action to address our observations and concerns.

THE PHASE 1 AND 3 CONSTRUCTION WAS COMPLETED, BUT SIGAR IDENTIFIED TWELVE DEFICIENCIES, INCLUDING SOME WITH SAFETY RISKS

Phase 1 and 3 construction of the MOI headquarters was completed, but we identified twelve design and construction deficiencies, including some with safety risks. In particular, we found that MVL substituted items, such as noncertified fire doors with USACE's approval and door locks and handles without USACE's authorization. Further, even though USACE conducted warranty inspections for both phases, we found nine additional design and construction deficiencies. USACE and its customer, the Combined Security Transition Command–Afghanistan, accepted the phase 1 and 3 facilities and turned them over to the Afghan government without identifying these additional deficiencies during their inspections or before the 1-year warranty periods for the phase 1 and 3 contracts expired. In addition, phases 1 and 3 were completed more than 2 years after their originally planned completion dates, and the contract values increased by $2.7 million and $7.3 million, respectively.

MVL Substituted Noncertified Doors for Certified Fire-rated Doors

We found that MVL, the MOI phase 3 contractor, substituted noncertified doors for certified fire-rated doors even though the phase 3 contract required MVL to install 780 certified fire-rated doors.[10] During our site visits, we inspected all 780 doors installed in 21 buildings, including 132 doors installed in the national police command center, and found that none of the doors were certified fire-rated.[11] Fire doors are designed to limit the spread of smoke and flames, and to protect a building's main exit paths when a fire occurs. Lack of such protection increases the occupants' risk of injury or death during a fire.

Section 716 of the International Building Code (IBC) requires that fire door manufacturers have their products tested to fire door performance standards by an independent testing and certification agency.[12] The phase 3

[10] The phase 1 contract required one certified fire-rated door in gate house number 109 but ACF installed a noncertified door instead.

[11] We made 24 site visits from October 26, 2015, through September 22, 2016.

[12] The IBC's purpose is to establish minimum requirements to safeguard the public health, safety, and general welfare through structural strength, means of egress for facilities, stability, sanitation, adequate light and ventilation, energy conservation, and safety to life and property from fire and other hazards, and to provide safety to fire fighters and

contract identified UL, Factory Mutual Engineering and Research (FM), and Warnock Hersey-Interteck (WHI) as the certifying agencies to test and certify doors, frames, hardware, and other components of the fire door assembly to ensure they met fire resistance specifications, in accordance with UL or National Fire Protection Agency standards. Once a manufacturer's product passes the required tests, UL, FM, or WHI certifies the product and lists it in the agency's directory of acceptable fire-rated products, and the manufacturer is permitted to attach a label to the door with the certifying agency's logo. The IBC requires that the certification labels also specify the door's fire rating, performance criteria, and manufacturer's information, and that the labels be affixed to fire doors at the factory.

The MOI phase 3 contract required 780 fire-rated doors with certification labels listing the fire rating information and certification logo from one of the three certifying agencies to be installed in 21 buildings.[13] The contract's design drawings also included the certified fire-rated door requirements and fire rating required for each fire door. Further, phase 3 contract specification section 08 11 13-2.5.1 states, "Fire doors and frames shall bear the label of Underwriters Laboratories (UL), Factory Mutual Engineering and Research (FM), or Warnock Hersey International (WHI) attesting to the rating required…Labels shall be metal with raised letters, and shall bear the name or file number of the door and frame manufacturer. Labels shall be permanently affixed at the factory to frames and to the hinge edge of the door." Following LTC's contract termination for default, MVL, which was engaged by the surety on the contract, was required to complete the phase 3 work, which included installing the fire-rated doors.

In September 2013, USACE approved LTC's submittals for Omran Steel Tech (OST) non-fire-rated doors.[14] An MVL representative told us that MVL installed some OST non-fire-rated doors as fire-rated doors and justified its actions based on USACE's approval of the door submittals when LTC was still the contractor. USACE also approved MVL's submittals for Akhtiar Zada Metallurgy and Engineering Company (AMC) and Ayande Sazan Productive & Industrial Company (ASPIC) fire doors even though both had information indicating that the doors were not in compliance with the contract specifications. Both AMC and APSIC are Afghan companies. The submittal for the AMC doors claimed that they met the Hollow Metal Manufacturers Association's fire rating requirements, even though that organization does not certify fire doors. Nothing in the submittals for the AMC and ASPIC doors indicated that the doors were certified by UL, FM, or WHI. However, USACE approved the submittals for the AMC-manufactured fire doors and ASPIC-manufactured fire doors in December 2014 and January 2015, respectively.

Neither USACE nor MVL could provide us with the specific cost of the installed noncertified doors. Therefore, we could not calculate the difference in cost between certified and noncertified doors. However, the average costs LTC and MVL submitted for all types of steel doors—fire-rated and non-fire-rated, single leaf and double leaf—was $502 per door. We found that the minimum price for a single-leaf, certified fire-rated door manufactured in the United Arab Emirates to a fire resistance of 20 minutes and with all accessories was $3,589.[15]

None of the Certifying Agencies Listed the Three Door Manufacturers in Their Directories

Each certifying agency has an online directory listing all companies and products for which the agency has tested and approved products. We researched the UL, FM, and WHI online certification directories to determine

emergency responders during emergency operations. USACE incorporated the code into the MOI headquarters phase 1 and 3 contracts.

[13] We use the term "certified fire-rated doors" in this report to refer to doors manufactured with labels that include the logo of one of three approved certifying agencies: UL, FM, or WHI.

[14] In May 2013, USACE also approved LTC's submittal for Steelcraft certified fire-rated doors; however, USACE terminated LTC before it installed any Steelcraft fire-rated doors.

[15] The contract required multiple types of certified fire-rated doors. The required resistance for a fire door could be 20, 45, 60, or 90 minutes. Also, the contract required some single and some double leaf doors. The required door hardware, such as hinges, door locks, door handles, and panic devices, also varied within each building. The price of a certified fire-rated door varies based on these different elements.

if any of the three door manufacturers for MOI phase 3—AMC, OST, or ASPIC—were certified by the agencies or had fire-rated products listed in the agency directories. We found that none of them had products approved by UL, FM, or WHI.

Among the three manufacturers' labels, only the OST labels displayed a "UL" certifying mark. OST's website included UL marks and statements to assert that OST provided UL-certified doors. However, a UL representative advised us that the agency

- has not provided any certifications for any products manufactured in Afghanistan,
- has not provided any certifications for any company based in Afghanistan, and
- instituted an employee travel ban for Afghanistan, and, as a result, cannot perform inspections necessary for certification.

In June 2016, at UL's request, OST agreed to remove the UL symbol from its fire door labels for two projects, one of which was the MOI headquarters compound. In August 2016, we inspected the phase 3 buildings and found that the UL symbol had been removed from labels on 12 OST doors, but 175 of the OST doors still had labels with the symbol.

Contrary to Standards, Manufacturer Labels Were Affixed to Noncertified Doors at the MOI Compound and Labels Were Not Authentic

During our October 26, 2015, site visit, we observed a worker attaching manufacturer fire door labels to doors in an administration building. Two USACE officials, the Kabul officer-in-charge and the project engineer, were present when we observed this activity. Photo 2 shows some of the noncertified fire door labels we observed in one of the MOI administration buildings. As we continued our site visit, we observed that these labels were also affixed to doors in other buildings on the MOI compound. The phase 3 contract and the IBC require that fire door certification labels be affixed to doors at the manufacturing site, not at the installation site. Therefore, labeling the doors on the MOI headquarters compound violated both contract and IBC requirements. We also determined that these labels were not authentic because they displayed AMC, an Afghan company, as the manufacturer and fire rating information without the required UL, FM, or WHI certification logo. Further, we found that the labels were affixed to the face of the door instead of to the door hinge, as the contract required.

Photo 2 - Noncertified Fire Door Labels Found in MOI Headquarters Buildings

Source: SIGAR, October 26, 2015

During our March and April 2016 site visits to the 21 buildings requiring fire doors, we saw that other doors had labels displaying OST and ASPIC, both Afghan manufacturing companies. These doors did not have certification labels from one of the three certifying agencies. We found that the OST labels had a UL logo, but the labels were not authentic labels approved by UL. An authentic UL label must display a "UL classified" mark, the UL product category code, and show the fire rating classification in hours. However, OST's labels did not state "UL classified," did not list the product category code, and showed the fire ratings in minutes instead of hours. We also found that the ASPIC labels did not include the logo of a certifying agency.

We also observed that a second label had been affixed to each door, indicating that the door had been "field" certified after it was installed. All three door manufacturers—OST, ASPIC, and AMC—had doors with their own

label and a field label. Photo 3 shows a door that has a label from AMC, the manufacturer, and a field label. The three door manufacturers' field labels all looked identical except for a serial number and a fire rating duration. However, field labeling of fire doors can only be performed by one of the certification agencies. Based on industry standards, field labeling is never performed for doors that have not been previously certified and labeled. Instead, field labeling involves recertifying an already certified door when the existing fire door label is damaged, painted over, missing, or otherwise unacceptable to the authority having jurisdiction, or a labeled fire door approved by one of the certifying agencies has had field modifications, such as additional signage or new windows, that are outside the original scope of the fire door's certification.[16]

Photo 3 - Door in MOI Headquarters Dining Facility with AMC Label

Source: SIGAR, April 10, 2016

We found that the USACE COR for phase 3 was involved in giving MVL approval to install the field labels on the uncertified fire doors after most of the phase 3 buildings were completed and turned over to the MOI.[17]

- In a January 27, 2016, email that MVL provided us, a company representative requested that the COR approve a sample field label for the fire doors, writing, "Please see the attached Sample of Field Tag Label for your approval."[18] The COR responded the same day, writing, "The attach[ed] sample is acceptable. Please proceed with obtaining labels and installation per our discussions."[19]
- On January 28, 2016, the MVL representative emailed the COR stating, "Regarding the size of the Field Tag Label, we proposed to follow the size of existing Door Tag 2" x 3" ..... It's acceptable to you?"[20] Again, the COR responded the same day, writing, "Yes. The same size tag, placed directly below, the current one is acceptable."[21]

However, under the Federal Acquisition Regulation (FAR), a COR is not authorized to make any "commitments or changes that affect the price, quality, quantity, delivery, or other terms and conditions of the contract...."[22] A senior MVL representative told us that the COR suggested the need for the field labels after our inspection team noticed the workers affixing the door manufacturer labels during the 2015 site visit. The MVL representative defended the door labeling and stated that field labeling is an acceptable practice. SIGAR continues to examine the circumstances surrounding the approval and installation of the field labels.

USACE provided various reasons to justify the installed doors. In July 2017, USACE officials told us that when USACE awarded the phase 3 contract in 2011, construction standards for Afghan security forces projects were

[16] The authority having jurisdiction is the organization, agency, or individual responsible for enforcing the requirements of the code or for approving equipment, materials, an installation, or procedure. For this contract, the authority having jurisdiction is USACE.

[17] By December 2015, USACE had accepted 17 buildings, including the national police command center, from MVL and turned them over to the MOI.

[18] MVL representative, email to COR, January 27, 2016

[19] USACE COR, email to MVL representative, January 27, 2016

[20] MVL representative, email to COR, January 28, 2016

[21] USACE COR, email to MVL representative, January 28, 2016

[22] FAR 1.602-2(d)(5) -- Responsibilities.

less strict than in 2013 when the construction standards changed. According to USACE, the *Continuum of Construction Standards for Afghanistan National Security Forces Construction Program* was the governing standard for construction projects, and the standards stated that doors and doorways do not need to meet fire boundary code requirements.[23] USACE also told us that when it developed the phase 3 project, it did not have processes for its U.S. offices to determine the applicable standards. In addition, USACE stated that, in retrospect, USACE overdesigned the phase 3 buildings and that the installed noncompliant doors were acceptable under the 2011 standards. In a reversal from its May 2017 response to our alert letter, USACE stated that it no longer plans to award a third-party contract to determine if the doors meet fire resistance standards because it considers the doors acceptable. USACE also noted that because the phase 3 contract was firm-fixed-price, it could not say how the contractor factored the cost of doors into its proposal. Lastly, USACE stated that other fire protections are in place in the MOI buildings, specifically concrete and steel construction and fire alarms. However, USACE failed to address the fact that the phase 1 and 3 contracts required certified fire-rated doors and referenced the international standards, and therefore did not allow the contractor to adhere to the lesser requirements included in the *Continuum of Construction Standards for Afghanistan National Security Forces Construction Program*. The U.S. paid for certified fire doors under the firm-fixed-price contract, but received noncertified doors.

Two Additional Instances of Product Substitution Have Resulted in Safety Concerns

During our site visits, we also found that ACF substituted concrete pavers with terrazzo tiles on the storm water lift station without USACE's approval, and MVL substituted door locks and handles that USACE approved.[24] The phase 1 design drawings required lift station buildings 1 and 2 to be covered with concrete pavers. However, we found that ACF substituted terrazzo tiles for pavers on both buildings' roofs. The terrazzo tiles have a slippery surface and are a safety hazard for anyone working on the roof when it is wet. We also found that poor quality door locks and handles were installed in place of approved products in some phase 3 buildings. USACE approved submittals for MVL to install Union UK Export door hardware, but MVL installed inferior hardware manufactured by a different company.[25] The locks were of such poor quality that some were broken even before the MOI occupied the buildings.

As with the substitution of noncertified fire doors for certified fire-rated doors, these two instances of product substitution demonstrate poor contractor quality control and poor quality assurance by USACE, and raise questions about whether the U.S. government paid for items it did not receive. Further, the use of inferior products may increase operation and maintenance costs for the MOI headquarters compound.

Phases 1 and 3 Had Nine Design and Construction Deficiencies

Phase 1 and 3 construction generally complied with the contracts, but during our site visits to assess the phase 1 and 3 construction of the MOI headquarters, we identified nine design and construction deficiencies, some of which raise safety concerns. For example, concrete compression tests that we conducted indicated that the concrete did not meet the contract's technical strength requirements. An earthquake could damage buildings if concrete strength is not adequate. Table 1 lists the design and construction deficiencies we identified in phases 1 and 3. USACE did not identify these deficiencies during its quality assurance inspection process but accepted both phases.

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[23] USACE letter, dated July 4, 2017. The Combined Security Transition Command–Afghanistan, USACE, and U.S. Central Command agreed with this letter.

[24] A lift station is designed to move wastewater through pipes from a lower to a high elevation during removal and treatment.

[25] We could not determine the cost of the substituted hardware because the manufacturer is unknown.

Table 1 - Design and Construction Deficiencies SIGAR Identified in Phases 1 and 3

	Design and Construction Deficiencies	Description
PHASE 1	ACF did not construct the roads according to contract requirements.	Streets A and D are approximately one foot narrower than the 23 feet required by the design drawings, increasing the potential for traffic accidents. In addition, the technical specifications required contraction joints to be installed every 8.2 feet in concrete roads to control random cracking. However, the distance between expansion joints in streets A and B ranges from 10 to 23 feet, and the concrete has already cracked.
	USACE did not properly design storm water ditches.	USACE's design drawings did not include continuous storm water drainage ditches along streets A and C. As a result, ACF did not install them. The lack of continuous storm water drainage ditches will cause water to pool on the roads.
	ACF did not build detention basins as required.	ACF installed the two required storm water detention basins. However, storm water detention basin 1 is 118 feet shorter and almost 30 feet narrower than the design drawings required. In addition, ACF did not compact the soil along the banks of both detention basins as the design drawings required. This noncompliant construction increases the potential for flooding in the event of a large storm.
	Exterior wall plaster is cracking and paint is peeling.	Less than a year after ACF completed construction, the exterior wall plaster had already started to crack and the paint was peeling on the five guard shacks, the gate house building, and the two lift station buildings. USACE identified this deficiency for one of the guard shacks in its 6-month warranty inspection on February 16, 2015. However, we found that the deficiency was not corrected. If not corrected, the walls will continue to deteriorate.
	ACF did not install splash blocks properly.	Splash blocks under the downspouts of multiple guard buildings and a gate house building were installed backwards, resulting in storm water draining adjacent to, instead of away from, the foundations. If not corrected, this could cause building settlement, which, in turn, could lead to cracks in the walls, floors, and/or foundations.
PHASE 3	Concrete does not meet compression strength requirements.	We conducted concrete compression tests in 10 locations, and all failed to meet the contract's technical strength requirements. The required compressive strength for each of the 10 locations was 28 megapascal, a metric measurement unit of pressure, but our tests showed compressive strengths ranging from 12.61 megapascal to 24.86 megapascal. Based on our review of USACE project records, only one failed concrete strength test was reported in a quality assurance/quality control deficiency list during the construction period. Concrete that does not meet strength requirements increases the risk of buildings being damaged during an earthquake.
	Some project site areas were poorly compacted and graded.	The contract specifications required the ground to be compacted to a 95 percent density and graded with a 2-3 percent slope to avoid soil settlement and prevent water from pooling. We conducted soil compaction tests and found compaction ranging from 63.1 to 81.5 percent near the waste water treatment plant, the national police command center, several administration buildings (numbers 303, 306, and 312), the medical clinic building (number 319), the dining facility, the auditorium building, and the interview building. We also found that areas near the national police command center, dining facility, interview building, administration buildings, and other buildings were poorly graded, and that soil settlement had occurred, resulting in water pooling (see photo 4).

PHASE 3	USACE's design drawings did not indicate where the contractor should have installed fire extinguishers at the dining facility and the vehicle refueling point.	The contract specifications required the installation of portable fire extinguishers in accordance with National Fire Protection Agency (NFPA) 10, *Standard for Portable Fire Extinguishers*.[a] However, we found that the design drawings did not indicate an adequate number and placement of portable fire extinguishers to be installed at the dining facility and the vehicle refueling station. NFPA 10 requires fire extinguishers to be spaced 30 to 75 feet apart, depending on the type of facility and potential fire hazard. Additionally, the design drawings cited the International Building Code, which required compliance with the International Fire Code. The fire code required fire extinguishers within 30 feet of commercial cooking equipment and at motor-fuel dispensing stations. However, we found that the design drawings for the dining facility only included one extinguisher in the dining area and no extinguishers within 30 feet of the cooking area or the wood-burning stove kitchen. The design drawings did not require any fire extinguishers at the vehicle refueling point. This lack of fire extinguishers creates a safety hazard for MOI personnel using these facilities.
	MVL did not install exhaust fans in the wood stove kitchen attached to the dining facility.	The contract design drawings and the International Mechanical Code required the installation of exhaust fans in the wood-burning stove kitchen.[b] However, MVL did not install the fans, creating an unhealthy environment for the kitchen staff due to the buildup of smoke generated during cooking.

Source: SIGAR site visits and analysis of contract documents.

[a] The National Fire Protection Association is a global nonprofit organization that seeks to eliminate death, injury, property, and economic loss due to fire, electrical, and related hazards.

[b] The International Code Council's mission is to provide the highest quality codes, standards, products and services for all concerned with safety and performance of the built environment. The council developed the International Mechanical Code as a comprehensive set of regulations for mechanical systems to help protect the public's health, safety, and welfare.

Photo 4 - Poor Grading Near an Administration Building Resulting in Pooling Water

Source: SIGAR, April 11, 2016

USACE's Inadequate Quality Assurance Effort Contributed to the Contractors' Noncompliance with Contract Requirements

We found that USACE did not perform effective quality assurance during the project. First, USACE approved contractor submittals for fire doors with product literature that we determined had false information about those doors being certified as fire-rated. We also found that USACE failed to fully adhere to its own three-phase quality assurance inspection process. This process is designed to help contractors and USACE detect and correct construction deficiencies and deviations from contract requirements.[26] USACE's three-phase inspection process requires that a contractor identify every definable feature of work (DFOW) in its quality control plan. A DFOW is separate from other tasks and has separate control requirements. For example, DFOWs for LTC's contract included asphalt pavement, ductwork, generators, and metal doors and hardware. USACE and the contractor track and document the DFOWs during the three phases of quality assurance inspection: preparatory, initial, and follow-up. Preparatory meetings include confirmation of approved submittals and acceptable materials, while the initial meetings include a visual inspection of installed materials at the early stage of construction. The goal is to review and discuss whether the contractor is prepared and is performing the work safely and in accordance with contract requirements. The contractor's quality control staff, the foreman responsible for the DFOW, and a USACE quality assurance representative participate in these meetings. The follow-up phase involves daily inspections until project completion to ensure continued contract compliance. The contractor is required to send USACE the meeting minutes with information from the preparatory and initial phases, and daily status reports for the follow-up phase.

The MOI phase 3 project included 69 DFOWs, as documented in USACE's three-phase quality assurance inspection schedule. It is not clear which DFOW the required fire doors fell under, and USACE did not provide us with meeting minutes that discussed fire doors. Nonetheless, USACE accepted the installation of the noncertified doors during all three quality assurance phases even though the installations were visibly noncompliant. The location of the door labels, the lack of certification logos, and the field application of the labels, which were supposed to be preinstalled on the doors at the factory, were noticeable contract violations that were not corrected during the quality assurance inspection process.[27] In addition, during this process, USACE did not discover that exhaust fans were not installed for the wood-burning stove or that the detention basin was shorter than required.[28]

Phases 1 and 3 Experienced Over 2 Years of Delays and Contract Extensions, and Cost $10 Million More than Planned

Phase 1's Contract Extensions and Cost Increases Resulted from Additional Work and Poor Contractor Performance

ACF did not complete the phase 1 construction by the originally scheduled March 22, 2012, completion date. On April 9, 2012, USACE sent ACF a letter stating that the contractor was failing to make sufficient progress toward project completion and that ACF should provide USACE with a schedule to recover days lost. In addition, due to quality control issues, on May 24, 2012, USACE notified ACF that its quality control manager should be replaced. ACF replaced the manager but quality control issues persisted, and USACE continued to notify ACF of

[26] Section 01451, Contractor Quality Control, of the USACE contract specifies the requirements for contractor quality control and discusses the three-phase inspection process.

[27] The COR for phase 3 said the three local national quality assurance representatives assigned to the project questioned whether the doors were fire-rated since they lacked labels.

[28] We have discussed USACE's failure to adhere to the three-phase inspection process in two prior reports (see SIGAR, *Afghan Air Force University: Contract Requirements Were Generally Met, but Instances of Non-Compliance, Poor Workmanship, and Inadequate Maintenance Need to Be Addressed,* SIGAR 16-26-IP, March 30, 2016; and SIGAR, *Afghan Ministry of Interior Headquarters Project: Phase 2 Experienced Lengthy Delays, Increased Costs, and Construction Deficiencies that Need to Be Addressed,* SIGAR 17-65-IP, September 11. 2017).

quality control deficiencies through the end of 2012. On January 7, 2013, USACE sent ACF another letter citing six quality control deficiencies, including concrete placement that did not conform to the accepted cold weather plan, ACF submitting daily quality control reports up to 9 days late, and reports that did not match the completed field work.

ACF's poor quality control resulted in safety and security problems at the construction site. Some of the safety issues included insufficient lighting during night work, improper fall protection for workers, and use of open flame burners without fire extinguishers nearby. Further, USACE noted a major security violation in an October 13, 2012, letter, when it ordered ACF to stop work on the compound's perimeter wall after the contractor conducted unapproved demolition work and erected scaffolding on both sides of the wall, thereby increasing the risk of a security breach.

Problems with ACF's performance culminated in USACE issuing ACF a Notice of Potential Interim Unsatisfactory Rating on January 7, 2013. USACE never included this unsatisfactory performance in its final rating because ACF's performance improved during the contract's second year. However, USACE's November 2014 final Contractor Performance Assessment Report, which USACE uses to rate a contractor's overall performance, was positive and praised ACF for its work. For example, the contracting officer wrote that ACF appropriately monitored its work, performed required quality control testing, adhered to safety and security requirements, and "generally followed and managed to keep to their schedule, ensuring that critically schedule[d] activities were accomplished ahead of schedule."[29] The report failed to mention any of the problems USACE documented in 2012.

The Department of Defense's *Construction Contractor Appraisal Support System Policy* manual states that the final performance evaluation replaces interim evaluations and should summarize significant information for the life of the contract. The manual also states that the evaluation should include details on the steps a contractor took to remedy any performance deficiencies. In light of this, the USACE contracting officer should have included information on ACF's poor performance during the first year of the phase 1 contract in the final Contractor Performance Assessment Report. It is unclear why this was omitted. Further, a reviewing official did not review the report as the manual requires. The manual states that the reviewing official is normally at an organizational level above that of the assessing official and that, "The RO [reviewing official] provides the check-and-balance needed to ensure report integrity, especially when there is disagreement between the Assessing Official and the contractor."[30] However, without explanation, the ACF report stated that, "Review by Reviewing Official not required."[31] USACE's failure to provide a complete assessment of this or any contractor's performance may adversely impact future contractor selection decisions and the completion of the associated contracts.

ACF's poor performance was not the only factor contributing to the time and cost increases during phase 1. USACE made several contract modifications throughout the contract's period of performance that extended the completion date and increased the cost. For example, USACE made a $1.1 million modification with a 70-day time extension to build a sewage lift station and a $1.2 million modification with a 185-day time extension to raise the existing perimeter wall to increase security. As a result of ACF's performance problems and contract modifications, phase 1 construction was not completed until July 2014, more than 2 years after the originally scheduled completion date, at a cost of $5.9 million, or $2.7 million more than originally planned.

Phase 3's Delays and Cost Increases Resulted from LTC's Termination for Default

LTC fell behind schedule from the beginning of the phase 3 project and ultimately did not complete the construction. Less than 1 month after USACE issued the Notice to Proceed, USACE notified LTC that it had failed to submit a required baseline construction schedule and was therefore not compliant with the contract.

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[29] USACE, Contractor Performance Assessment Report, November 4, 2014.

[30] *Construction Contractor Appraisal Support System Policy*, March, 2010.

[31] USACE, Contractor Performance Assessment Report, November 4, 2014.

LTC's pattern of late submittals continued. In 2012 and 2013, USACE notified LTC on multiple occasions that it was behind schedule. LTC also failed to follow safety protocols, and USACE recorded more than 20 construction site safety violations. For example, on April 5, 2013, USACE issued an interim unsatisfactory notification stating that LTC was protecting exposed rebar with wood caps that did not meet the contract's safety standards. Further, in the spring and summer of 2013, LTC's subcontractors notified USACE that LTC was not paying them on time. As a result, some subcontractors stopped work. In December 2013, LTC abandoned the construction site, and USACE terminated the contract for default a month later.

At the time of termination, the USACE contracting officer reported that the national police command center and the remaining phase 3 structures were about 61 percent and 56 percent complete, respectively. USACE had paid LTC approximately $30.8 million, or almost 57 percent of the contract amount, prior to the termination for default. Through an agreement with LTC's surety company, 7 months later, on August 21, 2014, USACE issued a contract modification to change the contractor from LTC to MVL. The remaining contract value was approximately $24.3 million, and the contract completion date was extended to December 26, 2015. USACE subsequently extended the completion date to February 12, 2016. MVL completed the phase 3 project on February 11, 2016, approximately 2 years and 4 months after the originally scheduled completion date.

Through a series of modifications, the price of the contract to construct phase 3 increased to $61.6 million, $7.3 million more than the initial value, most notably due to four modifications issued in 2015.[32] These four modifications involved (1) $769,382 to bring potable water to the headquarters building, the command center, and the dining facility after potable water wells constructed under the contract proved ineffective; (2) $574,813 to expand security responsibilities for MVL after the phase 2 contractor departed the site; (3) $652,335 to construct a sniper screen on the compound's perimeter wall; and (4) $1.58 million to satisfy an MVL request for equitable adjustment for removing a subcontractor that would not leave the site.

PHASE 1 AND 3 FACILITIES ARE BEING USED AND MAINTAINED, BUT BUILDING MODIFICATIONS HAVE RESULTED IN USABILITY CONCERNS

Since August 2016, the MOI has occupied most of the headquarters compound, and the facility is being maintained by an operation and maintenance contractor. In January 2015, USACE awarded IDS International, a U.S. company, a national operation and maintenance contract covering more than 30 Afghan army and police facilities throughout Afghanistan. Under this contract, IDS has been responsible for maintaining the MOI headquarters compound and training MOI staff to take over the site's maintenance needs. We found that IDS has provided the required operation and maintenance services, and has conducted the required training. IDS officials told us that they expect the MOI staff to assume responsibility for operation and maintenance activities at the headquarters compound when the contract expires on May 11, 2018.

Although IDS was maintaining most buildings across the headquarters compound, it was no longer responsible for maintaining the heating, ventilating, and air conditioning or electrical systems in the buildings that the MOI partitioned after construction was completed. The MOI began partitioning some office buildings into smaller rooms after it took possession of the compound. The ministry completed this partitioning in six administration buildings and the interview building, and was in the process of partitioning another administration building as of August 2016. Although some of the partitioned offices have partial walls, about half of the partitioned offices have walls extending from the floor to the ceiling. These full-height partition walls are not compatible with the heating, ventilating, and air conditioning or electrical systems installed under the Phase 3 contract. Photo 5 shows an inoperable ceiling fan with two of its blades removed to accommodate a full-height partition wall. These systems were designed for larger open spaces, and the added walls block airflow and light between offices. The MOI has installed additional electrical appliances and air conditioning units in the newly partitioned spaces to compensate. According to ministry officials, these additions occasionally cause the building's

[32] The modification numbers were P00012, P00013, P00014, and P00016. In addition to covering the costs associated with removal of a subcontractor, modification P00016 revised the project completion date to February 12, 2016.

electrical system to overload. Overloading an electrical system may cause wires to overheat and burn, creating a safety hazard. Some ceiling fans are now inoperable, and partitioned space may not be adequately heated or cooled unless additional heating, ventilation, and air conditioning units are installed. This situation is likely to persist until the partitions are removed, or the electrical system is upgraded.

The MOI and USACE provided different explanations for why the ministry erected partitions in the office buildings. A senior MOI official stated that when USACE designed the buildings, it underestimated the number of MOI staff that would use the facilities because it relied on an out-of-date organizational plan. The official stated that the 2014 organization plan only included uniformed personnel, and USACE did not consider space for civilian support staff. As a result, according to MOI officials, the changes were needed to accommodate more MOI staff. However, USACE stated that the buildings were built to accommodate all of the MOI's uniformed and civilian personnel, and that the MOI made the changes because it wanted larger office space for some staff instead of the cubicle design that was originally planned.

Photo 5 - Inoperable Ceiling Fan

Source: SIGAR, March 31, 2016

CONCLUSION

The MOI headquarters phase 1 and 3 construction was completed, but we identified twelve deficiencies. Phase 3 had two significant deficiencies, one involving the installation of 780 noncertified doors in multiple buildings instead of the required certified fire-rated doors and the other involving concrete that did not meet the strength requirements specified in the contract. These deficiencies and other instances of noncompliance pose safety risks to building occupants. These problems also raise questions about whether the U.S. government overpaid for some items, such as noncompliant fire doors and door handles, and whether U.S. funds were wasted. SIGAR continues to investigate the circumstances surrounding the noncertified doors.

USACE's failure to identify deficiencies and noncompliant products during its three-phase inspection process indicates that its oversight of the project was inadequate. Further, USACE excluded from its final Contractor Performance Assessment Report information on ACF's poor performance during the first year of the phase 1 contract. These reports provide critical information that contracting officers and source selection officials can use to identify patterns of initial poor performance across contracts, make informed contracting decisions, and avoid awarding contracts to poorly performing companies.

Despite the contract noncompliance, construction deficiencies, delays, contract extensions, and cost increases during completion of phases 1 and 3, the MOI headquarters buildings are being used. They also are being well maintained under a U.S.-funded contract. MOI staff have been trained to maintain the MOI compound and will likely take over the maintenance activities when the contract expires in May 2018. However, whoever performs future maintenance will face challenges maintaining the heating, ventilating, and air conditioning and electrical systems, due to the ministry partitioning offices into smaller spaces. This partitioning has already resulted in

the electrical system overloading because the systems were not designed to operate efficiently and effectively in the smaller partitioned spaces.

RECOMMENDATIONS

To protect the U.S. taxpayers' investment in phases 1 and 3 of the MOI headquarters project and improve the administration of other construction contracts in Afghanistan, we recommend that the USACE Commanding General and Chief of Engineers, in coordination with the Combined Security Transition Command–Afghanistan Commander, take the following actions and report the results back to SIGAR within 90 days:

1. **Remove all manufacturer fire rating and field labels from the noncompliant doors and notify the MOI of the potential safety hazards resulting from the noncompliant doors installed throughout the headquarter compound.**
2. **Reinforce with USACE's contracting officers the importance of preparing final Contractor Performance Assessment Reports that include details from interim evaluations to ensure that any contractor performance deficiencies identified and actions taken to address those deficiencies reflect the complete history of contractor's performance over the course of the contract.**

AGENCY COMMENTS

We provided a draft of this report to the Department of Defense for review and comment. The Combined Security Transition Command–Afghanistan deferred to USACE. USACE provided written comments, which are reproduced in appendix II.

Our draft report included three recommendations to USACE to:

1. Take immediate steps to replace all noncertified fire doors installed in phase 1 and 3 buildings that do not meet the contract requirements, or seek reimbursement from MVL for the price difference between the between certified and noncertified doors, and remove all existing manufacturer fire rating and field labels from the noncompliant doors.
2. Determine the extent to which MVL and ACF can correct the two additional product substitution issues and nine construction and design deficiencies identified in this report, direct the contractors to correct those items that can be fixed in a cost-effective manner, and request reimbursement from the contractors for items that either cannot be fixed in a cost-effective manner or that may be impractical to fix.
3. Reinforce with USACE's contracting officers the importance of preparing final Contractor Performance Assessment Reports that include details from interim evaluations to ensure that any contractor performance deficiencies identified and actions taken to address those deficiencies reflect the complete history of contractor's performance over the course of the contract.

USACE did not concur with draft recommendation 1, partially concurred with draft recommendation 2, and concurred with draft recommendation 3.

Regarding draft recommendation 1, USACE stated that its contract administration did not comply with standard procedures, citing specification development, submittal review, and the quality assurance inspections and documentation as areas needing improvement. According to USACE, it addressed these areas with all parties involved and will monitor them for continuous improvement. USACE also stated that the contracting officer determined that it was not in the government's interest to make any further demand on the contractor to replace the doors or reimburse the government because the phase 3 contract was completed on February 11,

2016, and the warranty has expired. However, as we discussed in this report, USACE was aware of the noncertified fire doors as early as 2015. In October 2015, during one of our site visits, USACE officials saw the first labels being affixed to the noncompliant doors, and in January 2016, USACE provided instruction and approval for MVL to affix the second labels to the noncompliant doors. In November 2016, USACE informed MVL that its doors were not compliant after receiving our October 2016 alert letter about the noncompliant fire doors. The first two events occurred before final inspection and acceptance, and the last event occurred before the warranty for the contract expired in February 2017. Therefore, USACE had ample time to direct MVL to remedy the work performed under the contract that failed to conform to the contract's requirements. Given that USACE accepted the nonconforming work and did not seek remediation during the warranty period, it has stated that it will not take any further action. Therefore, we have revised recommendation 1 to only recommend that USACE remove the fire rating and field labels from the noncompliant doors and notify the MOI of the potential safety hazards resulting from the noncompliant fire rated doors installed throughout the compound.

USACE partially concurred with draft recommendation 2. USACE acknowledged that, for the most part, these deficiencies resulted from different materials being substituted for approved materials, noncompliance with contract requirements, minor issues, or items USACE says cannot be proven missing at the time the project was turned over. However, its contracting officer determined that it is not in the government's best interest to make any further demand for the contractors to replace these items or reimburse the government, because "the work has been completed, accepted, warranty expired, and closed…." Because USACE will not take any further action to correct the deficiencies or to obtain reimbursement, we closed recommendation 2 as not implemented and removed it from this final report.

USACE concurred with draft recommendation 3 and stated it has reminded rating personnel and contracting officers that the final evaluation replaces the interim evaluation and should summarize significant information for the contract's life. USACE added that any interim or "unsatisfactory" evaluations and a summary of any actions the contractor took to remedy the deficiencies will be recorded as appropriate. This recommendation has been relabeled as recommendation 2 in this final report, and will remain open until USACE provides documentation of these efforts.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides SIGAR's inspection results for the phase 1 and 3 construction of the Afghan Ministry of Interior (MOI) headquarters in Kabul, Afghanistan. The objectives of this inspection were to determine whether (1) the phase 1 and 3 construction was completed in accordance with contract requirements and applicable construction standards, and (2) the buildings and infrastructure are being used and maintained. Specifically, we:

- reviewed contract documents, design submittals, quality assurance and quality control reports, and other relevant project documentation;
- made 24 site visits from October 26, 2015, through September 22, 2016; and
- interviewed officials from the U.S. Army Corps of Engineers, Combined Security Transition Command–Afghanistan, Underwriters Laboratory, Macro Vantage Levant, and the MOI regarding facility construction, use, and maintenance.

We did not rely on computer-processed data in conducting this inspection. However, we considered the impact of compliance with laws and fraud risk.

In December 2014, SIGAR entered into a cooperative agreement with Afghan civil society partners. Under this agreement, our Afghan partners conduct specific inspections, evaluations, and other analyses. In this regard, Afghan engineers inspected the MOI headquarters building and support structures during 23 site visits between March and September 2016 to determine whether construction was completed in accordance with contract requirements and applicable construction standards, and whether facilities were being used and maintained. We developed a standardized engineering evaluation checklist covering items required by the contract and design/specification documents. Our checklist required our partners to analyze the contract documents, scope of work, technical specifications, and design drawings.

We compared the information our Afghan civil society partners provided to accepted engineering practices, relevant standards, regulations, laws, and codes for quality and accuracy. In addition, as part of our monitoring and quality control process, we:

- met with the Afghan engineers to ensure that the approach and planning for the inspection were consistent with the objectives of our inspection and the terms of our cooperative agreement;
- attended periodic meetings with our partners, and conducted our normal entrance and exit conferences with agency officials;
- discussed significant inspection issues with our partners;
- referred any potential fraud or illegal acts to SIGAR's Investigations Directorate, as appropriate;
- monitored our partners' progress in meeting milestones and revised contract delivery dates as needed; and
- conducted oversight of them in accordance with SIGAR's policies and procedures to ensure that their work resulted in impartial, credible, and reliable information.

We conducted our inspection work in Kabul, Afghanistan, and Arlington, Virginia, from July 2015 through March 2018. This work was conducted in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. The engineering assessment was conducted by our professional engineers in accordance with the National Society of Professional Engineers' *Code of Ethics for Engineers*. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our inspection objectives. We conducted this inspection under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

DEPARTMENT OF THE ARMY
UNITED STATES ARMY CORPS OF ENGINEERS
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02 FEB 2018

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR-I-031b), Afghan Ministry of Interior Headquarters Project: Phases 1 and 3 Experienced Construction Deficiencies, Poor Oversight, and Increased Costs

Mr. John F. Sopko
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, Suite 900
Arlington, VA 22202

Dear Mr. Sopko:

The purpose of this letter is to provide the U.S. Army Corps of Engineers (USACE) response to the subject report.

USACE concurs with recommendations 2.a, 2.b, 2.c, 2.d, 2.e, 2.k, and 3, and non-concurs with recommendations 1, 2.f, 2.g, 2.h, 2.i, and 2.j.

Additional details are provided in the enclosure. My point of contact for this response is Mr. George Sullivan, TAD Internal Review Auditor. He may be reached by e-mail at George.a.sullivan@usace.army.mil or by telephone at 202-761-4573.

Sincerely,

David C. Hill
Brigadier General, U.S. Army
Commanding

Enclosure

U.S. Army Corps of Engineers (USACE) Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR-I-031b), Afghan Ministry of Interior Headquarters Project: Phases 1 and 3 Experienced Construction Deficiencies, Poor Oversight, and Increased Costs

This document provides USACE comments in response to the three recommendations in SIGAR's Draft Report on SIGAR's Inspection of the Afghan Ministry of Interior (MOI) Headquarters Project, Phases 1 and 3.

Recommendation 1: Take immediate steps to replace all noncertified fire doors installed in phase 1 and 3 buildings that do not meet the contract requirements or seek reimbursement from MVL for the price difference between the certified and noncertified doors, and remove all manufacturer fire rating labels and field labels from the noncompliant doors.

USACE RESPONSE: Non-concur. In response to recommendation 1, the Commander, USACE, Transatlantic Division has completed an internal assessment into the relevant facts and circumstances concerning the procurement of the fire doors in conjunction with the construction of the Afghan Ministry of Interior (MOI) Headquarters projects. Specifically; we found that our contract administration did not comply with standard procedures. We found that specific areas needing improvement include: submittal review, quality assurance inspections and documentation, and specification development. These areas of concern have been addressed with all parties involved and will be monitored routinely for continuous improvement. Additionally, the construction contracts being reviewed were physically complete on July 7, 2014, Phase I; and February 11, 2016, Phase III. Taking into account that the work is complete and warranty expired, the Contracting Officer has determined that it is not in the interest of the Government to make any further demand for replacement or compensation.

Recommendation 2: Determine the extent to which MVL and ACF can correct the two additional product substitution issues and nine construction and design deficiencies identified in this report, direct the contractors to correct those items that can be fixed in a cost-effective manner, and request reimbursement from the contractors for items that either cannot be fixed in a cost-effective manner or that may be impractical to fix.

USACE RESPONSE:

a. Use of substituted terrazzo tiles instead of concrete pavers. Concur. The submittal for terrazzo tile showed installation on the roof and was approved. Terrazzo tiles are an acceptable replacement/alternative to concrete pavers and are deemed "as-equal" or equivalent. However, USACE should have specified that the roofing material be of a non-slip nature. The Contracting Officer has determined that based on the fact that this construction contract is complete; specifically, the work has been completed, accepted, warranty expired, and closed; that it is not in the interest of the Government to make any further demands of the contractor.

b. Use of substituted door closers and hardware. Concur. The installed

hardware is not the same as approved for the construction project, Union UK Export door hardware. While Union UK Export door hardware products were installed in most cases, we concur that other brands of door hardware were installed and may be of a lesser quality. USACE has developed an internal Construction Bulletin to highlight these type product substitutions to our staff to prevent like incidents in the future. The Contracting Officer has determined that based on the fact that this construction contract is complete; specifically, the work has been completed, accepted, warranty expired, and closed; that it is not in the interest of the Government to make any further demands of the contractor.

c. ACF did not construct the roads according to contract requirements. Concur. USACE agrees the road is narrower than the design drawing at the specific locations identified on SIGAR's previously transmitted photos. In these specific areas, roads are 30 centimeters, 11.8 inches, or 4.2%, narrower than required by contract. As a point of note, the road widths vary significantly throughout the compound, per design. For the road construction joints, USACE agrees that the approved design, as-built, and other documents indicate construction joints every 8.2 feet. They are not constructed at this short of a distance; however, there was no specification clearly stating what the requirement actually was, only what was ultimately approved in the Contractor's design. The Contracting Officer has determined that based on the fact that this construction contract is complete; specifically, the work has been completed, accepted, warranty expired, and closed; that it is not in the interest of the Government to make any further demands of the contractor.

d. USACE did not properly design storm water ditches. Concur. We acknowledge water was pooling on the roadway caused by flooding from an adjacent site. CSTC-A issued a Letter of Direction (LOD) to correct the situation which we did through modification. Much of the flooding has been alleviated; however, some water pooling may still be occurring during high rain events. The Contracting Officer has determined that based on the fact this construction contract is complete; specifically, the work has been completed, accepted, warranty expired, and closed; that it is not in the interest of the Government to make any further demands of the contractor.

e. ACF did not build detention basins as required. Concur. All drawings and As-Builts show Basin 1 length as 176.2m, with no indication of any modifications changing the measurements. USACE has not yet been able to positively confirm the measurements reported by SIGAR on page 8 of SIGAR's draft report. USACE will re-measure the basin; however, the Contracting Officer has determined that based on the fact this construction contract is complete; specifically, the work has been completed, accepted and it functions correctly, warranty expired, and closed; that it is not in the interest of the Government to make any further demands of the contractor.

f. Exterior wall plaster is cracking and paint is peeling. Non-concur. ACF completed construction in July 2014. USACE acknowledges there has been cracking and peeling; however, it appears from the previously provided photos the damage is minor. This would normally be repaired through routine maintenance. The Contracting Officer has determined that based on the fact this construction contract is complete; specifically, the work has been completed, accepted, warranty expired, and closed; that it is not in the interest of the Government to make any further demands of the contractor.

g. ACF did not install splash blocks properly. Non-concur. If the splash blocks are backwards, it is easy enough for anyone to pick them up and turn them around. As for the missing splash blocks, USACE acknowledges they are not currently there; however, USACE has no reason to believe these were not originally installed as required as they are present at the other four guard shacks. The Contracting Officer has determined that based on the fact this construction contract is complete; specifically, the work has been completed, accepted, warranty expired, and closed; that it is not in the interest of the Government to make any further demands of the contractor.

h. Concrete does not meet compression strength requirement. Non-concur. USACE has no definitive information on this subject. However, the lab used by SIGAR to perform the investigation is USACE certified to perform calibration services only and NOT material testing, such as concrete testing. USACE put this lab on probation effective 05 June 2017, for lack of familiarity of testing personnel with calibration testing requirements, using un-calibrated equipment for determining calibration of lab and batch plant equipment, and not having all of the calibration equipment needed to test all lab and batch plant equipment. The lab returned to active status on 21 Aug 2017. Real Eiffel was USACE certified to perform material testing from 2010-2015. The Contracting Officer has determined that based on the fact that the construction contracts are complete; specifically, the work has been completed, accepted, warranty expired, and closed; that it is not in the interest of the Government to make any further demands of the contractor.

i. Some project site areas were poorly compacted and graded. Non-concur. USACE disagrees with this finding. The Contractor was not required to compact the entire site, only areas where there were excavations, fill had been placed or foundations were constructed per the specifications. It is unreasonable and cost prohibitive to have a contractor compact an entire site; furthermore, compacting an entire site is not standard practice anywhere. Grading should be performed so as to have positive drainage, but this site overall was very flat. The Contracting Officer has determined that based on the fact that this construction contract is complete; specifically, the work has been completed, accepted, and warranty expired; that it is not in the interest of the Government to make any further demands of the contractor.

j. USACE's design drawings did not indicate where the contractor should have installed fire extinguishers at the dining facility and the vehicle refueling point. Non-concur. USACE disagrees with this finding. USACE has observed that it is not uncommon for Afghans to remove or otherwise relocate fire extinguishers to centralized areas under lock and key once the facility is fully turned over. USACE has no reason to believe the proper fire extinguishers were not present at the time of turnover. The fact that they are not there now does not indicate that they were never in place. The Contracting Officer has determined that based on the fact that this construction contract is complete; specifically, the work has been completed, accepted, and warranty expired; that it is not in the interest of the Government to make any further demands of the contractor.

k. MVL did not install exhaust fans in the wood stove kitchen attached to the dining facility. Concur. USACE acknowledges this finding. Drawing sheet DFC-A-103 shows a requirement for two roof mounted exhaust fans over the wood stove in the kitchen, key note 6, Exhaust fan; see sheet M-102. However, the mechanical sheets, specifically sheet M-102, does not show the roof mounted exhaust fans. This may be the reason that the roof exhaust fans were not installed. The Contracting Officer has determined that based on the fact that this construction contract is complete; specifically, the work has been completed, accepted, and warranty expired; that it is not in the interest of the Government to make any further demands of the contractor. However, we will work with our customer to determine what action may be taken to get exhaust fans installed.

Recommendation 3. Reinforce with USACE's contracting officers the importance of preparing final Contractor Performance Assessment Reports that include details from interim evaluations to ensure that any contractor performance deficiencies identified and actions taken to address those deficiencies reflect the complete history of contractor's performance over the course of the contract.

USACE RESPONSE: Concur. USACE rating personnel and contracting officers have been reminded the final evaluation replaces interim evaluations and should summarize significant information for the life of the contract. Any Interim or "unsatisfactory" evaluations and a summary of any actions the contractor took to remedy the deficiencies will be recorded as appropriate.

APPENDIX III - ACKNOWLEDGMENTS

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