

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 21-32 Inspection Report

Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, But a Construction Deficiency and Inadequate Maintenance Could Affect Operations



APRIL
2021



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

April 14, 2021

The Honorable Lloyd J. Austin III
Secretary of Defense

General Kenneth F. McKenzie, Jr.
Commander, U.S. Central Command

General Austin Scott Miller
Commander, U.S. Forces–Afghanistan and
Commander, Resolute Support

Lieutenant General Scott A. Spellmon
Commanding General and Chief of Engineers,
U.S. Army Corps of Engineers

Lieutenant General E. John Deedrick, Jr.
Commander, Combined Security Transition Command–Afghanistan

This report discusses the results of SIGAR’s inspection of the removal and replacement of the elevator system at the Kabul National Military Hospital. On September 26, 2017, the U.S. Army Corps of Engineers (USACE) awarded a \$4.02 million firm-fixed-price contract to Macro Vantage Levant (MVL), a United Arab Emirates company, to remove and replace 13 elevators and 3 dumbwaiters, and to make improvements in supplying power to the new elevators. USACE made one contract modification, which increased the contract value to approximately \$4.05 million, but did not change the contract’s completion date. MVL completed its work on time on November 2, 2019. All project warranties expired by November 2, 2020.

During our September 2020 site visits, we found that MVL generally replaced the new elevators and dumbwaiters according to contract requirements. However, we found a construction deficiency involving three elevators with a lower weight carrying capacity than the contract required, which could affect hospital operations. The contract required these three elevators to have a maximum weight carrying capacity of 1,157 pounds. However, we found that the installed elevators had a weight capacity of 882 pounds. We notified USACE of this issue in November 2020. On February 4, 2021, the USACE Afghanistan contracting chief notified MVL that the three under-capacity elevators did not meet the contract technical requirements and specifications, and that as a result, the government “requires a credit equal to the cost of the materials” of the installed elevators. Based on a review of MVL’s price proposal, USACE identified the proposed cost for the three elevators to be \$535,750. Although MVL stated on February 8, 2021, that the government accepted the proposed capacity changes to the elevators and is “not entitled” to the requested credit, USACE has requested information from MVL showing the installed elevators’ actual cost.

The hospital is using most of the newly installed elevators and dumbwaiters; however, we are concerned about the technical capabilities of the personnel maintaining them. Specifically, we are concerned that the hospital’s maintenance staff does not have the adequate skills, funding, or plans in place to address elevator maintenance issues. Current maintenance issues needing to be addressed include, for example, that the only elevator in the four-story surgery annex is not functioning due to water damage, and two elevators in the main hospital building are missing handrails.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

We are making two recommendations in this report. First, we recommend that the Commander of the Combined Security Transition Command–Afghanistan (CSTC-A) notify the Afghan Ministry of Defense (MOD) of the construction deficiency and maintenance issues so that the MOD can take whatever action it deems appropriate to (a) address the lower weight carrying capacity of the three elevators installed in the hospital’s main building; (b) repair the surgery annex’s only elevator, which is not functioning; and (c) replace the missing handrails in the hospital’s two main building elevators. Second, we recommend that the USACE Commanding General and Chief of Engineers determine the cost difference between the \$535,750 bid price for the hospital’s three lower capacity elevators and the actual installation cost, whether MVL should reimburse the U.S. government for the cost difference, and, if appropriate, take action to recover funds.

We provided a draft of this report to the Department of Defense for review and comment. CSTC-A and USACE provided written comments, which are reproduced in appendices II and III, respectively. CSTC-A concurred with our first recommendation, and stated that it would notify the MOD of the construction deficiency and maintenance issues. The recommendation will remain open until CSTC-A provides us with documentation showing that it has notified the MOD. USACE concurred with our second recommendation. In comments dated April 1, 2021, USACE stated that it had performed a “Rough Order [of] Magnitude” estimate to determine the cost difference between the installed elevators and the elevators required by the contract. USACE determined the difference to be \$31,376. Additionally, USACE acknowledged that while any overpayment represents a cost owed regardless of dollar value, it must also consider the costs associated with reimbursement, and in this case, pursuit of the overpayment would cost more than the amount being pursued. According to USACE, pursuing reimbursement would not be “positively beneficial to the Government.” As a result, USACE will not be pursuing collection of the overpayment to MVL. Because our recommendation requested USACE to determine the cost difference, determine whether MVL should reimburse the U.S. government for the cost difference, and, if appropriate, take action to recover funds, we consider this recommendation implemented and will close it upon issuance of this report. We are requesting that CSTC-A provide documentation of the corrective actions taken and/or target dates for completion of the recommendation to sigar.pentagon.audits.mbx.recommendation-follow-up@mail.mil, within 60 days from the issue date of this report.

We 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

TABLE OF CONTENTS

MVL's Elevator and Dumbwaiter Installations Generally Met Contract Requirements, But a Construction Deficiency Could Affect Operations	1
Most of the Elevators and Dumbwaiters Are Being Used, But They Are Not Well Maintained.....	3
Conclusion.....	4
Recommendations	5
Agency Comments	5
Appendix I - Scope and Methodology	7
Appendix II - Comments from the Combined Security Transition Command–Afghanistan	8
Appendix III - Comments from the U.S. Army Corps of Engineers	10
Appendix IV - Acknowledgements	17

PHOTOS

Photo 1 - Equipment Blocking Unused Elevator	3
Photo 2 - Equipment Blocking Unused Dumbwaiter.....	3
Photo 3 - Water Damage in Elevator Shaft	4

ABBREVIATIONS

CSTC-A	Combined Security Transition Command–Afghanistan
MOD	Ministry of Defense
MVL	Macro Vantage Levant
USACE	U.S. Army Corps of Engineers

On September 26, 2017, the U.S. Army Corps of Engineers (USACE) awarded a \$4.02 million firm-fixed-price contract to Macro Vantage Levant (MVL), a United Arab Emirates company, to remove and replace the elevator and dumbwaiter system at the Kabul National Military Hospital located in Kabul, Afghanistan.¹ The hospital consists of multiple buildings including the main hospital building, polyclinic building, commander's building, infectious disease building, and the surgery annex. The contract required MVL to replace 13 elevators and 3 dumbwaiters, and to improve the power supply system for the new elevators.² The Combined Security Transition Command–Afghanistan (CSTC-A) funded the contract.

On October 14, 2017, USACE issued the notice to proceed to MVL with a required completion date of November 2, 2019. USACE made one contract modification, which increased the contract value to approximately \$4.05 million. However, the modification did not change to the contract's completion date. Because the hospital was still operating during the performance period, the contract required the elevators to be installed in four phases to minimize disruptions to hospital operations. On March 23, 2019, USACE determined that MVL's work on phase I, which included four elevators and one dumbwaiter, was "substantially complete," ending MVL's phase I performance period; USACE then transferred phase I to CSTC-A. On July 8, 2019, USACE transferred the following to CSTC-A: phase II, which included one elevator and two dumbwaiters; two elevators from phase III; and two elevators from phase IV. MVL completed the project on time, and on November 2, 2019, USACE transferred the final phase III elevator and three remaining phase IV elevators to CSTC-A. The 1-year construction warranty period for each phase began on each turnover day, and the phase IV warranty period expired on November 2, 2020.³ CSTC-A transferred the elevators to the Afghan Ministry of Defense (MOD) on November 17, 2019.

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

We conducted our field work in Arlington, Virginia and Kabul, Afghanistan, from March 2020 through January 2021, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. Our professional engineers conducted the engineering assessment in accordance with the National Society of Professional Engineer's *Code of Ethics for Engineers*. Appendix I has a detailed discussion of our scope and methodology.

MVL'S ELEVATOR AND DUMBWAITER INSTALLATIONS GENERALLY MET CONTRACT REQUIREMENTS, BUT A CONSTRUCTION DEFICIENCY COULD AFFECT OPERATIONS

We visited the Kabul National Military Hospital four times in September 2020, and found that MVL generally installed the 13 new elevators and 3 dumbwaiters according to the contract requirements and technical specifications.⁴ For example, we found that 11 of the 13 installed elevators were functional, and 2 of the 3 dumbwaiters were functional. However, one elevator was not functioning due to water damage caused by improper hospital cleaning procedures, and the hospital had not used one elevator and dumbwaiter. We found that the contractor installed three elevators with a lower weight carrying capacity than the contract required, which could affect hospital operations. We also found issues related to the reliability of the elevators' backup

¹ A dumbwaiter is a small elevator used for conveying items such as food, dishes, supplies, or garbage between floors of a building.

² The contract number is W5J9JE-17-C-0007. It required MVL to install 10 elevators in the main hospital building, 1 in the polyclinic building, 1 in the commander's building, and 1 in the surgery annex. The contract also required MVL to install 2 dumbwaiters in the surgery annex and 1 dumbwaiter in the infectious disease building.

³ We planned to complete our work before the contract's phase IV warranty period expired on November 2, 2020, but we extended our timeline due to delays related to the COVID-19 pandemic.

⁴ We visited the hospital facility on September 16, 20, 23, and 29, 2020.

batteries. Although the contract warranty period expired on November 2, 2020, on January 28, 2021, USACE confirmed that MVL officials had returned to the hospital and fixed the malfunctioning elevator backup batteries.

MVL Installed Three Elevators with a Lower Weight Carrying Capacity Than the Contract Required

According to the contract specifications, three elevators in the hospital's main building required a rated load, or maximum weight carrying capacity, of 1,157 pounds. Based on our site visits and review of contract documents, we found that each of the three elevators had a maximum weight carrying capacity of 882 pounds, almost 25 percent lower than the weight carrying capacity specified in the contract. Per contract requirements, USACE should have modified the contract for these lower-rated elevators and adjusted the contract value accordingly, or held MVL accountable for contract noncompliance. However, based on our review, USACE did not issue a contract modification adjusting the elevators' weight carrying capacity, and the hospital received potentially cheaper elevators with a weight capacity that is 275 pounds less than the contract required. As a result, the elevators cannot lift the required amount of weight. Further, lower weight carrying capacity elevators may require multiple trips between floors, increasing critical response time for patients, hospital staff, and other users in an emergency.

We notified USACE of this issue in November 2020. On February 4, 2021, the USACE Afghanistan contracting chief notified MVL that the three under capacity elevators did not meet the contract technical requirements and specifications, and as a result, the government "requires a credit equal to the cost of the materials" of the installed elevators. Based on a review of MVL's price proposal, USACE identified the proposed cost for the three elevators to be \$535,750.⁵ However, USACE also acknowledged that because it accepted the lower capacity elevators, USACE would reduce the required credit amount by the actual cost of the installed elevators if MVL provides additional documentation showing the elevators' actual cost. On February 8, 2021, MVL replied to USACE and stated that its design submittals for the elevators proposed installing lower capacity elevators, and that USACE approved these submittals. Further, MVL stated because the U.S. government was "fully aware" of and accepted the capacity changes to the elevators, the government is "not entitled" to the requested credit.

MVL Fixed Nonfunctioning Elevator Backup Batteries

The contract required MVL to provide elevators with a secondary power system capable of moving the elevators and operating the doors in the event of a power outage. Functioning backup batteries are essential for allowing passengers to safely exit the elevators during power outages, and helping ensure patients with time-sensitive medical conditions do not experience delays in care. The hospital's head of maintenance told us that the hospital experiences power outages every week. In its design submittals, MVL proposed installing an emergency battery in the elevators that would move the elevator to the nearest floor if power failed.

Based on our site visits and interviews with hospital personnel, we found that while MVL installed backup batteries to provide auxiliary power to the elevators as required, the batteries were unreliable and did not always function properly. During one of our site visits, hospital officials expressed concern about the reliability of the backup batteries during power outages. We checked the backup batteries for two elevators located in the main hospital building by manually shutting off their power supply.⁶ During the simulated power outage, we found the backup battery for one of the two elevators did not provide auxiliary power. As a result, in the event of a power outage, the backup battery could not automatically power the elevator to the nearest floor and allow hospital personnel and patients to exit until the hospital's emergency generators provide power, which can

⁵ USACE also identified that MVL's proposal included a 1,058-pound load capacity for each of the elevators in question, even though the contract required that the elevators have a maximum weight carrying capacity of 1,157 pounds. Thus, MVL installed elevators that did not meet either the contractual requirements or the proposed load requirements.

⁶ We checked two of the elevators to minimize disruptions to hospital operations resulting from our inspection.

take up to 10 minutes. According to the hospital's maintenance staff, they did not conduct any tests during the elevators' warranty periods to monitor the backup batteries' working status.

On November 9, 2020, we notified USACE about the backup battery issue, and recommended that USACE request its on-site local national quality assurance representative to confirm the state of each backup battery. On January 28, 2021, USACE told us that even though the construction contract was no longer under warranty, MVL had checked and repaired all nonfunctioning backup batteries. USACE provided documentation of a joint inspection conducted by USACE's local national quality assurance representative, MVL officials, and Kabul National Military Hospital personnel that verified the backup batteries for all used elevators were functioning properly.⁷

MOST OF THE ELEVATORS AND DUMBWAITERS ARE BEING USED, BUT THEY ARE NOT WELL MAINTAINED

During our site visits, we found that the hospital was using most of the elevators and dumbwaiters. However, the hospital is not using the surgical annex's only elevator due to water damage, and the hospital has never used one elevator in the main building and one dumbwaiter in the surgery annex. According to hospital staff, the hospital does not need the unused elevator and dumbwaiter. As a result, hospital staff have stacked equipment in front of the elevator and dumbwaiter (see photos 1 and 2), and disconnected their electrical systems. As such, we could not determine if they functioned properly.

Photo 1 - Equipment Blocking Unused Elevator



Source: SIGAR, September 20, 2020

Photo 2 - Equipment Blocking Unused Dumbwaiter



Source: SIGAR, September 16, 2020

After CSTC-A transferred the project to the MOD in November 2019, the hospital assumed responsibility for maintaining the newly installed elevators and dumbwaiters. Based on our site visits, we found that the hospital's maintenance staff had limited knowledge and experience in elevator and dumbwaiter maintenance. As a result, we found multiple maintenance issues that the hospital's maintenance personnel have not corrected, including one elevator that is not functioning and two other elevators that are missing handrails. Further complicating these problems, according to the hospital staff, the MOD has not provided enough funding to support maintenance.

⁷ During the joint inspection, the parties involved did not check the backup battery for one elevator because the hospital is not using it, and for another elevator because it is not functioning. Additionally, the joint inspection team could not inspect the battery for an elevator in the commander's building and an elevator in a clinic building due to access and security concerns. However, hospital officials responsible for the elevators confirmed that backup batteries for these two elevators were functioning normally.

One Elevator Is Not Functioning Due to Water Damage

The only elevator in the surgery annex, a four story building, is not functioning because the hospital's janitorial staff allowed water to flow from hospital corridors into the elevator's shaft (see photo 3). On March 8, 2020, MVL notified USACE that the hospital's housekeeping and cleaning procedures damaged the elevator's electrical system. MVL stated that the hospital's janitorial staff did not take any measures to prevent water from flowing into the elevator shaft when cleaning a hospital corridor, which damaged elevator's electrical operating system and caused the elevator to shut down. According to the contract, the hospital is responsible for maintaining the equipment installed under the contract, and any damage or malfunction due to improper maintenance was not covered under the project's warranty. As a result, in May 2020, MVL notified USACE that the elevator's warranty did not

Photo 3 - Water Damage in Elevator Shaft



Source: SIGAR, September 16, 2020

apply because of the improper maintenance and MVL was not responsible for repairing the elevator. As of September 2020, the hospital had not repaired the elevator, which raises questions about the capabilities of its maintenance personnel. Additionally, the hospital has not used one of the two dumbwaiters located in the surgical annex. Since the hospital has not repaired the annex's only elevator and the annex is not using half of its dumbwaiters, the ability to safely and efficiently transport patients, staff, and supplies in the annex is limited.

Two Elevators Are Missing Handrails

During our site visits, we found two elevators in the main hospital building that did not have handrails. According to a USACE official, the handrails were installed and undamaged when the project was turned over to the hospital. During the March 7, 2020, warranty inspection, USACE's local national quality assurance representative noted that the hospital had removed the handrails. On March 11, 2020, MVL reinstalled the handrails even though it was not contractually required to do so. However, during our September 2020, site visits, we found that the hospital had removed the handrails again. Hospital officials told us that the handrails were damaged, so hospital staff removed the handrails and put them in storage. Handrails are an important safety feature for passenger elevators to help prevent injuries during sudden elevator movement. Removing the handrails puts patients and passengers at risk of slipping or falling.

CONCLUSION

MVL generally installed the 13 new elevators and 3 dumbwaiters at the Kabul National Military Hospital according to the contract requirements, and most of them are functional. However, MVL installed 3 elevators that did not meet required weight carrying capacity, which could affect the hospital's response time for moving patients during an emergency. The U.S. government also paid more than it should have for these lower-rated elevators. Although USACE was not aware of this deficiency prior to our notification and did not modify the contract to reflect the nonconforming elevators, USACE has requested the cost difference between MVL's \$535,750 bid price for the hospital's 3 lower-capacity elevators and the actual installation cost. While that information should enable USACE to determine an appropriate reimbursement amount, MVL has yet to provide it. Instead, MVL has stated that because the U.S. government accepted the capacity changes to the elevators, it is not entitled to reimbursement. USACE still does not know the actual cost of the 3 lower-capacity elevators,

but it is attempting to obtain this information from MVL and is considering appropriate remedial action. As a result, this issue remains unresolved as of the writing of this report.

The hospital is using most of the newly installed elevators and dumbwaiters, but we are concerned about the technical capabilities of the personnel maintaining them. Specifically, we are concerned that the hospital's maintenance staff lacks adequate skills, funding, and planning to address the maintenance issues. For example, the only elevator in the four-story surgery annex is not functioning due to water damage, and two elevators in the main hospital building are missing handrails. Absent proper maintenance, the new elevators and dumbwaiters will deteriorate, go unused, and increase safety risks to the hospital's occupants. Maintenance is also critical to protecting the U.S. government's \$4 million investment in these elevators and dumbwaiters.

RECOMMENDATIONS

To protect the U.S. taxpayers' investment in the Kabul National Military Hospital elevator system, we recommend that the CSTC-A Commander take the following actions and report the results back to SIGAR within 60 days:

- 1. Notify the MOD of the construction deficiency and maintenance issues, so that the MOD can take whatever action it deems appropriate to**
 - a. address the lower weight carrying capacity of the three elevators installed in the hospital's main building;**
 - b. repair the surgery annex's only elevator, which is not functioning; and**
 - c. replace the missing handrails in the hospital's two main building elevators.**

We also recommend that the USACE Commanding General and Chief of Engineers

- 2. Determine the cost difference between the \$535,750 bid price for the hospital's three lower capacity elevators and the actual installation cost, whether MVL should reimburse the U.S. government for the cost difference, and, if appropriate, take action to recover funds.**

AGENCY COMMENTS

We provided a draft of this report to the Department of Defense for review and comment. CSTC-A and USACE provided written comments, which are reproduced in appendices II and III, respectively. USACE also provided technical comments, which we incorporated as appropriate. CSTC-A concurred with our first recommendation, and USACE concurred with our second recommendation.

In its comments, CSTC-A stated that it did not have any concerns with the draft report. CSTC-A also stated that it would notify the MOD of the construction deficiency and maintenance issues listed in the first recommendation. Our first recommendation will remain open until CSTC-A provides us with documentation showing that it has notified the MOD.

In its comments from March 18, 2021, USACE concurred with the draft report's finding that three elevators were installed with a lower-than-required weight carrying capacity. In those comments, USACE also concurred with the recommendation that it should determine any a cost difference between the bid price for the elevators and the lower capacity elevators installed. USACE stated that, on February 4, 2021, it delivered a Notice of Government Overpayment notifying MVL of our draft report's finding and requesting the actual material costs for the installed elevators. USACE advised us that MVL has not yet provided the actual material costs because MVL told USACE that the government is not entitled to the requested credit. USACE stated that it will request the elevators' actual material costs from MVL a second time. Once MVL provides the actual costs, USACE advised that will review them, determine if it is appropriate to take action to recover funds, and inform SIGAR of the decision.

On April 1, 2021, USACE provided additional comments. In those comments, USACE stated that it had performed a “Rough Order [of] Magnitude” estimate to determine the cost difference between the installed elevators and the elevators required by the contract. USACE determined the difference to be \$31,376. Additionally, USACE acknowledged that while any overpayment represents a cost owed regardless of dollar value, it must also consider the costs associated with pursuing reimbursement, and in this case, pursuit of the overpayment would cost more than the amount being pursued. According to USACE, pursuing reimbursement would not be “positively beneficial to the Government.” As a result, USACE will not be pursuing collection of the overpayment to MVL. Because our recommendation requested USACE to determine the cost difference, determine whether MVL should reimburse the U.S. government for the cost difference, and, if appropriate, take action to recover funds, we consider this recommendation implemented and will close it upon issuance of this report.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of SIGAR's inspection of the Kabul National Military Hospital's newly installed elevator and dumbwaiter system in Kabul, Afghanistan. The objectives of this inspection were to determine whether (1) the work was completed in accordance with contract requirements and applicable construction standards, and (2) the elevators and dumbwaiters are being used and maintained. Specifically, we

- reviewed contract documents, design submittals, and other relevant project documentation;
- conducted an engineering evaluation of the elevator and dumbwaiter system;
- interviewed Afghan government officials concerning the project's construction; and
- conducted site visits at the hospital facility on September 16, 20, 23, and 29, 2020.

We did not rely on computer-processed data in conducting this inspection. However, we considered compliance with laws and indicators of fraud, other illegal acts, and abuse, and their potential impact.

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 Kabul National Military Hospital elevator and dumbwaiter system in September 2020. We developed a standardized engineering evaluation checklist covering items required by the contract and the design and specification documents for the facility. 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 our partners in accordance with SIGAR's policies and procedures to ensure their work resulted in impartial, credible, and reliable information.

We conducted our field work in Arlington, Virginia and Kabul, Afghanistan, from March 2020 through January 2021, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. Our professional engineers conducted the engineering assessment in accordance with the National Society of Professional Engineers' *Code of Ethics for Engineers*. We conducted this inspection under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

APPENDIX II - COMMENTS FROM THE COMBINED SECURITY TRANSITION COMMAND–AFGHANISTAN



UNCLASSIFIED

HEADQUARTERS RESOLUTE SUPPORT
COMBINED SECURITY TRANSITION COMMAND-AFGHANISTAN
KABUL, AFGHANISTAN
APO, AE 09320

CSTC-A

16March 2021

MEMORANDUM FOR Special Inspector General for Afghanistan Reconstruction, 2350
Crystal Drive, Arlington, VA 22202

SUBJECT: Combined Security Transition Command –Afghanistan (CSTC-A) Response
to Draft SIGAR Inspection Report, "Kabul National Military Hospital Elevator
Replacement" (SIGAR I-066)

1. The purpose of this memorandum is to provide CSTC-A response to the SIGAR Draft
Inspection Report regarding Kabul National Military Hospital Elevator Replacement
(SIGAR I-066).

2. CSTC-A does not have concerns or recommendation with the draft inspection report
as it is written. In this draft SIGAR Inspection report, SIGAR made one
recommendation for the CSTC-A Commander to take action. SIGAR recommendation
to the CSTC-A Commander is italicized below.

3. Recommendation 1 and CSTC-A Response for Recommendation 1.

*Recommendation to CSTC-A: We recommend that the CSTC-A Commander take
the following actions and report the results back to SIGAR within 60 days:*

*1. Notify the MOD of the construction deficiency and maintenance issues, so that the
MOD can take whatever action it deems appropriate to:*

*a. address the lower weight carrying capacity of the three elevators installed in the
hospital's main building;*

b. repair the surgery annex's only elevator, which is not functioning; and

*c. replace the handrails in the hospital's two main building elevators that were
removed.*

(U) CSTC-A Response to Recommendation 1: CSTC-A concurs with the
recommendation to notify MoD of the identified construction deficiency and
maintenance issues.

UNCLASSIFIED

UNCLASSIFIED

CSTC-A

SUBJECT: United States Forces-Afghanistan, Combined Security Transition Command
– Afghanistan, Responses Draft Report for SIGAR I-066

[REDACTED]

[REDACTED]

UNCLASSIFIED

APPENDIX III - COMMENTS FROM THE U.S. ARMY CORPS OF ENGINEERS



DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS, TRANSATLANTIC DIVISION
201 PRINCE FREDERICK DRIVE
WINCHESTER, VA 22602-4373

CETAD-CG

18-Mar-2021

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

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR I-066), Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, but a Construction Deficiency and Inadequate Maintenance Could Affect Operations

1. The U.S. Army Corps of Engineers (USACE) concurs with the subject draft report's finding that three elevators were installed with a lower weight carrying capacity than the contract requirements. Further, USACE concurs with SIGAR's recommendation to the USACE Commanding General and Chief of Engineers to determine the cost difference between the \$535,750 bid price for the hospital's three lower capacity elevators and the actual installation cost, whether Macro Vantage Levant (MVL) should reimburse the U.S. government for the cost difference, and, if appropriate, take action to recover funds.
2. USACE delivered a Notice of Government Overpayment to the contractor, MVL, on February 4, 2021 notifying MVL of SIGAR's findings and requested the actual material costs for the installed elevators be provided to USACE. MVL responded on February 8, 2021 stating the government is "not entitled" to requested credit, however did not provide the actual material costs as requested. USACE will follow up with a second request to MVL to provide the requested actual costs. Once the actual costs are received and reviewed, USACE will then determine if it is appropriate to take action to recover funds. Upon that determination, USACE will inform SIGAR of the decision and request the recommendation be closed as implemented.
3. USACE respectfully requests SIGAR to further clarify or modify some of the SIGAR's comments included in the subject draft inspection report. Discussions supporting this request are contained in the attached document.
4. USACE appreciates the opportunity to provide comments to SIGAR's draft report on the Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters.

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR I-066), Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, But a Construction Deficiency and Inadequate Maintenance Could Affect Operations



Enclosure





DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS, TRANSATLANTIC DIVISION
201 PRINCE FREDERICK DRIVE
WINCHESTER, VA 22602-4373

CETAD-CG

1 April 2021

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

SUBJECT: Supplemental Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR I-066), Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, but a Construction Deficiency and Inadequate Maintenance Could Affect Operations

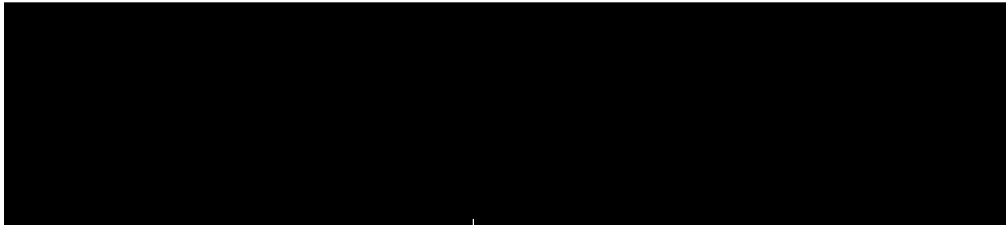
1. The U.S. Army Corps of Engineers (USACE) previously responded to SIGAR's draft findings on March 18, 2021. In that letter, USACE concurred with the subject draft report's finding that three elevators were installed with a lower weight carrying capacity than the contract requirements. Further, USACE concurred with SIGAR's recommendation to the USACE Commanding General and Chief of Engineers to determine the cost difference between the \$535,750 bid price for the hospital's three lower capacity elevators and the actual installation cost, whether Macro Vantage Levant (MVL) should reimburse the U.S. government for the cost difference, and, if appropriate, take action to recover funds.
2. USACE cost engineers prepared a Rough Order Magnitude (ROM) estimate on 30 March 2021 in order to determine the cost difference between the proposed elevator weight capacity of 480kg and the 400kg weight capacity of what was actually installed. The cost difference was determined to be \$31,376.
3. While the Government acknowledges that an overpayment represents a cost owed regardless of the dollar value, the Government must also consider if that credit merits the costs associated with pursuit of the credit. In this case, there is not a significant level of certainty that negotiations would have resulted in a lower accepted price. It should be noted that the IGE submitted was 5.8% below the price accepted for 480kg elevators, which the Government determined to be fair and reasonable at the time of award. As such, it is reasonable to assume that the price submitted, which is already technically supported by the subcontractor's proposal, would have been considered fair and reasonable had it been considered at the time of submittal. Additionally, the design identified that the structure in place would not support the higher load specified and that

SUBJECT: Supplemental Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR I-066), Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, but a Construction Deficiency and Inadequate Maintenance Could Affect Operations

a 400kg elevator was sufficient to meet the intended use as described in the contract. Therefore, the Government accepted the lower load elevators as satisfying the need.

4. It is likely that pursuit of this overpayment would cost more to execute than the payment being pursued. Considering the price paid would likely have been deemed fair and reasonable initially and the high cost to pursue repayment, it is not likely that pursuit would be positively beneficial to the Government. As such, the Government has determined that it will not pursue collection of overpayment to Macro Vantage Levant in the amount of \$31,376.00. USACE respectfully requests SIGAR to include actions taken by USACE as described above in the final report and to close the recommendation as implemented. USACE considers this recommendation as closed as implemented and will take no further actions.

5. USACE appreciates the opportunity to provide comments to SIGAR's draft report on the Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters.



Enclosure



DEPARTMENT OF THE ARMY
AFGHANISTAN DISTRICT, UNITED STATES ARMY CORPS OF ENGINEERS
BAGRAM AIRFIELD
APO AE 09354-1053

CETAA-IR

11 March 2021

MEMORANDUM FOR Commander, United States Army Corps of Engineers (USACE)
Transatlantic Division (TAD), Winchester, VA 22602

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Inspection (I-066): Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, But a Construction Deficiency and Inadequate Maintenance Could Affect Operations

1. This is the Transatlantic Afghanistan District's (TAA) response to the USACE specific recommendation included in the subject SIGAR Draft Report.

a. **SIGAR Recommendation:** USACE Commanding General and Chief of Engineers determine the cost difference between the \$535,750 bid price for the hospital's three lower capacity elevators and the actual installation cost, whether Macro Vantage Levant (MVL) should reimburse the U.S. government for the cost difference, and, if appropriate, take action to recover funds.

b. **USACE Response:** USACE generally concurs with SIGAR's findings and acknowledges the deficiencies noted in this report. USACE Transatlantic Afghanistan District (TAA) will pursue developing an estimate on the cost difference between installing the contractually required elevator vice the elevator that was actually installed. Additionally, TAA will continue to evaluate its contractual options with regard to recovery of funds and will move forward with that effort if it is determined appropriate and in the best interest of the government.

c. **After Action Review:** USACE performed an After Action Review and will implement quarterly Contract Administration meetings with the District Contracting Chief, Administrative Contracting Officers, and Contracting Officer Representatives. These meetings will reinforce current guidance and Standard Operating procedures for contract variations and address other relevant contract administration issues.

2. USACE would like to include comments on the following dialog in the report:

a. SIGAR found two elevators in the main hospital that were missing handrails. The missing handrails had been identified by the USACE LNQAs during the 4 month warranty inspection and had determined that the handrails had been removed/damaged by KNMH personnel after the facility had been turned over. While not contractually required, the contractor repaired/replaced the handrails which addressed previous safety concerns.

See SIGAR Comment 1

CETAA-IR

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report, I-066 Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters Generally Met Contract Requirements, But a Construction Deficiency and Inadequate Maintenance Could Affect Operations

Additionally, during the Statement of Fact (SoF), SIGAR stated “we are not blaming the contractor for the damaged handrails and understand the railings were a maintenance issue and that the warranty periods had expired-- it was the hospitals’ responsibility to correct it”. SIGAR stated they would “specify that the handrails were not damaged at project turnover.” USACE is requesting that SIGAR follows through with what was agreed upon during the SoF and include this verbiage in the final version of the report.

See SIGAR Comment 1

b. SIGAR stated that “one contract modification, which increased the contract value to approximately \$4.05 million but did not change the contract’s completion date.” USACE is requesting the verbiage be changed to “one contract modification, which increased the contract value to approximately \$4.05 million, resulted in no change to the contract’s completion date”.

See SIGAR Comment 2

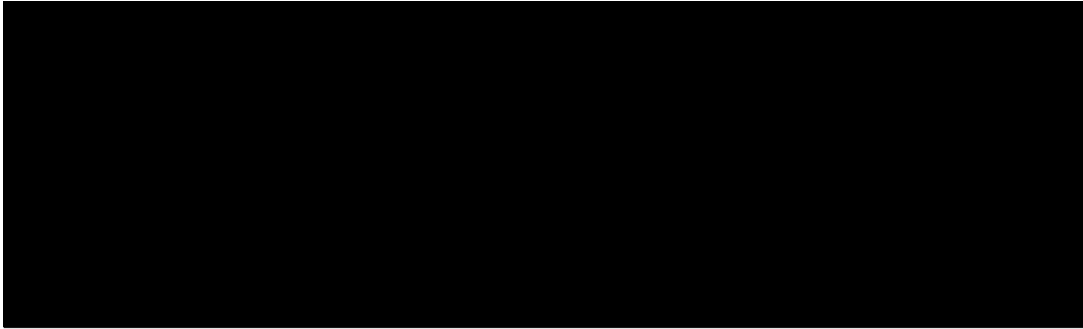
c. SIGAR stated that “as of March 4, 2021, DoD has not provided documentation showing when all four phases were transferred to MOD.” USACE requests a revision to read “USACE has informed SIGAR that they provided the required completion documents to CSTC-A. As of March 4, 2021, SIGAR has not received the MOD documentation from CSTC-A. USACE will follow-up with CSTC-A to ensure the documentation has been provided.”

See SIGAR Comment 3

d. SIGAR stated that “USACE had not taken remedial action on the capacity changes to the elevators.” SIGAR had acknowledged receipt of our letter to the contractor. USACE is requesting alternate verbiage due to the fact that USACE initiated “remedial action” immediately after the exit conference to ensure the contractor was aware that the equipment did not meet the parameters of the contract and initiate a request for a credit.

See SIGAR Comment 4

4. USACE appreciates the opportunity to comment on this draft inspection report of the Kabul National Military Hospital: Installation of New Elevators and Dumbwaiters



SIGAR Comment 1: We updated the report language pertaining to the handrails.

SIGAR Comment 2: No change needed because the report already states that the modification did not change the completion date.

SIGAR Comment 3: Since CSTC-A provided the project transfer dates, we removed a sentence in the footnote on page 1.

SIGAR Comment 4: We updated the report language regarding USACE's response to the installation and unknown costs of the lower capacity elevators.

APPENDIX IV - ACKNOWLEDGEMENTS

Adam Bonfanti, Senior Audit Manager

David Stephens, Inspector-in-Charge

Yogin Rawal, General Engineer

Shahanshah Shirzay, Civil Engineer

This inspection was conducted
under project code SIGAR-I-066.

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.

Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site (www.sigar.mil). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

Public Affairs

Public Affairs Officer

- Phone: 703-545-5974
- Email: sigar.pentagon.ccr.mbx.public-affairs@mail.mil
- Mail: SIGAR Public Affairs
2530 Crystal Drive
Arlington, VA 22202