OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed

April 30, 2010

SIGAR Audit-10-10 Contract Performance and Oversight

OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

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Commanding General, NATO Training Mission-Afghanistan/
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This report discusses the results of a performance audit of four firm fixed-price contracts currently valued at $129.8 million for the construction of the Afghanistan National Army garrison at Gamberi in Laghman Province. It includes four recommendations for the U.S. Commanding General of U.S. Army Corps of Engineers to address construction issues observed at the site.

A summary of this report is on page ii. This performance audit was conducted by the Office of the Special Inspector General for Afghanistan Reconstruction under the authority of Public Law No. 110-181 and the Inspector General Act of 1978, as amended. When preparing the final report, we considered comments from the U.S. army Corps of Engineers (USACE) and the NATO Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan (NTM-A/CSTC-A). In their comments, USACE concurred with the recommendations and NTM-A/CSTC-A concurred with the findings of the report. Copies of the comments are included in appendices II and III of this report.

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SIGAR

Special Inspector General for Afghanistan Reconstruction

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What SIGAR Reviewed

One objective of coalition efforts in Afghanistan is to build the country's capacity to provide for its own security by training and equipping the Afghan National Security Forces (ANSF). Current requirements call for the Afghanistan National Army (ANA) to grow from 103,475, as of June 2009, to almost 172,000 by October 2011. As a result, additional facilities will be needed to train, base, and house the Afghan forces. The NATO Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan (NTM-A/CSTC-A), through the Afghanistan National Security Forces Fund, is providing $129.8 million for four firm fixed-price contracts to establish an ANA garrison in Gamberi, Laghman Province, in eastern Afghanistan. Large enough to house 4,000 personnel, the garrison is being built in four phases and with a training range. Contracts for Phases I and II were awarded to DynCorp LLC, Inc., Phase III was awarded to BYA Inc, and the weapons training range was awarded to Lakeshore Engineering. Phase IV has not been awarded at this time. The U.S. Army Corps of Engineers (USACE) Afghanistan Engineer District-North (AED-North) provides program management and oversight of construction. This report addresses the contracts' cost, schedule, and outcome; oversight; and the sustainment of the Gamberi garrison. To accomplish these objectives, we reviewed all contracts, statements of work, modifications, and contract files for the garrison. We examined criteria and guidance in the Federal Acquisition Regulation (FAR) and the AED District Level Quality Assurance Plan for Construction, dated December 15, 2008. We interviewed officials from NTM-A/CSTC-A and AED-North, as well as the prime contractors. We performed a site inspection of the garrison from February 1-4, 2010. We conducted our work in Kabul, Afghanistan, and Washington, D.C., from November 2009 to April 2010 in accordance with generally accepted government auditing standards.

What SIGAR Found

Phases I, II, and the training range of the Gamberi garrison are behind schedule while Phase III is ahead of schedule. All phases of the garrison are scheduled to be completed by September 2010, with some increases in cost because AED-North exercised certain contract options. Our inspection of the garrison indicated that it appeared to be well constructed; however, poor flood control measures, including a drainage channel that may fill with silt, and inadequate site grading may not provide significant protection against future flooding. Additionally, the structural integrity of a bridge near the garrison entrance needs to be addressed, and the training range needs to be secured.

Before September 2009, AED-North provided limited oversight for the garrison due to security issues; however, AED personnel have since provided management and oversight, as required by the FAR and USACE requirements. AED-North issued DynCorp two interim unsatisfactory ratings for Phases I and II due to delays, primarily because DynCorp was slow to recognize problems with subcontractors and take action to address them.

NTM-A/CSTC-A officials stated that they were unaware of any planning documents or justification for the garrison that addressed the strategic deployment of troops, garrisons, locations, or operations. Planning reports we reviewed did not address these matters. Without an updated strategy that reflects current ANSF requirements, NTM-A/CSTC-A runs the risk of building facilities that do not meet ANA needs. NTM-A/CSTC-A is developing a process to determine if the requirements for a garrison or other infrastructure are the same or have changed. NTM-A/CSTC-A officials stated that the government of Afghanistan does not have the financial or technical capacity to sustain ANSF facilities once they are completed. Current plans call for all ANSF facilities to be turned over to the Afghanistan government by 2013 for operations and maintenance.

What SIGAR Recommends

To ensure the quality of the construction at the Gamberi garrison, we recommend that the U.S. Commanding General, USACE, direct AED-North to (1) mitigate silt accumulation in the anti-vehicle and flood control trench, (2) ensure that the site is properly graded, (3) repair the bridge near the main entrance of the garrison, and (4) secure the weapons training range.

In response to a draft of this report, USACE concurred with SIGAR's recommendations.

Photo: Anti-Vehicle and Flood Control Trench, Feb. 2010

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ACRONYMS

AED-North	Afghanistan Engineer District-North
ANA	Afghanistan National Army
ANSF	Afghanistan National Security Forces
COR	Contracting Officer Representative
FAR	Federal Acquisition Regulation
MOD	Ministry of Defense
NTM-A/CSTC-A	NATO Training Mission-Afghanistan/Combined Security Transition Command- Afghanistan
RE	Resident Engineer
SIGAR	Special Inspector General for Afghanistan Reconstruction
USACE	U. S. Army Corps of Engineers

ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed

One objective of coalition efforts in Afghanistan is to build the country's capacity to provide for its own security by training and equipping the Afghan National Security Forces (ANSF).[1] In 2001, the Bonn Agreement initially set troop levels for the Afghan National Army (ANA) at 50,000. New requirements called for the ANA to grow from 103,475, as of June 2009, to 171,600 by October 2011. As a result of these increases, additional facilities will be needed to train, base, and house the Afghan forces. Through fiscal year 2009, $29.2 billion has been appropriated for the Afghanistan Security Forces Fund, which provides the funding to train, equip, and sustain the ANSF.

The ANA garrison at Gamberi will house 4,000 personnel, the largest ANA presence in Laghman Province. The NATO Training Mission-Afghanistan/Combined Security Transition Command-Afghanistan (NTM-A/CSTC-A)[2] is providing $129.8 million to construct the first three of four phases, as well as a training range. The U.S. Army Corps of Engineers (USACE) Afghanistan Engineer District-North (AED-North)[3] awarded two firm fixed-price contracts for program management and oversight of Phases I and II to DynCorp International LLC, a third firm fixed-price contract for Phase III to BYA Inc., and a fourth firm fixed-price contract for the training range to Lakeshore Engineering Services. As of April 23, 2010, NTM-A/CSTC-A had not awarded a contract for Phase IV. This report addresses (1) whether the Gamberi garrison was constructed within the terms of the contracts, including schedule and cost; [4] (2) whether USACE oversight of the Gamberi garrison construction was conducted in accordance with the Federal Acquisition Regulation (FAR), USACE requirements, and oversight provisions of the contract; and (3) what NTM-A/CSTC-A's overall justification for the garrison was and what plans it has for sustainment of ANSF facilities.

[1] ANSF includes the Afghan National Army and the Afghan National Police.

[2] NTM-A/CSTC-A operates with a single commander for both the U.S.-led CSTC-A and NATO. The mission provides training for the ANA, including defense colleges and academies, develops doctrine, and trains and mentors the Afghan police.

[3] AED officially divided into two sections on August 3, 2009. AED-South handles construction in Regional Commands South and West, and AED-North handles construction in Capital Region and Regional Commands North and East.

[4] Firm fixed-price contracts provide for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. Firm fixed-price contracts require the contractor to deliver services within an agreed-upon schedule and cost to the United States. Throughout this report, we refer to "cost" as the cost to NTM-A/CSTC-A to provide this garrison.

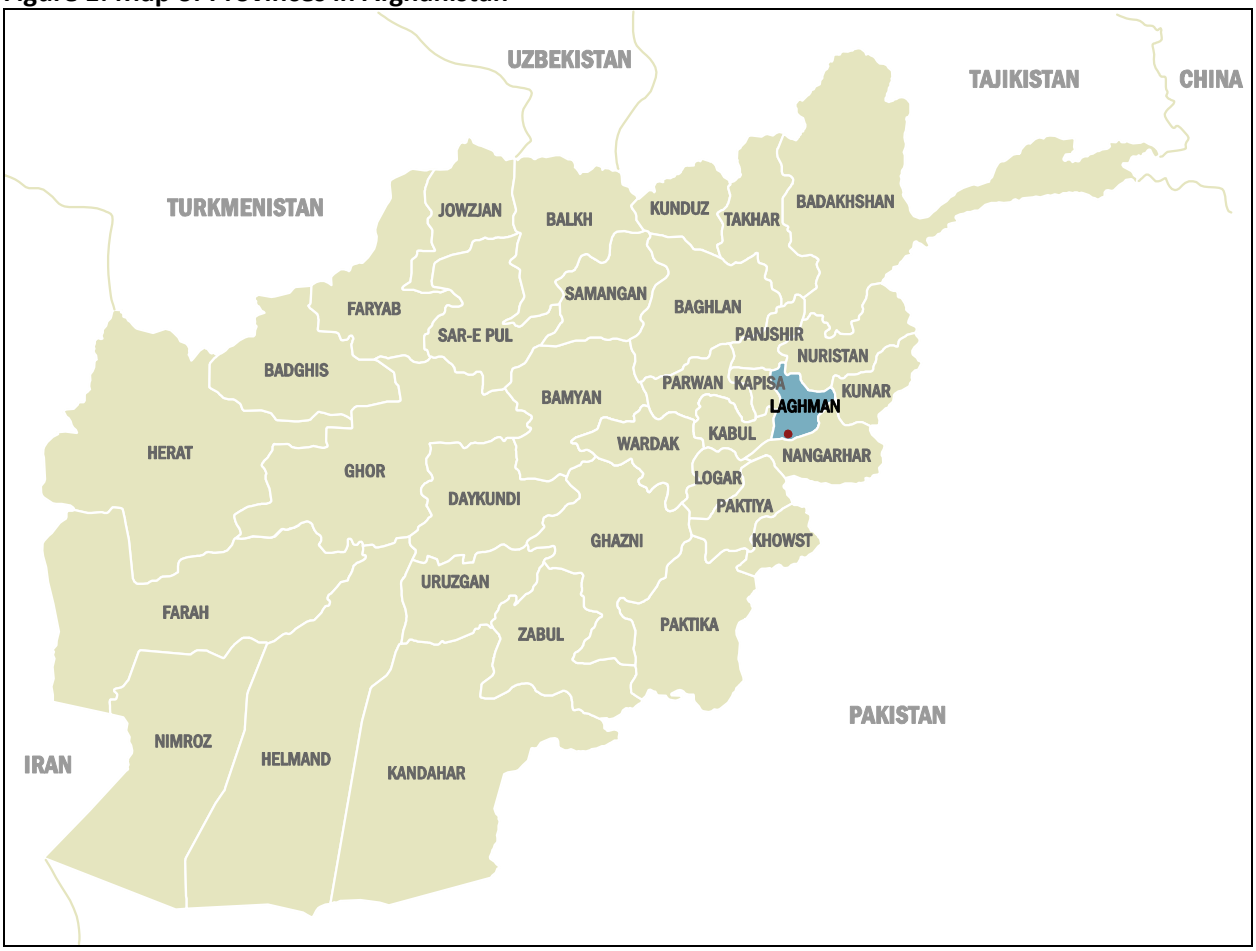
To accomplish these objectives, we reviewed all contracts, statements of work, modifications, and the contract files for the Gamberi garrison.[5] We examined criteria and guidance in the FAR and the AED District-Level Quality Assurance Plan for Construction, dated December 15, 2008. We interviewed officials from NTM-A/CSTC-A, AED-North, DynCorp International LLC, BYA Inc., and Lakeshore Engineering Services, and conducted a site inspection of the Gamberi garrison during February 1-4, 2010. We conducted our work in Afghanistan and Washington, D.C., from November 2009 to April 2010 in accordance with generally accepted government auditing standards. Appendix I presents a more detailed discussion of our scope and methodology. This report is one in a series of Special Inspector General for Afghanistan Reconstruction (SIGAR) performance audits that examines contract cost, schedule, and outcome; oversight; and sustainment of reconstruction efforts in Afghanistan.

BACKGROUND

NTM-A/CTSC-A, in partnership with the government of the Islamic Republic of Afghanistan and the international community, plans and implements reforms of the ANSF to develop a stable Afghanistan, strengthen rule of law, and defeat terrorism within its borders. NTM-A/CSTC-A provides advisors, mentors, and trainers to the Ministry of Defense (MOD) and Ministry of Interior. NTM-A/CSTC-A is providing $129.8 million for the construction contracts awarded to date for the Gamberi ANA garrison in Laghman Province in eastern Afghanistan. See figure 1 for a map of the provinces in Afghanistan.

[5] A contract modification as defined by the FAR is a minor change in the details of a provision or clause that is specifically authorized by the FAR and does not alter the substance of the provision or clause.

Figure 1: Map of Provinces in Afghanistan



Source: SIGAR, April 23, 2010.

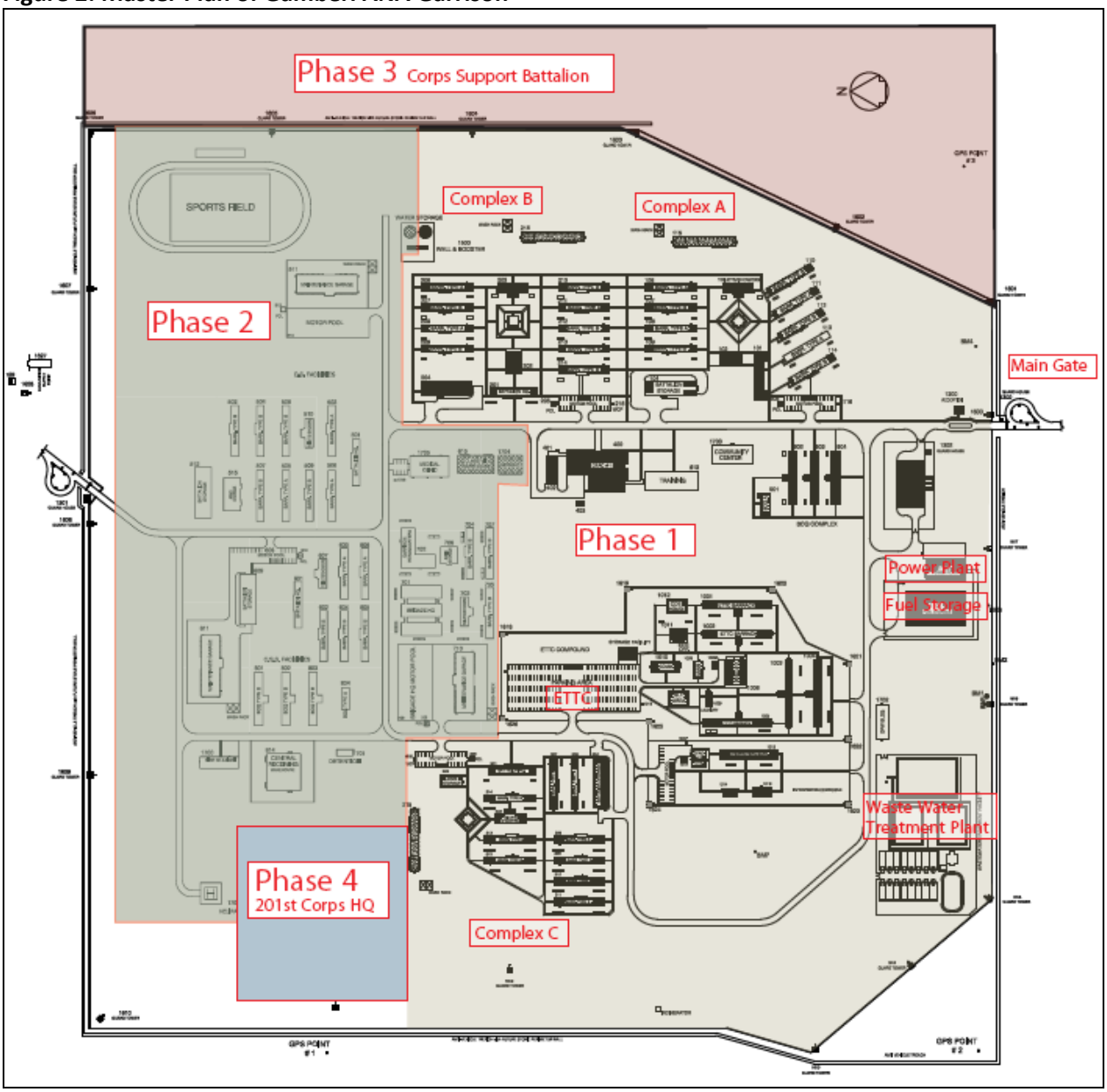
The Gamberi ANA garrison will be home to 3 infantry battalions, or about 4,000 ANA soldiers and 250 U.S. soldiers who will be embedded at the garrison. Construction of the 1 kilometer by 1 kilometer base has been broken into four phases, along with a weapons training range. As shown in figure 2, the master plan details the four phases, which include:

- **Phase I** – barracks, storage facilities, dining facility, and embedded training team compound[6] constructed for both the ANA soldiers and the embedded U.S. training team.
- **Phase II** – barracks and battalion headquarters building, and communication and electrical distribution system, were constructed for both the ANA soldiers and the embedded U.S. training team**.**

[6] The embedded training team compound will house U.S. soldiers who work with the ANA battalions. According to USACE, the construction of this compound is not supposed to be funded through ASFF, as the use of those funds is restricted for the training, equipping, and sustaining the Afghanistan National Security Forces. During the course of this review, SIGAR requested clarification from NTM-A/CSTC-A on the source of funds used to pay for the construction of the compound.

- **Phase III –** three bachelor officers barracks, six enlisted open-bay barracks, battalion headquarters, arms storage, general warehouse storage, and a motor pool for a Corps Support Battalion.
- **Phase IV** – facilities for the 201st Corps headquarters (to be awarded).

Figure 2: Master Plan of Gamberi ANA Garrison



Source: USACE, February 2, 2010.

The ANA training range, which is not depicted in figure 2, will consist of eight ranges, related roads, and support facilities.

PHASES I, II, AND THE TRAINING RANGE ARE NOT WITHIN THE ORIGINAL SCHEDULE; PHASE III IS AHEAD OF SCHEDULE

The first three phases of the Gamberi ANA garrison and the training range are currently scheduled to be completed by September 2010 with an increase of $3.3 million in cost because AED-North exercised certain options[7] in the contracts. The garrison appears to be well-constructed but we found some issues with construction quality, including poor flood control measures and potential problems with water drainage, inadequate grading, a deteriorating bridge, and potential difficulties securing the weapons training range. Table 1 shows the status of the cost and schedule for the garrison's three phases and the training range.

Table 1: Completion Dates and Award Amounts for the Gamberi ANA Garrison

Phase	Original Completion Date	Current Completion Date	Original Award Amount	Current Award Amount	Percentage Complete[a]
I	Sept. 27, 2008	Sept. 1, 2010	$49.2 million	$50.5 million[b]	99
II	June 17, 2009	July 1, 2010	$40.0 million	$41.1 million[c]	66
III	Sept. 5, 2010	Sept. 5, 2010	$26.8 million	$26.8 million	30
Training Range	July 4, 2010	Aug. 17, 2010	$10.5 million	$11.4 million[d]	22

Source: SIGAR analysis of contract, modifications, notices to proceed, and Resident Management System reports.

Notes:

[a] Percentages are as of April 8, 2010.

[b] Original award amount increased $1.3 million because AED-North exercised options to pave the entrance road and upgrade the wastewater treatment plant.

[c] Original award amount increased $1.1 million because AED-North exercised options and made changes in the scope of work.

[d] Original award amount increased $900,000 because AED-North exercised an option to demine the training range.

[7] Options are line items identified in the original contract as additions that may be included in the contract at the request of the contracting authority. Options are exercised by means of a contract modification.

Phase I Is Behind Schedule and Costs Have Increased Due to Additions to the Contract

The completion date of Phase I of the Gamberi garrison was originally September 27, 2008; was extended until November 5, 2008; and is now August 27, 2010, according to an AED-North official. AED-North awarded Phase I to DynCorp International LLC on November 24, 2007, for $49.2 million. AED-North issued seven modifications to the contract resulting in cost increases of almost $1.3 million, including options to pave the entrance road to the garrison and upgrade the wastewater treatment plant. Table 2 summarizes the modifications to the contract.

Table 2: Modifications to Contract W917PM-08-C-0009, Phase I

Modification	Date Signed	Purpose	Cost/Schedule Change
P00001	Dec. 5, 2007	Exercised option to pave entrance road	Cost increased by more than $797,000
P00002	Jan. 6, 2008	Changed description of contract line item	No change
P00003	Apr. 19, 2008	Upgraded electrical system	No change
P00004	July 25, 2008	Included FAR Clause 52.246-12, inspection of construction to the contract	No change
A00001	Jan. 19, 2009	Exchanged evaporative coolers	No change
A00002	Aug. 23, 2009	Extended contract	Completion date extended to Nov. 5, 2008
A00003	Oct. 29, 2009	Upgraded wastewater treatment plant	Cost increased by about $495,000

Source: SIGAR analysis of contract, modifications, notices to proceed, and Resident Management System reports.

According to an AED document as of April 8, 2010, Phase I was 99 percent complete. Additionally, AED-North had made payments of more than $50 million toward the total contract cost of Phase I. Because DynCorp did not meet the terms of the contract's schedule, however, certain monetary damages[8] may be assessed at the completion of Phase I. At that point, AED-North and DynCorp will determine the final amount of damages that DynCorp may have to provide to AED-North. As of April 8, 2010, the amount set aside for potential damages was more than $1.6 million.

[8] These damages are called liquidated damages and are the amount the contracting officer designates during the formation of a contract for the government to collect as compensation upon a specific breach (e.g., late performance).

Phase II Is Behind Schedule, with Increased Costs Due to Changes in Scope of Work

AED-North awarded the Phase II contract to DynCorp International LLC on August 7, 2008, for $40 million. The notice to proceed gave an initial completion date of June 17, 2009, and the contract was extended to January 21, 2010; however, according to an AED document, the anticipated completion date for Phase II is now July 1, 2010. AED-North issued five modifications to Phase II resulting in increased costs of more than $1.1 million. AED-North provided one modification that was not numbered and changed the location of several buildings. The initial completion date for Phase II was extended until January 21, 2010; however, Phase II was not complete as of this date. Table 3 summarizes the contract modifications.

Table 3: Modifications to Contract W917PM-08-C-0076, Phase II

Modification	Date Signed	Purpose	Cost/Schedule Change
Modification, not assigned number	Aug. 26, 2009	Changed location of several buildings and the motor pool Modified existing and new utility construction	Contract increased by almost $79,000 Completion date extended to Aug. 19, 2009
A00001	Jul. 22, 2009	Extended contract due to delays in May 2009	Completion date extended to Jun. 18, 2009
P00001	Jul. 30, 2009	Changed scope of work to provide asphalt on gravel roads Completion date extended	Contract increased by more than $624,000 Completion date extended to Jul. 20, 2009
A00003	Sept. 30, 2009	Changed scope of work to expand the medical clinic at the garrison Completion date extended	Contract increased by about $400,000 Completion date extended to Jan. 21, 2010
A00002	Oct. 21, 2009	Extended contract due to USACE delay during modification process	Completion date extended to Sept. 23, 2009

Source: SIGAR analysis of contract, modifications, notices to proceed, and Resident Management System reports.

According to AED-North, as of April 8, 2010, Phase II was 66 percent complete. Additionally, AED has made payments of more than $27 million toward the total contract cost of Phase II. Because DynCorp did not meet the schedule, it may be assessed damages at the end of Phase II.

Phase III Is Ahead of Schedule with No Cost Increases

Phase III is currently ahead of schedule. AED-North awarded Phase III to BYA Inc. on June 9, 2009, for over $26.8 million; the notice to proceed required a completion date for certain work items by May 8, 2010. The entire project is to be completed by September 5, 2010. AED-North issued one modification for Phase III with no increase to costs or schedule. Table 4 summarizes the contract modification.

Table 4: Modification to Contract W917PM-09-C-0052, Phase III

Modification	Date	Purpose	Cost/Schedule Change
P00001	Jun. 16, 2009	Modified the technical requirements under the contract	No change

Source: SIGAR analysis of contract, modifications, notices to proceed, and Resident Management System reports.

As of April 8, 2010, Phase III was 30 percent complete, with more than $8 million in payments made toward the total cost of the contract.

Training Range Is Behind Schedule with Some Cost Increases

The training range is currently behind schedule. AED-North awarded the construction of the training range to Lakeshore Engineering Services, Inc., on June 9, 2009, for $10.5 million. The notice to proceed required the project to be completed by July 4, 2010. AED-North issued two modifications for the training range that resulted in increased costs of almost $900,000 to demine the range. Additionally, the completion date for the range was extended until August 17, 2010. Table 5 provides information on the contract modifications.

Table 5: Modifications to Contract W917PM-09-C-0047, Training Range

Modification	Date	Purpose	Cost/Schedule Change
A00001	Sept.. 20, 2009	AED-North required contractor to include quality control requirements and specifications to the contract	No change
P00001	Dec. 14, 2009	Required contractor to demine the range	Cost increased by $859,014, and extended until Aug. 17, 2010

Source: SIGAR analysis of contract, modifications, notices to proceed, and Resident Management System reports.

As of April 8, 2010, the training range was 22 percent complete. AED has made payments of more than $2.2 million toward the total cost of the contract.

The Garrison Appears Well Built although It Has Some Quality Assurance Issues

We conducted a site inspection of the Gamberi garrison during February 1-4, 2010, and found that it appeared to be well constructed. The concrete for the foundations of buildings and the K-span prefabricated buildings was installed according to standards.[9] Additionally, we observed proper quality control methods used by the subcontractors at the garrison. However, we found some issues with construction quality, including poor flood control measures, inadequate grading, and a deteriorating bridge, as well as potential difficulties securing the weapons training range.

Proper Quality Control Methods Were Used at the Garrison

Overall, we found the site was well maintained and had no obvious constuction issues. We observed that proper quality control methods were used at the garrison, specifically with regard to the installation of concrete and K-span structures. For example, for concrete to be installed properly and structurally sound, it must be "cured" or hydrated and then covered with burlap and visqueen to solidify, according to contract requirements. The proper hydration of concrete is key to achieving maximum compressive strength, particularly in an arid environment such as Afghanistan.

We observed the contractor using proper concrete curing techniques, as shown in photo 1. It is not unusual to observe these curing techniques on building slabs or exposed finish grade concrete, but they are rarely used for concrete drainages or foundations.

Photo 1: Proper Concrete Curing Techniques at the Gamberi ANA Garrison

Source: SIGAR, February 2, 2010.

Additionally, we observed that the K-span structures for Phases I and II were constructed with no visible imperfections. The K-span buildings we examined had the roofs and walls attached. We examined the

[9] K-spans are pre-engineered structures that are designed to be erected in the shortest time possible.

ceilings and did not observe any visible defects such as buckling or inferior welds. Photo 2 shows a K-span building.

Photo 2: K-span Building Properly Installed at the Gamberi ANA Garrison

Source: SIGAR, February 2, 2010.

Further, during the course of the site inspection, we observed the contractor performing numerous quality control tests for Phase III. For example, in the areas where fill material was placed, we observed subcontractors performing sand cone density tests, which are required for determining the density of soil and gravel. We observed that the tests were performed at more than adequate intervals of approximately 50 feet along the road under construction. In addition, we observed the excavation and preparation of the foundation for an enlisted barracks. Onsite survey crews were monitoring the foundation excavations, which appeared precisely laid out and excavated. We also observed that the bottom of the excavation had been swept clean. In addition, we observed a cone density test performed on the footing to ensure that the soil was capable of bearing the pressure placed upon it.

Some Construction Quality Issues at the Garrison Need to Be Addressed

We observed some issues with the quality of construction, concerning water drainage, site grading, and securing the training range at the garrison. Regarding drainage, AED-North rejected DynCorp's intial flood control design for Phases I and II because the plan called for water to drain to a dry river bed (wadi) that ran through the the garrison and under the walls securing the base, which presented a security risk. In August 2009, the garrison experienced major flooding, and AED-North and DynCorp are currently attempting to implement flood control measures by digging an anti-vehicle and flood control trench on the outside of the garrison walls that will divert storm water runoff around the project (see photo 3). The channel will also serve as a barrier to vehicles approaching the garrison. We observed that, due to the size of the channel, silt will build up over time, limiting the amount of water that can be diverted. Thus, unless the ditch is maintained, this measure may not provide significant protection against future flooding.

Photo 3: Anti-Vehicle and Flood Control Trench at the Gamberi ANA Garrison

Source: SIGAR, February 2, 2010.

Further, poor grading at the construction site may result in drainage problems around some buildings. Sound construction practices dictate that soil grading should begin on the low end of a construction site and progress to the higher elevations to allow interim storm water runoff to drain completely off the project. We observed that the finished grade of the streets in the project are significantly higher than adjacent building slabs at several locations throughout the site, as shown in photo 4. The poor grading design will likely result in the accumulation of water around the structure. If not addressed, a significant rainfall could cause flooding.

Photo 4: Grading at the Gamberi ANA Garrison that May Result in Poor Drainage

Source: SIGAR, February 2, 2010.

AED-North personnel expressed concern about the structural integrity of a bridge located on the access road to the garrison's main gate. The bridge consists of a reinforced concrete deck, approximately 8 to 10 inches thick, supported by stone masonry walls on each side of a drainage ditch (see photo 5). AED-

North personnel were concerned that the deck of the culvert could collapse under the weight of heavily armored vehicles and construction traffic.

Photo 5: Bridge Near Entrance of the Gamberi ANA Garrison

Source: SIGAR, February 3, 2010.

Although the stone masonry walls appeared to be in good condition, the deck of the culvert is poorly constructed reinforced concrete. Due to improper concrete placement, the reinforcement bars on the underside of the concrete deck have inadequate contact with the concrete for proper strength and are exposed to the elements. The reinforcement bars showed signs of corrosion, as shown in photo 6. Because of these problems, the strength of the deck is severely degraded and may collapse under heavy traffic.

Photo 6: Exposed Reinforcement Bars on Underside of Culvert Deck over Drainage Ditch

Source: SIGAR, February 3, 2010.

According to the Lakeshore Engineering Services Inc. project manager, the weapons training range, which is 2.2 kilometers by 1.75 kilometers, will be fenced in to provide security for the training range by keeping local people from entering, including nomads who graze their animals in the area. We observed that the construction of a continuous fence around the area, as planned, will be a challenge due to the rugged terrain. The project manager noted that the nomads had already removed the survey markers

from the site, which may delay installation of the fence. Photo 7 illustrates the terrain on which the range is located.

Photo 7: Terrain of the Gamberi ANA Garrison Training Range

Source: SIGAR, February 4, 2010.

CONTRACT MANAGEMENT AND OVERSIGHT MEET U.S. AND CONTRACT REQUIREMENTS

Since September 2009, AED personnel have provided management and oversight for Phases I, II, and III, and the training range, as required by the FAR and USACE internal requirements. Prior to that time, AED-North was unable to provide daily oversight for the project because of the difficulty of getting to the site due to security issues. AED-North hired local nationals to conduct oversight, but due to their lack of training, they were unable to provide the oversight needed. During Phases I and II, DynCorp was issued two interim unsatisfactory ratings and but since taken correction actions, according to AED-North.

AED-North Had Some Difficulty Providing Daily Oversight before September 2009 but Has Met Other Quality Assurance Requirements

The Gamberi resident engineer (RE), who was also the Contracting Officer's Representative (COR) for Phase I, was located offsite and was unable to provide daily oversight over the project until September 2009, when the RE moved to the construction site. AED-North met other quality assurance requirements such as completing quality assurance and quality control reports, organizing contract files according to the AED quality assurance plan, and documenting progress payments made to contractors.

The RE began providing daily oversight of the project in September 2009. USACE guidance[10] states that the RE, who often serves as the COR or the designated authorized representative of the contracting officer,[11] is required to manage the USACE area office, provide guidance on implementing an effective quality assurance program, train resident office staff, and execute the mission successfully. Before September 2009, due to security issues, the RE had to commute from Forward Operating Base Hughie, about an hour away, to the garrison to conduct site visits. To provide the daily oversight needed, the RE employed local national quality assurance representatives to ensure that the contractor's work complied with the terms of the contract. However, according to the RE, the local national representatives had limited quality assurance experience and were not well versed in building standards. Because the RE was not onsite and the local nationals were inexperienced, some quality assurance issues were not addressed. Now that the RE and the COR assigned to Phases II, III, and the training range are on site, they hold biweekly quality assurance training programs with their local national representatives to train them to conduct proper quality assurance. The RE and COR may meet more than once a week with the contractor if issues arise. The COR for Phases II, III, and the training range stated that he addresses issues with the contractors as they arise and holds weekly meetings with the prime contractors. We reviewed the training certificates of the AED-North personnel assigned as CORs and resident engineer and found that they had received the required training.

According to USACE guidance, contract files must be organized to provide the history of the contract to in-coming personnel; this contributes to continuity of oversight of contractor performance. At the AED-North offices in Gamberi, we reviewed the contract files for Phases I, II, III, and the training range and found they contained the documents that the AED quality assurance plan deem essential for proper oversight. The files also were organized in the manner required by the the AED quality assurance plan.

Finally, SIGAR found that progress payments made to the contractors for the four contracts were documented properly. According to the FAR, the COR is responsible for reviewing payment vouchers submitted by the contractor and for approving the payments. We found that AED-North personnel meet monthly with the contractor to mutually agree upon the percentage of completed work that would be acceptable by the contractor and the COR for that month. The contractor then submits the request for payment to the COR for processing. The alternate contracting officer reviews and approves the payment request. The Contracting Officer authorizes the final payment.

DynCorp Was Issued Two Unsatisfactory Ratings Due to Delays on Phases I and II, but Corrective Actions Have Been Taken

AED-North issued DynCorp two unsatisfactory ratings for Phases I and II due to delays. The unsatisfactory rating for Phase I, dated February, 6, 2009, stated that DynCorp had replaced one program and two project managers since the start of construction, which caused the project to slip further behind. Further, DynCorp did not manage key personnel changes to ensure continuity.

[10] The USACE AED District-Level Quality Assurance Plan for Construction, dated December 15, 2008, and the FAR were the primary reference documents we reviewed to assess quality assurance requirements.

[11] The COR has the authority to take all actions related to contract administration with the exception of obligating the payment of money by the government or authorizing a change in contract performance or completion time.

Additionally, DynCorp failed to properly manage, control, and coordinate with subcontractors.[12] DynCorp also failed to replace subcontractors before they were released and terminated, which delayed the project. DynCorp responded to the interim unsatisfactory rating for Phase I acknowledging a lack of effective management during Phase I's initial performance period. DynCorp initiated several remedial actions before the rating was issued that included replacing the program manager.

The unsatisfactory rating for Phase II, dated May 3, 2009, stated that DynCorp was unable to commit sufficient resources and personnel to the project. Further, DynCorp failed to adequately locate and manage a sufficient number of subcontractors to commence work. AED-North considered terminating Phase II for default, but after a meeting between AED-North and DynCorp, they agreed to continue the project. In responding to the interim unsatisfactory rating for Phase II, DynCorp stated that it had begun several corrective actions to address the assertions AED-North had made. For example, DynCorp stated that it had changed its project management staff, created open communications with project officials, and implemented a new subcontracting plan and new process to ensure that subcontractors were qualified to perform the work required.

The DynCorp program manager stated that there were a number of reasons DynCorp fell behind schedule. During the past year, DynCorp's workforce was reduced when Pakistani workers employed as subcontractors returned to Pakistan, and Afghanistan authorities did not allow them to re-enter the country. DynCorp also experienced problems obtaining materials. For example, according to the DynCorp program manager, the Afghanistan National Police wanted illegal payments to allow materials to come through on the roads. The Afghanistan customs office and police prevented the movement of materials such as pre-engineered metal buildings, insulation, and windows through the Pakistan border, which caused delays. Furthermore, according to the DynCorp program manager, DynCorp has had difficulties accelerating work to make up for lost time. After DynCorp fired one of the subcontractors, the garrison was attacked in January 2010. For safety reasons, the garrison now keeps its lights out from dusk to dawn, and DynCorp cannot work multiple shifts to increase the pace of construction.

According to the RE and COR, the quality of DynCorp's management has improved. The RE stated that, once DynCorp's initial program manager and other senior personnel were replaced in December 2008, the project began to make progress. The current DynCorp program manager stated that he meets with the RE or the COR, usually more than once a week, and with all of the subcontractors weekly.

According to the COR, BYA Inc. and Lakeshore Engineering Services are properly managing their subcontractors and meet with AED regularly. In addition, BYA meets regularly with other prime contractors to discuss any issues that may arise with the subcontractors, according to a BYA official.

[12] We identified 17 Afghanistan subcontractors that performed work on Phases I and II.

NTM-A/CSTC-A LACKS OVERALL PLANNING FOR ANSF FACILITIES BUT IS DEVELOPING A PROCESS TO MEET CHANGING REQUIREMENTS AND PROVIDE FOR SUSTAINMENT

NTM-A/CSTC-A was not aware of any planning documents or justification for the garrison that provided information on the strategic deployment of ANA troops, garrison locations, or operations. As of February 2010, NTM-A/CSTC-A officials stated that they are developing a process to capture changing ANSF facility requirements. In addition, because the government of Afghanistan does not have the capacity to sustain the facilities, AED is in the process of awarding two new contracts to provide for their operations and maintenance.

Lack of Overall Planning for ANSF Facilities, but Process Is Being Developed to Capture Changing Requirements

In February 2010, NTM-A/CSTC-A officials stated that they were unaware of any planning documents or justification for the garrison that provided information on the strategic deployment of ANA troops, garrison locations, or operations. In response to our questions, NTM-A/CSTC-A provided us with the Office of the Secretary of Defense, Fiscal Year 2008, Security Forces Fund Justification for Iraq Security Forces Fund (ISFF) and ASFF. This funding document cited an ANA Master Plan for Facilities Development, October 2005. However, NTM-A/CSTC-A officials were not aware of this document nor could they provide us with any other planning document that addressed this issue.[13]

In addition, other planning documents we reviewed did not provide information on overall planning. For example, the June 2008 *United States Plan for Sustaining the Afghanistan National Security Forces* provides details on how NTM-A/CSTC-A would work with MOD and Ministry of Interior to increase management and assessment procedures for the ANSF. Additionally, NTM-A/CSTC-A, in close coordination with the government of Afghanistan, developed the *Campaign Plan for the Development of Afghan National Security Forces* in September 2008. The goals of the plan are to build and develop ministerial institutional capability and to generate and develop the fielded forces. However, neither of these plans provides information on the strategic deployment of ANA troops, garrison locations, or operations. When we asked NTM-A/CSTC-A officials for overall planning or justification documents used for the construction of the Gamberi garrison, they informed us they were not aware of any overall plans or justification documents. An overall planning document or justification for the Gamberi garrison and the ANSF facilities in general is important for NTM-A/CSTC-A and the MOD to ensure that, as requirements change, the initial scope can be adapted as needed and resources can be prioritized and used effectively to achieve strategic goals.

Without an updated strategy that reflects current ANSF requirements, NTM-A/CSTC-A runs the risk of building facilities that do not meet ANA needs. For example, a senior NTM-A/CSTC-A official stated that

[13] In April 2010, NTM-A/CSTC-A provided us a document referred to as a "Conceptual Master Plan for the ANA" that was developed in the spring and summer of 2006. The document addresses the mission and facility requirements for a number of ANA command level organizations—including the Kabul Military Training Center, a Ministry of Defense Compound, a Medical Command, an Acquisition Agency, and an Afghan National Army Training Command. The planning and analysis of these ANA facilities appears detailed and comprehensive. However, the plan provided to us does not address ANA garrisons, is not signed or dated, and is missing numerous pages.

it may be possible that a garrison built based on 2005 plans and perceived needs would likely have different needs 5 years later. He stated that NTM-A/CSTC-A, to address these concerns, is creating a process to capture changing requirements of the garrisons as they move forward to help ensure that adjustments can be made if requirements change from those originally envisioned.

Government of Afghanistan Does Not Have the Capacity to Sustain ANSF Facilities, but the Goal of New Contracts Is to Provide for Sustainment of Facilities and Training of Afghans

A NTM-A/CSTC-A official stated that the government of Afghanistan does not have the financial or technical capacity to sustain Gamberi or other ANSF facilities once they are completed. Since 2002, the United States and the international community have provided funding for sustainment of ANA facilities. According to the NTM-A/CSTC-A 2008 campaign plan, future costs of sustainment may continue through 2025. In September 2006, AED awarded an operations and maintenance contract for $200 million to Contrack International Inc. to provide for the sustainment of ANSF facilities. When this current contract expired October 15, 2009, AED exercised an option to extend the ANA contract with Contrack International Inc. for 6 months. Currently, Contrack International Inc. is conducting operations and maintenance at the power plant located at the Gamberi garrison. Cost of operations and maintenance at Gamberi is more than $1 million. Expenses to date have been more than $377,000.

According to the AED program manager for operations and maintenance, two new contracts for operations and maintenance for ANSF facilities will be awarded by May 21, 2010. These contracts will cover ANA and ANP facilities in northern and southern Afghanistan for up to $450 million and $350 million, respectively. According to the program manager, these contracts will be for 1 base year plus 4 optional years. These contracts will be indefinite delivery/indefinite quantity contracts[14] with task orders for operations and maintenance activities written against the contracts at specific locations. According to the program mangager for operations and maintenance, a total of 663 sites will be covered over the life of these contracts. However, not all sites are completed and will be added with task orders as warranted.

According to the AED official program manager for operations and maintenance, the new contracts will require a training program for Afghan workers in all aspects of operations and maintenance. The program will be expanded with each additional year to include all regions in Afghanistan. According to the program manager, NTM-A/CSTC-A plans to transfer responsibility for all operations and maintenance for the ANSF facilites to the government of Afghanistan by 2013. The contractor will train Afghans to support these functions. The MOD will begin taking responsibility in selected locations beginning in 2010 with all locations phased in over time. The additional option years for the contracts are included if the all of the ANSF facilities are not turned over by 2013.

[14] Indefinite delivery/indefinite quantity contracts may be used to acquire supplies and/or services when the exact times and/or exact quantities of future deliveries are not known at the time of contract award.

CONCLUSIONS

Scheduled for completion by early September 2010, the Gamberi ANA garrison and training range appear to be well constructed. However, we found several issues with the quality of construction at the garrison. A large anti-vehicle and flood control trench on the outside of the garrison walls will divert water around the garrison. However, as silt builds up in the channel over time, the amount of water diverted will be limited and the channel may not protect against flooding. Inadequate onsite grading may result in flooding or standing water around some buildings. In addition, a bridge near the garrison entrance could collapse under heavy traffic as the strength of the deck has been compromised. Finally, the weapons training range will need to be fenced, which will be difficult due to the rugged terrain. The United States has paid more than $87 million out of the current contracts' value of $129.8 million to build this garrison in support of ANA operations in Laghman Province. To protect U.S. investment in the garrison and provide a functioning facility for ANA troops, the construction issues we observed at the garrison need to be addressed.

RECOMMENDATIONS

To ensure the quality of the construction at the Gamberi garrison, we recommend that the U.S. Commanding General, USACE, direct AED-North to address the following construction issues:

1. Mitigate silt accumulation in the anti-vehicle and flood control trench,
2. Ensure that the site is properly graded,
3. Repair bridge near the main entrance of the garrison, and
4. Secure the weapons training range.

COMMENTS

USACE and NTM-A/CSTC-A provided written comments on a draft of this report. The comments are reproduced in appendices II and III, respectively. We also met with DynCorp International officials and discussed the draft with them.

In its response, USACE stated that it concurred with the report's recommendations. USACE provided some additional comments that we have incorporated into this report, as appropriate.

NTM-A/CSTC-A stated that it concurred with the draft report. It did not specifically comment on the recommendations nor take issue with our description of current plans to provide for the operations and maintenance of the facilities. However, NTM-A/CSTC-A commented on our observation that it could not locate any planning documents or justification for the garrison that provided information on the strategic deployment of ANA troops, garrison locations, or operations. NTM-A/CSTC-A stated that we did not reflect the true state of NTM-A/CSTC-A's operational planning. We understand and appreciate NTM-A/CSTC-A's position, namely, that the rapid operational pace and changing ANA requirements over the last few years cannot be understated. We also did not question the strategic positioning of the Gamberi garrison or whether the garrison requirements were given proper scrutiny. Rather, we

questioned why the strategic and tactical requirements for Gamberi and other ANA garrisons had not been more formally documented. NTM-A/CSTC-A also provided a number of technical comments and suggestions that we incorporated throughout the report, as appropriate.

Finally, in meeting with DynCorp officials, they basically concurred with the factual information we presented. They noted that flood control and potential drainage issues at the construction site have been a concern since before construction started, and they have designed a system of ditches and culverts to mitigate the problem. These officials also noted that DynCorp is working with AED-North to address the structural integrity to the bridge near the entrance to the garrison.

APPENDIX I: SCOPE AND METHODOLOGY

This report provides the results of the Office of the Special Inspector General for Afghanistan Reconstruction's review of the NTM-A/CSTC-A's project to construct a garrison in Gamberi. This report addresses (1) whether the Gamberi garrison was constructed within the terms of the contract, including schedule and cost; (2) whether USACE oversight of the Gamberi garrison construction was conducted in accordance with the Federal Acquisition Regulation (FAR), United States Corps of Engineers (USACE) requirements, and oversight provisions of the contract; and (3) what NTM-A/CSTC-A's overall justification for the garrison was and what plans it has for sustainment of ANSF facilities.

To examine contract outcomes, including schedule and cost, we met with officials from NTM-A/CSTC-A, AED-North, DynCorp international LLC, BYA Inc., Lakeshore Engineering Services and USACE. We reviewed the contracts, statements of work, notices to proceed, and modifications for Phases I, II, III, and the training range. We conducted a site inspection of the Gamberi ANA garrison during February 1-4, 2010, to observe the project and identify any quality assurance issues that AED-North would need to address. We used computer processed data from the U.S. Army Corps of Engineers' Resident Management System to determine the progress and payments made to date for each contract we reviewed. In addition, the Resident Management System provided information on issues and challenges for each contract. We verified information in the system with hard-copy contract files. Though the Resident Management System had some minor errors, we determined that these data were sufficient for the purposes of our review.

To examine the contracting process and oversight, we met with officials from NTM-A/CSTC-A, AED-North, DynCorp international LLC, BYA Inc., and Lakeshore Engineering Services. We reviewed criteria and guidance in the FAR and the AED District Level Quality Assurance Plan for Construction, dated December 15, 2008, to determine if the contracting process and oversight of the contract met requirements. Additionally, we reviewed AED guidance to determine the roles and responsibilities for AED personnel. We reviewed contracts, statements of work, notices to proceed, and modifications for the Gamberi garrison to determine if the contracting process met criteria established in USACE guidance. We reviewed the contract files for Gamberi to determine if the contract files were maintained according to USACE guidance. We reviewed and analyzed a judgmental sample of the quality assurance reports for each contract to determine if the COR's oversight met USACE guidance. We reviewed training certificates and resumes of the former and current CORs to determine if these personnel had received required USACE training. We reviewed the progress payments obtained from AED-North to determine if payments made to the contract were done so in accordance with the FAR and USACE guidance. We reviewed the unsatisfactory ratings DynCorp received to determine the reasons for the delays for Phases I and II. We also identified the Afghanistan subcontractors that performed work at the garrison. In conducting the audit, we assessed certain internal controls pertinent to the audit objectives regarding the administration and oversight of the contracts. Specifically, we identified and reviewed internal and management control procedures required by the FAR and the AED District Level Quality Assurance Plan for Construction, dated December 15, 2008. We relied on available documents in the contract files and analyzed these documents to determine if the internal controls for this project were adequate. The specific results of our review are contained in the findings sections of the report.

To examine U.S. government efforts to transfer the garrison to the government of Afghanistan and provide for its sustainment, we met with officials from NTM-A/CSTC-A and AED-North to determine what sustainment plans the Afghanistan government has in place. We reviewed the current operations and maintenance contract to determine the total cost to sustain the ANSF facilities. We also reviewed CSTC-A's *Campaign Plan for the Development of Afghan National Security Forces* and the June 2008 *United States Plan for Sustaining the Afghanistan National Security Forces.*

This report is one in a series of Special Inspector General for Afghanistan Reconstruction performance audits that examines contract cost, schedule, and outcome; oversight; and sustainment. We conducted work in Afghanistan, and Washington, D.C., from November 2009 to April 2010 in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit was conducted by the Office of the Special Inspector General for Afghanistan Reconstruction under the authority of Public Law No. 110-181, and the Inspector General Act of 1978, as amended.

APPENDIX II: COMMENTS FROM U.S. ARMY CORPS OF ENGINEERS

DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET, NW
WASHINGTON, DC 20314-1000

REPLY TO
ATTENTION OF

CEIR

23 April, 2010

MEMORANDUM FOR Assistant Special Inspector General For Afghanistan Reconstruction 400 Army Navy Dr, Arlington, Virginia 22202

SUBJECT: USACE Response to Special Inspector General Draft Report for Afghanistan Reconstruction Audit Report 10-10, ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed (SIGAR Audit-10-10).

1. Reference, Draft SIGAR audit Report, 10-10 dated April 2010.

2. The enclosed reply from the Commander, AED North, represents the final USACE.

3. If you have any questions concerning our comments, please contact Alicia S Matias at 202-761-4573.

Encl

BRENDA L MAYES
Deputy Chief, Internal Review
HQ US Army Corps of Engineers

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DEPARTMENT OF THE ARMY
US ARMY CORPS OF ENGINEERS-NORTH
AFGHANISTAN ENGINEER DISTRICT
APO AE 09356

REPLY TO
ATTENTION OF

CETAN-DE

22 April 2010

MEMORANDUM THRU

Deputy Commander, Transatlantic Division, 255 Fort Collier Road, Winchester, VA 22603-5776
Deputy Commanding General, Military and International Operations, 441 G Street NW, Washington, D.C. 20314-1000

FOR Commanding General, Headquarters, U.S. Army Corps of Engineers, ATTN: Internal Review, 441 G Street NW, Washington, D.C. 20314-1000

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction Audit Report 10-10, ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed

1. Reference. Draft SIGAR Audit Report, 10-10.

2. Purpose. This memorandum provides the U.S. Army Corps of Engineers, Afghanistan Engineer District - North, response to the subject draft audit report.

3. Based on our review of the draft report, we concur with the four recommendations. We have attached our written comments as an enclosure.

4. If you have any questions, please contact Mr. Carroll Correll, Internal Review, at 540-667-6603, or by e-mail at carroll.b.correll@usace.army.mil.

Encl
as

MICHAEL MCCORMICK
COL, EN
Commanding

CF:
Commander, JFEC
Director, JPIO

AED-N RESPONSES TO THE SIGAR RECOMMENDATIONS
GAMBERI ANA PROJECT

SIGAR RECOMMENDATION: Mitigate silt accumulation in the drainage channel being constructed for flood control.

See SIGAR comment 1.

AED-N Response (pages ii, 5, 9-10, 17, 18 in the draft): CONCUR. The Jalalabad Area Office is presently resolving the issue of silt accumulation in the anti-vehicle diversion trench (not drainage channel). The actions were briefed to SIGAR during their site visit on 1-4 February 2010.

SIGAR RECOMMENDATION: Ensure that the site is properly graded.

See SIGAR comment 2.

AED-N Response (pages ii, 5, 9-11, 17 in the draft): CONCUR. The Contractor has provided additional drainage features to control and divert flows through the project site. These drainage features were in place at the time of the SIGAR site visit in February 2010, and briefed to the auditors accordingly. AED-N has also implemented a master plan study for the Garrison at Gamberi which addresses a comprehensive drainage plan for all phases.

SIGAR RECOMMENDATION: Repair bridge near the main entrance of the Garrison.

See SIGAR comment 3.

AED-N Response (pages ii, 5, 9, 11-2, 17 in the draft): CONCUR. AED-N began negotiations with the Contractor for the culvert issue before the SIGAR site visit and this situation will be corrected before final acceptance of this project. The SIGAR team was briefed on the issue and AED-N's planned corrective action during their visit on 1-4 February 2010.

SIGAR RECOMMENDATION: Secure the weapons training range.

See SIGAR comment 4.

AED-N Response (pages ii, 5, 9, 12, 18): CONCUR. The contract requires the Contractor to design and install a security perimeter fence. This work is presently in the design phase and was not installed at the time of the SIGAR site visit. The perimeter fencing will be installed at the time of completion. The auditors were briefed on all contracting requirements for the fencing at the time of their visit.

Encl

The following are SIGAR's comments on AED-North's letter dated April 23, 2010:

1. This was not discussed to the extent that AED-North asserts. We added language to the report to indicate that the channel is an anti-vehicle diversion trench.

2. This was not discussed to the extent that AED-North asserts.

3. This was not discussed to the extent that AED-North asserts. Nevertheless, the bridge still needs to be repaired even though AED-North was in negotiations with the contractor to repair the bridge at the time of our site inspection.

4. This was not discussed to the extent that AED-North asserts. Our concern was not about installing the fence. Rather, we are concerned that securing the training range will be difficult due to the rugged terrain and that the fencing could be easily breached.

APPENDIX II: COMMENTS FROM NATO TRAINING MISSION-AFGHANISTAN/COMBINED SECURITY TRANSITION COMMAND-AFGHANISTAN

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

REPLY TO
ATTENTION OF

NTM-A/CSTC-A-CJIG

23 April 2010

MEMORANDUM FOR MEMORANDUM THRU

United States Forces - Afghanistan (CJIG), APO AE 09356
United States Central Command (CCIG), MacDill AFB, FL 33621

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

SUBJECT: NTM-A/CSTC-A Response to the Draft Report "ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed" (SIGAR Audit 10-10, Contract Performance and Oversight)

1. Reference: Draft Report, dated XX April 2010, Special Inspector General for Afghanistan Reconstruction (SIGAR), subject as above.

2. The purpose of this memorandum is to concur with the SIGAR's draft report with comments.

3. Point of contact for this action is LTC Ness, Deputy CJIG at DSN (318) 237-1234, email: james.w.ness@afghan.swa.army.mil.

Jeffrey L Kent

Encl
As

JEFFREY L. KENT
COL, SF, USA
Senior ANSF IG Advisor/Command IG

SIGAR DRAFT REPORT
SIGAR 10-10
"ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed"
(SIGAR Audit No. 016A)

GENERAL COMMENTS ON THE REPORT

See SIGAR comment 1.

1. (U) Page i. Delete "Major General Richard P. Formica" as Commanding General, NATO Training Mission Afghanistan/Combined Security Transition Command-Afghanistan and replace with "Lieutenant General William B. Caldwell IV"

2. (U) Page ii. Paragraph "What SIGAR Reviewed". The report states:

*"This report addresses the **contract's cost,** schedule, and outcome; oversight; and the sustainment of the Gamberi garrison."*

See SIGAR comment 2.

This project is a firm-fixed price contract, and is not subject to any adjustment due to the cost experience of the contractor during the performance of the contract. We recommend deleting "cost" and replacing with "price."

3. (U) Page ii. Paragraph "What SIGAR Found". The report states:

"All phases of the garrison are scheduled to be completed by September 2010, with some increases in cost."

See SIGAR comment 2.

This statement is ambiguous and may be misinterpreted as a projected cost overrun; even though all contracts are firm-fixed price under which cost incurred by the contractor does not impact the government. The sentence, as structured, relates the "increases in costs" with the completion of the construction. However, the increases were to the agreed-to firm-fixed prices of the contracts and are not associated with the action of completing the construction or the costs incurred by the contractor.

4. (U) Page ii, Paragraph "What SIGAR Found" and throughout report. The Report states:

"NTM-A/CSTC-A did not provide us with the ANA Master Plan for Facilities Development, dated October 2005. Without an updated strategy that reflects current ANSF requirements NTM-A/CSTC-A (NTM-A should be omitted) runs the risk of building facilities that do not meet ANA needs."

See SIGAR comment 3.

The statement does not reflect the true state of affairs of NTM-A/CSTC-A operational planning, and the report should make it clear that the strategic positioning of the garrison and the fact that the requirement was given proper scrutiny is not brought into question. This is an operational environment, and the pace at which this Command was required to field and develop security forces should not be under-estimated. The substance of this section is the utilization of documentation that facilitates routine scrutiny of the build, juxtaposed to the requirement and the operational situation. Given the operational pace, our relationship with the Regional Support Teams and continual monitoring of the operational situation, NTM-A/CSTC-A's situational awareness cannot be compared to a command in a CONUS based, stateside environment. Additionally, the planned projected end-strength for 2009 and beyond has changed since 2005. The ANA growth was approved for 134K by the Joint Coordination Monitoring Board (JCMB) in SEP 08 to be achieved by 2014. The decision to accelerate the growth goal target date was moved from 2014 to OCT 11 and then finally to OCT 10. The accelerated growth decision caused changes to all requirements supporting the ANA. The ANA end-strength was approximately 100,131 in DEC 09. The ANA is expected to grow to 134,000 by the end of OCT 10 and the JCMB

approved growth to 171.6K by OCT 11. Any requirement for additional growth will be evaluated at the end of DEC 10. However, the point is well taken; our access to original documentation must be better, for both assessing the continued validity of the requirement and for audit purposes.

Regarding updated strategy that reflects current and future ANSF requirements, NTM-A/CSTC-A has partnered with the Afghan Ministry of Defense and Ministry of Interior to develop and execute plans to establish and sustain Afghan national security. These plans include the ANA Fielding Plan (Annex K), which defines the force structure and order units are built in each fiscal year. The NTM-A/CSTC-A lead staff element for this endeavor is the CJ7 (Force Integration and Training), who develops, synchronizes, and coordinates strategic and operational plans to generate and reform the ANSF through Force Development, Force Integration, Training, and Education. However, the CJ7 was not consulted by SIGAR during their audit. In terms of facility requirements, construction follows operational planning, and thus what is constructed is determined by/in support of the Operational Master Plan. NTM-A/CSTC-A's operational plan is certainly flexible enough to keep up with events on the ground and changing political realities.

5. (U) Page iii. "TABLE OF CONTENTS":

"Phases I, II, and Training Range Are Not Within the Original Schedule and Cost; Phase III Is Ahead of Schedule, Page 5"

See SIGAR comment 4.

This title suggests a negative attribute (behind schedule) and a neutral attribute (exercising of valid contract options). This implies both conditions/attributes are negative. We recommend the reports' phraseology/verbiage and presentation be changed to the following to avoid these implications: *"Discussion of Completion Dates and Award Amounts by Phase".*

"NTM-A/CSTC-A Lacks Overall Planning for ANSF Overall Planning for ANSF Facilities but is Developing a Process to Meet Changing Requirements and Provide for Sustainment, Page 15"

The title of this section infers that NTM-A/CSTC-A has no force development and integration system that synchronizes strategic and operational plans to generate the ANSF. Our response in Paragraph 4 further elaborates our position.

See SIGAR comment 2.

6. (U) Page 1. The report reads:

"This report addresses (1) whether the Gamberi garrison was constructed within the terms of the contracts, including schedule and cost:"

Since the Gamberi garrison construction contracts are firm-fixed price, we recommend the words "and cost" be deleted.

7. (U) Page 1. Footnote 4 reads:

SIGAR DRAFT REPORT
SIGAR 10-10
"ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed"
(SIGAR Audit No. 016A)

GENERAL COMMENTS ON THE REPORT

*Firm-fixed price contracts require the contractor to deliver services within an agreed-upon schedule and **cost**."*

See SIGAR comment 2.

Firm-fixed price contracts require the contractor deliver services and/or products **at** an agreed upon **price**, not **within** an agreed-upon **cost**. Firm-fixed-price contracts are awarded based on an agreed-upon amount which constitutes the price paid by the government to the contractor. A typical firm-fixed price contract only requires the contractor deliver the services and/or products in accordance with the delivery schedule. In return, the government is required to pay the agreed-upon fixed price. We recommend the word "cost" be deleted and replaced with "at an agreed-upon price"

8. (U) Page 5. The report reads:

See SIGAR comment 5.

*"The first three phases of the Gamberi ANA garrison and the training range are currently scheduled to be completed **will be completed by** September 2010 with an increase of **$3.4 million** in **cost** as a result of AED-North exercising options in the contracts."*

We recommend the phrase "**will be completed by**" be deleted and replaced with "by" and "**cost**" changed to "**price**".

In Table 1, differences between the "Original Award Amounts" and the "Current Award Amounts" for Phases I, II, III, and Training Range totals $3.3 million, and is supported by footnotes b, c, and d. However, the verbiage above states an increase of $3.4 million. We recommend this discrepancy be corrected.

9. (U) Page 5. The title at the top of this page reads:

"PHASES I, II, AND THE TRAINING RANGE ARE NOT WITHIN THE ORIGINAL SCHEDULE AND COST; PHASE III IS AHEAD OF SCHEDULE"

See SIGAR comment 4.

This title suggests a negative attribute (behind schedule) and a neutral attribute (exercising of valid contract options). This implies both conditions/attributes are negative. We recommend the reports' phraseology/verbiage and presentation be changed to the following to avoid these implications: *"DISCUSSION OF COMPLETIONS DATES AND AWARD AMOUNTS BY PHASE".*

See SIGAR comment 6.

10. (U) Page 6, 7, 8. By exercising options, the life of the total project is sometimes extended by agreement. Thus, one cannot relate the information in the tables to the rest of the report. It is not clear as to which portion of the schedule change is related to the exercising of an option (e.g., 300 days to complete the Entrance Road Option from the time of exercising the option), poor oversight (change in program management staff), extenuating circumstances (ANP illegally holding up shipments), or other reasons (e.g., the compound being attacked). Recommend amending the tables to quantify reasons for delays.

Page 3 of 5

SIGAR DRAFT REPORT
SIGAR 10-10
"ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed"
(SIGAR Audit No. 016A)

GENERAL COMMENTS ON THE REPORT

The titles on the corresponding pages read:

"Phase I Is Behind Schedule and Costs Have Increased Due to Additions to the Contract" (Page 6)

By exercising options, the construction schedule is automatically extended. The words "*Behind Schedule and Costs*" imply mismanagement and poor contract oversight, which is not the case. We recommend the title be changed to: *"Breakout of Phase I Options"*

"Phase II Is Behind Schedule, with Increased Costs Due to Changes in Scope of Work" (Page 7)

In the report it is unclear why Phase II is behind schedule, such as schedule delays due to exercising pre-planned options, fault of the contractor, or responding to engineering or construction realities on the grounds. Again, the title's phraseology/verbiage implies mismanagement and poor contract oversight, which is not the case. We recommend expanding on the schedule comments and change the title: *"Breakout of Phase II Options"*

"Phase III Is Ahead of Schedule with No Cost Increases" (Page 8)

This project is a firm-fixed price contract, and is not subject to any adjustment due to the cost experience of the contractor during the performance of the contract. We recommend changing the title to *"Breakout of Phase III Options"*

"Training Range Is Behind Schedule with Some Cost Increases" (Page 8)

The report is unclear as to which extensions of scheduled contract completion dates are due to added scope and which are due to being "behind schedule." We recommend changing the title to *"Breakout of Training Range Options"*

See SIGAR comment 3.

11. (U) Page 15, "NTM-A/CSTC-A Lacks Overall Planning For ANSF Facilities But Is Developing A Process To Meet Changing Requirements And Provide For Sustainment" and "Lack of Overall Planning for ANSF Facilities, but Process Is Being Developed to Capture Changing Requirements ". The report states:

"NTM-A/CSTC-A was not aware of any planning documents or justification for the garrison that provided information on the strategic deployment of ANA troops, garrison locations, or operations....."

As stated in Response #4, the statement does not reflect the true state of affairs of NTM-A/CSTC-A operational planning, and the report should make it clear that the strategic positioning of the garrison and the fact that the requirement was given proper scrutiny is not brought into question. This is an operational environment, and the pace at which this Command was required to field and develop security forces should not be under-estimated. The substance of this section is the utilization of documentation that facilitates routine scrutiny of the build, juxtaposed to the requirement and the operational situation. Given the operational pace, our relationship with the Regional Support Teams and continual

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SIGAR 10-10
"ANA Garrison at Gamberi Appears Well Built Overall but Some Construction Issues Need to Be Addressed"
(SIGAR Audit No. 016A)

GENERAL COMMENTS ON THE REPORT

monitoring of the operational situation, NTM-A/CSTC-A's situational awareness cannot be compared to a command in a CONUS based, stateside environment. Additionally, the planned projected end-strength for 2009 and beyond has changed since 2005. The ANA growth was approved for 134K by the Joint Coordination Monitoring Board (JCMB) in SEP 08 to be achieved by 2014. The decision to accelerate the growth goal target date was moved from 2014 to Oct 11 and then finally to Oct 10. The accelerated growth decision caused changes to all requirements supporting the ANA. The ANA end-strength was approximately 100,131 in DEC 09. The ANA is expected to grow to 134,000 by the end of OCT 10 and the JCMB approved growth to 171.6K by OCT 11. Any requirement for additional growth will be evaluated at the end of DEC 10.

Regarding updated strategy that reflects current and future ANSF requirements, NTM-A/CSTC-A has partnered with the Afghan Ministry of Defense and Ministry of Interior to develop and execute plans to establish and sustain Afghan national security. These plans include the ANA Fielding Plan (Annex K), which defines the force structure and order units are built in each fiscal year. The NTM-A/CSTC-A lead staff element for this endeavor is the CJ7 (Force Integration and Training), who develops, synchronizes, and coordinates strategic and operational plans to generate and reform the ANSF through Force Development, Force Integration, Training, and Education. However, the CJ7 was not consulted by SIGAR during their audit. In terms of facility requirements, construction follows operational planning, and thus what is constructed is determined by/in support of the Operational Master Plan. NTM-A/CSTC-A's operational plan is certainly flexible enough to keep up with events on the ground and changing political realities.

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The following are SIGAR's comments on CSTC-A's letter dated April 23, 2010:

1. Correction made.

2. We changed footnote 4, page 1, to better define a firm fixed-price contract and define cost. Throughout the report, we use the term "cost" to refer to the eventual cost of the garrison to the United States. We understand that under the terms of a firm fixed-price contract, a contractor's costs are normally not negotiable, and we are not referring to the contractor's costs. Rather, we are referring to the costs to construct the garrison as part of the U.S. efforts to train and equip the ANA.

3. As we noted in the report, the ANA Master Facilities Plan dated October 2005 was referred to in a budget justification document for fiscal year 2008 provided to us by NTM-A/CSTC-A. We asked NTM-A/CSTC-A officials for a copy of this 2005 Master Plan and any updates to it. NTM-A/CSTC-A could not locate such a document, nor did they refer us to CJ7. Additionally, we asked U.S. Central Command (CENTCOM) to help locate a copy. After we submitted a copy of this draft report for comment, NTM-A/CSTC-A provided us a document referred to as a "Conceptual Master Plan for the ANA" that was developed in the spring and summer of 2006. CENTCOM also provided some information about this document, including some additional pages. The document addresses the mission and facility requirements for a number of ANA command level organizations—including the Kabul Military Training Center, a Ministry of Defense Compound, a Medical Command, an Acquisition Agency, and an Afghan National Army Training Command. The planning and analysis of these ANA facilities appears detailed and comprehensive. However, the plan provided to us does not address ANA garrisons, is not signed or dated, and is missing numerous pages.

4. According to USACE's Resource Management System and other AED-North documentation and officials from AED-North and DynCorp International, Phases I and II and the training range are behind schedule. We did not mean to imply that exercising contract options was an unexpected cost to the United States and have made this clear throughout the report.

5. Correction made.

6. The tables corresponding to Phases I, II, III, and the training range were intended to summarize the contract modifications. We explain each in more detail in the text that follows each table.

(This report was completed under the audit project code SIGAR-016A).

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