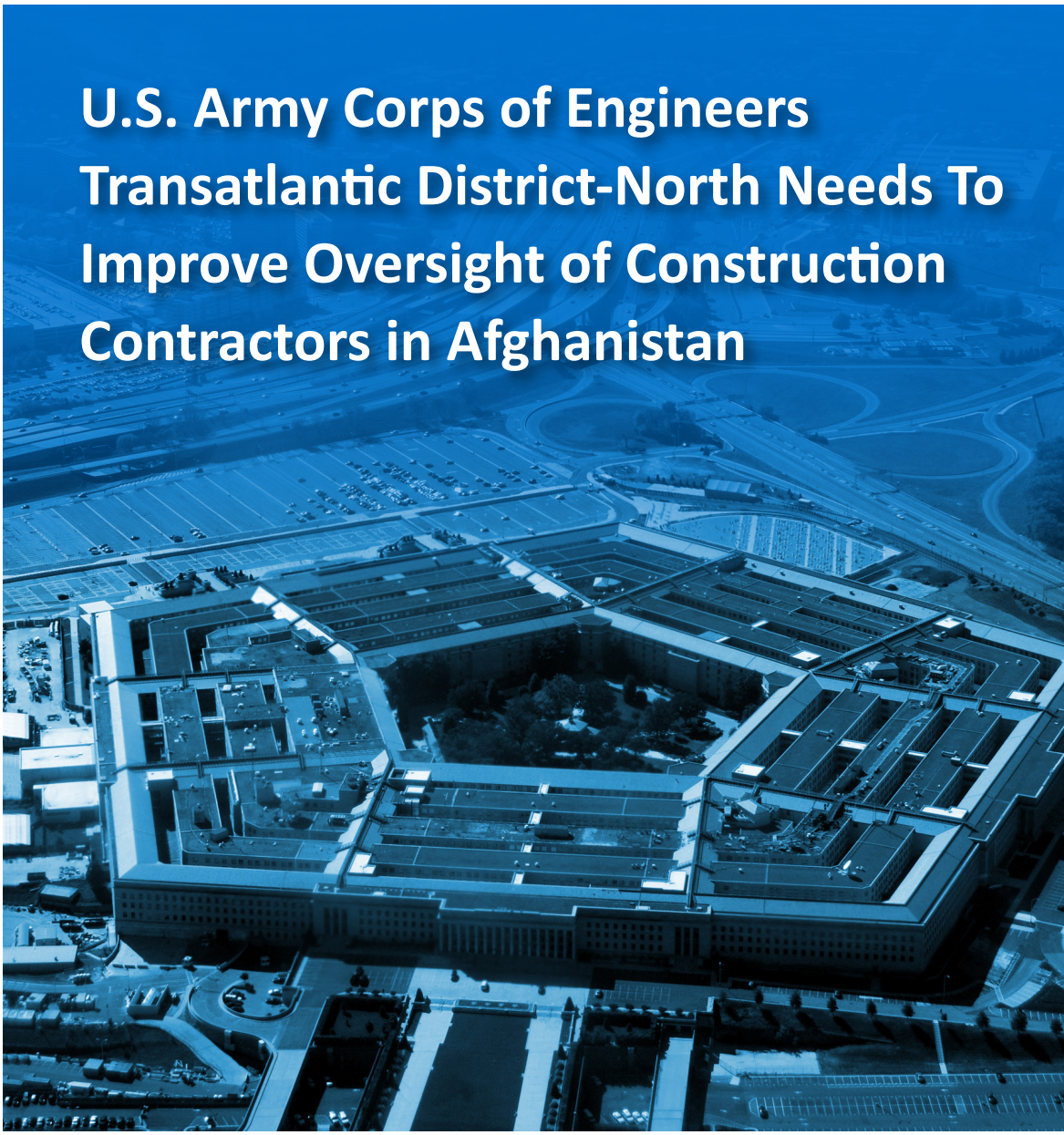
Report No. DODIG-2014-010

Inspector General

U.S. Department of Defense

NOVEMBER 22, 2013

U.S. Army Corps of Engineers Transatlantic District-North Needs To Improve Oversight of Construction Contractors in Afghanistan



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

Mission

Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that: supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.

Vision

Our vision is to be a model oversight organization in the federal government by leading change, speaking truth, and promoting excellence; a diverse organization, working together as one professional team, recognized as leaders in our field.

Fraud, Waste and Abuse

HOTLINE

1.800.424.9098 • www.dodig.mil/hotline

For more information about whistleblower protection, please see the inside back cover.

Results in Brief

U.S. Army Corps of Engineers Transatlantic District-North Needs To Improve Oversight of Construction Contractors in Afghanistan

November 22, 2013

Objective

This audit is one in a series of reports on military construction (MILCON) projects in Afghanistan. Our objective was to determine whether DoD provided effective oversight of MILCON projects in Afghanistan. Specifically, we determined whether U.S. Army Corps of Engineers (USACE) properly monitored contractor performance during construction and adequately performed quality assurance (QA) oversight responsibilities pertaining to two Special Operations Forces (SOF) MILCON projects at Bagram Airfield, Afghanistan.

Finding

USACE Transatlantic District-North (USACE TAN) (Bagram Area Office) QA and contracting officials' oversight of two SOF MILCON projects at Bagram Airfield, valued at $37.6 million, was not conducted in accordance with the Federal Acquisition Regulation and USACE guidance. Since 2010, when the projects were initiated, area and resident engineers did not provide project engineers and construction representatives with a Statement of Understanding and Compliance; project engineers did not always follow contract oversight responsibilities, were working with incomplete contractors' quality controls plans, did not prepare QA plans, and could not substantiate that contractors fully executed the three-phase

Visit us on the web at www.dodig.mil

Finding Continued

inspection process; and USACE TAN technical inspections of contractors' construction efforts were limited. This occurred because current QA officials did not always have critical QA documents available before their arrival and could not explain why QA requirements were not fully executed from the projects' start. However, the area engineer stated that documenting the QA process was secondary and that completing the SOF MILCON projects was the top priority. As a result, there is an increased risk that, although the two SOF MILCON projects will get completed, the projects may not meet contract requirements.

Recommendations

Among other recommendations, we recommend that the Commander, USACE, Transatlantic Division, provide oversight to the Commander, USACE TAN QA program in Afghanistan. We also recommend that the Commander, USACE TAN, require project engineers to approve contractors' quality control plans and develop QA plans; require project engineers and construction representatives to maintain complete QA records; and verify that contractors are fully executing the three-phase inspection process and that technical inspections of contractors construction efforts are performed.

Managment Comments and Our Response

Management comments partially addressed the recommendations. USACE agreed to complete Statements of Understanding and Compliance, approve contractors quality control plans, and maintain complete records in response to the recommendations. However, we request management provide additional comments to Recommendation 1 by December 20, 2013. Please see the Recommendations Table on the next page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, U.S. Army Corps of Engineers Transatlantic Division	1	
Commander, U.S. Army Corps of Engineers Transatlantic District North		2a, 2b, 2c, 2d, 2e, 2f

*Please provide comments by December 20, 2013.

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

November 22, 2013

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: U.S. Army Corps of Engineers Transatlantic District-North Needs To Improve Oversight of Construction Contractors in Afghanistan (Report No. DODIG-2014-010)

We are providing this final report for your review and comment. U.S. Army Corps of Engineers, Transatlantic District-North quality assurance officials' oversight of two Special Operations Forces military construction projects at Bagram Airfield, valued at $37.6 million, was not conducted in accordance with the Federal Acquisition Regulation and U.S. Army Corps of Engineers guidance.

We considered management comments on a draft of this report when preparing the final report. DoD Directive 7650.3 required that recommendations be resolved promptly. Comments from the Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division were generally responsive; however, comments on Recommendation 1 were only partially responsive. Therefore, we request additional comments on this recommendation by December 20, 2013.

Please send a portable document format (.pdf) file containing your comments to audrco@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We are unable to accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905 (DSN 664-8905).

Amy J. Frontz
Principal Assistant Inspector General
for Auditing

cc:
Commander, U.S. Central Command
Commander, U.S. Forces-Afghanistan
Commander, U.S. Army Central
Commanding General, U.S. Army Corps of Engineers

Contents

Introduction 1

Objective 1

Background 1

Criteria for Quality Assurance 3

Review of Internal Controls 5

Finding. U.S. Army Corps of Engineers Transatlantic District-North Needs To Provide Better Oversight of Military Construction Projects in Afghanistan 6

Oversight of Projects Needs Improvement 7

Contractors Did Not Fully Execute the Three-Phase Inspection Process 12

Needed Technical Inspections Were Limited 14

Better Contracting Officer's Representatives' Oversight Was Needed 15

Stronger Quality Assurance Oversight Was Needed 18

Special Operations Forces' Concerns With Project Oversight 19

Oversight of Contractor Quality Control Should Be Improved 19

Lack of Oversight Identified in Previous Audits 19

Conclusion 20

Recommendations, Management Comments, and Our Response 21

Appendixes

Appendix A. Scope and Methodology 25

Use of Computer-Processed Data 26

Prior Coverage 26

Appendix B. Diagram of Special Operations Forces Complex at Bagram Airfield 27

Management Comments 28

U.S. Army Corps of Engineers 28

Acronyms and Abbreviations 31

Introduction

Objective

This audit is one in a series of military construction (MILCON) projects in Afghanistan. Our overall objective was to determine whether DoD was providing effective oversight of MILCON projects in Afghanistan. Specifically, we determined whether the U.S. Army Corps of Engineers (USACE) was properly monitoring contractor performance and adequately performing quality assurance (QA) oversight responsibilities for two MILCON projects pertaining to Special Operations Forces (SOF) at Bagram Airfield. See Appendix A for the audit scope and methodology, and prior coverage related to the audit objective.

Background

U.S. Army Corps of Engineers

The USACE mission is to provide vital public engineering services to strengthen our Nation's security, energize the economy, and reduce risks from disasters. According to DoD Directive 4270.5, "Military Construction," February 12, 2005, USACE is the Army's construction agent for the design or construction execution responsibilities associated with MILCON program facilities and is the lead construction agent supporting the U.S. Central Command area of responsibility, including Afghanistan. As the lead construction agent, USACE is responsible for performing oversight of MILCON contractors and conducting contract administration.[1]

USACE Transatlantic Division, in Winchester, Virginia, is responsible for MILCON supporting U.S. forces in the Middle East and Central Asia. The Transatlantic Division has three districts: Transatlantic District-North, in Kabul, Afghanistan; Transatlantic District-South, in Kandahar, Afghanistan; and Middle East District, in Winchester, Virginia. USACE Transatlantic District-North (TAN) administers construction projects at Bagram Airfield, Afghanistan.[2]

[1] FAR 46.104, "Contract Administration Office Responsibilities," states that contract administration responsibilities include developing and applying efficient procedures for performing Government contract QA actions under the contract, performing all actions necessary to verify whether the supplies or services conform to contract quality requirements, and maintaining QA records.

[2] USACE TAN, Bagram Area Office is responsible for conducting the oversight and QA for construction projects at Bagram Airfield. In July 2013, Transatlantic District-North and Transatlantic District-South was combined and renamed Transatlantic Afghanistan District. For this report we used TAN to refer to the Transatlantic District-North in Kabul, Afghanistan.

Selection of Military Construction Projects

In July 2012, USACE TAN officials provided a list of 43 ongoing MILCON projects at Bagram Airfield, Afghanistan. Of the 43 projects, valued at about $542.2 million, we selected projects that were individually valued at more than $10 million and had not been selected in prior audits. Twenty-three projects met the above criteria. We non-statistically selected 2 of the 23 projects totaling about $37.6 million for review. The projects selected were:

- **Project 70037, SOF Headquarters (HQ) Complex (Phase I) - Contract W912ER-10-C-0003.** The purpose of the project was to construct a Joint Special Operations Task Force HQ Complex. Primary facilities in this complex include seven buildings: joint operations center, medical clinic, warehouse, latrines, and three relocatable barracks. USACE Middle East District awarded contract W912ER-10-C-0003 to Elektrik Makine Ticaret A.S., located in Turkey, on February 12, 2010. Including the contract modifications, the project was valued at $17.7 million. The project, planned for completion in March 2013, is expected to be completed in December 2013.

- **Project 72126, SOF Command and Control Facilities (Phase II) - Contract W912ER-10-C-0048.** The purpose of the project was to construct operational support facilities for the Joint Special Operations Task Force HQ. Primary facilities in this complex include six buildings: administration; morale, welfare, and recreation center; communication center; vehicle maintenance; tactical operations center; and an entry control point. USACE Middle East District awarded contract W912ER-10-C-0048 to METAG Insaat Ticaret A.S., in Turkey, on September 24, 2010. Including the contract modifications, the project is valued at $19.9 million. The project, originally planned for completion in March 2013, is expected to be completed in December 2013.

After awarding the two SOF MILCON projects,[3] USACE Middle East District transferred the contracting authority to the Chief of Contracting, USACE TAN. Chief of Contracting officials designated the area engineer or resident engineer as administrative contracting officer and project engineers as Contracting Officer's Representatives (CORs).[4] The COR is a member of the project delivery team and is responsible for assuring the work is complete in accordance with contract requirements and the Federal Acquisition Regulation (FAR).

[3] See Appendix B for a diagram of the SOF Complex at Bagram Airfield.

[4] The Administrative Contracting Officer is authorized to administer a contract and execute modifications to that contract. A COR is a designated authorized representative of the contracting officer with authority to take all actions in connection with the administration of the contract.

Criteria for Quality Assurance

FAR Subpart 46.4, "Government Contract Quality Assurance," states that Government contract QA shall be performed as may be necessary to determine that the supplies or services conform to contract requirements. FAR Subpart 46.1, "General," states that Government contract QA consists of various functions pertaining to quality and quantity. USACE Engineer Regulation 1180-1-6, "Construction Quality Management," September 30, 1995, states that QA is the system by which the government fulfills its responsibility to be certain that the contractors' quality control (QC) is functioning and that the specified end product is realized.

The Afghanistan Engineer District,[5] U.S. Army Corps of Engineers District Level Quality Assurance Plan for Construction (District-Level QA Plan for Construction), revised April 2011, states that obtaining quality construction is the responsibility of both the construction contractor and the government with the mutual goal of providing a quality product conforming to contract requirements.

USACE TAN officials responsible for managing and executing construction contracts include the Commander, USACE TAN, and the Chief of Construction.[6] Furthermore, USACE TAN construction officials, at Bagram Area Office, with QA responsibilities include the following:

- **Area Engineer** - works directly for the Chief of Construction and, within his or her area of responsibility, manages the mission and personnel. The area engineer works through resident engineers to properly manage projects and personnel and ensures that QA procedures are implemented.
- **Resident Engineer** - manages the area office on behalf of the area engineer, provides guidance on the implementation of an effective QA program, and sees that the program is successfully executed. The resident engineer is also responsible for executing the mission.
- **Project Engineer** - provides overall project management from project start to completion. The project engineer, who also serves as the COR, is responsible for QA of the project with duties that include preparing supplemental project QA plans and revisions as necessary, reviewing and approving contractor's QC plans, conducting pre-construction and weekly progress meetings with

[5] Now known as USACE Transatlantic District.

[6] The Chief of Construction is responsible for providing oversight of all field office personnel through area and resident engineers and provides personnel to ensure that appropriate support is provided to accomplish the mission.

contractors, and ensuring the proper management and documentation of projects and meetings.

- **Construction Representative** - works directly for the project engineer and resident engineer and serves as the "eyes and ears" on the project site. The construction representative provides the continuous oversight on the contractors' QC program through QA inspections, coordinates the technical inspections of contractors' construction efforts—mechanical, electrical, and structural systems as required, and prepares QA reports for inspections and documents daily construction progress.

Key Elements of Quality Assurance

According to the District-Level QA Plan for Construction, QA officials are required to sign a Statement of Understanding and Compliance indicating that they understand the responsibilities and duties of their position. Before physical work begins, the resident engineer is to arrange meetings with the contractor to discuss areas such as contractors' submittal of key contracting documents, QC plans, and the recording of various contractor and government meetings. Project engineers are to develop supplemental QA plans that match the contractors' QC plans and maintain records of the contractors' three-phase inspection process.[7] The contractors' three-phase inspection process includes meetings between QA officials and contractors to discuss all definable features of work (DFOW) pertaining to the project. In the contracting officer's delegation memorandum, CORs are required to conduct contract oversight responsibilities that include verifying contractors performed the technical requirements of the contract, perform monthly surveillance inspections, and maintain records that describe the performance of their duties.

Logistics Civil Augmentation Program

Because USACE TAN technical specialists (engineers) needed for specific areas were not always available at the Bagram Area Office, QA officials relied on technical support from the Logistics Civil Augmentation Program (LOGCAP) contractor to conduct such inspections.[8] The LOGCAP contractor provides operation and maintenance services for buildings on installations throughout Afghanistan. As part of contract requirements, the LOGCAP contractor conducts technical inspections before assuming the maintenance

[7] The three-phase inspection process consists of preparatory, initial, and follow-up inspections to ensure that all construction, suppliers, and test laboratories comply with the applicable drawings, specifications, approved submittals, and authorized changes to the contract. The contractor is to document each inspection with meeting minutes.

[8] The LOGCAP contractor usually provided one to five technical specialists to conduct an inspection. Inspections occurred at least three times throughout each project.

responsibility for any buildings constructed by another contractor. During these technical inspections, the LOGCAP contractor may identify substandard construction (mechanical, electrical, and structural) requiring rework before the LOGCAP contractor will assume responsibility for the maintenance of the building. When the LOGCAP contractor identifies any deficiencies, the LOGCAP contractor provides the information to USACE project engineers for corrective action. The project engineers task the responsible construction contractor to take corrective action on the deficiencies, and the construction representatives follow up to verify that the deficiencies were corrected.

Review of Internal Controls

DoD Instruction 5010.40, "Managers' Internal Control Program (MICP) Procedures," July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses pertaining to USACE TAN. Specifically, USACE TAN QA and contracting officials did not provide sufficient oversight to ensure that the District-Level QA Plan for Construction and the FAR requirements were followed. This occurred in part because even though the projects were initiated more than two years ago, current QA officials could not explain why QA requirements were not fully executed from the projects' start. However, the area engineer stated that documenting the QA process was secondary and that completing the SOF MILCON projects was the top priority. We will provide a copy of the report to the senior official responsible for internal controls at USACE TAN.

Finding

U.S. Army Corps of Engineers Transatlantic District-North Needs To Provide Better Oversight of Military Construction Projects in Afghanistan

USACE TAN (Bagram Area Office) QA[9] and contracting officials' oversight of two SOF MILCON projects at Bagram Airfield, valued at $37.6 million, was not conducted in accordance with the FAR and USACE guidance. For example, area engineers did not ensure that QA procedures were fully implemented, and resident engineers did not fully execute QA responsibilities. Specifically, since 2010, when the projects were initiated:

- Area and resident engineers did not provide project engineers and construction representatives with a USACE required Statement of Understanding and Compliance for QA officials to acknowledge their understanding of their responsibilities and duties.
- Project engineers have been working with incomplete contractors' QC plans; however, construction should not have been initiated without completed QC plans. Also, project engineers did not prepare USACE-required QA plans for the surveillance of the projects.
- The construction contractors initially did not have a three-phase inspection process in place but during the course of construction, contractors developed a partial listing of DFOW. However, project engineers did not have 79 of 138 possible contractors' meeting minutes pertaining to the DFOW that would demonstrate the contractors executed the three-phase inspection process.
- USACE TAN technical specialists inspection of electrical, mechanical or structural features did not occur until day 497 on one project and day 504 on the other project.
- Project engineers did not perform the contract oversight responsibilities identified and required by the contracting officer such as verifying contractors performed technical requirements of the contracts and performing inspections of those technical requirements.

[9] USACE TAN QA officials consisted of area engineers, resident engineers, project engineers, and construction representatives overseeing the construction of selected projects.

The oversight shortfalls occurred in part because even though the projects were initiated more than 2 years ago, current QA officials did not always have critical QA documents available before their arrival and could not explain why QA requirements were not fully executed from the projects' start. However, the area engineer stated that documenting the QA process was secondary and that completing the SOF MILCON projects was the top priority.

As a result, although the two SOF MILCON projects will get completed, there is an increased risk that the projects may not meet contract requirements. Additionally, an interim evaluation of mechanical, electrical, and structural features in November 2011, conducted by USACE TAN officials more than 1 year after the projects' initiation, rated the contractors' overall work as "unsatisfactory." In April 2013, the area engineer stated that the contractors' work had not significantly improved, further highlighting the increased risk that contract requirements may not be met.

Oversight of Projects Needs Improvement

USACE TAN (Bagram Area Office) QA and contracting officials' oversight of two SOF MILCON projects at Bagram Airfield was not conducted in accordance with the FAR and USACE District-Level QA guidance. Specifically, Statements of Understanding and Compliance were not in place; contractors' QC plans were incomplete; QA plans needed to be prepared; contractors did not fully execute the three-phase inspection process; USACE TAN technical specialists (engineers) did not regularly perform inspections of contractors' work; and project engineers did not always follow contract oversight responsibilities. Furthermore, better validation of contractors' construction efforts was needed.

Statements of Understanding and Compliance Were Not in Place

The USACE District-Level QA Plan for Construction requires area and resident engineers to provide a copy of the District-Level QA Plan for Construction guidance to each QA official before a QA official works on a USACE TAN project. The District-Level QA Plan for Construction also requires each QA official to sign a Statement of Understanding and Compliance, which states that the QA official has read and understands the responsibilities and duties of his or her position.

For both projects, area and resident engineers stated that QA officials were aware of the District-Level QA Plan for Construction guidance, but area and resident engineers did not require QA officials to sign a Statement of Understanding and Compliance. Area

and resident engineers, as well as project engineers and construction representatives, acknowledged that they were not familiar with the Statement of Understanding and Compliance requirements. However, USACE QA officials' acknowledgement of, and compliance with, the Statement of Understanding and Compliance is one of the first steps in implementing an effective QA program. As a result, QA officials responsible for oversight of the two SOF MILCON projects were not fully aware of their QA duties; this lack of awareness contributed to their inability to ensure the contractor adequately executed contract quality requirements for the two SOF MILCON projects. Therefore, the Commander, USACE TAN, should establish written procedures for a recurring external verification that QA officials assigned to SOF MILCON projects complete the required Statement of Understanding and Compliance.

Contractors' Quality Control Plans Were Incomplete

Contractors' QC plans were required to be complete when submitted, and the project engineer was required to reject any incomplete QC plans. However, each of the 10 versions of the QC plans submitted by the two SOF MILCON contractors was missing key components. The project engineer failed to reject two incomplete QC plans, instead assigning them a grade of "B" or "A"; this assigning of a grade authorized the contractor to begin construction. However, the QC plans for the HQ Facilities project were still incomplete 42 months after construction began, and the QC plan for the Command and Control Facilities project remained incomplete 36 months after construction began.

Contractors' QC plans were required to be complete when submitted, and the project engineer was required to reject any incomplete QC plans. However, each of the 10 QC plans submitted by the two SOF MILCON contractors' was missing key components.

The District-Level QA Plan for Construction states that the contractor's QC plans must be approved before commencement of physical work and approved by the project engineer using ENG Form 4025-R, "Transmittal of Shop Drawings, Equipment Data, Material Samples, or Manufacturer's Certificates of Compliance." The District-Level QA Plan for Construction also provides guidance on the minimum contents of the QC plan, to include qualifications, personnel responsibilities, procedures for tracking the three-phase inspection process, and a list of the DFOW. QC plans are approved or disapproved using action codes.

Project engineers initially reviewed and approved the contractors' QC plans, but based on the action code given by the project engineer, contractors were usually required to submit additional information, along with resubmitting an updated

QC plan. However, none of the QC plans were fully completed, and the contractors were allowed to begin work. Table 1 provides a summary of contractors' QC plans.

Table 1. Summary of Contractors' Quality Control Plans

Project[1]	Contractors Submittal Date of QC Plan	USACE QA Officials Approval Date of QC Plan	QC Plan Approval Code[2]	Was the QC Plan Complete?
HQ Complex Project	04/19/2010	05/01/2010	E	No
	05/10/2010	06/02/2010	C	No
	07/31/2010	08/01/2010	C	No
	08/25/2010	09/05/2010	A	No
	06/10/2012	08/04/2012	G	No
	10/15/2012	12/13/2012	C	No
Command and Control Facilities	11/27/2010	12/16/2010	C	No
	09/22/2011	10/16/2011	E	No
	02/05/2012	02/18/2012	A	No
	08/14/2012	10/03/2012	B	No

[1] Construction for the HQ Facilities and the Command and Control Facilities projects started on March 18, 2010, and October 24, 2010, respectively.

[2] Action codes include "A" - Approved as submitted; "B" - Approved except as noted; "C" - Approved, except as noted, resubmission required; "E" - Disapproved; and "G" - Other action is required.

For the HQ Complex project, the project engineer approved the August 25, 2010, QC plan on September 5, 2010, (action code "A") 171 days after the contractor received Notice to Proceed. Although the project engineer approved the QC plan, it was incomplete, missing key components such as DFOW,[10] contractors' signature page, résumés, personnel responsibilities, and QC test procedures and testing frequencies. Because the QC plan did not contain these key components, the QC plan for the HQ Complex project should not have been approved. Since that time, the contractor submitted two additional QC plans (June 10, 2012, and October 15, 2012). However, based on the action codes (G and C, respectively), the contractors needed to provide additional information. Furthermore, these two QC plans were also incomplete—missing signatures, DFOW, and copies of key meetings. As of April 5, 2013, the project engineer stated that the contractor has not resubmitted an updated QC plan. Therefore, the contractors were working without a complete and approved QC plan.

For the Command and Control Facilities, the project engineer approved the QC Plan (action code "A") on February 18, 2012, 16 months after the commencement of physical

[10] DFOW is a task that is separate and distinct from other tasks and has separate control requirements. QC and QA rely on the assignment of definable features of work within a project.

work. Initially, the contractor submitted a QC plan on November 27, 2010, and the project engineer approved the QC plan (action code "C"). However, the contractor was required to resubmit the QC plan because the plan did not include project personnel and responsibilities and did not fully address control, verification, and acceptance testing procedures for each specific test. Based on the November 27, 2010, QC plan having an action code "C" and being incomplete, the contractor should not have initiated work on the Command and Control Facilities. However, on September 22, 2010, 10 months later, the contractor summited the next QC plan. The project engineer disapproved that QC plan (action code "E"). The contractor resubmitted the QC plan on February 5, 2012, which the project engineer approved (action code "A").

Though the project engineer approved the February 5, 2012, QC plan, the QC plan was missing key components such as DFOW, résumés of contractor personnel, and management of contractors' submittals; thus, the incomplete QC plan should not have been approved. At the request of the project engineer, the contractor submitted an updated QC plan on August 14, 2012. The project engineer approved the QC plan (action code "B"), but that plan was also missing key elements such as résumés, letter of authorization, and portions of the contract DFOW. The project engineer should have not approved the August 14, 2012, QC plan.

Resident and area engineers stated that they were not assigned to the two SOF MILCON projects at the start of the projects and could not explain why contractors' QC plans were not initially approved. Also, the area engineer did not see a need for updated contractor QC plans since his emphasis was to complete the projects. Because the contractors' QC plans were not approved for the two SOF MILCON projects and were missing key components, the Commander, USACE TAN, should require project engineers to approve complete contractors' QC plans for MILCON projects before contractors start construction and verify contractors update QC plans as needed.

Quality Assurance Plans Needed to Be Prepared

Project engineers did not develop specific QA plans for surveillance of the two SOF MILCON projects at Bagram Airfield. FAR 46.401 requires a QA surveillance plan to be prepared in conjunction with the preparation of the statement of work. The plan should specify all work requiring surveillance and the method of surveillance. USACE's District-Level QA Plan for Construction requires a Supplemental Project QA plan be produced for every construction project, with consideration for factors such as complexity, duration, site accessibility, and security risk. At a minimum, Supplemental Project QA plans are to include staffing,

Project engineers did not develop specific QA plans for surveillance of the two SOF MILCON projects at Bagram Airfield.

DFOW, QA surveillance responsibilities, job specific QA testing, and milestone dates. Project engineers are to develop QA plans that match the contractors' QC plans.

In addition to not developing QA plans, project engineers were not conducting surveillance on significant contract modifications as part of their oversight responsibilities. For example, contract modifications to add a Sensitive Compartmented Information Facility (a secured communications room) and Other User Requested Changes, valued at $7.3 million, were awarded in August 2011. The modifications, applicable to both projects, were to be included in buildings such as the Joint Operations Center (Figure 1) and the Communication Center (Figure 2). However, because the project engineer did not have a QA plan in place or take steps to develop a QA plan to reflect the additional work, the project engineer could not provide documentation to support what work on the contract modification required surveillance or the method of surveillance.

Figure 1. HQ Complex (Joint Operations Center)
Source: DoD OIG

Figure 2. Command & Control Facilities (Communications Center)
Source: DoD OIG

The project engineer stated that he was not assigned to the two SOF MILCON projects when they were initiated more than 2 years ago and could not explain why QA plans had not been developed. The project engineer stated that the construction representatives relied on their prior work experience to perform QA. During our audit, the project engineer was unsuccessful in developing QA plans. The project engineer stated that in the August 2012 timeframe he tasked his construction representatives to develop a QA plan to reflect the current status of the projects to include remaining work. However, the project engineer stated that the construction representatives did not provide him with a QA plan and that the overall support needed to develop a QA plan was not in place. The project engineer completed his tour at Bagram Airfield in December 2012, and the incoming project engineer took over in January 2013. Since a QA plan was not in place, the incoming project engineer, unfamiliar with the project, was not fully aware of work requiring surveillance and the method of surveillance.

By not having supplemental project QA plans, project engineers could not validate that the contractors fulfilled contract obligations pertaining to quality and quantity for the two construction projects. Furthermore, USACE TAN (Bagram Area Office) QA officials cannot provide reasonable assurance that they were adequately monitoring the progress and performance of the contractors. Therefore, the Commander, USACE TAN, should verify that project engineers develop Supplemental Project QA Plans at project inception and update the QA plans as needed during the project.

Contractors Did Not Fully Execute the Three-Phase Inspection Process

Project engineers and construction representatives could not provide 79 of the possible 138 contractors' meeting minutes needed to substantiate that contractors fully executed the three-phase inspection process. The District-Level QA Plan for Construction states that the purpose of the three-phase inspection process is to provide a procedure for assuring that all construction, suppliers, and test laboratories comply with the applicable drawings, specifications, approved submittals, and authorized changes to the contract. The process consists of preparatory, initial, and follow-up inspections and is primarily the responsibility of the contractor. The District-Level QA Plan for Construction also requires QA officials, specifically the project engineer and construction representative, to actively participate in the three-phase inspection process.

According to the District-Level QA Plan for Construction, the preparatory inspection is a QC meeting with the contractor for all DFOW, whereby initial inspections provide a check of preliminary work to ensure compliance with contract requirements. Preparatory and initial inspections are accomplished near the beginning of each DFOW. The contractor documents each inspection with meeting minutes and the project or resident engineer is required to maintain records of those minutes.

Even though the contractors did not initially have a three-phase inspection process in place, during the course of construction, contractors developed a partial listing of DFOW and populated the listing with the dates that some preparatory and initial inspections were performed.[11] The listing showed 90 DFOW recorded for the HQ Complex Facilities project and 53 DFOW recorded for the Command and Control Facilities project (total of 143). Of the 143 DFOW recorded, the listing identified 25 DFOW that had a completion date for preparatory and initial inspections for the HQ Complex Facilities project and 44 DFOW that had a completion date for the preparatory and initial inspections for the Command and Control Facilities project (total of 69). For the 69 DFOW identified as having a completion date, we requested from the project engineer the related meeting minutes. Table 2 provides a summary of contractors' meeting minutes available for preparatory and initial inspections.

Table 2. Summary of Contractors' Meeting Minutes Available for Preparatory and Initial Inspections

Project	Number of Definable Features of Work	Number of Contractor Meeting Minutes Required	Number of Contractor Meeting Minutes Available		Number of Contractor Meeting Minutes Unavailable
			Preparatory Meetings	Initial Meetings	
HQ Complex Facilities	25	50	0	0	50
Command and Control Facilities	44	88	31	28	29
Total	**69**	**138**	**31**	**28**	**79**

From the 69 DFOW identified, the contractors should have prepared 69 preparatory meeting minutes and 69 initial meeting minutes (total of 138).[12] In this regard, for the HQ Complex project, the project engineer did not have any of the preparatory or initial meeting minutes. For the Command and Control Facilities, the project engineer had

[11] The listing was undated, not fully representative of all the possible DFOW pertaining to the two SOF MILCON contracts, and did not identify any specific building.

[12] Estimate based on individual meeting for each preparatory and initial inspection. Preparatory and initial meetings may be combined should QA personnel decide to consolidate the meetings. We did not receive evidence that any of the preparatory or initial meetings were combined.

31 of the expected 44 preparatory meeting minutes and 28 of the expected 44 initial meeting minutes. Overall, the project engineer did not have 79 of the expected 138 meeting minutes to support whether contractors conducted preparatory and initial inspections.[13] Therefore, the project engineer and construction representative could not provide evidence that the contractors performed these required inspections to support that contract requirements were met.

Needed Technical Inspections Were Limited

Construction representatives arranged to have USACE TAN technical specialists perform a limited number of technical inspections of the contractors' construction efforts for the HQ Complex and the Command and Control projects. The inspections performed were not always conducted in a timely manner. Specifically,

- **HQ Complex Facilities.** QA daily reports from April 26, 2010, through December 15, 2012, recorded a total of 965 days of construction, and USACE TAN technical specialists conducted five technical inspections. The first inspection was recorded on day 497, more than 16 months after construction started.
- **Command and Control Facilities.** QA daily reports from October 24, 2010, through December 31, 2012, recorded a total of 800 days of construction, and USACE TAN technical specialists conducted seven technical inspections. The first inspection was recorded on day 504, more than 16 months after construction started.

USACE Engineering Regulation 1180-1-6 requires QA officials to "conduct government QA tests at the job-site to assure acceptability of the completed work. A sufficient number of tests, but not less than 5 percent of the frequency of the contractor QC tests, should be scheduled to verify contractor QC test procedures and results." The District-Level QA Plan for Construction requires construction representatives to coordinate technical inspections of mechanical, electrical, and structural systems, as required, drawing on the Engineering Section of USACE TAN for advice during performance of the project.

Both projects included key mechanical, electrical, and structural features of work that required technical inspections. However, construction representatives arranged to perform only limited technical inspections. We reviewed QA daily reports to assess whether USACE TAN technical specialists performed technical inspections. For the

[13] QA officials contacted the contractors in an attempt to collect meeting minutes, but the contractor was not able to provide those minutes.

inspections performed at the HQ Complex Facilities and the Command and Control Facilities, construction representatives typically sought USACE TAN for technical inspections pertaining to electrical systems and did not seek technical specialists for inspections of key features such as mechanical, plumbing, and heating, ventilation, and air conditioning. Furthermore, construction representatives relied on their own experience to conduct the inspections, even if they were not familiar with the key features of the work being performed.

Additionally, because USACE TAN technical specialists for specific technical areas were not always available at the Bagram Area Office, project engineers and construction representatives relied on technical support from the LOGCAP contractor to conduct such inspections. Although the project engineer and construction representative relied on the LOGCAP contractor for technical inspections, the LOGCAP contractor was not responsible for ensuring that MILCON contract requirements for the two projects were met. As a result, effective QA oversight was not demonstrated to verify that contractors met contract requirements.

The project engineer could not explain why technical inspections were not regularly performed before his arrival to the project in January 2013, but he did state that technical specialists (mechanical, electrical, civil, and fire protection) had recently been assigned to the USACE Bagram Area Office and that these officials will assist in assessing the contractors' construction efforts for the two SOF MILCON projects. Furthermore, the project engineer stated that plans were underway to add additional USACE TAN technical specialists to the USACE Bagram Area Office. Therefore, the Commander, USACE TAN, should verify that project engineers and construction representatives are taking steps to ensure that contractors are fully executing the three-phase inspection process. Also, the Commander, USACE TAN, should ensure that project engineers schedule the technical inspections of contractors' construction efforts.

Better Contracting Officer's Representatives' Oversight Was Needed

As the designated CORs for the two SOF MILCON projects, project engineers did not always follow contract administration responsibilities identified in the contracting officer's designation memorandums. FAR Subpart 4.8, "Government Contract Files," states that contracting offices are to establish files containing the records of all contractual actions such as QA records

As the designated CORs for the two SOF MILCON projects, project engineers did not always follow contract administration responsibilities identified in the contracting officer's designation memorandums.

that will provide, a complete history of the transaction to support the basis for making informed decisions, actions taken, and to support reviews and investigations. The contracting officer's designation memorandums to the CORs included responsibilities such as:

- verifying that the contractor perform the technical requirements of the contract and performing inspections of those technical requirements,
- performing monthly surveillance inspections of contractor's performance and reporting performance results monthly,
- participating in the development of QA plans, and
- maintaining adequate records that describe and document the performance of CORs' duties.

The contracting officer's designation memorandum also requires that contracting records be maintained in the COR file and that, at a minimum, the COR file will contain a QA plan, meeting minutes of inspections performed and the results, minutes of pre-performance conferences, meetings with the contractor pertaining to the contract or contract performance, and records related to the contractors' QC system and plan.

FAR 46.104, "Contract Administration Office Responsibilities," states that contract administration responsibilities include developing and applying efficient procedures for performing QA, performing all actions necessary to verify whether supplies and services conform to contract requirements, and maintaining suitable records reflecting suitable records, QA actions, and decisions.

For both projects, CORs did not always demonstrate that they effectively executed the contracting officer's designated contract administration responsibilities annotated in their designation memorandums. For example, CORs did not have records such as inspection and preconstruction meetings (minutes) with contractors, did not always verify that contractors met the technical aspects of the contract, oversaw limited inspections of contractors' technical requirements, and did not participate in development of QA plans.

Furthermore, pre-construction meetings such as mutual understanding meetings are imperative because they establish a mutual understanding of the contractors' roles and responsibilities as they pertain to QC. Mutual understanding meeting minutes for the HQ Complex were not available and for the Command and Control Facilities, the minutes were not signed. Therefore, for the two SOF MILCON projects, which included buildings such as the Troop Medical Clinic (Figure 3) and the Vehicle Maintenance building (Figure 4), the CORs did not demonstrate that they fully completed contract administration tasks throughout the life of the projects.

Figure 3. HQ Complex (Troop Medical Clinic)
Source: DoD OIG

Figure 4. Command & Control Facilities (Vehicle Maintenance Building)
Source: DoD OIG

Contracting officials have not demonstrated that the contractors' construction efforts conform to contract quality requirements as required by the FAR. Also, there was an increased risk that incoming or acting in-country CORs would not have the information and institutional knowledge that they needed to properly administer and monitor the contracts. Therefore, the Commander, USACE TAN, should require QA officials and CORs to maintain complete records to support the performance of their duties and to support that contract and regulatory requirements were met as mandated by the FAR and USACE.

Stronger Quality Assurance Oversight Was Needed

Area and resident engineers need to take steps to ensure stronger QA oversight for MILCON projects. In November 2011, USACE TAN officials (QA, contracting, and construction officials) prepared interim evaluations (total of two) for the two SOF MILCON project contractors. In both evaluations, USACE TAN officials provided an overall rating of the contractors as "unsatisfactory." Table 3 show examples of the two SOF MILCON contractors performance ratings conducted by USACE TAN in November 2011.

Table 3. Examples of SOF MILCON Contractors Performance Ratings Conducted by USACE TAN In November 2011

Contractors Area Evaluated	Examples of Description Area	Rating	
		HQ Complex	Command and Control Facilities
Quality	Quality of Workmanship	Satisfactory	Marginal
	Quality of QC Documentation	Above Average	Marginal
Effectiveness of Management/Business Relations	Management of Resources/Personnel	Unsatisfactory	Unsatisfactory
	Effectiveness of Job Site Supervision	Marginal	Unsatisfactory
Timeliness of Performance	Adherence to Approved Schedule	Unsatisfactory	Unsatisfactory
	Resolution of Delays	Marginal	Unsatisfactory
	Submission of Required Documentation	Marginal	Marginal
Overall		Unsatisfactory	Unsatisfactory

Overall, examples in Table 3 consist of description areas with ratings that were mostly marginal or unsatisfactory that supported USACE TAN "unsatisfactory" rating of the two SOF MILCON contractors. QA officials did not conduct any additional assessments since that time but stated in February 2013 that the contractors' efforts still had not significantly improved. The project engineer stated that little or no actions have been taken against the contractors as a result of their performance. The project engineer also stated that additional penalties for holding contractors accountable exist but acknowledged challenges in holding foreign contractors accountable in Southwest Asia.

The project engineer further stated that to assist the contractors' completion effort, USACE TAN took steps in January 2013 to bring in additional technical personnel

(engineers) to provide greater oversight of the contractors to ensure the technical aspects of the SOF contracts are met.

Special Operations Forces' Concerns With Project Oversight

In a March 1, 2012, trip report[14] prepared by USACE Transatlantic Division-Engineering Technical Services, the officials informed QA officials of various meetings with representatives from SOF in February 2012. In those meetings, SOF representatives expressed their concerns whether the Bagram Area Office, having two QA representatives covering all the SOF Complex buildings, could possibly monitor construction at each site effectively. This audit demonstrated that the SOF concerns were valid.

Oversight of Contractor Quality Control Should Be Improved

As a result of not providing effective oversight for the two SOF projects, DoD is at increased risk that the two SOF MILCON projects will not meet contract requirements. Because of the challenges associated with working in an environment such as Afghanistan, the roles of USACE TAN and Bagram Area Office QA officials are exceedingly important in the QA process. In this environment, QA officials (area engineers, resident engineers, project engineers, construction representatives) and CORs must do what is required in FAR and USACE guidance to effectively manage and execute the QA program in determining whether the contractor fulfilled contract obligations and will deliver the needed facilities with the requisite quality.

Lack of Oversight Identified in Previous Audits

Two recent DoD IG audits have noted similar deficiencies pertaining to USACE TAN's lack of effective oversight in Afghanistan. Specifically, DoD IG Reports DODIG-2013-024, "U.S. Army Corps of Engineers Needs to Improve Contract Oversight of Military Construction Projects at Bagram Airfield, Afghanistan," November 26, 2012, and DODIG-2012-089, "Better Contract Oversight Could Have Prevented Deficiencies in the Detention Facility in Parwan, Afghanistan," May 17, 2012, identified USACE TAN's lack of oversight pertaining to MILCON

[14] Trip report was titled "Communications Systems Quality Assurance Inspection Tour, Various Sites in Afghanistan, 11-27 Feb 2012."

projects. These two reports, coupled with the results of this report, indicate a systemic lack of oversight for MILCON projects in Afghanistan by USACE TAN officials.

DoD IG Report DODIG-2013-024 noted that USACE TAN project engineers and construction representatives did not provide adequate oversight for the construction of four MILCON projects. Resident engineers, project engineers, and construction representatives affirmed that they were unaware of, did not see a need for, or did not have time to follow internal guidance regarding QA for the MILCON projects that were valued at $49.6 million. As a result, USACE TAN officials did not have reasonable assurance that contractors' quality control programs were effective or that construction projects met contract requirements.

DoD IG Report DODIG-2012-089 found that USACE TAN officials did not provide adequate oversight for the construction of a detention facility and were not in compliance with their own internal oversight policies regarding the contractor's warranty. Consequently, major infrastructure systems had recurring deficiencies requiring replacement or repair. The identification of the same lack of adherence to existing QA and contract oversight requirements demonstrates the need for recurring outside oversight by other USACE officials. The Commander, USACE Transatlantic Division, should perform external reviews every 90 days of the USACE TAN QA program in Afghanistan.

Conclusion

USACE TAN QA officials need to execute an effective oversight process of MILCON projects at Bagram Airfield. The objective of QA is to monitor contractor performance to ensure that the services received are consistent with contract requirements. To be effective, QA requires the Government to provide appropriate and immediate onsite monitoring of the services being performed. The effectiveness of oversight includes QA and contracting officials compliance with FAR and USACE TAN requirements for maintaining records that provide a complete history of transactions and actions taken. In addition, executing the contracting officers' responsibilities such as verifying the contractor performed technical requirements of the contract and performing inspections of those technical requirements is essential in validating contractors' compliance with contract requirements. QA officials did not clearly demonstrate they effectively executed oversight of the two SOF MILCON projects, and therefore, there is an increased risk that the projects may not meet contract requirements.

Recommendations, Management Comments, and Our Response

We recommend that the Commander, U.S. Army Corps of Engineers, Transatlantic Division:

1. **Perform external reviews every 90 days of the U.S. Army Corps of Engineers Transatlantic District-North quality assurance program in Afghanistan.**

Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, Comments

The Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, responding for the Commander, U.S. Army Corps of Engineers, Transatlantic District-North agreed to review the U.S. Army Corps of Engineers Transatlantic District-North quality assurance program October 15-25, 2013. However, the Deputy Commander stated that the U.S. Army Corps of Engineers Transatlantic Division would assess the quality assurance program quarterly as deemed necessary instead of every 90 days as we recommended.

Our Response

Comments from the Deputy Commander partially addressed the recommendation. Because the U.S. Army Corps of Engineers Transatlantic District-North quality assurance program oversight has consistently been ineffective, continuous monitoring of the program every 90 days is necessary. Therefore, the Deputy Commander needs to establish a timeframe to continuously monitor the Transatlantic District-North quality assurance program to reduce the risk that projects in Afghanistan are not meeting contract requirements. We request the Commander, U.S. Army Corps of Engineers Transatlantic Division provide additional comments to the recommendation by December 20, 2013.

We recommend that the Commander, U.S. Army Corps of Engineers, Transatlantic District-North:

2. **Establish written procedures for a recurring external verification process that will determine that:**

a. Quality assurance officials assigned to Special Operations Forces military construction projects complete the required Statement of Understanding and Compliance.

Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, Comments

The Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, responding for the Commander, U.S. Army Corps of Engineers, Transatlantic District-North, agreed. The Deputy Commander stated that a revised Statement of Understanding and Compliance has been executed and that all project personnel assigned to the Special Operations Forces military construction projects have signed the document as of June 23, 2013.

Our Response

Comments from the Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, were responsive, and no additional comments are required.

b. Project engineers develop a quality assurance plan at project inception and update the plan as needed during the project.

Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, Comments

The Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, responding for the Commander, U.S. Army Corps of Engineers, Transatlantic District-North, agreed. Specifically, the Deputy Commander stated that a revised quality assurance plan has been completed and that all personnel working on the Special Operation Forces project are aware of its content and acknowledged the document as of June 15, 2013.

Our Response

Comments from the Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, partially addressed the recommendation. Specifically, the Deputy Commander did not clarify whether project engineers would update the supplemental project quality assurance plans as needed during the project as recommended. However, U.S. Army Corps of Engineers Transatlantic District-North officials informed us in October 2013 that the two Special Operations Forces military construction projects are scheduled for completion in December 2013. Therefore, updating supplement project quality assurance plans is not needed and as a result, further management comments are not required.

c. Project engineers approve complete contractors' quality control plans for military construction projects before contractors' start construction and verify that contractors update quality control plans as needed.

Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, Comments

The Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, responding for the Commander, U.S. Army Corps of Engineers, Transatlantic District-North, agreed. The Deputy Commander stated that quality control plans for both projects have been approved and that he has emphasized to project personnel that an approved quality control plan must be submitted and approved before initiating construction. He stated when contract modifications are issued; a revised quality control plan will be obtained, if appropriate. He also stated follow up would occur during U.S. Army Corps of Engineers, Transatlantic Division's in-country visit planned for October 15-25, 2013.

Our Response

Comments from the Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, were responsive, and no additional comments are required.

d. Project engineers, construction representatives, and contracting officer's representatives maintain complete records to support the performance of their contract oversight duties.

Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, Comments

The Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, responding for the Commander, U.S. Army Corps of Engineers, Transatlantic District-North, agreed. The Deputy Commander stated that the Commander, Transatlantic Afghanistan District, and his engineering and construction staff will emphasize the requirement to maintain contract oversight documents, records, and the Resident Management System. He also stated follow up would occur during U.S. Army Corps of Engineers, Transatlantic Division's in-country visit planned for October 15-25, 2013.

Our Response

Comments from the Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, were responsive, and no additional comments are required.

e. Project engineers and construction representatives are taking steps to validate that contractors are fully executing the three-phase inspection process.

Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, Comments

The Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, responding for the Commander, U.S. Army Corps of Engineers, Transatlantic District-North, agreed. The Deputy Commander stated the Commander, Transatlantic Afghanistan District, and his engineering and construction staff will emphasize the requirement to maintain contract oversight documents, records, and meeting minutes. He also stated follow up would occur during U.S. Army Corps of Engineers, Transatlantic Division's in-country visit planned for October 15-25, 2013.

Our Response

Comments from the Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, were responsive, and no additional comments are required.

f. Project engineers schedule the technical inspections of contractor's construction efforts.

Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, Comments

The Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, responding for the Commander, U.S. Army Corps of Engineers, Transatlantic District-North, agreed. Specifically, the Deputy Commander stated the Commander, Transatlantic Afghanistan District and his engineering and construction staff will emphasize the requirement for technical inspections of mechanical, electrical, and structural areas to ensure compliance with Transatlantic Afghanistan District quality assurance plan. Furthermore, these inspections will be conducted by personnel with full knowledge of the technical area being addressed and documented to ensure effective QA oversight can be verified and demonstrated. He also stated follow up would occur during U.S. Army Corps of Engineers, Transatlantic Division's in-country visit planned for October 15-25, 2013.

Our Response

Comments from the Deputy Commander, U.S. Army Corps of Engineers, Transatlantic Division, were responsive, and no additional comments are required.

Appendix A

Scope and Methodology

We conducted this performance audit from September 2012 through September 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our objective was to determine whether DoD provided effective oversight of military construction projects in Afghanistan. Specifically, our objective was to determine whether the USACE is properly monitoring contractor performance and adequately performing QA oversight responsibilities for construction projects for SOF at Bagram Airfield, Afghanistan. To accomplish this objective, we reviewed documents dated from the notice to proceed date to May 2013 related to MILCON project requirements, including the contracts, contract modifications, QA daily reports, DD Form 1354, contractor QC plans, QA plans, three-phase control schedules, weekly progress meeting minutes, Fluor Intercontinental deficiency reports, and ENG Form 4025, "Transmittal of Shop Drawings, Equipment Data, Material Samples, or Manufacturer's Certificates of Compliance."

We contacted staff and conducted interviews, as appropriate, with USACE TAN officials (Bagram Area Office). USACE officials we interviewed included contracting officers, area engineers, CORs, resident engineers, project engineers, and construction representatives. We conducted a site visit at the two selected projects, obtained source documentation, and observed and examined key documents related to USACE TAN QA oversight. We obtained and analyzed documents from USACE's Resident Management System and compared them to statements and documents provided by USACE officials.

We reviewed Federal, DoD, Army, and USACE regulations, instructions, and guidance. Specifically, we reviewed the FAR; Defense Federal Acquisition Regulation Supplement; Army Engineering Regulation 1180-1-6, "Construction Quality Management," September 30, 1995; and USACE Afghanistan Engineering District, "District-Level QA Plan for Construction," April 2011.

In July 2012, USACE TAN officials provided a list of 43 ongoing MILCON projects at Bagram Airfield, Afghanistan. Of the 43 projects, we selected projects that were individually valued at more than $10 million and had not been selected in prior audits. Twenty-three projects met the above criteria. We nonstatistically selected

2 (SOF Complexes) of the 23 projects totaling about $37.6 million for review. The two SOF projects selected were "Project No. 70037, SOF HQ Complex (Phase I) - Contract No. W912ER-10-C-0003" and "Project No. 72126, SOF Command and Control Facilities (Phase II) - Contract No. W912ER-10-C-0048."

Use of Computer-Processed Data

We relied on computer-processed data from the Resident Management System. The Resident Management System is used by USACE TAN to maintain and update documentation related to construction projects. To verify the reliability of data, we tested documents provided by USACE by comparing those documents to what was recorded in Resident Management System. From these procedures, we are confident that the documentation in Resident Management System was sufficiently reliable for the purpose of acquiring construction oversight documents for our analysis of the effectiveness of MILCON project oversight in Afghanistan.

Prior Coverage

During the last 5 years, the Department of Defense Office of Inspector General issued six reports related to military construction projects in Afghanistan. Unrestricted DoD IG reports can be accessed at http://www.dodig.mil/audit/reports.

DoD IG

DoD IG Report No. DODIG-2013-024, "U.S. Army Corps of Engineers Needs to Improve Contract Oversight of Military Construction Projects at Bagram Airfield, Afghanistan," November 26, 2012

DoD IG Report No. DODIG-2012-089, "Better Contract Oversight Could Have Prevented Deficiencies in the Detention Facility in Parwan, Afghanistan," May 17, 2012

DoD IG Report No. DODIG-2012-057, "Guidance Needed to Prevent Military Construction Projects from Exceeding the Approved Scope of Work," February 27, 2012

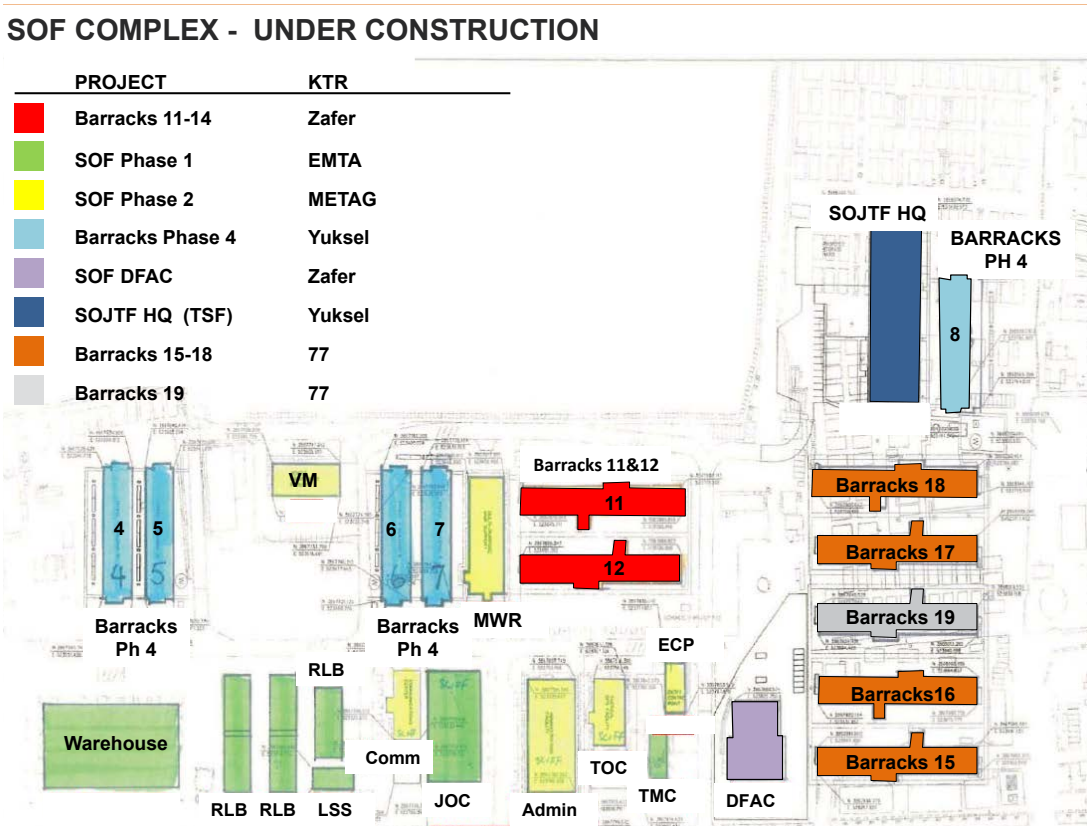
DoD IG Report No. D-2010-059, "Contingency Contracting: A Framework for Reform," May 14, 2010

DoD IG Report No. SPO-2009-005, "Assessment of Electrical Safety in Afghanistan," July 24, 2009

DoD IG Report No. D-2008-119, "Construction Contracting Procedures Implemented by the Joint Contracting Command-Iraq/Afghanistan," September 29, 2008

Appendix B

Diagram of Special Operations Forces Complex at Bagram Airfield



LEGEND:

Admin	Administration	RLB	Re-locatable Barracks
Comm	Communications	SOF	Special Operations Forces
DFAC	Dining Facility	SOJTF HQ	Special Operations Joint Task Force Headquarters
ECP	Entry Control Point		
EMTA	Elektrik Makine Ticaret A.S.	TMC	Troop Medical Clinic
JOC	Joint Operations Center	TOC	Tactical Operations Center
KTR	Contractor	VM	Vehicle Maintenance
LSS	Latrine-Shower-Shave		
MWR	Morale, Welfare, and Recreation Center		
PH	Phase		

Management Comments

U.S. Army Corps of Engineers

DEPARTMENT OF THE ARMY
UNITED STATES ARMY CORPS OF ENGINEERS
TRANSATLANTIC DIVISION
255 FORT COLLIER ROAD
WINCHESTER, VIRGINIA 22603-5776

REPLY TO
ATTENTION OF

OCT - 1 2013

CETAD-IR

MEMORANDUM FOR Inspector General Department of Defense (DoDIG)
ATTN: Michael J. Roark, Deputy Assistant Inspector General, Readiness and Cyber Operations, 4800 Mark Center Drive, Alexandria, Virginia 22350-1500

SUBJECT: U.S. Army Corps of Engineers (USACE) Comments Concerning DODIG Draft Report "U.S. Army Corps of Engineers Transatlantic District-North Needs To Improve Oversight of Construction Contractors in Afghanistan," September 4, 2013, (Project No. D2012-D000JO-0221.000)

1. Enclosed are USACE Transatlantic Division comments concerning DODIG Draft Report "U.S. Army Corps of Engineers Transatlantic District-North Needs To Improve Oversight of Construction Contractors in Afghanistan," September 4, 2013, (Project No. D2012-D000JO-0221.000)

2. My point of contact for these comments is [redacted]

Encl

VINCENT V. QUARLES
COL, EN
Deputy Commander

U.S. Army Corps of Engineers (cont'd)

USACE-TAA Response to DoDIG Draft Report, U. S. Army Corps of Engineers Transatlantic District – North Needs to Improve Oversight of Construction Contractors in Afghanistan, Project No. D2012-D000JO-0221.00, dated 4 September 2013

In response to the DoDIG Draft Report findings and recommendations the following comments are provided:

DODIG Findings and Recommendations:

Finding - Army Corps of Engineers Transatlantic District - North Needs To Provide Better Oversight of Military Construction Projects in Afghanistan.

Recommendations

1. We recommend that the Commander, U.S. Army Corps of Engineers, Transatlantic Division, should perform external reviews every 90 days of the U.S. Army Corps of Engineers Transatlantic District-North quality assurance program in Afghanistan.

USACE Response: Concur. We generally agree with the auditors' comments, and the following action will be taken to improve the situation. USACE Transatlantic Division (TAD) Contracting and Engineering personnel will visit the Transatlantic Afghanistan District (formerly Transatlantic District-North) during the period 15-25 October 2013 and will review TAA's quality assurance program in Afghanistan. USACE TAD will continue these reviews quarterly as deemed necessary to ensure that TAA's quality assurance program is functioning as prescribed by USACE Engineer Regulation 1180-1-6, Construction Quality Management.

2. We recommend that the Commander, U.S. Army Corps of Engineers, Transatlantic District-North, establish written procedures for a recurring external verification process that will determine that:

a. Quality assurance officials assigned to Special Operations Forces military construction projects complete the required Statements of Understanding and Compliance.

USACE Response: Concur. A revised Statement of Understanding and Compliance has been executed and all project personnel assigned to the Special Operations Forces military construction projects have signed the document as of 23 June 2013.

b. Project engineers develop a supplemental project quality assurance plan at project inception and update the plan as needed during the project.

USACE Response: Concur. A revised (supplemental) Quality Assurance Project Plan has been completed by the Resident Engineer and all personnel working on the SOF project are aware of its contents and have acknowledged the document as of 15 June 2013.

1

U.S. Army Corps of Engineers (cont'd)

c. Project engineers approve complete contractors' quality control plans for military construction projects before contractors' start construction and verify that contractors update quality control plans as needed.

USACE Response: Concur. We generally agree with the auditors' comments, and the following action will be taken to improve the situation. QC plans for both SOF contracts have been approved. It will be emphasized to all District project personnel that an adequate approved QC plan must be submitted and approved prior to initiating clearance for construction. When contract modifications are issued a revised QC plan will be obtained as appropriate. This action will be followed up during TAD's in country visit on 15-25 Oct 2013.

d. Project engineers, construction representatives, and contracting officer's representatives maintain complete records to support the performance of their contract oversight duties and to support that contract and regulatory requirements were met as mandated by the Federal Acquisition Regulation.

USACE Response: Concur. The Commander TAA and his Engineering and Construction staff will emphasize the requirement to maintain contract oversight documents, records and to ensure that the Resident Management System (RMS) is maintained in a current state. This action will be followed up during TAD's in country visit on 15-25 Oct 2013.

e. Project engineers and construction representatives are taking steps to ensure that contractors are fully executing the three-phase inspection process.

USACE Response: Concur. The Commander TAA and his Engineering and Construction staff will emphasize the requirement in this area in order to maintain contract oversight documents, records and meeting minutes to support their oversight efforts. This action will be followed up during TAD's in country visit on 15-25 Oct 2013.

f. Project engineers schedule the technical inspections of contractor's construction efforts.

USACE Response: Concur. The Commander TAA and his Engineering and Construction staff will emphasize the requirement for technical inspections of mechanical, electrical, and structural areas to ensure compliance with the TAA QA Plan. These inspections will be conducted by personnel with full knowledge of the technical area being addressed and documented to ensure effective QA oversight can be verified and demonstrated. This action will be followed up during TAD's in country visit on 15-25 Oct 2013.

Acronyms and Abbreviations

COR	Contracting Officer's Representative
DFOW	Definable Features of Work
FAR	Federal Acquisition Regulation
HQ	Headquarters
LOGCAP	Logistics Civil Augmentation Program
MILCON	Military Construction
QA	Quality Assurance
QC	Quality Control
SOF	Special Operations Forces
TAN	Transatlantic District-North
USACE	U.S. Army Corps of Engineers

INSPECTOR GENERAL

DEPARTMENT OF DEFENSE

Whistleblower Protection
U.S. Department of Defense

The Whistleblower Protection Enhancement Act of 2012 requires the Inspector General to designate a Whistleblower Protection Ombudsman to educate agency employees about prohibitions on retaliation, and rights and remedies against retaliation for protected disclosures. The designated ombudsman is the DoD IG Director for Whistleblowing & Transparency. For more information on your rights and remedies against retaliation, go to the Whistleblower webpage at www.dodig.mil/programs/whistleblower.

For more information about DoD IG reports or activities, please contact us:

Congressional Liaison
Congressional@dodig.mil; 703.604.8324

DoD Hotline
1.800.424.9098

Media Contact
Public.Affairs@dodig.mil; 703.604.8324

Monthly Update
dodigconnect-request@listserve.com

Reports Mailing List
dodig_report-request@listserve.com

Twitter
twitter.com/DoD_IG

DEPARTMENT OF DEFENSE | INSPECTOR GENERAL

4800 Mark Center Drive
Alexandria, VA 22350-1500
www.dodig.mil
Defense Hotline 1.800.424.9098