

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 15-25 Inspection Report

ANA Camp Commando Phase II: Power Plant and Fuel Point Not Fully Operational Nearly Two Years after Project Completion



JANUARY
2015



SIGAR

**Office of the Special Inspector General
for Afghanistan Reconstruction**

January 6, 2015

The Honorable Chuck Hagel
Secretary of Defense

General Lloyd J. Austin III
Commander, U.S. Central Command

General John F. Campbell, Jr.
Commander, U.S. Forces-Afghanistan and
Commander, International Security Assistance Force

Lieutenant General Thomas P. Bostick
Commanding General and Chief of Engineers
U.S. Army Corps of Engineers

Major General Todd T. Semonite
Commanding General, Combined Security Transition Command-Afghanistan

This report discusses the results of SIGAR's inspection of the Afghan National Army's (ANA) Camp Commando complex in Kabul, Afghanistan. The Department of Defense awarded four contracts—corresponding to Phases I through IV for construction and renovation of facilities at Camp Commando. This inspection focused on Phase II, which included new construction and renovation work requested by the Combined Security Transition Command-Afghanistan (CSTC-A), funded through the Afghanistan Security Forces Fund, and executed under a contract administered by the U.S. Army Corps of Engineers (USACE). We found that USACE accepted all three facilities built under Phase II—the power plant, the fuel point, and the dining facility—and paid the contractor the full contract amount of about \$18.7 million. However, during our inspections in February and April 2014, we found that the generators were not synchronized and could only provide about 25 percent of the planned total power output; the fuel pumps at the fuel point had not been used; and the dining facility was built for 280 Afghan soldiers but was handling 1,600 soldiers.

We are also concerned that the U.S. government has issued a new contract, which includes approximately \$3.1 million in Phase III to complete work on or make repairs to the camp's power system and construct another fuel point. Specifically, CSTC-A is funding \$2.1 million to repair the power plant's electrical system, including replacing the original master control panel, which USACE stated was damaged by the ANA making an improper and unauthorized connection to a transformer, and repairing and synchronizing the generators to allow for parallel operation—all initially part of the Phase II work.¹ In addition, even though the fuel point constructed in Phase II—at a cost of \$332,000—has never been fully used as intended, a second, larger fuel point was built by a new contractor under Phase III at a cost of approximately \$1 million.

¹ The Phase III contract also called for the purchase and installation of some new equipment, notably a sixth generator.

SIGAR recommends that the Commanding General and Chief of Engineers, USACE, direct the Commander, USACE Transatlantic Division, to take the following actions and report back to SIGAR within 90 days: (1) determine the amount paid to the Phase II contractor for required work that was not completed on the camp's power plant and fuel point, and, where appropriate, recoup those funds; (2) provide documentation showing that the power plant's electrical system has been fully tested and commissioned; (3) determine the reason(s) why the ANA has not used the Phase II fuel point to dispense fuel for vehicles, and, based on the results, decide whether steps should be taken to make it operational; and (4) determine the circumstances leading to the acceptance of the Phase II work as completed, with full payment made to the contractor, when known deficiencies existed. Based on the results, determine what disciplinary action, if any, should be taken against the contracting officer or contracting officer's representative.

We received written comments on a draft of this inspection report from USACE. In its comments, USACE agreed with each of our four recommendations. We found that USACE's comments and information on actions taken were generally responsive to our recommendations, but additional documentation is necessary to close them. USACE's comments are reproduced in appendix III. U.S. Forces-Afghanistan and CSTC-A provided general comments on a draft of this report and assurances of corrective actions planned and taken to ensure that U.S. and donor nation funds are spent usefully towards developing the sustainability of the Afghan National Security Forces.

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

A handwritten signature in black ink, appearing to read 'John F. Sopko', with a long horizontal flourish extending to the right.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

On July 1, 2009, the Department of Defense awarded the first of four contracts to construct and/or renovate facilities at the Afghan National Army's (ANA) Camp Commando in Kabul, Afghanistan.² The four contracts—corresponding to Phases I through IV of the work—were funded through the Afghanistan Security Forces Fund and totaled \$57.1 million over 5 years.³ The purpose of these contracts was to help establish an operating base for the ANA Special Operations Command Division Headquarters, the Commando School of Excellence, the 6th Special Operations Kandak, the Military Intelligence Kandak, and the Garrison Support Unit.⁴

In March 2010, the U.S. Army Corps of Engineers (USACE) awarded the Phase II contract to Fazlullah Construction and Engineering Company/United Infrastructure Projects Joint Venture—Afghan and U.S. firms, respectively—for \$15.1 million.⁵ Following a series of modifications and amendments, the contract's price increased to approximately \$18.7 million. The Phase II contract—a mix of new construction, renovation of existing facilities, and completion of unfinished Phase I work—included a power plant and electrical distribution system, fuel point, dining facility, barracks, roadways, site drainage, water and sewer distribution/treatment system, and communications network.

This inspection focused on Phase II because it involved the most recently completed facilities at the time of our site visits on February 22 and April 27, 2014. We focused on three facilities—the power plant, fuel point, and dining facility—based on cost and complexity, as well as the potential for construction and usage problems. For this inspection, we assessed whether the (1) work was completed in accordance with contract requirements and technical specifications, and (2) facilities were being used as intended.

We conducted our work at Camp Commando in Kabul, Afghanistan, from February through November 2014, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. Appendices I and II contain more detailed information on our scope and methodology and the four contracts, respectively.

TWO OF THE THREE FACILITIES INSPECTED—THE POWER PLANT AND THE FUEL POINT—WERE NOT COMPLETED IN ACCORDANCE WITH CONTRACT REQUIREMENTS

We found that all three facilities inspected—the power plant, the fuel point, and the dining facility—generally appeared to be well constructed, but a complete inspection was not possible because neither the power plant nor the fuel point were fully operating. On April 7, 2012, USACE transferred all three facilities to the NATO Training Mission-Afghanistan, using the DD Form 1354—Transfer and Acceptance of Department of Defense Real Property—document.⁶ The form listed some deficiencies with the facilities, including the fact that testing and commissioning of the power plant's electrical system and the fuel point's fuel pumps had not been completed. On February 17, 2013, USACE sent a letter to the contractor acknowledging that all work associated with Phase II had been completed and that all issues had been resolved.⁷ This letter also noted the final payment on the \$18.7 million contract would be \$130,467.45. However, our site inspections—in February and April 2014—identified continuing deficiencies with the power plant and fuel point.

² The U.S. Army Corps of Engineers awarded the first three contracts; the Air Force Civil Engineering Center awarded the fourth contract.

³ Congress created the Afghanistan Security Forces Fund to provide the Afghan National Security Forces—made up of the ANA and the Afghan National Police—with equipment, supplies, services, and training, as well as facility and infrastructure repair, renovation, and construction.

⁴ A *kandak* is the Afghan equivalent to a U.S. Army battalion and consists of between 352 and 800 personnel.

⁵ Contract number W5J9JE-10-C-0013.

⁶ In September, 2014, the International Security Assistance Force in Afghanistan reorganized, and, as a result, absorbed the NATO Training Mission-Afghanistan into the revised structure. NATO Training Mission-Afghanistan's mission is now the responsibility of Resolute Support Essential Function Four, Force Generation.

⁷ USACE Serial Letter C-0015.

Power Plant Generators Were Not Synchronized and Power Output was Limited

The Phase II contract required the construction of a power plant—\$7 million of the \$18.7 million contract cost—to provide electricity for the School of Excellence, 6th Special Operations Kandak, and the Garrison Support Unit. Specifically, the contract required completion of the power plant building and installation of five 1088-kilowatt generators; installation of transformers, control panels, switchgear, wiring, and all interior electrical accessories for parallel operation of the generators; and testing and commissioning of the electrical system (see photo 1).⁸ Running more than one generator at a time—up to four at a time to accommodate peak power demands—required the equipment to be calibrated and synchronized for parallel operation. In addition, the contract required that one of the plant's five generators be made available at all times to serve as a spare or backup unit. Further, when the camp has lower power demands, the control panels and switchgear should be programmed to allow for switching between operating generators without power interruptions.

In its final payment certificate, dated February 18, 2013, USACE's contracting officer's representative stated that all contract requirements had been satisfactorily met. However, during our two site visits in 2014, we discovered that deficiencies existed. For example, the power plant's master control panel and switchgear were not functioning as required for parallel operation of the generators. Among the problems was the software for synchronizing the generators, which was not working properly. As a result, only one of the four primary generators could operate at a time.

Further, changing power from one generator to another could not be completed without interruption. Also, since the power changeover could not be done electronically, as required, it had to be completed manually.

In comments on a draft of our report, USACE stated that an improper and unauthorized connection to a transformer damaged equipment in the power plant and caused the problems with the electrical system that we observed during our inspection. Specifically, ANA personnel made an improper connection to a transformer on or around July 6, 2012, resulting in damage to two transformers, several sections of medium voltage cables, and the main power distribution panel for the plant. USACE noted that the damage caused by the ANA occurred after USACE and the power plant's operation and maintenance (O&M) contractor performed a warranty inspection and found the power plant constructed by the Phase II contractor fully operable. USACE determined that the damage to the electrical system was beyond the control, responsibility, or liability of the Phase II contractor. The O&M contractor was able to repair the transformers and cables, but not the main distribution panel.

USACE also commented that they are unable to locate records documenting the precise dates of testing and commissioning—an essential step before a system is accepted as complete and operated—for either the electrical system or the fuel point pumps, which we discuss below. USACE stated those records were lost, likely due to an electronic data storage failure. However, USACE stated that testing and commissioning of the power plant and fuel point pumps occurred before July 2012, as evidenced by interviews with USACE project personnel, the fact that a joint inspection by USACE and O&M personnel in early July 2012 did not identify

Photo 1 - Power Plant with Generators



Source: SIGAR, April 27, 2014

⁸ Phase II did not require the contractor to redesign or provide design submittal, except for the Alternating Current Generators and Power Distribution systems.

functional deficiencies, and an undated USACE document that stated the testing and commissioning had been done.⁹

In October 2014, USACE officials provided us with documentation showing that it paid a new contractor about \$2.1 million in Phase III to complete work on or make repairs to the camp's power system. The officials noted that the initial contract to repair the power plant's electrical system was awarded for approximately \$1.9 million. This was followed by two modifications to address additional problems with the power system, including the need to replace the original master control panel, repair the generators, and synchronize the generators to allow for parallel operation so that the power plant could operate up to four generators simultaneously. These additional issues had a combined price of about \$243,000. The modifications also called for the purchase of some new equipment, such as the purchase and installation of a sixth generator. According to Combined Security Transition Command-Afghanistan (CSTC-A) officials, USACE confirmed that the repairs needed to allow for parallel operation of the generators were made in Phase III.

The Fuel Point Was Constructed, but the Fuel Pumps Were Never Made Operational

Camp Commando's Phase II fuel point was expected to provide a centralized location for refueling ANA vehicles and to improve accountability for fuel. The contract required the fuel point to have fuel pumps, 38,000 liters of diesel storage capacity in two above-ground tanks, and 1,000 liters of motor fuel in above-ground storage tanks.¹⁰ The storage facilities were to be built within a concrete containment area (see photo 2).

While all of the components were provided and the fuel point was constructed, we found that the fuel pumps were not operational and, at the time of our inspection, had not been tested and commissioned as the contract required. This deficiency was noted on the DD Form 1354 on April 7, 2012, and neither USACE nor CSTC-A could demonstrate that testing and commissioning ever occurred.¹¹ However, USACE letter C-0015, dated February 17, 2013, stated that the Phase II work had been completed and all issues had been resolved. As stated previously in this report, USACE asserts that the pumps were tested and commissioned. Nevertheless, our two site inspections in 2014 confirmed that the fuel pumps were not operating and had not been tested and commissioned. Further, due to the inoperable fuel pumps, USACE could not have checked for deficiencies within key operational systems, such as the leak detection and auto-close pump nozzle systems. As discussed later in this report, although this fuel point was never fully operational, the U.S. government has built a second fuel point for the ANA on Camp Commando under the Phase III contract.

Photo 2 - Fuel Point with Tanks and Pumps



Source: SIGAR, February 22, 2014

⁹ USACE, *ANA Commando Complex PH2 (W5J9E-10-C-0013) CONSTRUCTION DEFICIENCIES and Incomplete Works*.

¹⁰ The contract did not specify the number of fuel pumps to be provided.

¹¹ Commissioning refers to the process by which a piece of equipment, a facility, or plant, that is installed, is complete, or near completion, is tested to verify functionality in accordance with design objectives or specifications.

The Dining Facility Was Constructed According to Contract Requirements

The Phase II contract required the completion of a dining facility, including a dining room to seat 280 people. The dining facility's design and initial construction began in Phase I. However, the Phase I contract recognized that the contractor might not be able to complete construction during that phase, since it only had a 90-day period of performance. The contract noted that if the dining facility was not completed during Phase I, that the contractor would complete the facility during Phase II.¹²

Based on our site inspections, as well as our analysis of the Phase I construction drawings and statement of work, we found that the dining facility was generally completed according to the contract requirements in Phase II. Although the statement of work did not specify how many food storage units were to be provided, we found three units had been installed—two cold storage and one dry storage.

THE POWER PLANT, THE FUEL POINT, AND THE DINING FACILITY WERE ALL BEING USED, BUT ONLY THE DINING FACILITY WAS BEING FULLY USED AS INTENDED

Based on our two site visits, we found that all three Phase II facilities—the power plant, the fuel point, and the dining facility—were being used. However, neither the power plant nor the fuel point was being fully used as intended. Specifically, the power plant's generators were not operating as designed, and the pumps at the fuel point had never been used to fuel vehicles. The dining facility was being used and was serving more than five times the number of personnel for which it was designed.

The Power Plant Was Not Being Used as Intended and Power Output Was Limited to One Quarter of the Intended Maximum Output

We found that the power plant's generators did not run in parallel as intended, and only one generator could run at a time, rather than four. This meant that Camp Commando only had 25 percent of the intended power availability that it should have at any given time to accommodate peak demands or other contingencies. In addition, because the generators did not run in parallel, the camp's power supply had to be interrupted to allow manual change-over from one operating generator to another for maintenance, or during emergencies. To compensate for the power shortage, Camp Commando used "spot" generators to provide power to key areas, including garrison perimeter security systems, the Special Forces compound, and some areas within the School of Excellence.¹³ U.S. mentors stated that the camp had 19 spot generators, but that some of them were not functioning because they needed repair.

In comments on a draft of our report, USACE stated the limited power stemmed from damage to the electrical system caused by the ANA making an unauthorized connection to a transformer. As discussed above, the O&M contractor was able to make some repairs, but it could not repair the main distribution panel for the plant, which needed to be replaced. USACE made replacement of this main distribution panel a requirement of the Phase III contract through a modification on January 27, 2014, and all repairs including those needed to fully operate the power plant were made by May 28, 2014—almost 2 years after the ANA damaged equipment in the power plant.

¹² The same contractor—Fazlullah Construction and Engineering Company/United Infrastructure Projects Joint Venture—was awarded both the Phase I and Phase II contracts.

¹³ A spot generator is generally set up to temporarily provide power needs to a specific area or location.

The Phase II Fuel Point Has Never Been Used As Intended

Our inspection revealed, and ANA officials confirmed, that the camp has never used the fuel point as intended, and, specifically, has never used the fuel pumps. During our site visits, ANA officials told us that—in addition to the fuel pumps not being tested and commissioned—another reason for not using the fuel point was that sufficient space did not exist between the fuel pump islands for vehicles to access the pumps. During our April 2014 inspection, we took measurements and confirmed that the fuel pump islands were properly positioned according to the construction drawings and that sufficient space existed for vehicle access, including large vehicles such as Mine-Resistant Ambush Protected vehicles. Still another reason ANA officials cited for not using the fuel point was its close proximity to the fire station, which they said violated building codes. However, we were unable to find language in the International Building Code that would prevent these two structures from being located near each other. Lastly, ANA officials told us that although they have not used the fuel pumps, they have been using the fuel point's two diesel storage tanks to store fuel.

The CSTC-A officials noted that they were not aware of any known issues preventing its use. USACE officials noted that the fuel point was usable, with one exception. In October 2014, USACE officials stated that the manufacturer did not program the pumps with the necessary coding information, and, as a result, there was no ability to pump fuel through the system. However, in comments on a draft of our report in December 2014, USACE noted that the fuel point constructed in Phase II was fully operational. Despite the conflicting assertions by USACE, our inspection clearly showed that the fuel pumps were never operational and that even though the fuel point—which cost \$332,000 to construct—has never been fully used as intended, a second, larger fuel point was being built by a new contractor under Phase III at the time of our February and April 2014 site visits. According to USACE officials, the cost to construct the new fuel point was approximately \$1 million. In October 2014, USACE officials told us that the new fuel point had been completed, but, for reasons unknown to them, it also had not been used. In its comments on a draft of a report, USACE stated that the ANA needs a centralized fuel point for all garrison tenants to enable the ANA to manage and track its fuel consumption. In addition, USACE commented that CSTC-A will continue to train, advise, and assist the ANA in proper fuel management.

The Dining Facility Was Being Used and Serving More Personnel than Intended

The Phase II dining facility was being used, and, at the time of our April 2014 inspection, was serving more than five times the number of personnel than originally intended. As called for in the contract, CSTC-A originally intended for the dining facility to serve 280 personnel, but the Camp commander told us it was preparing and serving meals for about 1,600 personnel. To help better serve the number of people using the dining facility, the Camp commander told us that he built an addition onto the kitchen for cooking only rice. Contract documents showed that a new larger dining facility would be built for the camp in Phase III.

CONCLUSION

User error and lingering construction deficiencies have resulted in the underutilization of the facilities constructed as part of Phase II work at Camp Commando. The power plant with five generators—meant to provide electricity to the ANA Special Operations Command Division Headquarters and the Commando School of Excellence, among other units—was in operable condition until the ANA made an unauthorized connection to a transformer and severely damaged the power plant's master control panel. The damage limited the plant to only 25 percent of full power and caused soldiers to use as many as 19 spot generators. Meanwhile, the fuel point appears well built and the above-ground fuel tanks are used for storage, but the fuel pumps are not used. In addition, the dining facility was well built to serve 280 personnel, but it now serves 1,600. As a result, the \$7 million plant was delayed in delivering full power for nearly 2 years until repair work was completed in May 2014; the fuel point does not fully serve its purpose; and the dining facility is likely receiving more wear and tear than planned.

The fact that the fuel pumps at the fuel point are not used is particularly troubling. The ANA has not offered any reasonable explanation for not using the pumps. However, even though the first fuel point constructed at a cost of \$332,000 was never used as planned, a second fuel point costing \$1 million was built nearby, and the pumps at that site also are not being used. The pumps are essential for tracking use of ANA fuel and to help safeguard it from theft. USACE stated in its comments to a draft of this report that CSTC-A will continue to train and assist the ANA in proper fuel management, which should include use of the fuel pumps at both fuel points.

Inspection of the Phase II construction was also hampered by lost records regarding the testing and commissioning of the power plant and fuel point. Lost records have been a problem at other sites we inspected in Afghanistan and this problem requires corrective action. USACE, while acknowledging documents showing the precise dates of testing and commissioning have been lost, asserts that the power plant and fuel point were tested and inspected based on other evidence.

RECOMMENDATIONS

To protect the U.S. government's investment in ANA Camp Commando, we recommend that the Commanding General, USACE, direct the Commander, USACE Transatlantic Division, to report back to SIGAR within 90 days:

- 1. Determine the amount paid to the Phase II contractor for required work that was not completed on the camp's power plant and fuel point, and, where appropriate, recoup those funds.**
- 2. Provide documentation showing that the power plant's electrical system has been fully tested and commissioned.**
- 3. Determine the reason(s) why the ANA has not used the Phase II fuel point to dispense fuel for vehicles, and, based on the results, decide whether steps should be taken to make it operational.**
- 4. Determine the circumstances leading to the acceptance of the Phase II work as completed, with full payment made to the contractor, when known deficiencies existed. Based on the results, determine what disciplinary action, if any, should be taken against the contracting officer or contracting officer's representative.**

AGENCY COMMENTS

We provided a draft of this inspection report to USACE, U.S. Forces-Afghanistan, and CSTC-A for review and comment. USACE provided written comments, which are reproduced in appendix III. USACE concurred with our four recommendations and provided information on actions it has taken to address them, suggesting that no additional reply from the command would be needed in the future. USACE also provided technical comments, which we incorporated into the report, as appropriate. Because our recommendations were directed only to USACE, neither U.S. Forces-Afghanistan nor CSTC-A directly responded to the recommendations. However, neither command raised any concerns with the findings presented in the report.

With regard to our first recommendation, USACE concurred and stated that all required work was completed as contractually required. For example, USACE reported that damage caused by ANA modifications to the power plant after the contractor completed the work voided the warranty and made it necessary to conduct repairs under Phase III. USACE also stated that the fuel point pumps had been tested and commissioned; however, USACE was unable to provide supporting evidence. Furthermore, our on-site inspection clearly showed that the fuel pumps had not been commissioned. In addition, on October 30, 2014, USACE reported that "...the reason the pumps are not being used was due to a lack of necessary programming of the pumps by the manufacturer. There is no evidence that the programming was ever provided. Therefore, while the fuel tanks are fully usable, there is no ability to pump the fuel from the system using the installed pumps..."

USACE also concurred with our second recommendation. USACE stated that an undated document titled *ANA Commando Complex PH2 (W5J9JE-10-C-0013) CONSTRUCTION DEFICIENCIES and Incomplete Works*, coupled with an additional inspection by the operation and maintenance contractor and interviews with project personnel associated with the construction contract at the time, confirmed that the power plant had been tested and commissioned.

With regard to our third recommendation, USACE commented that CSTC-A was unable to determine why the ANA has not used the Phase II fuel point to dispense fuel for its vehicles and that CSTC-A is not aware of any operational issues related to the fuel point that would prevent the ANA from using the pumps. However, as noted above and elsewhere in this report, incomplete programming, testing, and commissioning may be a primary reason preventing use, in addition to other, unsubstantiated reasons, such as the proximity to the fire station and inadequate vehicle space. Nevertheless, USACE stated that the ANA needs a centralized fuel point for all garrison tenants so the ANA can manage and track its fuel consumption. USACE also stated that CSTC-A would continue to train, advise, and assist the ANA in proper fuel management and that CSTC-A would help the ANA understand that the proximity of the fire station to the Phase II fuel point is not a safety hazard. Although we commend CSTC-A's efforts to continue to train, advise, and assist the ANA at Camp Commando, the incomplete programming, testing, and commissioning of the pumps and the subsequent inability to check for deficiencies within key operational systems may continue to prevent use of the Phase II fuel point.

Finally, USACE concurred with our fourth recommendation and commented that the deficiencies listed on the DD Form 1354 were corrected prior to contract closeout and final payment. USACE stated that deficiencies with the parallel operation of the power plant generators were the fault of improper and unauthorized connections made to a major transformer by the ANA. As a result, the construction contractor was not liable for those damages. USACE also stated that the contracting officer and contracting officer's representative followed all standard USACE procedures and made proper payments and closeout of this contract, and no disciplinary action was warranted.

In our view, USACE's actions are generally responsive, but documentation substantiating USACE's explanations is necessary to close the recommendations. With respect to the power plant, this documentation should demonstrate that the power plant was fully tested, commissioned, and operational at the time it was turned over to the O&M contractor, and the ANA made an improper connection to the power plant causing damage to the system that hindered usability and voided the warranty. With respect to the fuel point, the documentation should demonstrate that the fuel pumps were programmed, tested, commissioned, and operational at the time they were turned over to the O&M contractor, and that the ANA is using the fuel point as intended. We will review the documents USACE provides as part of our recommendation follow-up activities.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of our inspection of the U.S. Army Corps of Engineers (USACE) contract (W5J9JE-10-C-0013) to complete and update unfinished buildings and facilities, and design and build new facilities for the Afghan National Army (ANA) Camp Commando complex near Kabul, Afghanistan. To determine whether construction was completed in accordance with contract requirements and technical specifications, and the facilities were being used as intended, we

- reviewed available contract documents to understand project requirements and technical specifications;
- interviewed cognizant U.S. and Afghan officials concerning the construction, and operation and maintenance of the camp; and
- conducted a physical inspection and photographed the ANA Camp Commando complex to observe the quality of construction and determine the sustainability of facilities.

We selected Phase II work for our inspection because it was the most recently completed phase prior to our site visits. We selected three facilities—the power plant, fuel point, and dining facility—for inspection based on cost and complexity as well as the potential for construction and usage problems.

We conducted our inspections work in Kabul, Afghanistan, and at ANA Camp Commando from February through November 2014, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. The engineering assessment was conducted by a professional engineer in accordance with the National Society of Professional Engineers' *Code of Ethics for Engineers*. We did not rely on computer-processed data in conducting this inspection. However, we considered the impact of compliance with laws and fraud risk.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our inspection objectives. We conducted this inspection under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

APPENDIX II - PHASE I THROUGH IV CONTRACTS AWARDED FOR CAMP COMMANDO

Contract Number	Date Awarded	Contractor	Period of Performance	Construction Requirement	Contract Amount
W917PM-09-C-0061 (Phase I)	July 1, 2009	Fazlullah Construction and Engineering Company /United Infrastructure	90 days	Design and complete an existing dining facility, two classrooms, and three barracks	\$3,980,000
W5J9JE-10-C-0013 (Phase II)	March 24, 2010	Fazlullah Construction and Engineering Company /United Infrastructure	360 days	Complete unfinished buildings, build new barracks and a dining facility, roadways and site drainage, power plant and electrical distribution, water storage, sewage system, and communications network	\$18,395,513
W912ER-11-D-0010 (Phase III)	December 27, 2012	Ecc Centcom Constructors, LLC	610 days	Construct three barracks, another dining facility, a fuel point, warehouse, convert barracks into classrooms, renovate headquarters, demolish structures, and provide parking and utility support for almost 2,000 personnel	\$17,407,095
FA8903-06-D-8513 Task Order 0057 (Phase IV)	September 27, 2013	Gilbane Incorporated	365 days	Construct buildings and roads, and make improvements to the electrical distribution system, central power plant, potable water, and sanitary sewer system	\$17,027,313
Total					\$56,809,921

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



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

December 10, 2014

Ms. Gabriele A. Tonsil
Deputy Assistant Inspector General for Audits and Inspections
1550 Crystal Drive, Suite 900
Arlington, VA 22202

Dear Ms. Tonsil:

Enclosed is the U.S. Army Corps of Engineers (USACE) Transatlantic Division (TAD) response to SIGAR Inspection Report: "ANA Camp Commando Phase II: Contractor was Paid \$18.7 Million Despite Known Construction Deficiencies Limiting Facility Use".

USACE concurs with SIGAR's recommendations and based on our review and response there is no further need on our part to reply in the future.

Our response to Recommendation Number 3: Determine the reason(s) why the ANA has not used the Phase II fuel point to dispense fuel for vehicles, and, based on the results, decide whether steps should be taken to make it operational is a response we received to our Transatlantic Afghanistan District's inquiry to the Combined Security Transition Command Afghanistan. We also reviewed the circumstances of the acceptance of the Phase II Facility at Camp Commando to determine if action should be taken against the contracting officer(s) as you recommended. We found during the performance of this contract, there were several procuring contractor officers (KO), administrative KOs, and contracting officers' representatives (COR) assigned with oversight for this construction contract. Review of USACE records concluded that none of the USACE contracting personnel assigned to provide oversight on this contract failed to appropriately perform their assigned duties on the contract. The KO and COR followed all standard USACE procedures and made proper payments and closeout of this contract. No disciplinary action is warranted.

My point of contact for this response is Mr. Mike Hatchett, TAD Internal Review Auditor. He may be reached by e-mail at [REDACTED] or by telephone at [REDACTED].

Encl

A handwritten signature in black ink, appearing to read "R. Heitkamp", is located above the typed name of the Chief of Staff.

Richard J.E. Heitkamp
Colonel, U.S. Army
Chief of Staff

USACE Response to SIGAR Draft Rpt. 15-X Inspection Report Camp Commando Phase II

Timeline

Statement of Facts Pertaining to Electrical and Fuel Systems

Camp Commando Phase II, contract W5J9JE-10-C-0013, was awarded 24 March 2010 and construction commenced for approximately 2 years, with construction being completed on 29 March 2012. USACE issued a DD1354 on 7 April 2012 with known deficiencies, to include the testing and commissioning of the Power Plant and Electrical System as well as testing and commissioning of the fuel dispensers. The facility was transferred with these punch list items to meet Afghan National Army (ANA) mission requirements and timeline to occupy the camp. With the DD1354, the facility was transferred to Combined Security Transition Command (CSTC-A). CSTC-A subsequently turned the facility over to the Afghanistan National Army for their use. Per standard practice, deficiencies identified on the DD Form 1354 continued to be addressed by USACE and the contractor following project turnover. Until testing and commissioning was complete, the camp power plant was operated by the construction contractor. The testing and commissioning was completed before July 2012, at which point efforts were initiated for the power plant to be operated by the National O&M Contractor. However, documentation on the power plant testing and commissioning was lost, likely due to electronic data storage failure in the Kabul Resident Office.

The Operations and Maintenance of critical infrastructure on Camp Commando was assigned to the National O&M Contractor – ITT-Excelis and CII – in July 2012 under contract W912ER-10-D-0002. This O&M contractor and Corps representatives conducted a joint site inspection beginning on 4 July 2012 to identify any warranty issues or other significant deficiencies requiring correction prior to initiation of O&M activities. A report of this joint inspection was issued on 21 July 2012 listing several issues considered to be warranty items requiring repair by the Phase II construction contractor. There were no issues identified in this inspection indicating any errors with the synchronization equipment or the functionality of the Master Distribution Panel that controls the parallel operation of the generators. During this period, on or about 6 July 2012, the ANA made an unauthorized and improper connection to a major transformer located adjacent to the power plant. This connection damaged two transformers, several sections of medium voltage cables, and more significantly caused damage to the Main Distribution Panel (MDP) within the power plant. ITT-Excelis prepared inspection documents on 7 and 8 July 2012 outlining the damage and initiated repairs to the transformers and medium voltage cables. However, ITT-Excelis did not execute repairs to the MDP. The Phase II contractor (FCEC UIP) issued a Serial Letter, dated 9 July 2012, in which they notified USACE that the warranty for the Power Plant and Electrical System was to be rescinded based on the actions of the ANA. USACE acknowledged this warranty rescission in a Memorandum of Record (MFR) on 21 January 2013 recognizing damage to a transformer and, cited the contractor's 9 July 2012 letter, where "the Contactor [*sic*] rescinded the warrantee [*sic*] due to damage from the O&M operations." The USACE COR for the project, who was present during the July 2012 joint site inspection related to this damage, agreed with the contractor that they would not be responsible for the repairs.

As of the date of this Statement of Facts, USACE is unable to locate records documenting the precise dates of testing and commissioning either the electrical system or the fuel point dispensers. Based on existing contracting documentation, however, as well as interviews with USACE project personnel associated with this contract, the referenced testing and commissioning took place subsequent to project closeout. This is supported by the fact that the O&M joint inspection in July 2012 did not identify any functional deficiencies with the operation of the power plant. An undated USACE document titled "ANA Commando Complex PH2 (W5J9JE-10-C-0013) CONSTRUCTION DEFICIENCIES and Incomplete Works" confirms that the testing and commissioning of the power plant electrical system, as well as the fuel dispensers, was completed under Phase II. This document identified each deficiency listed on the DD1354 and, with the exception of some remaining deficiencies on the water system, this document identified all work associated with correcting these deficiencies as completed. This document was created 10 January 2013 (per its computer system date). Subsequently, the Kabul Area Office (KAO) Engineer issued an MFR, dated 21 January 2013, stating that "a final inspection for generators and electrical system was performed and the system put into service." Following the resolution of the water system deficiency, the KAO issued serial letter C-0015 dated 17 February 2013 requesting a Release of Claims from FCEC on Phase II. It states that "according to the Government's records, all work associated with the above contract is physically complete and all issues have been resolved." FCEC executed the Release of Claims document on 18 February 2013, and the Phase II contract was subsequently closed out by TAA on 21 November 2013.

The Camp Commando Phase III contract, W912ER-11-D-0010 DM01, was awarded on 27 December 2012, 5 months after the damages to the Power Plant and Electrical System caused by the ANA. Work did not begin until 4 February. As stated above, testing and commissioning of the power plant electrical system and fuel dispensers was completed prior to 10 January 2013, so both systems were operational at that time. The testing and commissioning of the power plant took place prior to the damage caused by the improper and unauthorized connection made by the ANA in July 2012, as commissioning with a damaged MDP would not be possible. Other repairs, made by ITT-Excelis, to the electrical system damage caused by ANA tampering were sufficient to make the system operational but without the functionality afforded with a fully operational MDP (also referred to as a Master Control Panel). Per CSTC-A's 29 Oct 2013 Letter of Direction, modification 0007 to the Phase III contract, issued 27 January 2014, makes provision to "replace the non-functional . . . Master Control Panel with a new Master Control Panel that shall synchronize the installed, fully functional generation system" and "synchronize all of the existing generators." From available evidence, the ANA improper connections rendered the master control panel inoperable. This in turn prevented proper synchronization of the generators. The electrical system was usable, but not synchronized. The circumstances were beyond the control, responsibility or liability of the Phase II contractor.

SIGAR conducted their first site visit to Camp Commando on 22 February 2014, less than one month after modification 0007 had been issued. Work continued in relation to the subject modification throughout the following months, and SIGAR conducted a second site visit on 27 April 2014, while this work was still ongoing. After this second site visit, USACE issued another modification on 5 May 2014, which provided the necessary temporary power in order to synchronize the five onsite generators and correct the deficiency caused by the improper ANA

electrical connection. The Power Plant was made fully operational, after O&M Training, on 28 May 2014, and all Final Inspections of Camp Commando Phase III were completed on 26 June 2014.

The fuel point constructed in Phase II was fully functional. For unknown reasons, the ANA has elected to utilize the storage tank for distribution of fuel without using the fully-functional metered pumps provided. Phase III provided for an additional, improved fuel point system. Again, the ANA elected to distribute fuel directly from the storage tank without benefit of the metered pumps.

USACE Response to Draft Rpt. 15-X Inspection Report Recommendations

1. **Recommendation: Determine the amount paid to the Phase II contractor for required work that was not completed on the camp's power plant and fuel point, and, where appropriate, recoup those funds.**

USACE Response: Concur

All required work on the camp's power plant and fuel point was completed as contractually required. The contractor was paid a total of \$18,710,512.94. There are no funds to recoup. As detailed in the narrative above, the Phase II contractor completed all required work on both the power plant and fuel point. However, damage caused by ANA modifications to the power plant after the contractor completed the work voided the warranty and made it necessary to conduct repairs in the Phase III contract, mod. 0007.

2. **Recommendation: Provide documentation showing that the power plant's electrical system has been fully tested and commissioned.**

USACE Response: Concur

As stated above, the document titled "ANA Commando Complex PH2 (W5J9JE-10-C-0013) CONSTRUCTION DEFICIENCIES and Incomplete Works" confirms that the testing and commissioning of the power plant electrical system, as well as the fuel dispensers was completed under Phase II. Each deficiency listed on the DD1354 is itemized and, except for the water system, identified as completed. This is corroborated by the O&M inspection not identifying significant testing and commissioning deficiencies and further through interviews with project personnel associated with this construction contract at the time. The USACE Kabul Area Engineer for this project stated in an interview that the testing and commission was completed before transferring the power plant to the National O&M Contract, but that documentation was lost, likely due to electronic data storage failure in the Kabul Resident Office.

3. **Recommendation: Determine the reason(s) why the ANA has not used the Phase II fuel point to dispense fuel for vehicles, and, based on the results, decide whether steps should be taken to make it operational.**

CSTC-A Response: Concur

CSTC-A CJ-ENG has informed us they are unable to determine the reason why the ANA has not used the Phase II metered fuel point to dispense fuel for their vehicles. CSTC-A CJ-ENG is not aware of any operational issues related to the fuel point that will prevent the ANA from using the dispensers. The ANA needs to have a centralized fuel point for all garrison tenants. A centralized fuel point will enable the ANA to manage and track their fuel consumption. CSTC-A will continue to train, advise and assist the ANA in proper fuel management. They will also help the ANA understand that the proximity of the fire station to the Phase II fuel point is not a safety hazard.

4. Recommendation: Determine the circumstances leading to the acceptance of the Phase II work as completed, with full payment made to the contractor, when known deficiencies existed. Based on the results, determine what disciplinary action, if any, should be taken against the contracting officer or contracting officer's representative.

USACE Response: Concur

As stated in the response to recommendation number 1 above, all deficiencies listed on the DD 1354 were corrected prior to contract closeout and final payment. Further deficiencies with the operation of the power plant generators in parallel were the fault of improper and unauthorized connections to a major transformer by the ANA. As such, the construction contractor is not liable for any of these damages. The contracting officer and contracting officer's representative followed all standard USACE procedures and made proper payments and closeout of this contract. No disciplinary action is warranted.

APPENDIX IV - ACKNOWLEDGMENTS

Scott Harmon, Senior Inspections Manager

Brian Flynn, Senior Audit Manager

Art Granger, Auditor-in-Charge

Ron Riach, P.E., Engineer

This inspection report was conducted
under project code SIGAR-I-016.

SIGAR's Mission

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

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

Obtaining Copies of SIGAR Reports and Testimonies

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

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

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

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

Public Affairs

Public Affairs Officer

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