



Office of Inspector General  
United States Department of State

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Office of Audits

September 2020

# **Audit of Bureau of Overseas Buildings Operations Process To Identify and Apply Best Practices and Lessons Learned to Future Construction Projects**

MIDDLE EAST REGION OPERATIONS



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

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## What OIG Audited

Since the start of the Department of State's (Department) Capital Security Construction Program in 1999, the Bureau of Overseas Buildings Operations (OBO) has completed 162 new diplomatic facilities and has an additional 51 projects in design or under construction. Successful execution of embassy construction projects plays a critical role in enabling the Department to meet its strategic objective of providing safe and secure facilities for U.S. personnel at embassies around the world. OBO recently completed a \$164 million construction project in Amman, Jordan, that included the construction of a New Office Annex (NOX) along with building renovations. The Amman construction project is generally considered a success and may offer best practices and lessons that can be replicated.

The Office of Inspector General (OIG) conducted this audit to determine the extent to which OBO is evaluating completed construction projects, including Embassy Amman, to identify and communicate best practices and lessons learned that can be applied to future OBO construction projects. For this audit, OIG reviewed and considered construction practices applied in Amman, Jordan; Kabul, Afghanistan; Ashgabat, Turkmenistan; Islamabad, Pakistan; and London, United Kingdom.

## What OIG Recommends

OIG offered four recommendations: three to OBO and one to the Office of Acquisitions Management. Based on management's response to a draft of this report, OIG considers one recommendation closed and three resolved pending further action. Management's response to a draft of this report is reprinted in Appendices C and D.

September 2020

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

## Audit of Bureau of Overseas Buildings Operations Process To Identify and Apply Best Practices and Lessons Learned to Future Construction Projects

### What OIG Found

OBO has a process to identify, disseminate, and apply lessons learned that are associated with technical design standards and criteria. Specifically, in 2004 OBO established a lessons learned program to update design criteria, guidance, and processes in support of the planning, design, construction, operation, and maintenance of OBO facilities overseas. OIG found that the current process does not capture broader best practices or lessons learned that are critical to OBO's construction work, including strengthening collaboration among stakeholders, facilitating building maintenance, and improving program and construction management. These important activities have been overlooked in the lessons learned process because OBO has devoted attention and resources solely to collecting and addressing technical design challenges encountered during its construction projects. Although improving design issues is critical to successfully completing future projects, OBO is missing opportunities to apply best practices and lessons learned identified from other important aspects of its work. Taking advantage of these opportunities could improve OBO operations and help achieve its stated goal of completing construction projects on time and within budget.

Additionally, in examining OBO's internal reporting for construction projects in Amman, Kabul, Ashgabat, and London, OIG found errors and inconsistencies in 33 percent of 125 reports produced between 2013 and 2019 addressing those projects. To address this deficiency, greater attention is needed to validate the data recorded so that OBO senior leaders will be informed of the true status of construction projects. Finally, OIG found that, when executing award modifications for the Amman construction contract, the Contracting Officer did not include the estimated total time necessary to accomplish the required work. This deviation is contrary to guidance and occurred, in part, to expedite the issuance of the contract modifications. However, this practice makes it difficult for OBO to hold the contractor accountable for completing the project on time.

## CONTENTS

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OBJECTIVE .....	1
BACKGROUND .....	1
Measuring Success in the Execution of Construction Projects .....	1
Standards for Internal Controls Include the Importance of Communicating .....	2
What OIG Reviewed for This Audit .....	2
AUDIT RESULTS .....	7
Finding A: OBO Has Created a Process To Identify, Disseminate, and Apply Lessons Learned Associated With Technical Design Standards and Criteria, but It Does Not Capture Broader Best Practices .....	7
Finding B: Other Matters Involving Internal Reporting and Contract Modifications .....	17
RECOMMENDATIONS .....	24
APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY .....	25
Use of Computer-Processed Data .....	26
Work Related to Internal Control.....	26
Prior Office of Inspector General Reports.....	27
APPENDIX B: ERRORS AND INCONSISTENCIES IN BUREAU OF OVERSEAS BUILDINGS OPERATIONS REPORTING OF PROJECT STATUS.....	29
APPENDIX C: RESPONSE FROM THE BUREAU OF OVERSEAS BUILDINGS OPERATIONS.....	33
APPENDIX D: RESPONSE FROM THE BUREAU OF ADMINISTRATION, OFFICE OF ACQUISITIONS MANAGEMENT.....	35
ABBREVIATIONS .....	36
OIG AUDIT TEAM MEMBERS.....	37

## OBJECTIVE

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The Office of Inspector General (OIG) conducted this audit to determine the extent to which the Bureau of Overseas Buildings Operations (OBO) is evaluating completed construction projects, including Embassy Amman, to identify and communicate best practices and lessons learned that can be applied to future OBO construction projects. For this audit, OIG reviewed and considered construction practices applied in Amman, Jordan; Kabul, Afghanistan; Ashgabat, Turkmenistan; Islamabad, Pakistan; and London, United Kingdom (see Appendix A for the purpose, scope, and methodology of this audit).

## BACKGROUND

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OBO's mission is to "provide safe, secure, and functional facilities that represent the U.S. Government to the host nation and support our staff in the achievement of U.S. foreign policy objectives." OBO receives \$2.2 billion annually to construct and renovate Department of State (Department) facilities through its Capital Security Construction program, which began in 1999. As of FY 2019, 28 posts were under construction, and 160 post facilities may be replaced to meet the Department's security standards. Some of these projects include the construction of a completely new embassy compound (NEC), while others include new construction of certain buildings on an existing embassy compound.

### **Measuring Success in the Execution of Construction Projects**

OBO's metrics for measuring the success of its embassy construction projects are contained in OBO's Functional Bureau Strategy.<sup>1</sup> One key objective included in OBO's Functional Bureau Strategy is to minimize cost and schedule overruns on construction projects. OBO uses the percentage of projects completed within budget and on schedule as a performance indicator to assess achievement of this objective. According to OBO's FY 2019 Fourth Quarter Functional Bureau Strategy Project Update, many OBO projects were behind schedule and over budget. Specifically, OBO stated in the Project Update that its target was to complete 80 percent of construction projects on schedule and within budget; however, only 18 percent of projects met the metric for the stated period.<sup>2</sup> OBO officials told OIG that factors outside of their control often contributed to delays. These include adverse weather conditions, political unrest, and unplanned needs and requests from the embassies.

Additionally, strengthening the security and safety of its workforce and physical assets is a Department strategic objective.<sup>3</sup> OBO has worked to achieve this objective by building more secure workspace and moving personnel into secure facilities. Since the passage of the Secure

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<sup>1</sup> OBO, *Functional Bureau Strategy, Bureau of Overseas Buildings Operations*, FY 2018–2022, March 28, 2019.

<sup>2</sup> OBO completed 11 projects in FY 2019, and 2, or 18 percent, were completed within budget and on schedule.

<sup>3</sup> Joint Strategic Plan FY 2018–2022, *U.S. Department of State, U.S. Agency for International Development*, Strategic Objective 4.4, 59 (February 2018).

Embassy Construction and Counterterrorism Act of 1999,<sup>4</sup> OBO has built 162 new diplomatic facilities that provide secure workspace for thousands of embassy staff. The bureau has an additional 51 projects underway. As of September 2018, the Department operated more than 275 embassies, consulates, and other diplomatic missions worldwide. More than 86,000 U.S. government employees work in these facilities.<sup>5</sup>

## **Standards for Internal Controls Include the Importance of Communicating**

The U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* states: "An effective internal control system increases the likelihood that an entity will achieve its objectives." It defines an internal control system as a "continuous built-in component of operations, effected by people, that provides reasonable assurance, not absolute assurance, that an entity's objectives will be achieved." The GAO Standards for Internal Control also states that "an internal control system cannot provide absolute assurance that all of an organization's objectives will be met. Factors outside the control or influence of management can affect the entity's ability to achieve all of its objectives." According to the Standards, internal control Principle 14, "Communicate Internally," seeks to have organizations "internally communicate the necessary quality information to achieve the entity's objectives." In accordance with Principle 14, "[m]anagement communicates quality information throughout the entity using established reporting lines" and "[m]anagement communicates quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles." Finally, Principle 14 states, "[m]anagement periodically evaluates the entity's methods of communication so that the organization has the appropriate tools to communicate quality information throughout the entity on a timely basis."<sup>6</sup>

## **What OIG Reviewed for This Audit**

For this audit, OIG reviewed and considered construction practices applied in Amman, Jordan; Kabul, Afghanistan; Ashgabat, Turkmenistan; Islamabad, Pakistan; and London, United Kingdom.<sup>7</sup> Presented below is a brief description of each of these construction projects.

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<sup>4</sup> Following the August 1998 terrorist bombings at the U.S. embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania, Congress passed the Secure Embassy Construction and Counterterrorism Act of 1999 and required the Department to develop and report a list of diplomatic facilities scheduled for replacement, prioritized on the basis of their vulnerability to terrorist attack. Pub. L. 106-113, Appendix G, Title VI, § 605(a)(1).

<sup>5</sup> GAO, *Embassy Construction: Pace Is Slower Than Projected, and State Could Make Program Improvements* 1 (GAO-18-653, September 2018).

<sup>6</sup> GAO, *Standards for Internal Control in the Federal Government* 5-6, 60-61 (GAO-14-704G, September 2014).

<sup>7</sup> OBO construction management officials told OIG that construction projects at Sanaa, Yemen, and Manila, Philippines were successful, and lessons learned from these projects were incorporated into the Amman project. For example, OBO officials said that swing space was added in the Amman project as the result of lessons learned from the Yemen project. Because OIG has not reported on these projects, it did not include them in this report.

## ***Amman, Jordan***

In January 2014, the Department awarded a \$153.5 million contract (SAQMMA-14-C-0027) to B.L. Harbert International LLC (B.L. Harbert) to construct and renovate several buildings at Embassy Amman. Construction began in January 2015 and included construction of a New Office Annex (NOX), renovation of the South Chancery, and the installation of new utilities for the entire compound.<sup>8</sup> OBO officials stated that this project was challenging because construction was performed on an active embassy compound, which presented safety and security concerns and operational challenges. For example, staff had to be moved to “swing” spaces while buildings were being renovated, and construction workers had to work during certain specific hours to minimize the noise and disruptions to embassy staff. The Embassy Amman construction project was completed in May 2019. OIG conducted audit fieldwork at this construction site in January 2020.<sup>9</sup> Figure 1 is a view of the Embassy Amman NOX.



**Figure 1:** The NOX in Amman, Jordan. (Blharbert.com, May 2020)

<sup>8</sup> According to OBO’s 2014 *Project Management Guidebook: A Framework for Success*, OBO construction projects fall into one of two categories. Capital projects involve the construction of new major facilities, including new embassy compounds. Noncapital projects involve renovating, upgrading, or improving overseas facilities. Major rehabilitation projects are the principal type of noncapital project managed by OBO. OBO, *Project Management Guidebook: A Framework for Success*, Section 4, “PROJECT TYPES AND DELIVERY METHODS” 4-1, 4-2 (December 2014). The Amman construction was a major rehabilitation project.

<sup>9</sup> OIG also intended to conduct audit fieldwork for this audit at an OBO construction site in Nairobi, Kenya. However, COVID-19 related travel restrictions prevented the audit team from executing the initial audit program. As such, OIG modified its audit program and reviewed and considered best practices and lessons learned identified in recently completed audits involving OBO construction projects in Kabul, Afghanistan; Ashgabat, Turkmenistan; Islamabad, Pakistan; and London, United Kingdom.



## ***Kabul, Afghanistan***

In September 2010, the Department awarded a \$416 million contract (SAQMMA-10-C-0255) to Caddell Construction Co., LLC (Caddell) to construct facilities on the embassy compound. These facilities included office buildings and staff diplomatic apartments. The Department subsequently expanded the work to be performed and, as of June 2019, the value of Caddell's contract for work at the embassy was \$791 million. Construction began in January 2012 and was completed in August 2019. In January 2018, OIG reported on the construction of the New Office Annex and Staff Diplomatic Apartment 1 in Kabul.<sup>10</sup> Specifically, OIG reported that the OBO Project Director in Kabul declared both buildings substantially complete and proceeded with occupancy before the commissioning process was complete (i.e., before key project milestones had been met). The decision to accept the buildings without completing the commissioning process contributed to a range of building deficiencies after occupancy. In August 2019, OIG reported on the construction of Staff Diplomatic Apartments 2 and 3 in Kabul.<sup>11</sup> Specifically, OIG reported, among other findings, that OBO had adhered to its policies and procedures in commissioning Staff Diplomatic Apartments 2 and 3 when it declared the buildings substantially complete, thus allowing for expedited occupancy. Figure 2 is a view of Embassy Kabul.



**Figure 2:** The U.S. embassy compound in Kabul, Afghanistan. (Caddell.com, May 2020)

## ***Ashgabat, Turkmenistan***

In September 2014, the Department awarded a \$196 million contract (SAQMMA-14-C093) to Caddell to complete the design of and construct the NEC in Ashgabat, Turkmenistan. The contract encompassed the construction of a multibuilding campus consisting of 13 buildings, including a New Office Building (NOB), a 23-unit apartment building, four Compound Access Control buildings, a warehouse, a utility building, a U.S. Marine Security Guard residence, a

<sup>10</sup> OIG, *Audit of Bureau of Overseas Buildings Operations' Oversight of New Construction Projects at the U.S. Embassy in Kabul, Afghanistan* (AUD-MERO-18-17, January 2018).

<sup>11</sup> OIG, *Audit of the Bureau of Overseas Buildings Operations Commissioning of Diplomatic Housing at U.S. Embassy Kabul, Afghanistan* 5 (AUD-MERO-19-37, August 2019).

support annex, shops, and recreational facilities. Construction began in November 2015 and was originally expected to be completed in July 2018. In February 2020, OIG reported that the Government of Turkmenistan halted construction of the NOB because it was being constructed in a location that violated the city's zoning regulations.<sup>12</sup> In November 2019, OIG was informed that construction of the buildings on the NEC, excluding the NOB, would be completed in June 2020. However, the COVID-19 pandemic caused construction work to be suspended beginning in April 2020. Figure 3 is a view of the partially completed NEC Ashgabat.



**Figure 3:** Construction of the NEC in Ashgabat, Turkmenistan. (Caddell.com, May 2020)

### ***Islamabad, Pakistan***

In September 2010, OBO awarded a \$487 million contract (SAQMMA 10-C0284) to B.L. Harbert for the construction of the NEC and housing project at Embassy Islamabad. Construction was to be completed in two phases and included a new chancery, a new office annex, a support annex, a warehouse, a utility building, a waste water treatment plant, three compound access controls, a chief of mission residence, and temporary quarters for the Marine Security Guard. Construction began in July 2011 and was completed in May 2018. In June 2018, OIG reported that OBO had not adopted a standard operating procedure for reviewing construction invoices associated with the Islamabad project.<sup>13</sup> Figure 4 is a view of Embassy Islamabad.

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<sup>12</sup> OIG, *Review of Delays Encountered Constructing the New Embassy Compound in Ashgabat, Turkmenistan* (AUD-MERO-20-20, February 2020).

<sup>13</sup> OIG, *Audit of the Bureau of Overseas Buildings Operations Process for Reviewing Invoices for Construction of the U.S. Embassy in Islamabad, Pakistan 1* (AUD-MERO-18-46, June 2018). In this report, OIG recommended that OBO develop and implement a standard operating procedure for reviewing invoices for multi-year, multi-million-dollar construction projects. OIG verified that OBO met the recommendation by implementing training course PA531,

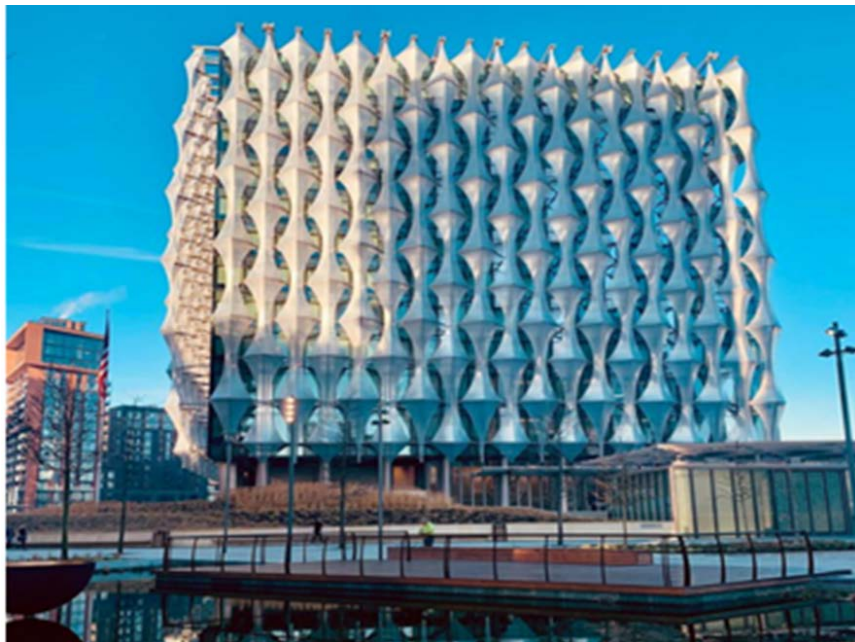




**Figure 4:** The U.S. embassy in Islamabad, Pakistan. (Blharbert.com, June 2020)

### ***London, United Kingdom***

In April 2012, the Department awarded B.L. Harbert a contract (SAQMMA-12-C-0111) to construct the NEC at Embassy London. As of August 2019, the contract had a value of \$590.8



**Figure 5:** The NEC London, United Kingdom. (U.S. Embassy London Facebook page)

million. The contract included constructing an 11-story Chancery Building, underground parking structure, and three new access control pavilions. Construction began in November 2013. In July 2020, OIG reported that inadequate attention to major systems design and local building requirements presented challenges that have needed—or will require—additional financial outlays to remedy.<sup>14</sup> Figure 5 is a

Construction, Facility and Security Management Training, which provides information on the invoice review process for multi-year, multi-million-dollar construction projects.

<sup>14</sup> OIG, *Management Assistance Report: Execution of the New Embassy Compound London Construction Project Offers Multiple Lessons* (AUD-CGI-20-36, July 2020).

view of the NEC at Embassy London.

## AUDIT RESULTS

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### **Finding A: OBO Has Created a Process To Identify, Disseminate, and Apply Lessons Learned Associated With Technical Design Standards and Criteria, but It Does Not Capture Broader Best Practices**

OIG found that OBO has a process to identify, disseminate, and apply lessons learned that are associated with technical design standards and criteria. Specifically, in 2004 OBO established a lessons learned program for updating design criteria, guidance, and processes in support of the planning, design, construction, operation, and maintenance of OBO facilities overseas. However, OIG found that the current process does not capture broader best practices or lessons learned that are critical to OBO's construction work, including strengthening collaboration among stakeholders, facilitating building maintenance, and improving program and construction management. These important activities have been overlooked in the lessons learned process because OBO has devoted attention and resources solely to collecting and addressing technical design challenges encountered during its construction projects. Although improving design issues is critical to successfully completing future projects, OBO is missing opportunities to apply best practices and lessons learned identified from other important aspects of its work that could improve OBO operations and help achieve its stated goal of completing construction projects on time and within budget.

#### ***OBO's Lessons Learned Process for Technical Design Standards and Criteria***

Established in 2004, OBO's lessons learned program is aimed at "updating design criteria, guidance, and processes in support of planning, design, construction, operation, and maintenance of OBO facilities overseas. Its goal is to improve the functionality, safety, and security of the Department's overseas facilities through a systematic technical and value-added analysis of past performance and changing industry practices." A Lessons Learned Committee led by OBO's Program Development, Coordination and Support Directorate, Office of Design and Engineering, with participation from other OBO offices including Safety, Project Development and Coordination and Construction Management, manages the lessons learned program. Potential lessons learned are drawn from OBO's various phases of work, including planning and project development, design, construction, and operations and maintenance. The lessons learned process consists of three main steps: (1) identification of a possible lesson learned, (2) assessment and recommendation by the Lessons Learned Committee (accepted, rejected, marked for further study, or forwarded to a relevant office), and (3) implementation of the lesson learned and close-out.

Although OBO's lessons learned program for technical design has existed for 16 years, OIG found that OBO management has never formally established policies and procedures to guide and implement the program. According to OBO officials, OBO personnel drafted a Policy and

Procedures Directive<sup>15</sup> in 2012 that described procedures and guidelines linked to the Foreign Affairs Manual to govern the lessons learned program. However, the directive was never signed by the OBO Director and issued because OBO leadership changed along with its priorities. As of June 2020, the Policy and Procedures Directive remained in draft even though the lessons learned process was being executed. To prompt attention to formally establishing OBO's lessons learned program and to promote consistency in its application, OIG is offering the following recommendation.

**Recommendation 1:** OIG recommends that the Bureau of Overseas Buildings Operations (a) review and update its draft 2012 Policy and Procedures Directive pertaining to its Lessons Learned Program for Technical Design to ensure the Directive meets the intent of the program and conforms with existing policy and (b) formally execute and disseminate the Directive in conjunction with applicable guidance to implement the lessons learned program and to consistently achieve its intended purpose.

**Management Response:** OBO concurred with the recommendation, stating that its Directorate for Program Development, Coordination and Support, Office of Design and Engineering will update the 2012 draft Lessons Learned Program for Technical Design Policy and Procedures Directive. The target date for implementation is set for the end of December 2020.

**OIG Reply:** On the basis of OBO's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives documentation demonstrating that OBO has updated its Lessons Learned Program for Technical Design Policy and Procedures Directive and has executed the program as stated.

### ***OBO's Lessons Learned Program Does Not Capture Broader Best Practices or Lessons Learned***

OIG found that, because OBO's current lessons learned program was created to identify and correct technical issues with design standards and criteria, it does not capture broader best practices and lessons learned that are also critical to OBO's construction work. OIG reviewed documentation collected as part of OBO's lessons learned program and confirmed that, in keeping with the program's focus, the majority of practices submitted as potential lessons learned relate to technically oriented areas such as electrical, telecom, mechanical, and architectural issues. According to OBO's Office of Design and Engineering officials, the program focuses on the technical issues of a construction project rather than broader best practices because "from its inception, the lessons learned program has been in the Program Development, Coordination & Support, Design & Engineering office precisely to capture technical design issues, and was never intended to find best practices ...." Nevertheless, these

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<sup>15</sup> OBO's Policy and Procedures Directives establish the bureau's policies and procedures and related guidelines; they are signed by the OBO Director and become effective upon the date of issue.

same OBO officials stated they were open to expanding the current lessons learned program or creating an additional program that focuses on other construction management activities.

According to GAO's *Standards for Internal Control in the Federal Government*, management should internally communicate the necessary quality information to achieve the entity's objectives.<sup>16</sup> A key objective included in OBO's Functional Bureau Strategy is to minimize cost and schedule overruns on construction projects. However, OIG found that OBO's current lessons learned program does not capture broader best practices or lessons learned from mistakes that could have a direct and important effect on this objective. Collectively, these best practices and lessons learned could be instrumental to advancing OBO's operational capacity when they are identified, communicated, and implemented across the organization. For example, broader best practices and lessons learned that are not currently being captured in a formal program by OBO include three activities that are critical to OBO's construction work: strengthening collaboration among stakeholders, facilitating building maintenance, and improving program and construction management. These important activities have been overlooked in the lessons learned process because OBO has devoted attention and resources solely to collecting and addressing technical design challenges encountered during its construction projects. Although OIG recognizes that improving design issues is critical to successfully completing future projects, without a formal process, OBO is missing opportunities to apply best practices and lessons learned identified from other important aspects of its work that could improve OBO operations and help achieve its stated goal of completing construction projects on time and within budget. Specific examples from this audit of OBO's Amman construction project and prior OIG reporting on OBO construction projects, discussed below, highlight how the lessons learned program could be more effective.

#### *Strengthening Collaboration Among Stakeholders*

Collaboration among stakeholders contributes to the communication of quality information during OBO construction projects regarding construction activities and allows construction to proceed with minimal disruption. For this audit, OIG conducted fieldwork in Amman, Jordan, in January 2020. According to Department officials, the Amman construction project is generally considered a successful OBO project as it was completed on budget, there was close collaboration among all stakeholders, and, although eight months behind schedule, delays were mitigated to the extent possible. According to the embassy Management Officer,<sup>17</sup> one reason for the success was close collaboration with OBO construction officials that allowed embassy personnel to carry out their mission with minimal disruption. The construction project was conducted on an embassy compound that continued to operate and had many community members including employees, family members, contractors, and guests. This project accordingly required close collaboration among the OBO construction management team, the construction contractor B.L. Harbert, and Embassy Amman officials. Both Embassy Amman's Acting

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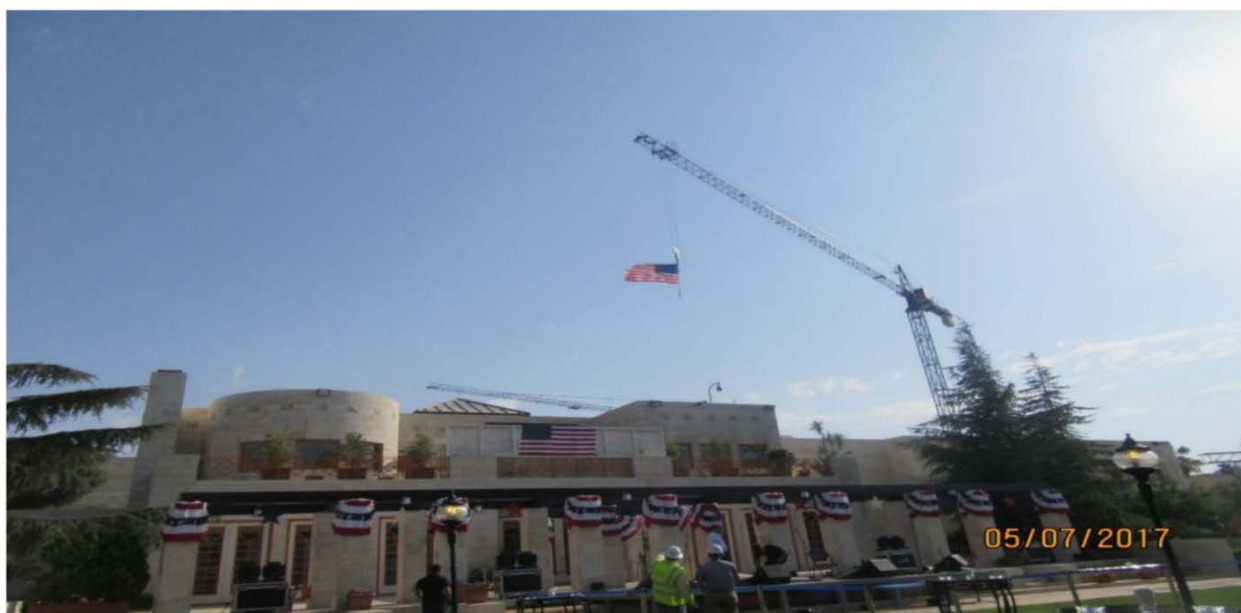
<sup>16</sup> Report GAO-14-704G, at 71.

<sup>17</sup> Management Officers are responsible for all embassy operations, from real estate to personnel to budgets.



Ambassador and the OBO Project Director agreed that close coordination, collaboration, and regular communication were key elements that made the construction project a general success.

Specifically, OIG found that to support communication and facilitate information sharing regarding the Amman construction project, OBO Construction Management officials and B.L. Harbert created and disseminated an On-Compound Work Coordination Notice that, among other information, described the planned work, tasks that needed to be performed before the start of the work, and the planned schedule for work. Officials from the embassy management section stated that they were pleased with the way the project was executed, especially given that it took several years to complete. In addition, embassy management officials created “News Flash Notices” to keep embassy staff and their families apprised about the status of the Amman construction project. Figure 6 shows how the construction contractor, B.L. Harbert, contributed to preparations for 4<sup>th</sup> of July celebrations at U.S. Embassy Amman in July 2017 by hanging an American flag on its construction crane.



**Figure 6:** Preparations for 4<sup>th</sup> of July celebrations at U.S. Embassy Amman July 2017. (OBO Final Completion Report: Amman NOX – XJ-NI-0203, July 2019)

The successful collaboration and communication between stakeholders involved with the Amman construction project is noteworthy because this has not always been realized at other OBO construction projects. This lack of collaboration has led to specific difficulties, many of which have been identified in OIG’s earlier reports. For example, in January 2018, OIG reported that the OBO Project Director failed to complete the commissioning process<sup>18</sup> before allowing occupancy of the NOX and Staff Diplomatic Apartment-1 at the U.S. embassy in Kabul, Afghanistan. This occurred partly because of fundamental disagreements with the

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<sup>18</sup> Commissioning is the systematic process of assuring that all building systems perform interactively, in accordance with the design documentation and intent, and with the owner’s operational needs.



Commissioning Agent<sup>19</sup> regarding the readiness of the systems that had to be commissioned and ambiguous OBO guidance about the commissioning process.<sup>20</sup> Instead of engaging collaboratively, the Commissioning Agent reported that the Office of Construction Management put significant pressure on her to sign off on building equipment and systems that were not fully functional, including boilers and the power monitoring system. OIG reported that “[a]t one point, several Facility Management staff members were so concerned that they brought the issue to the attention of the Deputy Management Counselor at post to discuss whether the pressure being exerted on the Commissioning Agent constituted a “hostile work environment.”<sup>21</sup>

OIG also reported that the relationship between the Project Director and Facility Management staff was problematic. Specifically, the OBO Project Director and Construction Manager, who controlled access to the buildings during construction, failed to engage collaboratively with Facility Management personnel by limiting the extent to which they had access to the NOX and Staff Diplomatic Apartment-1 prior to substantial completion. This lack of collaborative engagement prevented Facility Management staff from learning how to maintain the new buildings and ran contrary to OBO guidance that states that facility managers are the ultimate beneficiaries of a sound commissioning process and should be closely involved in the commissioning process.

As these examples demonstrate, failing to engage collaboratively with stakeholders, including listening to stakeholders’ concerns and providing needed information, can have significant negative effects.

### *Facilitating Building Maintenance*

Preparing for building maintenance is an important aspect of construction management because, once the construction project is completed, the Facility Manager is responsible for implementing the operations and maintenance program developed by OBO for that project. As noted above, preparation for building maintenance was adversely impacted at the construction project at Embassy Kabul when the OBO Project Director and the Construction Manager limited access to the NOX and Staff Diplomatic Apartment-1 to facility management personnel when major building systems were being installed.

Conversely, preparing embassy staff to maintain newly constructed buildings while they were being built was a notable success at Embassy Amman. Specifically, OIG found that approximately a year into construction when the NOX building skeleton was erected in Amman, officials from the embassy’s Office of Facility Management section began “Saturday

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<sup>19</sup> An Independent Commissioning Agent is typically a third-party contractor hired by OBO’s Office of Construction Management to perform commissioning services. Commissioning agents observe and oversee commissioned systems’ functional performance and document whether they meet the design intent and contract requirements. They also verify that building systems are designed, installed, and tested to operate and perform as intended. The commissioning agent reports directly to the on-site OBO Project Director.

<sup>20</sup> AUD-MERO-18-17, January 2018, at 8.

<sup>21</sup> AUD-MERO-18-17, January 2018, at 16.

walkthroughs” to show their staff where the various building elements such as the mechanical and electrical systems were located. Facility Management personnel were also allowed to observe the commissioning activities to further familiarize them with the systems that B.L. Harbert was installing in the building. When the NOX was completed in April 2018 and Facility Management personnel took over its maintenance, the knowledge gained during the building’s construction and the installation of major building systems made it easier for them to address problems when they arose. The Facility Manager told OIG that his staff benefited greatly from the early transition and training. For instance, when a fire broke out in the NOX a few days after construction was completed, Facility Management personnel knew how to turn on the smoke purge system and thus prevented more extensive damage to the building. OIG considers the approach applied at the Amman construction project a best practice that could be replicated at other OBO construction sites.



**Figure 7:** Group touring the Embassy Amman construction site. (OBOLink Amman Folder)

In another example of effective practices, OIG found that the use of a phased construction management approach can facilitate the transition from construction completion to maintenance takeover of the facility. A phased construction management approach incorporates separate completion dates for each building or group of buildings in a multibuilding project construction contract. For example, for the Islamabad construction project, OBO divided the construction project into two phases. In Phase I, B.L. Harbert was contracted to construct a new office building, new office annex, a support annex, a warehouse, a utility building, a waste water treatment plant, three compound access controls, a chief of mission residence, and a swing space for interim Marine Security Guard quarters. Phase I was completed in September 2014. In Phase II, B.L. Harbert was contracted to construct a consular annex, a recreation center with an outdoor pool, a parking garage, three staff diplomatic apartment

buildings, a Marine Security Guard residence, a second wastewater treatment plant, and three additional compound access controls. Phase II was completed in May 2018. When each phase was completed, B.L. Harbert provided all deliverables, such as manuals, commissioning documentation, and associated training, as required by the contract.

The operations and maintenance manuals and related documents are of particular importance because they provide the embassy Facility Management personnel instructions on how to address problems with a building once it is accepted and subsequently occupied.<sup>22</sup> Although OBO's Policy and Procedures Directive states that the Facility Manager at an embassy or post should receive these documents on or before the building is turned over<sup>23</sup> as discussed below that does not always occur on projects that include constructing multiple buildings that have a single completion date. OIG considers the phased construction management approach—which incorporates separate completion dates for each building or group of buildings in a multibuilding construction contract—a best practice that OBO could utilize in its multiyear, multibuilding projects.

Despite this requirement OBO Facility Managers have not always received operations and maintenance manuals when buildings are completed and turned over. This has occurred when a non-phased construction management approach was used and the contractor was not contractually required to provide these manuals until the end of a contract, which can take years for some OBO construction projects. For example, the construction project at Embassy Kabul, which was not executed with a phased construction contract approach, took more than 9 years to complete even though several buildings had been completed and turned over to Facility Management as early as 4 years before the contract ended.<sup>24</sup> Because OBO did not use a phased construction management approach, the contractor was not contractually required to provide the operations and maintenance manuals and the computerized maintenance plan at the time that some buildings were completed and turned over. As a result, Facility Management personnel told OIG that they had to rely on knowledge of similar building systems and manuals downloaded from the internet to maintain the buildings that were turned over to them before the end of the contract. OIG considers this approach a practice that should be avoided in future construction projects so that Facility Management personnel do not have to wait years before obtaining operations and maintenance manuals for the buildings they are charged with operating and maintaining.

### *Improving Program and Construction Management*

Improving program and construction management can both enhance OBO operations and help achieve its stated goal of completing construction projects on time and within budget.

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<sup>22</sup> When a contractor completes a building, the Department issues a certificate of occupancy, and the building can be occupied. After occupancy, the building is turned over to the embassy Facility Manager, who assumes responsibility for the building's O&M (Operations and Maintenance).

<sup>23</sup> OBO, *Policy & Procedures Directive Construction Management 01: Commissioning and Transition to Occupancy of Overseas Facilities* 25 (February 20, 2013).

<sup>24</sup> AUD-MERO-19-37, August 2019, at 13.

Successful program and construction management best practices OIG identified include actions OBO took to mitigate construction delays during construction work at Embassy Amman by rearranging the sequence of work. Lessons learned from mistakes OIG identified include (a) failing to use a phased construction contract approach at Embassy Kabul that would have allowed managing the contract to provide more secure facilities sooner; (b) not following established procedures during the planning phase at Embassy Ashgabat, an action that led to building the NOB in a location not permitted by the host government; and (c) design flaws at Embassy London that led to the abandonment or modification of some building systems.

The Amman construction project was completed about 8 months after the original planned date in May 2019 at a final cost of \$164 million. According to OBO officials, the delays were due to several factors including work added to B.L. Harbert's contract, difficulties in obtaining security clearances for workers, and the need to replace unqualified workers. Specifically, the initial and longest delay of 109 days was due to the need to recruit qualified duct workers after it was determined the original locally hired duct workers were not producing work that met contract standards.<sup>25</sup> Consequently, B.L. Harbert had to hire non-Jordanian replacement duct workers for whom the Department had to grant security clearances, causing further delays.

According to OBO's Project Director, the speed with which security clearances are granted is in large part dependent on the Regional Security Officer in the field and the types of information he or she needs before granting clearances. However, to help with the security clearance process, the OBO Project Director told OIG that he worked with the Embassy Amman Regional Security Officer to facilitate obtaining needed information. In addition, B.L. Harbert reported monthly to the OBO Project Director to describe the actions underway to address the duct worker-driven delays between April 2017 and February 2018.<sup>26</sup> The OBO construction management team also instituted daily meetings with B.L. Harbert, and the OBO Project Director took further action to mitigate the delays by rearranging the sequence of planned construction work to the extent possible. Collectively, these mitigation efforts helped to keep the Amman construction project from slipping beyond the 8-month delay already realized due to unexpected circumstances.

While successful OBO projects like the Amman project help to identify potential best practices, less successful OBO projects also yield valuable lessons learned. For instance, for the Embassy Kabul project, the decision to manage a multiyear, multibuilding construction project to one completion date, rather than using a phased construction management approach, both negatively affected Facility Management personnel and did not meet the needs of the embassy to have the hardened<sup>27</sup> residential buildings, Staff Diplomatic Apartments-2 and 3, completed as quickly as possible. Because OBO did not structure the contract with a phased construction management approach that would contractually require separate completion dates for each

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<sup>25</sup> The duct work delay affected the project's "critical path," meaning most other work could not move forward until this work was completed.

<sup>26</sup> B.L. Harbert submits monthly schedule narrative reports to OBO as required by its contract.

<sup>27</sup> According to OBO, hardened structures are buildings with exteriors consisting of hardened materials that provide forced entry, ballistic- and blast-resistant protection for building occupants.

building or group of buildings, the completion schedule of the entire project was extended when OBO requested additional work. Had OBO managed the construction of the hardened staff diplomatic apartments in a phased construction management approach and separately from other buildings, OBO would have been able to contractually hold Caddell responsible for completing the buildings in May 2018, the original completion date, and 8 months before the Ambassador requested occupancy of the buildings due to security concerns.<sup>28</sup>

In another example, in February 2020, OIG reported that, in constructing NEC Ashgabat, Turkmenistan, OBO did not follow its established procedures. These deviations resulted in costly delays and extended the completion date of the project by more than 3 years.<sup>29</sup> The NEC construction project, which began in November 2015 and was initially scheduled to be completed in July 2018, involved 13 buildings, including the NOB. In July 2016, the Government of Turkmenistan ordered a halt to construction of the NOB because its location violated the city's requirement that buildings be set back a certain distance from the road.

OIG reported that the NOB was built in a prohibited location because the OBO project manager failed to follow the procedures for planning large scale construction projects required by OBO's Project Manager's Handbook.<sup>30</sup> A key planning element is preparing the Project Development Survey, during which time OBO should attain a detailed understanding of the local laws, rules, and processes involved with a U.S. contractor performing a construction project in a foreign country. OBO describes the Project Development Survey as mandatory, critical to OBO's comprehensive planning, and "the foundation for detailed project development."<sup>31</sup> OIG found that the OBO project managers failed to ensure that the contractor hired to develop and submit a complete Project Development Survey did so. Additionally, the construction contractor failed to obtain required construction permits from the Turkmen Government before initiating construction, although it was contractually required to do so. As a result, the NOB, which was to be completed in July 2018, remains unfinished as of June 2020.

In yet another example relating to the construction of NEC London, design flaws resulted in increased costs and delays. Specifically, the Department broke ground on the NEC in London in November 2013, but it was completed December 22, 2017, 13 months later than the original November 30, 2016, planned completion date. In a July 2020 Management Assistance Report, OIG reported that design flaws at the newly constructed NEC London cost the Department millions of dollars to rectify.<sup>32</sup> Specifically, OIG found that inadequate attention to major

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<sup>28</sup> Based on OIG reporting, OBO has now taken steps to using a phased approach. In the report *Audit of Bureau of Overseas Buildings Operations' Oversight of New Construction Projects at the U.S. Embassy in Kabul, Afghanistan*, OIG recommended that OBO develop requirements mandating the use of a phased approach for projects that involve the construction of multiple buildings or facilities. AUD-MERO-18-17, January 2018, at 39-40. OBO met this recommendation by now using phasing plans for their phased projects.

<sup>29</sup> AUD-MERO-20-20, February 2020, at 4-6.

<sup>30</sup> OBO's Project Manager's Handbook is a comprehensive reference used by its project managers for large-scale projects that describes the work that must be completed before the award of a construction contract.

<sup>31</sup> OBO, *Project Manager's Handbook: A Framework for Success* 11-1, 11-2 (March 2010). There is a more current guidebook, but the 2010 version was in use at the time planning for the NEC was underway.

<sup>32</sup> AUD-CGI-20-36, July 2020, at 5.



systems design and local building requirements presented challenges that have—or will require—additional financial outlays to remedy. In some instances, the building systems had to be either abandoned or modified after substantial completion to function properly.<sup>33</sup> The timely construction of NEC London was critical because the Department had sold the former property and was leasing back that property while NEC London was under construction. Because construction of the NEC was delayed, the Department had to extend the lease-back option for an additional year at a cost of \$34 million.

## **Conclusion**

OBO's lessons learned program does not presently capture, analyze, or disseminate best practices or lessons learned on broader construction activities such as strengthening collaboration among stakeholders, facilitating building maintenance, and improving program and construction management. However, including these construction management activities in such a program could greatly enhance OBO's efforts toward achieving its goals and objectives of completing construction projects on time and within budget and strengthening the security and safety of the Department's workforce and physical assets. For example, the Amman project produced multiple best practices that would be helpful to disseminate so that they could be replicated at other OBO construction sites. Likewise, significant mistakes experienced with construction projects in Ashgabat, Kabul, and London could be avoided and standard operating procedures could be modified to prevent the mistakes from reoccurring on future projects if such mistakes were captured and disseminated as lessons learned.

In discussing OIG's observations during this audit, OBO officials agreed that "improvements can always be made to capture/disseminate useful information and share these best practices developed during construction throughout the Bureau." They added that the lessons learned program could be revamped or expanded to capture some of these other process lessons more comprehensively. They also stated, however, that such a program would require additional resources to enable a broader collection, assessment, and dissemination effort beyond that of the current lessons learned program. These officials recommended that the lessons learned program be formalized with a policy directive. OIG concludes that such an effort could be a productive investment because harnessing and communicating these opportunities to apply best practices learned from success and lessons learned from mistakes is an internal control principle of GAO. Specifically, GAO's *Standards for Internal Control in the Federal Government* includes communicating internally, which encourages organizations to "internally communicate the necessary quality information to achieve the entity's objectives."<sup>34</sup> OIG is, therefore, offering the following recommendation.

**Recommendation 2:** OIG recommends that the Bureau of Overseas Buildings Operations capture, analyze, and disseminate broader best practices and lessons learned in

<sup>33</sup> OIG reported that the Wastewater Treatment Plant for NEC London cost approximately \$2 million to install but was abandoned when it did not function as intended. OIG also reported that the Combined Heat and Power system was not completed under its original contract, in part because of design deficiencies. As a result, a separate contract was issued for \$1.6 million in September 2019 to complete installation of the system.

<sup>34</sup> Report GAO-14-704G, at 60.

constructing embassies throughout the bureau to address factors such as strengthening collaboration among stakeholders, facilitating building maintenance, and improving program and construction management. This could be achieved by either expanding the current lessons learned program or creating an additional program that focuses on other construction management activities.

**Management Response:** OBO concurred with the recommendation and stated that an expanded Lessons Learned program will require developing an infrastructure and additional capabilities to enable a broader data collection, assessment, and dissemination effort than the current program. OBO's Directorate for Program Development, Coordination and Support, Office of Design and Engineering will work with OBO's Directorate for Construction, Facility & Securement Management, Office of Construction Management to either extend the current Lessons Learned program or create a new program. The target date for implementation is set for the end of September 2021.

**OIG Reply:** On the basis of OBO's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives documentation demonstrating that OBO has either expanded its current Lessons Learned program, or has created a new program, that captures, analyzes, and disseminates broader best practices and lessons learned in constructing embassies.

## **Finding B: Other Matters Involving Internal Reporting and Contract Modifications**

During this audit, OIG found inaccuracies with the data contained in OBO construction status reports and noncompliance with Federal and Department guidance for modifying construction contracts. Specifically, in examining OBO internal reporting for construction projects in Amman, Kabul, Ashgabat, and London, OIG found errors in 41 of 125 reports (33 percent) produced between 2013 and 2019 addressing those projects. To address this deficiency, greater attention is needed to validate the data recorded so that OBO senior leaders will be informed about the true status of construction projects. In addition, OIG found that when executing award modifications for the Amman construction contract, the Contracting Officer did not include the estimated total time necessary to accomplish the required work. This deviation is contrary to guidance and occurred partly to expedite the issuance of the contract modifications. However, this practice makes it difficult for OBO to hold the contractor accountable for completing the project on time.

### ***Some OBO Reports Contained Inaccurate Data***

OBO's Construction Management Guidebook requires the preparation of several types of reports to inform senior managers of the status of construction projects. These include Weekly Activity Reports, Monthly Progress Reports, and monthly Project Performance Reviews.<sup>35</sup> The

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<sup>35</sup> The Weekly Activity Reports and Monthly Progress Reports are prepared by OBO's on-site Project Director. The Project Performance Reviews are prepared by the OBO Construction Executive using information provided by the Project Director.

guidebook acknowledges that although report preparation can often be time consuming, it is important for reports to be accurate and delivered in a timely manner.<sup>36</sup> The Guidebook also references 2011 Administration Bulletins establishing reporting templates for the weekly and monthly reports.<sup>37</sup> Also, the GAO *Standards for Internal Control in the Federal Government* includes the use of quality information as an internal control principle, which GAO describes as information that is “appropriate, current, complete, accurate, accessible, and provided on a timely basis.”<sup>38</sup>

In reviewing OBO reporting for the construction projects at Embassies Amman, Ashgabat, Kabul, and London, OIG found errors in 33 percent of the reports reviewed. These errors included incorrect dates, inconsistent reporting on time periods, mislabeled or duplicate files, and missing information. Table 1 shows the number of reports OIG reviewed and the number containing errors and inconsistencies. Appendix B provides details on the specific reports containing errors and inconsistencies.

**Table 1: Number of OBO Reports OIG Reviewed and Those With Errors and Inconsistencies**

Report Type	Reports Reviewed	Reports Containing Errors and Inconsistencies
Weekly Activity Reports	41	7
Monthly Progress Reports	38	15
Project Performance Reviews	46	19
<b>All Reports Combined</b>	<b>125</b>	<b>41</b>

**Source:** OIG generated from analysis of OBO status reports.

In addition to inaccuracies in some of the reports it reviewed, OIG found inconsistencies in some of the reporting. For example, according to OBO, a facility reaches substantial completion when it is deemed sufficiently complete for it to be used for its intended purpose. Following substantial completion, the Department issues a Certificate of Occupancy and the building becomes occupied. However, on the Kabul construction project, OIG found that some Project Performance Reviews showed occupancy occurring *before* substantial completion when substantial completion should always occur first. As shown in Table 2, the Project Performance Reviews for January to August 2015 showed that occupancy would occur several months before the project would be substantially complete. Additionally, the Project Performance Reviews and the Monthly Progress Reports prepared in the same months for the same construction project showed different dates.

<sup>36</sup> OBO, Construction Management Guidebook, Vol. 1 2-49 (May 2016).

<sup>37</sup> OBO, Construction Management Guidebook, Vol. 2, Administration Bulletin A-2011-17, “Implementation of the SharePoint Weekly Activity Report Tool,” November 10, 2011, and Administration Bulletin A-2011-11, “SMART Monthly Report Cable Processing,” June 14, 2011 (May 2016).

<sup>38</sup> Report GAO-14-704G, at 60.

**Table 2: Disparity in Kabul Project Reporting Dates**

Reporting Month	Project Performance Reviews		Monthly Progress Reports	
	Substantial Completion	Estimated Occupancy	Substantial Completion	Estimated Occupancy
Jan. 2015	Apr. 1, 2017	May 28, 2016	Oct. 30, 2017	Nov. 30, 2017
Feb. 2015	Apr. 1, 2017	Dec. 1, 2016	Oct. 30, 2017	Nov. 30, 2017
Mar. 2015	Nov. 30, 2017	Dec. 1, 2016	Not Available	Not Available
Aug. 2015	Nov. 30, 2017	Dec. 1, 2016	Oct. 30, 2017	Varies by building
Sept. 2015	Nov. 30, 2017	Dec. 1, 2017	Not Available	Not Available
Feb. 2016	Nov. 30, 2017	Dec. 1, 2017	Mar. 2018	Varies by building

**Source:** OIG generated from information provided by OBO.

Status reports on the Amman and London construction projects also contained errors. For example, Weekly Activity Reports for the Amman project for the weeks ending July 19, 2018, through August 16, 2018, showed a contract completion date of October 11, 2018, and an estimated project completion date of February 11, 2018, 8 months earlier. In another example, reporting on the NEC London project for the December 2016 Monthly Progress Report showed a completion date of December 18, 2016. The January 2017 report showed a revised completion date of June 23, 2017, but the April 2017 report reverted to the earlier December 18, 2016, completion date without explaining how OBO was able to make up the 6-month delay.

OIG also found that the Project Performance Reviews for the Amman construction project incorrectly showed that it was “green” in the months immediately preceding contract modifications that extended project completion. Reviews coded “green” indicate that the project is generally on schedule and within budget, and the code switches from “green” to “yellow” when the schedule slips by 30 days.<sup>39</sup> Therefore, the Amman construction project should have been marked “yellow” in mid-2018, and again in late 2018 because contract modifications were issued in August 2018 that extended completion by 109 days and in February 2019 that extended completion by 71 days. Although the contract modifications extended the completion dates, the Project Performance Reviews for April to July 2018 did not communicate the project delays leading up to the August 2018 time extension. Similarly, the Project Performance Review for December 2018 did not communicate the project delay leading up to the February 2019 time extension.

An OBO official told OIG that determining whether a project is marked green, yellow, or red is often a subjective decision based on risk to the project.<sup>40</sup> The official added that differing views exist within OBO’s Office of Construction Management about when to change the colors of Project Performance Reviews slides. Nevertheless, the inclusion of objectively inaccurate information in these reports creates confusion and may cause senior officials to be misinformed or, if they recognize the error, spend time ascertaining the true status of the construction projects. Moreover,

<sup>39</sup> See OBO June 4, 2015, memorandum “Project Status Definitions for use in the OBO Project Performance Reviews,” “Project Status Definitions” attachment.

<sup>40</sup> Projects that are marked “red” are those experiencing delays of more than 120 days from the contract completion date and the estimated substantial completion date.

while the project status reports are examples of good communication strategies, their effectiveness is diminished when the information contained in them is inaccurate. Given that OIG identified inaccuracies in reporting for multiple projects over several years, OIG concludes that the deficiency is systemic and that greater attention is needed to validate the data recorded so that OBO senior leaders will be informed about the true status of construction projects. OIG is accordingly offering the following recommendation.

**Recommendation 3:** OIG recommends that the Bureau of Overseas Buildings Operations issue an Administration Bulletin reemphasizing the importance of ensuring that reporting on construction project status is accurate and internally consistent.

**Management Response:** OBO concurred with the recommendation, stating that it has issued an Administrative Bulletin reemphasizing the importance of ensuring the accuracy and consistency of reporting on the status of construction projects. OBO requested that the OIG close this recommendation.

**OIG Reply:** On the basis of actions taken by OBO to address the recommendation, OIG considers the recommendation closed, and no further action is required. Specifically, OIG verified that OBO issued Construction Bulletin CB-2020-002 on August 10, 2020. The bulletin references OIG's finding regarding inconsistencies and inaccuracies in OBO Construction Management reporting and reminds Construction Executives, Project Directors, and Project Managers of the importance of consistent and accurate reporting.

### ***Award Modifications for the Amman Construction Contract Did Not Follow Department and Federal Guidance***

OIG found that, in awarding contract modifications for the Amman contract, the Bureau of Administration, Office of Acquisitions Management did not follow the Foreign Affairs Handbook provision regarding processing contract modifications. The handbook states when a modification is necessary, the contracting officer's representative must prepare a procurement request to document the need for the modification, including "[t]he estimated total time necessary to accomplish the required services, if the time must be extended."<sup>41</sup> This suggests that if additional time is necessary to accomplish the work, it should be agreed upon by the Department and contractor and included in the contract modification.

OIG reviewed all 28 Amman contract modifications and found that all added funds to the contract through additional work or changes to the scope of work. However, only three of the modifications added time to extend the contract completion date.<sup>42</sup> Without including a duration adjustment in the modifications, it is much more difficult for OBO and the Office of Acquisitions Management to later address the impact of the changes on the project timeline.

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<sup>41</sup> 14 Foreign Affairs Handbook-2 H-534(5), "Processing Contract Modifications."

<sup>42</sup> Two of the modifications, which were granted during project execution, added time extending the contract completion date at no cost to the Department and funds related to changes in the scope of work. The third modification, granted subsequent to the project being declared substantially complete, added funds for delays encountered during project execution.



Furthermore, this practice makes it difficult for OBO to hold the contractor accountable for completing the project on time because the time needed to accomplish the added services was not addressed in the contract modification.

Issuing contract modifications adding work without including additional time is a practice OIG observed at another OBO project. Specifically, OIG found that none of the first 30 contract modifications executed for the NEC London project included additional time to complete the added services. It was not until May 2, 2019, more than a year after NEC London was declared substantially complete, that the Department modified the contract to add an additional 279 days and an \$11 million payment for 200 of the 279 days, which it considered compensable.<sup>43</sup>

Although Office of Acquisitions Management officials told OIG that, when issuing contract modifications, it is preferable to include both time and work impacts, they also stated that it is more advantageous to the Department and to the contractor “to settle the comparatively simpler and straight forward price adjustment for the materials, equipment, bricks and mortar to accomplish the change as opposed to the exercise necessary to fully analyze the effect of the change on the performance schedule.” Separating the price and time adjustment settlements allows the contractor to invoice the cost of the work performed while the parties continue to discuss the additional time necessary to complete that work.

OIG notes that the U.S. Army Corps of Engineers, which also has a large construction program, takes a different approach than the Department.<sup>44</sup> In particular, the U.S. Army Corps of Engineers limits the use of contract modifications that do not completely address all cost and time impacts unless addressing both cost and time impacts would seriously delay construction. Its guidance states, “The normal procedure in processing changes is to . . . negotiate a bilateral agreement with the contractor on price and time, and issue a formal modification following legal review where necessary. Use this procedure in all situations where a delay in negotiating a mutual agreement on price and time would not seriously delay construction.”<sup>45</sup>

OIG also found that the Office of Acquisitions Management did not follow Federal Acquisition Regulation (FAR) guidance regarding the need to include a contractor release statement. FAR 43.204 states that to prevent future claims that may result from a contract modification, particularly a supplemental agreement containing an equitable adjustment, the contracting officer should include a statement releasing “the Government from any and all liability under this contract for further equitable adjustments.”<sup>46</sup> OIG reviewed all 28 contract modifications

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<sup>43</sup> According to the 2006 edition of *Administration of Government Contracts*, a contractor’s ability to recover increased costs resulting from delays (i.e., compensable costs) will depend upon the cause of the delay, the nature of its impact on the contractor, and the contractual provisions dealing with compensation for delays. John Cibinic, Jr. et al., *Administration of Government Contracts* 576 (4th ed. 2006).

<sup>44</sup> The U.S. Army Corps of Engineers had a \$48 billion portfolio of projects in FY 2018 compared to the Department’s \$2.2 billion annual program. The Corps has developed a multitude of engineering regulations, policies, and procedures governing the construction of military and civil works projects.

<sup>45</sup> Department of the Army, U.S. Army Corps of Engineers, *Contract Administration Manual for Construction Contracts, South Atlantic Division 2-2-2* (SADDM 1110-1-1, March 2015).

<sup>46</sup> FAR 43.204(c)(2), “Administration.”

on the Amman project and found that all added funds to the contract through additional work or changes to the scope of work, but none of them included the FAR release statement. For instance, in reviewing the last of the Amman contract modifications, issued August 5, 2019, OIG found that while the modification incorporated the accepted B.L. Harbert request for equitable adjustment, it did not include a contractor release statement. In contrast, the release statement was included in the NEC London contract modifications issued on May 2, 2019, and August 1, 2019, which addressed the contractor's time impact requests for equitable adjustment and incorporated the negotiated and agreed settlement of outstanding claims for work performed.

In discussing this finding with Office of Acquisitions Management officials, OIG was told that the FAR reference applies only to a modification that is a complete and final equitable adjustment. However, the FAR provision states that the contracting officer should "[e]nsure that all elements of the equitable adjustment have been presented and resolved."<sup>47</sup> The FAR provision's reference to a complete and final equitable adjustment is, in fact, made in the context of a contract modification and states that its purpose is to prevent future claims of further equitable adjustment that may result from the facts or circumstances resulting in that contract modification.

OIG concludes that the Office of Acquisitions Management has been inconsistent in incorporating the FAR contractor release statement in contract modifications and that incorporating the release statement was applicable to the Amman construction project. Because OIG concludes that the Department faces increased monetary risk by not following the FAR requirements, OIG offers the following recommendation.

**Recommendation 4:** OIG recommends that the Bureau of Administration, Office of Acquisitions Management issue guidance requiring contracting officers who prepare construction contract modifications to (a) fully address all cost and time impacts associated with changes to the scope of work as required by the Foreign Affairs Handbook and (b) consistently include a contractor release statement as prescribed by the Federal Acquisition Regulation to avoid exposing the Department to increased financial risk.

**Management Response:** The Bureau of Administration, Office of the Procurement Executive (A/OPE) concurred with the recommendation to issue guidance and stated that it will seek to do so by the end of FY 2020.

**OIG Reply:** On the basis of the Bureau of Administration, Office of the Procurement Executive concurrence with the recommendation and actions planned, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives documentation demonstrating that the Bureau of Administration, Office of the Procurement Executive has issued guidance requiring contracting officers who prepare construction contract modifications to (a) fully address all cost and time impacts associated with changes to the scope of work as required by the Foreign Affairs Handbook

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<sup>47</sup> FAR 43.204(c)(1), "Administration."

and (b) consistently include a contractor release statement, as prescribed by the Federal Acquisition Regulation, to avoid exposing the Department to increased financial risk.

## RECOMMENDATIONS

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**Recommendation 1:** OIG recommends that the Bureau of Overseas Buildings Operations (a) review and update its draft 2012 Policy and Procedures Directive pertaining to its Lessons Learned Program for Technical Design to ensure the Directive meets the intent of the program and conforms with existing policy and (b) formally execute and disseminate the Directive in conjunction with applicable guidance to implement the lessons learned program and to consistently achieve its intended purpose.

**Recommendation 2:** OIG recommends that the Bureau of Overseas Buildings Operations capture, analyze, and disseminate broader best practices and lessons learned in constructing embassies throughout the bureau to address factors such as strengthening collaboration among stakeholders, facilitating building maintenance, and improving program and construction management. This could be achieved by either expanding the current lessons learned program or creating an additional program that focuses on other construction management activities.

**Recommendation 3:** OIG recommends that the Bureau of Overseas Buildings Operations issue an Administration Bulletin reemphasizing the importance of ensuring that reporting on construction project status is accurate and internally consistent.

**Recommendation 4:** OIG recommends that the Bureau of Administration, Office of Acquisitions Management issue guidance requiring contracting officers who prepare construction contract modifications to (a) fully address all cost and time impacts associated with changes to the scope of work as required by the Foreign Affairs Handbook and (b) consistently include a contractor release statement as prescribed by the Federal Acquisition Regulation to avoid exposing the Department to increased financial risk.

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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The Office of Inspector General (OIG) conducted this audit to determine the extent to which the Department of State's (Department) Bureau of Overseas Buildings Operations (OBO) is evaluating completed construction projects, including Embassy Amman, to identify and communicate best practices and lessons learned that can be applied to future OBO construction projects. In addition to conducting audit fieldwork for this audit in Amman, Jordan, OIG intended to conduct audit fieldwork at an OBO construction site in Nairobi, Kenya. However, COVID-19 related travel restrictions prevented the audit team from executing the initial audit program. As such, OIG modified its audit program and reviewed and considered best practices and lessons learned identified in recently completed audits involving OBO construction projects in Kabul, Afghanistan; Ashgabat, Turkmenistan; Islamabad, Pakistan; and London, United Kingdom.

OIG conducted this audit from October 2019 to June 2020 in the Washington, DC, metropolitan area; Amman, Jordan; and Chicago, IL. OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OIG faced challenges in completing this work because of the COVID-19 pandemic. These challenges included limitations on in-person meetings, difficulty accessing information, prohibitions on travel, and related difficulties within the Department, which affected its ability to respond to OIG requests for information in a timely manner. Despite the challenges, OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

To identify OBO best practices that could be replicated, along with lessons learned from mistakes that could be applied to future OBO construction projects, OIG reviewed its prior reporting on embassy construction in Kabul, Afghanistan; Ashgabat, Turkmenistan; Islamabad, Pakistan; and London, United Kingdom. OIG also conducted fieldwork in Amman, Jordan, during which it toured the completed project, met with Embassy officials, and reviewed construction related documentation. To assess OBO's Lessons Learned Program for Technical Design, OIG reviewed documentation describing the program and met with OBO officials responsible for administering and executing the program. OIG also reviewed requirements in the Federal Acquisition Regulation related to construction projects, OBO's 2014 Project Management Guidebook, Construction Management Guidebook (2016), and the Government Accountability Office's *Standards for Internal Control in the Federal Government*. In addition, OIG reviewed the terms and conditions of the Department's construction contract with B.L. Harbert LLC for the Amman project. Furthermore, OIG reviewed Weekly Activity Reports, Monthly Progress Reports, and Project Performance Reviews on the status of multiple projects submitted by OBO's Project Directors and Construction Executives to OBO senior management. In total, OIG interviewed 46 Department and contractor personnel involved with the Embassy Amman and other OBO construction projects.



## Use of Computer-Processed Data

To conduct the work for this audit, OIG reviewed hard copy and electronic documents provided by OBO and the construction contractor B.L. Harbert International LLC. Many of the electronic files, including OBO internal construction reports and construction contract documents, were obtained through OBOLink, a document repository system used to save files that does not produce data. Therefore, a data reliability assessment was not applicable for this system.

## Work Related to Internal Control

Considering internal control in the context of a comprehensive internal control framework can help auditors to determine whether underlying internal control deficiencies exist. OIG determined that internal control was significant to the audit objective. OIG considered the components of internal control and the underlying principles included in the *Standards for Internal Control in the Federal Government*<sup>1</sup> to identify which components were significant. OIG determined that the Information and Communication component was significant to the audit objective. The underlying principles of this component state that:

- Management should use quality information to achieve the entity's objectives.
- Management should internally communicate the necessary quality information to achieve the entity's objectives.<sup>2</sup>

OIG interviewed OBO officials and reviewed documentation to determine the extent to which the Information and Communication internal control component was in place. OIG assessed whether OBO designed and communicated best practices and lessons learned by examining the bureau's current lessons learned program. OIG reviewed relevant OBO documentation about the program, conducted interviews with OBO officials involved with the program, and reviewed written responses provided by OBO regarding the design, goals, and operating methodology of the Lessons Learned Program for Technical Design. OIG determined that because OBO's lessons learned efforts were solely dedicated to capturing technical issues, it did not capture broader best practices involving aspects of construction management and the turnover of completed facilities to maintenance staff. These audit findings are presented in Finding A of this report.

OIG also assessed whether OBO's internal reporting pertaining to construction projects at Amman, Jordan; Kabul, Afghanistan; Ashgabat, Turkmenistan; and London, United Kingdom contained quality information. Specifically, OIG reviewed 125 OBO reports on embassy construction progress status prepared between April 2013 and December 2019. In doing so, OIG reviewed 41 weekly activity reports, 38 monthly progress reports, and 46 project performance review reports. Finally, OIG assessed whether when executing award modifications adding work to the Amman construction contract, the Contracting Officer complied with the Foreign Affairs Handbook and Federal Acquisition Regulation requirements. Specifically, OIG reviewed the Department and Federal guidance and reviewed all 28 Amman

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<sup>1</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

<sup>2</sup> Report GAO-14-704G. at 58.

contract modifications to determine which added work and whether the award modification complied with applicable guidance. Audit findings related to these topics are presented in Finding B of this report.

## **Prior Office of Inspector General Reports**

In the August 2019 report *Audit of the Bureau of Overseas Buildings Operations Commissioning of Diplomatic Housing at U.S. Embassy Kabul, Afghanistan* (AUD-MERO-19-37), OIG reported that OBO adhered to its policies and procedures in commissioning Staff Diplomatic Apartment-2 and Staff Diplomatic Apartment-3 when it declared the buildings substantially complete, thus, allowing for expedited occupancy. OIG also reported that most, but not all, construction and commissioning agent contract requirements were fulfilled. OIG offered five recommendations, and as of July 2020, all five remain open pending further action.

In the January 2018 report *Audit of Bureau of Overseas Buildings Operations' Oversight of New Construction Projects at Embassy Kabul, Afghanistan* (AUD-MERO-18-17), OIG reported that the OBO Project Director in Kabul declared both buildings substantially complete and proceeded with occupancy before key project milestones had been met. The decision to accept the buildings without completing the commissioning process contributed to a range of building deficiencies after occupancy. OIG also reported that fundamental disagreements between the OBO Project Director and the commissioning agent regarding the readiness of the systems, ambiguous OBO guidance as to which systems must be commissioned prior to substantial completion, and the fact that the commissioning agent was subordinate to the OBO Project Director contributed to the deficiencies. OIG also reported that OBO did not ensure that Caddell or the commissioning agent prepared and submitted key project documents before substantial completion and occupancy, that OBO did not follow established procedures or best practices in planning for the buildings' turnover, and that Facility Management personnel were unprepared to accept responsibility for the buildings' operations and maintenance. OIG offered 10 recommendations, and as of July 2020, two had been implemented and closed, while eight remain open pending further action.

In the February 2020 report *Review of Delays Encountered Constructing the New Embassy Compound in Ashgabat, Turkmenistan* (AUD-MERO-20-20), OIG reported that the Government of Turkmenistan halted construction of the New Office Building because it was being constructed in a location that violated the city's zoning regulations. This error occurred partly because OBO project managers failed to ensure that the legal assessment describing Ashgabat's zoning requirement was maintained in an OBO document database and shared appropriately. They also did not require the Architectural and Engineering firm to deliver required planning documentation that would have alerted OBO about the proper placement of the NOB. In addition, the construction contractor, Caddell, failed to obtain required construction permits from the Turkmenistan Government prior to initiating construction. OIG offered eight recommendations, and as of July 2020, one had been implemented and closed, while seven remain open pending further action.

In the June 2018 report *Audit of the Bureau of Overseas Buildings Operations Process for Reviewing Invoices for Construction of the U.S. Embassy in Islamabad, Pakistan* (AUD-MERO-18-46), OIG reported that the completion of the NEC and Housing Project in Islamabad, Pakistan, allowed the Department to replace existing structures on the compound and provide secure housing for embassy personnel. OIG offered three recommendations, and as of July 2020, all three had been implemented and closed.

In the July 2020 report *Management Assistance Report: Execution of the New Embassy Compound London Construction Project Offers Multiple Lessons* (AUD-CGI-20-36), OIG reported that inadequate attention to major systems design and local building requirements presented challenges during the construction of the NEC at Embassy London. OIG concluded that addressing these challenges will require additional financial outlays. OIG also found that certain decisions and inadequate installation, among other things, resulted in building deficiencies that will require continuous attention. OIG offered seven recommendations, and as of July 2020, considers six recommendations closed and one resolved pending further action.

## APPENDIX B: ERRORS AND INCONSISTENCIES IN BUREAU OF OVERSEAS BUILDINGS OPERATIONS REPORTING OF PROJECT STATUS

### Weekly Activity Reports

<b>Project Location</b>	<b>Report Date</b>	<b>Description</b>
Amman	7/12/2018	Estimated project completion date was reported as 2/2018 rather than 12/2018; report was also misdated
Amman	7/19/2018	Estimated project completion date was reported as 2/2018 rather than 12/2018
Amman	7/26/2018	Estimated project completion dated was reported as 02/2018 rather than 12/2018
Amman	8/2/2018	Estimated project completion date was reported as 02/2018 rather than 12/2018
Amman	8/9/2018	Estimated project completion date was reported as 02/2018 rather than 12/2018
Amman	8/16/2018	Estimated project completion date was reported as 02/2018 rather than 12/2018
Amman	2/7/2019	Estimated project completion date was not adjusted to reflect contract modification

### Monthly Progress Reports

<b>Project Location</b>	<b>Report Date</b>	<b>Description</b>
Amman	March 2019	The completion date was reported as January 28, 2019, rather than April 10, 2019; the extension period was reported as 109 days, rather than 180 days; the estimated date of substantial completion had already passed when the monthly activity report was issued
Amman	April 2019	Estimated substantial completion date was reported as January 28, 2019, rather than April 10, 2019
Ashgabat	September 2016	Report was a duplicate of the August 2016 report
Ashgabat	October 2016	Report was dated November 2016, rather than October 2016
Ashgabat	January 2019	Report was sent early in the reportable month, while OBO's Construction Management Guidebook, Section 2.5.2.4, "Monthly Progress Report," directs it to be prepared at the end of the month and sent thereafter
Ashgabat	March 2019	Report was sent early in the reportable month, while OBO's Construction Management Guidebook, Section 2.5.2.4, "Monthly Progress Report," directs it to be prepared at the end of the month and sent thereafter
Ashgabat	April 2019	Report was sent early in the reportable month, while OBO's Construction Management Guidebook, Section 2.5.2.4, "Monthly Progress Report," directs it to be prepared at the end of the month and sent thereafter

<b>Project Location</b>	<b>Report Date</b>	<b>Description</b>
Ashgabat	May 2019	Report states that work was done in January 2019, rather than May 2019; report was sent early in the reportable month, while OBO's Construction Management Guidebook, Section 2.5.2.4, "Monthly Progress Report," directs it to be prepared at the end of the month and sent thereafter
Ashgabat	June 2019	Report was sent early in the reportable month, while OBO's Construction Management Guidebook, Section 2.5.2.4, "Monthly Progress Report," directs it to be prepared at the end of the month and sent thereafter
London	May 2013	Report lacks milestone dates and project costs; the contractor's monthly report was used rather than OBO's analysis
London	Oct 2013	Report lacks milestone dates, project costs, and security updates that are typically included
London	Nov 2013	Report lacks milestone dates, project costs, and security updates that are typically included
London	April 2017	Current completion date had already passed when the monthly activity report was issued
London	July 2017	Current completion date had already passed when the monthly activity report was issued
London	Sept 2017	Current completion date had already passed when the monthly activity report was issued

### Project Performance Reviews

<b>Project Location</b>	<b>Report Date</b>	<b>Slide Color</b>	<b>Additional Errors/ Inconsistencies and Description</b>
Amman	April 2018	Green	Slide remained green despite delay of more than 30 days
Amman	May 2018	Green	Slide remained green despite delay of more than 30 days
Amman	June 2018	Green	Slide remained green despite delay of more than 30 days
Amman	July 2018	Green	Slide remained green despite delay of more than 30 days
Amman	September 2018	Green	Substantial Completion date was reported as October 11, 2018, rather than January 28, 2019
Amman	December 2018	Green	Progress chart stops in February 2018 and no information was provided for March through December; slide remained green despite delay of more than 30 days
Kabul	January 2015	Yellow	Occupancy date was reported as May 28, 2016, and date of substantial completion was reported as April 1, 2017; according to OBO's Construction Management Guidebook, Section 3.4.3, "Certificate of Occupancy," substantial completion should precede occupancy



<b>Project Location</b>	<b>Report Date</b>	<b>Slide Color</b>	<b>Additional Errors/ Inconsistencies and Description</b>
Kabul	February 2015	Yellow	Occupancy date was reported as December 1, 2016, and date of substantial completion was reported as April 1, 2017; according to OBO's Construction Management Guidebook, Section 3.4.3, "Certificate of Occupancy," substantial completion should precede occupancy
Kabul	March 2015	Yellow	Occupancy date was reported as December 1, 2016, and date of substantial completion reported as November 30, 2017; according to OBO's Construction Management Guidebook, Section 3.4.3, "Certificate of Occupancy," substantial completion should precede occupancy
Kabul	April 2015	Yellow	Occupancy date was reported as December 1, 2016, and date of substantial completion reported as November 30, 2017; according to OBO's Construction Management Guidebook, Section 3.4.3, "Certificate of Occupancy," substantial completion should precede occupancy; slide was labeled as March 2015 when it should have been April 2015
Kabul	May 2015	Yellow	Occupancy date was reported as December 1, 2016, and substantial completion date was reported as November 30, 2017; according to OBO's Construction Management Guidebook, Section 3.4.3, "Certificate of Occupancy," substantial completion should precede occupancy
Kabul	June 2015	Yellow	Occupancy date was reported as December 1, 2016, and date of substantial completion was reported as November 30, 2017; according to OBO's Construction Management Guidebook, Section 3.4.3, "Certificate of Occupancy," substantial completion should precede occupancy
Kabul	July 2015	Yellow	Occupancy date was reported as December 1, 2016, and date of substantial completion was reported as November 30, 2017; according to OBO's Construction Management Guidebook, Section 3.4.3, "Certificate of Occupancy," substantial completion should precede occupancy
Kabul	August 2015	Yellow	Occupancy date was reported as December 1, 2016, and date of substantial completion was reported as November 30, 2017; according to OBO's Construction Management Guidebook, Section 3.4.3, "Certificate of Occupancy," substantial completion should precede occupancy
London	November 2016	Yellow	Report states project is Green when it should be Yellow.

<b>Project Location</b>	<b>Report Date</b>	<b>Slide Color</b>	<b>Additional Errors/ Inconsistencies and Description</b>
London	January 2017	Red	Completion date was reported as December 18, 2016, a date that had already passed
London	April 2017	Red	Completion date was reported as December 18, 2016, a date that had already passed
London	July 2017	Red	Completion date was reported as December 18, 2016, a date that had already passed
London	September 2017	Red	Completion date was reported as December 18, 2016, a date that had already passed

## APPENDIX C: RESPONSE FROM THE BUREAU OF OVERSEAS BUILDINGS OPERATIONS

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United States Department of State

Washington, D.C. 20520

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August 12, 2020

### **MEMORANDUM FOR NORMAN BROWN – OIG/AUD**

**FROM:** OBO/RM – Melissa R. Johnson, Acting /s/  
**SUBJECT:** Draft Report - *Audit of Bureau of Overseas Buildings Operations*  
Process to Identify and Apply Best Practices and Lessons Learned to  
Future Construction Projects; AUD-MERO-20-XX, July 2020

As requested, attached is the Bureau of Overseas Buildings Operations' response to recommendation numbers 1-3, subject as above.

Attachment:

As stated.

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**Office of Inspector General**  
***Audit of Bureau of Overseas Buildings Operations Process to Identify and Apply Best Practices and Lessons Learned to Future Construction Projects***  
(AUD-MERO-20-XX, July 2020)

**OIG Recommendation 1:** OIG recommends that the Bureau of Overseas Buildings Operations work with the Bureaus of Diplomatic Security and Acquisition Management to determine which (a) review and update its draft 2012 Policy and Procedures pertaining to its Lessons Learned Program for Technical Design to ensure the Directive meets the intent of the program and confirms with existing policy and (b) formally execute and disseminate the Directive in conjunction with applicable guidance to implement the lessons learned program and to consistently achieve its intended purpose.

**OBO Response, August 2020:** OBO concurs with this recommendation. The Bureau's Directorate for Program Development, Coordination and Support, Office of Design and Engineering (OBO/PDCS/DE) will update the 2012 draft Lessons Learned Program for Technical Design Policy and Procedures, Directive accordingly. Once updated, OBO will ensure DS and AQM will have an opportunity to review prior to issuing the P&PD. The target date for implementation is set for the end of December 2020.

**OIG Recommendation 2:** OIG recommends that the Bureau of Overseas Buildings Operations capture, analyze, and disseminate broader best practices and lessons learned in constructing embassies throughout the bureau to address factors such as strengthening collaboration among stakeholders, facilitating building maintenance, and improving program and construction management. This could be achieved by either expanding the current lessons learned program or creating an additional program that focuses on other construction management activities.

**OBO Response, August 2020:** OBO concurs with this recommendation. An expanded Lessons Learned program will require developing an infrastructure and additional capabilities enabling a broader data collection, assessment, and dissemination effort than the current program. OBO/PDCS/DE will work with OBO's Directorate for Construction, Facility & Securement Management, Office of Construction Management (OBO/CFSM/CM) to either extend the current Lessons Learned program or create a new program. The target date for implementation is set for the end of September 2021.

**OIG Recommendation 3:** OIG recommends that the Bureau of Overseas Buildings Operations issue an Administration Bulletin reemphasizing the importance of ensuring that reporting on construction project status is accurate and internally consistent.

**OBO Response, August 2020:** OBO concurs with this recommendation. The Bureau has issued an Administrative Bulletin reemphasizing the importance of ensuring the accuracy and consistency of reporting on the status of construction projects (see attached). OBO requests that the OIG close this recommendation.

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## APPENDIX D: RESPONSE FROM THE BUREAU OF ADMINISTRATION, OFFICE OF ACQUISITIONS MANAGEMENT

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United States Department of State

Washington, D.C. 20520

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August 11, 2020

### MEMORANDUM

TO: OIG/AUD – Norman P. Brown

FROM: *Anthony Catay* ~~Revised~~

SUBJECT: Draft Report on *Audit of Bureau of Overseas Buildings Operations Process To Identify and Apply Best Practices and Lessons Learned to Future Construction Projects* (AUD-MERO-20-XX)

Thank you for the opportunity to provide a response to subject draft report. The point of contact for this report is the OPE Front Office ([A-OPEFrontOfficeAssistants@state.gov](mailto:A-OPEFrontOfficeAssistants@state.gov)).

**Recommendation 4:** OIG recommends that the Bureau of Administration, Office of Acquisitions Management issue guidance requiring contracting officers who prepare construction contract modifications to (a) fully address all cost and time impacts associated with changes to the scope of work as required by the Foreign Affairs Handbook and (b) consistently include a contractor release statement as prescribed by the Federal Acquisition Regulation to avoid exposing the Department to increased financial risk.

**Management Response to Draft Report (08/11/2020):** The Bureau of Administration, Office of the Procurement Executive (A/OPE) concurs to issue guidance and will seek to accomplish such prior to end of Fiscal Year (FY) 2020.



## ABBREVIATIONS

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FAR	Federal Acquisition Regulation
GAO	Government Accountability Office
NEC	New Embassy Compound
NOB	New Office Building
NOX	New Office Annex
OBO	Office of Overseas Buildings Operations
OIG	Office of Inspector General

## OIG AUDIT TEAM MEMBERS

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