

SIGAR

Special Inspector General for
Afghanistan Reconstruction

SIGAR 18-29 Audit Report

Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government



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Special Inspector General for
Afghanistan Reconstruction

WHAT SIGAR REVIEWED

Since 2002, Congress has appropriated \$120.8 billion for the reconstruction of Afghanistan. Department of Defense (DOD) agencies tasked with construction and oversight—the Combined Security Transition Command–Afghanistan (CSTC-A), the U.S. Army Corps of Engineers (USACE), and the Air Force Civil Engineer Center (AFCEC)—have built and overseen approximately \$9 billion worth of construction at 1,162 sites to support the Afghan National Defense and Security Forces (ANDSF). CSTC-A is responsible for training, advising, and assisting the Afghan government to provide long-term security and stability for the Afghan people, including determining the necessity of ANDSF infrastructure and other requirements. As CSTC-A's primary construction agents, USACE and AFCEC are responsible for managing and awarding contracts to perform the work, conducting quality assurance, and formally turning over completed projects to CSTC-A.

SIGAR has previously expressed concern about U.S. oversight of the construction, transfer, and maintenance of ANDSF infrastructure projects, and the Afghan government's ability to sustain them.

The objectives of this audit were to determine the extent to which DOD agencies tasked with construction and oversight (1) transferred ANDSF infrastructure in accordance with applicable procedures, (2) implemented construction warranties in accordance with applicable procedures, and (3) prepared ANDSF maintenance personnel to independently maintain their infrastructure with the national maintenance contract.

February 2018

Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government

SIGAR 18-29 AUDIT REPORT

WHAT SIGAR FOUND

SIGAR found that USACE and AFCEC did not consistently prepare or maintain DOD real property transfer forms—DD Forms 1354—for ANDSF infrastructure in a complete, accurate, and timely manner, and CSTC-A did not properly review the DOD real property transfer forms to ensure their compliance with DOD standards. From a list of 1,189 construction and capital improvement contracts DOD awarded between October 2001 and December 2013 in support of the ANDSF, SIGAR selected a representative sample of 67 contracts, enabling it to make projections about DOD's oversight of the construction and process for transferring infrastructure to the Afghan government. These 67 contracts had a combined value of about \$482 million and covered 119 ANDSF sites across Afghanistan. Of the 119 sites, 89 sites required DOD real property transfer forms. USACE provided forms for 68 (76 percent) of the 89 sites. According to SIGAR's analysis, none of the DOD real property transfer forms were fully complete, accurate, and timely when assessed according to the portions of the Unified Facilities Criteria that apply to the transfer and acceptance of USACE and AFCEC construction projects.

CSTC-A and USACE officials cited multiple reasons for the deficiencies in their documentation, including that CSTC-A could not recover any DOD real property transfer forms that it saved electronically because its computer system crashed in late 2012, and it could not recover the files. However, had USACE and AFCEC complied with the Unified Facilities Criteria, CSTC-A would have the information it needs to identify all construction projects for the ANDSF, verify whether construction requirements were met, and inform the Afghan Ministries of Defense (MOD) and Interior (MOI) of the costs associated with maintaining that infrastructure. Instead, DOD had to award a series of contracts—worth \$229 million—that included a requirement to develop and maintain a comprehensive inventory of ANDSF infrastructure.

SIGAR also found that CSTC-A does not know what infrastructure is present at each ANDSF site it transferred to the MOD and the MOI because CSTC-A does not have the asset recognition transfer letters needed to verify the Afghan government accepted the infrastructure. In SIGAR's sample of 119 ANDSF sites, 11 sites required asset recognition transfer letters. For these 11 ANDSF sites, CSTC-A provided asset recognition transfer letters for only 2 sites—a \$28.2 million Afghan National Army site in Herat province and a \$7.1 million Afghan Border Police site in Khowst province. However, the letters did not list grid coordinates, all infrastructure built or renovated, and unique numbers identifying each infrastructure item.

In addition, CSTC-A, USACE, and AFCEC did not fully implement construction warranty procedures for ANDSF infrastructure. USACE was responsible for defining policies and procedures during all warranty periods for ANDSF infrastructure built by USACE and AFCEC. According to USACE's Engineering

Regulation, construction agents—USACE or AFCEC—are required to schedule, conduct, and document warranty inspections. If any defects are found during the warranty inspections, the construction agent is required to identify and document them, and the contractor is required to make all necessary repairs at no additional expense to the U.S. government.

In SIGAR's sample of 119 ANDSF sites, after accounting for contract modifications that eliminated some sites, we found that 74 sites required warranty inspections. In response to our requests for information, USACE and AFCEC only provided evidence that they conducted warranty inspections at 5 sites. SIGAR also visited two sites in Kandahar—the Special Mission Wing 2nd Air Squadron Site at Kandahar Airfield and the Afghan National Army (ANA) 205th Corps Support Battalion—that demonstrated the impacts of not fully implementing construction warranty procedures. For example, SIGAR's site visit to the 2nd Air Squadron revealed deficiencies with critical infrastructure—the water supply system, wastewater treatment plants, and fuel tanks. These deficiencies pose health and safety risks to Special Mission Wing personnel if left unaddressed. Because these deficiencies were identified during the contract's warranty period, USACE was able to pursue warranty repairs with the construction contractor, rather than assuming the burden of making repairs at an additional cost to U.S. taxpayers. In contrast, SIGAR's visit to the ANA 205th Corps Support Battalion revealed broken bay doors at four vehicle maintenance facilities due to poor design and construction. However, repairs were not made during the warranty period because CSTC-A failed to inform USACE about the broken bay doors. By not fully implementing construction warranty procedures, CSTC-A, USACE, and AFCEC are unable to hold contractors accountable and ensure that construction deficiencies are fixed at no additional cost. By not taking advantage of the protections afforded by warranty clauses included in construction contracts, DOD runs the risk that U.S. taxpayers or the Afghan government will have to bear the additional cost of repairing construction deficiencies.

Finally, SIGAR found that USACE and CSTC-A cannot determine whether the national maintenance contract is achieving its goal of preparing ANDSF personnel to independently maintain the infrastructure paid for by U.S. taxpayers. In January 2015, USACE awarded a firm-fixed-price contract, with a maximum value of \$245 million, to IDS International Government Services LLC (IDS International) to maintain critical ANDSF infrastructure and implement a national training program for ANDSF maintenance personnel to ensure that they can independently maintain their infrastructure. IDS International was required under the contract to conduct two training courses at each of nine training sites. Each course was to enroll up to 130 students, for a total of up to 2,340 ANDSF personnel trained over the duration of the contract. As of December 2017, USACE officials told us that 1,844 ANDSF maintenance personnel had attended 131 training courses, and that USACE had disbursed \$108 million for both maintenance and training services on the contract. However, USACE did not establish meaningful performance standards for the national maintenance contract that would enable it and CSTC-A to assess the extent to which IDS International was training ANDSF maintenance personnel. USACE currently has two performance methods to assess this: (1) course attendance and (2) checklists that IDS International's instructors use to rate each ANDSF personnel's performance on maintenance tasks as "poor," "fair," "good," or "excellent." USACE officials told us they use checklists because they are the easiest way to measure the contractor's efforts. To pass a training course, ANDSF personnel must receive a rating of "fair" or better on 70 percent of the required tasks. However, according to CSTC-A and USACE officials, a passing grade only indicates that a student participated in the course. The grade does not necessarily demonstrate that the student can successfully apply the knowledge and skills presented in the course independently in the field.

We also found that USACE did not update its quality assurance surveillance plan to account for changes CSTC-A made to the program's training requirements. For example, from June 2015 through February 2016, CSTC-A officials directed USACE to modify the contract three times after MOD and MOI officials informed them that the training centers took ANDSF maintenance personnel away from their assigned locations and responsibilities too long. In response, USACE modified the training program to require mobile training teams at remote locations, on-site training courses at locations where ANDSF personnel are responsible for performing maintenance, and a mentor-protégé program intended to train the ANDSF to manage and oversee their own maintenance contracts. However, USACE created its quality assurance surveillance plan in December 2013 and has not updated it to include methods for evaluating the mobile training teams, on-site training courses, or the mentor-protégé program added through these modifications. As a result, USACE and CSTC-A are not able to determine whether IDS International's maintenance training program is achieving its intended outcome of preparing ANDSF maintenance personnel to independently maintain their transferred infrastructure.

WHAT SIGAR RECOMMENDS

To better account for ANDSF infrastructure transferred to the Afghan government, we recommend that the CSTC-A Commander, in collaboration with the USACE Commanding General and Chief of Engineers:

- 1. Revise applicable standard operating procedures to require that the standards for completeness, accuracy, and timeliness, as prescribed by the Unified Facilities Criteria, are applied to DOD real property transfer forms, and that these forms are reviewed for adherence to these standards for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.**
- 2. Revise applicable standard operating procedures to include explicit requirements that construction agents submit the DOD real property transfer forms to CSTC-A, and CSTC-A retain those forms for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.**
- 3. Ensure that asset recognition transfer letters for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI list grid coordinates for the project location, all infrastructure built or renovated, and unique numbers identifying each infrastructure item, and are signed by the appropriate CSTC-A and Afghan government officials.**

To improve the utilization of contract warranties and ensure the timely resolution of warranty-related deficiencies, we recommend that the CSTC-A Commander, in collaboration with the USACE Commanding General and Chief of Engineers:

- 4. Revise applicable standard operating procedures to require documentation of 4-month and 9-month warranty inspections for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.**

To protect the U.S. investment in ANDSF infrastructure and determine whether ANDSF maintenance personnel are capable of maintaining their infrastructure, we recommend that the USACE Commanding General and Chief of Engineers, in collaboration with the CSTC-A Commander:

- 5. Update the quality assurance surveillance plan for the national maintenance contract to define methods for assessing the extent to which IDS International is meeting contract requirements, including requirements for training ANDSF maintenance personnel.**
- 6. Establish and apply more meaningful performance standards to assess IDS International's performance and the extent to which the national maintenance contract has achieved its intended outcomes.**

SIGAR received written comments on a draft of this report from CSTC-A, USACE, and AFCEC. In its comments, CSTC-A neither agreed nor disagreed with the four recommendations directed to it, and deferred to USACE on two recommendations. Nonetheless, CSTC-A described several actions it is taking or plans to take in response to the recommendations. SIGAR regards CSTC-A's statements as generally responsive to the four recommendations directed to the command.

USACE partially concurred with the three recommendations directed at CSTC-A and deferred to CSTC-A on the fourth recommendation. USACE did not concur with our recommendations to update the quality assurance surveillance plan and establish and apply more meaningful performance standards to assess IDS International's performance on the national maintenance contract. USACE stated in its comments that the change to the training curriculum and requirements did not warrant updating the quality assurance surveillance plan, and that the contract already had meaningful performance metrics. SIGAR disagrees with USACE that the December 2013 quality assurance surveillance plan provides sufficient methods to assess all maintenance training required by the national maintenance contract. SIGAR also disagrees that the contract already has adequate performance metrics because these metrics do not adequately assess progress towards the development of ANDSF maintenance personnel who can independently maintain the transferred infrastructure. If improvements are not made in this regard, U.S. taxpayers' investment of approximately \$9.3 billion in constructing and maintaining ANDSF infrastructure, and training ANDSF personnel to maintain this infrastructure, is at risk of being wasted.

AFCEC neither agreed nor disagreed with the four recommendations directed to CSTC-A and did not comment on the two recommendations directed to USACE.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

February 1, 2018

The Honorable James N. Mattis
Secretary of Defense

General Joseph L. Votel
Commander, U.S. Central Command

General John W. Nicholson, Jr.
Commander, U.S. Forces–Afghanistan, and
Commander, Resolute Support

Lieutenant General Todd T. Semonite
Commanding General and Chief of Engineers,
U.S. Army Corps of Engineers

Major General Robin L. Fontes
Commander, Combined Security Transition Command–Afghanistan

Colonel Matthew Benivegna
Deputy Director, Air Force Civil Engineer Center

Colonel Timothy Dodge
Deputy Director, Air Force Civil Engineer Center

This report provides the results of SIGAR’s audit of the Department of Defense’s (DOD) transfer of U.S.-funded infrastructure for the Afghan National Defense and Security Forces (ANDSF) to the Afghan government and the department’s efforts to train ANDSF personnel to maintain this infrastructure.

We are making six recommendations. We recommend that the Commander of the Combined Security Transition Command–Afghanistan (CSTC-A), in collaboration with the Commanding General of the U.S. Army Corps of Engineers (USACE) and Chief of Engineers:

1. Revise applicable standard operating procedures to require that the standards for completeness, accuracy, and timeliness, as prescribed by the Unified Facilities Criteria, are applied to DOD real property transfer forms, and that these forms are reviewed for adherence to these standards for all remaining ANDSF infrastructure that will be transferred to the Ministry of Defense (MOD) or the Ministry of Interior (MOI);
2. Revise applicable standard operating procedures to include explicit requirements that construction agents submit the DOD real property transfer forms to CSTC-A, and CSTC-A retain those forms for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI;
3. Ensure that asset recognition transfer letters for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI list grid coordinates for the project location, all infrastructure built or renovated, and unique numbers identifying each infrastructure item, and are signed by the appropriate CSTC-A and Afghan government officials;



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4. Revise applicable standard operating procedures to require documentation of 4-month and 9-month warranty inspections for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.

We also recommend that the Commanding General of USACE and Chief of Engineers, in collaboration with the Commander of CSTC-A:

5. Update the quality assurance surveillance plan for the national maintenance contract to define methods for assessing the extent to which IDS International Government Services LLC (IDS International) is meeting contract requirements, including requirements for training ANDSF maintenance personnel; and
6. Establish and apply more meaningful performance standards to assess IDS International's performance and the extent to which the national maintenance contract has achieved its intended outcomes.

We received written comments from CSTC-A, USACE, and the Air Force Civil Engineer Center (AFCEC). These comments are reproduced in appendices IV, V, and VI, respectively. CSTC-A, USACE, and AFCEC also provided technical comments, which we incorporated into the report, as appropriate.

CSTC-A neither agreed nor disagreed with the recommendations directed to it, and deferred to USACE for two recommendations. Nonetheless, CSTC-A described several actions it is taking or plans to take in response to the recommendations. SIGAR regards CSTC-A's statements as generally responsive to the four recommendations directed to the command.

USACE partially concurred with the three recommendations directed at CSTC-A and deferred to CSTC-A on the fourth recommendation. USACE did not concur with our recommendations to update the quality assurance surveillance plan and establish and apply more meaningful performance standards to assess IDS International's performance on the national maintenance contract. USACE stated in its comments that the change to the training curriculum and requirements did not warrant updating the quality assurance surveillance plan, and that the contract already had meaningful performance metrics. SIGAR disagrees with USACE that the December 2013 quality assurance surveillance plan provides sufficient methods to assess all maintenance training and methods required by the national maintenance contract. SIGAR also disagrees that the contract already has adequate performance metrics because these metrics do not adequately assess progress towards the development of ANDSF maintenance personnel who can independently maintain the transferred infrastructure. If improvements are not made in this regard, U.S. taxpayers' investment of approximately \$9.3 billion in constructing and maintaining ANDSF infrastructure, and training ANDSF personnel to maintain this infrastructure, is at risk of being wasted.

AFCEC neither agreed nor disagreed with the four recommendations directed to CSTC-A and did not comment on the two recommendations directed to USACE.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended, and in accordance with generally accepted government auditing standards.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

TABLE OF CONTENTS

Background.....	2
DOD Did Not Follow Its Procedures When Transferring U.S.-funded ANDSF Infrastructure to the MOD and the MOI.....	5
CSTC-A, USACE, and AFCEC Did Not Fully Implement Construction Warranty Procedures.....	7
USACE and CSTC-A Cannot Determine Whether the National Maintenance Contract Is Achieving Its Goal of Preparing ANDSF Personnel to Independently Maintain Their Infrastructure.....	9
Conclusion.....	11
Recommendations.....	12
Agency Comments.....	12
Appendix I - Scope and Methodology.....	17
Appendix II - DOD Real Property Transfer Form.....	19
Appendix III - Analysis of DOD Real Property Transfer Forms.....	21
Appendix IV - Comments from the Combined Security Transition Command–Afghanistan.....	24
Appendix V - Comments from the U.S. Army Corps of Engineers.....	28
Appendix VI - Comments from the Air Force Civil Engineer Center.....	36
Appendix VII - Acknowledgments.....	40

TABLE

Table 1 - Sample of Contracts for U.S.-funded Infrastructure Awarded by USACE and AFCEC.....	17
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FIGURES

Figure 1 - DOD Turnover, Transfer, and Warranty Process for U.S.-funded ANDSF Infrastructure.....	4
Figure 2 - Locations of ANDSF Infrastructure Constructed or Renovated by USACE and AFCEC for the Contracts in SIGAR’s Sample.....	18
Figure 3 - DOD Real Property Transfer Form.....	19
Figure 4 - SIGAR Sample of DOD Real Property Transfer Forms’ Compliance with Unified Facilities Criteria Completeness Standard.....	21
Figure 5 - SIGAR Sample of DOD Real Property Transfer Forms’ Compliance with Unified Facilities Criteria Accuracy Standard.....	22
Figure 6 - SIGAR Sample of DOD Real Property Transfer Forms’ Compliance with Unified Facilities Criteria Timeliness Standard.....	23

TABLE OF CONTENTS

PHOTOS

Photo 1 - Overflowing Wastewater Treatment Plant at Special Mission Wing 2nd Air Squadron in Kandahar	8
Photo 2 - Corrosive Water Well at Special Mission Wing 2nd Air Squadron in Kandahar.....	8
Photo 3 - Broken Bay Door at 205th Corps Support Battalion in Kandahar.....	9

ABBREVIATIONS

AFCEC	Air Force Civil Engineer Center
AIDIS	Afghanistan Infrastructure Data Integration System
ANA	Afghan National Army
ANDSF	Afghan National Defense and Security Forces
CSTC-A	Combined Security Transition Command–Afghanistan
DOD	Department of Defense
FAR	Federal Acquisition Regulation
IDS International	IDS International Government Services LLC
MOD	Ministry of Defense
MOI	Ministry of Interior
NATO	North Atlantic Treaty Organization
NTM-A	NATO Training Mission–Afghanistan
USACE	U.S. Army Corps of Engineers

Congress has appropriated \$120.8 billion for the reconstruction of Afghanistan since 2002. Of this amount, the Department of Defense (DOD)—through the Combined Security Transition Command–Afghanistan (CSTC-A), the U.S. Army Corps of Engineers (USACE), and the Air Force Civil Engineer Center (AFCEC)—has spent approximately \$9 billion to build and renovate infrastructure at 1,162 sites to support the Afghan National Defense and Security Forces (ANDSF).¹

SIGAR has consistently expressed concerns about U.S. oversight of the construction, transfer, and maintenance of ANDSF infrastructure projects, and the Afghan government’s ability to sustain them. Since 2009, we have examined a wide range of DOD infrastructure projects across Afghanistan, including infrastructure for the ANDSF. For example, we reported in October 2012 that the Ministry of Defense (MOD) and the Ministry of Interior (MOI) faced problems in assuming maintenance responsibilities, such as having an insufficient number of qualified personnel and undeveloped budgeting, procurement, and logistics processes.² Given these challenges, CSTC-A has continued efforts to develop the Afghan government’s capacity to operate and maintain ANDSF infrastructure through a national maintenance contract. This contract provides operation and maintenance for power generation, water production systems, wastewater treatment, and facilities, as well as training for ANDSF maintenance personnel. However, in September 2013, we reported that CSTC-A was building more infrastructure than the ANDSF required and did not know how the Afghan government would use and sustain existing ANDSF infrastructure.³ In March 2016, we reported that while 16 of 44 DOD-funded infrastructure projects we inspected were well built and met contract requirements and technical specifications, the 28 remaining projects did not meet those requirements and had serious construction deficiencies.⁴ In many cases, unqualified contractor personnel, inferior materials, poor workmanship, and inadequate oversight by both DOD agencies and contractors contributed to these substandard results.

The objectives of this audit were to determine the extent to which DOD agencies tasked with construction and oversight (1) transferred ANDSF infrastructure in accordance with applicable procedures, (2) implemented construction warranties in accordance with applicable procedures, and (3) prepared ANDSF maintenance personnel to independently maintain their infrastructure with the national maintenance contract.

To accomplish these objectives, we obtained a list of all completed, ongoing, and planned infrastructure projects from USACE and AFCEC in Afghanistan from October 2001 through December 2013 for the construction, renovation, and improvement of infrastructure for the ANDSF. We narrowed this list of 6,964 contracts and task orders down to only those contracts and task orders paid for by the Afghanistan Security Forces Fund, which supports the training and equipping of the ANDSF. This left us a universe of 1,189 DOD construction and capital improvement contracts. From these 1,189 contracts, we randomly selected a representative sample of 67 contracts, enabling us to make projections about DOD’s oversight of the construction of ANDSF infrastructure and process for transferring the infrastructure to the Afghan government. These contracts had a combined value of about \$482 million and covered 119 ANDSF sites across Afghanistan. We analyzed contract documents, DOD real property transfer forms, and asset recognition transfer letters supporting the contracts in our sample. We reviewed and analyzed the USACE national maintenance contract, contract modifications, and task orders. We also interviewed officials from CSTC-A, USACE, AFCEC, the MOD, and the MOI. We conducted our work from August 2014 through February 2018 in

¹ For the purposes of this report, infrastructure includes all buildings, structures, and utility systems; improvements to these features; and supporting equipment, such as heating, cooling, and electrical systems, that were included in property built for the ANDSF or built for coalition forces and later transferred to the Afghan Ministry of Defense and the Ministry of Interior.

² SIGAR, *Afghan National Security Forces Facilities: Concerns with Funding, Oversight, and Sustainability for Operation and Maintenance*, SIGAR Audit 13-1, October 30, 2012.

³ SIGAR, *Afghan National Security Forces: Additional Action Needed to Reduce Waste in \$4.7 Billion Worth of Planned and Ongoing Construction Projects*, SIGAR Audit 13-18, September 13, 2013.

⁴ SIGAR, *Department of Defense Reconstruction Projects: Summary of SIGAR Inspection Reports Issued from July 2009 through September 2015*, SIGAR 16-22-IP, March 11, 2016.

Washington, D.C., and Kabul and Kandahar, Afghanistan, in accordance with generally accepted government auditing standards. Appendix I has a more detailed discussion of our scope and methodology.

BACKGROUND

A key objective of U.S. efforts in Afghanistan is to improve the Afghan government's capacity to provide for its own security. This includes building, equipping, and training the ANDSF, and developing the MOD's and the MOI's ability to manage their forces. The ANDSF is divided into three parts. The Afghan National Army (ANA) and the Afghan Air Force are under the MOD's authority, while the Afghan National Police are under the MOI's authority. As part of numerous agreements, the Afghan government, the North Atlantic Treaty Organization (NATO), and the international community authorized the size of the ANDSF to be 112,000 personnel in 2001, 168,000 personnel in 2008, and 352,000 personnel in 2012. The United States and NATO renewed pledges in July 2016 to sustain 352,000 ANDSF personnel through 2020.⁵

Since 2006, CSTC-A has been responsible for training, advising, and assisting the MOD, the MOI, and the ANDSF to provide long-term security and stability for the Afghan people. As part of these efforts, CSTC-A, in coordination with the Afghan government, developed the ANDSF's infrastructure requirements based on the forces' authorized end strength. CSTC-A is also responsible for funding the construction of infrastructure for the ANDSF, developing the MOD's and the MOI's ability to manage that infrastructure, and training ANDSF personnel to independently maintain the infrastructure.

CSTC-A works primarily with two DOD construction agents, USACE and AFCEC, to build infrastructure for the ANDSF. For a typical project in Afghanistan, CSTC-A will submit a work request to either USACE or AFCEC and fund the project through the Afghanistan Security Forces Fund.⁶ After accepting the work request, the applicable construction agent is responsible for awarding contracts to perform the work, conducting quality assurance, and turning over the completed project to CSTC-A in accordance with DOD policy. CSTC-A then transfers the project to either the MOD or the MOI. The MOD's Construction and Property Management Department is responsible for managing, operating, and maintaining infrastructure for the ANA and the Afghan Air Force, while the MOI's Facility Department has similar responsibilities for the Afghan National Police's infrastructure.

DOD's Infrastructure Transfer Process

DOD established a process for transferring U.S.-funded infrastructure to the Afghan MOD and MOI through a series of standard operating procedures that incorporate requirements from DOD's Unified Facilities Criteria. The Unified Facilities Criteria identify all of the department's technical design, construction, and operation and maintenance criteria and standards; include standards for transferring and accepting DOD real property; and apply to construction projects implemented by USACE and AFCEC in Afghanistan.⁷ The NATO Training Mission Command–Afghanistan (NTM-A) and CSTC-A created the April 2012, December 2012, and October 2014 standard operating procedures to identify the roles and responsibilities for constructing and transferring infrastructure to the ANDSF.^{8, 9}

⁵ The White House, *Fact Sheet: NATO's Enduring Commitment to Afghanistan*, July 9, 2016.

⁶ Congress established the Afghanistan Security Forces Fund in 2005 to build, equip, train, and sustain the ANDSF.

⁷ DOD, Unified Facilities Criteria 1-300-08, *Criteria for Transfer and Acceptance of DOD Real Property (change 2)*, August 2011.

⁸ CSTC-A became a dual command with NTM-A in 2011. NTM-A/CSTC-A reverted back to CSTC-A in 2014 when NATO's overall mission changed from a combat to an advisory mission.

⁹ NTM-A/CSTC-A, *Standard Operating Procedure—Transfer and Acceptance of Real Property to Afghanistan Officials in the MOD and MOI*, April 30, 2012; NTM-A/CSTC-A, *Standard Operating Procedure—Roles and Responsibilities Regarding*

As the construction agents in Afghanistan, USACE and AFCEC are required to prepare and complete DOD real property transfer forms—DD Forms 1354—for all construction and capital improvement projects, regardless of the funding source, cost, or location, and prior to them turning over a project site to CSTC-A. Once CSTC-A approves the completed DOD real property transfer form, CSTC-A accepts the infrastructure from the construction agent. CSTC-A then transfers the infrastructure to the Afghan government, generally using an asset recognition transfer letter signed by CSTC-A and Afghan government officials, as required by the April 2012 and October 2014 standard operating procedures.¹⁰ This letter is the official recognition that the Afghan government accepts responsibility for maintaining and sustaining the infrastructure.

DOD's Construction Warranty Process

DOD also has a role after it transfers U.S.-funded infrastructure built for the ANDSF to the MOD or the MOI. According to the Federal Acquisition Regulation (FAR), contracting officers may include a clause in fixed-price construction contracts, according to which the contractor warrants that work performed under the contract “conforms to the contract requirements and is free of any defect in equipment, material, or design furnished, or workmanship performed by the Contractor or any subcontractor or supplier at any tier.”¹¹ The warranty provided in accordance with this clause continues “for a period of 1 year from the date of final acceptance of the work.”¹² Additionally, USACE's Engineering Regulation requires the construction agent to develop policies and procedures for implementing construction warranties.¹³ This includes the DOD requirement for the construction agent to schedule, conduct, and document warranty inspections after CSTC-A accepts the infrastructure from its construction agent. The construction contractor is required to make any repairs if damage is the result of a failure to meet contract requirements or defective equipment, material, workmanship, or design. According to the USACE Engineering Regulation, if CSTC-A determines that the contractor cannot or will not make the repairs, the construction agent is then responsible for evaluating and fixing the identified construction deficiencies.

Figure 1 identifies the turnover, transfer, and warranty process, including U.S. and Afghan stakeholders.

Construction and Acceptance of Real Property for Afghanistan National Security Forces, December 12, 2012; and *Memorandum of Understanding Between AFCEC, USACE, and CSTC-A, Project Turnover Standard Operating Procedures*, October 9, 2014.

¹⁰ From December 2012 to October 2014, NTM-A/CSTC-A removed the requirement for asset transfer recognition letters.

¹¹ FAR 52.246-21, *Warranty of Construction*.

¹² *Id.*

¹³ USACE, Engineering Regulation 415-345-38, *Construction Transfer and Warranties*, June 2000.

Figure 1 - DOD Turnover, Transfer, and Warranty Process for U.S.-funded ANDSF Infrastructure



Source: NTM-A/CSTC-A, *Standard Operating Procedures*, April 30, 2012, December 12, 2012, and October 9, 2014; USACE, Engineering Regulation 415-345-38, *Construction Transfer and Warranties*, June 30, 2000.

Notes: The construction agents are primarily USACE and AFCEC.

^a This requirement was removed from NTM-A/CSTC-A's standard operating procedures from December 2012 through October 2014.

DOD's Oversight and Maintenance Contracts

As part of DOD's effort to build and transfer U.S.-funded ANDSF infrastructure to the Afghan government, CSTC-A has aimed to increase the Afghan government's ability to operate, maintain, and sustain their infrastructure with advisors and maintenance contracts. From 2010 to 2015, CSTC-A oversaw this effort with Infrastructure Training and Advisory Teams that were embedded at regional commands across Afghanistan. At their peak in 2012, CSTC-A had teams with over 115 U.S. personnel supporting construction at 39 different locations. By 2015, CSTC-A's Infrastructure Training and Advisory Teams had decreased to 11 U.S. personnel, and its last campaign objective was to use the national maintenance contract to ensure the infrastructure would be maintained while the ANDSF became self-sufficient.

In January 2015, USACE, under CSTC-A's direction, awarded a national maintenance contract, with a maximum value of \$245 million, to IDS International Government Services LLC (IDS International) to maintain critical ANDSF infrastructure and develop ANDSF maintenance personnel through a national training program.¹⁴ Prior to that, from 2010 to 2015, USACE provided maintenance and training services for Afghanistan's security forces under two separate contracts: one, valued at \$450 million, supported infrastructure in northern Afghanistan and the other, valued at \$350 million, supported infrastructure in southern Afghanistan. While the two prior contracts differed from the current contract in that they required full maintenance services for all infrastructure, they required similar training programs to develop ANDSF maintenance personnel.

National Maintenance Contract

Awarded: January 13, 2015

Estimated Completion: May 11, 2018

Maximum Value: \$245 million

Purpose: Maintain critical ANDSF infrastructure and train Afghan personnel to maintain this infrastructure independently

¹⁴ IDS International is a security consulting firm based in Arlington, Virginia.

DOD DID NOT FOLLOW ITS PROCEDURES WHEN TRANSFERRING U.S.-FUNDED ANDSF INFRASTRUCTURE TO THE MOD AND THE MOI

USACE and AFCEC Did Not Consistently Prepare and Maintain Complete, Accurate, and Timely Documentation of Infrastructure Built for the ANDSF

USACE and AFCEC did not consistently prepare and maintain DOD real property transfer forms for ANDSF infrastructure in a complete, accurate, and timely manner. In addition, CSTC-A did not properly review these forms to ensure their compliance with DOD completeness, accuracy, and timeliness standards. Therefore, CSTC-A often relied on incomplete and inaccurate information when transferring infrastructure to the MOD and the MOI. As a result, CSTC-A does not have the information it needs to identify all infrastructure built or renovated for the ANDSF, verify that construction requirements were met, and inform the Afghan government of the costs associated with maintaining this infrastructure.

According to the Unified Facilities Criteria, construction agents—in this case, USACE and AFCEC—must prepare a DOD real property transfer form for any DOD construction or capital improvement project. The construction agents must follow standards for completeness, accuracy, and timeliness when preparing the DOD real property transfer form, and each standard has specific sub-criteria that must be met. Upon receiving the DOD real property transfer form, CSTC-A must review the form to ensure the information recorded is accurate, complete, and retained in accordance with applicable laws and regulations. Appendix II includes a blank DOD real property transfer form.

The Unified Facilities Criteria's completeness standard requires construction agents to fill out every block on the DOD real property transfer form, list each infrastructure item separately with a unique number, and sign and date the form.¹⁵ The accuracy standard requires construction agents to attribute each item to an infrastructure category code; quantify the size or capacity of each infrastructure item, such as thousands of gallons for a water well; and cite the construction cost of each item. The timeliness standard necessitates action by both construction agent and CSTC-A. First, the Unified Facilities Criteria require the construction agent to prepare the DOD real property transfer form within 10 days of the infrastructure being placed in service, which is considered the earliest date the site is ready to be occupied and used by ANDSF personnel. Second, the criteria require the construction agent to sign and date the form on the same day or before CSTC-A accepts a project. Finally, a CSTC-A official must accept the project by signing and dating the form before the infrastructure is placed in service.

For the 119 ANDSF sites covered by the contracts in our sample, 30 sites did not require DOD real property transfer forms because the projects were terminated, de-scoped, or the infrastructure did not meet DOD's definition of real property. Of the 89 remaining sites, USACE and AFCEC provided forms for 68 sites, or 76 percent. They did not provide the DOD real property transfer forms for 21 sites. According to our analysis, none of the 68 DOD real property transfer forms we reviewed met all three standards included in the Unified Facilities Criteria; 5 forms met the completeness standard, 4 forms met the accuracy standard, and 3 forms met the timeliness standard. A detailed description of our analysis for each standard by sub-criteria is in appendix III.

CSTC-A and USACE officials attributed these documentation deficiencies to the following causes:

- CSTC-A could not recover any DOD real property transfer forms that it saved electronically because its computer system crashed in late 2012, and it could not recover the files.
- Final contract documents, which include hardcopies of some transfer forms, remain in warehouses in Afghanistan because construction agents have not yet shipped them to the United States for storage.

¹⁵ DOD, Unified Facilities Criteria 1-300-08, *Criteria for Transfer and Acceptance of DOD Real Property (change 2)*, August 2011.

- CSTC-A and construction agents could not inspect infrastructure because of security issues.¹⁶
- Construction agents kept inconsistent records because of frequent staff turnover and human error.

Due to DOD's inaccurate and incomplete records for U.S.-funded infrastructure built for the ANDSF from 2008 to 2016, AFCEC awarded a series of contracts, worth \$224 million in total, to Amec Foster Wheeler PLC to support CSTC-A's infrastructure management efforts.¹⁷ A portion of this amount was allocated to inventory site assessments and uploading real property data into the Afghanistan Infrastructure Data Integration System (AIDIS)—a centralized database for geographic information, assessment, master planning, design, and construction documentation for ANDSF infrastructure.¹⁸ The Air Force Installation Contracting Agency 772nd Enterprise Sourcing Squadron, a contracting agency for AFCEC, then awarded a \$5 million contract to CH2M Hill Constructors Inc. in September 2016, to maintain the data in AIDIS.¹⁹

CSTC-A Did Not Consistently Prepare and Maintain Documentation of U.S.-funded Infrastructure Transferred to the Afghan Government

CSTC-A does not know what infrastructure is present at each ANDSF site it transferred to the Afghan government because it does not have the asset recognition transfer letters that verify the Afghan government's acceptance of the infrastructure. According to the April 2012 standard operating procedures developed by NTM-A/CSTC-A, CSTC-A and local ANDSF officials were required to sign asset recognition transfer letters to document the transfer of infrastructure built for the ANDSF. The letters were required to list grid coordinates for the project location, all infrastructure built or renovated, and unique numbers identifying each infrastructure item. These letters also served as recognition that the Afghan government accepted responsibility for maintaining and sustaining the infrastructure. If the local ANDSF officials refused to sign the letters, CSTC-A officials were to document the officials' names and contact information, the time and date, and the reasons for their refusal.

In December 2012, NTM-A/CSTC-A updated the standard operating procedures and removed the requirement for asset recognition transfer letters, citing local ANDSF officials' frequent refusal to sign the letters and requests for contractors to perform work outside the scope of their contracts. In October 2014, CSTC-A reinstated the requirement for asset recognition transfer letters because, according to CSTC-A officials, MOD and MOI headquarters staff were more capable of managing ANDSF infrastructure. With this change, CSTC-A officials were required to deliver letters to officials from MOD's Construction and Property Management Department or MOI's Facility Department. In addition to NTM-A/CSTC-A removing the requirement for asset recognition transfer letters at the height of construction in Afghanistan, the lack of DOD real property transfer forms limited CSTC-A's ability to provide the MOD and the MOI with lists of all infrastructure built or renovated.

In our sample of 119 ANDSF sites, 11 sites required asset recognition transfer letters.²⁰ For these 11 ANDSF sites, CSTC-A provided asset recognition transfer letters for only 2 sites—a \$28.2 million ANA site in Herat

¹⁶ In a separate audit, we are assessing USACE's efforts to hire local Afghan engineers and technical experts, known as Local National Quality Assurance representatives, to conduct oversight at project sites in Afghanistan that USACE officials are unable to visit for security reasons.

¹⁷ Amec Foster Wheeler PLC is a British consulting, engineering, and project management company.

¹⁸ AFCEC did not identify how much was allocated to these efforts. However, in its agency comments, the center indicated that only 16 percent of the contract went to AIDIS program development, data entry, and support.

¹⁹ CH2M Hill Constructors Inc. is a U.S.-based global engineering firm that provides consulting, design, construction, and operations services.

²⁰ We determined that 108 of the 119 ANDSF sites in our sample did not require asset recognition transfer letters because the infrastructure projects were substantially terminated or de-scoped, or the projects were completed or transferred to the Afghan government during years in which these letters were not required.

province and a \$7.1 million Afghan Border Police site in Khowst province.²¹ However, neither letter provided all of the required information. For example, the letter for the ANA site stated when the work was completed and signed by CSTC-A and local ANDSF officials, but it did not list the grid coordinates for the project location, all 66 infrastructure items built or renovated under the contract, or unique infrastructure numbers. The asset recognition transfer letter for the Afghan Border Police site detailed when construction was scheduled to be finished and the warranty terms, and included descriptions for seven facilities. However, it did not list the grid coordinates for the project location, all 28 infrastructure items built under the contract, or unique infrastructure numbers. Although a CSTC-A official signed the letter, no one from the MOI's Facility Department signed it. Without complete documentation, DOD does not know what infrastructure CSTC-A transferred to the MOD and the MOI.

CSTC-A, USACE, AND AFCEC DID NOT FULLY IMPLEMENT CONSTRUCTION WARRANTY PROCEDURES

USACE and AFCEC did not fully implement construction warranty procedures for ANDSF infrastructure. In our sample of 119 ANDSF sites, after taking into account contract modifications that eliminated some sites, we found that 74 sites required warranty inspections.²² In response to our requests for information, USACE and AFCEC only provided evidence that warranty inspections were conducted at 5 sites. They did not provide evidence that warranty inspections were conducted at any of the other 69 sites.

According to CSTC-A, USACE is responsible for developing warranty policies and procedures that all construction agents building ANDSF infrastructure, including AFCEC, must follow.²³ USACE's Engineering Regulation, which details these warranty policies and procedures, also requires construction agents to schedule, conduct, and document two warranty inspections with CSTC-A—the customer—and the contractor 4 months and 9 months after they turn over any infrastructure to CSTC-A. The purpose of these inspections is for the construction agent to identify any deficiencies and develop corrective action plans. If the contractor does not start making repairs, CSTC-A is required to determine why and contact the contracting officer to enforce the warranty requirements. However, we found that the October 2014 standard operating procedures do not describe the warranty process, including roles and responsibilities for CSTC-A and its construction agents—USACE and AFCEC.

CSTC-A and USACE officials identified various reasons for not fully implementing construction warranty procedures.²⁴ They told us that in some instances, they did not conduct warranty inspections because the contractor left Afghanistan after completing the construction work and did not return. In other instances, ANDSF personnel started occupying the sites before the final inspection, making it difficult to determine who caused and was responsible for fixing the deficiencies identified during the warranty period.

By not documenting required warranty inspections, CSTC-A, USACE, and AFCEC are unable to hold contractors accountable and ensure that construction deficiencies are fixed at no additional expense to the U.S.

²¹ CSTC-A provided six additional asset recognition transfer letters for six other sites. However, we excluded them from our analysis because the infrastructure projects were completed or transferred to the Afghan government when the command's standard operating procedures did not require that these letters be prepared.

²² We determined that infrastructure projects at 45 ANDSF sites did not require warranty inspections because the infrastructure projects were terminated, de-scoped, not covered under a 1-year warranty, or the construction was too minor to require warranty inspections.

²³ USACE, Engineering Regulation 415-345-38, *Construction Transfer and Warranties*, June 2000.

²⁴ Despite multiple requests over the course of our audit, AFCEC officials did not state why they did not document contract warranties to address construction deficiencies at ANDSF sites where it was the construction agent.

government. As a result, DOD runs the risk that U.S. taxpayers or the Afghan government bear the burden of making repairs, at an additional cost, through a maintenance contract or use of on-budget funds.²⁵

We visited two sites in Kandahar—the Special Mission Wing 2nd Air Squadron at Kandahar Airfield and the 205th ANA Corps Support Battalion—that demonstrated the impacts of not fully implementing construction warranty procedures.

Special Mission Wing 2nd Air Squadron Site at Kandahar Airfield

We conducted site visits to the Special Mission Wing 2nd Air Squadron site at Kandahar Airfield in July 2015, August 2015, and February 2016.²⁶ During our July 2015 site visit, we observed deficiencies with the water supply system, wastewater treatment plants, and fuel tanks, specifically:

- leaks in three water pumps and an inoperable chlorination system for the water supply system;
- one overflowing wastewater treatment plant and one inoperable wastewater treatment plant, as well as leaks in wastewater treatment plant pipes; and
- leaks in the main fuel tank and in fuel lines feeding into backup fuel tanks.

USACE officials told us only one of the two wastewater treatment plants was being used because the Special Mission Wing site was not fully staffed during our three inspections. Therefore, the inoperable plant was not yet

needed. During our July 2015 site visit, CSTC-A Infrastructure Training and Advisory Team officials told us the deficiencies we identified would not affect operations if they were repaired in a timely manner. However, U.S. Special Operations Advisory Team officials, who were responsible for training and advising the Special Mission Wing, told us in July 2015 and again in February 2016 that they were being pulled away from their train, advise, and assist mission to help address these defects. Photo 1 shows the wastewater treatment plants.

The deficiencies we identified with the water supply system, wastewater treatment plant, and fuel tanks presented immediate hazards to the Special Mission Wing’s personnel. According to USACE, the untreated, nonpotable water supply and leaking wastewater pose health risk, and the fuel leaks increase the risk of explosion. Special Operations Advisory Team officials told us that the Special Mission Wing personnel

Photo 1 - Overflowing Wastewater Treatment Plant at Special Mission Wing 2nd Air Squadron in Kandahar



Source: SIGAR, February 10, 2016

Photo 2 - Corrosive Water Well at Special Mission Wing 2nd Air Squadron in Kandahar



Source: CSTC-A advisors, May 22, 2016

²⁵ On-budget assistance is funding that is channeled through the Afghan government’s core budget. On-budget assistance can take multiple forms, including direct bilateral assistance, contributions to multi-donor trust funds, and direct budget support.

²⁶ In early 2014, the Special Mission Wing established the 3rd Air Squadron at Kandahar Airfield. In October 2015, the Afghan government reorganized the Special Mission Wing, and the 2nd Air Squadron replaced the 3rd Air Squadron. We reported the results of our inspection of \$26.3 million worth of infrastructure at the Special Mission Wing 2nd Air Squadron site in October 2016. We found that the facilities and infrastructure were constructed in accordance with contract requirements and were being used as intended, but USACE did not fully comply with its quality assurance procedures (see

could not use the water to clean aircraft because it was too corrosive and took paint off the aircraft. Photo 2 shows a water well that became corroded because the chlorination system was not being used.

According to USACE officials, the 4-month and 9-month warranty inspections at these sites occurred in January 2015 and June 2015, respectively, before our first site visit in July 2015. However, USACE only provided documentation of the 9-month inspection. According to that inspection report, the water supply system was inspected, but the wastewater treatment plant and fuel tanks were not.

Although USACE's Engineering Regulation requires only 4-month and 9-month inspections, USACE officials provided us documentation of an additional inspection that CSTC-A officials conducted with USACE and contractor officials on September 21, 2015—9 days before the contract's warranty expired. That documentation listed the deficiencies we observed with the water supply system, wastewater treatment plant, and fuel tanks during our July and August 2015 site visits, even though USACE previously told us the last two items were not covered by the warranty. However, it did not state that the deficiencies were corrected or provide a date for when they would be corrected.

On March 24, 2016, USACE officials reported that the deficiencies identified with the water supply chlorination system and wastewater treatment plant were resolved, but the water supply pumps and fuel tanks were leaking again. USACE officials told us they did not know when the repairs would be completed or how much they would cost.

ANA 205th Corps Support Battalion

In August 2015, we conducted a site visit to the ANA 205th Corps Support Battalion site near Kandahar Airfield. We observed that 17 of 18 bay doors at four vehicle maintenance facilities were broken. ANA officials at the site told us that having only one working door increased the time they spent repairing military vehicles. Photo 3 shows one of the broken doors.

According to a CSTC-A Infrastructure Training and Advisory Team official working with the battalion, the bay doors were poorly designed and constructed and should have been repaired under the contract's warranty. The official also told us his predecessor knew about the doors but did not inform USACE officials. The warranty period expired on February 14, 2015. CSTC-A and USACE could not produce documentation of the required 4-month and 9-month warranty inspections, as required, and officials could not explain why they did not have this documentation.

Photo 3 - Broken Bay Door at 205th Corps Support Battalion in Kandahar



Source: SIGAR, August 27, 2015

USACE AND CSTC-A CANNOT DETERMINE WHETHER THE NATIONAL MAINTENANCE CONTRACT IS ACHIEVING ITS GOAL OF PREPARING ANDSF PERSONNEL TO INDEPENDENTLY MAINTAIN THEIR INFRASTRUCTURE

USACE did not establish meaningful performance standards for the national maintenance contract that would enable it and CSTC-A to assess the extent to which IDS International was training ANDSF maintenance

SIGAR, *Special Mission Wing Facilities at Kandahar Airfield: Construction Generally Met Contract Requirements, but Problems with Noncompliance, Maintenance, and Quality Assurance Need to be Addressed*, SIGAR 17-03-IP, October 14, 2016).

personnel. In addition, USACE did not update its quality assurance surveillance plan to account for changes CSTC-A made to the program's training requirements and, therefore, has not defined how it will measure the new components of the training program. As a result, USACE and CSTC-A are not able to determine whether IDS International's maintenance training program is achieving its intended outcome of preparing ANDSF maintenance personnel to independently maintain their infrastructure.

In January 2015, USACE awarded a firm-fixed-price contract, with a maximum value of \$245 million, to IDS International to maintain critical ANDSF infrastructure and implement a national training program for ANDSF maintenance personnel to ensure that they can independently maintain their infrastructure. USACE officials told us that the training component of the contract was worth approximately \$3.4 million.²⁷ The contract's period of performance was initially at most 2 years, but USACE extended the contract to end in May 2018. As part of the training effort, IDS International was required to conduct two training courses at each of nine training sites. Each course would enroll up to 130 students, for a total of up to 2,340 ANDSF personnel trained over the duration of the contract. As of December 2017, USACE officials reported that 1,844 ANDSF maintenance personnel had attended 131 training courses, and that USACE had disbursed \$108 million on the contract for both maintenance and training services.

According to the FAR, U.S. agencies are required to develop performance work statements that, to the maximum extent practicable, "Enable assessment of work performance against measurable performance standards."²⁸ Additionally, FAR 37.6 requires that performance work statements, to the maximum extent practicable, "Describe the work in terms of the required results rather than either 'how' the work is to be accomplished or the number of hours to be provided."²⁹ Therefore, USACE needed to establish measurable performance standards for assessing IDS International's performance on the contract in light of required results. USACE currently has two performance methods to assess this: (1) course attendance and (2) checklists that IDS International's instructors use to rate each student's performance on maintenance tasks as "poor," "fair," "good," or "excellent."

USACE officials told us they use checklists because they are the easiest way to measure the contractor's efforts. To pass a training course, ANDSF personnel must receive a rating of "fair" or better on 70 percent of the required tasks. For example, tasks for the basic power generation course include observing the generator's environment and checking the cooling and electrical systems. However, according to CSTC-A and USACE officials, a passing grade only indicates that a student attended the course. The grade does not necessarily demonstrate that the student can successfully apply the knowledge and skills presented in the course independently in the field. Furthermore, CSTC-A and USACE officials told us that IDS International does not test or grade ANDSF maintenance personnel to assess their proficiency. The contractor is only required to conduct the maintenance training courses. Due to the lack of meaningful performance metrics for the national maintenance contract's training program, USACE cannot hold IDS International accountable for ensuring that ANDSF personnel are prepared to independently maintain their infrastructure.

In addition, USACE is using an outdated quality assurance surveillance plan to assess whether IDS International is meeting the terms of its contract. According to the FAR, quality assurance surveillance plans are required to specify all work requiring surveillance and the methods of surveillance.³⁰ From June 2015 through February 2016, CSTC-A officials directed USACE to modify the contract three times after MOD and MOI officials informed them that the training centers caused ANDSF maintenance personnel to spend too much time away from their assigned locations and responsibilities. In October 2015, to address this complaint, USACE modified the contract to require IDS International to provide instruction at remote locations with mobile

²⁷ In its comments on a draft of this report, USACE indicated that the training was worth \$4.8 million. However, USACE never provided documentation to support either value it cited.

²⁸ FAR 37.6, *Performance-Based Acquisition*.

²⁹ *Id.*

³⁰ FAR 46.4, *Government Contract Quality Assurance*.

training teams, while continuing courses at the nine training centers. Two months later, based on CSTC-A's assessment of the ANDSF's training needs, USACE modified the contract to require IDS International to provide on-site training courses at locations where ANDSF personnel are also responsible for performing maintenance. In February 2016, USACE modified the contract a third time to require IDS International to develop a mentor-protégé program, which was intended to train the ANDSF to manage and oversee their own maintenance contracts. However, USACE developed its quality assurance surveillance plan in December 2013 and has not updated it to include methods for evaluating the mobile training teams, on-site training courses, or the mentor-protégé program added through these modifications.

USACE officials told us they had not updated the quality assurance surveillance plan because they were waiting for CSTC-A to make additional changes to the training requirements. Meanwhile, USACE gave IDS International exceptional performance ratings from August 2015 through May 2016. However, these officials noted that training requirements were not initially well defined and that IDS International had adapted to ad hoc training requests with sometimes less than 2 weeks' notice.

CONCLUSION

A key strategic objective of U.S. efforts in Afghanistan is to build the Afghan government's capacity to provide for its own security by equipping and training the ANDSF. Successful construction and transfer of ANDSF infrastructure is critical to ANDSF readiness and the achievement of U.S. strategic objectives. However, after investing approximately \$9 billion to build ANDSF infrastructure, DOD cannot fully account for the infrastructure it built or renovated for the ANDSF and transferred to the MOD and the MOI. This is a result of CSTC-A's, USACE's, and AFCEC's failure to follow procedures to create and maintain complete, accurate, and timely infrastructure inventory records, and document the transfer of this infrastructure to the MOD and the MOI. Had USACE and AFCEC complied with the Unified Facilities Criteria's completeness, accuracy, and timeliness standards when completing DOD real property transfer forms, and had CSTC-A ensured these standards were met, there would have been no need for DOD to award a series of contracts—worth \$229 million—that included a requirement to develop and maintain a comprehensive inventory of ANDSF infrastructure. Without these records, DOD will continue to rely on incomplete, unreliable information when accounting for ANDSF infrastructure and be unable to provide the MOD and the MOI with accurate estimates of the costs to maintain that infrastructure.

Compounding this situation are construction deficiencies within ANDSF infrastructure that suggest shortcomings in DOD's oversight of its construction contracts. It is concerning that CSTC-A, USACE, and AFCEC did not implement construction warranty procedures for infrastructure at 69 of the 74 ANDSF sites in our sample. Construction agents should have inspected the infrastructure built under their contracts, documented deficiencies during those inspections, and ensured all deficiencies were corrected in a timely manner during the warranty period. By failing to do so, the U.S. government may not be receiving the benefit of all construction warranties to which it is entitled, and the long-term sustainment of ANDSF infrastructure could be compromised. SIGAR has previously raised concerns about DOD's oversight of construction contracts and continues to believe that DOD must take immediate action to hold contractors accountable when they fail to deliver on their contractual commitments. By not taking advantage of the protections afforded by warranty clauses included in construction contracts, DOD runs the risk that U.S. taxpayers or the Afghan government will have to bear the additional cost of repairing construction deficiencies.

Despite efforts to train ANDSF maintenance personnel, it is uncertain whether these personnel actually possess the knowledge and skills needed to sustain the infrastructure DOD transferred to them. USACE and CSTC-A have used ineffective performance standards based on training class attendance, rather than metrics that assess the ability of trainees. Additionally, DOD has modified the training contract several times over the past few years without updating its quality assurance surveillance plan for assessing IDS International's work, making it difficult to determine whether this contract is effectively increasing the ability of ANDSF maintenance personnel to maintain the infrastructure paid for by U.S. taxpayers. Being able to maintain this infrastructure is

critical for the ANSDF to become a self-sustaining force that is capable of securing Afghanistan and to ensure the approximately \$9 billion of U.S. taxpayer funds spent on this infrastructure is not wasted.

RECOMMENDATIONS

To better account for ANSDF infrastructure transferred to the Afghan government, we recommend that the CSTC-A Commander, in collaboration with the USACE Commanding General and Chief of Engineers:

1. **Revise applicable standard operating procedures to require that the standards for completeness, accuracy, and timeliness, as prescribed by the Unified Facilities Criteria, are applied to DOD real property transfer forms, and that these forms are reviewed for adherence to these standards for all remaining ANSDF infrastructure that will be transferred to the MOD or the MOI.**
2. **Revise applicable standard operating procedures to include explicit requirements that construction agents submit the DOD real property transfer forms to CSTC-A, and CSTC-A retain those forms for all remaining ANSDF infrastructure that will be transferred to the MOD or the MOI.**
3. **Ensure that asset recognition transfer letters for all remaining ANSDF infrastructure that will be transferred to the MOD or the MOI list grid coordinates for the project location, all infrastructure built or renovated, and unique numbers identifying each infrastructure item, and are signed by the appropriate CSTC-A and Afghan government officials.**

To improve the utilization of contract warranties and ensure the timely resolution of warranty-related deficiencies, we recommend that the CSTC-A Commander, in collaboration with the USACE Commanding General and Chief of Engineers:

4. **Revise applicable standard operating procedures to require documentation of 4-month and 9-month warranty inspections for all remaining ANSDF infrastructure that will be transferred to the MOD or the MOI.**

To protect the U.S. investment in ANSDF infrastructure and determine whether ANSDF maintenance personnel are capable of maintaining their infrastructure, we recommend that the USACE Commanding General and Chief of Engineers, in collaboration with the CSTC-A Commander:

5. **Update the quality assurance surveillance plan for the national maintenance contract to define methods for assessing the extent to which IDS International is meeting contract requirements, including requirements for training ANSDF maintenance personnel.**
6. **Establish and apply more meaningful performance standards to assess IDS International's performance and the extent to which the national maintenance contract has achieved its intended outcomes.**

AGENCY COMMENTS

We provided a draft of this report to DOD for comment and received written comments from CSTC-A, USACE, and AFCEC. CSTC-A neither agreed nor disagreed with the four recommendations directed to it, and deferred to USACE on the two remaining recommendations. USACE partially concurred with the three recommendations directed at CSTC-A, deferred to CSTC-A on one recommendation, and did not concur with the two recommendations directed at it regarding the national maintenance contract. AFCEC neither agreed nor disagreed with the four recommendations directed at CSTC-A and did not comment on the two recommendations directed at USACE. CSTC-A's, USACE's, and AFCEC's comments are reproduced in

appendices IV, V, and VI, respectively. CSTC-A, USACE, and AFCEC also provided technical comments, which we incorporated into the report, as appropriate.

Recommendation 1

CSTC-A did not agree or disagree with our recommendation to revise applicable standard operating procedures to require that the standards for completeness, accuracy, and timeliness, as prescribed by the Unified Facilities Criteria, be applied to DOD real property transfer forms and reviewed for adherence to these standards for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI. CSTC-A stated that it is developing new asset recognition and transfer standard operating procedures, which are targeted for implementation by mid-February 2018. CSTC-A noted that these new standard operating procedures will complement and reinforce existing construction transfer and warranty procedures, and that it will continue to work with USACE to ensure transfer documentations are complete and in accordance with published standards.

USACE partially concurred with this recommendation, noting that there is no need to revise its policies and procedures for turning over ANDSF infrastructure projects to CSTC-A. However, USACE stated that it would emphasize adherence to existing policies and procedures to its Project Delivery Team personnel, particularly considering that repeated deployments and redeployments of these personnel have contributed to the unfamiliarity of procedures associated with the infrastructure turnover process to CSTC-A.

While we are encouraged by CSTC-A's and USACE's actions, it is important that CSTC-A's new procedures explicitly cite the Unified Facilities Criteria requirements for preparing and accepting DOD real property transfer forms, and that USACE fully adhere to those requirements. This will help ensure that there is a full accounting of the remaining infrastructure being built or renovated for the ANDSF. This will also help CSTC-A and USACE verify that the construction meets contract requirements and inform the MOD and the MOI of the costs associated with maintaining ANDSF infrastructure.

AFCEC neither agreed nor disagreed with this recommendation and noted that it has standard operating procedures in place for accepting and transferring infrastructure. AFCEC also noted that it has completed its construction activities in Afghanistan, all warranty periods have expired, and it has no remaining infrastructure to turnover to CSTC-A. AFCEC added that because this recommendation is not applicable to it, references to AFCEC should be removed from the recommendation. Recognizing that AFCEC is no longer involved in construction in Afghanistan, we have removed the center from the recommendation. However, if AFCEC ever resumes implementing ANDSF construction projects in Afghanistan, it should adhere to CSTC-A's new asset recognition and transfer standard operating procedures scheduled for implementation in February 2018.

Recommendation 2

CSTC-A did not agree or disagree with our recommendation to revise standard operating procedures to include explicit requirements that construction agents—USACE and AFCEC—submit the DOD real property transfer forms to CSTC-A, and that CSTC-A retain those forms for all remaining ANDSF infrastructure that will be transferred to the MOD and the MOI. CSTC-A stated that it will enforce acceptance procedures as outlined in USACE's Engineer Regulation 415-345-38 and its memorandum of understanding with USACE and AFCEC. CSTC-A added that following the warranty inspections, CSTC-A personnel will ensure that USACE corrects deficiencies prior to CSTC-A transferring infrastructure to the MOD or the MOI, and CSTC-A will ensure it retains all applicable documentation. While we are encouraged by CSTC-A's proposed actions, we reiterate that the new standard operating procedures should explicitly require construction agents to submit all DOD real property transfer forms to CSTC-A.

USACE partially concurred with this recommendation, noting that it does not believe there is a requirement to revise the October 2014 standard operating procedures related to the DOD real property transfer forms.

However, USACE stated that it would emphasize to Project Delivery Team personnel the procedures, including roles and responsibilities, for turning over ANDSF infrastructure to CSTC-A.

AFCEC neither agreed nor disagreed with this recommendation and noted that it has standard operating procedures in place for accepting and transferring infrastructure. The center also noted that it has completed its construction activities in Afghanistan, all warranty periods have expired, and it has no remaining infrastructure to turnover to CSTC-A. AFCEC added that because this recommendation is not applicable to it, references to AFCEC should be removed from the recommendation. Recognizing that AFCEC is no longer involved in construction in Afghanistan, we have removed the center from the recommendation. However, if AFCEC ever resumes implementing ANDSF construction projects in Afghanistan, it should adhere to CSTC-A's new asset recognition and transfer standard operating procedures scheduled for implementation in February 2018.

Recommendation 3

CSTC-A did not agree or disagree with our recommendation to ensure that asset recognition transfer letters for all remaining infrastructure that will be transferred to the MOD and the MOI list: (1) grid coordinates for the project location, (2) all infrastructure built or renovated, and (3) unique numbers identifying each infrastructure item. In addition, these letters are required to be signed by the appropriate CSTC-A and Afghan government officials. CSTC-A stated that its new standard operating procedures will address transfer, warranty, and documentation retention procedures. However, CSTC-A also stated that asset recognition letters already list grid coordinates for the project location and the infrastructure that was built or renovated. Based on our analysis of the two asset recognition transfer letters CSTC-A provided to us, we found that neither letter provided all of the required information. In addition, CSTC-A stated that the "as built" diagrams provided to the MOD and the MOI uniquely identify the infrastructure built or renovated. We understand that "as built" diagrams can provide real property information. If the three aforementioned requirements can be met by providing "as built" diagrams to the MOD or the MOI for ANDSF infrastructure projects as CSTC-A suggests, then the new standard operating procedures should describe how the command will ensure the "as built" diagrams are complete, accurate, and retained in accordance with applicable procedures.

USACE did not comment on this recommendation and deferred to CSTC-A.

AFCEC neither agreed nor disagreed with this recommendation and noted that it has standard operating procedures in place for accepting and transferring infrastructure. The center also noted that it has completed its construction activities in Afghanistan, all warranty periods have expired, and it has no remaining infrastructure to turnover to CSTC-A. AFCEC added that because this recommendation is not applicable to it, references to AFCEC should be removed from the recommendation. Recognizing that AFCEC is no longer involved in construction in Afghanistan, and CSTC-A is responsible for transferring U.S.-funded ANDSF infrastructure to the MOD and the MOI, we have removed the center from the recommendation.

Recommendation 4

CSTC-A did not agree or disagree with our recommendation to revise applicable standard operating procedures to require documentation of the 4-month and 9-month warranty inspections for all remaining ANDSF infrastructure that will be transferred to the MOD and the MOI. Despite this, CSTC-A stated that it will require USACE to provide documentation of warranty inspections in accordance with construction and warranty procedures, the terms of the contract, or both.

USACE partially concurred with this recommendation, noting that its review of applicable standard operating procedures shows that the processes, including roles and responsibilities for warranty inspections when turning over ANDSF infrastructure to CSTC-A, is adequate. However, our assessment of the October 2014 standard operating procedures found that they do not sufficiently describe the warranty process. USACE also stated that standard operating procedures already require a documented 4-month and 9-month inspection.

However, as our analysis of the documents provided for the projects in our representative sample showed, USACE did not consistently fulfill these requirements. Specifically, we found that USACE and AFCEC could only provide the documentation of warranty inspections for 5 ANDSF sites, or about 7 percent. This means that CSTC-A, USACE, and AFCEC were unable to hold the contractors accountable for fixing any construction deficiencies identified at no additional expense to the U.S. government. As such, it is critical that these warranty inspections be documented.

AFCEC neither agreed nor disagreed with this recommendation and noted that it has completed its construction activities in Afghanistan, all warranty periods have expired, and it has no remaining infrastructure to transfer to the MOD or the MOI. In addition, AFCEC wrote in its comments that its warranty program only requires a 12-month warranty period, in accordance with the Federal Acquisition Regulation (FAR) 52.246-21, but does not require 4-month and 9-month warranty inspections. However, that is beside the point. Given that USACE regulations call for 4-month and 9-month warranty inspections, and that USACE and AFCEC were both parties to the same memorandum of understanding with CSTC-A, whose purpose was to establish standard operating procedures for the turnover and transfer of ANDSF infrastructure, it would at the very least be reasonable for the two parties to have a consistent approach to quality control. Otherwise, different projects will be held to different procedures, and would undermine the stated purpose of the memorandum of understanding. AFCEC added that because this recommendation is not applicable to it, references to AFCEC should be removed from the recommendation. Recognizing that AFCEC is no longer involved in construction in Afghanistan, we have removed the center from the recommendation. However, if AFCEC ever resumes ANDSF construction projects in Afghanistan, it should adhere to CSTC-A's new asset recognition and transfer standard operating procedures scheduled for implementation in February 2018.

Recommendation 5

CSTC-A did not agree or disagree with our recommendation to update the quality assurance surveillance plan for the national maintenance contract to define methods for assessing the extent to which IDS International is meeting contract requirements, including requirements for training ANDSF maintenance personnel. Instead, CSTC-A deferred this recommendation to USACE. However, CSTC-A stated that it will continue to monitor USACE's adherence to the quality assurance surveillance plan for the national maintenance contract and report any ineffective performance standards.

USACE did not concur with this recommendation, noting that the quality assurance surveillance plan is not outdated because one contract modification—adding a requirement for mobile training teams—did not warrant a change to the quality assurance surveillance plan since it did not change the contents of the training curriculum for ANDSF maintenance personnel. However, during our fieldwork, USACE officials told us that the December 2013 quality assurance surveillance plan would be updated to reflect the training delivery methods used to include mobile training teams, if those teams were mobilized. The previous statements USACE officials provided contradicts USACE's current claim that there were no changes in training requirements that warranted updates to the December 2013 quality assurance surveillance plan. In addition, the most current performance work statement provided to us identifies requirements for mobile training teams.

Furthermore, USACE stated that the modification to the national maintenance contract for the mentor-protégé program was not completed. However, in its response to our December 2016 request for updated documentation for the contract, USACE provided contract modifications and amendments for the mentor-protégé program that were signed by the contracting officer. In addition, the most current performance work statement provided to us identifies requirements for a mentor-protégé program. Yet, when USACE participated in our formal exit conference with DOD, during which we discussed our findings and supporting facts, USACE officials did not dispute that the modifications added requirements for the mobile training teams and the mentor-protégé program, nor did they raise this issue in their written technical comments.

Recommendation 6

CSTC-A did not agree or disagree with our sixth recommendation to establish and apply more meaningful performance standards for the national maintenance contract in order to assess IDS International's performance and the extent to which the national maintenance contract has achieved its intended outcomes. CSTC-A stated that the national maintenance contract has clear performance criteria and that it will support USACE's enforcement of the contract. However, CSTC-A indicated this recommendation will be considered as an area to adjust in the next national maintenance contract.

USACE did not concur with this recommendation, noting that our report incorrectly characterizes whether ANDSF maintenance personnel are assessed for their competence in completing maintenance training tasks.

We disagree with CSTC-A's and USACE's assertions. As noted in our finding, USACE only has two methods for determining the success of the national maintenance training program: (1) course attendance and (2) checklists that IDS International's instructors use to rate each ANDSF personnel's performance on maintenance tasks as "poor," "fair," "good," or "excellent." These methods measure course attendance and trainees' abilities to perform specific tasks. While we agree that these are indeed methods to measure performance outputs on the contract, we maintain that they are ineffective in evaluating one of the intended outcomes of the national maintenance contract, namely ANDSF maintenance personnel who can independently maintain the transferred infrastructure. If improvements are not made in this regard, U.S. taxpayers' investment in constructing ANDSF infrastructure and training ANDSF personnel to maintain that infrastructure is at risk of being wasted.

APPENDIX I - SCOPE AND METHODOLOGY

This report provides the results of SIGAR’s audit of the Department of Defense’s (DOD) transfer of U.S.-funded infrastructure for the Afghan National Defense and Security Forces (ANDSF) to the Afghan government and the efforts to train ANDSF personnel to maintain this infrastructure. The objectives of this audit were to determine the extent to which DOD agencies tasked with construction and oversight (1) transferred ANDSF infrastructure in accordance with applicable procedures, (2) implemented construction warranties in accordance with applicable procedures, and (3) prepared ANDSF maintenance personnel to independently maintain their infrastructure with the national maintenance contract.

To determine the extent to which DOD agencies transferred ANDSF infrastructure in accordance with applicable procedures, we requested all completed, ongoing, and planned infrastructure projects in Afghanistan from October 2001 through December 2013. In response, DOD’s two primary construction agents in Afghanistan—the U.S. Army Corps of Engineers (USACE) and the Air Force Civil Engineer Center (AFCEC)—provided us a list of 6,964 contracts and task orders for all of their completed, ongoing, and planned infrastructure projects. We narrowed this list down to only those contracts and task orders paid for by the Afghanistan Security Forces Fund, which supports the training and equipping of the ANDSF. This left us 1,189 DOD construction and capital improvement contracts awarded by USACE and AFCEC. From this universe, we used a 90 percent confidence level and 10 percent margin of error to randomly select a representative sample of 67 contracts, covering 119 ANDSF sites and worth approximately \$482 million, which allowed us to make projections about the department’s oversight of the construction of ANDSF infrastructure and process for transferring the infrastructure to the Afghan government. Table 1 summarizes our random sample of the 67 contracts, and figure 2 identifies the locations of ANDSF sites included in the sample. We analyzed the base contracts, amendments, and modifications, and assessed the DOD real property transfer forms and asset recognition transfer letters for compliance with North Atlantic Treaty Organization Training Mission–Afghanistan/Combined Security Transition Command–Afghanistan (CSTC-A) standard operating procedures, and DOD standards and policies. We also interviewed CSTC-A, USACE, and AFCEC officials responsible for transferring the infrastructure.

Table 1 - Sample of Contracts for U.S.-funded Infrastructure Awarded by USACE and AFCEC

	USACE	AFCEC	Total
Number of ANDSF Contracts	60	7	67
Number of ANDSF Sites	111	8	119
Final Obligated Amount (million)	\$301.6	\$180.0	\$481.6

Source: SIGAR analysis of USACE and AFCEC contract data from October 2001 to December 2013

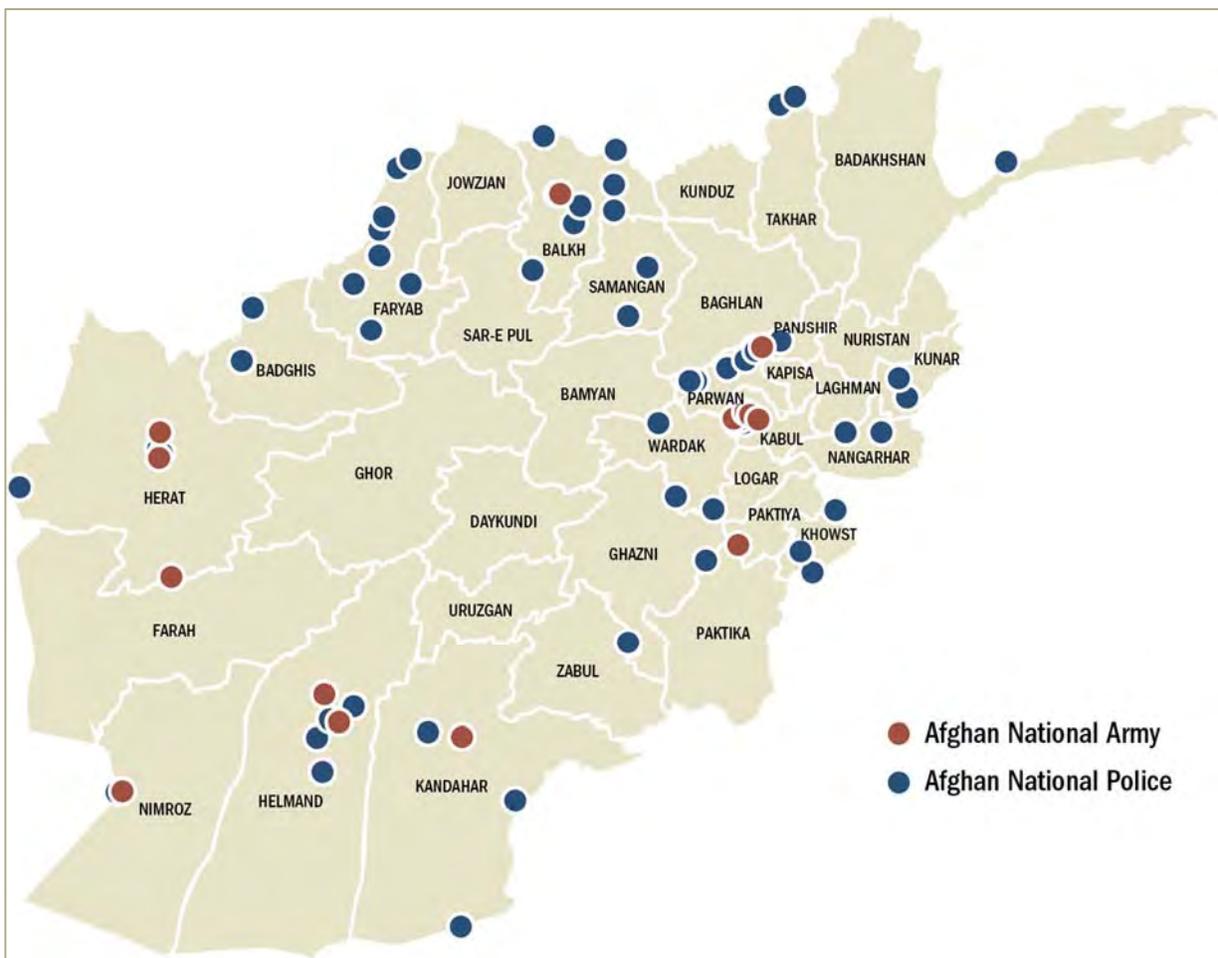
To determine the extent to which DOD agencies implemented construction warranties in accordance with applicable procedures, we examined warranty inspection documents for the 119 individual ANDSF sites covered by the 67 contracts in our sample. In addition, we conducted site visits to two ANDSF locations in Kandahar, Afghanistan. To select these sites, we sought input from CSTC-A to determine which sites would be possible to visit based on security conditions and the availability of force protection assets. We identified six sites from our sample that met these criteria but could only visit two sites—the 2nd Air Squadron Special Mission Wing and 205th Corps Support Battalion in Kandahar province—due to security incidents at the other locations. We created checklists to assess the existence of infrastructure, whether it was built according to contract requirements, and whether it was being maintained. Finally, we interviewed Ministry of Defense (MOD) and Ministry of Interior (MOI) officials responsible for sustaining the ANDSF infrastructure transferred to the Afghan government, as well as CSTC-A, USACE, and AFCEC officials.

To determine the extent to which CSTC-A prepared ANDSF maintenance personnel to independently maintain their infrastructure with the national maintenance contract, we analyzed the USACE national maintenance contract, contract modifications and task orders, the quality assurance surveillance plan, and contractor performance evaluations. We also interviewed MOD and MOI officials responsible for maintaining the ANDSF infrastructure transferred to the Afghan government, and USACE and CSTC-A officials.

We did not rely on computer-processed data for the purpose of the audit objectives. To assess internal controls, we analyzed DOD's procedures for project acceptance, transfer, and warranties. The results of our assessment are included in the body of the report.

We conducted our work in Kabul and Kandahar, Afghanistan, and Washington, D.C, from August 2014 through February 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides that reasonable basis for our findings and conclusions based on our audit objectives. This audit was performed by SIGAR under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

Figure 2 - Locations of ANDSF Infrastructure Constructed or Renovated by USACE and AFCEC for the Contracts in SIGAR's Sample



Source: SIGAR analysis of USACE and AFCEC contract data from October 2001 through December 2013

APPENDIX II - DOD REAL PROPERTY TRANSFER FORM

The Department of Defense (DOD) uses the DOD real property transfer form to document the government's acceptance of new construction or capital improvements from a construction agent, such as the U.S. Army Corps of Engineers or the Air Force Civil Engineer Center, and document inventory adjustments in the real property inventory. Figure 3 shows a blank DOD real property transfer form.

Figure 3 - DOD Real Property Transfer Form

TRANSFER AND ACCEPTANCE OF DoD REAL PROPERTY														Form Approved OMB No. 0704-0188	
														PAGE OF PAGES	
<small>The public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Washington Headquarters Services, Executive Services Directorate, Information Management Division, 4800 Mark Center Drive, Alexandria, VA 22304-3100 (0704-0188). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</small>															
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ORGANIZATION.															
1. FROM (Organization Name)				2. DATE PREPARED (YYYYMMDD)		3. PROJECT/JOB NUMBER		4. SERIAL NUMBER		8. TRANSACTION DETAILS					
5. TO (Organization - Installation Code and Name)				6. RPSUID/SITENAME/INSTCODE/INSTNAME		7. CONTRACT NUMBER(S)		7a. PLACED-IN-SERVICE DATE (YYYYMMDD)		a. METHOD (X all that apply)			b. WHEN/EVENT (X one)		
										<input type="checkbox"/> ACQUISITION BY CONSTRUCTION <input type="checkbox"/> TRANSFER BETWEEN SERVICES <input type="checkbox"/> CAPITAL IMPROVEMENT <input type="checkbox"/> INVENTORY ADJUSTMENT			<input type="checkbox"/> TOTAL ASSET PLACED-IN-SERVICE <input type="checkbox"/> PARTIAL ASSET PLACED-IN-SERVICE		
c. TYPE (X one)															
<input type="checkbox"/> DRAFT <input type="checkbox"/> FINAL <input type="checkbox"/> INTERIM															
9. ITEM NO.	10a. FACILITY NO.	10b. RPUID	11. CATEGORY CODE	12. CATCODE DESCRIPTION	13. TYPE CODE	14. SUST CODE	AREA		OTHER		19. COST	20. FUND SOURCE	21. FUND ORG	22. INTEREST CODE	23. ITEM REMARKS
							15. PRIMARY UM	16. PRIMARY UM QUANTITY	17. SECONDARY UM	18. SECONDARY UM QUANTITY					
24. STATEMENT OF COMPLETION. The facilities listed hereon are in accordance with maps, drawings, and specifications and change orders approved by the authorized representative of the using agency except for the deficiencies listed on the reverse side.										25a. ACCEPTED BY (Typed Name and Signature)			b. DATE SIGNED (YYYYMMDD)		
a. TRANSFERRED BY (Typed Name and Signature)						b. DATE SIGNED (YYYYMMDD)									
c. TITLE (Area Engr./Base Engr./DPW/Construction Agent)						e. TITLE (DPW/RPAO)						26. PROPERTY VOUCHER NUMBER			

DD FORM 1354, AUG 2013

PREVIOUS EDITION MAY BE USED.

Adobe Designer 9.0

27. CONSTRUCTION DEFICIENCIES (Attach blank sheet for continuations)	28. PROJECT REMARKS (Attach blank sheet for continuations)
INSTRUCTIONS	
<p>GENERAL. This form has been designed and issued for use in connection with the transfer of military real property between the military departments and to or from other government agencies. It supersedes ENG Forms 290 and 290B (formerly used by the Army and Air Force) and NAVDOCKS Form 2317 (formerly used by the Navy).</p> <p>Existing instructions issued by the military departments relative to the preparation of DD Form 1354 are applicable to this revised form to the extent that the various items and columns on the superseded forms have been retained. The military departments may promulgate additional instructions, as appropriate.</p> <p>For detailed instructions on how to fill out this form, please refer to Unified Facilities Criteria (UFC) 1-300-08, dated 16 April 2009 or later.</p> <p>SPECIFIC DATA ITEMS.</p> <p>1. From. Name of the transferring agency.</p> <p>2. Date Prepared. Date of actual preparation. Enter all dates in YYYYMMDD format (Example: March 31, 2010 = 20100331).</p> <p>3. Project/Job Number. Project number on a DD Form 1391 or Individual Job Order Number.</p> <p>4. Serial Number. Sequential serial number assigned by the preparing organization (e.g., 2010-0001).</p> <p>5. To. Name and address of the receiving installation, activity, and Service of the Real Property Accountable Officer (RPAO).</p> <p>6. RPSUID/SITENAME/INSTCODE/INSTNAME. Site Unique Identifier and name or installation code and name where the constructed facility is located.</p> <p>7. Contract Number(s). Contract number(s) for this project.</p> <p>7a. Placed-In-Service Date. RPA Placed In Service Date. This is the date the asset is actually placed-in-service.</p> <p>8. Transaction Details.</p> <p>a. Method of Transaction. Mark (X) as many boxes as apply.</p> <p>b. When/Event. When or event causing preparation of DD Form 1354. X only one box.</p> <p>c. Type. Draft, interim, or final DD Form 1354. X only one box.</p> <p>9. Item Number. Use a separate item number for each facility, no item number for additional usages.</p> <p>10a. Facility Number. Assigned in accordance with the Installation/Base Master Numbering Plan.</p> <p>10b. RPUID. Identified in Real Property Inventory.</p> <p>11. Category Code. The category code describes the facility usage.</p> <p>12. Catcode Description. The category code name which describes the facility usage.</p> <p>13. Type. Type of construction: P for Permanent; S for Semi-permanent; T for Temporary.</p> <p>14. Sustainability Code. Reports whether or not an asset meets the sustainability guidelines set forth in Section 2(g) of Executive Order 13514. Valid values are: 1 (asset meets the guidelines); 2 (asset does not meet the guidelines); 3 (asset not evaluated); 4 (asset not subject to guidelines).</p> <p>15. Area: UM 1. Area unit of measure; use the unit of measure associated with the category code selected in 11.</p> <p>16. Total Quantity UM 1. The total area for the measure identified in item 15. Use negative numbers for demolition.</p> <p>17. Other: UM 2. Unit of Measure 2 is the capacity or other measurement unit (e.g., LF, MB, EA, etc.).</p> <p>18. Total Quantity UM 2. The total capacity/other for the measure identified in item 17.</p> <p>19. Cost. Cost for each facility, for capital improvements to existing facilities, show amount of increase only. If there is no increase for the capital improvement, enter N/A.</p> <p>20. Fund Source. Enter the Fund Source Code for this item.</p> <p>21. Funding Organization. Enter the code for the organization responsible for acquiring this facility.</p> <p>22. Interest Code. Enter the code that reflects government interest or ownership in the facility.</p> <p>23. Item Remarks. Remarks pertaining only to the item number identified in item 9, show cost sharing.</p> <p>24. Statement of Completion. Typed name, signature, title, and date of signature by the responsible transferring individual or agent.</p> <p>25. Accepted By. Typed name, signature, title, and date of signature by the RPAO or accepting official.</p> <p>26. Property Voucher Number. Next sequential number assigned by the RPAO in voucher register.</p> <p>27. Construction Deficiencies. List construction deficiencies in project during contractor turnover inspection.</p> <p>28. Project Remarks. Project level remarks and continuation of blocks.</p>	

DD FORM 1354 (BACK), AUG 2013

Source: DOD

APPENDIX III - ANALYSIS OF DOD REAL PROPERTY TRANSFER FORMS

The Unified Facilities Criteria requires that construction agents—the U.S. Army Corps of Engineers (USACE) and the Air Force Civil Engineer Center (AFCEC)—prepare a Department of Defense (DOD) real property transfer form—DD Form 1354—for any DOD construction or capital improvement project. The criteria further requires the DOD real property transfer form meet certain standards for completeness, accuracy, and timeliness, and each standard has specific sub-criteria that must be met.³¹ The Combined Security Transition Command–Afghanistan (CSTC-A) must review the forms to ensure the information recorded is accurate, complete, and retained in accordance with applicable laws and regulations.

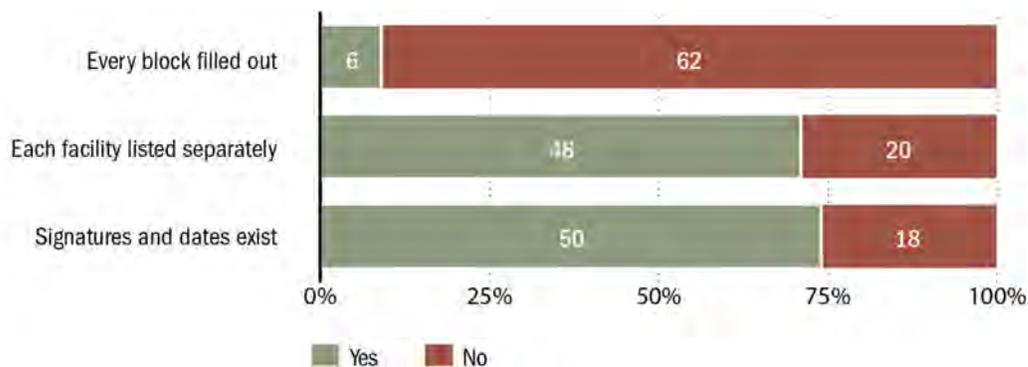
The completeness standard requires construction agents to fill out every block on the form, list each infrastructure item separately with a unique number, and sign and date the form. The accuracy standard requires construction agents to attribute each item to an infrastructure category code; quantify the size or capacity of each infrastructure item, such as thousands of gallons for a water well; and cite the construction cost of each item. The timeliness standard necessitates action by both construction agent and CSTC-A. The construction agent must prepare the form within 10 days of the infrastructure being placed in service and sign and date the form on the same day or before the customer, in this case CSTC-A, accepts a project. Similarly, a CSTC-A official must accept the project by signing and dating the form before the infrastructure is placed in service.

For the 119 Afghan National Defense and Security Forces sites covered by the 67 contracts in our sample, 30 sites did not require DOD real property transfer forms because the projects were terminated, de-scoped, or the infrastructure did not meet DOD’s definition of real property. Of the remaining 89 sites, USACE and AFCEC provided forms for 68 sites, or 76 percent. According to our analysis, none of the real property transfer forms met all standards included in the Unified Facilities Criteria; 5 forms met the completeness standard, 4 forms met the accuracy standard, and 3 forms met the timeliness standard.

For the completeness standard, 6 of the 68 DOD real property transfer forms had every block filled out, 48 forms identified each infrastructure item with a unique number, and 50 forms were signed and dated. In one instance involving an \$8 million police district headquarters in Kabul, USACE listed a single item number for more than 20 different infrastructure items even though each one should have been assigned its own number.

Figure 4 shows the extent to which the DOD real property transfer forms in our sample complied with three sub-criteria for the Unified Facilities Criteria completeness standard.

Figure 4 - SIGAR Sample of DOD Real Property Transfer Forms’ Compliance with Unified Facilities Criteria Completeness Standard



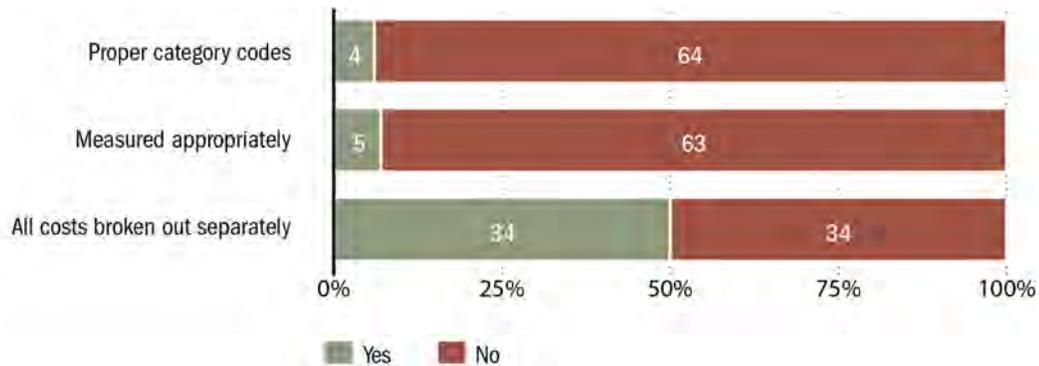
Source: SIGAR analysis of 68 DOD real property transfer forms

³¹ DOD, Unified Facilities Criteria 1-300-08, *Criteria for Transfer and Acceptance of DOD Real Property (change 2)*, August 2011.

For the accuracy standard, 4 of the 68 DOD real property transfer forms specified a category code for each infrastructure item built, 5 forms used appropriate units of measure that matched their category codes, and 34 forms identified the costs for each infrastructure item. In one example, USACE reported a \$24 million construction project at the Special Mission Wing 2nd Air Squadron site in Kandahar province, but did not identify units of measure appropriate for each infrastructure item's category code. Instead, USACE reported a water well, dining facility, roads, waste water treatment plant, communications lines, and 38 other infrastructure items as having the quantity and unit of measure of "one each." In addition, five infrastructure items did not have category codes at all, including one item that USACE described as "other costs" worth more than \$3.7 million. USACE provided costs for each remaining infrastructure item. In another instance, instead of using a single DOD real property transfer form to list more than 20 infrastructure items for a capital improvement project for the Afghan Air Force at Kabul International Airport, AFCEC submitted a separate form for each infrastructure item, including ten forms that misstated the quantities and units of measure for the specific items themselves.

Figure 5 shows the extent to which the DOD real property transfer forms in our sample complied with three sub-criteria for the Unified Facilities Criteria accuracy standard.

Figure 5 - SIGAR Sample of DOD Real Property Transfer Forms' Compliance with Unified Facilities Criteria Accuracy Standard

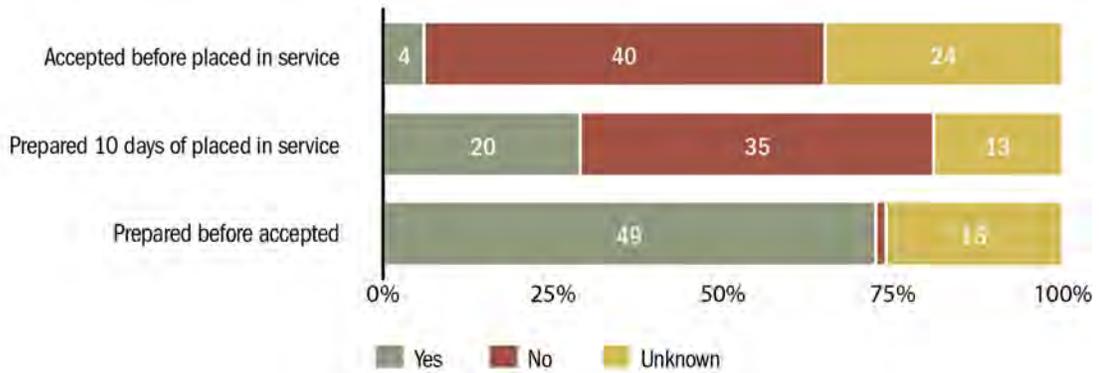


Source: SIGAR analysis of 68 DOD real property transfer forms

Finally, for the timeliness standard, we found 24 DOD real property transfer forms lacked one or more dates required to determine compliance with each of the standard's sub-criteria. We found that 4 of 44 real property transfer forms we reviewed were signed by a CSTC-A official before infrastructure was placed in service, 20 of 55 forms were prepared by a USACE or AFCEC official within 10 days of infrastructure being placed in service, and 49 of 50 were signed and dated by a construction agent official on the same day or before CSTC-A accepted the infrastructure. In one case, CSTC-A officials did not sign or date a real property transfer form, as required, for the construction of a \$4 million border police company headquarters in Badakhshan province. Similarly, AFCEC and CSTC-A officials did not sign or date forms for \$350,000 worth of construction at an Afghan National Army communications site in Kabul province. In another instance, the real property transfer form for the construction of a \$1 million police district headquarters in Helmand province showed that the headquarters was placed in service 11 months before USACE prepared the form on February 16, 2012. The DOD real property transfer form shows that CSTC-A accepted it 2 days later. Therefore, almost a year had passed between when construction ended and when CSTC-A officials conducted their final inspection.

Figure 6 shows the extent to which the DOD real property transfer forms in our sample complied with three sub-criteria for the Unified Facilities Criteria timeliness standard.

Figure 6 - SIGAR Sample of DOD Real Property Transfer Forms' Compliance with Unified Facilities Criteria Timeliness Standard



Source: SIGAR analysis of 68 DOD real property transfer forms

APPENDIX IV - COMMENTS FROM THE COMBINED SECURITY TRANSITION COMMAND-AFGHANISTAN



NON SENSITIVE INFORMATION RELEASABLE TO THE PUBLIC

DEPUTY CHIEF OF STAFF SECURITY ASSISTANCE
COMBINED SECURITY TRANSITION COMMAND - AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09356

DCOS SA/CSTC-A

20 January 2018

MEMORANDUM THRU

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

FOR Special Inspector General for Afghanistan Reconstruction, 2530 Crystal Drive, Arlington, VA 22202-3940

SUBJECT: SIGAR 100A Draft Report for Comment "Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government" (SIGAR 18-XX Audit Report)

1. Attached is the DCOS SA/CSTC-A response to SIGAR 100A, Audit Draft Report for Comment "Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government" (SIGAR 18-XX Audit Report).

2. DCOS SA/CSTC-A Management Response -

a. To better account for Afghan National Defense and Security Forces (ANDSF) infrastructure transferred to the Afghan government, DCOS SA/CSTC-A will enforce the acceptance procedures outlined in the Unified Facilities Criteria, CEMP-EC Engineer Regulation 415-345-38, Memorandums of Understanding and USACE National Maintenance contracts.

b. DCOS SA/CSTC-A CJENG staff will conduct Joint Inspections to ensure the USACE Construction Agent corrects deficiencies prior to DCOS SA/CSTC-A CJENG turning over infrastructure to the Afghan Ministry of Defense and Ministry of Interior.

c. DCOS SA/CSTC-A CJENG Asset Recognition and Transfer Standing Operating Procedures, targeted for implementation in mid-February 2018, complements and reinforces Train, Advise, Assist (TAA) efforts. Procedures are often revised to reflect improvements and the increasing ability of our Afghan partners. In this case, their ability to operate, maintain and sustain transferred U.S.-funded ANDSF infrastructure. Procedures will change as Afghan systems improve over time.

3. DCOS SA/CSTC-A support SIGAR's efforts to account for U.S.-funded infrastructure transferred to the Afghan government.

NON SENSITIVE INFORMATION RELEASABLE TO THE PUBLIC

NON SENSITIVE INFORMATION RELEASABLE TO THE PUBLIC

DCOS SA/CSTC-A

SUBJECT: SIGAR 100A Draft Report for Comment “Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government” (SIGAR 18-XX Audit Report)

4. The point of contact for this memorandum is Mr. Jeffrey Zielinski at [REDACTED] or via email at [REDACTED]

KELLY.ANDREW.DON [REDACTED]

Encl
DCOS SA/CSTC-A CJ-ENG
Draft Report Response

ANDREW KELLY
COL (OF-5), US Army
Chief of Staff, CSTC-A

NON SENSITIVE INFORMATION RELEASABLE TO THE PUBLIC

CSTC-A DRAFT REPORT RESPONSE
“Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government”
(SIGAR 18-XX Audit Report)

1. RECOMMENDATIONS:

To better account for ANDSF infrastructure transferred to the Afghan government, we recommend that CSTC-A, in collaboration with USACE and AFCEC:

a. Revise applicable standard operating procedures to require that the standards for completeness, accuracy, and timeliness, as prescribed by the Unified Facilities Criteria, are applied to DOD real property transfer forms, and that these forms are reviewed for adherence to these standards for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.

DCOS SA/CSTC-A Response: The DCOS SA/CSTC-A CJ-ENG Asset Recognition and Transfer SOP is targeted for implementation by mid-February 2018. It will complement and reinforce construction transfer and warranty procedures, when applicable, as outlined in CEMP-EC Engineer Regulation 415-345-38. DCOS/CSTC-A CJ-ENG staff will continue to work with USACE Transatlantic District (TAA) to ensure transfer and warranty documentations are completed IAW published standards.

b. Revise applicable standard operating procedures to include explicit requirements that construction agents submit the DOD real property transfer forms to CSTC-A, and CSTC-A retain those forms for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.

DCOS SA/CSTC-A Response: In order to facilitate a proper turn-over and transfer, DCOS/CSTC-A CJ-ENG will enforce the acceptance procedures as outlined in the CEMP-EC Engineer Regulation 415-345-38 and Memorandum of Understanding (MOU) for Transfer documents (DD Form 1354 for Military Construction) and Joint Inspections. Following the Joint Inspections, DCOS SA/CSTC-A CJ-ENG personnel will ensure the USACE Construction Agent (CA) corrects deficiencies prior to turn-over to the MoD or MoI. DCOS SA/CSTC-A CJ-ENG will also ensure proper retention of all applicable transfer documents for infrastructure transferred to ANDSF (MOD/MOI).

c. Ensure that asset recognition transfer letters for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI list grid coordinates for the project location, all infrastructure built or renovated, and unique numbers identifying each infrastructure item, and are signed by the appropriate CSTC-A and Afghan government officials.

DCOS SA/CSTC-A Response: DCOS SA/CSTC-A CJ-ENG asset recognition letters already list grid coordinates for the project location and the work performed (either built or renovated). Real Property, such as buildings and capital/non-expendable end items, are uniquely identified by location and within the “as built” diagrams provided to the customer.

However, durable and temporary items such as furniture and t-walls, respectively, are identified by type and quantity within the transfer documents due to the impracticability of more detailed identification. For future transfers, DCOS/CSTC-A CJ-ENG shall ensure that the transfer is recognized and signed by the appropriate CSTC-A and Afghan government officials. DCOS/CSTC-A CJ-ENG Asset Recognition and Transfer SOP will address transfer, warranty and documentation retention procedures.

To improve the utilization of contract warranties and ensure the timely resolution of warranty-related deficiencies, we recommend that CSTC-A, in collaboration with USACE and AFCEC:

d. Revise applicable standard operating procedures to require documentation of 4-month and 9-month warranty inspections for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.

DCOS SA/CSTC-A Response: DCOS SA/CSTC-A CJ-ENG will require USACE to provide documentation of warranty inspections IAW with Construction Transfer and Warranties procedures and/or the terms of the contract.

To protect the U.S. investment in ANDSF infrastructure and determine whether ANDSF maintenance personnel are capable of maintaining their infrastructure, we recommend that USACE, in collaboration with CSTC-A:

e. Update the quality assurance surveillance plan for the national maintenance contract to define methods for assessing the extent to which IDS International is meeting contract requirements, including requirements for training ANDSF maintenance personnel.

DCOS SA/CSTC-A Response: DCOS SA/CSTC-A CJ-ENG defers to USACE on this response. DCOS SA/CSTC-A CJ-ENG will continue to monitor USACE's adherence to the national maintenance contract quality assurance surveillance plan and, if noted, report any noted ineffective performance standards.

f. Establish and apply more meaningful performance standards to assess IDS International's performance and the extent to which the national maintenance contract has achieved its intended outcome.

DCOS SA/CSTC-A Response: DCOS SA/CSTC-A CJ-ENG will support USACE enforcement of the national maintenance contract as the contract has clear performance criteria. This will be considered as an area to adjust for the next contract.

CALDWELL.DAVID.A [REDACTED]

DAVID A. CALDWELL
Colonel, U. S. Army
Director, CSTC-A CJ-ENG

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



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

January 23, 2018

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR-100A), Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government

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

Dear Mr. Sopko:

The purpose of this letter is to provide the U.S. Army Corps of Engineers (USACE) response to the subject report.

USACE partially concurs with recommendations 1, 2 and 4, defers to the Combined Security Transition Command Afghanistan (CSTC-A) concerning recommendation 3, and non-concurs with recommendation 5 and 6.

Additional details are provided in the enclosure. My point of contact for this response is Mr. George Sullivan, TAD Internal Review Auditor. He may be reached by e-mail at [REDACTED] or by telephone at [REDACTED].

Sincerely,

A handwritten signature in black ink, appearing to read "D. Hill".

David C. Hill
Brigadier General, U.S. Army
Commanding

Enclosure

U.S. Army Corps of Engineers (USACE) Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR-100A), Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government

USACE Comments for Clarification: Concerning the National Maintenance Contract; USACE provides the following additional information for report clarification.

The SIGAR draft report misrepresents the primary purpose and scope of the National Maintenance contract and focuses solely on a very small portion of the contract relating to training. Of the \$108 million obligated under the contract, about 95% of the \$108 million was obligated to fund direct organization and maintenance (O&M) services, while only about \$4.8 million (5%) has been obligated to conduct training. SIGAR's draft report implies that the entire \$108 million was used to provide training; see the following statements in the draft report, (pg. 11, conclusion: "Despite spending over \$100 million to train the ANDSF to maintain their own infrastructure"; pg. 10 and in the intro: "USACE officials reported that 1,844 ANDSF maintenance personnel had attended 131 training courses and that USACE had disbursed \$108 million".

SIGAR Comment 1

Several of the causal factors SIGAR uses in the draft report to conclude that the performance standards to assess the ANDSF training were not "meaningful" are not factually correct, including:

- Pg. 10: "a passing grade only indicates that a student attended the course". This is not accurate. The contractor, IDS International Government Services LLC, (IDS) issues a course completion certificate only to students who achieve a rating of "Fair" on 70% of the tasks trained based on assessment made by the instructor. Students who do not achieve a rating of fair on 70% of the training tasks receive a participation, not a completion certification. Pg. 10: "IDS does not test or grade ANDSF maintenance personnel to assess their proficiency". This is not an accurate statement. Every student receives an assessment which includes an evaluation of each training task on a scale with four anchor points labeled "excellent", "good", "fair", and "poor". While samples of the IDS assessment documents have previously been provided to SIGAR representatives, additional copies are being submitted with this response; click on inserted documents below.

SIGAR Comment 2



- SIGAR reports in the draft report that "USACE is using an outdated QASP" and references two contract modifications; however, one issue cited is not factual, and the other warranted no QASP changes in the judgment of project and contracting officials. pg 10: "USACE modified the contract a third time to require IDS International to develop a mentor-protégé program". This statement is not accurate. The modification was never awarded. USACE

SIGAR Comment 3

U.S. Army Corps of Engineers (USACE) Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR-100A), Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government

requested and received a proposal which was presented to CSTC-A. CSTC-A chose not to fund the modification due to other funding priorities. USACE did execute the other modification to the contract to include mobile training teams; however, because the training curriculum and tasks did not change, there was no need to modify the QASP.

- SIGAR concludes that successful completion of IDS conducted training does not necessarily mean that the student can adequately apply the skills presented in the course independently in the field. To support this conclusion the following statement is made on pg. 10 of the report, "*USACE officials told us that despite receiving this training, 11 generators at the site (Camp Commando) were not working properly because the personnel did not know how to perform preventative maintenance tasks*". However, all of the generators at Camp Commando were transferred off the National O&M Contract and to the Afghan Ministry of Defense (MOD), Construction Property Management (CPMD) contract in August of 2016. Consequently, the training of the maintenance workers would not be the responsibility of IDS or the National O&M Contract.
- SIGAR states "*USACE gave IDS International exceptional performance ratings from August 2015 through May 2016*", and implies that these ratings may not be justified because the QASP had not been updated. These ratings were based on the results of weekly COR reports, weekly and monthly reports submitted by the contractor in accordance with the contract and additional guidance from USACE on completion of CPARS reports. IDS continues to meet their contractual responsibilities in a very challenging environment.

SIGAR Comment 2

SIGAR Comment 4

SIGAR Comment 5

SIGAR RECOMMENDATIONS AND USACE COMMENTS:

RECOMMENDATION: To better account for ANDSF infrastructure transferred to the Afghan government, SIGAR recommended that CSTC-A, in collaboration with USACE and AFCEC:

Recommendation 1: Revise applicable standard operating procedures to require that the standards for completeness, accuracy, and timeliness, as prescribed by the Unified Facilities Criteria, are applied to DOD real property transfer forms, and that these forms are reviewed for adherence to these standards for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.

U.S. Army Corps of Engineers (USACE) Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR-100A), Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government

USACE Response to Recommendation 1: Partially-concur. USACE's policy and procedures for the transfer of completed construction projects and for implementing warranties; Engineer Regulation 415-345-38, Transfers and Warranties; TAA Construction Branch Policy Letter No. 9 – Project Turnover Process Procedures; and Memorandum of Understanding (MOU) between Air Force Civil Engineering Command (AFCEC), U.S. Army Corps of Engineers and Combined Security Transition Command – Afghanistan (CSTC-A), Subject: Project Turnover Standard Operating Procedures (SOP) are adequate for ANDSF infrastructure projects transferred to our customer. As a result, USACE does not believe there is a requirement to revise our current USACE policies and procedures; however, USACE does believe there is a need to again emphasize these policies and procedures to our Project Delivery Team (PDT) staff and stakeholders. USACE has found the contingency staffing of personnel from multiple USACE Districts and the repeated deployments and re-deployments of personnel has contributed to the unfamiliarity of procedures and events leading up to and through the turnover process. Therefore, USACE TAA will emphasize to our PDT personnel the need to more closely adhere to the standards of the Unified Facilities Criteria for completeness, accuracy and timeliness when completing DD Form 1354; ensure personnel are aware of and follow the detailed instructions on how to fill out DD Form 1354, Transfer and Acceptance of DoD Real Property; and are aware of and follow the detailed guidance in TAA Construction Branch Policy Letter No. 9 – Project Turnover Process Procedures; and the MOU between USACE, AFCEC and CSTC-A, Project Turnover Standard Operating Procedure, dated 9 Oct 2014. Further, USACE TAA will work with our customers, to ensure their awareness and knowledge of the turnover process and only transfer facilities which are in accordance with established standards.

Recommendation 2: Revise applicable standard operating procedures to include explicit requirements that construction agents submit the DOD real property transfer forms to CSTC-A, and CSTC-A retain those forms for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.

USACE Response to Recommendation 2: Partially-concur. As stated in USACE comments to recommendation 1, USACE does not believe there is a requirement to revise our applicable SOPs pertaining to the preparation of the DD Form 1354, Transfer and Acceptance of DoD Real Property. However, USACE TAA will emphasize to PDT personnel and stakeholders the need to more closely adhere to the standards of the Unified Facilities Criteria for completeness, accuracy and timeliness when completing DD Form 1354. In addition, TAA will inform and emphasize the procedures and roles/responsibilities for turning over CSTC-A infrastructure projects to the ANSF, with appropriate CSTC-A personnel, contained in the applicable MOU, Project Turnover Standard Operating Procedures (SOP), dated 9 October 2014.

U.S. Army Corps of Engineers (USACE) Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR-100A), Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government

Recommendation 3: Ensure that asset recognition transfer letters for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI list grid coordinates for the project location, all infrastructure built or renovated, and unique numbers identifying each infrastructure item, and are signed by the appropriate CSTC-A and Afghan government officials.

USACE Response to Recommendation 3: USACE has no comments for recommendation 3 and defers this recommendation to CSTC-A.

RECOMMENDATION: To improve the utilization of contract warranties and ensure the timely resolution of warranty-related deficiencies, SIGAR recommended that CSTC-A, in collaboration with USACE and AFCEC:

Recommendation 4: Revise applicable standard operating procedures to require documentation of 4-month and 9-month warranty inspections for all remaining ANDSF infrastructure that will be transferred to the MOD or the MOI.

USACE Response: Partially-concur. USACE's review of the applicable policies and procedures have shown that the processes and roles/responsibilities for turning over CSTC-A infrastructure projects to the ANSF as it pertains to TAA and warranties are adequate and already require a documented 4 and 9 month warranty inspection. However, once again, USACE's review of this matter has disclosed a need to emphasize the policies and procedures to our PDT staff and stakeholder personnel to ensure they are fully aware of and understand the warranty coverage for the infrastructure projects. USACE TAA has initiated the update of our warranty suspense schedule to ensure the 4 and 9 month dates for warranty inspections are identified by project and the inspections are conducted in a timely manner. The 4 and 9 month warranty inspection walk through will be conducted jointly with the contractor, CSTC-A, ANSF and appropriate USACE TAA personnel. The results of the inspections will be documented by USACE TAA and the results disseminated to each of the participants. USACE TAA will ensure the construction contractor fulfils the warranty requirements of the contract.

RECOMMENDATION: To protect the U.S. investment in ANDSF infrastructure and determine whether ANDSF maintenance personnel are capable of maintaining their infrastructure, we recommend that USACE, in collaboration with CSTC-A:

Recommendation 5: Update the quality assurance surveillance plan for the national maintenance contract to define methods for assessing the extent to which IDS international is meeting contract requirements, including requirements for training ANDSF maintenance personnel.

USACE Response to Recommendation 5: Non-concur. As discussed under USACE Comments for Clarification on page 1 and 2 of this document the training

SIGAR Comment 3

U.S. Army Corps of Engineers (USACE) Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report (Project Code SIGAR-100A), Afghan National Defense and Security Forces: DOD Cannot Fully Account for U.S.-funded Infrastructure Transferred to the Afghan Government

curriculum and training task have not changed and USACE believes there is no need to modify the quality assurance surveillance plan. The two modifications that were made to the contract only required IDS provide training at different locations; the modifications did not change the training curriculum and task. Additionally, the third modification referred to on page 10 of the SIGAR draft report to develop a mentor-protégé program was never implemented.

Recommendation 6: Establish and apply more meaningful performance standards to assess IDS international's performance and the extent to which the national maintenance contract has achieved its intended outcomes.

USACE Response to Recommendation 6: Non-concur. As discussed under USACE Comments for Clarification on page 1 and 2 of this document IDS issues a course completion certificate only to students who achieve a rating of "Fair" on 70% the tasks trained based on assessment made by the instructor. Students who do not achieve a rating of fair on 70% of the training tasks receive a participation, not a completion certification. On page 10 of the SIGAR draft report SIGAR concludes that *"IDS does not test or grade ANDSF maintenance personnel to assess their proficiency"*. This is not an accurate statement. Every student receives an assessment which includes an evaluation of each training task on a scale with four anchor points labeled "excellent", "good", "fair" and "poor". Examples of IDS assessment documents are provided as embedded files on page 1 of this document. Additionally on page 10 of SIGAR's draft report, SIGAR implies that exceptional performance ratings given to IDS may not be justified. These ratings were based on the results of weekly COR reports, weekly and monthly reports submitted by the contractor in accordance with the contract and additional guidance from USACE on completion of CPARS reports. IDS continues to meet their contractual responsibilities in a very challenging environment.

SIGAR Comment 2

SIGAR Comment 3

SIGAR's Response to the U.S. Army Corps of Engineers (USACE) Comments

SIGAR Comment 1. USACE asserted that our report misrepresents the primary purpose and scope of the national maintenance contract. We disagree. We accurately characterized the national maintenance contract by stating its two-fold purpose to (1) maintain critical infrastructure for the Afghan National Defense and Security Forces (ANDSF) and (2) implement a national training program for ANDSF maintenance personnel to ensure that they can independently maintain their infrastructure. When we held our exit conference with Department of Defense (DOD) stakeholders in December 2016, during which we discussed our findings and supporting evidence, USACE officials informed us that the training component for the national maintenance contract was a minor component and worth approximately \$3.4 million. In its comments on a draft of this report, USACE indicated that the amount allocated to the training component was \$4.8 million. However, USACE did not provide any supporting documentation to support these amounts. We agree with USACE that it did not disburse all \$108 million specifically for training on the national maintenance contract. However, USACE did not indicate how much it disbursed specifically on the training component of the contract, despite our requests for this information in December 2016. We have updated the body of the report to reflect this information.

SIGAR Comment 2. USACE stated that we mischaracterized the performance method used to evaluate training proficiency. We disagree. As we describe in the report, USACE uses two methods to assess the training program's performance: (1) course attendance and (2) checklists that IDS International instructors use to rate each ANDSF personnel's performance on maintenance tasks as "poor," "fair," "good," or "excellent." We also state in the report that to pass a training course, ANDSF personnel must receive a rating of "fair" or better on 70 percent of the required tasks. While we agree that these are indeed methods to measure performance outputs on the contract, we maintain that they are ineffective in evaluating one of the intended outcomes of the national maintenance contract, namely that ANDSF maintenance personnel will be able to independently maintain their infrastructure.

SIGAR Comment 3. USACE stated that it is not using an outdated quality assurance surveillance plan because one contract modification discussed in our report—adding a requirement for mobile training teams—did not warrant a change to the quality assurance surveillance plan since it did not change the contents of the training curriculum for ANDSF maintenance personnel. However, during our fieldwork, USACE officials told us that the December 2013 quality assurance surveillance plan would in fact be updated to reflect the training delivery methods used to include mobile training teams, if those teams were mobilized. In addition, USACE provided contract modifications for the mobile training teams signed by the contracting officer. Furthermore, in Section C-4.2 of the February 26, 2016, performance work statement, the most recent version provided to us, USACE identifies requirements for mobile training teams to deliver the training curriculum for ANDSF maintenance personnel. This information contradicts USACE's current claim that there were no changes in training requirements and shows why an update to the quality assurance surveillance plan is warranted.

USACE also stated it never issued the modification for the mentor-protégé program, which is intended to train the ANDSF to manage and oversee their own maintenance contracts. However, USACE provided contract modifications for the mentor-protégé program signed by the contracting officer. In addition, Section C-4.2.2 of the February 26, 2016, performance work statement identifies requirements for a mentor-protégé program. During our exit conference with DOD, USACE officials did not dispute our findings regarding the mobile training teams or the mentor-protégé program, nor did they raise these issues in their written technical comments.

SIGAR Comment 4. USACE stated that since the Combined Security Transition Command–Afghanistan (CSTC-A) transferred power generators at Camp Commando off the national maintenance contract in August 2016, the training of maintenance personnel at Camp Commando was not the responsibility of IDS International. However, according to the national maintenance contract, maintenance personnel at Camp Commando received maintenance services and on-the-job training for power generators from September 2015 through August 2016. In addition to the maintenance services and on-the-job training IDS International provided to

maintenance personnel at Camp Commando, the personnel also received formal classroom training on power generation from June 26, 2016 through October 31, 2016. Despite this, we removed the statements about Camp Commando from the body of the report because USACE reported this to us in September 2015, which is when IDS International was just starting its training.

SIGAR Comment 5: USACE asserted that our report implies that IDS International's exceptional performance ratings may not be justified given our findings regarding the outdated quality assurance surveillance plan. However, our finding focuses on USACE's quality assurance surveillance plan and the lack of meaningful methods for evaluating the intended outcomes of the national maintenance contract. IDS International may indeed be performing at an exceptional level. Given that the quality assurance surveillance plan does not include two of the training methods—mobile training teams and the mentor-protégé program—and the performance methods assess contract outputs, it is difficult for USACE to hold IDS International accountable for achieving the intended outcome of the training portion of the national maintenance contract, which is to prepare ANDSF maintenance personnel to independently maintain transferred infrastructure.

APPENDIX VI - COMMENTS FROM THE AIR FORCE CIVIL ENGINEER CENTER



DEPARTMENT OF THE AIR FORCE
AIR FORCE CIVIL ENGINEER CENTER
JOINT BASE SAN ANTONIO LACKLAND TEXAS

29 Jan 18

MEMORANDUM FOR SIGAR

FROM: AFCEC/CFS
2261 Hughes Ave, Ste 4113
JBSA-Lackland TX 78236-9833

SUBJECT: Response to Draft SIGAR Inspection Report for Oversight of Afghan National Defense and Security Forces (ANDSF) Infrastructure (100A)

1. I appreciate the opportunity to review and comment on SIGAR's draft report for the Oversight of ANDSF Infrastructure. AFCEC has completed a thorough review of the latest SIGAR report recommending four actions applicable to AFCEC and provides the following responses to SIGAR:

a. Regarding SIGAR recommendations 1 – 3: AFCEC has standard operating procedures in place for the acceptance and transfer of infrastructure. AFCEC has completed all construction activity in Afghanistan, and all warranty periods have expired. AFCEC has no remaining infrastructure to transfer to CSTC-A for subsequent transfer to the MOD or MOI. Since this recommendation is not applicable to AFCEC, remove the AFCEC reference from the recommendation statement.

b. Regarding SIGAR recommendation 4: AFCEC's warranty program requires a 12-month warranty period in accordance with FAR 52.246-21 and does not require 4- and 9-month warranty inspections. All AFCEC warranty periods have expired. Since this recommendation is not applicable to AFCEC, remove the AFCEC reference from the recommendation statement.

SIGAR Comment 1

2. Additionally, AFCEC would like to take the opportunity to provide additional insight to the SIGAR report findings. Specifically, we would like to discuss the use of Unified Facilities Criteria (UFC) in the Afghanistan area of responsibility, AFCEC's warranty program, the various contracts awarded to AMEC and CH2M Hill, which have been misrepresented in SIGAR's report, and the sample size selection and statistical significance used as the foundation of this report.

a. SIGAR report 100A addresses compliance with the UFC with regards to the completion of the DD Form 1354 for all construction projects (pages 5-6 and Appendix III). UFC 1-300-08, *Criteria for Transfer and Acceptance of DoD Real Property*, describes how the DD Form 1354 is used as part of a DoD real property business process to maintain accountability of DoD real property assets. The facilities constructed by AFCEC in Afghanistan were not constructed to be entered into the US DoD Real Property Inventory. The DD Form 1354 was used in lieu of an established host nation process or form.

SIGAR Comment 2

The intent of the October 2014 memorandum of understanding, which established a standard operating procedure (SOP) between CSTC-A, USACE and AFCEC, was not full compliance with the UFC. The SOP required completion of specific blocks on the DD Form 1354, as shown

on the SOP's turnover checklist, in order to facilitate the transfer of property from the construction contractor to the US Government for subsequent transfer to the ANDSF. Prior to this MOU, AFCEC had internal processes in place regarding the completion of DD Form 1354s and the transfer of facilities to the customer.

b. SIGAR report 100A (page 7) also discusses the DoD's construction warranty process. The referenced process is defined in USACE's Engineering Regulation 415-345-38, *Construction Transfer and Warranties*, which is an Army regulation and not applicable to AFCEC. AFCEC was unable to find any memorandum of agreement or other document that required AFCEC to follow the procedures of this regulation requiring 4- and 9-month inspections.

SIGAR Comment 2

c. The SIGAR report (page 6) states "AFCEC awarded a series of contracts, worth \$224 million in total, to Amec Foster Wheeler PLC to collect and upload real property data into the Afghanistan Infrastructure Data Integration System (AIDIS)—a centralized database for geographic information, assessment, master planning, design, and construction documentation for ANDSF infrastructure." This statement implies that the entire contract amount was awarded to Amec Foster Wheeler for the completion of AIDIS and is misleading since only a portion of the funds were used to support AIDIS. The majority of these contracts' value was dedicated to supporting CSTC-A's efforts in: (1) master planning and requirements generation, (2) design, (3) and capital asset inventory site assessments. The AIDIS program development, data entry and support only represented about 16% of the total value of these contracts. Additionally the contract amount of \$224M does not correlate with AFCEC records which indicate a contract amount of \$213M. This information was provided to SIGAR during a review of the draft Statement of Facts in December 2016.

SIGAR Comment 3

d. Finally, SIGAR report 100A (page 1) discusses the review of 67 out of a total 1,189 construction and capital improvement contracts attributed to the Afghanistan Reconstruction program. SIGAR should provide a list in the report of the 67 projects selected, including the execution agent for each project. Additionally, SIGAR does not offer an explanation for how they determined the appropriate sample size, including the confidence level and interval, and whether or not the sample size is statistically significant. Finally, the report states the 67 contracts were randomly selected, but does not offer any explanation for how the random selection process was implemented.

SIGAR Comment 4

3. If there are any questions or concerns, please contact the AFCEC POC: Captain Melissa Jumper at [REDACTED] or COMM: [REDACTED]



EDWARD P. PHILLIPS, Col, USAF
Chief, Strategic Design & Construction Division

SIGAR's Response to the Air Force Civil Engineer Center (AFCEC) Comments

SIGAR Comment 1. AFCEC stated that its warranty program does not require 4-month and 9-month warranty inspections and that all of its warranties have expired. However, during our fieldwork, CSTC-A officials provided us with the memorandum of understanding between the command, the U.S. Army Corps of Engineers (USACE), and AFCEC that sets forth project turnover and transfer standard operating procedures. Given that USACE regulations require 4-month and 9-month warranty inspections, and that USACE and AFCEC were both parties to the memorandum of understanding with CSTC-A, whose purpose was to establish standard operating procedures for project turnover, it would at the very least be reasonable for the parties involved to have a consistent approach to quality control. Otherwise, different projects will be held to different procedures, and would undermine the stated purpose of the memorandum of understanding.

SIGAR Comment 2. According to AFCEC, the October 2014 standard operating procedures were not intended to comply fully with the Unified Facilities Criteria. AFCEC stated in its comments that the Department of Defense (DOD) real property transfer form—the DD Form 1354—was used in lieu of an established host nation process. We disagree. The Unified Facilities Criteria applies to all DOD organizations that are accountable for real property assets and their respective construction agents, such as USACE and AFCEC. This includes U.S.-funded infrastructure transferred to the Afghan government because that infrastructure belongs to DOD until it is transferred to the MOD or the MOI. The Unified Facilities Criteria further states that all construction outside of the United States is also governed by Status of Forces Agreements, Host Nation Funded Construction Agreements, and in some instances, Bilateral Infrastructure Agreements. According to AFCEC's comments, Afghanistan does not have an established process for accepting DOD real property. This indicates that the Unified Facilities Criteria is the only applicable requirement.

AFCEC also asserts that because U.S.-funded infrastructure constructed by AFCEC were not entered in the U.S. DOD real property inventory, requirements from the Unified Facilities Criteria do not apply. We disagree with AFCEC and reiterate that the United Facilities Criteria apply to U.S.-funded infrastructure transferred to the Afghan government as previously discussed.

SIGAR Comment 3. AFCEC asserts that our report inaccurately portrays the total contract value—\$224 million—of a series of contracts it awarded to Amec Foster Wheeler PLC to collect and upload real property data into the Afghanistan Infrastructure Data Integration System (AIDIS)—the centralized database for geographic information, assessment, master planning, design, and construction documentation for ANDSF infrastructure. AFCEC now states in its comments that only 16 percent of the contract value was for AIDIS program development, data entry, and support, and that the remaining 84 percent was for master planning and requirements generation, design, and capital asset inventory site assessments. However, we contacted AFCEC officials after the formal exit conference, provided them a listing of contracts awarded to Amec Foster Wheeler, and requested that they verify the correct contract value amounts. AFCEC officials responded that the contract values from our list were correct, but that three contracts should be excluded because they were awarded to MacTec Engineering and Consulting and did not include work supporting AIDIS. We asked AFCEC officials to reexamine the list of contracts because MacTec Engineering and Consulting is now called Amec Foster Wheeler and the name of the database changed from the Afghanistan Data Integration System to AIDIS. We again requested that AFCEC confirm that all the contracts we listed had work supporting AIDIS, and AFCEC officials verified that \$224 million was correct. Nevertheless, based on AFCEC comments, we have updated the body of the report to reflect that not all \$224 million of the contract was allocated to developing and maintaining AIDIS.

SIGAR Comment 4. AFCEC raised concerns about the methodology we used to select our sample of ANDSF infrastructure contracts. In the introduction to the report, we refer to appendix I, which provides a detailed discussion of our scope and methodology. The appendix clearly describes how we selected the sample, the sample size (67 contracts), and the confidence level and interval (90 percent with a 10 percent margin of error). AFCEC also commented about the statistical significance of the sample size. As a technical matter, the issue is not whether a sample size is itself statistically significant. Instead, the issue is whether the results of the sample may or may not be statistically significant, which is usually determined by some sort of comparison

or difference. We did not make these types of comparisons using our sample. However, as noted in the report, our sample is reliable at the parameters we set and allow us to make projections about DOD's oversight of the construction of ANDSF infrastructure and process for transferring the infrastructure to the Afghan government.

APPENDIX VII - ACKNOWLEDGMENTS

Preston Heard, Senior Program Manager

Jerome Goehring, Analyst-in-Charge

Robin Reid, Report Reviewer

Luis Vertiz, Program Analyst

Tiffani Wallace, Senior Methodologist

This performance audit was conducted
under project code SIGAR-100A.

SIGAR's Mission

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

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

Obtaining Copies of SIGAR Reports and Testimonies

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

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

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

- Web: www.sigar.mil/fraud
- Email: sigar.pentagon.inv.mbx.hotline@mail.mil
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
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Public Affairs

Public Affairs Officer

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Arlington, VA 22202