

# SIGAR

**Special Inspector General for  
Afghanistan Reconstruction**

**SIGAR 19-60 Audit Report**

## USACE's Local National Quality Assurance Program: USACE Used Qualified Personnel to Monitor Construction in Afghanistan and Is Taking Steps to Improve Contractor Reporting



SEPTEMBER  
2019

# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT SIGAR REVIEWED

Beginning in 2006, U.S. Army Corps of Engineers (USACE) employees could not always visit construction sites and perform required oversight because of security issues in Afghanistan. To mitigate security risks and fulfill its oversight requirements, USACE began using local Afghans to perform on-site monitoring of construction projects that USACE employees could not visit.

From September 2012 through July 2017, USACE spent more than \$90 million on a personal services contract with Versar Inc. to help oversee USACE construction projects in Afghanistan. The contract required Versar to hire qualified local Afghan engineers and specialists, known as local national quality assurance (LNQA) employees, to perform oversight activities that USACE employees normally carried out. In addition, the LNQAs were required to report daily to their USACE supervisors on construction status and any quality assurance concerns. USACE employees, in turn, were required to review the LNQAs' daily reports and photographs to monitor construction progress, and ensure that LNQAs properly applied USACE's oversight standards and procedures. In addition to the LNQA monitoring and reporting requirements, USACE's construction contracts require its contractors to conduct quality control activities and provide documentation of them to USACE.

This audit's objectives were to determine the extent to which (1) Versar met its personal service contract requirements and USACE oversaw Versar as required, and (2) USACE oversaw its construction contractors and used LNQAs to provide on-site monitoring of them.

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September 2019

### USACE's Local National Quality Assurance Program: USACE Used Qualified Personnel to Monitor Construction in Afghanistan and Is Taking Steps to Improve Contractor Reporting

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#### SIGAR 19-60 AUDIT REPORT

#### WHAT SIGAR FOUND

SIGAR found that Versar met its personal service contract requirements by hiring qualified LNQA personnel and submitting required documents and reports to USACE, including its quality control plan. Additionally, USACE conducted required oversight of Versar's performance. SIGAR reviewed contract documentation for 16 ongoing USACE construction projects and conducted site visits to 15 of these projects. Based on these reviews, SIGAR found that USACE used the LNQAs to conduct required on-site quality assurance monitoring and reporting for its construction contracts in Afghanistan. However, USACE did not have all required construction contractor quality control documentation for each of the 16 projects.

Based on a review of Versar documentation and interviews with USACE officials, SIGAR determined that Versar developed all of the documents required by the personal services contract, and USACE accepted them. These documents included a contract management plan; quality control plan; safety plan; and recruitment, promotion, and retention plan. In addition, Versar successfully recruited and hired LNQAs that met USACE's education, experience, and English language requirements. Further, Versar actually exceeded its requirement to produce monthly staffing reports by submitting weekly reports on staffing, equipment, and project status.

SIGAR also found that USACE conducted oversight of Versar in accordance with Federal Acquisition Regulations and USACE requirements. For example, USACE developed a quality assurance plan to monitor Versar's compliance with the personal services contract. USACE also appointed 40 contracting officer's representatives (COR) throughout Versar's period of performance to ensure that there were no gaps in oversight. These CORs submitted monthly quality assurance reports on Versar's performance to the contracting officer, as required.

Based on SIGAR's reviews of contract documentation for 16 ongoing USACE construction projects and site visits to 15 of these projects, SIGAR found that USACE used the LNQAs that Versar hired to monitor construction sites and report on the construction contractors' performance and progress as required by USACE guidance. The LNQAs submitted required daily progress reports and photographs, and provided support in identifying and tracking construction deficiencies. In addition, the LNQAs monitored the construction contractors' adherence to USACE's three-phase inspection system.

While SIGAR did not identify problems with the performance of Versar or the LNQAs, we did find that USACE's construction contractors in Afghanistan did not fully comply with reporting requirements. USACE

requires its construction contractors to use a three-phase inspection system—consisting of preparatory, initial, and follow-up phases—for each definable feature of work, which is a construction task that is separate and distinct from other tasks and has separate control requirements. USACE designed the system to help its contractors and USACE quality assurance employees prevent construction deficiencies. USACE construction contracts require contractors to hold meetings during the preparatory and initial phases for each construction task, document the meetings with minutes, and submit the minutes to USACE. USACE’s construction quality assurance guidance states that work will not proceed on a task until the construction contractor completes the preparatory phase and USACE approves the quality of work during the initial phase. In addition, USACE will not make payments for work that it has not validated through its three-phase inspection system. USACE’s quality assurance guidance requires LNQAs to participate in all three phases of the system to monitor the contractors’ actions. Meeting minutes document that the contractors held the required meetings along with the contents of those meetings, including LNQA participation. The construction contractors are also required to perform daily inspections and testing during the follow-up phase and report on these activities in daily quality control reports.

For the 16 construction projects SIGAR reviewed, SIGAR found that USACE did not have minutes for more than 80 percent of the preparatory and initial meetings required by its three-phase inspection system. Specifically, USACE only had minutes for 134 of 722 (19 percent) preparatory and initial meetings. This occurred because the agency did not enforce its requirement for construction contractors to submit minutes for each meeting. As a result, USACE could not confirm that (1) its contractors were conducting the preparatory and initial phases completely, (2) its LNQAs were attending the meetings, and (3) the contractors were prepared to begin or continue construction on the task. SIGAR determined that the documentation for the follow-up phase complied with USACE requirements.

SIGAR has reported this lack of documentation to USACE twice since 2017, and USACE agreed to address it in each case. In October 2018, SIGAR gave USACE evidence that this problem still existed. A month later, USACE sent a letter to its contractors in Afghanistan informing them that documentation of the three-phase inspection system was incomplete in most cases and re-emphasizing the system’s importance. In February 2019, USACE acknowledged that in the past, its construction representatives and project engineers did not “fully” enforce the requirement that contractors provide minutes for the preparatory meetings and initial inspections. USACE told SIGAR it provided, and will continue to provide, additional training to its quality assurance personnel and LNQAs to help address this problem. USACE also expanded the LNQAs’ role in the system by forming the LNQA Afghan–Quality Assurance Team, which will give technical support to USACE by, among other things, uploading three-phase inspection documentation to the agency’s construction contract management system. This is a positive step in improving documentation requirements.

## WHAT SIGAR RECOMMENDS

To determine whether USACE’s actions are improving contractors’ documentation of the three-phase inspection system and increasing USACE’s enforcement of construction contract requirements, SIGAR recommends that the USACE Commanding General and Chief of Engineers:

- 1. Assess whether the actions USACE has taken since November 2018 have increased construction contractors’ documentation of their three-phase inspection system meetings, and determine if additional actions are needed to ensure that USACE complies with its own oversight requirements.**

SIGAR received written comments on a draft of this report from USACE. USACE concurred with SIGAR’s recommendation and said the Transatlantic Afghanistan District will conduct the recommended assessment and provide the results to SIGAR by November 22, 2019. This recommendation will remain open until SIGAR receives a copy of USACE’s assessment.



**SIGAR**

Office of the Special Inspector General  
for Afghanistan Reconstruction

September 12, 2019

The Honorable Dr. Mark T. Esper  
Secretary of Defense

General Kenneth F. McKenzie Jr.  
Commander, U.S. Central Command

General Austin Scott Miller  
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

This report discusses the results of SIGAR’s audit of the U.S. Army Corps of Engineers’ (USACE) Local National Quality Assurance Program. From September 2012 through July 2017, USACE spent more than \$90 million on a firm-fixed-price personal services contract with Versar Inc. to help oversee its construction projects in Afghanistan. The contract required Versar to hire qualified local Afghan engineers and specialists, known as local national quality assurance employees, to perform oversight activities at USACE construction sites that were normally carried out by USACE employees.

We are making one recommendation. We recommend that the USACE Commanding General and Chief of Engineers assess whether the actions USACE has taken since November 2018 have increased construction contractors’ documentation of their three-phase inspection system meetings, and determine if additional actions are needed to ensure that USACE complies with its own oversight requirements.

We received written comments on a draft of this report from USACE, which are reproduced in appendix III. USACE concurred with our recommendation and said the Transatlantic Afghanistan District will conduct the recommended assessment and provide the results to us by November 22, 2019. This recommendation will remain open until we receive a copy of USACE’s assessment.

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

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## ABBREVIATIONS

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ANDSF	Afghan National Defense and Security Forces
COR	contracting officer's representative
DOD OIG	Department of Defense Office of Inspector General
FAR	Federal Acquisition Regulation
LNQA	local national quality assurance
USACE	U.S. Army Corps of Engineers

The U.S. Army Corps of Engineers (USACE) is the primary construction agent for the U.S. military in Afghanistan, where it provides engineering, contracting, construction management, and other services.<sup>1</sup> Since 2009, USACE has managed more than \$7.2 billion in construction projects in support of economic development, sustainable infrastructure, and the Afghan National Defense and Security Forces (ANDSF).

As we and others have previously reported, the security situation makes it difficult for U.S. government employees to visit remote sites in Afghanistan.<sup>2</sup> Beginning in 2006, USACE employees could not always visit construction sites to perform required oversight because of security issues. This oversight included completing daily progress reports, taking photographs of the construction site, and identifying any deficiencies. To mitigate the security risks and fulfill its oversight requirements, in 2006, USACE began utilizing local Afghans to perform on-site monitoring of construction projects and report their findings back to USACE personnel. In 2009, USACE started awarding personal services contracts to companies to hire and manage local Afghan nationals to conduct quality assurance activities.<sup>3</sup> This was intended to enable USACE to oversee construction sites that USACE employees could not visit safely.

From September 2012 through July 2017, USACE spent more than \$90 million on a firm-fixed-price personal services contract—number W912ER-12-D-0006—with Versar Inc. to help oversee USACE construction projects in Afghanistan.<sup>4</sup> The contract required Versar to hire qualified local Afghan engineers and specialists, known as local national quality assurance (LNQA) employees, to perform oversight activities that USACE employees normally carried out. In addition, the LNQAs were required to report daily to their USACE supervisors on construction status and any quality assurance concerns. In turn, USACE employees were required to review the LNQAs' daily progress reports and photographs to monitor construction progress, and ensure that LNQAs properly applied USACE's oversight standards and procedures.

The objectives of this audit were to determine the extent to which (1) Versar met personal services contract requirements and USACE oversaw Versar as required, and (2) USACE oversaw its construction contractors and used LNQAs to provide on-site monitoring of them.

To accomplish our objectives, we reviewed relevant sections and clauses of the Federal Acquisition Regulation (FAR), and USACE's acquisition and engineering regulations. We reviewed the Versar personal services contract and modifications; Versar's reports for compliance with the terms of the contract; and USACE's reporting on contractor performance. We analyzed Versar and USACE reporting. Specifically, we obtained a spreadsheet of all USACE-managed construction projects implemented between 2009 and 2017, and used it to select a sample of 16 ongoing ANDSF projects with LNQAs assigned to them. We reviewed quality assurance documentation for these projects, such as LNQA on-site reporting and photography, project-specific quality assurance plans, and deficiency tracking documents, to assess whether USACE used LNQA personnel to monitor and report on construction progress and the construction contractors' performance. Additionally, we conducted site visits to 15 of the 16 projects to determine the status of construction, whether the construction

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<sup>1</sup> This includes the Combined Security Transition Command-Afghanistan, NATO, and the U.S. Army.

<sup>2</sup> See, for example, SIGAR, *Quarterly Report to the United States Congress*, July 30, 2014; Department of Defense Office of Inspector General (DOD OIG), *Military Construction in a Contingency Environment: Summary of Weaknesses Identified in Reports Issued From January 1, 2008, Through March 31, 2014*, DODIG-2015-059, January 9, 2015; DOD OIG, *U.S. Army Corps of Engineers Transatlantic District-North Needs To Improve Oversight of Construction Contractors in Afghanistan*, DODIG-2014-010, November 22, 2013; U.S. Army Corps of Engineers (USACE), Transatlantic Division, *Overseas Contingency Operations Playbook*, October 20, 2015; and USACE Engineer Research and Development Center, *Documenting Lessons Learned in Afghanistan Concerning Design and Construction Challenges*, January 2011.

<sup>3</sup> According to the Federal Acquisition Regulation (FAR), a personal services contract creates an employer-employee relationship between the government and the contractor's personnel. Civil service laws normally require the government to hire its employees directly through a competitive process.

<sup>4</sup> According to FAR subpart 16.202-1, a firm-fixed-price contract is not subject to any cost adjustment based on the contractor's performance. It places maximum risk and responsibility on the contractor for any unanticipated profits or losses during performance. This type of contract gives a contractor the incentive to control costs and perform effectively. Versar Inc. is a project management company based in the Washington, D.C., metropolitan area.

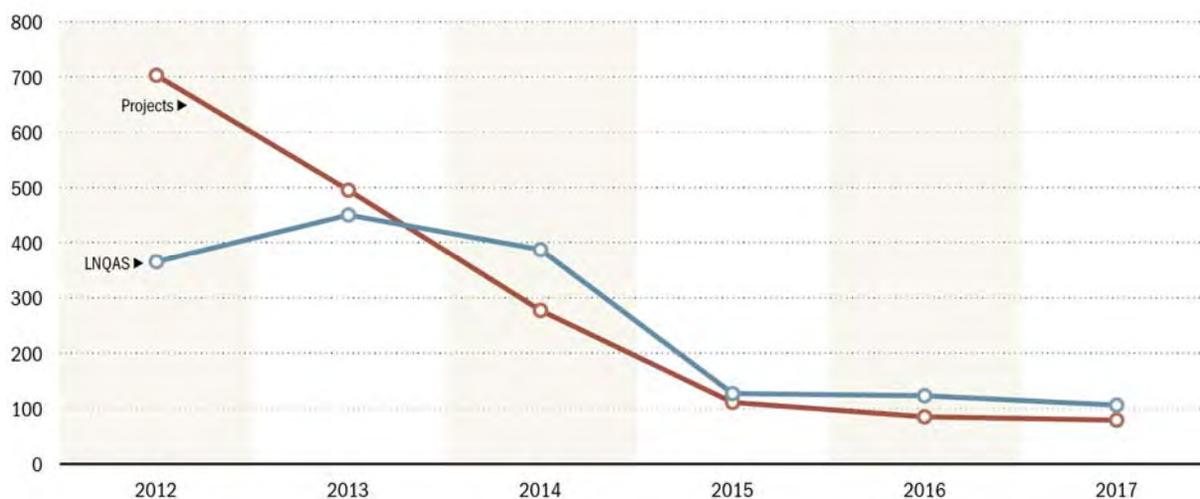
contractors resolved any identified deficiencies, and whether construction quality met requirements.<sup>5</sup> Finally, we interviewed USACE’s contracting and program management officials responsible for managing and overseeing the LNQA program and contract.

We conducted our work in Arlington and Winchester, Virginia; and Baghlan, Balkh, Herat, Kabul, and Paktiya provinces in Afghanistan, from March 2017 through September 2019, in accordance with generally accepted government auditing standards. Appendix I has a more detailed discussion of our scope and methodology.

## BACKGROUND

From 2009 through 2012, USACE had a personal services contract with Shafi Sirat, an Afghan company in Kabul, to hire LNQAs to oversee USACE construction projects in Afghanistan. On September 29, 2012, USACE awarded the next LNQA personal services contract to Versar. When Versar took over the contract, USACE had 408 LNQAs allocated to USACE offices around Afghanistan. Versar’s contract ended on July 28, 2017, by which time the number of LNQAs had decreased to 111 in line with a decrease in USACE’s construction activity. USACE subsequently awarded the follow-on contract to Global Technology, an Afghan company in Kabul.<sup>6</sup> Figure 1 shows the number of LNQAs Versar managed and the number of construction projects USACE managed during the Versar contract’s period of performance.

**Figure 1 - Number of LNQAs and USACE Construction Projects, September 2012 through July 2017**



Source: SIGAR analysis of USACE construction contract and LNQA program information.

Note: Some projects had multiple LNQAs assigned to them due to their complexity.

## USACE’s Personal Services and Construction Contract Oversight Requirements

According to USACE regulations, obtaining quality construction is the combined responsibility of the construction contractor and the U.S. government. Their mutual goal must be a quality product that conforms to the contract requirements. The contract documents establish the required level of quality, while the contractor

<sup>5</sup> See Table 2 in appendix II for a list of sites we visited. We could not conduct a site visit to a project in Kunduz Province because of security conditions.

<sup>6</sup> USACE’s contract with Global Technology had a base period from 2017 to 2018 and 4 option periods to extend the contract to 2022.

controls the quality of the work.<sup>7</sup> The government, in a separate but coordinated effort, ensures that the contractor achieves the level of quality set by the contract.

USACE's Engineering Regulations state that quality assurance is the U.S. government's responsibility. A quality assurance system is used to ensure that the contractor's quality control is functioning and that the end product meets all contract requirements.<sup>8</sup> The government's quality assurance activities include reviewing a contractor's quality control plans and maintaining quality control and quality assurance records. In addition, these regulations state that a contractor is responsible for quality control, which involves developing and implementing a quality control plan that describes how the contractor will ensure that its work complies with contract requirements and identifies definable features of work.<sup>9</sup>

USACE is subject to both FAR requirements, as well as its own internal guidance for performing quality assurance on the two types of contracts that we reviewed for this audit: personal services contracts and construction contracts.<sup>10</sup> The FAR requires that agencies conduct quality assurance activities on their contracts, such as developing and using quality assurance surveillance plans, which specify all the contractor's work that requires surveillance by the government, as well as how and where the surveillance will be done. In addition, the FAR designates contracting officers as the agency officials responsible for ensuring that surveillance plans are developed and for appointing contracting officer's representatives (COR) to assist "in the technical monitoring or administration of a contract,"<sup>11</sup> including maintaining contract files documenting "actions taken in accordance with the delegation of authority" from the contracting officer.<sup>12</sup>

The FAR establishes requirements for government quality assurance on construction contracts.<sup>13</sup> Quality assurance's purpose is to verify the effectiveness of the contractor's quality control system to produce a product that meets or exceeds the quality of work specified by the contract. USACE's Engineer Regulations and the USACE Transatlantic Afghanistan District's *District-Level Quality Assurance Plan for Construction* establish guidance for implementing FAR requirements to provide quality assurance on construction projects in Afghanistan. In addition, the plan establishes specific expectations and requirements for using LNQAs and their reporting.<sup>14</sup>

LNQAs are an important part of USACE's quality assurance efforts in Afghanistan. Once Versar hired qualified LNQAs, USACE assigned each of them to USACE field offices throughout Afghanistan. Field office staff gave LNQAs training in construction management and assigned them to a quality assurance team for a construction project. The USACE quality assurance teams typically include U.S. resident engineers and project engineers, U.S. construction representatives, and LNQA personnel.<sup>15</sup> LNQA personnel responsibilities include (1) monitoring the contractor and reporting every day at the project site, (2) participating in key construction milestone meetings, and (3) providing support, such as photography, construction progress verification for

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<sup>7</sup> We address two types of contracts in this report: personal services and construction. For personal services contracts, the performance work statement specifies quality requirements. For construction contracts, the specifications and drawings establish quality requirements.

<sup>8</sup> USACE, Engineer Regulation 1180-1-6, "Construction Quality Management" September 30, 1995. Quality control is the system to manage, control, and document activities to comply with contract requirements.

<sup>9</sup> A definable feature of work is a construction task that is separate and distinct from other tasks and has separate control requirements. See USACE, Engineer Regulation 1180-1-6, "Construction Quality Management," September 30, 1995, p. 5

<sup>10</sup> FAR 46.

<sup>11</sup> The contracting officer retains these responsibilities if the contracting officer does not appoint a COR.

<sup>12</sup> FAR subpart 1.6.

<sup>13</sup> FAR 46.4.

<sup>14</sup> USACE, Engineer Regulation 1180-1-6, "Construction Management," September 30, 1995, and USACE Transatlantic Afghanistan District, *District-Level Quality Assurance Plan for Construction*, updated June 2016.

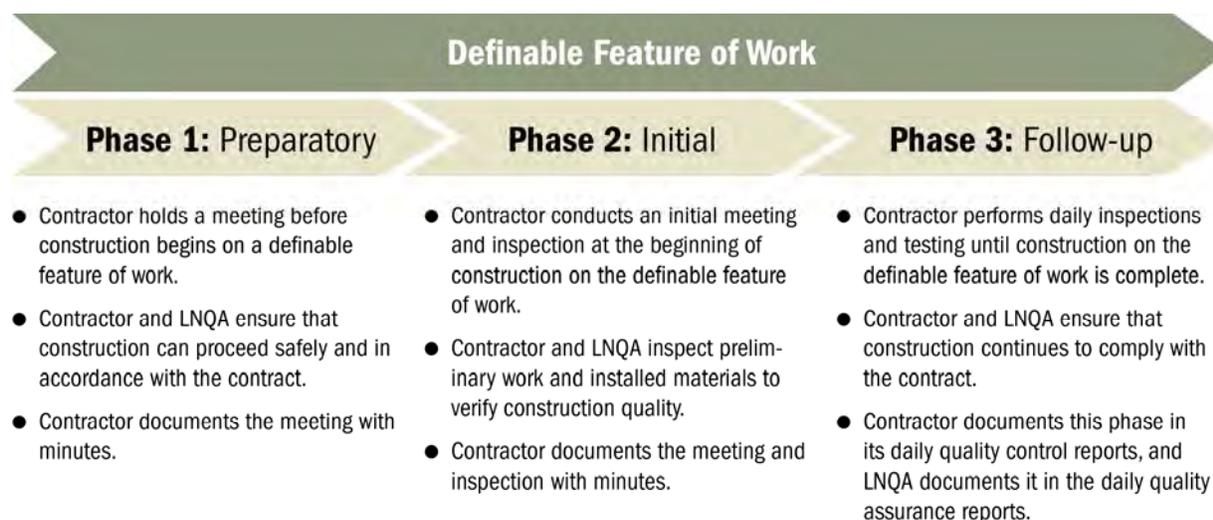
<sup>15</sup> In general, "resident engineers" provide guidance on implementing effective quality assurance programs. They may have a staff composed of project engineers, construction representatives, and quality assurance representatives. "Project engineers" provide overall construction project management from start to finish. "Construction representatives" perform continuous oversight of a contractor's quality control program through quality assurance inspections.

contractor payments, and tracking deficiency resolution.<sup>16</sup> USACE construction representatives review and use the LNQAs' and contractors' quality reports to develop an official daily report for the USACE Resident Management System, a construction, quality, and contract management system used throughout the agency.

## USACE's Three-Phase Inspection System

USACE construction contracts and its *District-Level Quality Assurance Plan for Construction* require construction contractors to use a three-phase inspection system—preparatory, initial, and follow-up—for each definable feature of work, as shown in Figure 2.

**Figure 2 - USACE's Three-Phase Inspection System**



Source: SIGAR analysis of USACE documents.

USACE designed the three-phase inspection system to help its construction contractors and USACE quality assurance employees prevent construction deficiencies. The quality assurance plan states that this system is “the heart” of a contractor’s quality control, and that contractors will apply the three phases “without exception.”<sup>17</sup> According to USACE’s *A Guide to Effective Contractor Quality Control*, a contractor is required to complete each phase in a thorough and timely manner under USACE oversight.<sup>18</sup>

Further, USACE guidance states, “Documentation is the proof of quality control accomplished” and provides evidence that quality control is adequate, timely, and accurate.<sup>19</sup> To ensure that construction contractors fully document their quality control activities, USACE construction contracts require contractors to notify USACE of meetings, document the preparatory and initial phases with minutes, and submit the minutes to USACE. In addition, USACE requires LNQAs to participate in all three phases of the inspection system, monitor the construction contractors’ actions, and participate in the contractor meetings. The meeting minutes document that the contractor held the meetings and describe what occurred, including the LNQAs’ participation, and are an important source of quality assurance and quality control information for USACE’s construction management personnel.

<sup>16</sup> We focused on the LNQA’s primary quality assurance roles and responsibilities for construction projects. However, LNQAs also support USACE in other areas, such as safety evaluations, administrative assistance, logistics and supply assistance, and translation.

<sup>17</sup> USACE, *District-Level Quality Assurance Plan for Construction*, p. 41.

<sup>18</sup> USACE, *Engineer Pamphlet 715-1-2, A Guide to Effective Contractor Quality Control (CQC)*, February 1990, p. 41.

<sup>19</sup> USACE, *Engineer Pamphlet 715-1-2*, p. 11.

# VERSAR MET PERSONAL SERVICES CONTRACT REQUIREMENTS FOR QUALITY CONTROL AND LNQA HIRING, AND USACE PROVIDED OVERSIGHT, AS REQUIRED

Based on our analysis of Versar and USACE documentation, as well as interviews with Versar personnel and USACE officials, we found that Versar provided the 10 contract-required plans describing the quality control processes it would implement to ensure it met contract requirements, including the quality control plan. USACE’s personal services contract required Versar to hire qualified LNQA personnel. Further, USACE required Versar to report monthly on its personal services contracting activities, such as LNQA staffing levels, turnover, performance, and security concerns. Through our analysis of USACE quality assurance records and discussions with USACE contracting and program management officials, we determined that USACE followed both the FAR and its own internal requirements for performing contract quality assurance and monitoring related to the Versar personal services contract.

## Versar Submitted the Required Documents to USACE and Implemented Its Quality Control Plan

USACE’s personal services contract required Versar to develop and submit 10 documents, as listed in table 1.<sup>20</sup>

**Table 1 - Documents Required by the Versar Personal Services Contract**

Contract Deliverable Documents	Purpose
Contract Management Plan	Specifies administrative and logistical support for all Versar personnel and equipment
Mobilization Plan	Describes procedures for deploying Versar personnel and equipment to Afghanistan
Phase-In Plan	Identifies activity schedules, management structures, and procedures for ensuring equipment is on-site
Recruitment, Promotion, and Retention Plan	Lists procedures for recruiting, hiring, and staffing personnel, including LNQA employees
Security Standard Operating Procedures	Establishes procedures for screening and vetting personnel, including LNQA employees
Safety Plan	Identifies safety and health requirements for all personnel, including LNQA employees
Quality Control Plan	Outlines procedures used to ensure that Versar’s services conform to contract requirements
Payroll Procedures	Lists payroll procedures for personnel, including LNQA employees
Demobilization Plan	Describes procedures to close-out personnel at the end of the contract and its plan for exiting Afghanistan
Phase-Out Plan	Identifies procedures for phasing out Versar’s performance

Source: SIGAR analysis of USACE’s personal services contract with Versar.

Based on our review of Versar personal services contract documentation and interviews with USACE officials, we found that Versar submitted all of the required documents to USACE and that USACE reviewed and accepted each of one. Although the USACE contracting officer for the contract told us that Versar did not provide a standalone phase-out plan, we found that its demobilization plan had procedures for gradually ending its implementation of the personal services contract. As a result, the USACE contracting officer for the contract determined that Versar satisfied the requirement. In addition, the contracting officer, program management officials, and a COR for the contract said Versar transitioned the LNQA personnel and operations smoothly to Global Technology, the contractor for the follow-on personal services contract, from March 2017 through August 2017.

<sup>20</sup> USACE, Contract W912ER-12-D-0006, USACE Personal Services-Afghanistan, September 29, 2012, p. 18.

The personal services contract required Versar to implement a quality control plan describing how it would meet contract requirements and provide monthly staffing reports to the USACE contracting officer and COR. We found that Versar developed a quality control plan that met this requirement, and that USACE accepted it. Based on our assessment, Versar reported monthly in accordance with its quality control plan. Additionally, USACE officials told us that Versar submitted weekly reports to USACE, thus exceeding the requirement for monthly staffing reports. USACE's final performance rating for Versar noted that Versar met all reporting requirements and exceeded them in some cases by providing weekly reports on staffing, equipment, and project status. Versar's monthly reports typically reflected staffing issues such as turnover, poor performance, and security issues.

## Versar Met USACE Requirements for Hiring Qualified LNQA Personnel

The personal services contract also required Versar to recruit and hire qualified LNQAs by specified position and levels of experience, education, and skills. For example, candidates for positions in quality assurance and engineering assistance had to have a college degree related to engineering, relevant work experience, and a good working knowledge of English. In addition, the contract required Versar to offer "the right of first refusal" to LNQAs hired under the preceding contract, meaning that before it could begin hiring additional LNQAs, Versar had to offer jobs to those LNQAs employed by Shafi Sirat who would otherwise lose their jobs.<sup>21</sup>

Based on our analysis of examples of Versar's monthly reports, the CORs' quality assurance reports, and interviews with USACE officials, we found that Versar successfully recruited and hired qualified LNQA personnel, as required. We reviewed the standard hiring forms that USACE used to accept Versar's hires in 2016 and 2017. The forms showed USACE reviewed the applicants' resumes. Further, we reviewed resumes that USACE retained for nine LNQAs hired under the Versar contract, and concluded that their qualifications met contract requirements.<sup>22</sup> A USACE program management official and the Versar official responsible for the contract said there was a surplus of qualified applicants for LNQA positions. USACE reported in December 2016 that 95 percent of the LNQAs had a college degree and experience within their field, and "many" were proficient in English.<sup>23</sup> Further, in its contractor performance assessment ratings for each of the contract's nine task orders from 2012 to 2017, USACE gave Versar at least a "satisfactory" rating,<sup>24</sup> indicating it provided qualified LNQA personnel.<sup>25</sup>

According to USACE and a Versar official, Versar also complied with the right of first refusal requirement and offered jobs to all LNQA personnel hired under the previous contract with Shafi Sirat. According to USACE officials, Versar retained about 90 percent of the LNQA personnel when it took over the contract. The Versar official said LNQA personnel left the contract for a variety of reasons. In some cases, Versar replaced them with better-qualified personnel. In other cases, construction completed on the project they were assigned to, or they had obtained special immigrant visas, which allow Afghans to obtain permanent residence in the United States after 2 years of employment by or on behalf of the U.S. government.

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<sup>21</sup> USACE, Contract W912ER-12-D-0006, USACE Personal Services–Afghanistan, September 29, 2012, p. 11.

<sup>22</sup> According to USACE officials responsible for the Versar contract, USACE did not keep copies of the LNQA applicants' resumes after Versar made its hiring decisions. However, the COR for the ongoing Global Technology contract gave us resumes for nine LNQAs who also worked for Versar.

<sup>23</sup> USACE, Afghanistan District, Transatlantic Division, *Afghan Support Personnel Program*, December 12, 2016, p. 3.

<sup>24</sup> There are five possible ratings in the contractor performance assessment rating system: (1) exceptional, (2) very good, (3) satisfactory, (4) marginal, and (5) unsatisfactory.

<sup>25</sup> Government agencies use task orders on contracts that do not specify a firm quantity of services to be performed or supplies to be delivered. Task orders authorize a contractor to perform services during the contract period of performance.

## USACE Conducted Required Oversight of Versar's Performance as a Personal Services Contractor

As discussed previously, the FAR requires agencies to conduct quality assurance for government contracts. Quality assurance tasks include developing a surveillance plan and appointing CORs, in writing, to help monitor the contractor's performance.<sup>26</sup> The FAR also requires that CORs "shall be qualified by training and experience commensurate with the responsibilities to be delegated" and that they maintain records that document their activities.<sup>27</sup> In addition, USACE's quality assurance plan required CORs assigned to the personal services contract to report monthly on Versar's performance.

Based on our analysis of contract documentation, reviews of USACE's quality assurance activities, and discussions with USACE contracting and program management officials, we found that USACE met FAR and USACE requirements, and documented its monitoring of Versar's performance and contract compliance. For example, USACE developed a quality assurance surveillance plan that established how USACE would monitor the extent to which Versar was complying with the contract. The plan included requirements for CORs to report on the results of their performance monitoring. We also determined that USACE's contracting officers appointed 40 CORs throughout Versar's period of performance to ensure that there were no gaps in oversight.

USACE gave us 207 COR reports that assessed Versar's performance from 2012 to 2017. Our analysis of these reports found:

- CORs submitted, on average, 10 reports per month during the period of performance for Versar's first task order from October 2012 through September 2013. For the remainder of Versar's period of performance, CORs submitted two reports per month on average.
- CORs submitted at least one report for 56 of the 58 months of Versar's performance, meeting the monthly reporting requirement. USACE officials said they could not find COR reports for December 2014 and January 2015. We determined that this was immaterial given the volume of reporting over the personal service contract's entire period of performance.
- None of the monthly COR reports included an "unsatisfactory" rating for Versar's quality of service. Of the 207 reports, 202 (98 percent) included a rating of at least "satisfactory" for the quality of service that month, indicating that Versar met requirements to deliver LNQAs to USACE.<sup>28</sup>

## USACE USED LNQAS TO CONDUCT ON-SITE MONITORING, BUT DID NOT HAVE MINUTES FOR MORE THAN 80 PERCENT OF THREE-PHASE INSPECTION MEETINGS FOR THE 16 PROJECTS SIGAR REVIEWED

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USACE guidance describes specific roles and responsibilities for LNQAs, including (1) monitoring and reporting every day on the jobsite, (2) monitoring and participating in construction contractors' implementation of the three-phase inspection system, and (3) providing support, such as photography, construction progress verification for payment, and tracking deficiency resolution. Based on our review of documentation for 16 construction projects, LNQAs submitted the required daily progress reports and photographs, provided support in identifying and tracking construction deficiencies, participated in the construction contractor's three-phase inspection system, and verified contractors' progress payment estimates. However, our analysis also showed

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<sup>26</sup> FAR 46.401 and 1602-2.

<sup>27</sup> FAR 1.602-2 and 1.604.

<sup>28</sup> There are five possible COR monthly report ratings: (1) exceptional, (2) very good, (3) satisfactory, (4) marginal, and (5) unsatisfactory. During Versar's first year of performance, five monthly COR reports rated Versar's quality of service as "marginal," indicating that Versar's performance did not meet some contractual requirements that month. However, it does not appear that these ratings had a significant effect on the overall quality of service, which USACE rated as "exceptional" in its contractor performance assessment report for Versar's first year of performance.

that USACE did not enforce its requirement for construction contractors to provide complete documentation of its three-phase inspection system.

## **USACE Used LNQAs to Conduct Required On-site Quality Assurance Monitoring and Reporting for Its Construction Contracts in Afghanistan**

Based on the documentation for the 16 ongoing construction projects we reviewed, we found that USACE complied with the FAR and its own guidance when reviewing and approving the construction contractors' quality control plans, developing project-specific quality assurance plans, and maintaining other quality control and quality assurance documents. In addition, LNQAs submitted the required daily progress reports and photographs, provided support in identifying and tracking construction deficiencies, monitored the construction contractors' adherence to the three-phase inspection system, and verified the contractors' progress estimates for payments. At the 15 project sites we visited, we confirmed that the LNQAs were monitoring and reporting on construction contractors' performance and identifying and tracking deficiencies, as required. We plan to conduct full inspections at a selection of these sites to determine whether the completed projects met contract requirements and construction standards.

## **USACE Conducted Some Oversight of the Construction Projects SIGAR Reviewed, but Only Had Documentation for 19 Percent of the Three-Phase Inspection System Meetings**

USACE construction contracts require contractors to use a three-phase inspection system for each definable feature of work, and perform and fully document all three phases. USACE's quality assurance guidance requires its construction representatives and project engineers to ensure that contractors document each performed phase in a thorough and timely manner. As discussed previously, the *USACE District Level Quality Assurance Plan* states that the three-phase inspection system is "the heart" of the contractor's quality control; each phase is "separate, distinct, and essential for the proper working" of the contractor's quality control system and that "these controls shall be applied to each definable feature of work without exception."<sup>29</sup> The plan also states that work will not proceed on a definable feature of work until the contractor completes the preparatory phase and USACE approves the quality of work during the initial phase. In addition, the plan states that USACE will not make payments for work that it has not validated through its three-phase inspection process.

USACE construction contracts require contractors to prepare minutes after preparatory and initial phase meetings, and give the minutes to USACE. This documents that the contractors held required meetings along with the contents of those meetings, including LNQA participation. In addition, USACE's quality assurance guidance requires LNQAs to participate in all three phases of the inspection system to monitor the construction contractors' actions.<sup>30</sup> For example, LNQAs attending preparatory meetings are responsible for verifying that the contractor reviews contract plans and specifications, checks equipment and materials on-site for safety and compliance with the contract, and discusses procedures for accomplishing the construction work. At the initial inspection meeting, LNQAs must verify that the contractor reviews the minutes for the preparatory meeting, checks preliminary work for contract compliance, and checks safety requirements and procedures. During daily follow-up inspections, the LNQA verifies that work is meeting contract requirements.

Based on our review of three-phase inspection system documentation for the 16 projects in our sample, we found that USACE did not have minutes for all of the preparatory and initial meetings that construction contractors held as part of their implementation of the inspection system. We found that USACE had minutes

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<sup>29</sup> USACE, *District-Level Quality Assurance Plan for Construction*, p. 41.

<sup>30</sup> In some cases, USACE's project-specific quality assurance plans, which implement district-level quality assurance guidance, specified that LNQAs attend at least 80 percent of the preparatory and initial meetings.

for 105 of 369 (28 percent) required preparatory meetings and 29 of 353 (8 percent) required initial inspection meetings.<sup>31</sup> Further, USACE did not have minutes from initial inspection meetings for 8 of the 16 projects. In total, USACE only had minutes for 134 of 722 (19 percent) preparatory and initial meetings. Based on our review of the 134 meeting minutes USACE provided, LNQAs attended 97 percent of the preparatory and initial meetings.

By not enforcing its requirement that construction contractors provide minutes for their three-phase inspection meetings, USACE could not confirm that (1) its contractors were conducting the preparatory and initial phases completely, (2) its LNQAs were attending the meetings, and (3) the contractors were prepared to begin or continue construction on the task.

In 2017 and 2018, we reported on USACE's lack of required documentation for the preparatory and initial phases of the three-phase inspection system for its construction projects in Afghanistan.<sup>32</sup> In each case, USACE agreed to take action to address the problem. However, in October 2018, we gave USACE evidence that this problem still existed. A month later, USACE sent a letter to its construction contractors in Afghanistan informing them that documentation of the three-phase inspection system was incomplete in most cases and re-emphasizing the system's importance.<sup>33</sup> In February 2019, USACE told us that in the past, its construction representatives and project engineers did not "fully" enforce the requirement for contractors to submit minutes for the preparatory meetings and initial inspections. USACE told us it provided, and will continue to provide, additional training to its quality assurance personnel and LNQAs to help address this problem. USACE also expanded the LNQAs' role in the system by forming the LNQA Afghan-Quality Assurance Team, which will give technical support to USACE project engineers and have access to the Resident Management System to upload documentation, including daily quality assurance reports, quality and safety deficiencies, and three-phase inspection documentation.<sup>34</sup> The team members will also attend preparatory meetings and initial inspections, and track, check, and verify noted deficiencies.

In contrast to USACE's lack of documentation for the preparatory and initial meetings, based on our review of the construction contractors' and the LNQA's daily reporting, we concluded that the documentation for follow-up phase complied with USACE requirements. USACE requires the contractor to perform the follow-up phase continuously and document it in daily quality control reports. Our review of these reports found that the construction contractors submitted daily progress reports for all 16 projects. In addition, we found that the LNQAs prepared, on average, 25 reports per month documenting their monitoring activities.

## CONCLUSION

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Versar met its requirements for the personal services contract, and USACE conducted the required oversight of the contract. Further, USACE used the LNQAs to conduct required on-site quality assurance of its construction process. However, we determined that USACE did not enforce reporting requirements under its three-phase construction process. We have reported on USACE's lack of minutes for all of its three-phase inspection system meetings twice since 2017, and in each case, USACE agreed to address it. Unfortunately, we found the same

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<sup>31</sup> We assessed the completeness of meeting minutes using USACE's Resident Management System Three Phase Schedule for each project, which lists scheduled and actual dates for preparatory meetings and initial inspections. Because we reviewed ongoing construction projects, some initial inspections did not have actual dates, indicating they had not yet been scheduled. As a result, the number of completed initial inspection meetings does not match the number of completed preparatory meetings. See appendix I for more details on our assessment of the project documentation.

<sup>32</sup> SIGAR, *Afghan Ministry of Interior Headquarters Project: Phase 2 Experienced Lengthy Delays, Increased Costs, and Construction Deficiencies that Need to Be Addressed*, SIGAR 17-65-IP, September 11, 2017; and SIGAR, *Afghan National Police Women's Compound at the Ministry of Interior: Construction Generally Met Requirements, but Use and Maintenance Remain Concerns*, SIGAR 19-04-IP, October 26, 2018.

<sup>33</sup> USACE, Memorandum for Kabul Resident Office Contractors, "Subject: Three Phase Inspection Process," November 6, 2018.

<sup>34</sup> USACE, Memorandum for Record, "Subject: W912ER17D0003-W912ER18F0078 Afghanistan Personal Services Contract - Addition of A-QAT Personnel," January 20, 2019.

problem for the 16 ongoing projects we reviewed. By not enforcing these documentation requirements, USACE cannot be certain its construction contractors are fully implementing the preparatory and initial phases of its required three-phase inspection system. During the course of this audit, USACE again acknowledged the deficiencies in its construction contractors' implementation of the three-phase inspection system and took new actions to address the lack of meeting minutes. This is a positive step in improving documentation requirements.

## RECOMMENDATIONS

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To determine whether USACE's actions are improving construction contractors' documentation of the three-phase inspection system and increasing USACE's enforcement of contract requirements, we recommend that the USACE Commanding General and Chief of Engineers:

- 1. Assess whether the actions USACE has taken since November 2018 have increased construction contractors' documentation of their three-phase inspection system meetings, and determine if additional actions are needed to ensure that USACE complies with its own oversight requirements.**

## AGENCY COMMENTS

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SIGAR provided a draft of this report to USACE for review and comment. We received written comments, which are reproduced in appendix III. USACE also provided technical comments, which we incorporated into this report, as appropriate.

USACE concurred with our recommendation and said the Transatlantic Afghanistan District will conduct the recommended assessment and provide the results to us by November 22, 2019. This recommendation will remain open until we receive a copy of USACE's assessment.

## APPENDIX I - SCOPE AND METHODOLOGY

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This report provides the results of SIGAR's audit of the U.S. Army Corps of Engineers' (USACE) personal services contract for local national quality assurance (LNQA) personnel in Afghanistan. The objectives were to determine the extent to which (1) Versar met its personal service contract requirements and USACE oversaw Versar as required, and (2) USACE oversaw its construction contractors and used LNQAs to provide on-site monitoring of them. The audit's first objective focused primarily on the results of the Versar contract, which had a period of performance from September 29, 2012, through July 28, 2017, because the preceding contract had ended and the current contract had not begun its period of performance. The audit's second objective extended to November 11, 2018, when we completed the last of our 15 site visits.

To determine the extent to which Versar met its personal service contract requirements and USACE oversaw Versar as required, we reviewed the personal service contract's requirements, documents Versar submitted to USACE, and contract modifications that affected the contract's cost or schedule. We reviewed relevant sections and clauses of the Federal Acquisition Regulation (FAR), applicable Department of Defense guidance, and USACE's acquisition and engineering regulations. We obtained records of specific oversight and management activities from USACE and the contracting officer's representatives (COR) files to understand the extent to which the records met FAR requirements, including required contract documents, regular and periodic reporting, and briefings on the contract's status. We interviewed USACE's contracting and program management officials responsible for the LNQA program and personal services contract. We also interviewed and obtained information from the senior Versar official responsible for the contract.

To determine the extent to which USACE oversaw its construction contractors and used LNQAs to provide on-site monitoring, we reviewed USACE's construction quality assurance guidance and construction contract requirements. We obtained a spreadsheet with all USACE-managed Afghan National Defense and Security Forces (ANDSF) construction projects implemented from 2009 to 2017. From this spreadsheet, we selected a sample of 16 ongoing projects with LNQAs assigned to them. For each project, we collected information that covered key aspects of LNQAs' monitoring and reporting at the project sites, and described how LNQAs provided that information to their USACE supervisors. This included quality assurance and quality control documentation, and associated reporting and deficiency tracking and resolution documents. We collected USACE construction contract management documentation, including contracts, specifications, and contractors' three-phase inspection system information produced in compliance with contract requirements. We analyzed the documentation and reporting to assess their completeness and accuracy, and to determine the extent to which USACE incorporated the LNQAs' work products into the agency's contract management systems.

In addition, we conducted site visits to 15 of the 16 project sites.<sup>35</sup> In December 2014, SIGAR entered into a cooperative agreement with Afghan civil society partners. Under the agreement, our Afghan partners conduct specific inspections, evaluations, and other analyses. For the purposes of this audit, our partners visited the 15 projects sites from September 2018 to November 2018. While on site, they (1) interviewed LNQA personnel and contractor quality control staff using a standard list of questions; (2) evaluated the LNQAs' and USACE's tracking and resolution of specific reported deficiencies that needed to be addressed; (3) assessed construction progress and quality; and (4) identified any construction issues that warranted USACE's attention. On December 20, 2018, after the site visits, we gave USACE a summary of the construction issues and deficiencies we identified for its consideration and use. See appendix II for more detail on our site visits. USACE promptly responded to our observations on January 22, 2019, noting any actions taken or pending to address the issues we identified.

We used computer-processed data from USACE to identify all ANDSF construction projects that it managed from 2009 through 2017, and to obtain construction contract documentation for the 16 projects we reviewed. USACE provided this data from its Resident Management System, its construction, quality, and contract administration system. To assess the reliability of the USACE construction contract data we (1) reviewed the

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<sup>35</sup> We could not conduct a site visit to a project in Kunduz Province because of security conditions.

data to identify obvious problems with completeness or accuracy, and (2) discussed data management and quality control procedures with knowledgeable USACE officials. We concluded that the data were sufficiently reliable for the purposes of our objectives.

We assessed internal controls to determine the extent to which USACE had systems in place to monitor and report on the contractor's performance, and document its contract oversight. The results of our assessment are in the body of the report.

We conducted our audit work in Arlington and Winchester, Virginia; and Baghlan, Balkh, Herat, Kabul, and Paktiya provinces in Afghanistan, from March 2017 to September 2019, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. SIGAR performed this audit under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

## APPENDIX II - U.S. ARMY CORPS OF ENGINEERS CONSTRUCTION PROJECTS WITH LOCAL NATIONAL QUALITY ASSURANCE PERSONNEL THAT SIGAR REVIEWED

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We reviewed 16 Afghan National Defense and Security Forces (ANDSF) construction projects managed by the U.S. Army Corps of Engineers (USACE) to determine the extent to which USACE used quality assurance information from local national quality assurance (LNQA) personnel as part of its oversight. At least one LNQA was assigned to each project. For each of the 16 projects, we reviewed and analyzed documentation relating to the LNQAs' involvement in USACE's quality assurance process, including the LNQAs' on-site reporting, progress payment verifications, and monitoring contractors' implementation of preparatory and initial meetings as part of the three-phase inspection system. Additionally, we conducted site visits to 15 of the 16 projects to assess the status and quality of construction, and the resolution of selected deficiencies identified by the LNQAs. We also made general observations on whether critical infrastructure, such as water, plumbing, and electrical systems were installed and working properly.<sup>36</sup>

Based on our site visits, we determined that the construction quality for the 15 projects we visited was satisfactory overall.<sup>37</sup> However, we identified some deficiencies, including safety issues, improperly mounted and defective hardware, and incorrect or missing labeling on materials. On December 20, 2018, we gave a summary of the construction issues and deficiencies we identified to USACE for its consideration and use. On January 22, 2019, USACE acknowledged receipt of the observations and responded with actions it had taken and its plans to address additional issues or potential deficiencies. For example, USACE's construction contractors corrected all of the safety-related deficiencies, such as exposed rebar and unsafe scaffolding. Additionally, USACE instructed its contractors to correct some deficiencies, such as missing screens in water tank piping, defective doorway glass and locks, improperly mounted electrical switches, and incorrect labeling on materials. Finally, USACE agreed to investigate other deficiencies, such as unauthorized materials and counterfeit labeling. On June 19, 2019, USACE told us that it would provide a final update on the remaining observations but, as of July 1, 2019, we had not received that update.

Table 2 on the following page lists the 16 ANDSF projects we reviewed for this audit.

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<sup>36</sup> We could not conduct a site visit to a project in Kunduz Province because of security conditions.

<sup>37</sup> "Satisfactory" means "performance meets contractual requirements, [and] the contractual performance...contains some minor problems for which corrective actions taken by the contractor appear or were satisfactory." See Office of the Secretary of Defense, "Construction Contractor Appraisal Support System," March 2010, p. A1-1.

**Table 2 - USACE's ANDSF Construction Projects that SIGAR Reviewed**

Contract Number	Project Title	Province	Contract Award Date	Scheduled Completion Date	Contract Amount (\$ millions)
W5J9JE-16-C-0014	Afghan National Army (ANA) Northern Electrical Interconnect (NEI) Camp Shaheen/Dasht-e Shadian	Balkh	7/22/2016	9/6/2019	\$30.5
W5J9JE-16-C-0002	ANA-Afghan National Police (ANP) NEI Kunduz/Asqalan <sup>a</sup>	Kunduz	4/6/2016	12/15/2019	10.5
W5J9JE-16-C-0003	NEI Pul-e Khumri/Karkar Substation Expansion	Baghlan	4/6/2016	7/13/2019	8.1
W5J9JE-18-C-0002	ANA Camp Commando School of Excellence	Kabul	11/3/2017	10/9/2019	6.8
W5J9JE-16-C-0013	ANP Women's Participation Program (WPP) Construction, Kabul Police Academy 2	Kabul	9/15/2016	5/12/2019	6.4
W5J9JE-17-D-0004 W5J9JE17F0012	Ministry of Defense Headquarters Infrastructure and Security Improvements	Kabul	6/30/2017	10/28/2019	6.0
W912DQ-16-C-4013	ANA WPP Marshal Fahim National Defense University Conference Center Gymnasium/Daycare Center	Kabul	9/26/2016	4/5/2019	5.3
W5J9JE-17-C-0007	ANA Kabul National Military Hospital Elevators Repair and Replacement	Kabul	9/26/2017	11/28/2019	4.0
W5J9JE-16-C-0034	ANP WPP Construction, Regional Training Center (RTC) Police District-9 Training Building	Kabul	9/23/2016	8/15/2019	3.6
W5J9JE-16-C-0033	ANP WPP, Female Training Facility at the RTC, Afghan National Civil Order Police	Paktiya	9/16/2016	3/16/2019	3.3
W5J9JE-16-C-0035	ANP WPP Construction, RTC Herat	Herat	9/21/2016	8/11/2018	3.1
W5J9JE-16-C-0019	ANA Train Advise Assist Command-Air Joint Aircraft Facility I Hangar Demolition and New Structure	Kabul	9/20/2016	5/28/2019	2.9
W5J9JE-17-C-0002	ANP-Ministry of Interior Headquarters Entry Control Points Parking-Lighting	Kabul	12/31/2016	3/5/2019	2.4
W5J9JE-17-D-0004 W5J9JE17F0011	ANA National Mission Brigade Barracks, Latrines Shower System, Camp Scorpion	Kabul	7/7/2017	4/10/2019	1.8
W5J9JE-17-C-0001	ANA WPP Construction at North Hamid Karzai International Airport, Kabul (NHKIA), Afghan Air Force Base	Kabul	11/5/2016	9/9/2018	1.7
W5J9JE-16-C-0015	ANA Joint Aviation Facility II Electrical System NHKIA	Kabul	8/14/2016	7/10/2018	1.1
<b>Total</b>					<b>\$97.5</b>

Source: SIGAR analysis of information on USACE-managed ANDSF contracts.

<sup>a</sup> We could not conduct a site visit to this project in Kunduz Province because of security conditions.

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

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

29 AUG 2019

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report, A-119 USACE's Local National Quality Assurance Program: USACE Used Qualified Personnel to Monitor Construction in Afghanistan and is Taking Steps to Improve Construction Contractor Reporting

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 United States Army Corps of Engineers (USACE) response to the subject report.

We appreciate SIGAR's positive assessment of the Local National Quality Assurance (LNQA) Program used by the district and USACE agrees with the audit recommendation directed to USACE: "Assess whether the actions USACE has taken since November 2018 have increased construction contractors' documentation of their three-phase inspection system meetings, and determine if additional actions are needed to ensure that USACE complies with its own oversight requirements." The Transatlantic Afghanistan District will conduct the recommended assessment and provide the results to SIGAR by November 22, 2019, at which time we will consider the recommendation implemented and request closure of the recommendation.

My point of contact for this response is Ms. Erin K. Connolly, TAD Internal Review Auditor (Interim). She may be reached by e-mail at [erin.k.connolly@usace.army.mil](mailto:erin.k.connolly@usace.army.mil) or by telephone at 540-665-5348.

Sincerely,



CHRISTOPHER G. BECK  
COL, EN  
Commanding

## APPENDIX IV - ACKNOWLEDGMENTS

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This performance audit was conducted  
under project code SIGAR-119A.

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- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
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