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Office of Inspector General
United States Department of State

AUD-CGI-19-38

Office of Audits

August 2019

**Management Assistance Report:
Outstanding Construction Deliverables
and Deficiencies Need Attention at New
Embassy Compound The Hague, the
Netherlands**

MANAGEMENT ASSISTANCE REPORT

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Summary of Review

The Department of State (Department) recently constructed a new embassy compound (NEC) in The Hague, the Netherlands. The Bureau of Overseas Buildings Operations (OBO) certified that construction of the NEC was “substantially complete” on November 25, 2017.

Substantial completion is the point in time when the OBO project director (PD) determines that work is sufficiently complete and satisfactory, in accordance with the requirements of the contract, and the structure can be occupied with only minor items remaining to be completed or corrected. After substantial completion is reached, the construction contractor has 6 months to complete all outstanding items, according to the OBO Construction Management Guidebook.

During an audit of OBO’s construction closeout process, which is currently underway, the Office of Inspector General (OIG) identified outstanding deliverables owed by the contractor. Specifically, as of June 2019, which was approximately 19 months after OBO issued the Certificate of Substantial Completion, the contractor had not completed items required by the contract. The outstanding items included removing a curb and lowering a sidewalk to smoothly transition to the main roadway in front of the compound, providing lighting for bench seats along the compound walkway, and providing a complete inventory of spare parts for major building systems.

Post officials also identified other matters requiring attention. For example, the irrigation system for the compound does not have adequate filtration to prevent clogging. A post official stated that the cost to replace the filtration system will be approximately \$37,000. In addition, exterior walkway lights protrude approximately 2 inches above the ground surface (as designed) but have proven to be a tripping hazard for pedestrians. The cost to replace the lights is estimated to be \$16,000. In addition, OIG noted that the stainless-steel exterior façade on two buildings was rusting approximately 17 months after substantial completion was declared, even though the construction contract required the contractor to apply a Type 316 stainless-steel façade that is used in marine environments to avoid rust. OIG could not determine whether Type 316 stainless-steel panels were used for the exterior façade. According to an OBO official, the panels were cleaned and polished after the completion of OIG’s fieldwork at Embassy The Hague, and the embassy Facilities Manager estimated that the steel panels will need to be cleaned and polished at least annually to maintain their appearance. The cost of cleaning was approximately \$5,400.

The purpose of this Management Assistance Report is to provide early communication of the deficiencies OIG identified during its ongoing audit so that they can be addressed before final acceptance of the construction project. OIG made five recommendations. In response to a draft of this report, OBO concurred with the recommendations and stated that it planned to take action to address them. On the basis of OBO’s planned action, OIG considers all five recommendations resolved, pending further action. A synopsis of OBO’s response to the recommendations offered and OIG’s reply follow each recommendation in the Results section of this report. OBO’s response to a draft of this report is reprinted in its entirety in Appendix A.

BACKGROUND

OBO's construction contract closeout process is intended to be an orderly method to ensure that, before the warranty period has ended, the following goals have been accomplished and standards have been met:

- Building systems and assemblies have been planned, designed, procured, installed, tested, and adjusted in the prescribed manner to meet the design intent and specified performance.
- Personnel are properly and adequately trained in the operation and maintenance of the building systems.
- Building systems operate within the functional performance guidelines, as required by the contract.

Prior to beginning the closeout process for a construction project, a Project Commissioning Team¹ commissions the facility to verify that it performs according to the design intent, is operationally efficient and maintainable, and meets safety goals and security requirements. Commissioning entails the organization and control of the activities required to ensure that the transition period between completion of construction and occupancy will proceed without delay and will result in a complete and usable facility that meets all functional requirements.² Most commissioning activities should be targeted for completion by the project's substantial completion date.

The beginning of the construction project closeout process occurs when the contractor notifies the PD in writing that construction work is substantially complete. The PD performs inspections and tests to verify that, in fact, the work is substantially complete. For example, the PD will perform or verify that inspections related to fire safety, security, and elevator performance and safety have been completed and are satisfactory. Substantial completion is the point in time when the PD determines that the work is sufficiently complete and satisfactory, in accordance with the requirements of the contract documentation; the structure can be occupied or used for its intended purpose; and only minor items, such as touch-ups, adjustments, and minor replacements or installations, remain to be completed.³

The next step is for OBO's Managing Director for Operations, Office of Fire Protection, to inspect the fire protection systems and life safety features to ensure that no critical defects exist and then issue the Letter of Acceptance. Next, the Bureau of Diplomatic Security conducts

¹ The Project Commissioning Team is a group that includes representatives from OBO, the contractor, and the intended users and operators of the facility. The team consists of the Project Director; the construction executives; the commissioning agents; the commissioning agent's alternate Contracting Officer's Representative; operations and maintenance coordinators; post facility managers; Government-responsible Commissioning Teams; and the contractor's commissioning representative, staff, and subcontractors.

² OBO, "Construction Management Guidebook," Volume 1, Section 3.3.9, "Commissioning," 3–48 (rev. May 2016).

³ OBO, "Construction Management Guidebook," Volume 2, Appendix B, "Policy and Procedures Directives," P&PD CM 01, "Commissioning and Transition to Occupancy of Overseas Facilities," Attachment 4, "Transition to Occupancy Activities," Appendix B, "Definitions," 30.

an accreditation inspection⁴ and, once all security concerns are resolved, issues the Certificate of Substantial Compliance. Upon satisfactory completion of the inspections, the PD issues a Certificate of Substantial Completion and provides the contractor with a list of the remaining minor unfinished items, referred to as a schedule of defects or “punch list,” that must be corrected within 6 months.⁵ The final steps of project completion and acceptance typically begin 60 days or less after the Certificate of Substantial Completion is issued. The length of time for project completion depends on the contractor’s ability to correct the items listed in the punch list.

Next, the construction executive⁶ prepares the appropriate documentation package, recommending that a Certificate of Occupancy be issued.⁷ The Certificate of Occupancy authorizes post personnel to move into the facility.⁸

The contractor’s 1-year warranty period begins at substantial completion.⁹ During this period, all as-built drawings¹⁰ and other related project documentation (such as catalogs, operating manuals, maintenance procedures and instructions, warranties, guarantees, and spare parts) must be turned over to either the post General Services Office or Facility Manager as soon as available, but no later than, the time of final acceptance.¹¹

⁴ The Accreditation Inspection Program is a significant component of the Department’s compliance with Pub. L. 100-204, The Foreign Relations Authorization Act, as amended. Inspections verify that security of a newly constructed or renovated overseas facility intended for storage of classified materials or the conduct of classified activities meets relevant Overseas Security Policy Board physical and technical security standards. See also 12 FAM 361 Exhibit 361.3, Memorandum of Understanding Concerning Collaboration, Certification and Accreditation Among The Bureau of Overseas Buildings Operations, The Bureau of Diplomatic Security, and The Center for Security Evaluation.

⁵ OBO, “Construction Management Guidebook,” Volume 1, Section 3.3.18, “Substantial Completion,” 3–54, and Volume 2, Appendix B, “Policy and Procedures Directives,” P&PD CM 01, “Commissioning and Transition to Occupancy of Overseas Facilities,” Attachment 4, “Transition to Occupancy Activities,” Appendix B, “Definitions,” 30 (rev. May 2016).

⁶ The construction executive is the responsible manager and point of contact once the construction contract is awarded and is accountable for all technical, administrative, and project budget matters for the assigned project.

⁷ OBO, “Construction Management Guidebook,” Volume 2, Appendix B, “Policy and Procedures Directives,” P&PD CM 01, “Commissioning and Transition to Occupancy of Overseas Facilities,” Section 4.4.2, “Certificate of Occupancy,” 3 (rev. May 2016).

⁸ OBO, “Construction Management Guidebook,” Volume 1, Section 3.4.3, “Certificate of Occupancy,” 3–67 (rev. May 2016).

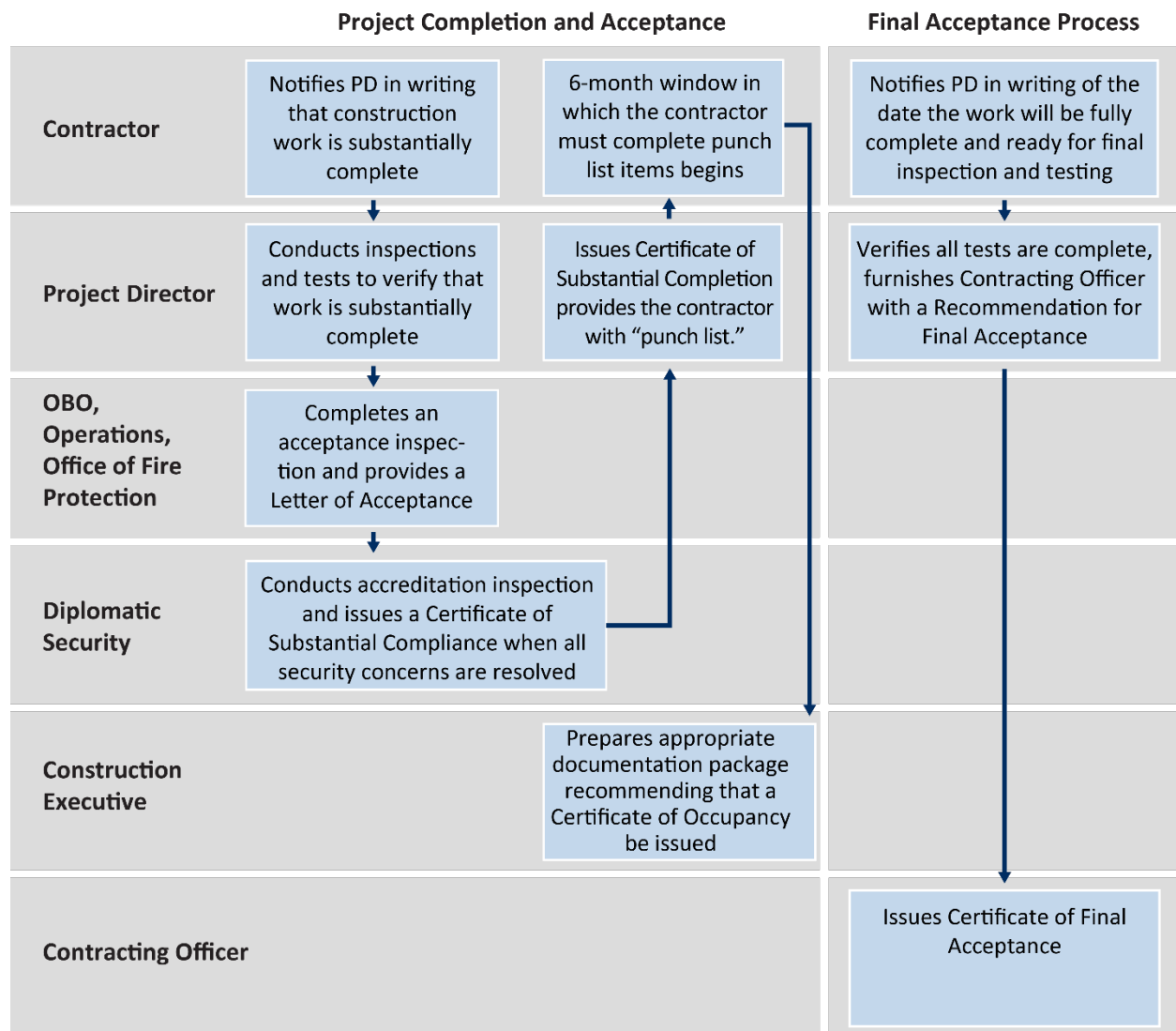
⁹ OBO, “Construction Management Guidebook,” Volume 2, Appendix B, “Policy and Procedures Directives,” P&PD CM 01, “Commissioning and Transition to Occupancy of Overseas Facilities,” Attachment 4, “Transition to Occupancy Activities,” Appendix B, “Definitions,” 31.

¹⁰ As-built drawings are drawings of the construction as actually completed, including all changes to the original design and details of differing site conditions. Post is to keep a copy of these drawings and send the original as-built drawings to OBO’s Office of Operations and Maintenance, Area Management Division. The as-built drawings become the permanent record documents for the facility.

¹¹ OBO, “Construction Management Guidebook,” Volume 1, Section 3.4.1, “As-builts and Related Project Documentation provided to Post,” 3–67 (rev. May 2016).

The final acceptance process begins when the contractor notifies the PD in writing of the date the work will be fully complete and ready for final inspection and testing. The PD then verifies that all tests are complete, that the items on the schedule of defects have been corrected, that all work is complete, and the contractor has furnished all required deliverables, warranties, and releases. The PD then furnishes the Contracting Officer with a Recommendation for Final Acceptance. The Contracting Officer will in turn issue the Certificate of Final Acceptance.¹² The process is shown in Figure 1.

Figure 1: OBO's Construction Project Closeout Process Through Final Acceptance



Source: OIG-generated from information obtained from OBO.

¹² OBO, "Construction Management Guidebook," Volume 2, Appendix B, "Policy and Procedures Directives," P&PD CM 01, "Commissioning and Transition to Occupancy of Overseas Facilities," Section 4.4.3, "Final Acceptance," 3 (rev. May 2016).

New Embassy Compound The Hague

Embassy The Hague is situated on a 10-acre site in the municipality of Wassenaar and includes a chancery/new office building, a U.S. Marine Corps residence, a utility building, and multiple access pavilions. The construction contract was awarded to Caddell Construction Company, Inc. on September 19, 2013, at a final cost of \$134 million. Groundbreaking for the project occurred on May 28, 2014. OBO issued the certificate of substantial completion on November 25, 2017. As of July 2019, the Department had not issued a Certificate of Final Acceptance.

Purpose of the Audit and This Management Assistance Report

This Management Assistance Report is intended to provide early communication of deficiencies that OIG identified during its audit of OBO's construction closeout process so the deficiencies can be addressed before final acceptance of the construction project at NEC The Hague. The objective of the audit is to determine whether OBO personnel executed construction project closeout procedures in accordance with Federal, Department, and project-specific requirements. OIG is reporting the deficiencies discussed in this Management Assistance Report in accordance with generally accepted government auditing standards. In performing the work related to these deficiencies, OIG interviewed OBO officials and reviewed applicable criteria and supporting documentation, at both OBO headquarters in the Washington, DC, metro area and at Embassy The Hague. OIG believes that the evidence obtained provides a reasonable basis for the deficiencies identified in this report.

RESULTS

Finding A: Outstanding Contract Deliverables

According to the OBO Construction Management Guidebook, the Certificate of Substantial Completion begins a 6-month window, during which the contractor must complete punch list items. As of June 2019, which was approximately 19 months after OBO issued the Certificate of Substantial Completion,¹³ the contractor that constructed NEC The Hague had not fulfilled all contract requirements. Two punch list items—from an original list of more than 2,000—had not been completed: (1) removing a curb and lowering a sidewalk to smoothly transition to the main roadway in front of the compound and (2) providing lighting for bench seats along an embassy compound walkway that was improperly installed below the seating. According to OBO officials, resolution of the first item was delayed because it took longer than anticipated to obtain a permit from the local government. OBO officials stated that the permit has now been obtained and that the work will be completed by September 2019. OBO did not provide information on the other open punch list item regarding lighting for the bench seats.

In addition, according to the OBO Construction Management Guidebook, spare parts for major building systems must be turned over to either the post General Services Office or the Facility Manager as soon as available, but no later than the time of final acceptance. The construction

¹³ The Substantial Completion letter was signed on November 25, 2017.

contract's Closeout Procedures also state that, before requesting the Certificate of Substantial Completion from the PD, the contractor should provide extra materials, including spare parts.¹⁴ As of April 2019, the contractor had not delivered a complete inventory of spare parts. According to a Facilities Management official at post, approximately 75 (13 percent) of 600 spare parts had not been provided. Unless they have a complete supply of spare parts from the contractor, Facilities Management personnel cannot perform ongoing maintenance of embassy systems without procuring the needed parts at additional expense.¹⁵

Recommendation 1: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, verify completion of the two outstanding punch list items (tie-in to the main roadway and correcting bench seat lighting) related to construction of the New Embassy Compound in The Hague.

Management Response: OBO stated that it planned to clear the two outstanding punch list items before issuing the Certificate of Final Acceptance.

Regarding the tie-in to the main roadway, post officials decided it was "unnecessary to incur the cost to remove the section of the curb that ties-in to the main roadway that vehicles can drive over easily." OBO stated that it will request a confirmation email from post and then will remove the item from the punch list before issuing the Certificate of Final Acceptance.

Regarding the bench seat lighting, post decided the repair was unnecessary and requested that the contractor not complete the task. Instead, the contractor will fund several other facility projects needed at post. OBO stated that the "F[acilities] M[anager]" will inform OBO once the contractor has provided funding for these projects. OBO will request an email from post confirming receipt of the funding agreed upon" to remove the item from the punch list before issuing the Certificate of Final Acceptance.

OIG Reply: On the basis of OBO's planned actions, OIG considers this recommendation resolved, pending further action. Post's determination that the two punch list items do not need to be completed meets the intent of the recommendation, which was to ensure that the punch list was fully addressed. However, if the Contracting Officer determines that these decisions constitute a change to the scope of work, the Contracting Officer must complete the required contracting actions. This recommendation will be closed when OIG receives and accepts evidence demonstrating that the tie-in to the main roadway and correcting bench seat lighting were removed from the punch list related to construction of the New Embassy Compound in The Hague prior to issuing the Certificate of Final Acceptance and that the Contracting

¹⁴ Contract SAQMMA-13-C-0214, Division 1 – General Requirements, Section 017705, "Closeout Procedures," Part 3.02, "Substantial Completion," A(5)(c).

¹⁵ The causes for deficiencies identified with OBO's project closeout process will be included in the report related to the overall audit.

Officer has been notified of the changes and has taken appropriate action. In addition, OIG requests that OBO provide the list of additional projects and their associated value that the contractor agreed to complete in lieu of correcting the bench seat lighting deficiency.

Recommendation 2: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, obtain from Caddell Construction Company, Inc., all contractually required spare parts for major building systems to facilitate maintenance of embassy systems at Embassy The Hague.

Management Response: OBO concurred with the recommendation, stating that the contractor has “ordered all remaining spare parts identified except for 77 items related to the fire suppression and detection system.” According to OBO, the contractor believes that it already turned over those items, but OBO stated that it “has no documentation to this effect.” OBO stated that it will request the contractor to provide documentation showing that post received those items or that the 77 items were in stock when the relevant inspections were performed. OBO further stated that, if the contractor is unable to provide proof that the 77 items were delivered, the contractor must provide those items before OBO issues the Certificate of Final Acceptance.

OIG Reply: On the basis of OBO’s concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that all contractually required spare parts for major building systems to facilitate maintenance of embassy systems at Embassy The Hague were received from the contractor before OBO issues the Certificate of Final Acceptance.

Finding B: Identified Deficiencies Need Attention

Post officials identified other deficiencies that need attention. Specifically, the irrigation system for the compound does not have adequate filtration to prevent clogging caused by debris—including dirt and algae—in the natural pond used to provide water for irrigation. Because the pumps selected and purchased do not have adequate filtration, the pump system fails and the irrigation system cannot be used as designed and built. According to the Facilities Manager at post, OBO will need to replace the pumping system with one that has a “self-purging” filtration system at an approximate cost of \$37,000.

In another example, the contract included a requirement for installation of 18 small lights to delineate a walkway from the driveway next to it, as shown in Figure 2. The “runway lights,” as a Facilities Management official called them, protrude approximately 2 inches from the ground and are designed so that vehicles can drive over them. Although they are working as designed, embassy staff have expressed concern that, because of their height, the lights create a tripping hazard for pedestrians. Because of the complaints, post plans to replace them with lights that are lower to the ground at a cost of \$16,000.



Figure 2: Raised lights separating walkway from driveway at Embassy The Hague.
Source: OIG photograph taken April 2019.

In addition, OIG noted that the stainless-steel exterior façade on the Access Control facility and the new office building were rusting approximately 17 months after substantial completion of construction was declared. As shown in Figures 3 and 4, rust appeared even though the construction contract required the contractor to apply a Type 316 stainless-steel façade that is resistant to corrosion and rust and is typically used in marine environments where saltwater corrosion is a particular concern.



Figure 3: Stainless-steel panels under the eaves of the Main Compound Access Control facility at Embassy The Hague.

Source: OIG photograph taken April 2019.



Figure 4: Stainless-steel panels on the front of the new office building at Embassy The Hague.

Source: OIG photograph taken April 2019.

During audit fieldwork at Embassy The Hague, OIG could not affirm whether Type 316 stainless-steel panels were used for the exterior façade as required by the contract and agreed to in the product submittals. However, according to an OBO official, the panels were cleaned and polished following OIG's fieldwork at Embassy The Hague and the embassy Facilities Manager stated that the stainless-steel panels will need to be cleaned and polished at least annually to maintain their appearance. The cost of cleaning is approximately \$5,400. On the basis of this finding and the issues identified by post officials, OIG is making the following recommendations.

Recommendation 3: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, correct the deficiency in the irrigation system (pumping and filtration) and report to OIG the amount expended to correct the defect.

Management Response: OBO concurred with the recommendation, stating that OBO provided post with \$40,000 for the filtration upgrade to the irrigation system, a project expected to start in September 2019. Once the upgrade is completed, the contractor will commission the system, and OBO will confirm that it is fully functional.

OIG Reply: On the basis of OBO's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the deficiency in the irrigation system (pumping and filtration) has been corrected and the amount expended to correct the defect has been reported to OIG.

Recommendation 4: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, correct the deficiency identified in the walkway lighting and report to OIG the amount expended to correct the defect.

Management Response: OBO concurred with the recommendation, stating that the post Facility Manager has requested \$17,500 for a post-managed project to replace the walkway lights. The project can be scheduled once post receives funding.

OIG Reply: On the basis of OBO's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the walkway lighting deficiency has been corrected and the amount expended to correct the defect has been reported to OIG.

Recommendation 5: OIG recommends that, before issuing the Certificate of Final Acceptance, the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, (a) verify whether the stainless-steel façade applied to the exterior of the New Office Building and the Main Compound Access Control facility at Embassy The Hague was Type 316 stainless steel, as required by the contract, and (b) if determined that the material is not in compliance with contract specifications and material substitution occurred without approval, determine whether the contractor is liable, recover all applicable/appropriate costs, and report to OIG the amount recovered.

Management Response: OBO concurred with the recommendation, stating that OBO is working with the contractor to confirm that OBO received the stainless-steel panels specified in the contract. OBO further stated that issuance of the Certificate of Final Acceptance depends on confirmation that required materials were used.

OIG Reply: On the basis of OBO's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation verifying the correct materials were installed. If the correct materials were not installed, this recommendation will be closed when OBO has recovered all applicable and appropriate costs and reported the full amount recovered to OIG.

CONCLUSION

One of the purposes of OBO's construction contract closeout process is to promote an orderly procedure to ensure that, before releasing the contractor from liability, the building systems and assemblies have been planned, designed, procured, installed, tested, and adjusted in the prescribed manner to meet the design intent and specified performance. In June 2019, approximately 19 months after the issuance of the Certificate of Substantial Completion on November 25, 2017, OIG found that the contractor responsible for the construction of Embassy The Hague had not fulfilled all contract requirements. Specifically, two items from the punch list

remain incomplete and the contractor had not provided post with a complete inventory of spare parts. In addition, OIG identified deficiencies and possible product substitution or improper installation of one type of item. As a result of the deficiencies, the Department is expending other program funds to fix or replace installations. All contract deficiencies must be addressed before final acceptance.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, verify completion of the two outstanding punch list items (tie-in to the main roadway and correcting bench seat lighting) related to construction of the New Embassy Compound in The Hague.

Recommendation 2: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, obtain from Caddell Construction Company, Inc., all contractually required spare parts for major building systems to facilitate maintenance of embassy systems at Embassy The Hague.

Recommendation 3: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, correct the deficiency in the irrigation system (pumping and filtration) and report to OIG the amount expended to correct the defect.

Recommendation 4: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, correct the deficiency identified in the walkway lighting and report to OIG the amount expended to correct the defect.

Recommendation 5: OIG recommends that, before issuing the Certificate of Final Acceptance, the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, (a) verify whether the stainless-steel façade applied to the exterior of the New Office Building and the Main Compound Access Control facility at Embassy The Hague was Type 316 stainless steel, as required by the contract, and (b) if determined that the material is not in compliance with contract specifications and material substitution occurred without approval, determine whether the contractor is liable, recover all applicable/appropriate costs, and report to OIG the amount recovered.

APPENDIX A: BUREAU OF OVERSEAS BUILDINGS OPERATIONS RESPONSE



United States Department of State

Washington, D.C. 20520

AUG 14 2019

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TO: OIG/AUD – Denise M. Colchin
FROM: OBO/RM – Jeff Reba, Acting 
SUBJECT: OIG Draft Management Assistance Report: Outstanding Construction Deliverables and Deficiencies Need Attention at New Embassy Compound The Hague, the Netherlands.

The Bureau of Overseas Buildings Operations (OBO) has reviewed the draft OIG inspection report. Attached are OBO comments in response to the recommendations provided by OIG.

Attachment:
As stated.

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**OBO Comments on the OIG Draft Management Assistance Report:
Outstanding Construction Deliverables and Deficiencies Need Attention at New Embassy
Compound The Hague, the Netherlands**

Recommendation 1: OIG recommends that, before issuing the Certificate of Final Acceptance, the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, verify completion of the two outstanding punch list items (tie-in to the main roadway and correcting bench seat lighting) related to construction of the New Embassy Compound in The Hague.

OBO Response:

Tie-in to the main roadway: Post Facility Manager (FM) and Regional Security Officer (RSO) revisited this deficiency list item and decided it is unnecessary to incur the cost to remove the section of the curb that ties-in to the main roadway that vehicles can drive over easily. OBO will request an email from post confirming the above in order to remove this item from the Deficiency (Punch) list, prior to issuing Final Acceptance.

Bench seat lighting: Post FM made a decision that repairing bench seat lighting was not necessary and requested that Contractor (Caddell) not complete this task. In lieu of the repair, the FM and Contractor arranged for the Contractor to fund several other facility projects needed at post. The FM will inform OBO once the Contractor has provided the funding for these projects. OBO will request an email from post confirming receipt of the funding agreed upon in order to remove this item from the Deficiency (Punch) list, prior to issuing Final Acceptance.

Recommendation 2: OIG recommends that, before issuing the Certificate of Final Acceptance, the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, obtain from Caddell Construction Company, Inc., all contractually required spare parts for major building systems to facilitate maintenance of embassy systems at Embassy The Hague.

OBO Response: Concur with recommendation. Caddell has ordered all remaining spare parts identified, except for 77 items related to the fire suppression and detection system. The Contractor believes that they have already turned over these 77 items. However, OBO has no documentation to this effect. OBO will request that the Contractor provide a receipt showing post received these items or a signed inventory list from the OBO Fire Marshall confirming the 77 items were in stock when their inspections were performed. If the Contractor is unable to provide proof of the above, the Contractor must then provide the 77 items related to the fire suppression and detection system before Final Acceptance.

Recommendation 3: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, correct the deficiency in the irrigation system (pumping and filtration) and report to OIG the amount expended to correct the defect.

OBO Response: OBO accepts this recommendation. OBO provided post with \$40,000 for the filtration upgrade project to the irrigation system. Once this is complete, the Contractor will commission the irrigation system and OBO/CFSM/CM will have a representative observe and

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confirm the system is fully functional. Project expected to start in September 2019. Attached is a copy of the Advice of Allotment.

Recommendation 4: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, correct the deficiency identified in the walkway lighting and report to OIG the amount expended to correct the defect.

OBO Response: Concur with recommendation. The Facility Manager at post has submitted a request for MCI funding (\$17,500) for a post managed project to replace the walkway lights. Post can schedule project once they receive funding.

Recommendation 5: OIG recommends that, before issuing the Certificate of Final Acceptance, the Bureau of Overseas Buildings Operations, in coordination with Embassy The Hague, prior to issuing the Certificate of Final Acceptance, a) verify whether the stainless-steel façade applied to the exterior of the New Office Building and the Main Compound Access Control facility at Embassy The Hague was Type 316 stainless steel, as required by the contract, and b) if determined that the material is not in compliance with contract specifications and material substitution occurred without approval, determine whether the contractor is liable, recover all applicable/appropriate costs, and report to OIG the amount recovered.

OBO Response: Concur with recommendation. OBO/CFSM/CM is working with the Contractor to provide the required Pre-Installation Meeting Minutes for the Stainless Steel Panels. With the meeting minutes, CFSM/CM can confirm that the accepted submittal for the panels and the Contractor's Quality Assurance & Quality Control Three Step Program properly verified that OBO received the Stainless Steel Panels specified in the contract. Final Acceptance is dependent on confirmation of the above.

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For Addressee(s) Only

E.O.: 13526
TAGS: ABUD
Subject: Advice of Allotment, U.S. Embassy The Hague, Allotment 6256, \$50,000.00,
19__X0535000C

Advice of Allotment
Department of State
OBO Netherlands, The Hague
To: Officer in Charge (ref. 4FAH-3 H-133)
U.S. Embassy The Hague

Appr: 19__X0535000C
Allotment: 6256
Request Code: 12740
Allotment Tracking Number: 2019-12740-OBO-0024071
IBIS Approved Date: 02/21/2019

You are hereby authorized to incur obligations during fiscal year 2019, within the amounts of this document in accordance with the following prescribed conditions and limitations, and for the purpose stated. Obligations and/or expenditures which exceed any allotment limitation set forth in this document constitute a violation of the revised statutes, 31 U.S.C. 1517 as specified in Section 080 of 4 FAM.

Fiscal Element		Fiscal Element Name
Appropriation ID:	19__X0535000C	SEC.& MAINT.OF US MISSIONS,
Project Code:	XJBT8051	FOR THE HAGUE (256)
Function Code:	7112	CONSTRUCTION
Allotment Code:	6256	OBO Netherlands, The Hague

Allotment Total		
Previous	Modification	Authorized
\$0.00	\$50,000.00	\$50,000.00

Allotment Summary by Quarter				
Category A - Authorization by Quarter				Category B - Full Year Authorization
1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
-	-	-	-	\$50,000.00

Remarks
Funds are provided in the amount of \$50,000 USD for the purpose of installation of irrigation pump filtration system and complete electrical upgrade related to the TSS system
This allotment requires the use of project number XJ-BT-8051, Post Name The Hague, Project Name The Hague NEC, Function Code 7112, and must only be used for costs associated with installation of irrigation

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pump filtration system and complete electrical upgrade related to the TSS system Construction BOC is 3220, reimbursable VAT BOC is 4161, and non-reimbursable VAT 4163. This information is required for the effective management of maintenance and construction funding, and to comply with real property reporting requirements. Post FMC should ensure proper obligation and expenditures of funds. Post should promptly issue contracts, purchase orders, or other obligating documents to obligate funds, and also inform OBO of the date project execution will commence as well as the estimated completion date. Funds must be obligated in the fiscal year they were received. Unobligated funds will be withdrawn at the end of the fiscal year. If funds are withdrawn, post can request the withdrawn amount in the following year.

POC: Patrick Dow

This allotment authorized and originally signed by:

Shawn L. Taylor
Nadia S. Riley
Vincent R. Moore
John R. Higi
Dechantea Williams
Nicholas E. Deutsch

MINIMIZE CONSIDERED

Approved By: IBIS DISTRIBUTION SYSTEM:IBIS, 1
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