

**Management Assistance Report: Outstanding Construction Deliverables and Deficiencies
Need Attention at New Embassy Compound The Hague, the Netherlands AUD-CGI-19-38,
August 2019
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.
