



OIG HIGHLIGHTS

AUD-MERO-18-17

What OIG Audited

In September 2011, the Bureaus of Overseas Buildings Operations (OBO) and Administration contracted with Caddell Construction, Inc. (Caddell), to build the New Office Annex (NOX) and Staff Diplomatic Apartment-1 (SDA-1) at the U.S. Embassy in Kabul, Afghanistan. OBO is responsible for overseeing the commissioning process, verifying that buildings are substantially complete, and ensuring that the turnover of the buildings to the post Facility Manager and transition to occupancy are efficient. The commissioning process focuses on verifying and documenting that building systems operate within the functional performance guidelines, as required by the contract. Buildings are deemed substantially complete when only minor items remain to be completed and it has been determined that those minor items will not interfere with occupancy. Following substantial completion, the buildings are occupied and turned over to the post Facility Manager, who assumes responsibility for operations and maintenance (O&M) of the facility.

OIG conducted this audit to determine whether OBO followed Department of State (Department) policies, procedures, and directives governing the commissioning, substantial completion, and turnover of the NOX and SDA-1 at the U.S. Embassy in Kabul.

What OIG Recommends

OIG made 10 recommendations to OBO to address identified deficiencies in its oversight of the commissioning, substantial completion, and turnover of the NOX and SDA-1. On the basis of OBO's response to a draft of this report (see Appendix D) OIG considers three recommendations resolved pending further action and seven recommendations unresolved. A synopsis of OBO's comments and OIG's reply follow each recommendation in the Audit Results section of this report. OIG's reply to OBO's general and technical comments are presented in Appendix E.

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January 2018

OFFICE OF AUDITS

Middle East Region Operations

Audit of Bureau of Overseas Buildings Operations' Oversight of New Construction Projects at the U.S. Embassy in Kabul, Afghanistan

What OIG Found

OIG found that OBO's oversight of commissioning, substantial completion, and turnover of the NOX and SDA-1 was inconsistent with Department policies, procedures, and directives. The OBO Project Director in Kabul declared both buildings substantially complete and proceeded with occupancy before a number of key project milestones had been met. For example, even though OBO policies state that commissioning of all major building systems must be done before a project is declared substantially complete, OIG identified 25 systems that were not fully commissioned in one or both buildings prior to the declaration of substantial completion. The failure to complete the commissioning process occurred because of a combination of factors, including fundamental disagreements between the OBO Project Director in Kabul and the Commissioning Agent regarding the readiness of the systems in question, ambiguous OBO guidance as to which systems must be commissioned prior to substantial completion, and the fact that the Commissioning Agent is subordinate to the Project Director and, thus, the Project Director has ultimate authority over the commissioning process. These factors enabled the OBO Project Director to exercise his discretion to declare the buildings substantially complete notwithstanding the opinion of the Commissioning Agent. The decision to accept the buildings without completing the commissioning process, in turn, contributed to a range of building deficiencies after occupancy described in previously issued OIG reports.

In addition, OBO did not ensure that Caddell or the Commissioning Agent prepared and submitted key project documents before substantial completion and occupancy. For example, OBO did not require Caddell to prepare and submit Owner's Project Requirements or Basis of Design documents, both of which are needed to determine whether the contractor fulfilled project requirements. Furthermore, OBO did not follow established procedures or best practices in planning for the buildings' turnover from OBO's Office of Construction Management to the post Facility Manager. For example, according to OBO procedures and directives, O&M deliverables, such as system manuals and as-built drawings are to be provided to the post Facility Manager at or before substantial completion. However, because OBO did not include phasing requirements in the contract modification for the NOX and SDA-1, a number of key O&M deliverables were not, in fact, required to be provided when the OBO Project Director declared each building substantially complete. As a result, Facility Management personnel were not fully prepared to accept responsibility for O&M of the NOX and SDA-1 following substantial completion and occupancy.

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