



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-GEER-24-02

(U) What OIG Audited

(U) In January 2009, the Department of State (Department) opened the Baghdad Embassy Compound at U.S. Embassy Baghdad, Iraq. The compound included a power plant to generate all the compound's electrical power. However, the plant had deficiencies, and the Department took actions to replace the plant with a new central power plant. In 2012, the Bureau of Administration, Office of Acquisitions Management (AQM), awarded a contract, and the Bureau of Overseas Buildings Operations (OBO) constructed the plant. The plant came online in 2018 and has since experienced significant performance issues.

(U) The Office of Inspector General (OIG) conducted this audit to determine whether the Department followed federal and Department requirements and guidelines in the planning, design, construction, and commissioning of the central power plant at Embassy Baghdad.

(U) What OIG Recommends

(U) OIG made 13 recommendations to the Bureau of Administration and OBO to improve planning processes, contract administration, design review, record retention, and management of future OBO projects involving power plants. Based on management's response to a draft of this report (see Appendices D and E), OIG considers 11 recommendations resolved, pending further action, and 2 recommendations unresolved. A synopsis of management's comments on the recommendations offered and OIG's replies follow each recommendation in the Audit Results section of this report. OIG's replies to technical comments provided by OBO and Embassy Baghdad are presented in Appendix F.

November 2023

OFFICE OF AUDITS

Global Emergencies and Emerging Risks

(U) Audit of the Planning, Design, Construction, and Commissioning of the Central Power Plant at U.S. Embassy Baghdad, Iraq

(U) What OIG Found

(U) The Department did not always follow federal and Department requirements and guidelines in the planning, design, and commissioning of the new central power plant at Embassy Baghdad and missed opportunities to correct identified deficiencies at each project phase, even during the construction phase when the deficiencies became apparent.

(U) With respect to the planning phase, AQM did not comply with federal regulations regarding fair and reasonable pricing when awarding the task order to develop a site utilization plan for Embassy Baghdad. With respect to the design phase, OBO and AQM did not comply with requirements for selecting the most highly qualified architect-engineer to design the power plant at a fair and reasonable price. Also, the design review process failed to identify inadequate air flow in the design. With respect to the construction phase, technical issues with the design were identified during construction but were not always addressed. With respect to the commissioning phase, commissioning for the plant began 14 months after the construction phase began, contrary to OBO's guidance stating that it begins before the design phase for the purposes of identifying problems early. In addition, OBO concluded the commissioning process without resolving outstanding concerns regarding inadequate ventilation and airflow and ignored results of power plant performance testing and recommendations to conduct further testing.

(U) Embassy and contractor personnel acknowledged that OBO and AQM did not always follow federal and Department requirements when executing the power plant project. This was primarily due to the desire to expedite completion of the project. Consequently, Department officials missed opportunities to address known deficiencies that have now become liabilities. Specifically, persistent performance problems with the central power plant have required the Department to incur significant costs. Until the deficiencies that allowed OBO and AQM to depart from federal and Department requirements are corrected, ongoing and future power plant projects undertaken by the Department could be in jeopardy and experience similar, costly results.