

# SIGAR

Special Inspector General  
for Afghanistan Reconstruction

---

SIGAR 20-30 Inspection Report

## Afghan Ministry of Commerce and Industries Replacement Building in Kunduz Province: Some Construction Deficiencies Were Not Addressed and the \$3.5 Million Building May Not be in Use

---



MARCH  
2020



# SIGAR

Office of the Special Inspector General  
for Afghanistan Reconstruction

March 23, 2020

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

Brigadier General Brian N. Wolford  
Deputy Commander, U.S. National Support  
Element-Afghanistan

This report discusses the results of SIGAR's inspection of the Ministry of Commerce and Industries (MOCI) replacement building in Kunduz Province. In September 2016, the U.S. Army Corps of Engineers (USACE) awarded a \$3.2 million firm-fixed-price contract to Technologists Inc. (TI), a U.S. company, to design and construct a building for the MOCI, whose previous building was damaged by a U.S. airstrike in October 2015. The contract also required TI to clear mines and unexploded ordinance, demolish and remove all debris, and conduct a geotechnical investigation and topographical site survey. Following three contract modifications, the contract value increased to \$3.5 million.

During our February and August 2019 site visits, we found that TI generally constructed the building according to contract requirements. However, we identified five construction deficiencies involving (1) building expansion joints that were not filled with the required material, (2) p-traps that were improperly installed under the sinks, (3) hot water pipes that were not insulated, (4) counterfeit fire extinguishers, and (5) electrical cable identification tags that were missing. After SIGAR alerted USACE to these deficiencies in May 2019, USACE stated that it would direct TI to correct four of the five deficiencies. However, during an August 2019 follow-up inspection, we found that TI had only addressed one of the five deficiencies.

We also found that neither USACE nor U.S. Forces-Afghanistan (USFOR-A) followed transfer, acceptance, and warranty procedures. USACE determined that the project was ready for transfer to USFOR-A on June 22, 2018, which began the 1-year construction warranty period. However, USFOR-A did not transfer the replacement building to the MOCI until March 20, 2019. This resulted in MOCI only receiving about 3 months of warranty coverage on the building and its systems. Further, during the more than 8-month delay in transferring the building, the U.S. government spent over \$250,000 on security and maintenance services at the building.

During our August 2019 site visit, we found that the MOCI replacement building had not been used since its completion in June 2018. Although we inquired in October 2019, USFOR-A did not respond about whether the building is currently in use.



# SIGAR

Office of the Special Inspector General  
for Afghanistan Reconstruction

We are making two recommendations in this report. We recommend that the Commander of USFOR-A (1) notify the MOCI of the replacement building's construction deficiencies so MOCI can take whatever action it deems appropriate to (a) fill the expansion joints with proper sealant, (b) install p-traps in the correct locations, (c) insulate the hot water pipes, and (d) replace the counterfeit fire extinguishers; and (2) determine whether the Afghan government is currently using the building, and, if not, work with the MOCI to develop a plan to utilize the building.

We provided a draft of this report to the Department of Defense for review and comment. USFOR-A and USACE provided written comments, which are reproduced in appendices II and III, respectively. USFOR-A partially concurred with the first recommendation. Regarding 1a, USFOR-A stated that the "expansion joints were filled in accordance with the project specifications and drawings," and the command did not have to take any action. However, as stated in this report, we found that TI did not fill all of the expansion joints with preformed filler material, as the contract required. Regarding recommendation 1b, USFOR-A agreed that the installation of lavatory sink piping and p-traps was not in accordance with contract requirements. However, the command stated that despite the deficiency, the piping and traps were "fully functional and effectively prevent the intrusion of sewer gas into occupied spaces." Regarding recommendation 1c and 1d, USFOR-A agreed to notify the MOCI that insulation is needed around hot water pipes and that the counterfeit fire extinguishers should be replaced. We will keep recommendation 1 open until USFOR-A provides documentation showing that it has notified the MOCI of these construction deficiencies.

USFOR-A did not concur with the second recommendation. USFOR-A stated that it has transferred the building to the Afghan government, and it is the Afghan government's responsibility to determine the "appropriate and timely use" of the building. The command did not indicate that it would take any action to work with the Afghan government to develop a plan to use the \$3.5 million building. As a result, upon issuance of this report, we will close recommendation 2 as not implemented.

USACE said it was neither concurring nor non-concurring with the recommendations because they were directed to USFOR-A. However, USACE provided technical comments, which we incorporated into the report, as appropriate.

SIGAR conducted this inspection under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

## TABLE OF CONTENTS

TI Generally Built the MOCI Replacement Building According to Contract Requirements, but Four Construction Deficiencies Remain .....	1
The MOCI Replacement Building Has Not Been Used, but Has Been Maintained .....	5
Conclusion.....	5
Recommendations .....	6
Agency Comments .....	6
Appendix I - Scope and Methodology .....	8
Appendix II - Comments from U.S. Forces–Afghanistan.....	9
Appendix III - Comments from the U.S. Army Corps of Engineers.....	11
Appendix IV - Acknowledgments .....	15

## FIGURE

Figure 1 - Required Design of Sink, P-Trap, and Waste Pipe .....	3
--	---

## PHOTOS

Photo 1 - MOCI Replacement Building .....	1
Photo 2 - Unfilled Expansion Joint Between Columns and Beams Located Above Replacement Building's Ceiling .....	2
Photo 3 - Noncompliant Sealant Placed in an Expansion Joint .....	3
Photo 4 - Sealant Used Was Manufactured by a Company Located in Iran.....	3
Photo 5 - Noncompliant Corrugated Plastic Tube Loosely Connected from Bathroom Sink to the Waste Pipe ....	4
Photo 6 - Trap for Sinks in the Basement Below the Bathroom Floor.....	4

## ABBREVIATIONS

---

FAR	Federal Acquisition Regulation
MOCI	Ministry of Commerce and Industries
TI	Technologists Inc.
USACE	U.S. Army Corps of Engineers
USFOR-A	U.S. Forces–Afghanistan

On September 27, 2016, the U.S. Army Corps of Engineers (USACE) awarded a \$3.2 million firm-fixed-price contract to Technologists Inc. (TI), a U.S. company, to design and construct a building for the Afghan Ministry of Commerce and Industries (MOCI) in Kunduz Province. This new building replaced an MOCI building that a U.S. airstrike damaged on October 3, 2015. At the time of the airstrike, the MOCI leased the building to Spinzar Company Kunduz, an Afghan government-controlled entity, and Médecins Sans Frontières (also known as Doctors without Borders), which operated in the building. In January 2016, the Afghan government requested that U.S. Forces-Afghanistan (USFOR-A) reconstruct the building to its former condition. The project called for the management, design, material, labor, and equipment to construct a complete building, including connections to existing utilities. The design and construction work was also to include clearing mines and unexploded ordinance, demolishing and removing all debris, and conducting a geotechnical investigation and a topographical site survey, with the result being a fully usable and functioning building (see photo 1).

USACE issued a notice to proceed on December 11, 2016, directing TI to begin work, and expected TI to complete the project by September 2, 2018. USACE modified the contract three times, which increased the contract's value to \$3.5 million and extended the completion date to October 14, 2018. USACE transferred the project to USFOR-A on June 22, 2018, and the 1-year construction warranty period started that day. However, USFOR-A did not formally accept the building until approximately 9 months later, and the Afghan MOCI accepted the new building on March 20, 2019.

The objectives of this inspection were to determine whether (1) the construction was completed in accordance with contract requirements and applicable construction standards, and (2) the facilities are being used and maintained.<sup>1</sup>

We conducted our work in Kabul and Kunduz, Afghanistan, from October 2018 through January 2020, in accordance with the *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. Our professional engineers conducted the engineering assessment in accordance with the National Society of Professional Engineers' *Code of Ethics for Engineers*. Appendix I contains a detailed discussion of our scope and methodology.

## TI GENERALLY BUILT THE MOCI REPLACEMENT BUILDING ACCORDING TO CONTRACT REQUIREMENTS, BUT FOUR CONSTRUCTION DEFICIENCIES REMAIN

We made two site visits to the MOCI replacement building in February 2019, and a follow-up visit in August 2019.<sup>2</sup> We found that TI generally constructed the building according to contract requirements. However, we identified five construction deficiencies, including one that created a safety hazard. The construction deficiencies involved (1) building expansion joints that were not filled with the required material, (2) p-traps that were improperly installed under all the sinks, (3) hot water pipes that were not insulated, (4) counterfeit

<sup>1</sup> We did not inspect all activities required by the contract, such as work to clear mines and unexploded ordinance. Our inspection focused on the construction and use of the building.

<sup>2</sup> We visited the MOCI replacement building on February 19 and 21, 2019, and August 3, 2019.

**Photo 1 - MOCI Replacement Building**



Source: USACE, February 19, 2019

fire extinguishers, and (5) electrical cable identification tags that were missing.<sup>3</sup> These deficiencies resulted from TI not following the contract requirements, including technical specifications and design drawings, and USACE not providing adequate project oversight. Further, neither USACE nor USFOR-A properly followed the transfer, acceptance, and warranty procedures.

On May 20, 2019, we provided USACE a list of the deficiencies so it could direct TI to take corrective action before the warranty period ended on June 22, 2019. USACE provided us with a written response stating that it would direct TI to correct four of the five deficiencies. On June 27, 2019, USACE provided us with photos and stated that TI corrected the deficiencies, except for the uninsulated hot water pipes. Before the August site visit, USACE provided responses and actions it would direct TI to make. However, the contractor either did not completely address the deficiencies we identified or did not comply with the contract requirements, because during our August 3, 2019, site visit, we found that TI only installed identification tags for the electrical cables and did not address the four remaining deficiencies.

## TI Did Not Fill the Building Expansion Joints with the Required Material

The contract required TI to use preformed filler material in concrete structural expansion joints throughout the MOCI replacement building. Unless the proper material is placed in the expansion joints, structural concrete elements, such as columns, slabs, and beams, are likely to exert force against each other during regular environmental occurrences in Kunduz Province, such as earthquakes, or expansions and contractions caused by variations in temperature. This could damage the building. Further, unfilled or improperly filled expansion joints can cause leaks that ruin the building's interior.

In June 2017, USACE approved TI's submittal for the required filler material used for the expansion joints. However, during our February 21, 2019 site visit, we found that TI did not fill the expansion joints as required (see photo 2).

In June 2019, USACE told us the deficiency we identified existed in two sections of the building that move independently. As such, the required joint material would not provide any structural benefit, even though the contract required it. Nevertheless, that same month, USACE provided us with photos and stated that TI filled the expansion joints. During our August 3, 2019, site visit, we found that TI placed noncompliant material in the expansion joints (see photo 3). TI used a general-purpose sealant, commonly known as "caulking material," which is normally used for sealing small cracks or openings around windows and doors (see photo 4). Further, we discovered that the general-purpose sealant was manufactured by Ghaffari Chemical Industries Corporation, an Iranian company. Because Iran is subject to U.S. economic sanctions, this purchase violates the Federal Acquisition Regulation (FAR).<sup>4</sup>

**Photo 2 - Unfilled Expansion Joint Between Columns and Beams Located Above Replacement Building's Ceiling**



Source: SIGAR, February 21, 2019

<sup>3</sup> A p-trap is a U-shaped section of pipe that holds water and prevents foul gas in plumbing drains and sewers from rising up through a toilet, sink, or floor drain into a building.

<sup>4</sup> The FAR prohibits U.S. government contractors from obtaining goods and services from Iranian companies without authorization from the Department of the Treasury's Office of Foreign Assets Control. See FAR 52.225-13, *Restrictions on Certain Foreign Purchases*, June 2008.

**Photo 3 - Noncompliant Sealant Placed in an Expansion Joint**



Source: SIGAR, August 3, 2019

**Photo 4 - Sealant Used Was Manufactured by a Company Located in Iran**



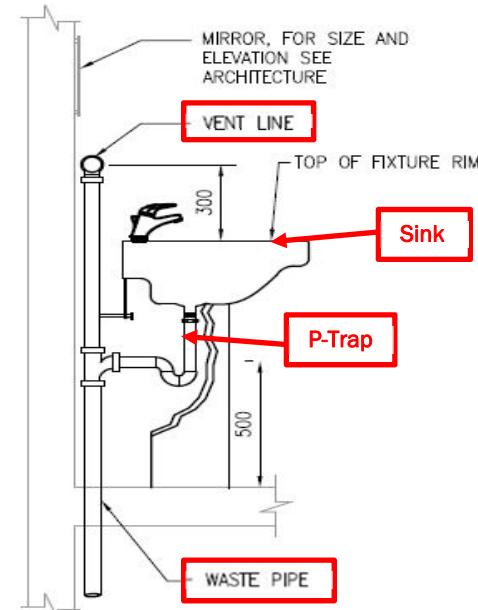
Source: SIGAR, August 3, 2019

## TI Did Not Adhere to the Design Requirements for Installing the P-Traps

The contract's design drawings complied with International Plumbing Code requirements and called for TI to install p-traps within 24 inches below all 20 sinks in the MOCI replacement building before making the air and water-tight connection to the waste pipe (see figure 1). However, during our February 2019 site visits, we found that TI did not install p-traps in the required location. In addition, TI installed noncompliant plastic corrugated flexible tubes that did not create an air-tight seal between the tubes and the vertical waste pipe to prevent foul gases from entering the bathrooms (see photo 5).

In June 2019, USACE stated that TI installed the p-traps for the 20 sinks below the bathroom floors, extending into the basement. During our August 2019 site visit, we found the p-traps installed below the bathroom floors, but we determined that they exceeded the 24-inch limit required by the International Plumbing Code and the design drawings (see photo 6).

**Figure 1 - Required Design of Sink, P-Trap, and Waste Pipe**



Source: TI's submitted as-built drawing.

Note: All measurements are in millimeters.

**Photo 5 - Noncompliant Corrugated Plastic Tube Loosely Connected from Bathroom Sink to the Waste Pipe**



Source: SIGAR, August 3, 2019

**Photo 6 - Trap for Sinks in the Basement Below the Bathroom Floor**



Source: SIGAR, August 4, 2019

## TI Did Not Install Insulation on the Building's Hot Water Pipes

The contract required TI to insulate all hot water pipes in the MOCI replacement building. During our February 19, 2019, site visit, we found that TI did not install any insulation on the hot water pipes as required. In June 2019, USACE stated that it would require TI to install the insulation. However, USACE told us in June 2019 that TI would likely not fulfill the requirement to install the insulation because of the dangerous security situation in Kunduz. At the time of our August 2019 site visit, TI still had not installed the required insulation.

The lack of insulation does not necessarily result in safety or maintenance issues. However, without the insulation, hot water in the pipes will not maintain its temperature from the point of origin—the hot water heater—to the desired location—taps or faucets.

## TI Installed Counterfeit Fire Extinguishers

The contract required TI to install 12 fire extinguishers in the MOCI replacement building. During our February 2019 site visits, we found that 13 of the 14 fire extinguishers installed by TI had a “Buckeye” label with the same serial number.<sup>5</sup> We determined that these extinguishers were counterfeit because Buckeye Fire requires each of its fire extinguishers to have a unique serial number. In June 2019, USACE told us that it would confirm the deficiency and direct TI to replace the 13 counterfeit fire extinguishers with authentic fire extinguishers, each with a different serial number. However, during our August 2019 site visit, we found that TI only replaced 10 of the 13 counterfeit fire extinguishers and left 3 counterfeit fire extinguishers. Counterfeit fire extinguishers create a safety hazard because they may not work as intended when a fire occurs. For example, counterfeit extinguishers have been known to contain unknown substances that do nothing to suppress fires, as well as having pressure gauges that give false readings.

<sup>5</sup> The “Buckeye” label is supposed to denote a Buckeye Fire Equipment product. See Buckeye Fire Equipment Product Catalog, 2017.

## **USACE and USFOR-A Did Not Follow Proper Transfer, Acceptance, and Warranty Procedures**

USACE–Afghanistan’s *District Level Quality Assurance Plan for Construction* states that, “the transfer of construction to the using service will be simultaneous with the acceptance of that construction from the contractor.”<sup>6</sup> USACE determined that the MOCI replacement building was ready to be transferred to USFOR-A on June 22, 2018, but USFOR-A did not formally accept the building until April 1, 2019. A USFOR-A official told us that the U.S. and Afghan governments did not meet regarding the building’s transfer until November 2018, or about 5 months after USACE transferred the project to USFOR-A. Although both governments tried to schedule a subsequent follow-up meeting, what USFOR-A described as “prior commitments that were deemed more valuable” delayed the follow-up until March 2019. Even though USFOR-A did not formally accept the building from USACE until April 1, 2019, it inappropriately transferred the building to the MOCI for occupancy and use on March 20, 2019.

In addition to not following transfer and acceptance procedures, USACE initiated the project’s 1-year warranty period on June 22, 2018, which would expire in June 2019. The contract referenced FAR 52.246-21, *Warranty of Construction*, which states that the warranty shall continue for a period of 1 year from the date of final acceptance of the work, and USFOR-A did not formally accept the building until April 1, 2019.<sup>7</sup> As such, the MOCI only received approximately 3 months of warranty coverage to the building and its systems.

We found that from July 3, 2018, through March 21, 2019, the U.S. government paid more than \$250,000 for security and maintenance services at the MOCI replacement building. The Afghan government would have paid these costs had formal turnover occurred on June 22, 2018. Thus, the delayed turnover procedure resulted in more costs to the American taxpayer.

## **THE MOCI REPLACEMENT BUILDING HAS NOT BEEN USED, BUT HAS BEEN MAINTAINED**

---

During our August 2019 site visit, we found that the MOCI replacement building has not been used since TI completed it in June 2018. In October 2019, we followed up with USFOR-A to determine whether the building was in use, but as of the date of this report, USFOR-A has not provided an update.

During our February and August 2019 site visits, we did not find any maintenance issues with the replacement building. As previously noted, the U.S. government paid to maintain the building for more than 9 months. The MOCI is now responsible for securing and maintaining the building.

## **CONCLUSION**

---

TI generally complied with contract requirements when completing the MOCI replacement building. However, four construction deficiencies exist due to TI’s contract noncompliance and USACE’s inadequate oversight. However, because USACE initiated the warranty period approximately 9 months before USFOR-A and the MOCI accepted the completed facility, the warranty has expired, and TI is no longer responsible for correcting these deficiencies. As of June 2019, the MOCI is responsible for any repairs and other work at the replacement building. Finally, although the replacement building was completed in June 2018, the building had not been used through at least August 2019. Because USFOR-A has not responded to our inquiry, we do not know whether the building is currently in use.

---

<sup>6</sup> USACE, Afghanistan Engineer District, *District-Level Quality Assurance Plan for Construction*, updated December 15, 2008, p. 30.

<sup>7</sup> FAR 52.246-21, *Warranty of Construction*, April 1984.

## RECOMMENDATIONS

---

To protect the U.S. taxpayers' investment in the MOCI replacement building, we recommend that the Commander of U.S. Forces-Afghanistan

1. Notify the MOCI of the replacement building's construction deficiencies so MOCI can take whatever action it deems appropriate to
  - a. fill the expansion joints with proper sealant,
  - b. install p-traps in the correct location,
  - c. insulate the hot water pipes, and
  - d. replace the counterfeit fire extinguishers.
2. Determine whether the Afghan government is currently using the building, and, if not, work with the MOCI to develop a plan to utilize the building.

## AGENCY COMMENTS

---

We provided a draft of this report to the Department of Defense for review and comment. USFOR-A and USACE provided written comments, which are reproduced in appendices II and III, respectively. USFOR-A partially concurred with the first recommendation and did not concur with the second recommendation. USACE said it was neither concurring nor non-concurring with the recommendations because the recommendations were directed to the Commander of USFOR-A. USACE also provided technical comments, which we incorporated into the report, as appropriate.

Regarding recommendation 1a, USFOR-A stated that the "expansion joints were filled in accordance with the project specifications and drawings," and the command did not have to take any action. However, as stated in this report, we found that TI did not fill all of the expansion joints with preformed filler material, as the contract required. USACE agreed and required TI to fill the expansion joints with filler material. In its effort to correct the deficiency, TI not only used the wrong type filler, but used a filler brand that is produced in Iran; this violates the FAR because Iran is subject to U.S. economic sanctions. Although USFOR-A did not specifically address the need to fill the expansion joints with proper filler or the use of the Iranian filler brand, USACE generally stated that any non-compliant material should be removed from expansion joints and replaced with preformed filler in expansion joints consistent with the design plans and specifications.

Regarding recommendation 1b, USFOR-A agreed that the installation of lavatory sink piping and p-traps was not in accordance with contract requirements. However, the command stated that despite the deficiency, the piping and traps were "fully functional and effectively prevent the intrusion of sewer gas into occupied spaces."

Regarding recommendations 1c and 1d, USFOR-A concurred and stated that the command would notify the MOCI that insulation is needed around the hot water pipes and recommend that the counterfeit fire extinguishers be replaced.

USFOR-A stated that it is not its responsibility to correct the deficiencies because the MOCI accepted the replacement building in March 2019, and the warranty expired in June 2019. We agree and did not indicate that the deficiencies are USFOR-A's responsibility. We maintain, however, that it is in USFOR-A's interest to notify the MOCI of the deficiencies to help ensure the Afghan government receives the full benefit of the U.S.-funded project. We will keep recommendation 1 open until USFOR-A provides documentation showing that it has notified the MOCI of these construction deficiencies.

We commend USACE for taking action to address the deficiencies we found during this inspection. For example, to address the restriction on certain foreign purchases prohibited by FAR 52.225-13, such as the

sealant that TI purchased from Iran and used to fill the expansion joints, USACE stated that it would issue a construction bulletin reminding its field staff, local national quality assurance representatives, and contractors about the clause.

USFOR-A did not concur with recommendation 2. Although USFOR-A confirmed that the Afghan government has never used the MOCI replacement building, the command stated that the President of Afghanistan requested the building and that it is the Afghan government's responsibility to determine the building's appropriate and timely use. USFOR-A did not indicate that it would any action to work with the Afghan government to develop a plan to use the \$3.5 million building. As a result, upon issuance of this report, we will close recommendation 2 as not implemented.

## APPENDIX I - SCOPE AND METHODOLOGY

---

This report provides the results of SIGAR's inspection of the Afghan Ministry of Commerce and Industries (MOCI) replacement building in Kunduz Province. The objectives of this inspection were to determine whether (1) the construction was completed in accordance with contract requirements and applicable construction standards, and (2) the facilities are being used and maintained. Specifically, we

- reviewed contract documents, design submittals, and other relevant project documentation;
- interviewed U.S. Forces–Afghanistan, U.S. Army Corps of Engineers, and MOCI officials concerning the project's construction, use, and maintenance; and
- conducted site visits to the replacement building on February 19 and 21, 2019, and August 3, 2019.

We did not rely on computer-processed data in conducting this inspection. However, we considered compliance with laws and indicators of fraud, other illegal acts, and abuse, and their potential impact.

In December 2014, SIGAR entered into a cooperative agreement with Afghan civil society partners. Under this agreement, our Afghan partners conduct specific inspections, evaluations, and other analyses. In this regard, Afghan engineers inspected the replacement building in February and August 2019. We developed a standardized engineering evaluation checklist covering items required by the contract. The checklist required our partners to analyze the contract documents, scope of work, technical specifications, and design drawings.

We compared the information our Afghan civil society partners provided to accepted engineering practices, relevant standards, regulations, laws, and codes for quality and accuracy. In addition, as part of our monitoring and quality control process, we

- met with our Afghan partner engineers to ensure that the approach and planning for the inspection were consistent with the objectives of our inspection and the terms of our cooperative agreement;
- attended periodic meetings with our partners, and conducted our normal entrance and exit conferences with agency officials;
- discussed significant inspection issues with our partners;
- monitored our partners' progress in meeting milestones and revised contract delivery dates as needed; and
- conducted oversight of our partners in accordance with SIGAR's policies and procedures to ensure that their work resulted in impartial, credible, and reliable information.

We conducted our inspection work in Kabul and Kunduz, Afghanistan, from October 2018 through January 2020, in accordance with *Quality Standards for Inspection and Evaluation*, published by the Council of the Inspectors General on Integrity and Efficiency. Our professional engineers conducted the engineering assessment in accordance with the National Society of Professional Engineers' *Code of Ethics for Engineers*. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our inspection objectives. We conducted this inspection under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

## APPENDIX II - COMMENTS FROM U.S. FORCES-AFGHANISTAN

---



UNCLASSIFIED  
HEADQUARTERS  
UNITED STATES FORCES-AFGHANISTAN  
BAGRAM, AFGHANISTAN  
APO AE 09354

DCOM-USNSE-A

15 Feb 2020

MEMORANDUM FOR Special Inspector General for Afghanistan Reconstruction (SIGAR), 2530 Crystal Drive, Arlington, VA 22202-3940

SUBJECT: United States Forces-Afghanistan, Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Inspection Report (I-059), Afghan Ministry of Commerce and Industries Replacement Building in Kunduz Province: Some Construction Deficiencies Were Not Addressed and the \$3.5 Million Building May Not be in Use.

1. The USFOR-A Joint Engineers (JENG) Directorate is responsible for providing a response to the draft report's recommendations. The recommendations are italicized and copied verbatim from the draft report; the response is detailed in the following discussion.

2. Recommendation:

*To protect the U.S. taxpayers' investment in the MOCI replacement building, we recommend that the Commander of U.S. Forces-Afghanistan*

1. *Notify the MOCI of the replacement building's construction deficiencies so the ministry can take whatever action it deems appropriate to*
  - a. *fill the expansion joints with proper sealant,*
  - b. *install p-traps in the correct location,*
  - c. *insulate the hot water pipes, and*
  - d. *replace the counterfeit fire extinguishers.*
2. *Determine whether the Afghan government is currently using the building, and, if not, work with the MOCI to develop a plan to utilize the building.*

### (U) RESPONSE:

USFOR-A recommends the report's addressees be updated by replacing Lieutenant General James E. Rainey, Commander, Combined Security Transition Command-Afghanistan (CSTC-A), with Brigadier General Brian N. Wolford, Deputy Commander, United States National Support Element-Afghanistan. The subject report and project were USFOR-A funded and did not involve CSTC-A.

While USFOR-A acknowledges the delays in the turnover procedure, the circumstances of the delayed acceptance from USACE and consequently delayed turnover to MOCI are important to understand. USFOR-A along with USACE, made repeated and consistent efforts to transfer the building to the MOCI upon its completion in June 2018 until the final turnover in March 2019. MOCI was not prepared and would not accept the facility for nine months after completion. During this time, USFOR-A requested USACE secure and maintain the facility using the contractor to ensure it would not fall into disrepair or be vandalized. These circumstances are the reason for the delay in the turnover and the additional incurred cost.

USFOR-A response to the SIGAR report recommendations are discussed here. In regards to the expansion joints, USFOR-A concurs with the USACE response that expansion joints were filled in accordance with the project specifications and drawings. USFOR-A concurs with SIGAR's finding the installation of lavatory sink piping and p-traps was not in accordance with the drawings; however,

UNCLASSIFIED

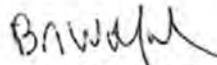
USNSE-A COS

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft  
Inspection Report (I-059) Afghan Ministry of Commerce and Industries Replacement Building in Kunduz  
Province

USFOR-A also concurs with the USACE response to the Statement of Fact (SOF) that p-traps were installed for the sinks and in their current installed location, are fully functional and effectively prevent the intrusion of sewer gas into the occupied spaces. Further, USFOR-A agrees to notify the MOCI of needed insulation around the hot water pipes and recommended replacement of counterfeit fire extinguishers. Please note, any notification of the recommended corrections to MOCI at this time is not part of the original contract or warranty and the items are not USFOR-A responsibility to correct as MOCI accepted the building in March 2019 and the warranty period ended in June 2019.

USFOR-A J9 Civil Affairs indicates to their knowledge and based on available information, the Afghan government is not currently using the building. The building was rebuilt at the request of the President of Afghanistan and constructed as the type of replacement facility requested by MOCI. The building was turned over and officially accepted by MOCI on 25 March 2019. USFOR-A non-concurs with the SIGAR recommendation to work with MOCI to develop a plan to utilize the building. The building was replaced per Afghan government request and it is the responsibility of the Afghan government to determine the appropriate and timely use of the replaced facility.

3. Point of contact for this memorandum is Lt Col Mark Russell, Programs and Facilities Division Chief, USFOR-A JENG, [marion.m.russell4@mail.mil](mailto:marion.m.russell4@mail.mil), DSN 318-481-3429 and LTC Matthew A. Broderick, USFOR-A Joint Engineer Director, [matthew.a.broderick2@mail.mil](mailto:matthew.a.broderick2@mail.mil), DSN 318-431-1845.



BRIAN N. WOLFORD  
Brigadier General, United States Marine Corps  
Deputy Commander  
U.S. National Support Element-Afghanistan

2

UNCLASSIFIED

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

---



CETAD-CDR

24 February 2020

MEMORANDUM FOR Jeffrey C. Brown, Deputy Assistant Inspector General for Audits and Inspection (Crystal City), SIGAR, 1550 Crystal Drive, Suite 900, Arlington, VA 22202

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report, I-059, Afghan Ministry of Commerce and Industries Replacement Building in Kunduz Province Report

1. This is USACE, Transatlantic Division's official response to the SIGAR Draft Report, *Afghan Ministry of Commerce and Industries Replacement Building in Kunduz Province: Some Construction Deficiencies Were Not Addressed and the \$3.5 Million Building May Not be in Use*. This report contains two recommendations, both directed to the Commander of U. S. Forces – Afghanistan. Consequently, USACE neither concurs nor non-concurs on the recommendations contained in this report.
2. Although there are no recommendations for USACE contained in the draft report, we are providing comments that may improve the accuracy of the final report by making it more reflective of our actual construction management processes, the condition of the building upon its completion, and the contractor's level of contract compliance.
3. Our specific comments and recommendations are listed below:

**a. Page 1, 2<sup>nd</sup> Paragraph:**

*(1). "USACE issued a notice to proceed on December 11, 2016, directing TI to begin work, and expected TI to complete the project by September 2, 2018."*

The underlined phrase is not consistent with USACE terminology. Request SIGAR remove the phrase "*directing TI to begin work*" and replace it with "authorizing TI to commence performance of the work under this contract".

*(2). "USACE modified the contract three times, which increased the contract's value to \$3.5 million and extended the completion date to October 14, 2018."*

The report should include the reasons why the modifications were made to the contract. Differing site conditions, security issues, stakeholder requested changes, and other factors often result in contract modifications.

CETAD-CDR

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report, I-059 Afghan Ministry of Commerce and Industries Replacement Building in Kunduz Province Report: Some Construction Deficiencies Were Not Addressed and the \$3.5 Million Building May Not be in Use

Recommend you add the following as a footnote: "Contract modifications are often necessary, and not uncommon, during construction projects. Mod P00001 changed the Notice to Proceed (NTP) date to 2 January 2017. Mod A00001 required \$140,000 for a new electrical service due to differing site conditions. MOD A00002 required \$169,713 for security and maintenance services due to the Afghan Government not accepting the completed project in a timely fashion."

**b. Page 3, Paragraph: TI Did Not Adhere to the Design Requirements for Installing P-Traps**

USACE concurs that the Contractor's installation of lavatory sink piping did not conform to Detail 02 on the Contractor's design drawing P-502. The distance between the lavatory fixture outlets and their respective plumbing traps also exceeds the 24-inch (610 mm) maximum distance that is identified in the International Plumbing Code. Going forward, USACE will issue a construction bulletin to field staff, including Local National Quality Assurance (LNQA) representatives, highlighting the deficiency and applicable standards and reminding staff to be on the lookout for similar deficiencies.

**c. Page 4, Paragraph: TI Did Not Install Insulation on the Building's Hot Water Pipes**

USACE concurs that the Contractor did not install insulation on the hot water pipes, which was required by contract. Going forward, USACE will issue an instruction bulletin to field staff, including LNQAs, highlighting the deficiency and applicable standards and reminding staff to be on the lookout for similar deficiencies.

**d. Page 5, Paragraph: TI Installed Counterfeit Fire Extinguishers**

USACE concurs with SIGAR's assessment of the counterfeit fire extinguishers issue. USACE is unsure if the original 13 counterfeit fire extinguishers were provided by the contractor as counterfeit or were swapped out after installation. Notwithstanding, USACE has a requirement to document and track delivered contract items such as fire extinguishers. USACE already has a construction bulletin and associated training material available to all Construction Staff.

CETAD-CDR

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report, I-059 Afghan Ministry of Commerce and Industries Replacement Building in Kunduz Province Report: Some Construction Deficiencies Were Not Addressed and the \$3.5 Million Building May Not be in Use

**e. Page 2, Paragraph titled - TI Did Not Fill Building Expansion Joints with Required Material:**

(1). *"The contract required TI to use preformed filler material in concrete structural expansion joints throughout the MOCI replacement building."*

Modify the phrase "*throughout the MOCI replacement building*" to accurately reflect only those expansion joints requiring preformed filler material IAW the plans and specifications.

The approved drawings do not show any horizontal joints filled with preformed filler material. Sheet A-102 references four vertical columns where preformed filler material is required. SIGAR's engineer referenced part of the project Specification, Section 03 15 00.00, Part 2.2, which identified the product that was to be used where expansion joint filler was indicated in the design documents. This "as indicated" standard is explicitly stated three pages later in Specification Section 03 15 00.00, Part 3.1.2, which directs the reader to, "Use preformed expansion joint filler in expansion and isolation joints in slabs around columns and between slabs on grade and vertical surfaces where indicated." Drawing S-509 and related drawings indicate isolation joints where floors meet either walls or columns, but no filler material is indicated or required in the space between beams where the SIGAR engineer stated that it should be installed.

(2). *"However, during our February 21, 2019 site visit, we found that TI did not fill the expansion joints, as required (see photo 2)."*

USACE requests Photo 2 be removed from the final report as it does not show a joint requiring the filler material.

Photo 2 identified as "*Unfilled Expansion Joint Between Columns and Beams Located Above Replacement Building's Ceiling*" is a photo of a horizontal building joint. The only place the approved design drawings intended there to be expansion joint preformed filler were the vertical joints between exterior columns at the corners at the following grid intersections B-10, B-13, K-10, K-13. USACE records do not reflect these vertical joints as non-compliant with the approved plans from the designer of record.

Photo 2 was initially provided to USACE in a preliminary deficiency report received in May 2019. USACE responded to the preliminary deficiencies on 28 May 2019 stating "The images do not show an expansion joint. Joint filler would not be appropriate in the gap shown." USACE sent a second email on 3 June 2019 requesting the precise location of where the photo was taken. USACE never received that clarification.

CETAD-CDR

SUBJECT: Response to Special Inspector General for Afghanistan Reconstruction (SIGAR) Draft Report, I-059 Afghan Ministry of Commerce and Industries Replacement Building in Kunduz Province Report: Some Construction Deficiencies Were Not Addressed and the \$3.5 Million Building May Not be in Use

(3). "Further, we discovered that the general-purpose sealant was manufactured by Ghaffari Chemical Industries Corporation, an Iranian company. Because Iran is subject to U.S. economic sanctions, this purchase violates the Federal Acquisition Regulation (FAR).<sup>4</sup>"

USACE concurs with SIGAR's assessment that a sealant manufactured in Iran, which is prohibited per FAR 52.225-13 (Restrictions on Certain Foreign Purchases) was used by TI. However, USACE disagrees that this occurrence is a contractual deficiency as the contractor, not under the direction of USACE, evidently applied the sealant in an attempt to correct a possible deficiency from one of the early lists generated by SIGAR site visits. That deficiency was significantly inaccurate since the Plans and Specification did not require any filler or sealant in the majority of joints. Notwithstanding, USACE is the entity tasked with communicating with Contractors, and while TI never alerted USACE of their plans to fill the joint, USACE should instill the need to more openly communicate such actions. Going forward, USACE will put out a construction bulletin reminding field staff, LNQAs, and Contractors about FAR 52.225-13. USACE requests that SIGAR inspectors not reveal their preliminary conclusions concerning deficiencies to contractor representatives, and instead notify USACE who in turn will communicate with the contractor.

**f. Page 6, Paragraph titled - Recommendations:**

(1). Recommendation One.

(a). Delete the phrase "fill the expansion joints with proper sealant" and substitute the phrase "Remove any non-compliant material from expansion joints and replace with preformed filler in expansion joints consistent with the plans and specifications"

(b). Change the word "install" to read "re-install".

4. My point of contact for this response is Mr. Keith Sullivan, Internal Review Auditor. He may be reached by e-mail at [keith.p.sullivan@usace.army.mil](mailto:keith.p.sullivan@usace.army.mil), or by telephone at 540-665-3712.

BECK.CHRISTOPHER.G.  
HER.GARRECHT ARRECHT.1042463899  
.1042463899 Date: 2020.02.27  
17:11:11-05'00'

CHRISTOPHER G. BECK  
COL, EN  
Commanding

## APPENDIX IV - ACKNOWLEDGMENTS

---

Steven Haughton, Senior Inspection Manager

Madeline Krahn, Inspector-in-Charge

Charles DeCarlo, Senior Auditor

Abdul Rahim Rashidi, Management Analyst

Yogin Rawal, General Engineer

Shahanshah Shirzay, Civil Engineer

This inspection was conducted  
under project code SIGAR-I-059.

## SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

## Obtaining Copies of SIGAR Reports and Testimonies

To obtain copies of SIGAR documents at no cost, go to SIGAR's Web site ([www.sigar.mil](http://www.sigar.mil)). SIGAR posts all publicly released reports, testimonies, and correspondence on its Web site.

## To Report Fraud, Waste, and Abuse in Afghanistan Reconstruction Programs

To help prevent fraud, waste, and abuse by reporting allegations of fraud, waste, abuse, mismanagement, and reprisal, contact SIGAR's hotline:

- Web: [www.sigar.mil/fraud](http://www.sigar.mil/fraud)
- Email: [sigar.pentagon.inv.mbx.hotline@mail.mil](mailto:sigar.pentagon.inv.mbx.hotline@mail.mil)
- Phone Afghanistan: +93 (0) 700-10-7300
- Phone DSN Afghanistan: 318-237-3912 ext. 7303
- Phone International: +1-866-329-8893
- Phone DSN International: 312-664-0378
- U.S. fax: +1-703-601-4065

## Public Affairs

### Public Affairs Officer

- Phone: 703-545-5974
- Email: [sigar.pentagon.ccr.mbx.public-affairs@mail.mil](mailto:sigar.pentagon.ccr.mbx.public-affairs@mail.mil)
- Mail: SIGAR Public Affairs  
2530 Crystal Drive  
Arlington, VA 22202