



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

October 2, 2014

General Lloyd J. Austin III
Commander, U.S. Central Command

General John F. Campbell
Commander, U.S. Forces-Afghanistan and
Commander, International Security Assistance Force

Lieutenant General Thomas P. Bostick
Commanding General and Chief of Engineers

Dear Generals Austin, Campbell, and Bostick:

On February 21, 2014, SIGAR announced an inspection of the Afghan National Army (ANA) slaughterhouse project in the Pol-i-Charkhi District, Kabul province. To date, and for reasons discussed later, my inspectors have been unable to obtain adequate documentation supporting the decision to build this new slaughterhouse, the second such facility in the Kabul area. The purpose of this letter is to request information that will assist my office in completing this inspection and determining the extent to which this project may have resulted in the waste of Afghanistan reconstruction funds.

Based on the information we have received to date, it appears that planning for the project to build a new slaughterhouse in Pol-i-Charkhi began around 2010. At that time, according to the Combined Security Transition Command–Afghanistan (CSTC-A), there was only one slaughterhouse in the Kabul area. The slaughterhouse was capable of producing 600,000 pounds of meat per month, which was 200,000 pounds less than the 800,000 pounds of meat per month needed to feed the 35,000 ANA personnel in the area. Further, briefing slides CSTC-A provided to us showed that the ANA force in the Kabul area was expected to grow by 55,000 personnel and would ultimately require 1.3 million pounds of meat per month, more than double the existing slaughterhouse's capacity. In addition to fulfilling the ANA's expected needs, CSTC-A noted that the new slaughterhouse would improve safety and sanitation conditions.

In February 2012, CSTC-A requested that the U.S. Army Corps of Engineers (USACE) solicit bids and manage construction for the new ANA slaughterhouse and supporting facilities in Pol-i-Charkhi. CSTC-A's request stated that this was a high priority project for the ANA and there was a "high probability" that the requirement would not be cancelled.¹ In August 2012, USACE awarded the construction contract to AREEB-REC Joint Venture for approximately \$12.0 million.²

¹ CTSC-A Engineers Memorandum, February 19, 2012.

² The contract (W5J9E-12-C-0131) was awarded for \$11,968,822. In February 2013, its value was increased by \$115,000 to \$12,101,822, to cover demolition work not specified in the contract. The new ANA Slaughterhouse was to consist of a slaughterhouse building, an administrative building, scale house building, fuel pump storage canopy, diesel power plant, two guard shacks and a guard house, water well, booster pump, water storage, three parking lots, bicycle rack, wastewater treatment plant, fuel delivery access point, and two personnel bunkers.

In October 2013—slightly more than a year after the contract was awarded—CSTC-A requested that USACE terminate the project for convenience. In its letter, CSTC-A simply stated that the existing slaughterhouse in Kabul had sufficient capacity to support the ANA's requirements. At that point, the project was 10 percent complete and \$1.4 million in costs had been incurred. However, the contractor has requested an additional \$4.2 million for "a fair and final settlement."

Our analysis of the limited documentation that CSTC-A and USACE provided to us raises concerns regarding why the slaughterhouse project was initiated and then abruptly terminated. In particular, we are seeking to understand why CSTC-A first determined that the ANA required a new slaughterhouse, and then suddenly decided that additional slaughterhouse capacity was unnecessary. Unfortunately, due to the rotation of military and civilian personnel, the consolidation of commands, and changing responsibilities, we have been unable to obtain adequate supporting documentation or to identify responsible officials who could provide details about the analysis which led to the determination that (1) there was not enough slaughterhouse capacity to meet the ANA's current or future requirements, and (2) the existing slaughterhouse in Kabul, which was originally determined to be under-capacity, now had enough capacity to meet the needs of current and future ANA personnel levels.

Our search for this information involved several commands. Initially, CSTC-A provided USACE with the facilities requirements and project funding. However, in May 2014, CSTC-A officials advised us that they were no longer responsible for the project and, as such, they could not provide information regarding the decision to terminate the contract. CSTC-A officials told us that the NATO Training Mission-Afghanistan's Deputy Commander for Support Operations (DCOM-SPO) was now responsible, and could provide documentation supporting the decision to construct the new slaughterhouse as well as documentation showing that the existing slaughterhouse had sufficient capacity.

Following inquiries to identify DCOM-SPO officials with project knowledge, U.S. Forces-Afghanistan and CSTC-A Inspector General officials told us that the DCOM-SPO was no longer in existence and that it had been succeeded by the Afghan National Security Forces Logistics Mentors (ANSF-LOG). Then, an ANSF-LOG official told us that although he had been in his position for almost a year, he did not have any knowledge regarding the decisions to build the new slaughterhouse or to terminate the contract. This official said that responsibility for Class 1 logistics—U.S. Army terminology for food supplies—transitioned to the ANA in July 2013, and, as a result, his office was no longer involved in these activities. Nonetheless, the ANSF-LOG official agreed to search office files and records for documentation related to the new slaughterhouse project. To date, we have not received any documentation.

Our work on this project raises two additional concerns. First, as mentioned earlier, following contract termination, AREEB-REC Joint Venture requested an additional \$4.2 million for fair and final settlement. These charges appear to be associated with costs incurred after completing 10 percent of the work, but the contractor was never granted approval to continue construction beyond that point. Second, we observed an issue related to the abandonment of the site's water well that requires immediate attention. Simply put, USACE did not ensure that the contractor properly sealed the well to prevent someone from placing contaminants, poisons, etc. in well that could affect ground water that supplies other wells in the surrounding community.

To enable us to complete our inspection, please provide the following information:

- All records pertaining to CSTC-A's determination that the ANA needed a new slaughterhouse built in Pol-i-Charkhi and that there was a "high probability" that the requirement would not be cancelled.
- All records pertaining to CSTC-A's determination that, approximately one year after construction began on the new slaughterhouse, the new slaughterhouse was no longer needed.
- Current status of the contractor's request for an additional \$4.2 million for fair and final settlement of the terminated contract.
- Specific steps which you will take to ensure proper sealing of the well at the project site.

I am making this request pursuant to my authority under Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended. Please provide your response no later than October 16, 2014. Should you or your staff have any questions about this request, please contact Mr. Ryan T. Coles, Assistant Inspector General for Audits and Inspections at [REDACTED] or [REDACTED]. Thank you in advance for your cooperation in this matter. I look forward to your response.

Sincerely,



John F. Sopko
Special Inspector General
for Afghanistan Reconstruction



DEPARTMENT OF THE ARMY
UNITED STATES ARMY CORPS OF ENGINEERS
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255 FORT COLLIER ROAD
WINCHESTER, VIRGINIA 22603

Mr. John F. Sopko
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, Suite 900
Arlington, VA 22202

16 Oct 2014

Dear Mr. Sopko:

On behalf of Lieutenant General Thomas P. Bostick, Commanding General and Chief of Engineers, enclosed is USACE Transatlantic Division's response to SIGAR-15-03-SP Inquiry Letter: ANA Slaughterhouse in Pol-i-Charkhi District dated October 2, 2014.

Your letter requested information pertaining to four questions. USACE is able to answer two of the questions; however, requested information for the other two questions is more appropriately provided by CSTC-A. We have coordinated with them and they are answering questions 1 and 2 separately.

I noted in your letter your mention of your inspectors having been unable to obtain adequate documentation supporting the project. I am unfamiliar with this situation or your difficulties in gathering data; however, I want to ensure you of USACE's full cooperation in all of your audit, inspection and investigation activities. All of our records are available for your review and I can only surmise our records for this project were less than you are accustomed to reviewing as a result of this contract being terminated at only 10 percent complete. If at any time my representatives do not fully provide support you believe is necessary or a request is not acted upon timely please contact me directly.

My point of contact for this response is Mr. Mike Hatchett, Internal Review Auditor. He may be reached by e-mail at [REDACTED] or telephone [REDACTED].


Howard Stickley, PE, SES
Director Programs

USACE Response to SIGAR-15-03-SP Inquiry Letter: ANA Slaughterhouse in Pol-i-Charkhi District, Dated October 2, 2014.

In response to your letter, dated October 2, 2014, to Lieutenant General Thomas P. Bostick, SIGAR-15-03-SP Inquiry Letter: ANA Slaughterhouse in Pol-i-Charkhi District, requesting information that will assist SIGAR in completing their inspection we are providing the following information:

1. All records pertaining to CSTC-A's determination that the ANA needed a new slaughterhouse built in Pol-i-Charkhi and that there was a "high probability" that the requirement would not be cancelled.

USACE is unable to provide documentation in response to this question. The information should appropriately be provided by CSTC-A.

2. All records pertaining to CSTC-A's determination that, approximately one year after construction began on the new slaughterhouse, the new slaughterhouse was no longer needed.

USACE is unable to provide documentation in response to this question. The information should appropriately be provided by CSTC-A.

3. Current status of the contractor's request for an additional \$4.2 million for fair and final settlement of the terminated contract.

The Termination for Convenience process was transferred from Transatlantic Afghanistan District (TAA) to Transatlantic Middle East District (TAM) on 17 November 2013. TAM has contractual authority to complete the Termination for Convenience process and negotiate the final settlement agreement with the contractor. This action is being processed by TAM's Contingency Closeout Section.

The Contractor's initial proposal was revised and resubmitted on July 3, 2014, in the amount of \$4,396,796.39. In accordance with FAR 49.107, a DCAA audit request was sent on August 29, 2014. In addition to the audit, TAM technical representatives are currently evaluating the proposal and additional supporting information submitted by the contractor on September 12, 2014. The purpose of TAM's effort is to compensate the contractor fairly for the work done and the preparations made for the terminated contract, including a reasonable allowance for profit.

At this time, there has been no judgment on fairness of the proposal, or a projected date of final settlement.

4. Specific steps which you will take to ensure proper sealing of the well at the project site.

Based on construction, Quality Assurance, and contractor Quality Control reports, the construction of a Deep Well, as part of the ANA Slaughterhouse project, was begun on 13 May 2013, and was completed on 24 June 2013, at which time the well was fully tested and ready for service. There is no mention if the well was actually being used at the time of its completion. The contractor issued a Final Demobilization Report on 22 February 2014, and there is no mention in the report, or in contractor Quality Control Reports, of any action in regards to the well, either to allow it to remain functioning or any efforts to "cap" the well to secure it from tampering and or contamination.

We believe, since this project is on a secure ANA Base, closing the well by capping with concrete is unnecessary and it is better left to the Afghan Base Commander to determine its ultimate disposition. Further, capping the well with concrete would require us to coordinate the action with the ANA Base Commander, and expend additional funds. We do not believe further action is warranted by USACE at this time.



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Mr. John F. Sopko
Special Inspector General for Afghanistan Reconstruction
1550 Crystal Drive, Suite 900
Arlington, VA 22202

Dear Mr. Sopko:

The USACE Transatlantic Division (TAD) replied to SIGAR-15-03-SP Inquiry Letter: ANA Slaughterhouse in Pol-i-Charkhi District dated October 2, 2014, on October 16, 2014.

Subsequent to our original response, we received additional information; from the Commander, Transatlantic Afghanistan District; based on the completion of a field investigation of the existing conditions at the ANA Slaughterhouse well site. These results require a change to our original response to Question Number 4.

Enclosed is USACE TAD's revised response to Question Number 4.

My point of contact for this response is Mr. Mike Hatchett, Internal Review Auditor. He may be reached by e-mail at [REDACTED] or telephone [REDACTED].



Howard Stickley, PE, SES
Director Programs

**Revised USACE Response to Question Number 4
SIGAR-15-03-SP Inquiry Letter: ANA Slaughterhouse in
Pol-i-Charkhi District, Dated October 2, 2014.**

In our original response to your inquiry letter, dated October 16, 2014, we provided information that was subsequently updated by the Commander, Transatlantic Afghanistan District (TAA). More detailed information became available as a result of TAA completing a field investigation. Further, clarification was made that the well is not on a secure ANA base, although it is on ANA property, and without a secure perimeter. The following information provides our update to Question Number 4:

Original Response:

4. Specific steps which you will take to ensure proper sealing of the well at the project site.

Based on construction, Quality Assurance, and contractor Quality Control reports, the construction of a Deep Well, as part of the ANA Slaughterhouse project, was begun on 13 May 2013, and was completed on 24 June 2013, at which time the well was fully tested and ready for service. There is no mention if the well was actually being used at the time of its completion. The contractor issued a Final Demobilization Report on 22 February 2014, and there is no mention in the report, or in contractor Quality Control Reports, of any action in regards to the well, either to allow it to remain functioning or any efforts to "cap" the well to secure it from tampering and or contamination.

We believe, since this project is on a secure ANA Base, closing the well by capping with concrete is unnecessary and it is better left to the Afghan Base Commander to determine its ultimate disposition. Further, capping the well with concrete would require us to coordinate the action with the ANA Base Commander, and expend additional funds. We do not believe further action is warranted by USACE at this time.

Revised Response:

4. Specific steps which you will take to ensure proper sealing of the well at the project site.

Based on construction, Quality Assurance, and contractor Quality Control reports, the construction of a deep well for the ANA Slaughterhouse project began on 13 May 2013 and was completed on 24 June 2013. The contractor issued a Final Demobilization Report on 22 February 2014 and there is no mention of any action in regards to the well, either to allow it to remain functioning or any efforts to "cap" the well to secure it from tampering or contamination.

As such, USACE conducted a field investigation of the existing condition in October 2014 and determined that the wellhead was placed, but not capped. The wellhead was filled with gravel similar to that seen around the site. It is unlikely that the entire depth of the well was full of gravel, so the well is likely plugged with concrete or clay below the gravel. However, this cannot be determined based on documentation. The gravel in the well will prevent the introduction of solid contaminants. However, there is no guarantee that liquid contaminants

would not be able to percolate into the water table. Therefore, USACE will develop a scope of work to have the pipe capped with a welded plate such that no contaminants of any kind may be introduced. Should this well be needed in the future, the cap can be removed, the gravel flushed out, plugs broken out, and the well put into operation. USACE is taking action to install a cap on the wellhead no later than 20 December 2014.