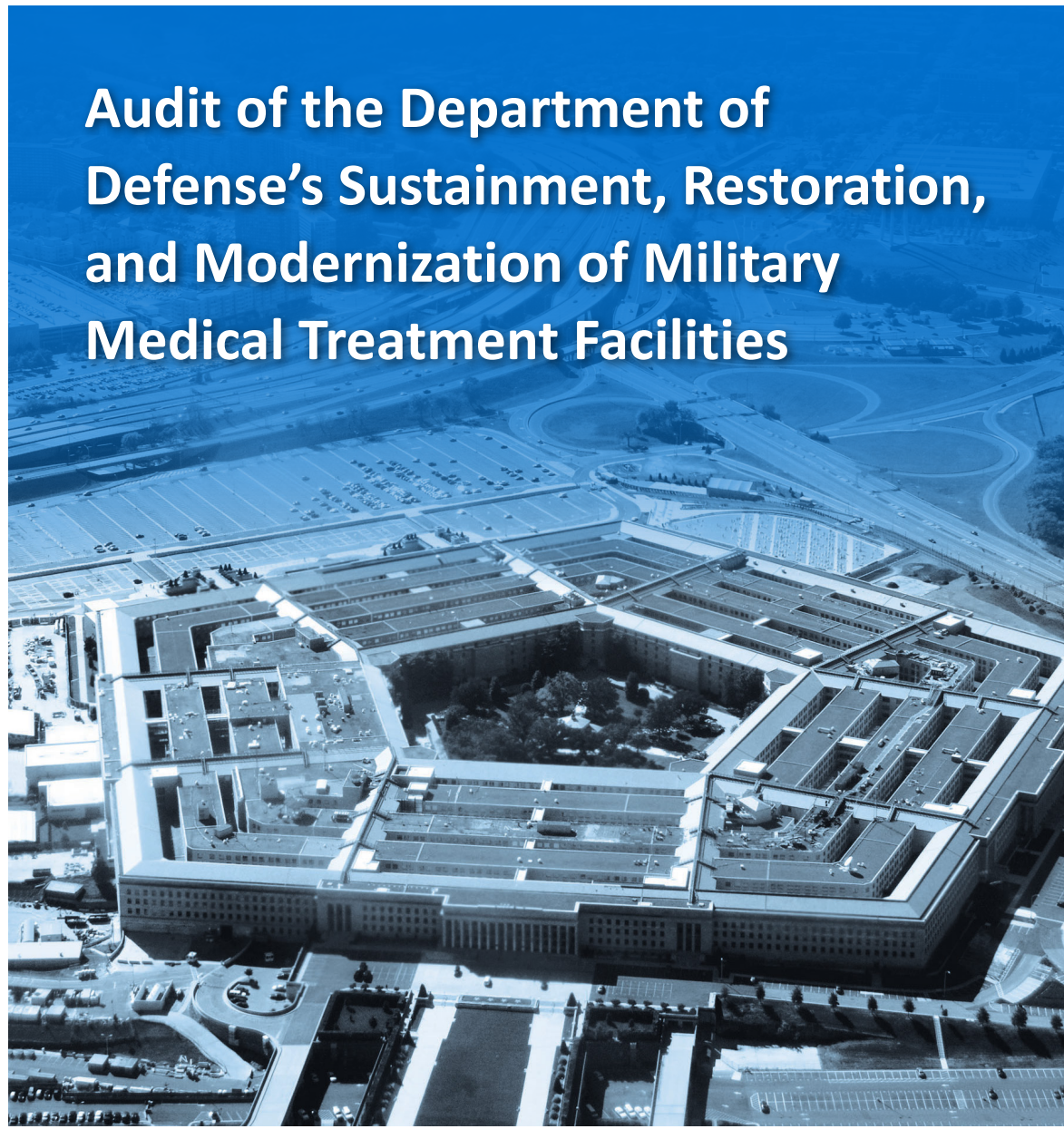




INSPECTOR GENERAL

U.S. Department of Defense

JULY 8, 2020



Audit of the Department of Defense's Sustainment, Restoration, and Modernization of Military Medical Treatment Facilities





Results in Brief

Audit of the Department of Defense's Sustainment, Restoration, and Modernization of Military Medical Treatment Facilities

July 8, 2020

Objective

The objective of this audit was to identify issues that the Defense Health Agency (DHA) will need to address after it assumes responsibility for the sustainment, restoration, and modernization (SRM) of all military medical treatment facilities (MTFs) within the Military Health System (MHS).

Background

The MHS is a health system with 52 hospitals, 401 medical clinics, and 246 dental clinics at facilities across the Nation and around the world. The MHS serves 8.5 million active duty personnel and their beneficiaries through care purchased from private providers as well as directly through a system of DoD MTFs. The Office of the Under Secretary of Defense for Personnel and Readiness, the Office of the Assistant Secretary of Defense for Health Affairs, the DHA, and the Military Departments (MILDEPs) have various responsibilities for the oversight and management of the MHS.

The National Defense Authorization Act for FY 2017 called for transitioning the administration and management of military hospitals and clinics of the Army, Navy, and Air Force to one system managed by the DHA. The John S. McCain National Defense Authorization Act for FY 2019 provided additional authorities to the DHA Director and extended the date for the transfer of the administration of the military MTFs to the DHA from the original deadline of October 1, 2018, to September 30, 2021.

Background (cont'd)

The "DHA Plan 3 Implementation Plan for the Complete Transition of Military Medical Treatment Facilities to the DHA" detailed the DoD's multiyear transition of military MTFs from the MILDEPs to the DHA. The plan required the DHA to assume authority, direction, and control of the military MTFs by October 1, 2019. On October 25, 2019, the Deputy Secretary of Defense directed that authority, direction, and control over the MTFs and dental treatment facilities based in the continental United States, along with those in Alaska, Hawaii, and Puerto Rico, transfer from the MILDEPs to the DHA.

DoD personnel responsible for military MTF management use Defense Medical Logistics Standard Support-Facilities Management (DMLSS-FM) and the BUILDER Sustainment Management System (SMS) to collect data on each facility's condition and future needs. DMLSS-FM is the official database of record for all MHS facility inventory, maintenance, requirements, and project data including related financial data that is managed by the DHA. The Requirements Module in DMLSS-FM is designated to capture data about future facility sustainment needs. The BUILDER SMS shows the facility and the deterioration of its components over time, and the best time to perform facilities work to avoid more costly rehabilitation projects later.

The facilities sustainment portion of the Defense Health Program for FY 2019 was approximately \$631.9 million and \$441.3 million for the restoration and modernization, totaling \$1.1 billion.

Facility management personnel identified unfunded requirements and categorized each requirement according to DHA guidance.¹ The categories included requirement codes that described the type of deficiency found at the MTFs, such as whether it related to the MTF's safety or mission. The facility management personnel also assigned a criticality code, such as *Imminent* or *Serious*, that identified the potential effects of the unfunded requirements if the repair is not done as either death or major property damage.

¹ DHA Technical Manual 4165.01, Volume 2, "Defense Medical Logistics Standard Support – Facilities Management (DMLSS-FM): Requirements Module," February 20, 2018.



Results in Brief

Audit of the Department of Defense's Sustainment, Restoration, and Modernization of Military Medical Treatment Facilities

Finding

The DHA Facilities Enterprise personnel will need to develop and implement procedures to address issues at the military MTFs after assuming responsibility for the SRM. Specifically:

- Facility management personnel for the military MTFs at the six installations reported more than 760 unfunded requirements with an estimated value of \$552 million as of September 17, 2019.² The requirements included:
 - 3 safety and 4 mission unfunded requirements at four installations that facility management personnel determined could cause death or major property damage if not addressed immediately; and
 - 92 mission unfunded requirements on three installations that facility management personnel determined could cause moderate property damage and severe injury over time if not addressed.
- Two primary information systems that the DHA plans to rely on to manage facilities maintenance, DMLSS-FM and the BUILDER SMS, contained missing and inaccurate data specific to the criticality value, hazard severity data elements, completeness of the data set, or the condition of component systems for a nonstatistical sample for the military MTFs on the six installations reviewed.

Delays in addressing more than \$552 million of unfunded requirements for 60 military MTFs on the six installations reviewed could worsen the overall

condition, readiness, use, functionality, and services provided. In addition, the DHA will need to address \$14.8 billion in unfunded requirements that were reported as of September 2019, for the more than 576 hospitals and clinics and 87 dental facilities worldwide. Furthermore, unless facilities data quality is improved, the DHA may rely on less than accurate information related to future maintenance requirements when planning for short-term and long-term SRM requirements.

Recommendations

We recommend that the DHA Director develop and implement: guidance that establishes uniform funding thresholds for SRM requirements for all MTF unfunded requirements; standard procedures to prioritize unfunded requirements; guidance for updating the BUILDER SMS data to reflect the status of repair as reported in DMLSS-FM and grant the BUILDER SMS access to local facility management personnel; and standard training for facility management personnel to use DMLSS-FM and the BUILDER SMS.

Management Actions Taken

During the audit, the DHA issued interim guidance for DMLSS-FM and for the BUILDER SMS. On August 7, 2019, the DHA issued a memorandum that required MTF facilities managers to review and update all requirements packages in DMLSS-FM. In June 2019, the DHA issued Interim Procedures Memorandum 19-005, which established DHA procedures for managing data in the U.S. Army Corps of Engineers BUILDER SMS.

² The six installations visited were Fort Riley, Fort Campbell, Naval Air Station Pensacola, Marine Corps Base Camp Pendleton, Eglin Air Force Base, and Nellis Air Force Base.



Results in Brief

Audit of the Department of Defense's Sustainment, Restoration, and Modernization of Military Medical Treatment Facilities

Management Comments and Our Response

The DHA Director agreed with all of the recommendations and stated that in response to the recommendations, the DHA and MILDEPs have worked to define, refine, and create a new standard set of DMLSS requirement codes to use across the Services. The Director further stated that DHA is incorporating training for BUILDER and DMLSS into a DHA Training Management System, to ensure that all facilities personnel have the skills required to be effective in their positions. Comments from the Director addressed the specifics of the

recommendations; therefore, the recommendations are resolved but will remain open. We will close these recommendations when we confirm that the proposed actions are completed. Please see the Recommendations Table on the next page for the status of the recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Director, Defense Health Agency	None	1.a, 1.b, 1.c.1, 1.c.2, 1.c.3, and 1.d	None

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

July 08, 2020

MEMORANDUM FOR DIRECTOR, DEFENSE HEALTH AGENCY
AUDITOR GENERAL, DEPARTMENT OF THE NAVY
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE

SUBJECT: Audit of the Department of Defense's Sustainment, Restoration, and Modernization of Military Medical Treatment Facilities (Report No. DODIG-2020-103)

This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

The Defense Health Agency agreed to address all the recommendations presented in the report; therefore, the recommendations are considered resolved and open. As described in the Recommendations, Management Comments, and Our Response section of this report, the recommendations may be closed when we receive adequate documentation showing that all agreed-upon actions to implement the recommendations have been completed. Therefore, please provide us within 90 days your response concerning specific actions in process or completed on the recommendations. Your response should be sent to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET.

If you have any questions, please contact me at [REDACTED].

A handwritten signature in cursive script, reading "Theresa S. Hull", is positioned above the typed name.

Theresa S. Hull
Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment

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Introduction

Objective

The objective of this audit was to identify issues that the Defense Health Agency (DHA) will need to address after it assumes responsibility for the sustainment, restoration, and modernization (SRM) of all military medical treatment facilities (MTFs) within the Military Health System (MHS). See Appendix A for a discussion of scope and methodology and prior coverage.

Background

The MHS is a health system with 52 hospitals, 401 medical clinics, and 246 dental clinics at facilities across the Nation and around the world. The MHS serves 8.5 million active duty personnel and their beneficiaries through care purchased from private providers as well as directly through a system of DoD MTFs.

In 2018, the MHS supported nearly 1 million inpatient admissions, 104 million outpatient visits, and 0.1 million births at MTFs. The Office of the Under Secretary of Defense for Personnel and Readiness, the Office of the Assistant Secretary of Defense for Health Affairs, the DHA, and the Military Departments (MILDEPs) have various responsibilities for the oversight and management of the MHS.

Roles and Responsibilities of Key DoD Entities in the MHS

The Under Secretary of Defense for Personnel and Readiness, the Assistant Secretary of Defense for Health Affairs, the DHA Director, and the Secretaries of the MILDEPs have various responsibilities for the oversight and management of the MHS.³ The Under Secretary of Defense for Personnel and Readiness is the principal staff assistant and advisor to the Secretary and Deputy Secretary of Defense for Health Affairs and, in that capacity, develops policies, plans, and programs for health and medical affairs.

The Assistant Secretary of Defense for Health Affairs has the primary responsibility for the MHS and serves as the principal advisor to the Under Secretary of Defense for Personnel and Readiness for all DoD health policies, programs, and activities. The Assistant Secretary of Defense for Health Affairs also has the authority to develop policies; conduct analyses; issue guidance; provide advice and make recommendations to the Secretary of Defense, the Under Secretary of Defense for Personnel and Readiness, and others; and provide oversight to DoD Components on matters pertaining to the MHS. Furthermore,

³ DoD Instruction 6015.17, "Military Health System (MHS) Facility Portfolio Management," Incorporating Change 1, November 30, 2017.

the Assistant Secretary of Defense for Health Affairs prepares and submits a DoD Unified Medical Program budget to provide resources for the MHS.

The DHA Director, in addition to carrying out the responsibilities outlined above, manages the execution of policy developed by the Assistant Secretary of Defense for Health Affairs. The Secretaries of the MILDEPs coordinate with the Assistant Secretary of Defense for Health Affairs to develop certain MHS policies, standards, and procedures and provide military personnel and other authorized resources to support the activities of the DHA. The Surgeon General of each MILDEP serves as the principal advisor to the Secretary of the MILDEP on all health and medical matters.

Reform of the Administration of the DHA and the Military MTFs

Section 702 of the National Defense Authorization Act for FY 2017 (Public Law 114–328), “Reform of Administration of the DHA and Military MTF,” directed a major transformation of the MHS. It called for transitioning the administration and management of military hospitals and clinics of the three separate health systems of the Army, Navy, and Air Force to one, managed by the DHA.⁴ The DHA was directed to assume responsibility for the administration of each military MTF, including budgetary matters, information technology, health care administration and management, and medical military construction.

The John S. McCain National Defense Authorization Act for FY 2019 amended section 1073c of title 10, United States Code (10 U.S.C § 1073c [2016]) by providing additional authorities to the DHA Director and extending the date for the transfer of the administration of the military MTFs to the DHA from the original deadline of October 1, 2018, to September 30, 2021.⁵

Transition Planning

In June 2018, the DoD delivered a final plan for implementing 10 U.S.C. §1073c (2016) to the Armed Services Committees.⁶ The plan was to implement a “component model” where the DHA Director would administer each military MTF through intermediary Component commands. After that submission, the DoD clarified the plan in a March 2019 memorandum to reaffirm the primary role of the MILDEPs

⁴ Public Law 114–328, “The National Defense Authorization Act for FY 2017,” December 23, 2016.

⁵ Public Law 115–232, “John S. McCain National Defense Authorization Act for Fiscal Year 2019,” August 13, 2018.

⁶ Final Report To The Armed Services Committees of the Senate and House of Representatives, “Final Plan to Implement Section 1073c of Title 10, United States Code,” June 30, 2018.

in military readiness.⁷ Specifically, the revisions preserved the authority of the Secretary of Defense to assign MHS roles and responsibilities for financial operations, medical affairs, and supporting the needs of installation operational commanders to support health care delivery and medical readiness.

The “DHA Plan 3 Implementation Plan for the Complete Transition of Military Medical Treatment Facilities to the DHA” detailed the DoD multiyear transition of military MTFs from the MILDEPs to the DHA.⁸ The plan identified 41 functional capabilities that the DHA was scheduled to assume. SRM of the military MTFs was a function that was transitioning to the DHA.

The DHA proposed establishing a market-based approach to manage the military MTFs.⁹ The market organizations would provide shared administrative services to the hospitals and clinics in their region. In the 20 large markets with large concentrations of facilities and patients, the markets would be focused on large medical centers, establishing centers of excellence for specialty care that meet the needs of beneficiaries across their market regions. Another 16 small markets would be centered on inpatient community hospitals, focused on providing ambulatory and some specialty and inpatient care across their regions.

After the DHA assumes responsibility for overseas hospitals and clinics, two regional offices will provide similar support, one for Europe and one for the Pacific. The MILDEP Medical Departments were to support the DHA Facilities Enterprise in accordance with memorandums of agreement and memorandums of understanding for all markets, submarkets, and standalone military MTFs.¹⁰

Transition Implementation

On October 25, 2019, the Deputy Secretary of Defense directed that authority, direction, and control over the MTFs and dental treatment facilities based in the continental United States, and those in Alaska, Hawaii, and Puerto Rico, transfer from the MILDEPs to the DHA.¹¹ According to the Deputy Secretary’s guidance, during FY 2020, the management of the MTFs and dental treatment facilities will be executed through direct support agreements between the DHA and each

⁷ Under Secretary of Defense for Personnel and Readiness memorandum, “Alignment of Operational and Installation-Specific Medical Functions and Responsibilities with Section 702 of the National Defense Authorization Act for Fiscal Year 2017, and Sections 711 and 712 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019,” March 27, 2019.

⁸ DHA Plan 3, “Implementation Plan For the Complete Transition of Military Medical Treatment Facilities to the Defense Health Agency,” Version 5.0, June 24, 2019.

⁹ Report to Armed Services Committees Section 712 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232), “Organizational Framework of the Military Healthcare System to Support the Medical Requirements of the Combatant Commands,” April 2019.

¹⁰ The DHA executes the enterprise-wide facilities function through DHA Facilities Enterprise.

¹¹ Deputy Secretary of Defense memorandum, “Continuing Implementation of the Reform of the Military Health System,” October 25, 2019.

MILDEP. Furthermore, the agreements are intended to ensure that operation of the MHS continues in an efficient and effective manner during the transition of capability and resources from the MILDEPs to the DHA. However, responsibility and accountability for the MTFs remains with DHA.

According to the Deputy Secretary's guidance, in FYs 2020 and 2021, the DHA will mature its headquarters and market management structure through a conditions-based approach that is intended to establish and meet clear, objective conditions that demonstrate the DHA's capability and capacity for management of MTFs.

Changes to Military Health Command Responsibilities

The March 2019 Under Secretary of Defense for Personnel and Readiness memorandum addressed roles and responsibilities of the MILDEPs, the Assistant Secretary of Defense for Health Affairs and the DHA regarding operational and military MTF specific medical functions.¹² The memorandum stated that each MILDEP is responsible for:

Manning, organizing, training, and equipping, their military personnel (including medical personnel), for medical individual and collective readiness, and setting requirements for services DHA provides in support of the Services to include care of uniformed personnel.

Delivering operational clinical services under operational control of Combatant Commands; on ships or planes; and on installations outside of MTFs. Each Military Department will act as the Privileging/Scope of Practice/Clinical Quality Management authority for providers conducting such operational clinical services.

Setting medical readiness standards, subject to DoD minimum standards and metrics established by the [Assistant Secretary of Defense for Health Affairs], and ensuring that their military medical personnel are trained in and maintain their clinical readiness skills. The Military Departments will maintain readiness standards at the MTF or through non-MTF partnerships with civilian institutions established by the DHA or the Military Departments.

¹² Office of the Under Secretary of Defense memorandum, "Alignment of Operational and Installation-Specific Medical Functions and Responsibilities with Section 702 of the National Defense Authorization Act for Fiscal Year 2017, and Sections 711 and 712 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019," March 27, 2019.

The memorandum also states that the DHA is responsible for “conducting clinical services and business functions within the MTFs in support of healthcare delivery, and especially providing facility, medical supply, equipment, and other clinical support as needed for all activities within the MTF.” The memorandum further states that the DHA will “act as the Privileging/Scope of Practice/Clinical Quality Management authority for all care within an MTF.”

As of September 2019, the MILDEPs and the DHA had signed memorandums of agreement for the MILDEPs to provide direct support to the DHA for the administration and management of MTFs, but responsibility and accountability for the MTFs remains with the DHA. The agreements detailed the support that the MILDEPs would provide during the period when military MTFs will be subject to the authority, direction, and control of the DHA, but will not have transferred personnel and resources fully to the DHA.

The memorandums of agreement defined the roles and responsibilities of the MILDEPs and the DHA throughout the execution of Implementation Plan 3 to ensure that the DHA could assume authority, direction, and control of all MTFs located in the continental United States, and including Hawaii and Alaska, no later than October 1, 2019, and achieve full operating capability by September 30, 2021. See Appendix B for further information on the MHS organizational framework (before transition).

Funding for Facility Requirements

According to the DoD Financial Management Regulation, a facility requirement is an unfunded liability and a deficiency. Facility requirements fall into three categories: (1) sustainment, (2) restoration, or (3) modernization.

- **Sustainment** is the maintenance and repair activities necessary to keep an inventory of facilities in good working order. It includes regularly scheduled adjustments and inspections, preventive maintenance tasks, and emergency response, and service calls for minor repairs. It also includes major reports or replacement of facility components. This work includes regular roof replacement, refinishing of wall surfaces, repairing and replacement of heating and cooling systems, replacing tile and carpeting, and similar types of work. It does not include tasks associated with facilities operations, such as custodial services, grounds services, waste disposal, and the provision of central utilities.
- **Restoration** includes repair or replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes.

- **Modernization** includes alteration of facilities solely to implement new or higher standards (including regulatory changes), to accommodate new functions, or to replace building components that typically last more than 50 years (such as foundations and structural members).¹³

Funding for sustaining and constructing military MTFs primarily comes from appropriations to the Defense Health Program. Operation and maintenance funds primarily support sustainment activities, which are designed to keep facilities in good working order. Both operation and maintenance funds and military construction funds can be used to finance facility restoration and modernization activities.

According to the Office of the Under Secretary of Defense (Comptroller) and the budget estimates for the FY 2019 Operation and Maintenance overview, the Operations and Maintenance funding for the Defense Health Program was approximately \$32.1 billion. The facilities sustainment portion of the Defense Health Program for FY 2019 was approximately \$631.9 million and \$441.3 million for the restoration and modernization, totaling \$1.1 billion.

Information Systems Used to Manage Facility Requirements

Army, Navy, Air Force, and DHA personnel responsible for military MTF management used the Defense Medical Logistics Standard Support (DMLSS) and the BUILDER Sustainment Management System (SMS) to collect data on each facility's condition and future needs.¹⁴ In addition, real property personnel used the Joint Medical Asset Repository (JMAR) and the Real Property Asset Database (RPAD) to report and to manage facility information. Furthermore, each of the MILDEPs used additional systems to manage real property assets.

Defense Medical Logistics Standard Support

The DMLSS is an information technology system within the Defense Medical Logistics-Enterprise Solution portfolio. The portfolio provides a continuum of medical logistics support for the DHA. The DMLSS supports a comprehensive range of medical logistics management functions. The DMLSS is a local server-based application that supports medical logistics functions internal to a military MTF, deployed military MTFs, and war reserve management sites. The DMLSS supports all local medical logistics business practices, including catalog research and purchase decisions, customer inventory management, medical

¹³ DoD Regulation 7000.14-R, "DoD Financial Management Regulation," Volume 2B, "Budget Formulation and Presentation," Chapter 8, "Facilities Sustainment and Restoration/Modernization, December 2016.

¹⁴ Facility condition is a measure of a facility's physical condition and is expressed as a percentage (on a scale of 0 to 100). Factors used to calculate the facility condition included the facility's estimated deferred maintenance and repair costs and the facility's plant replacement value.

inventory management, biomedical equipment maintenance, property management, facility management, assemblage management, and distribution and transportation functions. The DMLSS-Facilities Management (FM) is the database of record for MHS facility inventory, maintenance requirements, and project data, including related financial data.¹⁵ The Requirements Module in DMLSS-FM is designated to capture data about future needs of the facility. The criticality code and requirement code are important data fields required by DHA. See the Unfunded Requirements for Military MTFs in this report for discussion of the criticality codes and requirements codes.

BUILDER Sustainment Management System

The U.S. Army Corps of Engineers developed the BUILDER SMS to help civil engineers, technicians, and managers decide when, where, and how to best maintain building infrastructure. The BUILDER SMS uses a condition index rating, on a 0-to-100 point scale, to measure the condition of a facility. The condition index for the facility is based on the condition index for the component section, which is computed from inspection data that records the type, severity, and density of each distress (problem) found. The BUILDER SMS shows the facility and the deterioration of its components over time and the best point in time that work should be done to avoid more costly rehabilitation projects later. The BUILDER SMS is an important tool in sustaining building infrastructure investment.

In addition, the BUILDER SMS:

- computes other indexes, such as the functionality index, and remaining service life;
- generates recommended work items automatically; and
- produces short-range and long-range work plans based on sound investment strategies, prioritization criteria, and budget constraints.¹⁶

Joint Medical Asset Repository

The JMAR is the DoD authorized source for joint medical logistics information and is part of the DMLSS program. The JMAR application provides extensive visibility into medical logistics data through source systems, such as the DMLSS and the Theater Enterprise-Wide Logistics System, thereby enhancing health care delivery in peacetime and promoting wartime readiness and sustainability.

¹⁵ DHA Technical Manual 4165.01, Volume 2, "Defense Medical Logistics Standard Support – Facilities Management (DMLSS-FM): Requirements Module," February 20, 2018.

¹⁶ The functionality index uses a scale of 0 to 100 and is computed from assessment data that records the functionality issues presented in a facility, and the severity and density of those issues.

The JMAR does not create data, it receives information from multiple medical logistics applications—such as the DMLSS, the U.S. Army Medical Materiel Agency, and the Theater Enterprise-Wide Logistics System—centrally capturing this information and organizing it into one place.

Real Property Asset Database

The RPAD is a DoD-wide database of real property data annually compiled by the Office of the Secretary of Defense from the inventories of the MILDEPs and the DoD’s Washington Headquarters Service, which manages real property in the National Capital Region. The RPAD is used for annual reporting of real property inventories within the DoD to Congress and the Office of Management and Budget.

Criteria

DoD Instruction 4165.70, “Real Property Management,” Incorporating Change 1, August 31, 2018, implements policy and assigns responsibility for managing real property. DoD Instruction 4165.70 states that the Heads of DoD Components must maintain an accurate and current inventory of real property facilities, which they manage or are the sole user of, and provide the data to the department accountable for real property for the facility. The Instruction requires the MILDEPs to establish programs and procedures to manage real property in accordance with laws and regulations. The Instruction also requires the MILDEPs to accurately inventory and account for real property for which they are responsible for the purpose of providing the basis for future justifications of capitalization improvements for their real property.

DoD Directive 5136.13, “Defense Health Agency (DHA),” September 30, 2013, established the DHA with the mission, organization and management, responsibilities and functions, relationships, and authorities for managing TRICARE. In support of TRICARE, the DHA manages and executes the Defense Health Program appropriations and MHS funding from the Medicare Eligible Retiree Health Care Fund, as directed by the Assistant Secretary of Defense for Health Affairs. The Directive also requires that the DHA support coordinated management of enhanced multi-Service markets to create and sustain a cost-effective, coordinated, and high-quality health care system. The DHA is required to exercise authority, direction, and control over military MTFs and support the effective execution of the DoD medical mission. The Directive states that the DHA Director develops technical guidance, regulations, and instructions, as required, managing TRICARE and supporting the Assistant Secretary of Defense for Health in administration of all medical and dental programs authorized by Title 10 of the United States Code.

DHA Technical Manual 4165.01, Volume 2, “Defense Medical Logistics Standard Support-Facilities Management (DMLSS-FM): Requirements Module,” February 20, 2018, establishes procedures for managing data in the MHS’s Computer Aided Facility Management–Computerized Maintenance Management System of record, DMLSS-FM. In support of managing DMLSS-FM as the database of record, the DHA will develop consistent standards for medical facility management necessary for programmatic oversight of the Defense Health Program. The DHA Technical Manual states that the DHA Director will implement procedures, guidance, and instructions for DMLSS-FM. The DHA Technical Manual requires that the DHA establish DMLSS-FM as the database of record for all MHS facility inventory, maintenance, requirements, and project data, including related financial data. In addition, the DHA Technical Manual states that the DHA Director will monitor medical facility operations to ensure conformance with established standards according to the DoD Instruction 6015.17, “Military Health System (MHS) Facility Portfolio Management,” January 13, 2012, incorporating Change 1, November 30, 2017.¹⁷ See Appendix C for further information on real property criteria and guidance.

Military MTFs Visited

We queried the RPAD from the Office of the Assistant Secretary of Defense (Infrastructure) Business Systems and Information Directorate reported as of September 30, 2018, and identified 112 military MTFs across the MILDEPs. Because of the large selection of military MTFs to choose from, we narrowed our site visits to locations in the continental United States. We limited the queries to military MTFs coded as a hospital, dental clinic, ambulatory care clinic, or dispensary and clinic. We limited our sample site selection to locations that had a hospital, dental clinic, ambulatory care clinic, or dispensary and clinic. We selected the sites that had the most varied mix of a hospital, dental clinic, ambulatory care, and dispensary and clinic. Specifically, we selected the following 6 installations and 24 military MTFs.

- Fort Campbell, Kentucky and Tennessee¹⁸
 - Blanchfield Army Community Hospital
 - Byrd Adkins Health Clinic
 - Campbell Airfield Medical Home
 - LaPointe Medical Health Clinic

¹⁷ DoD Instruction 6015.17, “Military Health System (MHS) Facility Portfolio Management,” January 13, 2012, Incorporating Change 1, November 30, 2017.

¹⁸ Fort Campbell is co-located in Kentucky and Tennessee.

- Fort Riley, Kansas
 - Irwin Army Community Hospital
 - Caldwell Clinic
 - Custer Hill Health Clinic
 - Dental Clinic No. 2
- Naval Air Station Pensacola, Florida
 - Naval Hospital Pensacola
 - Primary Care Clinic
 - Primary Care Clinic–Branch
- Marine Corps Base Camp Pendleton, California
 - Naval Hospital Camp Pendleton
 - Dental Clinic – Area 13
 - Primary Care Clinic – Area 43
 - Primary Care Clinic – Area 52
- Eglin Air Force Base, Eglin, Florida
 - 96th Medical Group, U.S. Air Force Hospital
 - Satellite Pharmacy
 - Dental Clinic
 - Aerospace Medicine Facility
 - Central Energy Plant
- Nellis Air Force Base, Nevada
 - Mike O’Callaghan Federal Medical Center
 - Medical Annex
 - Medical Logistic Warehouse
 - Bioenvironmental Engineering

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.¹⁹

We identified internal control weaknesses in the procedures for entering requirements data into DMLSS-FM and updating building conditions in the BUILDER SMS. We will provide a copy of the report to the senior official responsible for internal controls in the DHA.

¹⁹ DoD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” May 30, 2013.

Finding

The DHA Needs to Issue New Guidance for the Sustainment of Military MTFs

The DHA Facilities Enterprise personnel will need to develop and implement procedures to address issues at military MTFs after assuming responsibility for the SRM. Specifically:

- Facility management personnel for the military MTFs at the six installations reported more than 760 unfunded requirements with an estimated value of \$552 million as of September 17, 2019. The requirements included:
 - 3 safety and 4 mission unfunded requirements at four installations that facility management personnel determined could immediately cause death or major property damage if not addressed immediately; and
 - 92 mission unfunded requirements on three installations that facility management personnel determined could cause moderate property damage and severe injury over time if not addressed.²⁰
- Two primary information systems that the DHA plans to rely on to manage facilities maintenance, DMLSS-FM and the BUILDER SMS, contained missing and inaccurate data specific to the criticality value, hazard severity data elements, completeness of the data set, or the condition of component systems for a nonstatistical sample for the military MTFs on the six installations reviewed.

Delays in addressing more than \$552 million of unfunded requirements for 60 military MTFs on the six installations reviewed could worsen the overall condition, readiness, use, functionality, and services provided. In addition, the DHA will need to address \$14.8 billion in unfunded requirements that were reported as of September 2019, for the more than 576 hospitals and clinics and 88 dental facilities worldwide.²¹ Furthermore, unless facilities data quality is improved, the DHA may rely on less than accurate information related to future maintenance requirements when planning for short-term and long-term SRM requirements.

²⁰ We did not validate whether the criticality code for the probability of the occurrence of a mishap or facility failure and the severity of the deficiency or requirement code for the best value that corresponds to the requirement code selected was correct.

²¹ As of September 2019, Service facility management personnel reported in the DMLSS-FM unfunded requirements with an estimated value to repair of \$14.8 billion.

Transition of Responsibility to the DHA

The DHA assumed responsibility for the authority, direction, and control of the SRM of military MTFs from the MILDEPs in October 2019. Before October 2019, each of the MILDEPs maintained their military MTFs using policies and procedures developed by each MILDEP. The DHA and the MILDEPs were transitioning responsibility for MTFs during this audit. On October 25, 2019, the Deputy Secretary of Defense signed a memorandum that directed the continued implementation of the MHS organizational reform required by 10 U.S.C. §1073c (2016).²²

This report discusses issues for a nonstatistical sample of 24 military MTFs at six installations that the DHA will need to be prepared to address. The DHA will need to develop a standard process to prioritize facility sustainment requirements received from the military MTFs. The MILDEPs used different processes to manage and determine their facility sustainment requirements funding. Specifically, the MILDEPs had different funding thresholds at the local military MTF level, regional level, and Medical Command level to approve funding for requirements. In addition, the MILDEPs used different methods to prioritize the facility SRM requirements.

Facility Managers Maintained Military MTFs at Six Installations

Before the DHA transition, Army, Navy, and Air Force facility managers at the six installations visited were adequately maintaining military MTFs.²³ We determined that facility management personnel were adequately maintaining the military MTFs that we visited because all of the facilities reviewed could be used for their intended purpose. Facility managers were aware of and provided facility condition assessments done by contractors, and outside certification boards. Facility managers and contractor personnel performed walk-through inspections of military MTFs and internal inspections. Facility managers planned for scheduled maintenance and prepared requirement packages to address broken, malfunctioning, or noncompliant items. Army, Navy, and Air Force personnel were required to follow Service-specific guidance and methodologies for managing maintenance requirements for their facilities.

²² Deputy Secretary of Defense memorandum, "Continuing Implementation of the Reform of the Military Health System," October 25, 2019.

²³ We use the term "facility manager" to indicate the Government individual assigned the responsibility for day-to-day maintenance of the specific buildings. We use the phrase "facility management personnel" to indicate the team of individuals involved in maintaining facilities including the facility manager, building engineers, and other technical personnel.

Military MTF Condition Assessments and Inspections Results

Service facility management personnel for all six installations ensured that the facility condition assessments were conducted and that The Joint Commission hospital surveyors provided feedback to the facility managers. During the audit, Unified Facilities Criteria 4-510-01, “Design: Medical Military Facilities,” required the Services to fund and perform assessments that evaluate the condition of the facility.²⁴ Service facility management personnel obtained analysis of the facility’s current condition and any standards that were noncompliant. However, subsequent changes to Unified Facilities Criteria 4-510-01 removed the requirement for the Services in the planning and programming processes that did not directly impact design and construction.²⁵ Service facility management personnel verified that medical facilities for which they were responsible obtained accreditation by The Joint Commission.²⁶ The Joint Commission currently accredits over 80 percent of U.S. hospitals. According to The Joint Commission’s website, The Joint Commission’s mission is “to continuously improve health care for the public, in collaboration with other stakeholders, by evaluating health care organizations and inspiring them to excel in providing safe and effective care of the highest quality and value.”

Facilities and medical staff for the MILDEPs implemented actions that addressed evidence of noncompliance to standards for hospitals that were in critical patient safety and overall quality issues that The Joint Commission identified during surveys in either its Preliminary, Official, or Final Accreditation Reports. The Joint Commission identified noncompliant standards, such as fire-related risks, controlling airborne contaminants, and minimizing risks associated with handling hazardous chemicals. The Joint Commission issued Preliminary, Official, or Final Accreditation Reports that assessed the extent of an organization’s compliance with applicable Joint Commission standards, National Patient Safety Goals, and Accreditation Participation Requirements.

Although surveys for hospitals are conducted every 3 years, the accreditation process does not end when the onsite survey is completed. In the 3 years between onsite surveys, The Joint Commission requires ongoing self-assessment and improvement. Facility management personnel addressed evidence of noncompliance to standards for hospitals at the time of the onsite survey or

²⁴ Unified Facilities Criteria 4-510-01 “Design: Medical Military Facilities,” Chapter 2, “Planning,” May 1, 2016, Incorporating Change 2, November 2017.

²⁵ Unified Facilities Criteria 4-510-01 “Design: Medical Military Facilities,” Chapter 2, “Planning,” May 30, 2019. This criteria was canceled on June 21, 2019, and replaced with Change 1. This criteria was also canceled on December 4, 2019, and replaced with Change 2.

²⁶ The Joint Commission was founded in 1951 under the auspices of the American Hospital Association, the American Medical Association, the American College of Physicians, and the American College of Surgeons, with the later addition of the American Dental Association, to act as an independent accrediting body for hospitals nationwide.

successfully addressed all requirements for improvement before being certified. For example, on January 26, 2018, The Joint Commission cited facility management personnel at one MTF for not complying with standard Life Safety 02.01.20, Element of Performance 14, which requires that exits, exit accesses, and exit discharges (means of egress) are clear of obstructions or impediments to the public way, such as clutter. Facilities management personnel addressed these issues by February 8, 2018. The requirements for improvement were included in an Evidence of Standards Compliance document within 45 or 60 days following the posting of the Accreditation Survey Findings Report. In order to receive accreditation, a hospital must submit an application, pay the processing fees, pass The Joint Commission onsite survey, and completion of interview and observations. The hospitals at the six installations visited were accredited by The Joint Commission as of January 28, 2020.

In addition, the Services conducted internal assessments for facility management personnel that covered facilities conditions, requirements, maintenance action plans, budget, or prioritization of projects. Furthermore, the Services completed internal assessments using applicable Joint Commission standards and performed a Facility Assessment Study for several of their main facilities.

Facility Management Personnel Identified Maintenance Requirements to Address Sustainment

Service facility management personnel at the six installations identified maintenance requirements for sustainment of the military MTFs. Service facility management personnel planned their specific sustainment requirements to operate, maintain, and protect facilities, infrastructure, and installations for effective mission support at the lowest life-cycle cost. Facility management personnel were required to follow Service-specific guidance and methodologies for maintaining their facilities. See Appendixes B and C for Service-specific guidance and methodologies.

Service facility management personnel used various tools for planning, such as Maintenance Action Plans, Financial Execution Plans, Real Property Installed Equipment inventory lists, and DMLSS-FM to complete and track planning and budgeting on a yearly basis. For FYs 2016 through 2019, facility management personnel identified, reviewed, prioritized, and recommended ongoing maintenance requirements for the sustainment of the military MTFs on the six installations we visited.

Challenges to Providing Oversight of Sustainment, Restoration, and Modernization of Military MTFs

As of September 17, 2019, the military MTFs on the six installations reviewed had 760 unfunded requirements, valued at \$552 million, and facility conditions reported in information management systems used for managing facility maintenance requirements and strategic planning, such as DMLSS-FM, the JMAR, and the BUILDER SMS. However, these systems did not always accurately report the conditions of the facilities.

Unfunded Requirements for Military MTFs

The DHA will be responsible for addressing the MILDEPs' identified 645 unfunded requirements for sustainment estimated at \$329 million and 115 unfunded requirements for restoration and modernization with an estimated cost of \$223 million for the military MTFs at the six installations reviewed. DHA guidance states that a requirement is an unfunded deficiency or liability.²⁷ The unfunded requirements included requirements to correct facility safety, reliability, or compliance deficiencies that were likely to occur and if not repaired could affect a facility's ability to accomplish its assigned mission. See Table 1 for a summary of the unfunded requirements.²⁸ Table 1 shows the number and value of the unfunded requirements that facility management personnel, at the six installations that we reviewed, reported in DMLSS-FM. We did not validate the accuracy of the number and value of the unfunded requirements information contained in each individual requirement.

²⁷ DHA Technical Manual 4165.01, Volume 2, "Defense Medical Logistics Standard Support-Facilities Management (DMLSS-FM): Requirements Module," February 20, 2018.

²⁸ We assessed the data from the JMAR, which is another information system that pulls data from DMLSS-FM for the installations. The JMAR centrally captures data from multiple systems.

Table 1. Unfunded Sustainment, Restoration, and Modernization for Military MTFs Reviewed in DMLSS-FM as of September 2019

Installation	Number of Military MTFs*	Sustainment		Restoration and Modernization	
		Number of Requirements	Dollar Value of Requirements (in Thousands)	Number of Requirements	Dollar Value of Requirements (in Thousands)
Fort Campbell	15	117	\$111,094	43	\$118,850
Fort Riley	10	59	9,754	3	6,200
Naval Air Station Pensacola	6	22	6,720	5	3,492
Marine Corps Base Camp Pendleton	18	238	24,347	58	19,304
Eglin Air Force Base	7	90	55,737	3	27,600
Nellis Air Force Base	4	119	121,588	3	47,112
Total	60	645	\$329,241	115	\$222,558

Note: The table includes both individual requirements and requirement packages reported in DMLSS-FM.

*This number includes all the military MTFs that we visited and other MTFs located on the installations that we did not visit.

Source: The DoD OIG.

Categorization of Unfunded Requirements

The Service facility management personnel selected a requirement code to categorize the type of deficiencies when entering each of the 760 unfunded requirements into DMLSS-FM. Table 2 shows the definitions for each requirement code. However, Service facility management personnel did not assign a criticality code when entering the requirements into DMLSS-FM for 232 of the 760 unfunded requirements.

Table 2. Requirement Code Definitions

Requirement Codes	Definition
Capability	The ability of a facility to operate and perform its defined mission, function, or operational business plan.
Code Compliance	Identifies a facility, system, or component deficiency that is not fully in compliance with an issued law, regulation, safety code, or generally safe practices.
Environmental	Identifies an environmental deficiency within a facility, system, component, or by-product that directly relates to adverse environmental practices or regulations.
Integrity	Identifies unreliable or degraded facilities, systems, or components.
Mission	Identifies requirements related to the operations and sustainment of the assigned mission.
Operational	Identifies sustainment or replacement needs within a facility system to maintain a safe and reliable environment.
Quality of Life	Identifies deficiencies that reflect less than optimal operational environment, condition, or capability.
Safety	Identifies safety deficiencies within a facility or system.

Source: DHA Technical Manual 4165.01, Volume 2.

The Service facility management personnel used criticality codes to indicate the potential impact if a maintenance requirement was not addressed. DHA guidance stated that a criticality code is determined by the probability of the occurrence of a mishap or facility failure and the severity of the deficiency.²⁹ Table 3 shows the definitions for criticality codes that Service facility management personnel used for the requirements.

²⁹ DHA Technical Manual 4165.01, Volume 2.

Table 3. Requirement Criticality Codes

Criticality Code	Definition
1 - Imminent	Likely to occur immediately, may cause either death or major property damage.
2 - Serious	Moderate property damage probably will occur in time, may cause severe injury.
3 - Moderate	Moderate property damage probably will occur in time, may cause minimal injury.
4 - Minor	Minor property damage may occur in time, may cause minor injury.
5 - Negligible	Unlikely to occur; will not cause injury, illness, or property damage.

Source: DHA Technical Manual 4165.01, Volume 2.

As of September 2019, Service facility management personnel reported in DMLSS-FM that 228 of 760 unfunded requirements with an estimated value to repair of \$116.5 million had a requirement code of *Safety* or *Mission*. In addition, Service facility management personnel reported in DMLSS-FM that 142 of 760 unfunded requirements with an estimated value of \$104.6 million requirements had criticality code of *Imminent* or *Serious*. Table 4 provides a summary of the unfunded SRM requirements based on criticality and type of deficiencies identified. The table shows the number of requirements that the facility management personnel at the six installations that we reviewed reported in DMLSS-FM. We did not validate the accuracy of the criticality codes and types of deficiency information contained in each individual requirement.

Table 4. *Unfunded Requirements by Requirement Code and Criticality Codes Reported by Facility Management Personnel at the Six Installations for Sustainment, Restoration, and Modernization as of September 2019*

Requirement Codes*	Criticality Codes*						Total
	Imminent	Serious	Moderate	Minor	Negligible	Criticality Not Assigned	
Capability		3	5	3		10	21
Code Compliance	10	9	14	2	2	8	45
Environmental			9	1			10
Integrity	6	11	105	26	70	97	315
Mission	4	92	82	12	11	11	212
Operational		3	12	7	1	104	127
Quality of Life		1	9	3	1		14
Safety	3		2		9	2	16
Total	23	119	238	54	94	232	760

Note: The table includes both individual requirements and requirement packages reported in DMLSS-FM.

*We did not validate criticality code and requirement code selected by facility management personnel at the six installations reviewed.

Source: The DoD OIG.

Unfunded Requirements to Address Safety and Mission Capability Issues

Service facility management personnel entered criticality codes for 99 out of 228 requirements with an estimated value of \$55.5 million at 4 out of 6 installations were either *Imminent* or *Serious* criticality for *Safety* and *Mission* type requirements as of September 2019.³⁰ Listed are examples for unfunded *Safety* and *Mission* requirements that the facility manager personnel at the six installations reported and selected a criticality code for in DMLSS-FM. We did not validate the accuracy of the criticality code, date created, description, and estimated value information contained in each individual requirement.

³⁰ Based upon the DMLSS-FM requirement data as of September 2019.

Unfunded Requirements that Could Impact Safety

As of September 2019, two out of six installations that we reviewed reported in DMLSS-FM 3 safety requirements out of 99 *Safety* and *Mission* requirements that were coded as *Imminent* criticality for sustainment listed below.

- **Eglin Air Force Base** facility management personnel reported one safety requirement with a criticality code of *Imminent*. Eglin Air Force Base facility management personnel created requirement number RP1900052, on August 12, 2019, to replace the fire alarm system at facility number 2825, the main hospital for the 96th Medical Group, for an estimated value of \$4 million. Eglin Air Force Base facility management personnel reported that the current fire alarm system components were obsolete and replacement components nearly non-existent. Eglin Air Force Base facility management personnel reported that the current fire alarm system did not meet current Americans with Disabilities Act or National Fire Protection Association requirements. In addition, Eglin Air Force Base facility management personnel reported that the mass notification system was installed approximately 5 years ago and was not integrated with the existing fire alarm system. In response, Air Force Medical Readiness Agency officials stated that the Eglin Hospital staff chose the *Imminent* criticality code for this requirement. Air Force Medical Readiness Agency officials stated that the Air Force did not use the criticality code in its prioritization and justification process.
- **Fort Riley** facility management personnel reported two safety requirements with an assigned criticality of *Imminent* for the main hospital facility number 00650, the Irwin Army Community Hospital. Fort Riley facility management personnel created:
 - requirement number RP1900162, on August 27, 2019, to relocate an emergency oxygen shutoff valve for an estimated value of \$20,000, because the current location of the valve is 15 feet above the floor and is not readily accessible in an emergency; and
 - requirement number RQ1800142, on September 12, 2018, to create a marker or signage to assist maintenance personnel exiting a crawlspace, for an estimated value of \$5,000, because this could be a safety concern.

Unfunded Requirements That Could Impact Mission Accomplishment

As of September 2019, three out of six installations that we reviewed reported 96 out of 99 safety and mission requirements as either *Imminent* or *Serious* in DMLSS-FM. Nellis Air Force Base facility management personnel reported six mission requirements with an *Imminent* or *Serious* criticality. Marine Corps Camp Pendleton reported 88 mission requirements that were coded either as

Imminent or as *Serious*. In addition, Eglin Air Force Base facility management personnel reported two mission requirements that were coded as *Serious* in DMLSS-FM. Listed below are examples of unfunded requirements that the facility management personnel at Nellis Air Force Base and Marine Corps Base Camp Pendleton reported in DMLSS-FM with a criticality code of *Imminent* or *Serious*.

- **Nellis Air Force Base** facility management personnel created:
 - requirement number RP1900148, on August 7, 2019, coded as *Imminent* criticality, to convert an administrative office space to a procedure room to ensure pain management providers can provide care to their patient population located at facility number 01300, the Mike O’Callaghan Military Medical Center, for an estimated value of \$150,000;
 - requirement number RP1900061, on March 20, 2019, coded as *Imminent* criticality, for the renovation, realignment, and expansion of the clinical and administration spaces because the project would improve the delivery of health care to DoD beneficiaries located at facility number 01300, the Mike O’Callaghan Military Medical Center, for an estimated value of \$28 million;
 - requirement number RP1900059, on March 20, 2019, coded as *Imminent* criticality, to realign clinical and administration spaces and to expand and renovate the entire lower level, laboratory areas, and patient administration to improve the delivery of health care services to DoD beneficiaries located at building number 00340, the Medical Annex, for an estimated value of \$8.5 million; and
 - requirement number RQ1900017, on November 15, 2018, coded as *Serious* criticality, to install an emergency outlet for a chemotherapy hood because if the chemotherapy hood loses power while a technician was working, the technician could potentially be exposed to extremely hazardous medications at facility number 01300, the Mike O’Callaghan Military Medical Center, for an estimated value of \$5000.³¹
- Marine Corps Base Camp Pendleton facility management personnel created:
 - requirement number RQ1800234, on January 16, 2018, coded as *Imminent* criticality, to install a new sign required by the Hospital Command for facility number H200, Naval Hospital Camp Pendleton, for an estimated value of \$45,000;

³¹ Air Force officials stated that the Nellis Hospital staff chose “*Imminent*” for RP1900148, RP1900061, and RP1900059. However, the Air Force did not use the criticality code as part of its prioritization and justification process.

- requirement number RQ1600029, October 19, 2015, coded as *Serious* criticality, to replace the chiller and the chiller pump because the chiller and chiller pump are original, beyond their useful life expectancy, have obsolete parts, rusted components and frozen actuators at facility number 520450, the Medical Clinic San Onofre (Area 52), for an estimated value of \$130,000;
- requirement number RQ1600035, on October 26, 2015, coded as *Serious* criticality, to replace a boiler and pump because of aging at facility number 620305, medical and dental clinic (Area 62), for an estimated value of \$120,000; and
- requirement number RQ1700040, on December 7, 2016, coded as *Serious* criticality, to upgrade electrical components because of the aging electrical components at building number 2738, the Holistic Health Center, for an estimated value of \$205,000.

Services Implemented Different Processes to Manage and Determine Facility Sustainment, Restoration, and Modernization Requirements Funding

The DHA officials will need to develop a standard process to manage facility sustainment requirements received from the military MTFs. Specifically, before the start of the DHA transition, the Services had different funding thresholds at the local military MTF level, regional level, and Medical Command level to approve funding for requirements. The DHA officials will need to develop guidance that combines the different funding thresholds that each Service used to approve and execute projects. The Services established different funding thresholds to approve and execute unfunded maintenance and repair requirements. Table 5 shows the funding thresholds that the Services applied to approve and execute requirements at the local, regional, and headquarters level.

Table 5. Authorized Funding Thresholds for the Sustainment, Restoration, and Modernization

Service	Local	Regional	Medical Commands (Headquarters)
Army	Less than \$25,000	\$25,000 through \$300,000	Greater than \$300,000
Navy	Less than \$200,000	\$200,000 through \$500,000	Greater than \$500,000
Air Force	Less than \$2,500	Not Applicable	Greater than \$2,500

Source: The DoD OIG.

The DHA Director should develop and implement guidance that establishes uniform funding thresholds for all unfunded SRM requirements.

In addition, before the start of the DHA transition, the Services used different methods to prioritize the facility SRM requirements. The DHA will need to develop guidance that integrates the different methods that the Services used to rank and determine which requirements to fund because DHA will be funding all of the military MTFs requirements. The officials from the Medical Commands and facility management personnel evaluated the criticality and cost of the unfunded requirement to determine which requirements should be funded. For example, the Air Force Medical Support Agency officials used risk assessment priority codes to distribute the sustainment funding to the Air Force's MTFs. The Air Force Medical Support Agency officials would review the requirements data from facility management personnel to determine the final risk assessment priority Code, which becomes the final category of requirement. However, the MEDCOM and BUMED officials prioritized the requirements based on the estimated value of the unfunded requirements and reviewed the criticality code, requirement code, to determine whether to fund facility SRM requirements. See Appendix B for the different processes the Services used to prioritize requirements. The DHA Director should develop and implement standard procedures to prioritize unfunded requirements.

Inaccurate Facility Conditions Reported in Information Management Systems

DMLSS-FM and the BUILDER SMS contained inaccurate and incomplete requirements data for military MTFs on the six installations reviewed. According to DHA Interim Procedures Memorandum 19-005, the DHA plans to use DMLSS-FM and the BUILDER SMS to make financial projections.³² By monitoring the wear and tear of key systems, the DHA plans to budget for replacements or key renovations several years in advance. However, at the time of our site visits, local facility management personnel stated that they did not have access to the BUILDER SMS. Based on the nonstatistical data reviewed for the military MTFs on the six installations, the DHA is scheduled to inherit the DMLSS-FM system data that contains discrepancies in established requirements. In addition, the DHA will acquire the BUILDER SMS data that contains out-of-date facility condition assessments.

DMLSS-FM Requirements Module Lacked Completeness

The DoD's DMLSS-FM Requirements Module had data quality problems specific to the accuracy of the criticality value, hazard severity data elements, and completeness of the data set.³³ Completeness of the DMLSS-FM Requirements

³² DHA Interim Procedures Memorandum 19-005, "BUILDER™ Sustainment Management System (SMS)," June 18, 2019.

³³ A data set is a collection of data records for computer processing.

Module is important because DHA Technical Manual 4165.01 states that the DHA will use this information to prepare and submit program and budget requirements for facilities SRM according to guidance for the DoD Planning, Programming, Budgeting, and Execution process.

DMLSS-FM is the database of record for all MHS facilities inventory, maintenance, requirements, and project data including related financial data. Facility management personnel stated that DMLSS-FM is the primary system facility managers rely on to manage facility maintenance requirements. However, Service facility management personnel did not consistently include important data when preparing requirements in DMLSS-FM.

DHA Technical Manual 4165.01 requires personnel to input information for several data fields in the DMLSS-FM Overview Tab when preparing requirements.³⁴ The DMLSS-FM Requirements Module data fields include, but are not limited to, Facility, Facility System, Facility Subsystem, Criticality, Hazard Severity, and Probability. The DMLSS-FM requirements for the military MTFs at the six installations visited did not contain criticality data for 232 out of the 760 requirements. In addition, the military MTFs at the six installations visited did not contain hazard severity data for 278 out of 760 requirements. See Table 6 for the number of requirements that did not include criticality or hazard severity information in DMLSS-FM.

Table 6. Missing Criticality and Hazard Severity Data as of September 17, 2019

Location	Number of Requirements	Missing Criticality Data	Missing Hazard Severity Data
Fort Campbell	160	122	123
Fort Riley	62	0	0
Naval Air Station Pensacola	27	10	4
Marine Corps Base Camp Pendleton	296	0	0
Eglin Air Force Base	93	74	74
Nellis Air Force Base	122	26	77
Total	760	232	278

Note: The total number of requirements is 760. Of the 760 requirements, 221 requirements did not include both criticality and severity (121 requirements for Fort Campbell, 74 requirements for Eglin Air Force Base, and 26 requirements for Nellis Air Force Base). The table contains the number of open sustainment requirements in DMLSS-FM as of September 17, 2019, for the listed locations.

Source: The DoD OIG.

³⁴ DHA Technical Manual 4165.01, Volume 2.

The missing criticality and hazard severity information is important because the DHA can use the fields to prioritize open requirements. DHA Technical Manual 4165.01 states that mission criticality is “a code determined by the probability of the occurrence of a mishap or facility failure and the severity of the deficiency and that hazard severity is the criticality of the requirement based on hazardous conditions.” A requirement’s criticality and hazard severity are considerations for determining which requirements should be funded first and which requirements should be deferred to a later time. Without this data in DMLSS-FM, the DHA will not have information it needs to accurately prioritize requirements.

DHA Actions Taken

On August 7, 2019, the DHA Chief, Facilities Enterprise, signed a memorandum for Service and DHA Medical Facilities Leadership.³⁵ The memorandum stated, “It is essential standardized project requests are submitted by each MTF.” It explained that the DHA modified values in the DMLSS-FM Requirements Module to more objectively score and rank requirement packages through the DHA’s Analytical Hierarchy Process. The MTF facility managers were tasked to review and update all existing requirement packages in DMLSS-FM following the new guidance by August 16, 2019. The memorandum stated that the new guidance would be incorporated into an update to DHA Technical Manual 4165.01 Volume 2, the DMLSS-FM Requirements Module.

The DHA Director should update DHA Technical Manual 4165.01, Volume 2, “Defense Medical Logistics Standard Support – Facilities Management (DMLSS-FM): Requirements Module, to incorporate guidance in DHA memorandum, “DMLSS-FM Requirements Package Update Tasker in Support of SRM Program,” dated August 7, 2019.

BUILDER SMS Condition Data Contained Inaccuracies

The BUILDER SMS contained inaccurate data denoting the condition of component systems for a nonstatistical sample of military MTFs at the six installation that we visited. The BUILDER SMS is the primary system DHA planners use for identifying a building and the building systems’ overall condition for strategic planning purposes.

³⁵ Memorandum for Service and DHA Medical Facilities Leadership, “DMLSS-FM Requirements Package Update in Support of SRM Program,” August 7, 2019.

The Office of the Secretary of Defense designated the BUILDER SMS as the tool for assessing building conditions across the DoD in September 2013.³⁶ The DHA and the MILDEPs began using the BUILDER SMS in 2014. To begin this process, the DHA funded contracts to collect baseline data and input the data into the system. The contractors assessed military MTF buildings during FYs 2015 through 2017 for the installations that we visited. Contractors conducted the assessments by reviewing component systems while onsite at the military MTFs and then reporting on the state of repair of those systems. However, at each of the six installations we visited, we found the data denoting the condition of component systems in the BUILDER SMS to be inaccurate.

We reviewed a nonstatistical sample of component systems for each military MTF and identified instances where the work items in the BUILDER SMS differed from requirements in DMLSS-FM and the conditions observed during the walkthroughs with facility personnel. The BUILDER SMS contains data on facilities' component systems with individual work items and ratings. The component systems include the foundations, basement construction, superstructure, exterior enclosure, roofing, interior construction, staircases, interior finishes, conveying, plumbing, heating, ventilation, and air conditioning, fire protection, electrical, equipment, and special construction. The BUILDER SMS also includes an indicator of the condition of each of the component systems and overall rating for the facility condition.

At each installation, we compared the condition recorded in the BUILDER SMS to observations made with facility managers, building engineers, and requirements data in DMLSS-FM. Table 7 shows the number of inconsistencies found in a nonstatistical sample of facility systems conditions, work items, and requirements that we reviewed during our site visits.

³⁶ Under Secretary of Defense (Acquisition, Technology, and Logistics) memorandum, "Standardizing Facility Condition Assessments," September 10, 2013.

Table 7. Differences in Conditions Observed, DMLSS-FM Requirements, and BUILDER SMS Work Item for a Nonstatistical Sample at DoD Medical Treatment Facility Locations

DoD Medical Treatment Facility Locations	Total Number of Facilities	Total Number of Component Systems Reviewed	Total Inconsistencies in Facility Conditions, Work Items, and Requirements Reported
Fort Campbell	4	35	27
Fort Riley	4	41	25
Naval Air Station Pensacola	3	8	3
Camp Pendleton	4	17	9
Eglin Air Force Base	5	20	11
Nellis Air Force Base	4	24	20
Total	24	145	95

Source: The DoD OIG.

For the 24 military MTFs visited, we reviewed 145 facility component systems and identified 95 instances of inconsistencies of the facility component systems conditions and work items reported in the BUILDER SMS when compared to requirements data in DMLSS-FM, visual observation, and discussion with facility managers, and building engineers. During a building component's life in service, it will likely experience a deterioration of its physical condition because of general aging, use in service, and exposure to several external or environmental factors.

Service facility management personnel were required to use the BUILDER SMS to monitor the deterioration of the components of the buildings and DMLSS-FM to record the maintenance requirements identified to address current facility conditions. However, at the time of the site visits, local facility personnel stated that they did not have access to the BUILDER SMS. Therefore, by updating the conditions in the BUILDER SMS for changes in requirements in DMLSS-FM, the facility management personnel will have a better understanding of the physical condition and the reliability of the facility systems and components. In addition, personnel responsible for budgeting and prioritizing the completion of large projects will have a better system to identify work requirements for facility SRM repair projects.

The following are some examples of inconsistencies we observed between the physical state of the MTFs and information in DMLSS-FM compared to the reported state of repair for the corresponding building component in the BUILDER SMS. We did not validate the accuracy of the information contained in each individual requirement.

- **Fort Campbell.** At the 4 facilities visited and for the 35 facility component systems reviewed, we identified 23 inconsistencies between the BUILDER SMS and DMLSS-FM open requirements and physical observations of facility component conditions. For example, at the Blanchfield Army Community Hospital, the BUILDER SMS did not include a requirement to replace the infant abduction system, but DMLSS-FM did include the requirement. As another example, the plumbing component system did not include FY 2019 requirements in the BUILDER SMS to renew-repair radiology and urology domestic water distribution and other plumbing systems, but DMLSS-FM did include the requirements.
- **Fort Riley.** At the 4 facilities visited and for the 41 facility component systems reviewed, we identified 25 inconsistencies between the BUILDER SMS and DMLSS-FM open requirements and physical observations of facility component conditions. For example, at the Irwin Army Community Hospital, DMLSS-FM included a requirement to install a water softener for the facility plumbing component system, but the BUILDER SMS did not include the requirement. As another example, the data in the BUILDER SMS for the fire protection component system did not include a requirement to update the fire system firmware and requirement to repair the emergency fire alarm system, but DMLSS-FM included both requirements.
- **Naval Air Station Pensacola.** At the three facilities visited and for the eight facility component systems reviewed, we identified three inconsistencies between the BUILDER SMS and DMLSS-FM open requirements for the interior constructions component systems along with our physical observations of facility component conditions. At the Primary Care Clinic, we found a requirement in DMLSS-FM to renovate the dental sterile processing department's central sterilization room, but the BUILDER SMS did not include the requirement.
- **Camp Pendleton.** At the 4 facilities visited and for the 17 facility component systems reviewed, we identified 9 inconsistencies between the BUILDER SMS and DMLSS-FM open mission requirements and physical observations of facility component conditions. For example, at Naval Hospital Camp Pendleton, we found a requirement in DMLSS-FM to install fall protection because some areas of the roof did not have fall protection, or a railing, but the BUILDER SMS did not include the requirement.
- **Eglin Air Force Base.** At the 5 facilities visited and for the 20 facility component systems reviewed, we identified 11 inconsistencies between the BUILDER SMS and DMLSS-FM open capability and mission requirements, and physical observations of facility component conditions. At the 96th Medical Group hospital, the data in the BUILDER SMS electrical component system included a requirement to upgrade-replace video surveillance and install swipe access control, but DMLSS-FM did not include the requirement.

- **Nellis Air Force Base.** At the 4 facilities visited and for the 24 facility component systems reviewed, we identified 20 inconsistencies between the BUILDER SMS and DMLSS-FM open code compliance and mission requirements and physical observations of facility component conditions. For example, at the Mike O’Callaghan Federal Medical Center, the data in the BUILDER SMS included a requirement to replace a fire pump in the fire suppression water supply, but DMLSS-FM did not include the requirement.

The DHA Director should develop and implement guidance for updating the data in the BUILDER SMS to reflect the current state of repair in DMLSS-FM. In addition, the DHA Director should develop and implement formal guidance for managing and updating the BUILDER SMS, including providing access to facility managers.

Improving the accuracy of the BUILDER SMS data is important because the DHA plans to use the system to facilitate life-cycle planning. The DHA Director issued Interim Procedures Memorandum 19-005 in June 2019.³⁷ The memorandum states that the DHA has an opportunity to use the DMLSS-FM Operations and Maintenance execution capabilities in combination with the BUILDER SMS strategic programming capabilities to allow MHS to make better-informed decisions for SRM. Therefore, the DHA will be relying on the BUILDER SMS more than its prior use, and data needs to be accurate. The DHA Director should direct facility management personnel responsible for facility conditions to reconcile the BUILDER SMS and DMLSS-FM data.

Areas for Improving DMLSS-FM System and BUILDER SMS Information

The DHA can improve the accuracy of information in DMLSS-FM and the BUILDER SMS. The DHA is responsible for integrating the BUILDER SMS and DMLSS-FM training into workforce development, and it will have to develop training that adequately prepares facility management personnel to perform military MTF sustainment and facility life cycle asset management using the BUILDER SMS and DMLSS-FM as it focuses on writing requirements for the BUILDER SMS and DMLSS-FM personnel. In addition, the DHA will have to identify which personnel will comprise the facility management workforces and are required to receive the training. The DHA will also have to develop the BUILDER SMS and DMLSS-FM training into workforce development policy for the Services and DoD civilian personnel managing the military MTFs. Furthermore, a BUILDER SMS specialist for the Navy stated that it would be effective and efficient to have dedicated BUILDER SMS personnel at the local military MTF to manage data. The DHA Director should develop and implement standard training for personnel on DMLSS-FM and the BUILDER SMS.

³⁷ DHA Interim Procedures Memorandum 19-005, “BUILDER™ Sustainment Management System (SMS),” June 18, 2019.

Actions Taken by the DHA

During the audit, the DHA issued interim guidance for DMLSS-FM and for the BUILDER SMS that when fully implemented should address several of the issues discussed in this report. On August 7, 2019, the DHA issued a memorandum that required MTF facilities managers to review and update all requirement packages in DMLSS-FM by August 16, 2019. The memorandum stated, “It is essential standardized project requests are submitted by each MTF.”

In June 2019, the DHA issued Interim Procedures Memorandum 19-005, which established DHA procedures for managing data in the U.S. Army Corps of Engineers BUILDER SMS. The memorandum described new procedures for using the BUILDER SMS for life-cycle planning. The memorandum stated that linking the execution side of operations and maintenance in DMLSS-FM with the strategic programming side of SRM funding in the BUILDER SMS would allow the MHS to make better-informed decisions.

Conclusion

The DHA will need to address issues at military MTFs after assuming responsibility for managing SRM. Before the DHA transition, Army, Navy, and Air Force facility managers at the six installations visited were adequately managing SRM according to particular methodologies each Service used for identifying and prioritizing requirements. DMLSS-FM identified more than 760 unfunded requirements with an estimated repair cost of \$552 million for the 60 military MTFs on the six installations that we reviewed. DMLSS-FM further identified \$14.8 billion in unfunded requirements that were reported as of September 2019, for the more than 576 hospitals and clinics and 88 dental facilities worldwide.³⁸ The DHA will need to verify that the data contained in the two primary information systems are accurate and complete. Furthermore, unless facilities data quality is improved, the DHA may be relying on less than accurate information when planning for short-term and long-term SRM requirements.

Unsolicited Comments on the Finding and Our Response

Although not required to comment, the U.S. Navy Bureau of Medicine and Surgery Executive Director provided the following comments on the Finding. For the full text of the Executive Director’s comments, see the Management Comments section of the report.

³⁸ Based on data set from September 2019.

Naval Bureau of Medicine Comments

The U.S. Navy Bureau of Medicine and Surgery Executive Director agreed with the report, but provided comments stating that the DoD Office of Inspector General is critical of DMLSS-FM data quality but provides neither a reference goal nor a comparison to the Service or DoD quality metrics.

Our Response

We appreciate comments from the Executive Director. The Executive Director is correct that the report highlights data quality issues but does not provide a reference goal, comparison to the Services, or DoD quality metric to the DMLSS-FM data. The objective of the audit was not to assess the overall quality of DMLSS-FM data. The objective of the audit was to identify issues that the Defense Health Agency will need to address after it assumes responsibility for the sustainment, restoration, and modernization of all military medical treatment facilities within the Military Health System. However, during our audit we found that DMLSS-FM contained missing and inaccurate data specific to the criticality value, hazard severity data elements, completeness of the data set, or the condition of component systems for a nonstatistical sample for the military MTFs on the six installations reviewed. While the report does not make a statement on the overall reliability of DMLSS-FM data, the DHA will need to verify that the data contained in the DMLSS-FM are accurate and complete when it inherits the DMLSS-FM system.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Defense Health Agency Director:

- a. Develop and implement guidance that establishes uniform funding thresholds for all unfunded sustainment, restoration, and modernization requirements.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation and acknowledged that the Services process and score SRM requirements differently. The Director stated that, to standardize SRM requirements, the DHA developed a procedural manual (the DHA Facilities Enterprise SRM Enterprise Project List) that provides overarching guidance for a new process to rank requirements. The new process employs a Work Induction Board and a Facility Sustainment Board that use an analytical hierarchical process to rank requirements. The Facility Sustainment Board ranks the \$10, 000 to \$250, 000 requirement, and the Work Induction Board ranks

requirements greater than \$250,000. The process uses new Defense Medical Logistics Standard and Support Requirements categories to arrive at a DHA standard instead of the Services' unique requirement standards. The procedural manual is in the DHA publication office awaiting approval. The DHA also developed two standard operating procedures for the Work Induction and Facility Sustainment Boards that provide more details and steps to the process.

Our Response

Comments from the Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Director provides the approved procedural manual, DHA Facilities Enterprise SRM Enterprise Project List, and the two internal standard operating procedures that address the standardization of SRM requirements.

- b. Develop and implement standard procedures to prioritize unfunded requirements.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation and stated that the DHA worked with the Services to create a new standard set of DMLSS requirement codes to use across the Services in late FY 2019. The new requirement codes will allow the Services to apply a more uniform approach to their FY 2020 funding process. To better align with the DHA Facility Sustainment and Work Induction Boards, two of the Services adopted the new requirement codes before approval.

Our Response

Comments from the Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We agree that creating a new standard set of DMLSS codes for use across the Services will help to standardize the prioritizing of requirements. In addition, the development of the DHA Facilities Enterprise SRM Enterprise Project List referenced in Recommendation 1.a also addresses this recommendation. We will close the recommendation when the Director provides the approved DHA Facilities Enterprise SRM Enterprise Project List and evidence that the DHA implemented the use of new DMLSS requirement codes for all users.

- c. Address the following items for the BUILDER Sustainment Management System:**
 - 1. Develop and implement formal guidance for updating the data in the BUILDER Sustainment Management System to reflect the current state of repair as reported in Defense Medical Logistics Standard and Support-Facilities Management.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation and stated that the DHA is creating standard operating procedures for the DHA's Facilities Enterprise - Enterprise Sustainment Management System (ESMS) BUILDER to formalize the process. The Director further stated that software improvements will automate the task in future releases of ESMS BUILDER and DMLSS-FM.

Our Response

Comments from the Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation when the Director provides the approved standard operating procedures for ESMS BUILDER and we verify the procedures provided and actions taken fully addresses the recommendation.

2. **Develop and implement formal guidance for managing and updating the BUILDER Sustainment Management System. In the guidance, grant BUILDER Sustainment Management System access to the facility managers.**

Defense Health Agency Comments

The Defense Health Agency Director agreed with the recommendation and stated that the DHA has complied with the recommendation by issuing Interim Procedures Memorandum 19-005, "BUILDER™ SMS." The Director also stated that DHA will further comply with the recommendation by releasing the ESMS BUILDER standard operating procedures (referenced in Recommendation 1.c.1). In addition, the Director stated that access to the BUILDER database was unrestricted and that all requested accounts are approved.

Our Response

Comments from the Director addressed the specifics of the recommendation. We agree that the Interim Procedures Memorandum and the planned release of the ESMS BUILDER standard operating procedures address the intent of the recommendation. However, as discussed in the report, not all of the Services' facility managers at the military MTFs we visited had access to BUILDER. In addition, the Interim Procedures Memorandum was issued in June 2019 and was due to expire in June 2020. Therefore, the recommendation is resolved but will remain open. We will close this recommendation when the Director provides the formal guidance for ESMS BUILDER standard operating procedures and we verify that the information provided fully addresses the recommendation.

- 3. Reconcile the data in the BUILDER Sustainment Management System to Defense Medical Logistics Standard and Support-Facilities Management on an annual basis, to prevent the BUILDER Sustainment Management System from becoming outdated.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation and stated that the DHA has complied with the recommendation. The BUILDER SMS data is reconciled at the site level at least annually and in some cases monthly. Increased software improvements in BUILDER and DMLSS will streamline data reconciliations.

Our Response

Comments from the Director addressed the specifics of the recommendation. Implementation of the procedures from the Interim Procedures Memorandum and the release of the ESMS BUILDER standard operating procedures referenced in the response to Recommendation 1.c.2 meet the intent of the recommendation. However, as discussed in the report, we identified instances of inconsistencies between information in BUILDER and DMLSS at the six sites in our nonstatistical sample. The recommendation is resolved, but will remain open. We will close the recommendation when the Director provides the formal guidance that replaces the Interim Procedures and we verify that procedures require BUILDER to be reconciled at least annually at the site level.

- d. Develop and implement standard training for personnel on Defense Medical Logistics Standard and Support-Facilities Management and the BUILDER Sustainment Management System.**

Defense Health Agency Comments

The DHA Director agreed with the recommendation and stated that the DHA has offered an online BUILDER interactive comprehensive course since 2014 and an Executive Introductory online course since 2018. Users may enroll in the courses depending on their expected use of the BUILDER SMS process. Service DMLSS training programs have been in place since 1997, and these programs address current system capabilities. The DHA plans to provide DHA-developed online training to facilitate uniform administration and use of DMLSS across the facilities enterprise. In addition, after transition of the authority, direction, and control of the military MTFs, the DHA plans to implement a mandatory 40-hour classroom training program for DMLSS-FM Sustainment Specialist clerks. The DHA is preparing training for the entire facilities enterprise community on the new

LogiCole platform. The Director further stated that BUILDER and DMLSS training is being incorporated into a DHA Training Management System to ensure that all facilities personnel have the skills required to be effective in their positions.

Our Response

Comments from the Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We acknowledge that training for BUILDER SMS and DMLSS was available before this audit.

As discussed in the report, the Services used different processes for inputting and accessing BUILDER and DMLSS data. The Services facilities management personnel did not all receive the same training on BUILDER SMS and DMLSS. The planned training and the DHA's plan to incorporate BUILDER and DMLSS training into a DHA Training Management System meet the intent of the recommendation. We will close the recommendation once we verify the training information provided and actions taken by DHA fully address this recommendation.

Appendix A

Scope and Methodology

We conducted this performance audit from January 2019 through April 2020 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Revised Announced Audit Objective

During the audit, the DoD continued to revise its implementation plan for transitioning responsibility from the Services to the DHA. The DoD submitted a final implementation plan dated June 30, 2018, that described the establishment of each of the Service medical headquarters and Intermediate Management Commands. After that submission, Congress made several statutory amendments necessitating revisions to the final plan, and the DoD approved other changes to the plan. The DoD issued revisions to the June 2018 plan in April 2019, stating that the DHA will manage the military MTFs through a market construct whereby military MTFs operate as a system, sharing patients, providers, functions, and budgets across facilities. Because of the significant revisions to the transition implementation, we revised our audit objective to identifying issues that the DHA will need to address after it assumes full responsibility for all military MTFs within the MHS.

Announced Audit Objective

Our announced objective on January 22, 2019, was to determine whether the Defense Health Agency and the Services properly maintained military medical treatment facilities to include conducting building assessments, planning and budgeting for maintenance, and completing scheduled tasks. In addition, to identify critical maintenance repairs that were not performed and whether the Defense Health Agency and the Services had a plan to address deferred maintenance.

Revised Audit Objective

Our revised objective of this audit was to identify issues that the Defense Health Agency will need to address after it assumes responsibility for the sustainment, restoration, and modernization of all military medical treatment facilities within the Military Health System.

Site Selection Process

In February 2019, the Office of the Assistant Secretary of Defense (Infrastructure) Business Systems and Information Directorate provided data from the RPAD. The RPAD is a consolidation of native real property inventories of the MILDEPs and Washington Headquarters Services. Additionally, the database serves as the single authoritative source for real property data within the DoD, as of September 30, 2018. We used the RPAD data to identify medical facilities maintained by the Services. We limited the queries to medical facilities coded with a “Real Property Asset Predominant Current Use Facility Code” beginning with 51 (Hospital), 54 (Dental Clinic), or 55 (Ambulatory Care Clinic and Dispensary and Clinic) as reported in the RPAD. We limited our site selection to locations that had a hospital, dental clinic, and ambulatory care clinic, or dispensary and clinic. We selected the sites that had the most varied mix of Real Property Asset Predominant Current Use Facility Codes to review.

Because of the large selection of military MTFs to choose from, we decided to narrow our site visits to locations in the continental United States. We focused on locations that contained a hospital because hospitals generally require more maintenance and their upkeep uses more SRM funds. Using a nonstatistical sample, we selected Fort Campbell, Naval Air Station Pensacola, and Eglin Air Force Base for the East region. We selected Marine Corps Base Camp Pendleton, Nellis Air Force Base, and Fort Riley for the West region.

Site Visit Walkthrough Process

At each location, we interviewed facility management personnel for the military MTFs along with supporting staff about building assessments, their processes for planning and budgeting maintenance, completing scheduled task, and if there were any critical deferred maintenance. During the interviews, we requested and obtained documentation on these processes, support of past assessments, and support for various work orders.

We also conducted walkthroughs at each hospital and multiple dental and health clinics at each location. We visited the following military MTFs.

- Fort Campbell³⁹
 - Blanchfield Army Community Hospital
 - Byrd Adkins Health Clinic
 - Campbell Airfield Medical Home
 - LaPointe Medical Health Clinic

³⁹ Fort Campbell is co-located in Kentucky and Tennessee.

- Fort Riley
 - Irwin Army Community Hospital
 - Caldwell Clinic
 - Custer Hill Health Clinic
 - Dental Clinic No. 2
- Naval Air Station Pensacola
 - Naval Hospital Pensacola
 - Primary Care Clinic
 - Primary Care Clinic – Branch
- Marine Corps Base Camp Pendleton
 - Naval Hospital Camp Pendleton
 - Dental Clinic – Area 13
 - Primary Care Clinic – Area 43
 - Primary Care Clinic – Area 52
- Eglin Air Force Base
 - 96th Medical Group, U.S. Air Force Hospital
 - Satellite Pharmacy
 - Dental Clinic
 - Aerospace Medicine Facility
 - Central Energy Plant
- Nellis Air Force Base
 - Mike O’Callaghan Federal Medical Center
 - Medical Annex
 - Medical Logistic Warehouse
 - Bioenvironmental Engineering

During the walkthroughs, we compared the state of the facility to reports generated in both the BUILDER SMS and the JMAR; however, we did not verify the quality of the data in the databases. We generated facility condition reports and obtained facility condition assessments from facility management personnel, including:

- Facility Assessment Reports,
- Building Summary Reports,
- Final 2 – System Summary Reports,
- Final 8 – Work Action Detail Reports,

- Facility Inventory Reports,
- Requirements Reports,
- The Joint Commission Reports,
- Facility Assessments conducted by contractors, and
- Real Property records.

We also interviewed personnel and obtained documentation from the:

- Defense Health Agency,
- U.S. Army Medical Command,
- Navy Bureau of Medicine and Surgery, and
- Air Force Medical Support Agency.

To determine command and control policy over medical personnel, we reviewed the following guidance.

- Public Law 114-328, “The National Defense Authorization Act for FY 2017,” Section 702, “Reform of Administration of the Defense Health Agency and Military Medical Treatment Facilities,” December 23, 2016
- Public Law 114-328, “The National Defense Authorization Act for FY 2017,” Section 703, “Military Medical Treatment Facilities,” December 23, 2016
- Public Law 115-232, “The John S. McCain National Defense Authorization Act for FY 2019,” Section 711, “Improvement of Administration of the Defense Health Agency and Military Medical Treatment Facilities,” August 13, 2018
- DoD Directive 4156.06, “Real Property,” Change 1 Incorporated, August 31, 2018
- DoD Directive 5136.01, “Assistant Secretary of Defense for Health Affairs (ASD(HA)),” Change 1 Incorporated, August 10, 2017
- DoD Directive 5136.13, “Defense Health Agency (DHA),” September 30, 2013
- DoD Instruction 4165.70, “Real Property Management,” April 6, 2005
- DoD Instruction 4165.71, “Real Property Acquisition,” Change 1 Incorporated, August 31, 2018
- DoD Instruction 6015.17, “Military Health System (MHS) Facility Portfolio Management,” Change 1 Incorporated, November 30, 2017
- United Facilities Criteria 4-510-01, “Design: Military Medical Facilities,” May 1, 2016, Change 2 Incorporated, November 2, 2017
- United Facilities Criteria 4-510-01, “Design: Military Medical Facilities,” May 30, 2019

- United Facilities Criteria 4-510-01, “Design: Military Medical Facilities,” May 30, 2019, Change 1 Incorporated, June 21, 2019
- United Facilities Criteria 4-510-01, “Design: Military Medical Facilities,” May 30, 2019, Change 2 Incorporated, December 4, 2019
- Memorandum from the Deputy Secretary of Defense, “Continuing Implementation of the Reform of the Military Health System,” October 25, 2019
- Memorandum from the Under Secretary Of Defense for Acquisition, Technology, and Logistics, “Standardizing Facility Condition Assessments,” September 10, 2013
- Memorandum from the Under Secretary of Defense for Acquisition, Technology, and Logistics, “Facility Sustainment and Recapitalization Policy,” April 29, 2014
- DHA Technical Manual 4165.01, Volume 2 “Defense Medical Logistics Standard Support – Facilities Management (DMLSS-FM): Requirement Module,” February 20, 2018
- DHA Technical Manual 4165.01, Volume 4, “Defense Medical Logistics Standard Support-Facilities Management (DMLSS-FM): Volume 4: Facility Systems Inventory (FSI) Module,” September 6, 2018
- DHA Interim Procedures Memorandum 19-005, “BUILDER™ Sustainment Management System (SMS),” June 18, 2019
- Army MEDCOM Regulation 40-61, “Medical Logistics Policies,” January 28, 2005
- Army MEDCOM Facility Information Bulletin 2019-03, “Facilities Requirements Management Instructions,” October 8, 2018
- Navy Bureau of Medicine and Surgery (BUMED) Instruction 11014.5A, “Sustainment Restoration and Modernization of Class 2 Real Property,” June 21, 2018
- BUMED Facilities Management FY 2021 Special Projects Programming Board Guidance, January 25, 2019
- Office of the Chief of Naval Operations Instruction 11010.20H, “Navy Facilities Project,” June 24, 2015
- Navy Medicine Sustainment, Restoration, and Modernization of Real Property Standard Operating Procedures, Version 2.0, Revised January 31, 2017
- Marine Corps Order 11000.5, “Facilities Sustainment, Restoration and Modernization Program,” June 3, 2016
- Marine Corps Order 11000.12, “Real Property Facilities Manual, Facilities Planning and Programming,” September 8, 2014

- Interim Guidance on Acquisition of Services for BUMED Facilities, June 27, 2017
- Air Force Guidance Instruction 32-1032, “Planning and Programming Appropriated Fund Maintenance, Repair, and Construction Projects,” September 24, 2015
- Air Force Guidance Memorandum 32-1032, “Planning and Programming Appropriated Fund Maintenance, Repair, and Construction Projects,” May 19, 2016
- Air Force Instruction 32-9005, “Real Property Accountability and Reporting,” March 4, 2015
- Air Force Instruction 65-601 Volume 1, “Budget Guidance and Procedures,” October 24, 2018
- Air Force Policy Directive 32-10, “Installations and Facilities,” March 4, 2010

Additionally, we reviewed the following DoD Transition Plans.

- Plan 3: Implementation Plan for the Complete Transition of Military Medical Treatment Facilities to the Defense Health Agency, Version 5.0, June 24, 2019
- “Organizational Framework of the Military Healthcare System to Support the Medical Requirements of the Combatant Commands,” April 2019
- “Final Plan to Implement Section 1073c of Title 10, United States Code,” Final Report, June 30, 2018

Use of Computer-Processed Data

We relied on computer-processed data to perform this audit. Specifically, we extracted data reports from DMLSS-FM, the BUILDER SMS, the JMAR, and the RPAD. We compared them to supporting documents received from the selected military MTFs and information received during interviews with facility management personnel to determine whether DMLSS-FM and the BUILDER SMS data were accurate and complete. We discovered discrepancies in the nonstatistical data for the 24 military MTFs visited. However, because of the small nonstatistical sample size, we did not test enough data to sufficiently determine the reliability of computer-processed data.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) issued five reports discussing the DHA implementation process. Unrestricted GAO reports can be accessed at <http://www.gao.gov>.

GAO

Report No. GAO 20-371, “Additional Information and Monitoring Needed to Better Position DoD for Restructuring Medical Treatment Facilities,” May 2020

The GAO found that the DoD’s methodology to determine MTF restructuring in its implementation plan prioritized statutory elements, but the DoD based part of its methodology on incomplete and inaccurate information. The GAO also found that the DoD conducted limited assessments of MTFs support to the readiness of military primary care and non-physician medical providers. In addition, the GAO found that the DoD’s plan identified actions needed to facilitate MTF restructuring, but the Department is not well positioned to execute the transition.

Report No. GAO 19-73, “Defense Real Property – DoD Needs to Take Additional Actions to Improve Management of Its Inventory Data,” November 2018

The DoD requires the Military Services and Washington Headquarters Services to collect and maintain information about each of the assets in their inventories to assist the department with management decision making. The House Armed Services Committee, Subcommittee on Readiness, asked the GAO to review the DoD’s management and use of its real property data, including the DoD’s processes to ensure accuracy and completeness in recording and reporting real property data. The GAO found that the DoD’s RPAD contained inaccurate data and lacked completeness, although certain data that the GAO reviewed had improved their accuracy since FY 2014.

Report No. GAO 19-53, “DoD Should Demonstrate How Its Plan to Transfer the Administration of Military Treatment Facilities Will Improve Efficiency,” October 2018

The DoD’s June 2018 plan addressed the four statutory elements for the transfer of the administration of the military MTFs from the MILDEPs to the DHA. Specifically, the plan provided information on (1) how the DHA will take administrative responsibility of the military MTFs; (2) efforts to eliminate duplicative activities; (3) efforts to maximize efficiencies in the DHA’s activities; and (4) reductions of headquarters-level military, civilian, and contractor personnel.

Report No. GAO 16-662, "Revised Guidance Needed to Improve Oversight of Assessments and Ratings," June 2016

The Military Services have reported differing levels of progress in meeting the DoD facility policy requirements, including implementing a standardized process for assessing facility conditions and recording condition ratings based on this process. The Services are to implement the standardized process in part by assessing the condition of buildings, pavement, and rail using the same set of software tools.

Report No. GAO 15-759, "Actions Needed to Help Ensure Defense Health Agency Maintains Implementation Progress," September 2015

The DoD has made progress toward completing its implementation process, but has not addressed issues related to the GAO's past recommendations regarding personnel requirements, an approach to cost savings, and performance measures.

Appendix B

MHS Organizational Framework (Before Transition)

Before transition, the MHS operated as a federated system consisting of the Office of the Assistant Secretary of Defense for Health Affairs; the DHA; and the three former MILDEP Medical Departments—U.S. Army Medical Command (MEDCOM), the Navy Bureau of Medicine and Surgery (BUMED), and the Air Force Medical Service (AFMS). The following paragraphs discuss the process and framework of the Medical Departments of the Services before the military MTFs transitioned to the DHA.

Defense Health Agency

The DHA is a joint, integrated combat support agency that enables the Army, Navy, and Air Force medical services to provide a medically ready force and ready medical force to combatant commands in both peacetime and wartime. The DHA supports the delivery of integrated, affordable, and high-quality health services to MHS beneficiaries and is responsible for driving greater integration of clinical and business processes across the MHS. The DHA directs the execution of 10 joint directorates and manages, and administers the TRICARE Health Plan, Pharmacy Programs, Health Information Technology, Education and Training, Public Health, Medical Logistics, facility management, Budget and Resources Management, Research, Development and Acquisition, and Procurement and Contracting.

U.S. Army Medical Command

MEDCOM's mission is to provide sustained health services and research in support of the total force to enable readiness and conserve the fighting strength while caring for soldiers for and their families. MEDCOM consisted of regional commands—Regional Health Command–Pacific, Regional Health Command–Central, Regional Health Command–Atlantic, and Regional Health Command–Europe. MEDCOM's Assistant Chief of Staff for Facilities (G-9) served as the Army Surgeon General's program manager and user representative for health facility planning, programming, design, and construction of military MTFs, medical research, and development facilities. MEDCOM G-9 was also responsible for the planning, resourcing, and execution of SRM projects for all Army medical, dental, veterinary, and medical research laboratories worldwide.

MEDCOM and regional commands, and the facility management personnel at the military MTFs each prioritized the unfunded requirements. The facility management personnel used informal tools, such as spreadsheets, to prioritize their unfunded requirements. The MEDCOM and regional command personnel would prioritize higher dollar value unfunded requirements based on Requirement Code, Criticality Level, Hazard Severity Level, and Probability Level.

Navy Bureau of Medicine and Surgery

BUMED's mission is to keep the Navy and Marine Corps family ready, healthy, and on the job with 63,000 people worldwide. BUMED was the headquarters command for Navy Medicine. BUMED provided policy and direction for the patient and family care vision, which is carried out by Navy, Marine Corps, and civilian personnel throughout the world. Three BUMED commands provided oversight of the military MTFs—Navy Medicine East, Navy Medicine West, and Navy Medicine Education, Training, and Logistics Command.

At the BUMED Headquarters level, the M41 "Facilities" Directorate was responsible for establishing policy, programing, oversight and management of Class II Real Property, facility SRM; Environmental, Energy and Sustainability, Transportation, and Initial Outfitting and Transition. The M41 Directorate programmed all facility SRM requirements, annual funding, and the Program Objective Memorandum budgeting process. This includes Base Operations Support contract, maintenance contracts, one time sustainment actions, minor and major recapitalization and modernization projects.

BUMED, Navy Medicine regional commands, and the facility management personnel each prioritized the requirements. The facility management personnel prioritized requirements before submitting the requirement to regional and BUMED personnel for approval. According to BUMED guidance, the facility management personnel at the installation could approve and fund requirements that cost below \$200,000.⁴⁰ The facility management personnel stated that they prioritized the unfunded requirements based on the criticality and the requirement code, such as safety. BUMED's three commands approved funding for unfunded requirements that cost from \$200,000 through \$500,000 in accordance with BUMED guidance. Furthermore, BUMED personnel would conduct the Special Project Programming Board that reviewed and approved funding for unfunded requirements that cost more than \$500,000. During the Special Project Programming Board, BUMED personnel assessed unfunded requirements based on the DMLSS-FM data, and the voting results from the Special Projects Programming Board.

Air Force Medical Service

The AFMS supported the Air Force through the provision of full spectrum readiness, delivering unique medical capabilities at home and abroad. The AFMS must ensure medically fit forces, provide expeditionary medics, and deliver care. The Air Force had 76 military MTFs in the continental United States and overseas. More than 1,700 Air Force medical personnel are deployed to 19 countries.

⁴⁰ BUMED Instruction 11014.5A, "Sustainment, Restoration, and Modernization of Class 2 Real Property," June 21, 2018.

The AFMS had a requirement to maintain the Air Force's military MTFs through the award of military MTF Facility Enterprise service contracts. The Air Force military MTFs had mechanical and electrical equipment that provided continuous, redundant environmental support. These facilities and systems required ongoing scheduled preventative maintenance, unscheduled service and repair, as well as minor construction (repair and alteration). In 2007, the AFMS established the Air Force Medical Operations Agency as a means to achieve a centralized, enterprise model to oversee and support its 76 MTFs and related medical activities. Complementing Air Force Medical Operations Agency's mission and purpose to support the Air Force MTFs world-wide, the Air Force Medical Support Agency (AFMSA) was established as a Field Operating Agency in direct support of the Air Force Surgeon General. The AFMSA centrally managed the SRM of military MTFs, assigning priority to each task based on a risk assessment.

The AFMSA did not have a regional command, but agency personnel reviewed all unfunded requirements that were more than \$2,500. Facility management personnel stated that they use the Facility Requirements and Operations Information Database and spreadsheets to list and prioritize unfunded requirements based on the risk assessment priority code.⁴¹ AFMSA personnel reviewed the data spreadsheets sent from the facility management personnel and then Air Force Medical Support Agency personnel would review the risk assessment priority code assigned at the local level to score the unfunded requirement. The risk assessment priority codes ranged from zero to six with zero being the most critical and six being normal life cycle restoration. The AFMSA prioritized funded requirements in order from zero to six. During our audit, to strengthen readiness and improve efficiencies, the AFMS consolidated the Air Force Medical Operational Agency and the AFMSA into a single Field Operations Agency—the Air Force Medical Readiness Agency. The Air Force Medical Readiness Agency's mission is to support the Air Force Surgeon General in policy execution for operational medicine, while supporting the Major Commands and base-level unit missions.

⁴¹ The Facility Requirements and Operations Information Database is a database used to collect, fund, and track facilities requirements. The risk assessment priority code establishes the priority in which requirements are addressed. The risk assessment priority code is assigned at the MTF local level and reviewed by the Air Force Medical Readiness Agency.

Appendix C

Real Property Criteria and Guidance

The following criteria from the MILDEPs were applicable before the transition of the SRM function to the DHA.

Army Medical Command Regulation 10-1, “U.S. Army Medical Command (MEDCOM) Organization and Functions,” June 12, 2013

MEDCOM Regulation 10-1 documents the official organizational alignment and functional distribution of responsibilities for accomplishing the missions assigned to MEDCOM units and activities under Headquarters, MEDCOM. The regulation provides policy and guidance, as required to accomplish the missions prescribed in chapter 15 of Army Regulation 10-87.

Army Regulation 40-61, “Medical Logistics Policies,” January 28, 2005

Army Regulation 40-61 prescribes policies, procedures, and responsibilities for medical logistics management within the Total Army, including the Active Army, U.S. Army Reserve, and Army National Guard.

Army Medical Command Facility Information Bulletin 2019-03, “Facilities Requirements Management Instructions,” October 8, 2018

MEDCOM Facility Information Bulletin 2019-03 provides updated guidance on facility requirements management and utilization of the DMLSS-FM Requirements Module.

BUMED Instruction 11014.5A, “Sustainment, Restoration, and Modernization of Class 2 Real Property,” June 21, 2018

BUMED Instruction No. 11014.5A outlines the roles and responsibilities of Navy Medicine stakeholders, such as BUMED, regional commands, and the installations. The Instruction also states that all Navy Medicine activities must use defined funding thresholds for the SRM of class 2 real property.

BUMED “Special Project Programming Board Guidance,” January 25, 2019

BUMED Special Project Programming Board Guidance provides the requirements and deadlines for documentation that the MTFs must submit for the annual Special Project Programming Board. BUMED has an annual Special Projects Programming Board that reviews and votes on the special projects that will receive funds for the current fiscal year for all of the Navy’s MTFs.

Interim Guidance on Acquisition of Services for BUMED Facilities, June 27, 2017

Interim Guidance on Acquisition of Services for BUMED Facilities provides guidance on acquisition services for BUMED facilities contracts, projects, services, and studies. The guidance states that for operations and maintenance, DoD Directive 4270.05, "Military Construction," February 23, 2005, requires Defense agencies to use either the U.S. Army Corps of Engineers or Naval Facilities Engineering Command in the maintenance, repair, design, construction, rehabilitation, alteration, addition, and expansion of a real property facility.

Office of the Chief of Naval Operations Instruction 11010.20H, "Navy Facilities Projects," June 24, 2015

Office of the Chief of Naval Operations Instruction 11010.20H provides guidance on command responsibilities for the classification, preparation, submission, review, programming, approval, and reporting of real property facilities work at Navy shore installations and sites.

Air Force Instruction 32-1032, "Planning and Programming Appropriated Fund Maintenance, Repair, and Construction Projects," May 19, 2016

Air Force Instruction 32-1032 establishes policy and provides guidance on planning, programming, and executing operation and maintenance funds for maintenance, repair, and unspecified minor construction projects for real property facilities in compliance with law and DoD and Air Force policies.

Air Force Instruction 65-601, "Budget Guidance and Procedures," October 24, 2018

Air Force Instruction 65-601 implements Air Force Policy Directive 65-6, "Budget," by providing general budget policy and procedures for airmen, commanders and directors regarding the use of appropriated funds, ensuring regulatory and statutory compliance and standardization Air Force-wide.

Air Force Instruction 41-201, "Managing Clinical Engineering Programs," October 10, 2017

Air Force Instruction 41-201 implements the Clinical Engineering support policy in Air Force Policy Directive 41-2, "Medical Support." The Clinical Engineering program combines medical equipment maintenance, electrical safety, and facility management to ensure efficient, effective, and coordinated technical services to support the AMFS.

Air Force Instruction 32-9005, “Real Property Accountability and Reporting,” March 4, 2015

Air Force Instruction 32-9005 provides guidance for maintaining real property records and reporting real property assets according to Air Force and DoD-issued policies, guidance, and procedures. The purpose of this Instruction is to assign responsibilities and prescribed procedures for submitting appropriate reporting data from Air Force Real Property Inventory systems to the DoD Enterprise real property inventory.

Appendix D

Criticality and Type of Requirement by Installation

Listed below are additional tables that show the number of requirements that the facility managers at the six installations reported by criticality code and requirement code. We assessed the data from the JMAR, which is another information system that pulls data from DMLSS-FM for the installations. The JMAR provides a top-level view of the requirements for all the Services. Table 8 shows the number of unfunded requirements that facility management personnel at the six installations assigned for each criticality code.

Table 8. Unfunded Requirements That Facility Managers at the Six Installations Coded With a Criticality Code as of September 2019

Installation	Criticality Codes*						Total
	Imminent	Serious	Moderate	Minor	Negligible	Not Assigned	
Fort Campbell	2		4	9	23	122	160
Fort Riley	8	1	40	10	3		62
Naval Air Station Pensacola		9	7		1	10	27
Marine Corps Base Camp Pendleton	5	100	148	20	23		296
Eglin Air Force Base	3	6	5	1	4	74	93
Nellis Air Force Base	5	3	34	14	40	26	122
Total	23	119	238	54	94	232	760

Note: The table includes both individual requirements and requirement packages.

*We did not validate the criticality code selected by the facility management personnel at the six installations.

Source: The DoD OIG.

Table 9 shows the number the different type of unfunded requirements that the facility management personnel at the six installations identified using the requirement codes.

Table 9. Unfunded Requirements That Facility Managers at the Six Installations Coded With Requirement Codes as of September 2019

Installation	Requirement Codes*								
	Capability	Code Compliance	Environmental	Integrity	Mission	Operational	Quality of Life	Safety	Total
Fort Campbell	10	9		132	2	5		2	160
Fort Riley		6		51	2			3	62
Naval Air Station Pensacola				16	11				27
Marine Corps Base Camp Pendleton	8	13	8	70	158	18	13	8	296
Eglin Air Force Base		7		8	3	74		1	93
Nellis Air Force Base	3	10	2	38	36	30	1	2	122
Total	21	45	10	315	212	127	14	16	760

Note: The table includes both individual requirements and requirement packages.

*We did not review and validate whether the requirement code that the facility management personnel at the six installation was correct or not.

Source: The DoD OIG.

Management Comments

Defense Health Agency Comments



DEFENSE HEALTH AGENCY
7700 ARLINGTON BOULEVARD, SUITE 5101
FALLS CHURCH, VIRGINIA 22042-5101

May 20, 2020

[REDACTED]
Program Director for Audit
Acquisition, Contracting, and Sustainment
U.S. Department of Defense Office of Inspector General
4800 Mark Center Drive
Alexandria, VA 22350-1500

[REDACTED]

I am in receipt of the Department of Defense Inspector General's (DoD IG) Draft Report No. D2019-D000AV-0096.000, "Audit of the DoD's Sustainment, Restoration, and Modernization (SRM) of Military Medical Treatment Facilities." The Defense Health Agency (DHA) concurs with Recommendation 1(1a): Develop and implement guidance that establishes uniform funding thresholds for all unfunded SRM requirements; (1b): Develop and implement standard procedures to prioritize unfunded requirements; (1c): Address the following items for the BUILDER Sustainment Management System (SMS); (1c1): Develop and implement formal guidance for updating the data in the BUILDER SMS to reflect the current state of repair as reported in Defense Medical Logistics Standard and Support -Facilities Management (DMLSS-FM); (1c2): Develop and implement formal guidance for managing and updating the BUILDER SMS. In the guidance, grant BUILDER SMS access to the facility managers; (1c3): Reconcile the data in the BUILDER SMS to DMLSS-FM on an annual basis, to prevent the BUILDER SMS from becoming outdated; and (1d): Develop and implement standard training for personnel on DMLSS-FM and the BUILDER SMS.

Please see the attached DHA response to the audit's findings and recommendations. Specifically, in response to these recommendations, DHA and Military Departments have worked to define, refine, and to create a new standard set of DMLSS Requirement Codes to use across the Services. These standardize SRM requirements utilizing the Work Induction Board and the Facility Sustainment Board for consistent enterprise planning, programming, budgeting, contracting, execution, design, construction, initial outfitting, activation, and operation.

Thank you for the opportunity to review and respond to the draft report recommendations. My point of contact for this topic is [REDACTED]

PLACE.RONALD.J
OSEPH [REDACTED] Digitally signed by
PLACE.RONALD.JOSEPH [REDACTED]
[REDACTED] 2020.05.20 09:14:31 -0400

RONALD J. PLACE
LTG, MC, USA
Director

Attachment:
As stated

Defense Health Agency Comments (cont'd)

DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DISCUSSION DRAFT REPORT
APRIL 17, 2020
PROJECT NUMBER PROJECT NO. D2019-D000AV-0096.000

“AUDIT OF THE DEPARTMENT OF DEFENSE’S SUSTAINMENT, RESTORATION,
AND MODERNIZATION OF MILITARY MEDICAL TREATMENT FACILITIES”

Department of Defense Comments
to the
Inspector General Recommendations

RECOMMENDATION 1a: Develop and implement guidance that establishes uniform funding thresholds for all unfunded sustainment, restoration, and modernization (SRM) requirements.

DOD RESPONSE: Defense Health Agency (DHA) acknowledges that the Services have different process and scoring of SRM requirements. To that end, DHA has developed a Procedural Manual (PM) and two internal Standard Operating Procedures (SOPs) to address the standardization of SRM requirements utilizing the Work Induction Board (WIB) and the Facility Sustainment Board (FSB). The FSB uses an analytical hierarchical process (AHP) to rank order the \$10K-\$250K requirements while the WIB also utilizes the same AHP for requirements over \$250K. Both process utilized an agreed upon new Defense Medical Logistics Standard and Support (DMLSS) Requirements categories for all requirements to garner a DHA standard as compared to the Services’ unique requirement standards. The DHA-PM is the DHA Facilities Enterprise SRM Enterprise Project List which provides the overarching guidance for the new process. It is currently in the DHA Publication Office for routing and eventual approval. We also have two companion SOPs for the FSB and WIB giving more details and steps to the process.

RECOMMENDATION 1b: Develop and implement standard procedures to prioritize unfunded requirements.

DOD RESPONSE: After a review of the Services’ different uses of DMLSS Requirement Codes, DHA worked with the Services to create a new standard set of DMLSS Requirement Code to use across the Services in late Fiscal Year (FY) 2019. The new standardized Requirement Codes allows the Services to continue their FY 2020 funding process but with a more uniform approach. Two of the Services adopted the new Requirement Codes before approval to better align with the DHA WIB and FSB process.

RECOMMENDATION 1c1: Develop and implement formal guidance for updating the data in the BUILDER Sustainment Management System (SMS) to reflect the current state of repair as reported in DMLSS –Facilities Management (FM).

Defense Health Agency Comments (cont'd)

DOD RESPONSE: DHA concurs with this recommendation and is formalizing the process through the creation of the DHA's Facilities Enterprise - Enterprise Sustainment Management System (ESMS) BUILDER SOP. Additionally, software improvements will automate the task in future releases of ESMS BUILDER and DMLSS-FM /LOGICOLE.

RECOMMENDATION 1c2: Develop and implement formal guidance for managing and updating the BUILDER SMS. In the guidance, grant BUILDER SMS access to the facility managers.

DOD RESPONSE: DHA has complied with this recommendation by 1) issuing Interim Procedures Memorandum 19-005 "BUILDER™ SMS" and will continue to more fully comply with the release of the ESMS –BUILDER SOP (see response above.) 2) There are no restrictions to access the BUILDER Database, all requested accounts are approved.

RECOMMENDATION 1c3: Reconcile the data in the BUILDER SMS to DMLSS-FM on an annual basis, to prevent the BUILDER SMS from becoming outdated.

DOD RESPONSE: DHA has complied with this recommendation by actively reconciling BUILDER data manually at the site level at least annually, and in some cases monthly. Data reconciliation will become streamlined with increased software improvements in both BUILDER & DMLSS.

RECOMMENDATION 1d: Develop and implement standard training for personnel on DMLSS-FM and the BUILDER SMS.

DOD RESPONSE: DHA has complied with the BUILDER Program recommendation since 2014 by offering a BUILDER on-line, interactive, comprehensive 40 hour course, and since 2018 with a BUILDER Executive Introductory 4 hour online course. Users are allowed to enroll in the course that fits their expected use of the BUILDER SMS process. Service DMLSS training programs have been in place since 1997 and are routinely conducted addressing current system capabilities. To ensure a smooth transition, DHA has developed and will be providing online training to facilitate uniform administration and use of DMLSS across the facilities enterprise. A mandatory 40-hour classroom DMLSS training program for DMLSS-FM Sustainment Specialist clerks will be implemented after transition. Additionally, online programs are being developed to address specialized training subjects and other members of the facilities enterprise. As DMLSS transitions to the new LogiCole platform, training is being prepared and will be provided to the entire facilities enterprise community. Both DMLSS and BUILDER training are being incorporated into DHA's Training Management System to ensure all facilities personnel have the skills required to be effective in their positions.

Navy Bureau of Medicine and Surgery Comments

SELECT A CLASSIFICATION
DoD ISSUANCE COORDINATION RESPONSE


COMPONENT COORDINATOR RESPONSE

[Click here to enter a date.](#)

SUBJECT: Proposed "Office of the Inspector General Audit, Project Number D2019-D000AV-0096.000, "Audit of the Department of Defense's Sustainment, Restoration, and Modernization of Military Medical Treatment Facilities"

On behalf of my Component, my formal response to this issuance is: Concur with comment. Below are comments for your consideration.

My point of contact for this action is [REDACTED]

X 
Double-click the 'X' to insert a digital signature or print and sign a hard copy.

Coordinating Official's Name: M. P. MALANOSKI
Coordinating Official's Position Title: Executive Director
Coordinating Official's Component: Bureau of Medicine and Surgery

Navy Bureau of Medicine and Surgery Comments (cont'd)

SELECT A CLASSIFICATION					
DoD ISSUANCE COORDINATION RESPONSE: Issuance Type and Number, "Title"					COMPONENT AND POC NAME, PHONE, AND E-MAIL
CLASS	#	PAGE	PARA	BASIS FOR NON- CONCUR?	COMMENTS, JUSTIFICATION, AND ORIGINATOR JUSTIFICATION FOR RESOLUTION
Choose an item.				<input type="checkbox"/>	<p>Coordinator Comment and Justification: DODIG is critical of DMLSS-FM data quality but provides neither a reference goal nor a comparison to Service (Navy, Army, USAF) or DOD quality metrics.</p> <p>Coordinator Recommended Change: Provide a reference goal or comparison to Service or DoD quality metrics</p> <p>Originator Response: Choose an item.</p> <p>Originator Reasoning:</p>
Choose an item.				<input type="checkbox"/>	<p>Coordinator Comment and Justification:</p> <p>Coordinator Recommended Change:</p> <p>Originator Response: Choose an item.</p> <p>Originator Reasoning:</p>
Choose an item.				<input type="checkbox"/>	<p>Coordinator Comment and Justification:</p> <p>Coordinator Recommended Change:</p> <p>Originator Response: Choose an item.</p> <p>Originator Reasoning:</p>

DD FORM 818, AUG 2016

**REPLACES SD FORM 818, WHICH IS OBSOLETE
SELECT A CLASSIFICATION**

Acronyms and Abbreviations

AFMS	Air Force Medical Service
AFMSA	Air Force Medical Support Agency
BUILDER SMS	BUILDER Sustainment Management System
BUMED	Bureau of Medicine and Surgery
DHA	Defense Health Agency
DMLSS-FM	Defense Medical Logistics Standard Support – Facility Management
JMAR	Joint Medical Asset Repository
MEDCOM	U.S. Army Medical Command
MILDEP	Military Department
MHS	Military Health System
MTF	Medical Treatment Facility
RPAD	Real Property Asset Database
SRM	Sustainment, Restoration, and Modernization



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