

## CHAPTER 3. HOUSING MANAGEMENT REVIEWS

### I. INTRODUCTION

#### A. SCOPE

This chapter establishes policy, assigns responsibilities, and promulgates procedures for Housing Management Reviews.

#### B. POLICY

1. SECNAVINST 5200.3, Department of Navy Management Control Program, places responsibility for ensuring proper program management and execution on commanders and program managers.

2. As program manager for family housing, the Commander, Naval Facilities Engineering Command (COMNAVFACENGCOM) has oversight responsibility for the family housing program. To ensure that family housing programs and operations are discharged with integrity and in compliance with applicable laws and regulations, a Housing Management Review (HMR) of all field activities and regions will be conducted at least once every three years.

3. The HMR will be an assessment of compliance with applicable laws and regulations, including obligations and costs, project statutory thresholds, and flag housing reporting requirements. In addition, the HMR will evaluate the family housing operations and assets to ensure against waste, loss, unauthorized use or misappropriation. Additionally, Quality of Life enhancements and customer service improvements will be reviewed. Guidance and instructions covering FH,N are:

4. A Housing Management Review is one tool used to meet the objectives of the SECNAV Management Control Program. Other means such as Command Inspection Programs, individual audits and investigations may be used.

#### C. REFERENCES

Financial Management Regulation (FMR) - Volume 2B, Chapter 6, Military Construction/Family Housing Appropriations

FMR - Volume 6, Chapter 9, Accounting and Reporting for Operation and Maintenance of the Family Housing Program

FMR - Volume 3, Chapter 17, Accounting Requirements for Military Construction Projects

FMR - Volume 14, Chapter 2, Violations of the Antideficiency Act.

D. SUMMARY

THIS CHAPTER IS ORGANIZED INTO THE FOUR TOPICAL AREAS SUMMARIZED BELOW:

1. Responsibilities. The Commander, Naval Facilities Engineering Command (COMNAVFACENGCOM), establishes and implements policies for and monitors HMRs. The Engineering Field Divisions (EFDs) schedule and conduct the HMRs and forward any resulting policy recommendations to NAVFAC for consideration or statutory violations for action.
2. HMR Program and Reporting Requirements. Each EFD will prepare an annual schedule and appoint the HMR team far enough in advance to allow for preparation. A written executive summary of the evaluation will be presented to the field activity during a departure conference, to be followed by a written summary within 30 days. Specific instances of material weaknesses that significantly impair fulfillment of the Navy Housing mission or operational objectives; deprive the military members of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against fraud, waste or mismanagement of funds, property or other assets, or cause a conflict of interest may warrant reporting of the deficiency to the next higher level of command/management.
3. Areas of Coverage. HMRs will review and assess specific high vulnerability areas of the activity and regional family housing operation. These areas include financial management, flag housing, maintenance, repair and improvement of housing facilities, organization and staffing, inventory, assignment and utilization. Once on site, the HMR team may address other areas of identified concern as warranted.
4. Other Management Control Programs. Other command management control reviews, inspections, audits and evaluations are sponsored and conducted by Office of the Secretary of Defense (OSD), Assistant Secretary of the Navy (ASN), Financial Management and Budget (FMB) or Major Claimants. Participation in these visits to evaluate family housing will be on an as required basis.

II. RESPONSIBILITIES

A. COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND

COMNAVFACENGCOM establishes and implements Navy policies for conducting HMRs. In fulfilling this responsibility, COMNAVFACENGCOM will:

1. Develop housing management control program policy and procedures.

2. Provide direction to the EFDs.

3. Serve as the Department of the Navy (DON) focal point for all matters pertaining to Housing Management Reviews.

4. Monitor field activity and regional HMRS for policy and statutory conformance by selective participation with EFD representatives.

5. Track and provide follow-up on material weaknesses as required to comply with statutes and regulations.

#### B. ENGINEERING FIELD DIVISIONS

Within the policy and procedural guidance issued by COMNAVFACENGCOM, EFDs are the primary administrators of Housing Management Reviews and will conduct the HMRS at the field activity and regional levels. In fulfilling this responsibility the EFDs will:

1. Establish a cyclical schedule that ensures an HMR is conducted at each field activity and region every three years.

2. Inform the field activities and regions of the logistical support required to accomplish the scheduled visit.

3. Conduct on-site visits and provide the local command with findings and recommendations. Forward copy of the report to the respective major claimant, region, activity, and COMNAVFACENGCOM.

4. Ensure that potential statutory violations and Anti-Deficiency Act violations are reported to proper authority with a request for a full investigation.

5. Require field activity submit an Implementation Status Report to the EFD within 30 days. The report must reply to the findings and recommendations with specific actions and time lines for correction.

6. Provide follow-up reviews to ensure compliance with recommendations provided in the report.

#### C. FIELD ACTIVITIES AND REGIONS

The primary responsibility of the field activities and regions is to use the observations, recommendations, and findings of the HMR team to improve the operation and management of family housing. The field activities and regions should also comply with all applicable statutes and regulations. In addition, field activities and regions are responsible for providing the necessary logistical support required by the HMR team.

#### D. MAJOR CLAIMANTS

1. Major claimants and regions will be notified of the HMRS and receive a copy of the report.

### III. HMR PROGRAM

A. The HMR program was developed to ensure that the FH program achieve its intended results by providing Quality of Life enhancements and customer service support to the residents of housing; by using resources that are consistent with the DON's mission and are protected from waste, fraud and mismanagement; by following laws and regulations, and that reliable and timely information is obtained, maintained, reported and used for decision making. The shortage of family housing assets, the limited funds for operations, maintenance and improvements, and the importance of adequate family housing to the morale, welfare and retention of military personnel require that maximum benefit be obtained for dollars expended or invested. Family housing management is subject to certain administrative or legislative constraints that dictate compliance and uniformity in procedures throughout all Navy family housing organizations.

B. HMRS will be conducted on a 3-year cycle; therefore each EFD shall draft a general schedule of visits that will provide a framework for the development of the annual schedule of field activities and regions to be visited. The annual schedule shall delineate the actual dates and field activities and regions to be evaluated.

C. EFDs will inform the command to be evaluated of the proposed HMR, explain the scope of the review, and obtain concurrence on a firm date for the on-site visit. The HMR team composition will be limited to the number of members necessary to carry out the intent of the review and may include EFD internal review and/or comptroller personnel. HMR team composition will hold the expertise to fully review suspected vulnerability areas. HMR will be conducted at the field activity and an out-brief conducted prior to departure. The final HMR report will be completed within 30 days of the review and signed out to the Field Command by senior leadership at the EFD.

D. Material weaknesses that significantly impair the fulfillment of the Navy housing mission or operational objectives; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, fraud or mismanagement of funds, property or other assets, or cause a conflict of interest will be reported to the command for action. Formal Findings/Statutory violations will be written in accordance with Appendix 1 to this chapter. The activity must respond within 30 days with an Implementation Status Report. Material weaknesses will be assessed as follows:

1. Actual or potential loss of resources (e.g. property, inventory, personnel, funds, etc.)
2. Frequency of actual or potential loss
3. Impaired fulfillment of family housing operation
4. Unreliable information causing unsound management decisions
5. Violations of statutory or regulatory requirements
6. Diminished credibility or reputation of management
7. Deprivation of needed Government services to the public

Format for Formal Findings is attached as Appendix 1 to this chapter.

IV. AREAS OF COVERAGE

A. FINANCIAL MANAGEMENT (HIGH VULNERABILITY AREA)

1. Review the methods and sources used for obtaining data in the budget preparation process in conformance with Chapter 12, Financial Management Regulations, and the annual NAVFAC budget call
2. Review the budget, the budget execution plan, and the obligation rate. Ensure job order numbers correlate to the correct budget line codes and Budget Projects (BPs).
3. Review per unit costs and the Net Operating Income (BAH-Expense = Income) to determine cost controls and efficiency of operations. Recommend cost savings measures where appropriate.
4. Ensure that FH,N funds are only being spent on family housing inventory as identified in the family housing plant account records.
5. Determine that collections are being correctly made and deposited; ensure that reimbursable obligations are being correctly recorded, in accordance with Chapter 16.
6. Review procedures for establishing and updating rents and charges for all public quarters. Ensure that all rents and charges are in conformance with Chapter 16 of this manual.
7. Determine that procedures for obtaining reimbursement from occupants for damages to family housing property due to occupant negligence and abuse are adequate and enforced.
8. Ensure that field activities housing non-DOD personnel have an interservice support agreement in effect for reimbursement of services.
9. Ensure housing office is reconciling financial records and charges with other base offices as required. Particularly public works and comptroller.
10. Ensure that all government leasing costs are applicable and that government is not funding items which should be landlord responsibility as outlined in the lease.

FLAGS (HIGH VULNERABILITY AREA)

1. Verify that all family housing plant account records for flag units are appropriately designated as family housing, including all associated real property, (e.g. garages, sheds), and assigned grounds.
2. Verify that family housing funds are the sole fund source for all construction, improvement, maintenance, repair and operation of flag quarters. This includes work on family housing structures or assigned areas, including security and antiterrorism measures. This excludes communication equipment required by the occupant for mission purposes, in accordance with policy and instructions.

3. Verify that no more than \$25,000 is spent annually for the maintenance and repair of any flag unit without Congressional committee approval. Ensure annual budgets, which will exceed \$25,000 have been submitted to Congress.

4. Ensure that a complete set of job order numbers is established to collect all charges incurred in the operation and management of each F&GOQ. Further ensure, by thorough inspection of financial audit trails, that all charges made to the quarters are authorized by policy and instruction.

5. Ensure quarterly flag cost reports are reviewed and provided to the resident. Copies of these reports are to be submitted to the EFD and NAVFAC 30 days following the close of the reporting period.

6. Verify that annual flag budget exhibits reflect projects included in the six-year maintenance plans.

7. Verify that waivers for grounds care maintenance are in accordance with OPNAVINST 11101.19 series.

8. Verify that a six-year maintenance plan is developed and submitted to Chief of Naval Operations (CNO) for each designated flag quarters. Ensure work identified in the six-year maintenance plan are programmed and budgeted in repair, improvement or replacement programs.

9. Verify that all flag and Special Command Position designations are current.

#### PROJECTS (HIGH VULNERABILITY AREA)

1. Ensure that all units are appropriately designated as family housing, including all associated real property, (e.g. garages, sheds), and assigned grounds. Verify against plant property records.

2. Ensure that projects for minor construction, improvements, fire damage, major maintenance and repair, construction and improvement design are in accordance with the Community Neighborhood Plans (CNP), backlog, family housing requirements and are within appropriate approval thresholds.

3. Ensure that repair projects over the past several years have not violated the \$20K/per unit threshold.

4. Ensure that appropriate documentation, including 1391s, cost estimates, and economic analyses, are prepared and that projects obtain appropriate engineering technical review and validation when necessary.

5. Ensure projects are in accordance with official backlog reports and the Program Objective Memorandum (POM) and Shore Installation Programming Board (SIPB)

6. Ensure station leadership is aware of all proposed projects. Ensure station has accounted for resident moves associated with major project execution.

FURNISHINGS (HIGH VULNERABILITY AREA)

1. Ensure that furniture and equipment are provided as outlined in Chapter 15 of this manual. Ensure that inventory and warehouse procedures are efficient and that excess furniture and equipment are disposed of in an appropriate and timely manner.
2. Ensure that flag furnishings are properly identified and warehoused apart from other family housing furnishings.
3. Verify that the overseas bachelor loaner and supplemental furnishings program is fully supported with Operations & Maintenance (O&M) funds and that separate inventory and accounting records are maintained. NAVFACINST 11101.97 outlines the O&M funding support required for the bachelor loaner and supplemental furnishings program.

B. ORGANIZATION AND STAFFING

1. Review the existing organization and staffing levels. The organizational structure delineated in Chapter 1 and the staffing criteria delineated in Chapter 2 of this manual provide the basis for reviewing and determining family housing organization and staffing requirements.
2. Determine if the existing organizational structure is in accordance with Navy housing standards, Position Descriptions (PDs) are up-to-date and accurate, training programs are in place, and what is the overall morale of the office.
3. Determine potential areas for consolidating family housing management functions of field activities due to the proximity or similarity of the services performed.

C. FACILITIES MANAGEMENT

1. MAINTENANCE

- a. Review maintenance methods and procedures in support of family housing. Chapter 17 of this Manual provides guidance in this area.
- b. Review the short and long range maintenance plans, with special attention to preventive maintenance and protecting the Navy's investment. This includes identification of work, schedule for accomplishment, method of performance and funding requirements.
- c. Verify programming and budget submits accommodate short and long range maintenance plans. Review maintenance budget to ensure it reflects the necessary requirements to accomplish the plan, and that improvement, repair and replacement projects are submitted where appropriate.

- d. Make an on-site visit into one or two family housing units within each housing area to ascertain the level of maintenance, including grounds. Meet with a few residents and determine overall customer satisfaction with the condition and maintenance of the housing facilities.
- e. Review the scope of work performed at change of occupancy to ensure that all needed maintenance is performed, and the major repair work, not within the activity authority, is not performed without the proper approvals.
- f. Use random sample to review emergency/service (E/S) chits as to scope, costs, and procedures for identifying repetitious work that could reflect the need for more expensive repairs or repair projects. Ensure all neighborhoods and providers are included in the random sample. Screen for work that is properly an occupant responsibility.
- g. Review method for approval of work and validation of completeness and quality of work performed.
- h. Review change of occupancy downtime and how this is affecting the utilization rate.
- i. Review quantities in maintenance contract. Verify adjustments are made for homes that will be offline for major repair, improvement, replacement, divestiture and inactivation.

## 2. INVENTORY

- a. Verify the accuracy of the field activity family housing inventory, the family housing property account records and the Naval Facilities Asset Database (NAFDB). Identify units by type of family housing and by bedroom count. Variations should be fully identified. Chapter 11 of this manual provides guidance in this area.
- b. Ensure that all Class 1 and 2 properties supported by Family Housing, Navy (FH,N) funds are included on the family housing property account.
- c. Review family housing property account records to determine if support facilities are appropriately identified to family housing.

## 3. UTILITIES

- a. Review the method for determining utility charges as outlined in Chapter 22 of this manual. Ensure that rates and allocations applied to family housing are consistent with those applied to other customers and between housing categories.

- b. Ensure that rates applied against utility distribution systems on family housing property records do not include costs for maintenance and repair. These charges are to be directly applied to family housing funds and not included in the rate structure.

D. OPERATING SERVICES

1. Review the propriety of operating services, including police and fire protection, and other operating services as outlined in Chapter 21 of this manual. Ensure that rates and allocations applied to family housing are consistent with those applied to other customers and between housing categories.

2. Ensure that procedures are in place to periodically verify that smoke detectors and carbon monoxide detectors are operating properly in every unit.

E. PERSONNEL SUPPORT

1. ASSIGNMENT AND UTILIZATION

- a. Ensure that procedures and directives to control eligibility, priorities, and assignment of personnel to family housing, are in conformance with directives issued by higher authority. Review procedures used by occupants to notify the family housing office of personnel actions which will change the status of occupancy; for example, promotions, transfers, discharges, or retirements. Ensure such changes are reflected in proper pay vouchers and occupancy records. OPNAVINST 11101.13 and Chapter 9 of this manual provide guidance in this area.
- b. Verify that quarters designated for officers and enlisted personnel are appropriate to maximize utilization.
- c. Review propriety of waiting lists and assignment and termination procedures for all quarters.
- d. Review the accuracy of data used in preparing the family housing inventory and utilization submission.
- e. Review utilization rates for quarters to ensure compliance with occupancy guidelines, and determine adequacy of steps taken to increase the utilization rate when below 98 percent.
- f. Review the operation, utilization, and costs of community support facilities.
- g. Review divestiture plans and status of implementation.

2. HOUSING REFERRAL SERVICE

- a. Review existing housing referral service operating procedures and listings to ensure conformance with Chapter 8 of this manual.
- b. Ensure all referral counseling sessions include proper guidance for equal opportunity in off-base family housing and prohibitions against discrimination. Review records on private sector housing complaints (e.g., tenant/landlord, discrimination).
- c. Determine potential areas for consolidation of housing referral services of field activities on the basis of similarity of services offered and geographic areas covered.

Review reporting requirements to ensure full compliance with appropriate directives and instructions," e.g. PCS House is maintained and updated."

3. REQUIREMENTS DETERMINATION

- a. Ensure appropriate accounting of students and non-Navy commands for current and projected personnel strengths required for the family housing requirement survey.
- b. Review divestiture plan and implementation if applicable.

4. RESIDENT RELATIONS/CUSTOMER SERVICE

- a. Review the effectiveness of the means by which occupants are informed of all rules, regulations, policies, and procedures which affect them as discussed in Chapter 10 of this manual. Ensure that local instructions are current.
- b. Review procedures for enforcement of rules and regulations.
- c. Review major causes for and disposition of occupant complaints.
- d. Determine the quality of the relationship between family housing personnel and community associations.

5. ACQUISITION

- a. Review any proposed acquisition for appropriateness in accordance with DD1523 survey and waiting lists.

6. LEASING

1. Review economy leasing program for effectiveness in meeting customer requirements and fair practices/equal opportunity for all military members.

F. OTHER MANAGEMENT CONTROL PROGRAMS

Each command may have management control programs, and major claimants sponsor and conduct inspections, reviews and audits. Participation in these evaluations of family housing will be on an as-required basis. During the HMR, the team will review the findings and recommendations noted in other recent formal inspections and audits.

## Format for HMR report

A. **Executive Summary:** Overview of formal findings and recommendations to improve the effectiveness and efficiency of the Housing Management Program.

B. **Formal Findings:**

Activity/Region:

Date:

Inspector(s):

Item/Subject:

*Formal Finding: A finding is a succinct statement of the condition found within the functional area which requires corrective action. There may be more than one finding in a functional area. Provide a separate write up for each finding.*

*References: List the instructions, regulations, laws, etc. as appropriate that require compliance or are relevant to the discussion.*

*Discussion: Brief, to the point, which explains the situation that leads the inspector to state his/her findings of the problem and to recommend the actions shown.*

C. **Housing Management Review**

1. **Financial Management**

- a. Overall condition of the FH,N financial records, job order #s, and accordance with Budget/POM and Annual Planning Figures (APFs). Reconciliation of accounting records with comptroller.
- b. Per unit costs and Net Operating Income (NOI)
- c. Collections
- d. Rents and charges
- e. Reimbursements

**Flags (High vulnerability area)**

Review previous two years and current year flag budgets against approved Congressional limits and those under \$25K. For each Flag unit outline approved Congressional amount and what was actually executed. Verify that FH,N is the sole fund source. Verify that job order #s are established to collect all charges by unit.

**Projects (High vulnerability area)**

Repair Projects - List all repair projects from the two previous years and current year (to-date) with cost and number of unit. Verify that the \$20K/per unit threshold was not violated.

## Furnishings (High vulnerability area)

Verify that an inventory system is in place to accurately track all FH,N furnishings and appliances. At overseas locations, verify inventory and accounting for the O&M support of the Bachelor Loaner and Supplemental Furnishings Program. Ensure that Flag furnishings are properly identified and warehoused apart from other family housing furnishings.

### 2. Organization/Staffing

Indicate number of staff, whether the organization is aligned consistent with the Navy housing standard – Facilities and Personnel Support. If completing a staffing study, indicate results. Indicate whether PDs are updated and what is the overall morale of the office. Discuss the professional appearance/condition of the housing office(s).

### 3. Facilities Management (refer to section “IV. Areas of Coverage” for amplifying information)

1. Maintenance
2. Utilities
3. Operating Services (Fire/Police/Trash)
4. FH,N Inventory Records
5. Resident Relations

### 4. Personnel Support (refer to section “IV. Areas of Coverage” for amplifying information)

1. Assignment and Utilization
2. Housing Information/Referral Services
3. Requirements Determination
4. Customer Service
5. Acquisition
6. Leasing

## HOUSING MANAGEMENT REVIEW

### Information to be obtained and reviewed by the EFD team in advance of site visit:

Staffing workload indicators as described in P-930 Chapter 2

Local housing instructions

Housing Organization Chart

Requirements and Utilization

Projects that are programmed and POM'd

Maintenance Service Contract(s)

### Data to be made available during site visit: (as applicable)

Family housing property account records

Furnishings inventory records

Grounds care waivers – flag quarters

Position descriptions

Divestiture plan

Long Range Maintenance Plan

FH,N financial records

Flag budgets and cost reports

Log of service calls & work chits