

CHAPTER 4. INSPECTIONS AND AUDITS

I. INTRODUCTION

A. SCOPE

Navy organizations are subject to inspection, including audit, evaluation, or investigation by various federal government agencies. In addition each installation has a local Command Evaluation Program to conduct or participate in reviews and studies for the commanding officer. This chapter identifies responsibilities and discusses preparation and response to inspections of family housing programs. The term inspection will be used throughout the text to mean audits, evaluations, investigations and inspections. The chapter is a complete rewrite and should be reviewed in its entirety.

B. POLICY

1. Inspection is an inherent responsibility of command, which is concerned with the efficiency and effective execution of the mission. When undergoing inspection, housing staffs will cooperate with inspectors by courteously providing requested documents and answering all questions. The staffs are additionally responsible for responding to recommendations or suggestions contained in inspection reports.

2. Housing staffs will promptly notify the local Command Evaluation office of all visits by external investigative agencies.

C. REFERENCES

1. SECNAVINST 5040.3 series: "Naval Command Inspection Program"
2. OPNAVINST 5400.24 series: "Command, Area Coordination and Command Relationships"

D. SUMMARY

This chapter is organized into four topical areas:

1. Responsibilities. Identifies the responsibilities of housing personnel at Naval Facilities Engineering Command (NAVFACENGCOCOM), Engineering Field Divisions (EFDs), major claimants and field activities.

2. Performing Organizations. The various organizations which may perform inspections of family housing organizations are explained.

3. Focus Topics. Inspections can span the full range of housing operations or concentrate on specific areas.

4. Preparation. This section is provided as general guidance in preparation for an inspection.

II. RESPONSIBILITIES

A. Housing organizations are responsible for providing requested information to the inspection team during and after the site visit. That information should be coordinated with the local Command Evaluation Office which has responsibility for tracking inspections. Appropriate action must be promptly taken to correct any findings and recommendations of the final report.

B. The Commander, Naval Facilities Engineering Command (COMNAVFACENGCOM) and the Engineering Field Divisions (EFDs) have the following responsibilities:

1. When a subordinate housing organization is inspected, NAVFACENGCOM will provide the inspecting authority technical oversight of housing management functions by participating in or coordinating participation in command inspections.

2. The Housing Division of EFDs will, when requested, provide support to major claimants in assessing family housing programs by assigning housing personnel to participate in command inspection teams. They are also responsible for providing technical assistance to field activities preparing for external agency visits.

3. The NAVFACENGCOM Housing Program Manager will be provided a copy of all draft reports for review and will coordinate responses to findings and recommendations. In most cases, NAVFACENGCOM and/or the Chief of Naval Operations (CNO) respond to draft and final reports.

III. PERFORMING ORGANIZATIONS

A. FEDERAL GOVERNMENT AGENCIES: Family housing organizations are subject to inspection, including audit, evaluation or investigation by various federal government agencies. These agencies include the General Accounting Office (GAO), Department of Defense Inspector General (DODIG), Naval Criminal Investigative Service (NCIS), Naval Inspector General (NAVINSGEN), Naval Audit Service (NAVAUDSVC), and Congressional Investigative Committees or Subcommittees.

B. NAVAL COMMAND INSPECTION PROGRAM: The Naval Inspector General exercises general supervision, guidance and coordination of the Naval Command Inspection Program. Immediate Superiors in Command (ISICs), often the major claimant or the area commander will establish an inspection program or process review of subordinate activities to ensure operational and material readiness and to assess quantity, quality and management of available resources. All parties in the chain of command will track all recommendations to ensure their resolution.

C. COMMAND EVALUATION PROGRAM: Each Navy command, including NAVFACENGCOM, has a Command Evaluation Program (formerly Internal Review) that conducts or participates in independent and objective reviews, studies, analyses, investigations, and inspections. Command Evaluation Offices at headquarters, EFDs and field activities are the liaison for external investigative agencies. Housing directors or managers are required to verify with their local Command Evaluation Office any visit by an external audit or investigative agency.

IV. FOCUS TOPICS

Inspections and audits may examine any aspect of the family housing organization and its functions. The purpose is to assess performance and utilization of resources. The inspection may also cover special interest items identified by the Secretary of the Navy or the Chief of Naval Operations and published annually in SECNAVNOTE 5040.

In general, inspection teams will examine key processes. This review will include how input from internal and external customers is incorporated into key processes, how processes are designed and managed to maintain performance, how results are measured, and how better performance is achieved.

V. PREPARATION

Preparation for an inspection should be minimal if current regulations and instructions are being followed. The topics and questions in the succeeding paragraphs provide a guide for organizations preparing for inspections. This guide applies most directly to activity organizations but provides an indication of interest areas for all levels of housing management. The list is not meant to be all-inclusive, nor does it indicate specific areas on which an inspection or audit may focus.

A. ORGANIZATION AND STAFFING

1. Are current instructions and directives readily available to family housing personnel? Do they understand and implement them? Are employees cross-trained?
2. Are job descriptions current? Are performance plans set and reviewed at appropriate times? Are personnel awards included in the annual budget?
3. Do the number, grades, and duties of personnel support the organizational structure? Is there a career ladder within the organization?
4. Is a comprehensive training program in place for family housing personnel? How are training needs identified?
5. What mechanisms are in place to ensure inter-office communication?
6. Does the housing organization have sufficient and appropriate support equipment (FAX, PCs, copiers, vehicles, etc.)?

B. FINANCIAL MANAGEMENT AND BUDGET PREPARATION

1. Is there a dedicated budget analyst or finance clerk assigned to perform memorandum accounting functions?
2. Is the job order number structure sufficient to ensure analysis of business practices and efficiency of funding execution?

3. What methods are used to accumulate cost data for the FH,N memorandum accounting system?

4. Are memorandum accounting records supported by clear audit trails to ensure the integrity of the Family Housing, Navy (FH,N) account?

5. Are FH,N memo accounts reconciled with the Comptroller's official financial records at least monthly, and with the Authorization Accounting Activities/Financial Information Processing Centers (AAA/FIPC) in a timely manner?

6. What is the source of data for the budget? Who is involved in budget preparation and execution?

7. How does the budget compare to obligations and expenditures? Were budget projections accurate? What was the execution rate for the last FY?

8. Who participates in Program Objective Memorandum (POM) submissions? What data is used for financial planning?

9. Are cash collection procedures performed in accordance with instructions?

10. Is the approved M&R Six-Year Plan reflected in the M&R section of each Flag and General Officer quarters budget?

11. Are timely and accurate quarterly cost reports provided to residents of Flag and General Officers quarters (F&GOQs)?

C. INVENTORY

1. Are inventory records for class 1 and 2 Family Housing Property complete and accurate? Where are these records kept?

2. Are complete and current records, which reflect all active, inactive, diverted or disposed inventory, available to housing employees?

3. Are inventory changes, such as demolition, acquisition, or permanent conversion or diversion, coordinated with the designated installation representative in order to make formal edits/changes to the Navy Facilities Assets Data Base (NFADB)?

D. ASSIGNMENT AND UTILIZATION

1. Do all employees who interface with customers understand assignment, termination, and wait-list procedures? Are exceptions to policy documented and retained for the required period of time?

2. Are check-in and check-out procedures clearly defined, published, and made available to all personnel being assigned to government quarters?

3. Is each applicant provided adequate notice of assignment (30 days) to quarters in order to notify landlord?

4. Are all incoming personnel counseled concerning availability of government quarters?

5. Is a current resident handbook provided to all personnel when assigned government quarters?

6. Is paperwork terminating member's basic allowance for housing (BAH) completed immediately upon assignment to government quarters and forwarded to the appropriate disbursing office? Is BAH reinstatement paperwork given to the member immediately upon vacate?

7. Are quarters designated in accordance with the 11101.13 series? Are copies of special designation letters kept on file?

8. How is occupancy of all facilities maximized?

9. Are local assignment and utilization practices consistent with the policy contained in the OPNAVINST 11101.13 series and other implementing guidelines?

10. Is most recent utilization report available? What is the utilization rate?

11. Is downtime between residents used effectively?

12. Is appropriate action taken to ensure family housing facilities are inactivated, diverted, redesignated, transferred, or disposed of when in excess of current and or future requirements?

13. Are any host-tenant agreements or inter-service support agreements in place?

E. HOUSING INFORMATION AND REFERRAL PROGRAM

1. Are referral processes focused on customer needs and established to follow appropriate instructions and directives?

2. Are all incoming personnel counseled on the Equal Opportunity in Off-Base Housing (EOOBH) program?

3. Is personalized service provided to all personnel requesting assistance?

4. Are a variety of listings for sale and rental properties which meet customer needs obtained, maintained, and verified for current availability to Navy personnel?

5. Is there command support for the mandatory housing check-in policy as stated on PCS orders?

6. Is there a current and accurate Community Housing Referral Services (CHRS), or similar, report? How is the data for the report compiled?

7. Is community liaison adequate to keep housing authority (HA) informed of off-base housing trends?

8. How are referral services marketed to the military community?

9. What relocation services are provided?

10. Are some referral initiatives implemented such as rental set-aside, waivers for security and utility deposits, reduced rental rates, or waivers of some rental fees?

11. Are customer survey results analyzed to improve all aspects of housing services provided, such as assignment/referral or resident satisfaction?

12. In overseas areas, are additional services provided and effective such as language translation and assistance in lease negotiations/executions, maintenance service calls, utility and telephone deposits and connections and showing services for community housing?

F. OPERATIONS

1. Is accountability maintained with furniture and equipment control, handling, warehousing, repair, replacement, and disposal processes?

2. Are rents and charges established and collection procedures, in accordance with directives, in place for all Navy rental family housing and mobile home spaces? How often are rents reviewed?

G. MAINTENANCE

1. How are maintenance standards developed and implemented?

2. Are work authorizations, including recurring work requests, minor requests, specific requests, emergency/service requests, and change of occupancy maintenance requests appropriate and charged correctly?

3. Are work control procedures in place to prevent duplication of work?

4. Are history records maintained for all facilities identified on the Family Housing Property Account?

5. Are Comprehensive Neighborhood Plans or short-and long-range maintenance plans prepared for maintenance and revitalization of neighborhoods?

6. If a resident self-help program exists, does it include control and accountability of materials?

7. Are housing units well maintained and physically attractive? Is the level of grounds maintenance service adequate?

8. Are maintenance service costs reasonable for work being performed?
9. Are maintenance contract specifications accurate? Does housing participate in defining performance specifications?
10. Are residents billed for cleaning and/or damages caused by abuse or negligence?
11. Are pest control, refuse collection, and other services adequate?

H. REQUIREMENTS DETERMINATION

1. Are the appropriate processes in place to determine current and future housing requirements?
2. How is the availability of suitable private community assets determined?
3. If completed, do market analysis agree with internal housing requirements determination process?

I. UTILITIES AND CONSERVATION

1. What allocation procedures are in place to determine utility charges? If engineering estimates are used, how often are they reviewed?
2. Are utility costs per unit reasonable in comparison with private residential costs (available from the local utility)?
3. What utilities conservation programs are in place and is per unit energy consumption declining (see energy audit report)?
4. Are energy conservation measures integrated with maintenance and renovation efforts?
5. Is there a recycling program in family housing?

J. PROJECTS

1. Have projects been submitted for units needing extensive renovations?
2. Are repair and improvement projects developed in accordance with guidelines to include economic analysis, conformity to criteria, limits on expenditures, and relative priority? Is justification sufficiently documented to "sell the program"?
3. What is the status of funded projects? What is the housing organization's participation in the construction/quality assurance process?

K. RESIDENT RESPONSIBILITIES AND LIABILITY

1. Are processes in place to ensure resident participation in energy conservation, grounds care, cleaning, and self-help programs?

2. How is community pride encouraged?

3. Are procedures adequate for obtaining reimbursement for damages to government property due to resident or guest negligence or abuse?

L. REPORTS

1. Are recurring and special reports accurate and timely?

2. How is data gathered? Are local reports and data processing systems used?

M. INSPECTIONS, AUDITS, AND REVIEWS

1. Are records of previous audits and inspections available? Are responses documented and on file?

2. Have recommendations and findings from previous audits or inspection reports been implemented or closed?