



U.S. Department of the Interior Office of Inspector General

MAINTAINING THE DEPARTMENT OF THE INTERIOR'S FACILITIES, A FRAMEWORK FOR ACTION



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Office of Inspector General
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Memorandum

To: Secretary

From: Earl E. Devaney
Inspector GeneralSubject: Advisory Report on Maintaining the Department of the Interior's Facilities,
A Framework for Action (No. 2002-I-0008)

I am pleased to provide you with our insights on the Department's facilities maintenance management issues. We evaluated the Department's current facilities maintenance practices and plans and identified promising practices recommended by the Department, its bureaus, other governmental agencies, non-profit entities and for-profit entities. I believe our results will provide you with a sound framework for correcting long-standing Departmental facilities maintenance problems and for ensuring a business-like approach for future operations. The breadth and depth of the facilities maintenance issues we observed led us to conclude that direct Departmental intervention and management of a maintenance program is needed for significant and lasting improvements.

In our report, we identify actions that, if implemented, will result in an effective Departmental facilities maintenance program. These actions include:

- Appointing a Departmental Chief Maintenance Officer
- Taking Immediate Steps to Reduce the Maintenance Backlog
- Managing Facilities Proactively
- Establishing a Single Maintenance Budget for the Entire Department
- Conducting Standardized Condition Assessments
- Establishing Relevant Performance Measures
- Implementing an Integrated Facilities Management System

Some of our proposed actions may seem bold; however, we believe they represent the Department's best opportunity to substantially improve its facilities maintenance program. Although this advisory report does not require a response, we would appreciate being kept apprised of the actions the Department takes on our proposals.

If you have any questions about our work or report, please do not hesitate to call me at (202) 208-5745.

Maintaining the Department of the Interior's Facilities A Framework for Action

The Maintenance Challenge

The Department of the Interior today faces an increasingly critical challenge: how to maintain the large and aging inventory of bridges, dams, schools, buildings, irrigation systems, roads, historic buildings and other structures entrusted to its care. This challenge is exacerbated by the current condition of many of those facilities. The Department estimated a deferred maintenance backlog of between \$7 billion and \$11 billion (as of September 30, 2000). Reviews conducted by our office, the General Accounting Office, and the bureaus have consistently revealed long-standing maintenance problems and the Department itself has identified the lack of a Department-wide maintenance management capability as a mission-critical material weakness. The present decentralized maintenance operations with their complex funding mechanisms and little or no standardized information, processes, or procedures are not effective.

At the request of the Department and the Office of Management and Budget (OMB), we reviewed the Departmental issues and identified key needed actions. Rather than a typical audit report, we have designed this report to highlight the critical actions needed to enable the Department to act quickly to reduce the backlog and develop a comprehensive, proactive and reliable facilities maintenance management program. Our suggestions provide the Department with a framework for short-term actions to address the deferred maintenance backlog and long-term actions to establish an effective facilities management process that will help prevent recurrence of a deferred maintenance backlog.

Building on the Department's Efforts

The Department has already begun the work of upgrading its facilities maintenance processes and systems. The February 1998 report, *Facilities Maintenance Assessment and Recommendations*, issued by the Interior Planning, Design and Construction Council emphasized proactive maintenance management, including the need for a best practices study and for a common vocabulary of key maintenance terms. The report recommended the Council be expanded and have oversight responsibilities for the implementation of the other recommendations. The Department followed the 1998 report with its 1999

Facilities Condition Assessment Survey Guidelines, which set minimum standards and methods for accomplishing comprehensive condition assessments. The two documents together created a powerful outline for positive changes in the Department's facilities management program. The Department and its bureaus have started to implement the 1998 recommendations, but its decentralized structure has not allowed the Department to fully capitalize on these efforts. Further, the individual bureaus are approaching the facilities management process from different viewpoints and the Interior Planning, Design and Construction Council does not have the organizational authority or visibility to compel a cohesive approach.

In developing our framework, we relied in part on the recommendations in the 1998 report; in fact many of our recommendations echo the report's conclusions and recommendations. Based on our review of the maintenance process within four bureaus, our past reports and experience and promising practices identified by the General Accounting Office and others, we augmented the recommendations with additional suggestions and emphasis. Our recommendations, to increase Departmental oversight of the facilities maintenance process, to strengthen the proactive stance of maintenance operations, and to ensure that maintenance and deferred maintenance are addressed contemporaneously, will help the Department achieve the intent of the 1998 report's recommendations.

We believe our framework builds on and consolidates the proactive changes already underway within the Departmental bureaus we reviewed—the National Park Service, the Bureau of Indian Affairs, the Bureau of Land Management and the Fish and Wildlife Service. The bureaus are beginning the essential and critical tasks of assessing the conditions of their facilities, identifying the extent of deferred maintenance needs, and implementing the information systems necessary to effectively manage and maintain facilities. For example, the Bureau of Indian Affairs has completed its initial round of condition assessments and has implemented a facilities management information system for its education and administrative facilities. The National Park Service is implementing, and the Bureau of Land Management and the Fish and Wildlife Service are planning to test, a new facilities management system, MAXIMO. This system has the capability to provide accurate facilities maintenance information and foster a good decision-making process. Although these bureaus are taking some proactive steps to address their maintenance issues, much more aggressive action is needed to resolve the problem for the entire Department.

Needed Actions

The following actions provide a broad framework to address the Department's facilities maintenance problems on the two levels necessary to ensure effective change. First, the Department must act immediately to reduce the deferred maintenance backlog, which is now a maintenance crisis. Second, the Department must simultaneously develop and implement a proactive Departmental facilities maintenance program that ensures the wisest use of maintenance monies, guarantees effective maintenance and prevents the recurrence of future backlogs. We developed this framework based on our review of

promising practices recommended by others, the work we performed at the bureaus and our own experience. The framework is centered around increased Departmental oversight and control to ensure a cohesive approach to move the Department toward sound, business-like facilities maintenance management.

Appoint a Departmental Chief Maintenance Officer

Currently, none of the Departmental bureaus we reviewed, each with its own budget and each concerned with its own turf, has been able to establish an effective facilities maintenance program. The bureaus' efforts to implement facilities management systems and accurately identify the deferred maintenance backlog have been slow and uncoordinated. Additionally, and most importantly, none of the bureaus can provide assurance that the millions of dollars appropriated for maintenance have been or will be spent wisely. A Department-wide approach to maintenance is now necessary to address the maintenance crisis and ensure cohesive action among the bureaus. The appointment of a Chief Maintenance Officer (CMO) reporting directly to the Secretary would bring maintenance problems and issues under a single authority and with a single focus. Primary among the responsibilities of this individual would be to:

- Develop, implement, and enforce a comprehensive and proactive facilities management plan. Such a plan would mandate cohesive bureau facilities management systems, condition assessments, accountability of bureau maintenance managers and accurate reporting to the Secretary, to OMB and to Congress.
- Conduct a benchmarking/best practices study of private sector solutions to maintenance challenges similar to those faced by DOI.
- Oversee all annual maintenance budget submissions, review maintenance and construction expenditures to ensure reduction of the deferred maintenance backlog and limit new construction to only mission-essential facilities.
- Explore the viability of establishing a single, Departmental appropriation for maintenance.
- Bureaus should appoint a single, designated point-of-contact to report to the CMO.

Take Immediate Steps to Reduce Backlog

No facilities management plan can succeed without reducing the deferred maintenance backlog as quickly as possible. To be effective, however, such a reduction must be done within the context of a well-planned approach that ensures the wisest use of maintenance funds. Following are actions the Department could take in the short term to begin reducing the backlog while at the same time developing an effective facilities maintenance process.

- Maximize funding of the projects in the Department's five-year plan so that deteriorated assets can be repaired, rehabilitated, or replaced expeditiously. Backlog reduction can be maximized by:
 - Identifying available funding and the minimal acceptable condition of facilities.
 - Making sure that the projects in the plan are legitimately part of the maintenance backlog, have high priority health and safety needs, and are not new construction.
- Use contractors to implement a facilities management system and to expedite completion of condition assessments in order to quantify the backlog.
- Develop a strategic plan of key actions, time frames and estimated costs to reduce the backlog. This plan should ensure that new construction is limited, that facilities are designed for local maintenance and that incentives are in place to reduce underused space and to dispose of unnecessary assets. The plan should also eliminate the current incentives for retaining underused space.
- Ensure that progress toward reducing the backlog is accurately measured and reported.

Manage Facilities Proactively

Departmental managers should operate facilities maintenance as a proactive process that emphasizes the role of preventive maintenance, thereby identifying and meeting maintenance needs before they become a crisis. Such a process maximizes the useful lives of assets and minimizes the cost of irreversible loss of service life by ensuring that preventative and/or cyclic maintenance is performed when scheduled or needed. To begin managing proactively, the Department should, at a minimum:

- Develop comprehensive preventative maintenance policies and procedures.
- Ensure that maintenance employees are qualified and trained to complete their tasks.
- Develop credible preventative maintenance schedules and cost estimates for all facilities to ensure reliable maintenance budgets.
- Earmark funding for preventative and/or cyclic maintenance work.
- Develop a strategic plan that identifies prioritized alternative actions if there is insufficient funding for maintenance, including identifying facilities that could be disposed of or closed.

Explore the Establishment of a Single Maintenance Budget

To persuade the OMB and Congress to provide the money to manage and maintain Departmental national facilities, the Department must identify not only how much money it needs, but also the wisest ways to spend it. A single maintenance budget funded through a single appropriation for the Department would significantly advance these objectives.

In the immediate term, however, the Department must seize greater control over maintenance funds to ensure appropriate and efficient expenditures of maintenance monies. To do so, the Department should:

- Establish single line item budgets for maintenance in each bureau.

- Grant oversight authority to the Chief Maintenance Officer for all Departmental maintenance budgets. The CMO should, in concert with the DAS-Budget and Finance, review and certify the budget requests and transactions of the maintenance line items each year. While the CMO will have oversight in this arena, the onus of thoughtful budget formulation and accurate cost accounting will remain with the bureaus.

In the long term, the Department should explore the viability of establishing a single Departmental appropriation for maintenance, to include:

- Seeking no-year funding to build reserves from appropriated funds.
- Including funds from other sources, such as collections and fees, in the maintenance reserve.
- Linking budget requests to maintenance needs at bureau levels and separately identify funding needs for preventative and/or cyclic maintenance and deferred maintenance backlog reduction.
- Identifying and reporting to the OMB and Congress the estimated total resources needed to implement and operate a facilities management system and perform condition assessments.

Conduct Condition Assessments

Condition assessments are a continuous process through which bureaus evaluate the condition of their facilities and, as such, are a key component of an effective facilities management program. Condition assessments establish a maintenance deficiency baseline and are essential in evaluating maintenance performance and in planning and budgeting maintenance activities. As part of an effective condition assessment process, the Department should:

- Build on its December 2, 1999 *Facilities Condition Assessment Survey Guidelines* by developing standardized, Department-wide procedures for:
 - ◀ Performing condition assessments.

- Estimating maintenance costs using standardized cost methodologies.
 - Complying with Federal, state and local building code requirements.
 - Validating inventory for replacement cost and changes in size, use and ownership.
 - Categorizing and ranking the seriousness of individual deficiencies.
 - Identifying minimum qualifications for personnel conducting condition assessments.
 - Establishing time frames for completing condition assessments.
 - Documenting the results of assessments.
- Obtain from the bureaus formalized plans that include key actions, time frames and estimated costs to implement the revised procedures.

Establish Performance Measures

Both the OMB and Congress have been vitally concerned with the Department's ability to accurately measure and report maintenance performance. To implement an effective facilities management program, it is imperative to establish goals and objectives that measure the degree to which the Department is:

- Reducing the deferred maintenance backlog, particularly critical deficiencies.
- Completing condition assessments.
- Implementing and operating a facilities management system.
- Reducing unplanned closures of deteriorated facilities.
- Linking costs to planned and actual maintenance accomplishments.

Implement a Facilities Management System

An effective facilities management system is the cornerstone for proactive maintenance within the Department. The Department must implement a single facilities management system that incorporates maintenance standards and consistent information. To effectively plan, prioritize, direct and execute maintenance activities; measure and report on maintenance performance; and control and account for maintenance funding, the Department should:

- Develop a plan that includes key actions, time frames, and estimated costs to fully implement and operate a single facilities management system that generates data that can be integrated daily at the Departmental level and provide an inventory of assets and conditions including:
 - A facility condition index.
 - Replacement costs.
 - Priority ranking categories.
 - Standardized deficiency costs.
 - Preventative maintenance schedules and related costs.
- Establish policies and procedures to ensure consistent system use by trained staff at all bureaus.

Conclusion

We believe the framework of actions outlined above will bring renewed focus to the Department's efforts to implement an effective facilities maintenance process. The actions, which are designed to increase Departmental oversight and proactive management of the maintenance process, should compliment the on-going efforts by the individual bureaus and reinvigorate the Departmental efforts from the 1998 report, *Facilities Maintenance Assessment and Recommendations*. Taken all together, these efforts should help the Department eliminate its current deferred maintenance backlog while establishing an effective, business-like process for future operations.



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