Executive Summary

Why the Audit was Conducted

The United States Naval Academy (USNA) identified a lack of infrastructure resources as a high risk in the Department of the Navy Fiscal Year 2017 Risk and Opportunities Assessment. The objective of this audit was to verify that the condition of USNA infrastructure is sufficient for meeting its mission goals. This audit was agreed to by the Superintendent of USNA. Conditions noted in this report existed during the period of 6 March 2017 to 26 April 2018.

What the Audit Found

We determined that current infrastructure and facility conditions impede USNA’s ability to fully meet mission goals. Based on our judgmental review of 13 unprogrammed Sustainment, Restoration, and Modernization (SRM) projects (1 Sustainment Project and 12 Restoration and Modernization projects), with a total estimated cost of $XXXXXXXXX, we identified deficiencies in facility conditions, configurations, and system components. Deficiencies include: water leaks and intrusion; deteriorating facilities, structures, and piers; outdated facility layouts; and aged facility system components (e.g., electrical and Heating, Ventilation, and Air Conditioning (HVAC) systems). SRM projects to address the deficiencies identified have been planned, but not funded. These conditions existed due to the decrease in resources allocated to USNA SRM infrastructure projects.

As a result, there is a potential for: (1) hindrances to executing the academic and physical fitness mission; (2) loss of academic accreditation; (3) safety and health hazards and regulatory violations; and (4) damage or loss of significant Naval historical documents, pictures, and artifacts. Overall, this could lead to long-term negative impacts on the heritage and reputation for USNA and the Department of the Navy.

During our audit, on 31 October 2017, the Vice Chief of Naval Operations issued a memorandum that designated USNA, Naval Postgraduate School, and Naval War College as Flagship Institutions for the purpose of ensuring a minimum level of support for facilities. The memorandum stated that beginning in Fiscal Year 2019, facility sustainment funding for each institution will be no less than 80 percent of the institution’s sustainment requirement based on the current Office of Secretary of Defense Facilities Sustainment Model. Furthermore, restoration and modernization funding will be no less than $15 million per year and will be shared among the three institutions. The memorandum states that the funding will be fenced and reductions to the minimum funding levels will require Chief of Naval Operations or Vice Chief of Naval Operations consent. Additionally, the Navy approved the use of Operations and Maintenance, Navy funding for the restoration and modernization of Rickover Hall. The project was awarded in August 2017 and work is scheduled to begin in May 2018.

What DON Can Do to Address the Situation

We made a recommend to the Office of the Chief of Naval Operations to develop a plan of action to mitigate infrastructure challenges at USNA. Actions taken meet the intent to mitigate infrastructure challenges at the United States Naval Academy and the recommendation is considered closed.

RONNIE BOOTH
Assistant Auditor General
Energy, Installations, and Environment Audits

Audit Director
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Section A: Finding, Recommendation, and Corrective Actions

Finding: United States Naval Academy Infrastructure

Current infrastructure and facility conditions impede the United States Naval Academy’s (USNA’s) ability to fully meet mission goals. According to various academic, athletic, safety and accessibility, and historical and cultural standards and regulations, USNA is responsible for meeting academic and physical mission goals; maintaining academic accreditation; promoting a safe and healthy environment; and managing and preserving historical resources.¹ Based on our judgmental review of 13 unprogrammed² Sustainment, Restoration, and Modernization (SRM) projects (1 Sustainment and 12 Special Projects³), with a total estimated cost of $XXXXXXX, we identified deficiencies in facility conditions, configurations, and system components. Deficiencies include water leaks and intrusion; deteriorating facilities and structures; outdated facility layouts; and aged facility system components (e.g., electrical and Heating, Ventilation, and Air Conditioning (HVAC) systems). SRM projects to address the deficiencies identified have been planned, but not funded. These conditions exist due to the decrease in resources allocated to USNA SRM infrastructure projects.

As a result, there is a potential for: (1) hindrances to executing the academic and physical fitness mission; (2) loss of academic accreditation; (3) safety and health hazards and regulatory violations; and (4) damage or loss of significant Naval historical documents, pictures, and artifacts. Overall, these potential impacts could lead to long-term negative impacts on the heritage and reputation of USNA and the Department of the Navy (DON).

Background

Founded in 1845 in Annapolis, MD, USNA is the 4-year undergraduate college for DON. The authorized strength for the Brigade of Midshipmen is 4,400. USNA is accredited by the Middle States Commission on Higher Education. Selected majors are accredited by the ABET⁴ and the American Chemical Society.

¹ Based on commercial, Federal, Department of Defense, and Department of the Navy regulations. See Pertinent Guidance in Exhibit A.,
² These projects have not been funded.
³ A Special Project is a restoration or modernization project where funding cost exceed $750,000. Special Projects exceeding $7,500,000 must be submitted to the Assistant Secretary of the Navy (Energy, Installations, and Environment) for approval and Congressional notification.
⁴ The Accreditation Board for Engineering and Technology changed its name to ABET in 2005.
The USNA mission includes developing midshipmen morally, mentally, and physically and to imbue them with the highest ideals of duty, honor, and loyalty in order to graduate leaders who are dedicated to a career of Naval service.

USNA is a Division I member of the National Collegiate Athletic Association. It is also designated as a National Historical District by the National Park Service and the campus is open for public tours. Additionally, USNA is responsible for the physical custody and maintenance of the National Archives and Record Administration (NARA) records for USNA.

Audit Results

We judgmentally selected 13 unprogrammed SRM\(^5\) projects at USNA and reviewed property record cards, Maximo maintenance logs,\(^6\) and planning documents (DD Forms 1391) for 15 facilities identified in the projects. We toured facilities associated with the selected projects to physically observe the facility conditions. We also interviewed personnel knowledgeable about USNA and the unprogrammed SRM projects.

Condition

Current infrastructure and facility conditions impede USNA’s ability to fully meet mission goals. Specifically, based on site tours, interviews, and review of supporting documentation, we identified deficiencies in facility conditions, configurations, and system components. SRM projects to address the deficiencies identified have been planned, but not funded.

Facility Conditions

We used supporting documents, interviews, facility observations, and facility data from the internet Navy Facility Assets Data Store (iNFADS)\(^7\) to determine whether the condition of USNA infrastructure was sufficient for meeting its mission goals. For the selected facilities, we reviewed and used the facility readiness information from iNFADS to identify the Mission Dependency Index (MDI) and Physical Quality Rating (Q-Rating) of the facilities associated with the selected SRM projects (see Table 1).\(^8\) The MDI identifies the relative

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\(^5\) Sustainment is the maintenance and repair activities necessary to keep a typical inventory of facilities in good working order. Restoration and Modernization is renovation or reconstruction activities needed to keep existing facilities modern and relevant in an environment of changing standards and missions.

\(^6\) Maximo, used by the Naval Engineering Facilities Command Public Works Departments, is a business information technology system that breaks down buildings and assets into individual units and tracks their lifecycle sustainment from construction to demolition.

\(^7\) iNFADS is the accountable property system of record for the Naval Facilities Engineering Command (NAVFAC) and provides authoritative real property inventory data for DON real property.

\(^8\) We did not verify the accuracy of the Mission Dependency Index, Physical Quality, or Condition ratings within iNFADS. These readiness factors are determined by NAVFAC evaluation teams.
importance of shore facilities in terms of its mission criticality relative to other facilities within the fence line of an installation. For the 15 facilities in our sample, 8 were identified as “Critical” and 2 were identified as “Significant” to the mission of Naval Support Activity (NSA) Annapolis.

The Q-Rating identifies a facility’s physical condition and its ability to support the current occupant or mission with respect to functionality. For the 10 facilities identified as “Critical” or “Significant,” 5 had a Q-Rating of “Failing to Poor” and 4 had a Q-Rating of “Poor to Fair.” Condition rating identifies a facility’s general “physical fitness” independent of its mission as it deteriorates due to routine aging, excess wear and tear, or insufficient maintenance. Facility conditions are discussed in greater detail in subsequent paragraphs. For the purposes of this audit, we focused more on Q-ratings because of the relation to the facility’s mission.

Table 1: Facility Readiness Factors

<table>
<thead>
<tr>
<th>Facility</th>
<th>Facility Built Date</th>
<th>Physical Quality Rating (Q-Rating)</th>
<th>Mission Dependency Index (MDI)</th>
<th>Condition Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Crown Sailing Center</td>
<td>1974</td>
<td>90</td>
<td>Low (1 - 39)</td>
<td>Failing - Poor (0 - 59)</td>
</tr>
<tr>
<td>Rickover Hall</td>
<td>1975</td>
<td>64</td>
<td>71</td>
<td>48</td>
</tr>
<tr>
<td>Macdonough Hall - Gym</td>
<td>1903</td>
<td>35</td>
<td>71</td>
<td>48</td>
</tr>
<tr>
<td>Macdonough Hall - Pool</td>
<td>1921</td>
<td>12</td>
<td>71</td>
<td>48</td>
</tr>
<tr>
<td>Chapel</td>
<td>1905</td>
<td>59</td>
<td>89</td>
<td>85</td>
</tr>
<tr>
<td>Nimitz Library</td>
<td>1973</td>
<td>58</td>
<td>97</td>
<td>85</td>
</tr>
<tr>
<td>Oceanography Pier 225</td>
<td>1914</td>
<td>35</td>
<td>89</td>
<td>45</td>
</tr>
<tr>
<td>Alumni Hall</td>
<td>1991</td>
<td>64</td>
<td>89</td>
<td>85</td>
</tr>
<tr>
<td>Bancroft Hall Watershed Drainage System</td>
<td>1935</td>
<td>52</td>
<td>53</td>
<td>52</td>
</tr>
<tr>
<td>Dahlgren Hall</td>
<td>1903</td>
<td>71</td>
<td>78</td>
<td>100</td>
</tr>
<tr>
<td>Waterfront Facility 171NS*</td>
<td>1943</td>
<td>0</td>
<td>Low (1 - 39)</td>
<td>Failing - Poor (0 - 59)</td>
</tr>
<tr>
<td>Waterfront Facility 250NS</td>
<td>1944</td>
<td>40</td>
<td>Low (1 - 39)</td>
<td>Failing - Poor (0 - 59)</td>
</tr>
<tr>
<td>Waterfront Facility 253NS</td>
<td>1944</td>
<td>60</td>
<td>Moderate (40 - 54)</td>
<td>Poor - Fair (60 - 79)</td>
</tr>
<tr>
<td>Waterfront Facility 287NS</td>
<td>1964</td>
<td>65</td>
<td>Relevant (55 - 69)</td>
<td>Fair - Good (80 - 89)</td>
</tr>
<tr>
<td>Waterfront Facility 288NS</td>
<td>1964</td>
<td>65</td>
<td>Significant (70 - 84)</td>
<td>Significant (70 - 84)</td>
</tr>
<tr>
<td>Perimeter Wall</td>
<td>1906</td>
<td>50</td>
<td>Critical (85 - 100)</td>
<td>Critical (85 - 100)</td>
</tr>
</tbody>
</table>

| Facility's physical condition and its ability to support current occupant or mission with respect to functionality | The relative importance of shore facilities in terms of its mission criticality relative to other facilities within the fence line of an installation (impact to the installation mission should the infrastructure be damaged or destroyed) | Condition rating identifies a facility’s general “physical fitness” independent of its mission as it deteriorates due to routine aging, excess wear and tear, or insufficient maintenance |

*An MDI rating was not assigned to this facility

9 Although INFADS provides separate facility condition data for the Macdonough Hall gym and Macdonough Hall pool, we consider this one facility (see Table 1 for additional details).

10 USNA is a tenant command located on NSA Annapolis. NSA Annapolis supports the training of midshipmen and USNA faculty, staff, and family members.
The audit team toured USNA and USNA facilities at the North Severn Complex in March, June and August 2017. We observed deteriorating facilities and structures as well as water leaks and intrusions. Our facility observations are discussed in the following paragraphs (see Exhibit E for a map of USNA).

**Water Leaks and Intrusions**

**Macdonough Hall**

Our audit observations revealed that the portion of Macdonough Hall, a physical fitness facility built in 1903, which includes aquatic spaces, is severely degraded. According to USNA personnel, Macdonough Hall has never had a major renovation. Our audit showed that the facility is significant to the mission; however, the physical quality rating is failing to poor. Macdonough Hall includes the combat training pool, which was built in 1921, and although significant to the mission, the physical quality rating of the pool is also failing to poor. During our tour of the facility, we observed hazardous conditions due to a water leak. Specifically, we observed exposed metal rebar on the bottom of the combat training pool basin (see Figure 1).

Additionally, we observed a stairwell wall next to the pool that appeared to have growing mold (see Figure 2). We observed standing water around the combat training pool deck as well as rust and peeling paint on the columns holding up the balcony. USNA personnel stated that the pool is currently leaking. According to the April 2017 DD Form 1391 titled “Repairs to Macdonough Hall, Building 102,” with an estimated cost of $[Redacted], the pool basin is 5 years past its life expectancy and the currently condemned balcony is 14 years past its life expectancy. A previous version of the DD Form 1391, dated September 2010, identified that at the
time, the pool was leaking approximately 2,200 gallons of water per day due to a suspected leak in the pool’s caulk joint.\footnote{At the time of our site visit, we did not observe excessive water leakage; however, we observed standing water on the pool deck and the stairwell next to the pool.}

Based on our review of Maximo service request records, we identified four service requests related to the pool leaks within Macdonough Hall from January through May 2017. We also identified similar issues in 2010. (See Exhibit D for information related to the planned repair efforts for Macdonough Hall.)

**Chapel**

As another example, the USNA Chapel, which was built in 1905, is experiencing damage due to water intrusion. Our audit showed that the Chapel is critical to the mission; however, the physical quality rating is failing to poor. According to the May 2017 DD Form 1391 titled, “Repairs to USNA Chapel and Ongoing Water Intrusion,” with an estimated cost of $\text{XXXXXXXX}$, deteriorated roofing and masonry exterior is causing significant water intrusion into critical structural and architectural components of the Chapel’s infrastructure. During our site tour, we observed water damage in the main chapel ceiling; according to USNA chapel personnel this was caused by the water intrusion. Personnel stated that when the roof leaks, the water also drains down into St. Andrew’s Chapel\footnote{The St. Andrew’s Chapel is a smaller worship space in the lower level of the Naval Academy Chapel building.} and mechanical room, which are located below the main chapel.
We observed the effects of water damage in the attic corridor of the Chapel (see Figure 3) and the mechanical room. Chapel personnel stated that the recently renovated main chapel organ pipes have also been damaged by the water leaks. Outside of the Chapel, we observed the dark discoloration of the exterior wall near the roof (see Figure 4). USNA architectural personnel stated that the discoloration was due to water penetration. On the Chapel roof, we observed clogged drains and missing mortar joints and pieces of brick that had fallen off the wall. Based on our review of Maximo service request records, we identified one service request related to water leaks within the Chapel from January through May 2017. We also identified a similar water leak issue as early as 2010. (See Exhibit D for information related to the planned repair efforts for the Chapel.)

**Deteriorating Facilities and Structures**

In addition to the water leaks and intrusion issues, during site visits, we physically observed deteriorating facilities and structures throughout USNA.

**Oceanography Pier**

We observed deteriorating pier pilings at the Oceanography Pier,\(^\text{13}\) which was constructed in 1914. Our audit indicated that the pier is critical to the mission; however, the physical quality rating is failing to poor. The pier provides berthing to Oceanography, Yard Patrol, and Naval Academy Academic Seamanship training vessels and houses the Hendrix Laboratory and the Vandergrift Cutter Shed. The pier supports the maintenance and operation of USNA’s sailboats, power support craft, and Santee Basin pier facilities. A crane is also located on the pier to load the Yard Patrol crafts; however, according to personnel, the crane is currently inoperable because the pier is deteriorating and is unstable. According to the DD Form 1391 titled “Repairs to Oceanography Pier 225,” with an estimated cost of [redacted] and dated 17 November 2014, the pier construction exhibits extensive deterioration throughout.

\(^{13}\) The property record card refers to the Oceanography Pier as the Santee Wharf (Facility 225).
Macdonough Hall and Dahlgren Hall

We also observed deteriorating spaces within the Macdonough Hall and Dahlgren Hall facilities. As previously mentioned, Macdonough Hall is an athletic facility that contains the combat training pool. We observed that access to the pool balcony was restricted and USNA personnel stated that the balcony was condemned due to rust and corrosion of the columns holding it up. Dahlgren Hall, built in 1903, is a multipurpose facility that is used for various types of events, such as drill practices, ceremonies, balls, and Science, Technology, Engineering, and Mathematics (STEM) activities. We observed office spaces with water damage and peeling paint. According to personnel, the spaces were condemned due to their condition and the potential presence of asbestos and mold.

In addition, we identified concerns with other structures at USNA, to include cracks around the foundation and walkways around the Robert Crown Sailing Center and Alumni Hall. According to USNA personnel, the cracks in the walkways are a result of water damage caused by poor drainage around the facilities. We also observed that a portion of the perimeter wall, which separates USNA from the city of Annapolis, was leaning toward a public sidewalk. Projects are planned to address these deficiencies; however, as stated above, the projects have not been funded.

Facility Configuration

During our site tours, interviews, and review of facility planning documentation, we identified that Rickover Hall, Nimitz Library, and Dahlgren Hall are not sufficiently configured to fully meet the function of the facilities and the mission of USNA.

Rickover Hall

Rickover Hall was built in 1975, and according to USNA personnel, the building has never had a major renovation. Our audit showed that Rickover Hall is critical to the mission; however, the physical quality and configuration ratings\(^\text{14}\) are poor to fair. The facility houses multiple classrooms and laboratory spaces for the Division of Engineering and Weapons. USNA personnel expressed concerns about the outdated layout of the engineering classrooms and laboratory spaces. Specifically, the current classroom and laboratory spaces are separated into different rooms. USNA personnel stated that the current configuration limits their ability to conduct project-based learning and a more updated configuration would

\(^{14}\) The configuration rating is the measure of an asset’s capability to support the current occupant or mission with respect to functionality.
resolve the issue. The project based learning approach allows students to immediately apply the lessons being taught in a hands-on group learning environment. According to Division of Engineering and Weapons personnel, project-based learning is encouraged by the educational accreditation boards. Personnel stated that USNA already has project-based learning spaces in Maury Hall, the Electrical and Systems engineering facility. We physically observed rooms with joint classroom and laboratory spaces within Maury Hall.

In addition to the outdated classroom and laboratory configuration at Rickover Hall, the current restroom capacity does not adequately accommodate female midshipmen as the facility was built before females were inducted into USNA. In June 2017, the Deputy Assistant Secretary of the Navy for Installation and Facilities notified Congress that the Navy had approved the planned use of Operations and Maintenance, Navy funding for the restoration and modernization of Rickover Hall.

**Nimitz Library**

We also observed configuration issues at the Nimitz Library. The library was completed in July 1973 and according to USNA personnel, the building has never had a major renovation. Our review showed that the library is critical to the mission; however, the physical quality rating is failing to poor and configuration rating is poor to fair. Library personnel stated that the age and design of the library have created challenges for the facility to meet the needs of the current mission. In addition to the library function, the facility now houses academic and administrative spaces, a Multimedia Support Center Graphics Laboratory, and a coffee shop.

Nimitz Library personnel stated they had concerns related to compliance with the Architectural Barriers Act (ABA). Specifically, the bookshelves are placed too close together to allow a wheelchair to fit down the aisle (see Figure 5). According to ABA standards, the minimum continuous width of an accessible route is 36 inches. However, library personnel stated that if

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15 The Architectural Barriers Act (ABA) of 1968 requires Federal facilities designed, built, altered, or leased with Federal funds to be accessible according to established standards.
the current shelving was moved, it would interfere with the floor loading (maximum pounds per square foot). Our observations confirmed the close proximity of the bookshelves and noted that wheelchair accessibility could potentially be affected. Library personnel also stated no wheelchair ramp was present at the entrance to the library. As a result, a person who uses a wheelchair would have to use a side emergency exit to gain access to the library. The May 2014 DD Form 1391, titled “Modernize Nimitz Library, Building 589,” with an estimated cost of [redacted], identified that existing restrooms, ramps, interior doors, stairwells, and building signage do not meet ABA accessibility standards. For example, according to library personnel, 9 of the 11 bathrooms in Nimitz library do not have handicapped facilities.

In addition to ABA concerns, library personnel stated that the building uses a lot of energy because the lights are all tied to one switch per floor. As a result, all lights are on no matter how many people are on the floor as there are no motion detectors. Personnel also stated that the ceiling tiles hinder normal building maintenance and inspections due to the process to remove them. During our tour of the library, we observed antiquated lighting fixtures and ceiling tiles (see Figure 6).

In addition, according to library personnel, the library was not originally configured to accommodate modern 21st century library requirements. For example, library personnel stated the original design of the library only had minimal electrical outlets. Because USNA lacks a student center, the
library has become the location where midshipmen bring laptops and other electronically powered devices to study. In addition to the electrical limits, the building’s current plumbing configuration does not accommodate the building’s volume of operations and the existing plumbing system is strained and experiences daily failures.

Library personnel also stated they had safety concerns as some study rooms were too private. We observed multiple study rooms with no windows and solid doors. Although women have been attending USNA since 1976, over 40 years ago, no female restroom is located on the ground floor of the library as women were not inducted as midshipmen until 3 years after the library was built.

USNA personnel developed two projects, “Reconfigure Academic Space Nimitz Ground Floor, Building 589,” with an estimated cost of and dated 21 April 2017, and “Modernize Nimitz Library, Building 589,” with an estimated cost of and dated 8 May 2014, to address the issues noted above.

**Dahlgren Hall**

In addition to the two previous facilities discussed, Dahlgren Hall also has configuration issues. Specifically, the DD Form 1391, titled “Repair Dahlgren Hall, Building 103,” with an estimated cost of and dated 7 May 2012, states that Dahlgren Hall has no handicapped accessible entrance to the building or to any of the areas intended for public and/or employee use. Additionally, no handicapped access is available to the second floor gathering space and administration office or the restaurant located on the ground floor. Additionally, the DD Form 1391 states that restrooms do not comply with accessibility guidelines for maneuvering clearances at doors and fixtures and accessories do not comply with accessibility guidelines for mounting locations. As previously discussed, Dahlgren Hall is a multipurpose facility used by midshipmen and the public. During our site visits, we observed multiple public tours and student groups entering and exiting the facility.
Facility System Components

During our facility tours and interviews with USNA personnel, we identified issues with aged system components such as HVAC, electrical, telecommunications, plumbing, fire protection, and storm water drainage systems. It should be noted that NAVFAC rates system component conditions separately from the overall facility condition.

HVAC

Nimitz Library

According to USNA personnel, the Nimitz Library’s HVAC system is original to the building, built in 1973, and has not been replaced. The Maximo Master Systems Condition section of the Nimitz Library property record card identified the HVAC system as poor to fair. According to the May 2014 DD Form 1391 to modernize Nimitz Library, “temperatures are regularly beyond comfort levels for an academic environment.” It also states that “components of the system are at the end of their useful life.” We obtained and reviewed temperature logs for the multimedia graphics laboratory ranging from 23 February 2017 to 23 March 2017. For the 20-day period provided, the temperatures were 80 degrees or higher on 15 days and exceeded 85 degrees on 6 of the 15 days. According to multimedia graphics laboratory personnel, the computers and other electronic equipment must be shut down for approximately 4 hours when the room temperature exceeds 90 degrees. In order to help regulate the laboratory temperature, personnel use adjustable window shades (see Figure 7). Midshipmen use the lab heavily when working on their final projects each semester.

Figure 7: Nimitz Library – window shades in use to reduce temperatures

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16 The Condition rating identifies a facility’s general “physical fitness” independent of its mission as it deteriorates due to routine aging, excess wear and tear, or insufficient maintenance. The ratings are: Failing to Poor (0 – 59); Poor to Fair (60 – 79); Fair to Good (80 – 89); and Good to Excellent (90 – 100). The Maximo Master System Condition ratings are identified on the property record card.

17 Temperature logs were manually recorded by Nimitz Library personnel daily at different times of the day (e.g. morning, noon, and afternoon) for multiple locations in the multimedia graphics laboratory.

18 Only 20 days of temperature logs were provided as no data was listed for the weekends.
Additionally, the Special Collections and Archives department’s temperatures exceeded the NARA guidance. The guidance requires that records be stored at a maximum of 65 degrees for paper records. We reviewed 93 days of temperature logs between 4 January and 19 July 2017 for the rare books and archive areas. Logged data showed for all 93 days, the temperatures exceeded the record storage area maximum temperature of 65 degrees. Furthermore, based on our review of humidity level logs for the same areas, levels were within the acceptable range of 30 to 50 percent for only 22 of the 93 days reviewed.

We also observed water damage in the Special Collections and Archives department due to HVAC system failures. Twice during the audit (July and August 2017), water was leaking from the HVAC equipment. According to library personnel, the mechanical space is located above the Special Collections and Archives department and the leaks and poor drainage of the HVAC equipment (see Figure 8) allowed the water to leak onto the storage shelving and the archive boxes in the Special Collection and Archives department. We observed some of the wet archive boxes (see Figure 9).

Based on our review of Maximo service request records, we identified 18 service requests related to temperatures within Nimitz Library from January to May 2017. We also identified similar issues in 2010 (please see Exhibit D for information related to the planned renovation efforts).

**Rickover Hall**

As another example of an aged HVAC system, in Rickover Hall, the engineering building previously discussed, USNA personnel stated that the HVAC system is original to the building and has not been replaced. The Maximo Master Systems Condition section of the Rickover Hall property record card identified HVAC system as 53 (failing to poor).  

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19 Temperature logs were manually recorded by Nimitz personnel daily at different times of the day (e.g., morning and afternoon) for multiple locations in the Special Collections area.
During our interview with Engineering and Weapons Department personnel, they stated that the temperatures within the building can get excessively hot. According to the DD Form 1391 to “Repair Building Systems at Rickover Hall, Building 590” with an estimated cost of $\text{[redacted]}$, and dated 10 February 2017, most HVAC system equipment and distribution components are in poor condition and fail to provide an acceptable level of temperature and humidity control. Based on our review of Maximo service request records, we identified 11 service requests related to temperatures within Rickover Hall from January to May 2017. We also identified similar issues in 2013. After the audit began in April 2017, this project was awarded in August 2017 for approximately $44.49 million. The full replacement of the HVAC system was funded in Fiscal Year 2017. The repair work is scheduled to begin in May 2018. Please see Exhibit D for information related to the planned reconfiguration effort at Rickover Hall.

During our tours we also observed water damage throughout Rickover Hall, which according to personnel, is due to HVAC water leaks. Specifically, we observed numerous stained and missing ceiling tiles in the Hydromechanics Laboratory$^{20}$ (see Figure 10). According to USNA architectural personnel, the tiles were removed due to water and mold damage. We also noted water damage on ceiling tiles in some classrooms within Rickover Hall. Based on our review of Maximo

$^{20}$ The Hydromechanics Laboratory includes the 380-foot towing tank, coastal engineering tank, 120-foot towing tank, ballast tank water channel, and water channel. The laboratory is used extensively for instruction, research projects, and demonstrations. The laboratory is also used for faculty research as well as research performed by outside groups.
service request records, we identified 22 service requests related to water leaks within Rickover Hall from January to May 2017. We also identified similar issues in 2009. Personnel stated that water from overhead HVAC pipes has also leaked onto the expensive lab equipment. Subsequently, the equipment was covered in plastic, which caused the machines to then overheat and require repairs. (See Exhibit D for information related to the awarded repair efforts.)

**Macdonough Hall**

We also observed sagging ceiling tiles in the main lobby of Macdonough Hall, the athletic facility. USNA personnel stated that the tiles were sagging due to the humidity in the building. The Maximo Master Systems Condition section of the Macdonough Hall property record card identified the HVAC system as failing to poor. During our tours, we experienced hot temperatures throughout the building, a strong chlorine smell, and high humidity around the combat training pool. Based on our review of Maximo service request records, we identified one service request related to temperatures within Macdonough Hall from January to May 2017. We also identified similar issues in 2016.

**Electrical and Telecommunication Systems**

**Nimitz Library**

According to the May 2014 DD Form 1391 titled, “Modernize Nimitz Library, Building 589,” many electrical panel boards in Nimitz Library are obsolete and replacement parts are no longer available. The Maximo Master Systems Condition section of the Nimitz Library property record card identified the electrical system as failing to poor. Based on our review of Maximo service request records, we identified 13 service requests related to electrical issues within the Nimitz Library from January to May 2017. We also identified similar issues in 2010.

**Dahlgren Hall**

Another facility with electrical system issues is Dahlgren Hall, built in 1903. As previously discussed, this facility is used as a multi-purpose space for hosting events and other activities. The Maximo Master Systems Condition section of the Dahlgren Hall property record card identified the
electrical system as poor to fair. USNA personnel stated that during large events, generators must be used to supplement the building’s electrical system as it is original to the building. According to the May 2012 DD Form 1391 titled “Repair Dahlgren Hall, Building 103,” electrical systems are aged and system components are in need of repair or replacement. Based on our review of Maximo service request records, we identified one service request related to electrical issues within the period reviewed (January to May 2017); however, we identified similar issues in 2016.

**Plumbing Systems**

**Nimitz Library**

During interviews with Nimitz Library personnel, plumbing was identified as an issue. According to a previous version of the DD Form 1391 titled “Modernize Nimitz Library, Building 589,” the plumbing system is nearing the end of its normal life expectancy and is responsible for a portion of the building’s water leak problems. The Maximo Master Systems Condition section of the Nimitz Library property record card identified the plumbing system as failing to poor. Based on our review of Maximo service request records, we did not identify service requests within the period reviewed (January to May 2017); however, we identified similar issues in 2016.

**Alumni Hall**

As another plumbing example, Alumni Hall, the home to USNA’s National Collegiate Athletic Association (NCAA) Division I Basketball games and wrestling competitions, was built in 1991 and has failing plumbing, which has caused pipes to break in one of the locker rooms. The facility, which holds up to 6,500 people in a multipurpose seating arrangement, is also used for hosting Brigade-wide lectures and seminars featuring speakers, which include politicians, Secretaries of State, and Department of Defense leadership (Secretary of the Navy). Although no Maximo Master Systems data was on the property record card, according to Alumni Hall personnel, the plumbing system is 26 years old and is failing. (See Exhibit D for information related to the planned repair efforts for the Nimitz Library and Alumni Hall).

**Fire Protection System**

**Nimitz Library**

According to Nimitz Library personnel, due to the increased size of the library collection over the years, the sprinkler system does not cover the
entire library. In addition, personnel stated that the fire warning system for the third floor was out of operation for the majority of 2016 and parts of 2017. Based on the 12 March 2013 DD Form 1391 titled “Repair Nimitz Library, Building 589,” the fire alarm system is antiquated and does not provide mass notification. Furthermore, the existing sprinkler system does not provide total building coverage and the piping is deteriorated. Based on our review of Maximo service request records, we identified four service requests related to fire protection issues within Nimitz Library from January to May 2017. We also identified similar issues in 2016.

**Stormwater System**

**Bancroft Hall Watershed**

The Watershed Drainage System in Bancroft Hall, the only dormitory at USNA, was built in 1935 and is used to collect and discharge storm water, without treatment, into the Chesapeake Bay. According to the May 2017 DD Form 1391, titled “Repair Bancroft Hall Watershed Drainage System,” with an estimated cost of $XXXXXXXX, parts of the piping are deteriorated, cannot be repaired, and require substantial repair and modernization as the system has exceeded the initial flow. Our audit showed that the physical quality rating for the storm drains at the lower yard\(^{21}\) is poor to fair. According to Public Works Department (PWD) Annapolis personnel, the drainage system does not currently allow for proper drainage and the water that is being collected is being pushed into the Severn River without being filtered. In addition, due to the state of the drainage system, when the Chesapeake Bay reaches high tide, pressure within the piping pushes the water back onto USNA grounds, causing flooding on the surrounding roads and land (please see Exhibit D for information related to the planned repair efforts).

According to USNA architectural personnel, USNA sees frequent flooding in low-lying areas such as Gate 1, the Columbarium, the end of Maryland Avenue and along McNair Road (see Exhibit E). A plan to improve storm water management around the Academy grounds is being developed and will need future funding support. According to PWD Annapolis personnel, planning is in progress to develop overarching storm water projects.

**Cause**

Based on our review of USNA SRM funding levels from Fiscal Years (FYs) 2008 to 2017, SRM funding levels have significantly decreased (see Figure 11). In

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\(^{21}\) The property record card refers to the Bancroft Hall Watershed Drainage System as the Storm Drains USNA Lower Yard.
2012, the sustainment funding was approximately $35 million and restoration and modernization funding was approximately $34.70 million. For Fiscal Year 2016, the sustainment funding was approximately $27.05 million and restoration and modernization funding was approximately $6.15 million. Although projects have been planned to mitigate the infrastructure concerns at USNA, the reduction of resources creates difficulty in sustaining, restoring, and modernizing the infrastructure. According to USNA personnel, the reduced funding was due to the suspension of the Flagship Institution Agreement and the emphasis of the warfighter in the Shore Mission Integration Group.

**Figure 11: USNA SRM Funding Levels**

Source: Public Works Department Annapolis

**USNA Flagship Institution Agreement**

According to USNA personnel, the lack of funding in the 1980s and 1990s led to the disrepair of facilities across the USNA campus. Specifically, due to issues with prior facility renovations, a Flagship Institution Agreement was established in 2005 to ensure dedicated annual SRM funding. The agreement was signed by the Superintendent of USNA; the Commandant of Naval District Washington (NDW); and the Commander of Navy Installations Command (CNIC), and established dedicated SRM funding levels. Specifically, USNA facilities sustainment would be at 100 percent of the Facilities Sustainment Model and facilities recapitalization would be at an average rate of 52 years.

According to USNA personnel, in 2013, the USNA Flagship Institution Agreement was suspended. Although we were unable to obtain a formal suspension notice, during meetings with Chief of Naval Operations, CNIC, and NDW personnel, we concluded that the USNA Flagship Institution Agreement was not currently in effect and that USNA has to compete with other Navy
commands for SRM project funding. USNA personnel stated that as a result of a lack of consistent funding, sustaining, restoring, or maintaining the infrastructure is difficult. In addition, without consistent funding, as with the flagship agreement, personnel stated that it makes it hard to strategically plan projects as not to disrupt operations.

**Shore Mission Integration Group**

USNA personnel stated that they work with the NSA Annapolis commanding officer to identify and submit SRM projects to NDW. NDW reviews all the installation level projects for submission to the Shore Mission Integration Group (SMIG).

According to CNIC documentation, the SMIG criteria and evaluation factors are derived from the Chief of Naval Operations Shore Investment Guide, which focuses on mission alignment and impact, mission assurance, condition, safety, and cost/foot print reduction. The Chief of Naval Operations Shore Investment Guide, dated May 2015, states that the Navy must be judicious in the use of limited resources as the Navy sustains mission-capable installations and Shore programs integral to the Navy’s future vision. As a result, budget priorities compel the Navy to make choices in facility investment even at Flagship Institutions. CNIC personnel stated that funding SRM projects not directly associated with the warfighter is difficult. Additionally, NDW personnel stated that many unique commands within NDW, such as Walter Reed, Presidential Helicopter Squadron, Naval Support Facility Thurmont, and system command headquarters, make it difficult for USNA to compete for SRM project funding.

Of the 13 SRM projects in our sample, USNA submitted 7 to NDW between 2014 and 2017. Of those seven projects, NDW submitted six to SMIG for review. None of the projects reviewed were funded through the SMIG process.

**Effects**

As a result of the current infrastructure conditions at USNA, there is a potential for: (1) hindrances to executing the academic and physical fitness mission; (2) loss of academic accreditation; (3) safety and health hazards and regulatory violations; and (4) damage or loss of significant Naval historical documents, pictures, and

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22 The Shore Mission Integration Group (SMIG) is the single forum for reconciling Fleet/Provider and Shore requirements. SMIG members include CNIC; Fleets; NAVFAC; Naval Education and Training Command; and Deputy Chief of Naval Operations (Fleet Readiness and Logistics) (advisory).

23 Of the 12 projects submitted, 2 were submitted more than once to SMIG.
artifacts. Overall, this could lead to long-term negative impacts on the heritage and reputation for USNA and DON.

**Potential Hindrances to Executing the Academic and Physical Fitness Mission**

As identified earlier in the report, our audit revealed deficiencies in facility conditions, configurations, and system components at USNA. In our opinion, these deficiencies, if not addressed, have the potential to impact the quality of academic and physical fitness programs. According to Division of Engineering and Weapons personnel, it is difficult for midshipmen to stay engaged during classes. Personnel also stated that classes have been cancelled due to the heat inside Rickover Hall.

As another example, the electrical system at Nimitz Library is aged and was not designed to accommodate current electrical demands. According to library personnel, breakers are consistently tripped because of the electrical demands such as the regular use of printers and cleaning equipment in the library. As a result, the electrical system and outdated configuration has created difficulty for midshipmen to use the library with today’s technology, such as laptops and other electrical devices used to study and complete assignments. According to the DD Form 1391, if the proposed project is not provided, there is a fear that the Nimitz Library will become obsolete.

In addition, Macdonough Hall, the physical fitness facility, is deteriorating. According to USNA personnel, approximately 75 percent of midshipmen are non-varsity athletes and must use this physical fitness facility. Some of the activities that occur in the building include basketball, racquetball, gymnastics, and cardio and weight training. Additionally, the Macdonough Hall combat training pool is used for swimming qualifications, swimming training, and survival training. As noted previously in the report, the physical quality ratings for Macdonough Hall and the combat training pool are failing to poor; without adequate physical education facilities, USNA may be unable to fully meet its mission and task of developing junior officers physically.

**Potential Loss of Accreditation**

Our audit revealed infrastructure conditions that could affect the accreditation status at USNA. Specifically, USNA is accredited by the Middle States
Commission on Higher Education. According to the 2014 version of the Middle States Commission on Higher Education’s Requirements of Affiliation and Standards for Accreditation, accredited institutions are expected to provide comprehensive planning for facilities, infrastructure, and technology that includes consideration of sustainability and deferred maintenance and is linked to the institution’s strategic and financial planning processes. Selected majors are accredited by ABET. According to the ABET Criteria for Accrediting Engineering Programs (2018-2019), classrooms, offices, and laboratories must be adequate to support attainment of the student outcomes and to provide an atmosphere conducive to learning. These organizations can revoke their accreditations if an institution or program does not comply with criteria or policies.

ABET issued a Final Statement of Accreditation for USNA on 19 August 2013.

We observed significant water damage in Rickover Hall, USNA personnel reported temperature control issues during our visit in March 2017, and Maximo reported 33 services requests related to temperature control issues and water leaks between January and May 2017. In the June 2017 letter to Congress, the Deputy Assistant Secretary of the Navy for Installations and Facilities acknowledged that current facility conditions for Rickover Hall fail to provide a suitable learning environment, which jeopardizes USNA’s post-secondary accreditation from ABET. This project was funded in Fiscal Year 2017; however, if the special project is not executed in a timely manner, USNA could potentially lose the ABET accreditation as this issue was originally identified in 2013. Furthermore, given the degree of infrastructure issues noted during our audit, in our opinion,

25 Special Project “Repair Building Systems at Rickover Hall, Building 590” (please see Exhibit D for information related to the planned repair efforts).
other similar facility conditions could affect the USNA accreditations if planned projects are not funded and executed.

**Potential Safety and Health Hazards and Regulatory Violations**

Based on our review of accreditation reports and facility planning documents, as well as interviews and observations of current USNA infrastructure conditions, we identified potential safety and health hazards and regulatory violations at multiple facilities on the USNA campus.

In addition, the crane on the Oceanography pier is currently inoperable because the pier is deteriorating and unstable. As a result, according to personnel, midshipmen are required to manually move heavy equipment, up to 300 pounds, from the pier to the Yard Patrol Craft docked at the pier. Furthermore, the April 2015 asset evaluation for the Macdonough Hall combat training pool stated the mechanical systems have exceeded their life expectancy and have resulted in increased levels of chlorine. As a result, according to the assessment, this creates adverse health effects.

In addition to safety and health hazards, some USNA facilities are not fully compliant with ABA. According to the Department of Defense (DoD) memorandum titled “Access for People with Disabilities,” dated 31 October 2008, generally, all facilities designed, constructed, altered, leased, or funded by DoD that are open to the public or may be visited by the public, shall be designed and constructed to be accessible to persons with disabilities. The types of facilities to which these DoD standards apply include educational facilities. The USNA map (see Exhibit E) identifies the facilities that are open to the public. These facilities include the Chapel and Dahlgren Hall. Additionally, Alumni Hall is open to the public during numerous events. As a result, USNA could be subject to formal ABA complaints due to the current infrastructure conditions. Furthermore, the condition of some USNA facilities (e.g., the leaning perimeter wall) could jeopardize the safety of people and property within and adjacent to USNA.

**Potential Damage or Loss of Significant Naval Historical Documents, Pictures, and Artifacts**

The Nimitz Library Special Collections and Archives department contains rare books, manuscripts, photographs, and the official records of the USNA. According to a Memorandum of Agreement between USNA, DON, and
NARA, USNA has physical custody of USNA’s official records. Although these records are legally part of NARA, the memorandum states that DON will pay the cost of proper care and preservation. According to the memorandum, USNA must comply with NARA storage standards. As noted earlier in the report, the library is experiencing water leaks due to HVAC system failures and some documents have been damaged. If the special collections and archives are damaged or destroyed; they would be irreplaceable as most of these items are not available in digital form. In addition, should USNA be found in violation of the memorandum, the agreement could be cancelled and the records removed to a NARA repository.

Furthermore, as USNA has physical custody over a one-of-a-kind collection of Naval history, the loss or damage of rare books, manuscripts, photographs, or the revocation of the custody of the official records of USNA due to insufficient infrastructure, could hinder the midshipmen’s ability to learn about the history, traditions, and professional values of the Navy and Marine Corps.

**Long-Term, Negative Impacts for the Department of the Navy and USNA**

As a major source of Naval officers, USNA is tasked with providing officers who will generate a core group of innovative leaders capable of thinking critically and who will exert positive peer influence to convey and sustain these traditions, attitudes, values, and beliefs essential to the long-term readiness and success of the Navy and Marine Corps.

The lack of sufficient infrastructure could negatively impact USNA’s ability to recruit and graduate future midshipmen with backgrounds commensurate with the needs of the Navy. Overall, USNA’s reputation could be significantly harmed within the defense and educational communities if any accreditations were revoked. Furthermore, DON’s ability to maintain a future force of innovative leaders could be diminished as potential USNA midshipmen could decide to attend other institutions of higher learning.

Additionally, as the owner of historic buildings within a national historical district, DON could be noncompliant with its own cultural resource policy if DON cannot properly maintain the USNA facilities. According to Chief of Naval Operations Instruction 4000.35A, “Department of the Navy Cultural Resources Program,” protection of these historical buildings of the Nation’s heritage is an essential part of the defense mission. According to PWD Annapolis personnel, in addition to continued degradation of its facilities, noncompliance with internal guidance could harm the Navy’s working relationship with agencies involved with cultural and historical resources.
USNA also allows the public to visit or attend events in some of its facilities. For example, the USNA Chapel has approximately 245 daily Masses, 208 Sunday Services, 61 funerals and memorial services, 130 weddings, and 14 concerts, recitals, and productions, annually. Additionally, the USNA Chapel and Crypt are open to the public, with guided tours of the Chapel offered daily. The public can also attend the weekly worship services. Alumni Hall hosts significant public events and Dahlgren Hall hosts STEM summer camps for local school students. According to USNA personnel, insufficient infrastructure, to include those that are not ABA compliant, could negatively impact the Navy’s reputation with the public.

**Recommendation and Corrective Action**

Our recommendation, the summarized management response, and our comment on the response follow. The complete text of the management response is in the Appendix.

We recommend that the Deputy Chief of Naval Operations for Manpower, Personnel, Training and Education:

**Recommendation 1.** Develop a plan of action to mitigate infrastructure challenges at the United States Naval Academy.

**Management response to Recommendation 1.** Deputy Chief of Naval Operations for Manpower, Personnel, Training and Education (OPNAV N1) concurs with the recommendation and has initiated a plan of action to mitigate infrastructure challenges at the United States Naval Academy (USNA). Vice Chief of Naval Operations signed the Flagship Institutions Agreement designating USNA, Naval Postgraduate School (NPS), and Naval War College (NWC) as Flagship Institutions. The ensuing Navy Flagship Institutions Funding Appropriation Allocation memorandum documented the agreed-to-plan to distribute the $15 million between the three Flagship Institutions. NPS and NWC equally share the $15 million during odd fiscal years. USNA will be allocated the full $15 million during even fiscal years. These memorandums together achieve the following financial accomplishments:

a. Fenced $15 million every other year for USNA Restoration and Modernization starting in Fiscal Year 2020; and

b. Directed that annual sustainment (ST) funding be no less than 80 percent of the USNA Sustainment requirement established by Office of the Secretary of Defense Facilities Sustainment Model or the budgeted Navy Sustainment level, whichever is higher.
This action is considered complete.

**Naval Audit Service comment on the response to Recommendation 1.**
Actions taken meet the intent to mitigate infrastructure challenges at the United States Naval Academy. This recommendation is considered closed as of 23 May 2018 (date of management responses).
## Section B: Status of Recommendation

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26 “*" = Indicates repeat finding.
27 O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress.
28 If applicable.
Exhibit A: Background and Pertinent Guidance

Background

The United States Naval Academy (USNA) was founded in 1845 in Annapolis, MD as the undergraduate college for the Navy. USNA’s mission is to prepare young men and women to become professional officers of competence, character, and compassion in the U.S. Navy and Marine Corps. USNA was established to ensure future junior officers had the same standard training in ethics, leadership, and Navy-specific topics. Title 10 United States Code, Chapter 603, codifies the USNA location, type of degrees conferred, authorized strength for the Brigade of midshipmen, and length of agreed to service in the armed forces. Midshipmen are on active duty while attending USNA and upon graduation; midshipmen are commissioned as Ensigns in the Navy or Second Lieutenants in the Marine Corps and must serve at least 5 years on active duty. The authorize strength for the Brigade of Midshipmen is 4,400.

Academic

USNA’s curriculum includes core requirements such as engineering, natural sciences, the humanities, and social sciences. The academy focuses on science, technology, engineering, and mathematics (STEM) in order to meet current and future highly technical needs of the Navy. At least 65 percent of commissioned gradates into the U.S. Navy must complete academic majors in a STEM discipline. Midshipmen are awarded a Bachelor of Science degree due to the technical content of the core curriculum. Of the 25 majors offered by USNA, 20 are classified as STEM majors.

USNA is accredited by the Middle States Commission on Higher Education. The following majors are accredited by ABET: Aerospace Engineering, Computer Engineering, Electrical Engineering, General Engineering, Mechanical Engineering, Naval Architecture, Ocean Engineering, and Systems Engineering, Computer Science, and Information Technology. ABET issued draft statements of accreditation for the Cyber Operations and Nuclear Engineering programs in January 2018. ABET will take official accreditation action in July 2018. Each accreditation board provides oversight via period reviews of the Naval Academy and its programs.

Physical Education and Athletics

USNA promotes the professional and intellectual development of the midshipmen and fulfills the responsibility for the midshipmen’s physical development. This mission is accomplished through a rigorous course of
instruction in the fundamentals of swimming, personal defense, wellness, recreational sports, as well as through the regular administration of the Physical Readiness Test. Midshipmen must meet basic physical education requirements during all 4 years at USNA in order to graduate. Additionally, midshipmen must pass the Physical Readiness Test every semester. Approximately 75 percent of midshipmen use non-varsity facilities for physical fitness training. Facilities used for varsity and non-varsity athletics include Alumni Hall, Macdonough Hall, and Dahlgren Hall.

**Navy History, Heritage, and Tourism**

USNA is designated as a historical district by the National Park Service and is listed on the National Register of Historic Places (NRHP). NRHP identified military, education, and architecture as areas of significance at USNA. Additionally, USNA maintains a Special Collections and Archives Department within Nimitz Library. This department contains one-of-a-kind books, manuscripts, photographs, and the official National Archives and Records Administration records of USNA. Additionally, the USNA Armel-Leftwich Visitor Center offers public guided walking and riding tours. According to the USNA campus map, there are eight buildings with full or partial public access (see Exhibit E). These buildings include Alumni Hall, the Chapel, Dahlgren Hall, and Preble Hall (USNA Museum). According to USNA personnel, the Chapel holds approximately 61 funerals and memorial services, 130 weddings, and 14 concerts, recitals, and productions each year. Additionally, approximately 450 chapel services are conducted and some congregation members are from the surrounding community. Alumni Hall hosts over 720 annual events, including Induction Day activities for new midshipmen, National Collegiate Athletics Association (NCAA) Division I home basketball games, and wrestling competitions, Forrestal Lectures, concerts, conferences, and large dining events. Dahlgren Hall events included Induction Day support, Platoon drill practices, sick calls, retirement ceremonies and receptions, dinners and picnics, grab-and-go meal services, birthday balls, STEM activities for elementary, middle school, and high school students, and placement exams. In addition, over 100,000 people visit the USNA museum annually.

**Pertinent Guidance**

*United States Code Title 10, Subtitle C, Part III, Chapter 603 – “United States Naval Academy,” enacted on 10 August 1956,* codifies USNA into public law. The Code identifies the location of USNA, the type of degrees conferred, and the authorized strength of the Brigade of midshipmen. The Code also identifies the
required length of service midshipmen must serve in the armed forces after graduation.

**Chief of Naval Operations Instruction 4000.35A, “Department of the Navy Cultural Resources Program,” 9 April 2001,** establishes policy and assigns responsibilities within the Department of the Navy (DON) for fulfilling the DON Cultural Resources Program. The instruction applies to all components of DON with custody of, or management responsibility for, cultural resources. The instruction states as a large-scale owner of historic buildings, structures, districts, archeological sites and artifacts, ships, aircraft and other cultural resources, it is DON’s policy to protect these components of the nation’s heritage as an essential part of the defense mission and DON is committed to responsible cultural stewardship.

**Chief of Naval Operations Instruction 5450.330B, “Mission, Function, and Tasks of the United States Naval Academy, Annapolis, Maryland,” 6 November 2017,** publishes the functions and tasks of USNA. The instruction identifies functions and tasks, including education, admissions, physical readiness, and commissioning requirements. Additionally, the instruction identifies that oversight is provided by the USNA Board of Visitors, Chief of Naval Operations; Vice Chief of Naval Operations; and Director, Navy Staff. The instruction requires USNA to conduct routine education and education-related base support and facilities business through either the Deputy Chief of Naval Operations, Manpower, Personnel, Training and Education or Deputy Chief of Naval Operations, Fleet Readiness and Logistics, as appropriate.

**Flagship Institution Agreement, 21 July 2005,** identifies installation support for USNA. Specifically, the Superintendent of USNA; Commander, Navy Installations Command; and the Commandant, Naval District Washington agreed to specific support requirements for Base Operations Support (BOS) and Sustainment, Restoration and Modernization to be provided by Naval District Washington to USNA. As a Flagship Institution, USNA will receive 100 percent funding based on the Facilities Sustainment Model and an average facility recapitalization rate of 52 years for all USNA Facilities within the Department of Defense/Navy model. The Agreement also identifies capability levels for other BOS programs such as grounds, janitorial, utilities, street sweeping, transportation, and facilities management.

**ABET “Accreditation Policy and Procedure Manual,” 29 October 2016,** articulates the policies and procedures that govern the ABET accreditation process. Reviews are conducted to verify that a program is in compliance with the appropriate accreditation criteria, policies, and procedures. A Deficiency indicates that a criterion, policy, or procedure is not satisfied. Therefore, the program is not in compliance with the criterion, policy, or procedure. A Weakness indicates that a program lacks the strength of compliance with a criterion, policy, or procedure to ensure that the quality of the program will not be compromised. Therefore, remedial
Action is required to strengthen compliance with the criterion, policy, or procedure prior to the next review. A Concern indicates that a program currently satisfies a criterion, policy, or procedure; however, the potential exists for the situation to change such that the criterion, policy, or procedure may not be satisfied.

**ABET “Criteria for Accrediting Engineering Programs,” as of 29 October 2016 and 20 October 2017,** fosters the systematic pursuit of improvement in the quality of engineering education that satisfies the needs of constituencies in a dynamic and competitive environment. It states that classrooms, offices, laboratories, and associated equipment must be adequate to support attainment of the student outcomes and to provide an atmosphere conducive to learning. Modern tools, equipment, computing resources, and laboratories appropriate to the program must be available, accessible, and systematically maintained and upgraded to enable students to attain the student outcomes and to support program needs.

**Middle States Commission on Higher Education “Standards for Accreditation and Requirements of Affiliation,” 13th edition, published 2014,** provides accreditation that is an expression of confidence in an institution’s mission and goals, its performance, and its resources. An institution is accredited when the educational community has verified that its goals are achieved through self-regulation and peer review. The Middle States Commission on Higher Education Accreditation Standards and Requirements of Affiliation are comprised of 7 standards and 15 requirements that serve as an ongoing guide for those institutions considering application for membership, those accepted as candidate institutions, and those accredited institutions engaged in self-review and peer evaluation. Four principles guide the development of these standards: (1) the mission-centric standards acknowledge the diversity of institutions; (2) the focus of the standards is on the student learning experience; (3) the standards emphasize institutional assessment and assessment of student learning; and (4) the standards support innovation as an essential part of continuous institutional improvement.

**Chief of Naval Operation’s Shore Investment Guidance (2015)** acknowledges that evolving global demand for Naval forces and reduced investments have strained the shore infrastructure. The guidance states the Navy must continue carefully and deliberately to manage and balance the risk the Navy is taking in our shore Enterprise. The guidance also states that to ensure our shore infrastructure is mission-ready, resilient, and sustainable and in synch with the Fleet, the tenets of “Warfighting First,” “Operate Forward,” and “Be Ready” will be implemented. Specifically, the Navy must be judicious in its use of limited resources to sustain mission-capable installations and Shore programs integral to the Navy’s future vision. Even at public Naval Shipyards and Flagship Institutions, budget priorities compel the Navy to make choices in facility investment.
National Archives and Records Administration Archival Storage Standards, 15 February 2012, establish structural, environmental control, fire safety, preservation, and security standards for appropriate archival storage conditions in NARA archival facilities. According to the NARA Storage Standards Appendix A, it specifies the maximum acceptable temperatures in areas where paper records are stored is 65 degrees Fahrenheit. It also specifies the acceptable range for relative humidity in areas where paper records are stored, processed, exhibited, or used is 35-45 percent plus/minus 5 percent.
Exhibit B: Scope and Methodology

We conducted this audit of the United States Naval Academy (USNA) between 19 April 2017\(^\text{29}\) and 26 April 2018. The scope of the audit was derived from the December 2016 Naval Support Activity Annapolis Capital Improvements Plan. The Plan included 53 unprogrammed USNA projects with an initial estimated cost of \(\text{xxxxxxxxxxxxx}\). We excluded military construction, Navy working capital fund, and non-Commander, Navy Installations Command (CNIC) projects from our review and focused only on CNIC Sustainment, Modernization, and Restoration (SRM) projects.

The universe included 30 unfunded SRM projects with an initial estimated cost of \(\text{xxxxxxxxxxxxx}\). From this universe, we judgmentally selected sustainment projects with an initial estimated cost of $250,000 or greater and restoration and modernization projects with an initial estimated cost of $5 million or greater for facilities with an academic, athletic, and/or historical impact. Our total sample included 13 projects with an estimated initial cost of approximately \(\text{xxxxxxxxxxxxx}\) (1 sustainment project with an initial estimated cost of approximately \(\text{xxxxxxxxxxxxx}\) and 12 restoration and modernization projects with total initial estimated costs of approximately \(\text{xxxxxxxxxxxxx}\)). The conditions discussed in this report were present during the period of our audit.

We conducted site tours of facilities included within our sampled projects, where feasible, to observe the current conditions. We also met with USNA and Public Works Department Annapolis personnel to determine USNA’s SRM funding levels for Fiscal Years (FYs) 2012 to 2017 as well as discuss the current conditions of the infrastructure and any mission challenges or impacts based on the facility conditions. We also reviewed facility documentation such as the property record card, Maximo service request reports, and facility planning documents to assess facility conditions, configurations, system components, and the planned SRM efforts. Specifically, from the property record cards obtained from the internet Navy Facilities Asset Data Store (iNFADS), we identified the facility characteristics (name, number, and build date) and facility readiness factors (Mission Dependency Index (MDI), condition rating, configuration rating, physical quality rating (Q-Rating), and Maximo Master Systems Condition Index) information. From Maximo, we reviewed service request reports for each facility in our judgmental sample to determine the number of service requests related to key facility issues as well as the earliest documented date for that key issue. For each of the facility projects in our judgmental sample, we obtained and reviewed all Department of Defense facility planning documents (DD Forms 1391), located in the Electronic Project Generator (EPG), for information related to the project requirements, proposed construction, the current infrastructure situation, and the impact if the project was not provided. We also reviewed guidance, laws, and other

\(^\text{29}\) The audit team toured USNA in March 2017. Although we began the audit in April 2017, conditions noted in this report existed during the March 2017 tour.
policies applicable to the audit objective, to include accreditation commission and board policies and reports (see Pertinent Guidance).

To understand the Shore Mission Integration Group (SMIG) process, including funding and approval for SRM projects, we conducted interviews with CNIC, Naval District Washington, and USNA personnel. For benchmarking purposes, we also met with personnel from the United States Military Academy and United States Air Force Academy to understand how each military academy prioritizes SRM projects, how SRM projects are funded, and identify the reporting chain.

**Internal Controls/Compliance**

We evaluated USNA’s internal controls including their FY 2017 Managers’ Internal Control (MIC) plan. Specifically, we conducted interviews with CNIC and Commander, Naval Facilities Engineering Command (NAVFAC), Washington to determine the SMIG process as it relates to SRM projects and to understand the SRM funding and approval process. We did not identify any material deficiencies in this process nor did we identify material weaknesses, reportable conditions, or significant deficiencies in regard to the scope of our audit in their FY 2017 MIC plan. However, USNA added four risks to address “Facilities and Construction Oversight.” Specifically, the risks will assist in evaluating the mission and objective for USNA to, “Establish and maintain state of the art facilities that inspire and support the pursuit of academic, professional, and athletic excellence.” A first assessment of the newly identified risks was conducted by USNA personnel and was consistent with the audit conclusions.

**Data Reliability**

During the course of the audit, we used data from the following systems: iNFADS, EPG, and Maximo. We used the data within these systems to assist in determining the infrastructure conditions at USNA. We did not test the reliability of data in iNFADS, EPG, or Maximo as the systems were outside the scope of our audit.

**Followup**

We reviewed reports from the Government Accountability Office, Department of Defense Inspector General, and Naval Audit Service related to the scope of the audit. No previous reports on USNA infrastructure were issued within the past 5 years. Therefore, no followup was required.

A Naval Inspector General Command Inspection of the USNA, dated 22 December 2014, discussed facility conditions. The report identified that
building temperatures were too hot in the summer and too cold in the winter (most notably Rickover Hall and Nimitz Library). Additionally, the inspection report identified roof leaks and minor flooding as reoccurring events. The Naval Inspector General did not identify any deficiencies or make any recommendations related to the facility conditions. Therefore, no followup was required.

**Federal Managers’ Financial Integrity Act**

The Federal Managers’ Financial Integrity Act (FMFIA) of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency’s internal and accounting system controls. In our opinion, the conditions noted in this report do not warrant reporting in the Auditor General’s annual FMFIA memorandum identifying management control weaknesses to the Secretary of the Navy.

**Auditing Standards**

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS) with the exception of a potential structural threat to audit independence. 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.

Regarding the exception, a recent Peer Review of the Naval Audit Service determined that from 13 March 2013 through 4 December 2017, the Naval Audit Service experienced a potential threat to audit independence due to the Department of the Navy (DON) organizational structure in effect during this timeframe. Specifically, instead of reporting to the Secretary of the Navy or Under Secretary of the Navy, the Auditor General of the Navy reported to lower level officials who had not been charged with governance over the entire DON to include certain non-delegable statutory functions. This alignment did not comply with GAGAS and DON policy regarding independence. On 4 December 2017, the Auditor General of the Navy once again reported to the Under Secretary of the Navy in accordance with GAGAS. The Navy policy on independence was revised to clarify that the Auditor General of the Navy reports directly to the Under Secretary of the Navy (or to the Secretary of the Navy whenever the position of the Under Secretary of the Navy is vacant.)

With the exception of the potential structural threat outlined above, we believe that this project complied with all other generally accepted government auditing standards.
Exhibit C: Communications with Management

Noteworthy Accomplishments

During the audit, United States Naval Academy (USNA) leadership stated that personnel from the Office of the Deputy Chief of Naval Operations (DCNO) for Manpower, Personnel, Training and Education (OPNAV N1) were reviewing the status of the USNA Flagship Institution Agreement. According to OPNAV N1 personnel, the Chief of Naval Operations (CNO) requested a review of the USNA Flagship Institution Agreement. OPNAV N1 personnel stated that the review had been in progress for almost a year and that the proposal was recently submitted to CNO. The proposal was endorsed by OPNAV N1, DCNO for Fleet Readiness and Logistics (OPNAV N4), and DCNO for Integration of Capabilities and Resources (OPNAV N8).

During our audit, on 31 October 2017, the Vice CNO (VCNO) issued a memorandum which designated USNA, the Naval Postgraduate School, and Naval War College as Flagship Institutions for the purpose of ensuring a minimum level of support for facilities. The memorandum stated that beginning in Fiscal Year 2019, facility sustainment funding for each institution will be no less than 80 percent of the institution’s sustainment requirement based on the current Office of Secretary of Defense Facilities Sustainment Model. Furthermore, restoration and modernization funding will be no less than $15 million per year and will be shared among the three institutions. The memorandum states that the funding will be fenced and reductions to the minimum funding levels will require CNO or VCNO consent.

In addition, the USNA Inspector General recognized the necessity to add an assessable unit to the Fiscal Year 2018 Managers’ Internal Control plan to address the “Facilities and Construction Oversight.” Specifically, risks were added to assist in evaluating the mission and objective for USNA to, “Establish and maintain state of the art facilities that inspire and support the pursuit of academic, professional, and athletic excellence.”

Meetings with Department of the Navy Officials

Assistant DCNO (Manpower, Personnel, Training and Education) (OPNAV N1B)):

- Discussion of USNA Flagship Institution Agreement review (12 July 2017)
- Audit exit briefing (12 February 2018)
Director, Shore Readiness Division (OPNAV N46) (DCNO (Fleet Readiness and Logistics) (OPNAV N4)):

- Discussion of USNA Flagship Institution Agreement review (12 July 2017)

Chief of Staff, USNA:

- Audit entrance conference (3 May 2017)
- Audit exit briefing (16 February 2018)

**Activities Contacted and/or Visited During the Audit**

Office of the CNO (DCNO (Manpower, Personnel, Training and Education) (OPNAV N1)) – Arlington, VA*

Office of the CNO (DCNO (Fleet Readiness and Logistics – Shore Readiness) (DCNO N46)) – Arlington, VA*

USNA – Annapolis, MD *

Commander, Navy Installations Command – Washington, DC*

Naval Facilities Engineering Command – Washington, DC*

Naval Facilities Engineering Command Atlantic – Norfolk, VA


Naval District Washington – Washington, DC*

Public Works Department Annapolis – Annapolis, MD *

Naval History and Heritage Command, USNA Museum – Annapolis, MD*

United States Military Academy – West Point, NY

United States Air Force Academy – Colorado Springs, CO

*Denotes activity visited.
# Exhibit D: Facility Planning Document Summary

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Facility Planning Document Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reconfigure Academic Space Nimitz Ground Floor, Building 589</strong></td>
<td></td>
</tr>
<tr>
<td>Special Projects Program</td>
<td>Fiscal Year 2020</td>
</tr>
<tr>
<td>Program Element</td>
<td>Operations and Maintenance, Navy</td>
</tr>
<tr>
<td>Project Location</td>
<td>United States Naval Academy</td>
</tr>
<tr>
<td>Project Number</td>
<td>RM 15-1186</td>
</tr>
<tr>
<td>Project Description</td>
<td></td>
</tr>
</tbody>
</table>

| **Modernize Nimitz Library, Building 589** | |
| Special Projects Program               | Fiscal Year 2021                    |
| Program Element                        | Operations and Maintenance, Navy    |
| Project Location                       | United States Naval Academy         |
| Project Number                         | RM 09-2465                         |
| Project Description                    |                                    |

| **Repair Dahlgren Hall, Building 103** | |
| Special Projects Program               | Fiscal Year 2022                    |
| Program Element                        | Operations and Maintenance, Navy    |
| Project Location                       | United States Naval Academy         |
| Project Number                         | RM 09-1263                         |
| Project Description                    |                                    |

<p>| <strong>Renovations to Alumni Hall, Building 675</strong> | |
| Special Projects Program               | Fiscal Year 2022                    |
| Program Element                        | Operations and Maintenance, Navy    |
| Project Location                       | United States Naval Academy         |
| Project Number                         | RM 09-2506                         |
| Project Description                    |                                    |</p>
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<thead>
<tr>
<th>Project Title</th>
<th>Special Projects Program</th>
<th>Fiscal Year</th>
<th>DD Form 1391 Date</th>
<th>Project Number</th>
<th>Project Location</th>
<th>Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair Perimeter Wall, Facility #896</td>
<td>Fiscal Year 2023</td>
<td></td>
<td>25 August 2015</td>
<td>RM-12-2303</td>
<td>United States Naval Academy</td>
<td></td>
</tr>
<tr>
<td>Repairs to Oceanography Pier 225</td>
<td>Fiscal Year 2021</td>
<td></td>
<td>17 November 2014</td>
<td>RM-10-8384</td>
<td>United States Naval Academy</td>
<td></td>
</tr>
<tr>
<td>Repairs to USNA Chapel and Ongoing Water Intrusion</td>
<td>Fiscal Year 2020</td>
<td></td>
<td>3 May 2017</td>
<td>RM-09-2560</td>
<td>United States Naval Academy</td>
<td></td>
</tr>
<tr>
<td>Repairs to Macdonough Hall, Building 102, #B25JX9</td>
<td>Fiscal Year 2020</td>
<td></td>
<td>25 Apr 2017</td>
<td>RM-09-2623</td>
<td>United States Naval Academy</td>
<td></td>
</tr>
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</table>

**Project Description**

...
<table>
<thead>
<tr>
<th>Project Title</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair Waterfront Facilities 250NS, 287NS, 288NS, 253NS, 171NS</td>
<td>This project was awarded in August 2017 for approximately $44.5 million.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair Bancroft Hall Watershed Drainage System</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUILDER - Various Repairs at USNA-601 – Robert Crown Sailing Center</td>
<td></td>
</tr>
</tbody>
</table>
Exhibit E: United States Naval Academy Map

FACILITIES REVIEWED BY AUDIT TEAM:

A. Alumni Hall (open to the public)
B. Nimitz Library
C. Rickover Hall
D. Perimeter Wall
E. Chapel (open to public)
F. Dahlgren Hall (open to public)
G. Macdonough Hall
H. Oceanography Pier
I. Robert Crown Sailing Center
J. Bancroft Hall Watershed (not show on map)
K. Waterfront Facilities (not listed on map)
Appendix: Management Responses from Director, Total Force Manpower, Training and Education Requirements Division (N12)

From: Director, Total Force Manpower, Training and Education Requirements Division (N12)
To: Assistant Auditor General for Energy, Installations, and Environment Audits

Subj: MANAGEMENT RESPONSE TO DRAFT AUDIT REPORT 2017-012, “SUFFICIENCY OF UNITED STATES NAVAL ACADEMY INFRASTRUCTURE” DATED 26 APRIL 2018

Ref: (a) NAVAUDSVC Draft Report 2017-012 of 26 Apr 18

Encl: (1) Management Response on Subject Draft Report

1. As required by reference (a), enclosure (1) responds to recommendation 1 of the subject report.

2. DCNO(N1)/BUPERS Audit Liaison is [redacted], BUPERS-001G3, who can be reached at [redacted] or via email at [redacted].

Copy to: CHNAVPER (BUPERS-001G)
MANAGEMENT RESPONSE

NAVAUDSVC DRAFT AUDIT REPORT N2017-012, “Sufficiency of United States Naval Academy Infrastructure” DATED 26 April 2018

FINDING: United States Naval Academy (USNA) Infrastructure

RECOMMENDATION 1. Develop a plan of action to mitigate infrastructure challenges at the United States Naval Academy.

DEPUTY CHIEF OF NAVAL OPERATIONS FOR MANPOWER, PERSONNEL, TRAINING AND EDUCATION MANAGEMENT RESPONSE: Deputy Chief of Naval Operations for Manpower, Personnel, Training and Education (OPNAV N1) concurs with the recommendation and has initiated a plan of action to mitigate infrastructure challenges at USNA. Vice Chief of Naval Operations signed the Flagship Institutions Agreement (enclosure 2) designating USNA, Naval Postgraduate School (NPS), and Naval War College (NWC) as Flagship Institutions. The ensuing Navy Flagship Institutions Funding Appropriation Allocation memo (enclosure 3) documented the agreed to plan to distribute the $15M between the three Flagship Institutions. NPS and NWC equally share the $15M during odd FYs. USNA will be allocated the full $15M during even FYs. These memos together achieve the following financial accomplishments:

a. Fenced $15M every other year for USNA Restoration and Modernization starting in FY20

b. Directed that annual Sustainment (ST) funding be no less than 80 percent of the USNA ST requirement established by Office of the Secretary of Defense Facilities Sustainment Model or the budgeted Navy Sustainment level, whichever is higher

This action is considered complete.

Enclosure (1)
Contacting the Naval Audit Service
About Final Report N2018-0041
(Project Number 2017-012)

Addressees for this Report:

Action Addressees:
Deputy Chief of Naval Operations for Manpower, Personnel, Training and Education

Copy to (Information) Addressees:
UNSECNAV
DCMO
OGC
ASSTSECNAV FMC
ASSTSECNAV FMC (FMO)
ASSTSECNAV EIE
ASSTSECNAV MRA
ASSTSECNAV RDA
CNO (VCNO, DNS-33, N40, N41)
CMC (DMCS, ACMC)
DON CIO
NAVINSGEN (NAVIG-14)
USNA
AFAA/DO

Actions taken by Deputy Chief of Naval Operations for Manpower, Personnel, Training and Education meet the intent of Recommendation 1, and the recommendation is closed in accordance with Secretary of the Navy Instruction 7510.7G, CH-1.
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*Report Front Cover Photograph:* 140604-N-CS953-004 WASHINGTON (June 4, 2014) A sea of white uniforms greets visitors to the Navy Memorial in Washington, DC as Sailors gather to celebrate the 72nd anniversary of the Battle of Midway. The celebration held host to Marines, Navy, and Coast Guard service members, Midway veterans and a gathered crowd of onlookers. The Battle of Midway is considered by many to be the turning point of the Pacific theater of World War II and one of the most well-known and revered victories in naval history. (U.S. Navy photo by Mass Communication Specialist 1st Class Tim Comerford/Released)
Use this page as

BACK COVER

for printed copies

of this document
MEMORANDUM FOR THE RECORD

Subj: FLAGSHIP INSTITUTION AGREEMENT

1. This memorandum is provided to document the decision at the 17 Jul 2017 Advanced Education Review Board (AERB) to designate the U.S. Naval Academy, the Naval Postgraduate School and Naval War College as Flagship Institutions for the purpose of ensuring a minimum level of support for facilities at these institutions as directed by Vice Chief of Naval Operations (VCNO).

2. Facility investment minimums are laid out below, starting in Fiscal Year (FY) 19 as stated in President Budget Information System Issue 67615. These minimums will not be reduced without either Chief of Naval Operations or VCNO consent.

   a. Facility Sustainment (ST) funding for each institution shall be set to a level no less than 80% of the respective institution’s ST requirement current Office of Secretary of Defense Facilities Sustainment Model and shall be fenced for the exclusive use of the designated Flagship Institution.

   b. Flagship Institution Facility Restoration and Modernization (RM) funding of no less than $15M per year starting in FY19 will be shared among the three institutions and fenced by Commander, Naval Instillations Command.

   c. Deputy Chief of Naval Operations N4 (Fleet Readiness & Logistics) and Deputy Chief of Naval of Naval Operations N8 (Integration of Capabilities and Resources) agreed additional funding would be a Navy corporate bill and not come out of current N4 budget lines.

3. I direct the Deputy Chief of Naval Operations N1 (Manpower, Personnel, Training, and Education) to develop a process to allocate the RM funding among the Flagship Institutions. My point of contact for this initiative is Mr. Dave Menzen.

W. F. MORAN
MEMORANDUM FOR THE RECORD

Subj: NAVY FLAGSHIP INSTITUTIONS FUNDING APPROPRIATION ALLOCATION

Ref: (a) VCNO Ltr of 31 Oct 17

1. Per reference (a), during the Advanced Education Review Board on 17 July 2017, Vice Chief of Naval Operations (VCNO) designated U.S. Naval Academy (USNA), Naval Postgraduate School (NPS), and Naval War College (NWC) as Flagship Institutions for the purpose of ensuring a minimum level of support for facilities funding. Starting in FY19, Flagship Institution Facility Restoration and Modernization (RM) funding will be no less than $15M per year, to be shared among the three institutions and fenced by Commander, Naval Installations Command (CNIC). CNIC will ensure Sustainment (ST) funding for each institution is set to a level no less than 80 percent of the respective institution’s ST requirement established by the Office of the Secretary of Defense Facilities Sustainment Model or the budgeted Navy Sustainment level, whichever is higher.

2. As directed in reference (a), Deputy Chief of Naval Operations (Manpower, Personnel, Training and Education) (N1) was tasked to develop a process to allocate the RM funding among the Flagship Institutions. Beginning in FY19, $15M will be distributed equally between NPS and NWC. This distribution will repeat every odd year. In FY20, USNA will receive the entire $15M and continue every even year.

3. Facility investment minimums are laid out below and will not be reduced without either Chief of Naval Operations VCNO consent. In the event of emergent operational needs or challenges that may emerge, OPNAV N12 will work with the institutions to provide guidance and work toward a mutually agreeable solution.

<table>
<thead>
<tr>
<th>Year</th>
<th>Flagship Institution</th>
<th>Distribution</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY19</td>
<td>NPS</td>
<td>$7.5M</td>
<td>$15M</td>
</tr>
<tr>
<td></td>
<td>NWC</td>
<td>$7.5M</td>
<td></td>
</tr>
<tr>
<td>FY20</td>
<td>USNA</td>
<td>$15M</td>
<td>$15M</td>
</tr>
<tr>
<td>FY21</td>
<td>NPS</td>
<td>$7.5M</td>
<td>$15M</td>
</tr>
<tr>
<td></td>
<td>NWC</td>
<td>$7.5M</td>
<td></td>
</tr>
<tr>
<td>FY22</td>
<td>USNA</td>
<td>$15M</td>
<td>$15M</td>
</tr>
</tbody>
</table>

4. My point of contact for this initiative is [REDACTED] who can be reached at [REDACTED] or via email at [REDACTED].

[Signature]
DAVID R. MENZEN

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