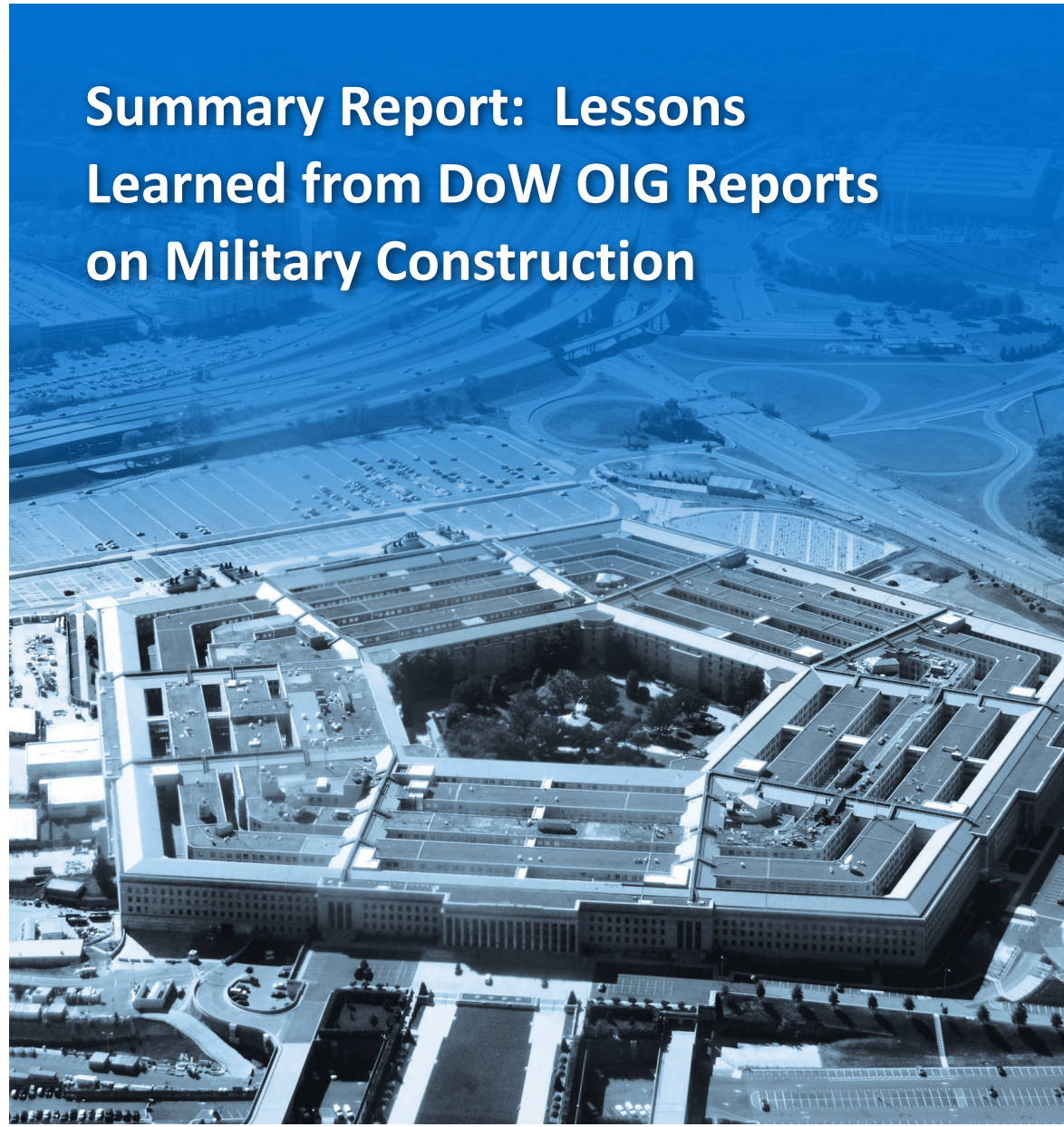




INSPECTOR GENERAL

U.S. Department of War

MAY 28, 2026



Summary Report: Lessons Learned from DoW OIG Reports on Military Construction

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE ★ TRANSPARENCY



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May 28, 2026

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARY OF WAR FOR ACQUISITION AND SUSTAINMENT
UNDER SECRETARY OF WAR FOR PERSONNEL AND READINESS
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE NAVY
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE

SUBJECT: Summary Report: Lessons Learned from DoW OIG Reports on Military Construction
(Report No. DOWIG-2026-086)

This summary report is one in a series of reports that summarizes key themes and lessons learned from our body of oversight work in several key areas. This report is related to military construction (MILCON). We offer these summaries to provide helpful and timely information relevant to DoW priorities. As the DoW executes increasingly complex and resource-constrained MILCON programs, applying prior lessons learned helps prevent repeat deficiencies and strengthens the DoW's ability to deliver mission-critical facilities effectively and efficiently.

We reviewed DoW Office of Inspector General (DoW OIG) audit reports from the previous 8 years to identify trends and recurring challenges for MILCON. Specifically, we identified lessons learned in six DoW OIG reports issued before 2026 related to the planning, design, oversight, and quality control of MILCON projects. These lessons learned remain important today because the underlying risks in MILCON continue to affect project cost, schedule, and performance.

The DoW OIG conducts regular oversight of MILCON projects examining the causes of cost increases, schedule delays, design deficiencies, and safety or quality assurance deficiencies. The DoW OIG reports these findings in a timely manner to enable the DoW to strengthen planning, execution, and oversight of MILCON projects. We are providing this report for information and use; therefore, it does not contain recommendations or require management comments.

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

A handwritten signature in black ink, appearing to read "Carmen J. Malone". The signature is fluid and cursive.

Carmen J. Malone
Assistant Inspector General for Audit
Acquisition, Contracting, and Sustainment

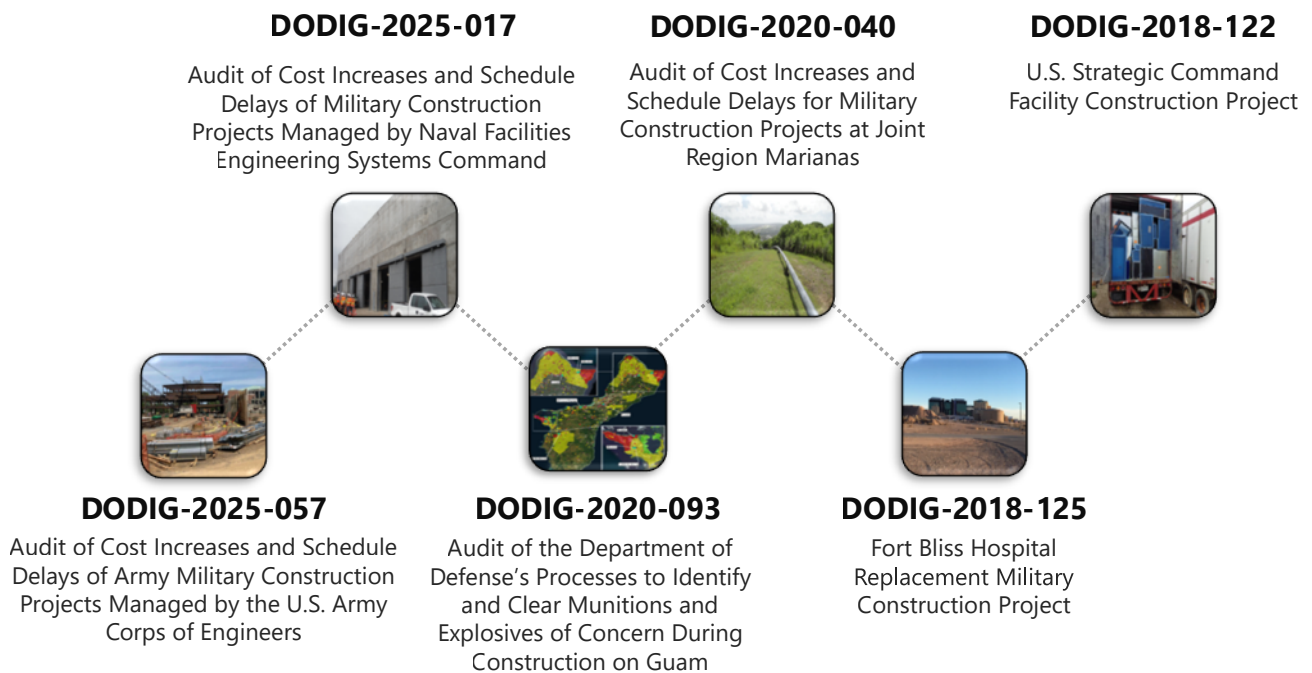


Introduction

Military construction (MILCON) is the primary mechanism through which the DoW builds and modernizes infrastructure. Because these complex and high-value projects are fundamental to meeting evolving mission demands, delivering them on time and within budget is crucial to maximizing the value of taxpayer dollars and preventing mission delays.

We prepared this summary report based on common, recurring challenges identified in previous DoW Office of Inspector General (DoW OIG) reports to highlight lessons learned related to MILCON projects. Responsible DoW officials should consider and implement these lessons to mitigate risks, prevent waste, and improve the execution of future MILCON projects across the DoW. The Figure shows the six DoW OIG audit reports we used to compile this summary.

Figure. Six DoW OIG Audit Reports Reviewed



Source: The DoW OIG.

Lessons Learned from Past DoW OIG Reports

We reviewed six DoW OIG audit reports issued between May 2018 and January 2025 related to the execution of MILCON projects across the Department of the Army, Department of the Navy, and Department of the Air Force.¹ These projects, with a combined value exceeding \$1.8 billion, experienced delays ranging from several months to more than 4 years and over

¹ The recurring challenges and lessons learned in this report were limited to the reports and DoW Components reviewed.

\$525 million in cost overruns.² The reports included 64 recommendations aimed at correcting deficiencies in project planning, design, and management of the projects. As of April 2026, 45 recommendations were closed and 19 were resolved but open, indicating that corrective actions are still in progress.³

Previous DoW OIG reports identified recurring challenges across all phases of MILCON execution that resulted in the cost overruns and significant delays previously cited. DoW officials should revisit and apply the following lessons learned to improve project planning, management, and execution across the Department. Table 1 lists the six reports we reviewed and the associated lessons learned discussed in this report. See the appendix for additional information on the reports reviewed.

Table 1. Lessons Learned

Lessons Learned						
Report No.	Conduct Thorough Site Investigations and Front-End Planning	Ensure Design Stability and Technical Sufficiency	Strengthen Project Management and Oversight	Proactively Manage External Risks and Regulatory Requirements	Ensure Effective Contract Performance	Implement Disciplined Budgeting and Financial Risk Management
DODIG-2025-057	X	X	X		X	X
DODIG-2025-017	X	X	X	X	X	X
DODIG-2020-093	X	X	X	X	X	X
DODIG-2020-040	X	X	X	X	X	X
DODIG-2018-125		X	X		X	X
DODIG-2018-122			X		X	X

Source: The DoW OIG.

Conduct Thorough Site Investigations and Front-End Planning. DoW officials should ensure that comprehensive site assessments, including geotechnical surveys, hazardous material evaluations, and utility mapping, are completed before contract award. Rushed or incomplete initial planning consistently leads to the discovery of unforeseen site conditions that require costly change orders and cause significant schedule delays, directly hindering readiness.

For instance, we determined that the U.S. Army Corps of Engineers (USACE) Louisville District encountered unsuitable soil conditions while building a General-Purpose Maintenance Shop at Fort Campbell, Kentucky. This discovery resulted in a cost increase of \$2.66 million and

² The \$525 million in cost overruns includes modifications that increased the contract costs, increased budgeted amounts, or were additional costs for clearing munitions and explosives of concern. Additionally, cost overruns identified in Report No. DODIG-2020-040 were also included in the amounts reported in Report No. DODIG-2020-093.

³ Resolved and open recommendations are recommendations that management has agreed to implement, but for which corrective actions have not been completed.

extended the contract completion date by 80 days.⁴ USACE Louisville District officials had geotechnical data and earthwork specifications available, but they did not factor potential soil variations into the project's schedule and cost estimates, even though Federal regulations and USACE guidance addressing the risk of differing site conditions was available for developing schedule and cost estimates. Based on our recommendation, the USACE Acting Director of Military Programs agreed to issue a memorandum and conduct training during FY 2025 to emphasize the importance of detailed cost estimates on construction solicitations and how and when to capture risk for variable soil conditions.

Ensure Design Stability and Technical Sufficiency. DoW officials should prevent costly design errors and “scope creep” by ensuring that project requirements are stable and that designs are technically complete and peer-reviewed before construction begins. Specifically, DoW officials should ensure that personnel with specialized technical expertise, particularly in areas like explosives safety, environmental compliance, and complex engineering, are involved early in the planning and design process. A lack of specific knowledge at critical stages, design deficiencies, and post-award changes are primary drivers of rework and cost overruns that delay the delivery of mission-critical facilities.

For instance, we determined that Air Force personnel did not include munitions and explosives of concern (MEC) clearance in the scope of work in the DD Form 1391 for the Petroleum Oil Lubricant Fuel Systems Hardened Structures project, resulting in schedule delays and cost increases.⁵ Specifically, NAVFAC Marianas contracting personnel did not include MEC clearance in the contract and, as a result, construction was suspended and contracting personnel were required to issue three time-extension modifications to provide the contractor additional time to complete the construction contract. Based on our recommendation, the Defense Logistics Agency and Pacific Air Forces Commander both agreed to issue guidance emphasizing MEC clearance cost in future MILCON projects.

Strengthen Project Management and Oversight. DoW officials must establish clear lines of accountability, enforce consistent project oversight, and actively implement lessons learned from past projects. A failure to conduct after-action reviews and share best practices across commands allows systemic problems to persist, hindering readiness and wasting resources.

For instance, we determined that Naval Facilities Engineering Systems Command (NAVFAC) personnel's efforts to address MEC in MILCON contracts were uncoordinated, conflicting, and in some cases outside the duties, responsibilities, or authorities of the various NAVFAC

⁴ Report No. DODIG-2025-057, “Audit of Cost Increases and Schedule Delays of Army Military Construction Projects Managed by the U.S. Army Corps of Engineers,” January 8, 2025.

⁵ Report No. DODIG-2020-040, “Audit of Cost Increases and Schedule Delays for Military Construction Projects at Joint Region Marianas,” December 11, 2019.

The DoW uses DD Form 1391, “FY___ Military Construction Project Data,” to submit requirements and justification to Congress to support authorization and funding requests for construction projects that must be funded by MILCON appropriations.

personnel.⁶ Joint Region Marianas personnel incurred cost increases of about \$100 million directly related to MEC clearance for MILCON projects. DoW officials responsible for executing MILCON projects also continued to have difficulty completing projects within the planned costs and schedules because of the need to address MEC. Based on our recommendation, NAVFAC Pacific provided MEC training to personnel and plans to offer the MEC 101 course annually, pending funding. When funding is unavailable, leadership will reinforce MEC policies and procedures through increased engagement, mentoring, and oversight.

Proactively Manage External Risks and Regulatory Requirements. DoW officials should incorporate comprehensive planning for known external factors, such as environmental permitting, labor availability, and compliance with changing regulations. While some events are unforeseeable, proactive engagement with regulatory agencies and robust planning for known local risks can mitigate significant project delays.

For instance, we determined that NAVFAC Marianas experienced challenges acquiring a required work permit from USACE for work and dredging associated with the X-Ray Wharf improvements at Apra Harbor on Naval Base Guam.⁷ The U.S. Environmental Protection Agency and USACE require contracting personnel to obtain a work permit to abide by environmental regulations for construction or dredging around marine environments. According to USACE officials, NAVFAC officials accepted risk by awarding the contract before securing the dredging permit. NAVFAC Marianas contracting personnel experienced schedule delays of 6 months and cost increases of \$2.3 million. Based on our recommendation, NAVFAC Marianas agreed to follow the procedures outlined in the “U.S. Army Corps of Engineers Permitting Process Information” when applying for USACE permits. Personnel from NAVFAC Marianas and the USACE also confirmed their mutual understanding that the two offices have maintained a strong working relationship and expressed their commitment to continuing close collaboration in the future.

Ensure Effective Contract Performance. DoW officials must strengthen oversight of contract execution by ensuring timely evaluations of contractor performance through the Contractor Performance Assessment Reporting System and maintaining effective management of change orders. Weak post-award oversight increases the risk of inadequate contractor performance, diminishes accountability, and contributes to project delays and cost increases.

For instance, we determined that USACE personnel could not provide documentation supporting the reasons for engineering changes for the Fort Bliss Hospital Replacement project, even though hundreds of changes contributed to cost growth and delays.⁸

⁶ Report No. DODIG-2020-093, “Audit of the Department of Defense’s Processes to Identify and Clear Munitions and Explosives of Concern During Construction on Guam,” June 16, 2020.

⁷ Report No. DODIG-2020-040, “Audit of Cost Increases and Schedule Delays for Military Construction Projects at Joint Region Marianas,” December 11, 2019.

⁸ Report No. DODIG-2018-125, “Fort Bliss Hospital Replacement Military Construction Project,” June 6, 2018.

For the 23 engineering change requests we reviewed, USACE personnel could not provide the documentation that showed the sources of any of the 23 engineering changes. Based on our recommendation, USACE and other responsible agencies agreed to corrective actions to address the lack of documentation supporting design and engineering changes. USACE issued interim guidance reinforcing Federal Acquisition Regulation requirements for documentation.

Implement Disciplined Budgeting and Financial Risk Management. DoW officials must develop realistic, data-driven budgets that accurately account for known risks and use the correct funding types for all project components. Underfunded projects with inadequate contingency planning often require lengthy and costly reprogramming actions, which severely delay project schedules and increase overall costs.

For instance, we determined that USACE Omaha District personnel awarded the construction contract for the U.S. Strategic Command replacement facility with a contingency of only 1.1 percent with plans to conduct value engineering.⁹ Contingency provisions are budget amounts set aside for possible unknown events or conditions that could increase the cost of a future MILCON project. These amounts cover normal uncertainties in planning. Projects generally begin with a 5 to 6 percent contingency because similar large, complex Air Force projects averaged 11-percent cost overrun. Based on our recommendation, the Office of the Assistant Secretary of War for Energy, Installations, and Environment agreed to develop guidance establishing financial risk metrics and triggers, including thresholds for scope, cost, and schedule changes, as well as requirements for higher headquarters engagement.

Conclusion

The recurring challenges identified across these reports demonstrate that cost overruns and schedule delays in MILCON projects are not isolated incidents but rather symptoms of systemic issues in planning, design, and oversight. The DoW is undertaking increasingly complex MILCON projects to support modernization initiatives, emerging mission requirements, and evolving threats, all within a resource-constrained environment.

The demand for resilient, technologically advanced, and rapidly deliverable infrastructure is high, and deficiencies in early planning or oversight carry great operational, financial, and strategic risk. When these complex, high-value projects encounter setbacks or cost overruns, critical facilities are not delivered to Service members as expected, which hinders operational readiness, impedes force modernization, and results in the wasteful expenditure of taxpayer dollars. By applying the lessons learned from this body of work, the DoW can better ensure that future MILCON projects are delivered on time and within budget, thereby supporting Service members and safeguarding taxpayer resources.

⁹ Report No. DODIG-2018-122, "U.S. Strategic Command Facility Construction Project," May 31, 2018.

Value engineering is an analysis of the functions of a program, project system, product, item of equipment, building, facility, service, or supply of an executive agency performed by a qualified agency or contractor personnel, directed at improving performance, reliability, quality, safety, and life-cycle cost.

Appendix

Reports Reviewed and Lessons Learned

We reviewed DoW OIG audit and evaluation reports from the previous 8 years to identify recurring challenges related to MILCON. Table 2 lists the DoW OIG reports we reviewed to prepare this summary report. We are providing the table as a resource for DoW management. The reports listed in the table contain additional details related to the lessons learned and past challenges the DoW OIG identified. Unrestricted DoW OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

Table 2. Comprehensive List of DoW OIG Reports Reviewed

Report No.	Title	Issue Date
DODIG-2025-057	Audit of Cost Increases and Schedule Delays of Army Military Construction Projects Managed by the U.S. Army Corps of Engineers	January 8, 2025
DODIG-2025-017	Audit of Cost Increases and Schedule Delays of Military Construction Projects Managed by Naval Facilities Engineering Systems Command	November 5, 2024
DODIG-2020-093	Audit of the Department of Defense's Processes to Identify and Clear Munitions and Explosives of Concern During Construction on Guam	June 16, 2020
DODIG-2020-040	Audit of Cost Increases and Schedule Delays for Military Construction Projects at Joint Region Marianas	December 11, 2019
DODIG-2018-125	Fort Bliss Hospital Replacement Military Construction Project	June 6, 2018
DODIG-2018-122	U.S. Strategic Command Facility Construction Project	May 31, 2018

Source: The DoW OIG.

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U.S. DEPARTMENT OF WAR

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