OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE CONSTRUCTION OF
AN ADDITION TO THE CHAPEL CENTER AT
SHEPPARD AIR FORCE BASE, TEXAS

Report No. 97-013

October 30, 1996

Department of Defense

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Acronyms

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<td>BRAC</td>
<td>Base Realignment and Closure</td>
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<td>MILCON</td>
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MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for
the Construction of an Addition to the Chapel Center at Sheppard
Air Force Base, Texas (Project No. 6CG-5001.52)

Introduction

We are providing this audit report for your information and use. The audit was
required by Public Law 102-190, "National Defense Authorization Act for
on the history of the Defense base realignment and closure (BRAC) process and
on our auditing and reporting requirements.

This report is one in a series about FY 1997 BRAC military construction
(MILCON) costs. This report discusses project VNVP933025, "Add to Chapel
Center," valued at $770,000, resulting from the closure of Lowry Air Force
Base, Colorado, and realignment to Sheppard Air Force Base, Texas.

Audit Results

The Air Force properly supported the cost estimates for project VNVP933025,
"Add to Chapel Center." The Air Force based project costs contained in the
DD Form 1391, "FY 1997 Military Construction Project Data," on an
architectural and engineering contractor's cost estimate. The Air Force properly
supported the project cost estimates with adequate data.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON
budget data. The specific objectives were to determine whether the proposed
project was a valid BRAC requirement, whether the decision for MILCON was
supported with required documentation including an economic analysis, and
whether the economic analysis considered existing facilities. Inspector General,
DoD, Report No. 96-166, "Defense Base Realignment and Closure Budget Data
for the Closure of Lowry Air Force Base, Colorado, and Realignment to
Sheppard Air Force Base, Texas," June 18, 1996, discussed three projects
related to the realignment. The report stated that the Air Force overestimated
requirements and costs for project VNVP933025, "Add to Chapel Center." This
audit is a follow-up review to determine whether project VNVP933025,
"Add to Chapel Center," used valid BRAC requirements; specifically, valid cost
estimates for the chapel center addition. The audit also assessed the adequacy of the management control program as it applied to the overall audit objective. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Scope and Methodology

Scope of This Audit. We examined the FY 1997 BRAC MILCON budget request and supporting documentation for project VNVP933025, "Add to Chapel Center." We did not use computer-processed data or statistical sampling procedures to conduct this audit. See Enclosure 1 for additional information on the overall scope of the audit of BRAC MILCON costs.

Audit Period, Standards, and Locations. This economy and efficiency audit was conducted from August through September 1996, in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Enclosure 3 lists the organizations visited or contacted during the audit.

Prior Audits and Other Reviews

Since 1991, numerous reports have addressed DoD BRAC issues. Enclosure 2 lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Audit Background

The FY 1993 BRAC Commission recommended closure of Lowry Air Force Base and realignment to Sheppard Air Force Base. The realignment resulted in BRAC MILCON project VNVP933025, "Add to Chapel Center." Inspector General, DoD, Report No. 96-166 stated that the Air Force overestimated space requirements for the project. The report recommended that the Air Force submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," that reflected valid BRAC requirements and costs.

Discussion

Original DD Form 1391. The original DD Form 1391 for the chapel center addition contained overestimated space requirements and unsupported cost estimates. A portion of the overestimated space requirements consisted of a preexisting space deficiency, and the other portion was not explained. The Air Force did not have supporting documentation for the cost estimates. As requested by Inspector General, DoD, Report No. 96-166, the Air Force resubmitted a DD Form 1391 for the chapel center addition with a valid BRAC
requirement of 4,200 square feet. We reviewed the cost estimate associated with the resubmission of the DD Form 1391.

**Resubmitted DD Form 1391.** The Air Force properly supported the cost data for the chapel center addition on the resubmitted DD Form 1391 by logically and accurately determining and documenting the cost estimates. The Air Force supported the amount identified on the DD Form 1391, $770,000, with an architectural and engineering contractor's cost estimate. The cost estimate was based on the architectural and engineering contractor's total design of the chapel center addition.

**Management Comments**

We provided a draft of this report to you on September 23, 1996. Because the report contains no findings or recommendations, no comments were required, and none were received. Therefore, we are publishing this memorandum report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Joseph P. Doyle, Audit Program Director, at (703) 604-9348 (DSN 664-9348) or Mr. John Yonaitis, Audit Project Manager, at (703) 604-9231 (DSN 664-9231). The audit team members are listed inside the back cover.

David K. Steensma  
Deputy Assistant Inspector General  
for Auditing

Enclosures
Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1997 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON

Enclosure 1
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project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

**Overall Audit Selection Process.** We reviewed the FY 1997 BRAC MILCON $820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least $1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.
Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This enclosure lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Inspector General, DoD

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<td>96-218</td>
<td>Quick Reaction Report on Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment to Marine Corps Base Hawaii Kaneohe Bay</td>
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<td>96-209</td>
<td>Defense Base Realignment and Closure Budget Data for the Closure of Defense Electronics Supply Center Dayton, Ohio, and Realignment to Defense Supply Center Columbus, Ohio</td>
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<td>Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center Orlando, Florida, and Realignment of Maintenance and Storage Facilities to Taft U.S. Army Reserve Center, Orlando, Florida</td>
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<td>Defense Base Realignment and Closure Budget Data for the Realignment of Grissom Air Reserve Base, Indiana</td>
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<td>Defense Base Realignment and Closure Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah</td>
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<td>Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida</td>
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Organizations Visited or Contacted

Office of the Secretary of Defense
Under Secretary of Defense (Comptroller), Washington, DC

Department of the Air Force
Deputy Assistant Secretary of the Air Force (Installations), Base Transition Division, Washington, DC
Air Education and Training Command, Randolph Air Force Base, TX
82d Training Wing, Sheppard Air Force Base, TX

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Audit Team Members

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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Ellen P. Neff
Michelle D. Yantachka
Robin A. Hysmith
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B. DATE Report Downloaded From the Internet: 11/03/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): OAIG-AUD (ATTN: AFTS Audit Suggestions) Inspector General, Department of Defense 400 Army Navy Drive (Room 801) Arlington, VA 22202-2884

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