Audit Report

OFFICE OF THE INSPECTOR GENERAL

SUMMARY REPORT ON THE AUDIT OF DEFENSE BASE CLOSURE AND REALIGNMENT BUDGET DATA FOR FISCAL YEARS 1992 AND 1993

Report No. 93-100 May 25, 1993

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The following acronyms are used in this report.

AFB.....Air Force Base
AFIS.....American Forces Information Service
BRAC.....Base Realignment and Closure
COBRA.....Cost of Base Realignment Actions
DINFOS.....Defense Information School
GAO.....General Accounting Office
MILCON.....Military Construction
NAESU.....Naval Aviation Engineering Service Unit
SIOH.....Supervision, Inspection, and Overhead

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

May 25, 1993

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS)

SUBJECT: Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993 (Report No. 93-100)

We are providing this final summary report for your information and use. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. The law prescribes that we evaluate significant increases in military construction project costs over the estimated costs provided to the Commission on Base Realignment and Closure and that we send a report to the appropriate congressional Defense committees. This report summarizes a series of reports relating to FY 1993 military construction project costs.

We provided a draft of this report to the Deputy Assistant Secretary of Defense (Installations). Because the report contains no recommendations, no management comments were required and none were received. Any comments on this summary report should be provided by June 24, 1993.

If you have any questions on this summary report, please contact Mr. Wayne K. Million at (703) 692-2991 (DSN 222-2991) or Mr. John M. Delaware at (703) 692-2992 (DSN 222-2992). Appendix G lists the planned distribution of this report. We appreciate the courtesies extended to the audit staff.

Edward R. Jones
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 93-100 **May 25, 1993**
(Project No. 2CG-5022)

SUMMARY REPORT ON THE AUDIT OF DEFENSE BASE CLOSURE AND REALIGNMENT BUDGET DATA FOR FISCAL YEARS 1992 AND 1993

EXECUTIVE SUMMARY

Introduction. This audit was directed by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993." The Public Law states that the Secretary of Defense shall ensure that the amount of the authorization DoD requested for each military construction project associated with base realignment and closure does not exceed the original estimated cost provided to the Commission on Base Realignment and Closure (the Commission). The Secretary of Defense is required to explain to Congress the reasons for the differences between a project's requested amount and the original estimated cost. The Inspector General, DoD, is required to audit each military construction project which differs significantly, and provide the results of the audit to Congress. This report summarizes the results of five Inspector General, DoD, audit reports conducted as required by Public Law 102-190. The report also includes the results of a portion of one Army Audit Agency report and one General Accounting Office report, both of which also discuss FY 1993 military construction cost increases for closing and realigning bases.

Objective. The overall audit objective was to evaluate significant cost increases between the original estimated costs provided to the Commission and the amount of the authorization DoD requested for each military construction project associated with base realignment and closure.

Audit Results. The Inspector General, DoD, and the Army Audit Agency examined six base closure and realignment packages composed of 28 construction projects valued at $199.8 million. For the 28 projects, the audits determined the following.

o Seventeen projects, valued at $98.9 million, contained $69.7 million of requirements that was not adequately supported, and $546,000 of requirements that should be paid from other types of funds.

o Four projects, valued at $33.2 million, were not modified to consider planned and ongoing changes in work load or force structure that could alter requirements by $0 to $24.1 million.

o One project, valued at $23 million, understated requirements by $3.5 million.

o Six projects, valued at $44.7 million, had requirements that were adequately supported.

The General Accounting Office examined one base closure package valued at $42 million. The General Accounting Office report did not recommend any changes to the requirements.

Potential Benefits of Audits. About $70.2 million in monetary benefits can be realized by implementing the recommendations in the six reports issued by the Inspector General, DoD, and the Army Audit Agency. Implementing the report recommendations should also result in construction of buildings that more accurately satisfy work load and space requirements (Appendix D).

Recommendations. The reports recommended preparing adequate documentation for project requirements, deleting invalid project requirements from budget submissions, placing a hold on certain projects until decisions or studies on planned work load and force structure were completed, and transferring costs to the correct funding category.

Management Comments. Management generally agreed with the recommendations and initiated corrective action to update and correct project requirements. Management also stated that the actual amount of monetary benefits was contingent on design studies and planned work loads at installations.

This report contains no recommendations; therefore, management comments are not required.

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This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD. Copies of the report can be obtained from the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, at (703) 614-6303 (DSN 224-6303).

PART I - INTRODUCTION

Background

Public Law 102-190, "National Defense Authorization Act for FYs 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the amount of the authorization DoD requested for each military construction (MILCON) project associated with base realignment and closure (BRAC) does not exceed the original estimated cost provided to the BRAC Commission (the Commission). The Public Law requires the Secretary of Defense to explain to Congress why a project's requested amount differs from the original estimated cost. Also, the Public Law requires the IG, DoD, to audit each MILCON project that differs significantly and to provide the results of each audit to Congress. This report summarizes audits relating to FY 1993 MILCON cost increases for closing and realigning bases conducted by the IG, DoD; Army Audit Agency; and General Accounting Office (GAO).

Costs submitted to the 1991 Commission were developed from a computer model, "Cost of Base Realignment Actions" (COBRA), initially developed during the 1988 base closure process. The model was used to estimate the potential costs and savings associated with realignment recommendations. Specifically, the model estimated one-time realignment and closure costs, such as administrative planning and support, personnel actions, moving, construction, procurement and construction cost avoidances, and other one-time costs and cost avoidances.

The COBRA model estimated recurring cost savings. However, the cost estimates were developed as a closure and realignment package for each base, not for a specific MILCON project.

Objective

The overall audit objective was to evaluate significant cost increases between the original estimated costs provided to the Commission and the amount of authorization DoD requested for each MILCON project associated with BRAC.

Scope

MILCON costs. We were unable to determine the amount of cost increases for each MILCON project related to a specific base closure, so we compared the total MILCON cost from the COBRA model for each base closure package to the Military Departments' MILCON budget submissions for FYs 1993 through 1997 (Appendix A). The comparison found 13 base closure and realignment packages with increases ranging from $1.1 million to $35.3 million (Appendix B). Seven of the thirteen base closure and realignment packages were reviewed. Each package increased in cost about

20 percent or more (Appendix C). In total, $242 million of MILCON cost estimates was examined. ($123 million by the IG, DoD; $77 million by the Army Audit Agency; and $42 million by GAO). Seven reports were issued on the base closure packages: five by the IG, DoD; one by the Army Audit Agency; and one by the GAO. This summary report presents the results of the seven reports.

The IG, DoD, and the Army Audit Agency reports include a justification analysis for each of 28 FY 1993 MILCON projects, totaling $199.8 million, at 16 activities related to the closure or realignment of 6 base closure and realignment packages. The GAO report on the closure and realignment package for Rock Island Arsenal did not include justification analyses for individual MILCON projects. The audits did not evaluate projects, currently estimated at $127.4 million, scheduled for implementation during FYs 1994 through 1997 related to the seven base closure packages.

Audit period, standards, and locations. The economy and efficiency audits were made from August 1991 to October 1992. The computerized data used, the time period of actions reviewed, and the internal controls reviewed were identified in the individual audit reports. Except as noted in the individual audit reports, the audits were made in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the IG, DoD; the Army Audit Agency; and GAO. Appendix F lists the activities visited or contacted.

Prior Audits and Other Reviews

Since 1991, 19 audit reports have addressed DoD BRAC issues. Appendix E lists these reports. Seven of the reports are summarized in this report.

PART II - SUMMARY RESULTS OF AUDITS

Introduction

The Military Departments did not adequately support the requirements and overstated costs associated with the MILCON projects at many of the realigning or gaining bases. Further, the Navy and Air Force had not modified requirements to incorporate changes in work load or force structure. Base closure funds were also inappropriately used for requirements not directly associated with base closure and realignment. In addition, one project's requirements were understated because of unrealistic funding limitations. The inadequate documentation and inaccurate funding occurred because tight schedules dictated by the base closure process made initial project documentation and the associated cost-estimating process extremely difficult. At certain design milestones in the normal MILCON process, scope and cost estimates are revised, and the program cost is adjusted accordingly. The short time frame imposed by the base closure process caused activities to prepare inadequately documented DD Forms 1391, "Military Construction Project Data."

Discussion

Support for estimated project costs. The Military Departments did not adequately support requirements and costs for 17 MILCON projects valued at $98.9 million, as required by the individual Military Departments' regulations. As a result, the 17 projects could be reduced in cost by $69.7 million. The Military Departments' regulations require a detailed cost estimate to be prepared and submitted on DD Form 1391 to permit cost validation. Further, the regulations require the host installation to prepare a detailed data sheet that lists existing facilities and space requirements related to the proposed project. Military Handbook 1010, "Cost Engineering: Policy and Procedures," contains unit cost data for facility projects.

The following are examples of the problems identified.

- Space requirements were often overstated, and adequate space in existing facilities was not always considered.

- Use of existing equipment in developing project requirements and estimated costs was not considered.

- Facility requirements and costs associated with MILCON projects for utilities, pavement, and site improvement were often overstated.

- Cost factors used to calculate the cost of projects were significantly greater than those in Military Handbook 1010 or in

related architect-engineering studies. Further, the project documentation did not justify the use of the higher cost factors.

o Contingency costs for six projects were based on a 10-percent contingency rate factor that exceeded the standard rate factor of 5 percent, thus causing the contingency costs to be overstated.

o Overstated project requirements resulted in increased cost estimates for contingencies and for supervision, inspection, and overhead (SIOH) costs. The cost estimates were based on either 5 or 10 percent for contingency costs and 6 percent for SIOH costs to cover unforeseen requirements and architect-engineering services. Reducing overall project requirement costs will result in a corresponding reduction in contingency and SIOH costs.

Changing work load and force structure. Four projects totaling $33.2 million were not modified to incorporate planned changes in work load or force structure resulting from the decision to close or realign the bases. In addition, the responsible command deleted requirements totaling $6 million on one project but did not adjust the DD Form 1391 budget submission to reflect the decreased requirements. The following are two examples of how changing work load and force structure can affect MILCON project estimates.

o The Navy was evaluating alternatives for relocating the Naval Aviation Engineering Service Unit (NAESU) due to the closure of the Naval Station, Philadelphia. As a result of an expense operating budget study, the Navy was considering consolidating NAESU with one or more other commands, thus modifying the scope of or eliminating the original NAESU MILCON project. The audit report recommended the Navy place the NAESU MILCON project on hold until the study was completed and all alternatives were considered.

o The American Forces Information Service (AFIS), Fort Meade, Maryland, is responsible for the Defense Information School (DINFOS), Fort Benjamin Harrison, Indiana. AFIS was evaluating the feasibility of consolidating the Navy school, at Pensacola Naval Air Station, Florida, and the Air Force school, scheduled to move from Lowry Air Force Base (AFB), Colorado, to Keesler AFB, Mississippi, with DINFOS at Fort Meade. As a result of the AFIS study, the DINFOS space and personnel requirements could increase to accommodate the additional students. The Army agreed with the IG, DoD, recommendation to suspend the DINFOS MILCON project at Fort Meade until a decision was made regarding

the schools' consolidation. On June 28, 1992, the Deputy Secretary of Defense decided to consolidate the three schools. Subsequently, AFIS revised the DD Form 1391 to reflect the new requirements resulting from the consolidation.

Appropriate project funding. Base closure funds were inappropriately used for three projects. Project DDPF939008 at Barksdale AFB and project AWUB935107 at Carswell AFB included requirements totaling $279,000 that should be funded from the normal MILCON budget rather than the DoD Base Closure Account. At Dyess AFB, project FNWZ933006 included costs for furnishings and equipment totaling $267,000 that should be funded with procurement and operations and maintenance funds, not with MILCON funds from the DoD Base Closure Account. DoD guidance requires that only legitimate, one-time costs resulting from base closure be charged to the DoD Base Closure Account according to the cost categories established in the President's budget.

Understated project costs. At the Naval Surface Warfare Center, Carderock, Maryland, requirements for a $23-million research facility project (project P-179S) were understated by $3.5 million because the Naval Sea Systems Command established funding limits for the project before the project scope or estimated costs were calculated. The Naval Surface Warfare Center will be unable to realign and transfer all functions to Carderock as required by the Commission because of funding limitations. Further, the project scope would not provide a complete and usable facility as described in the DD Form 1391.

Fully supported projects. Six projects (project numbers NUEX913011, NUEX913018, 38618, P-172S, 37172, and 37212), totaling $44.7 million, were fully supported. Documentation was available to support the requirement and the cost factors used to estimate the budget submission. For example, transferring F-16 aircraft from MacDill AFB, Florida, to Luke AFB, Arizona, will require additional base supply storage facilities to be built at Luke AFB. The documentation prepared by Luke AFB officials adequately justified the project's cost. In addition, at Fort Knox, Kentucky, the proposed 6,000-square-foot warehouse modernization and repair project was adequately supported.

Conclusion. We believe that many of the problems found in the audits were caused by the short time frame imposed by the base closure process, which required activities to prepare DD Forms 1391 without the normal design and documentation process. Under normal circumstances, planning and programming for MILCON projects can take up to 6 years. As part of that process, activities submit DD Forms 1391 to support MILCON projects in conjunction with the design of the facility. Usually, the projects are submitted for budget approval when the design is 35 percent complete. Depending on the complexity of the project, the preparation of the 35-percent design can take

from 6 to 8 months or longer. The project scope and cost estimates are revised, and the budget costs are adjusted as the design reaches 100 percent.

During the base closure process, activities had to develop initial project scope and cost justification documentation within 2 to 3 months of the 1991 Commission report. As a result, many of the MILCON requirements at gaining bases were not clearly defined at the time the budget was submitted. However, as the BRAC MILCON project designs reach 100 percent, each project's scope, documentation, and cost estimates should improve.

Summary of Recommendations

The reports recommended that the Military Departments prepare a new DD Form 1391 on all projects that have inadequate documentation; exclude invalid project requirements and cost estimates from revised budget submissions; place a hold on certain projects until work load decisions related to the projects are made; and transfer planned costs from base realignment and closure accounts to other appropriation accounts, as appropriate.

Summary of Management Actions

Management generally concurred with the recommendations and took corrective action to revise MILCON project submissions and reduce budget requests. Management only partially concurred with the potential monetary benefits, stating that actual benefits would be determined upon completion of design studies for many projects in question.

PART III - ADDITIONAL INFORMATION

APPENDIX A - Comparison of Construction Costs From Cost of Base Realignment Actions Model to FY 1993 Budget Submission

APPENDIX B - Base Closure Packages With Increased Military Construction Costs

APPENDIX C - Base Closure Packages Selected For Audit

APPENDIX D - Proposed Changes in Project Costs

APPENDIX E - Prior Audits and Other Reviews

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APPENDIX A - COMPARISON OF CONSTRUCTION COSTS FROM COST OF BASE REALIGNMENT ACTIONS MODEL TO FY 1993 BUDGET SUBMISSION*

Army	COBRA Model	FY92 - FY97 Budget Submission	Difference	Percent Change	FY93 Budget Submission	FY94 - FY97 Budget Submission
Fort Benjamin Harrison	$ 52.80	$ 63.90	$ 11.10	21.02	$ 48.40	$ 15.50
Fort Chaffee	19.80	0	(19.80)	(100.00)	0	0
Fort Devens	80.60	59.60	(21.00)	(26.05)	0	59.60
Fort Dix	15.80	12.00	(3.80)	(24.05)	0	0
Laboratory Command	231.00	195.00	(36.00)	(15.58)	0	195.00
Letterkenny Army Depot	25.60	26.80	1.20	4.69	0	26.80
Fort Ord	2.60	30.80	28.20	1,084.62	28.60	2.20
Fort Polk	222.30	40.47	(181.83)	(81.79)	16.09	24.38
Rock Island Arsenal	38.30	53.80	15.50	40.47	42.00	11.80
Sacramento Army Depot	34.50	30.00	(4.50)	(13.04)	30.00	0
St. Louis AVSCOM and TROSCOM	2.00	0	(2.00)	(100.00)	0	0
Army Total	$725.30	$512.37	$(212.93)	(29.36)	$165.09	$335.28

Navy	COBRA Model	FY92 - FY97 Budget Submission	Difference	Percent Change	FY93 Budget Submission	FY94 - FY97 Budget Submission
Chase Field NAS	$ 24.90	$ 1.50	$(23.40)	(93.98)	$ 0	$ 1.50
Davisville NCBC	30.10	14.30	(15.80)	(52.49)	14.30	0
Long Beach Naval Complex	69.20	10.20	(59.00)	(85.26)	5.40	4.80
Moffett Field NAS	81.80	50.10	(31.70)	(38.75)	25.30	24.80
Philadelphia NS	21.00	25.10	4.10	19.52	1.40	23.70
Puget Sound (Sand Point) NS	23.60	18.90	(4.70)	(19.92)	13.80	5.10
Tustin MCAS	458.10	493.40	35.30	7.71	0	493.40
Naval Command Control and Ocean Surveillance Center	25.20	18.00	(7.20)	(28.57)	18.00	0
Naval Surface Warfare Center	61.00	95.60	34.60	56.72	59.50	36.10
Naval Air Warfare Center	123.80	122.20	(1.60)	(1.29)	66.10	56.10
Naval Undersea Warfare Center	34.80	38.90	4.10	11.78	13.90	25.00
Project Reliance	0	16.40	16.40	infinite	7.00	9.40
Navy Total	$953.50	$904.60	$(48.90)	(5.13)	$224.70	$679.90

*Dollar amounts in millions.

See acronyms at end of appendix.

APPENDIX A - COMPARISON OF CONSTRUCTION COSTS FROM COST OF BASE REALIGNMENT ACTIONS MODEL TO FY 1993 BUDGET SUBMISSION* (cont'd)

Air Force	COBRA Model	FY92 - FY97 Budget Submission	Difference	Percent Change	FY93 Budget Submission	FY94 - FY97 Budget Submission
Bergstrom AFB	$ 22.50	$ 22.00	$ (.50)	(2.22)	$ 18.00	$ 4.00
Carswell AFB	20.00	26.20	6.20	31.00	16.90	9.90
Castle AFB	69.80	78.80	9.00	12.89	31.80	47.00
Eaker AFB	4.70	0	(4.70)	(100.00)	0	0
England AFB	20.40	15.70	(4.70)	(23.04)	15.70	0
Grissom AFB	12.50	12.30	(.20)	(1.60)	0	12.30
Loring AFB	15.80	12.00	(3.80)	(24.05)	7.90	4.10
Lowry AFB	188.10	152.90	(35.20)	(18.71)	150.30	2.60
MacDill AFB	9.40	37.30	27.90	296.81	9.10	28.20
Myrtle Beach AFB	35.70	19.70	(16.00)	(44.82)	19.70	0
Richards-Gebaur AFB	33.40	35.00	1.60	4.79	35.00	0
Rickenbacker AFB	61.50	62.60	1.10	1.79	53.50	4.40
Williams AFB	5.30	4.40	(.90)	(16.98)	4.40	0
Wurtsmith AFB	11.10	2.30	(8.80)	(79.28)	2.30	0
Air Force Total	$510.20	$481.20	$(29.00)	(5.68)	$364.60	$112.50

*Dollar amounts in millions.

Acronyms

AVSCOM	Aviation Systems Command
MCAS	Marine Corps Air Station
NAS	Naval Air Station
NCBC	Naval Construction Battalion Center
NS	Naval Station
TROSCOM	Troop Support Command

APPENDIX B - BASE CLOSURE PACKAGES WITH INCREASED MILITARY CONSTRUCTION COSTS*

Army	COBRA Model	FY92 - FY97 Budget Submission	Difference	Percent Change	FY93 Budget Submission	FY94 - FY97 Budget Submission
Fort Benjamin Harrison	$ 52.80	$ 63.90	$11.10	21.02	$ 48.40	$15.50
Letterkenny Army Depot	25.60	26.80	1.20	4.69	0	26.80
Fort Ord	2.60	30.80	28.20	1,084.62	28.60	2.20
Rock Island Arsenal	38.30	53.80	15.50	40.47	42.00	11.80
Army Total	$119.30	$175.30	$56.00	46.94	$119.00	$56.30
Navy						
Philadelphia NS	$ 21.00	$ 25.10	$ 4.10	19.52	$ 1.40	$ 23.70
Tustin MCAS	458.10	493.40	35.30	7.71	0	493.40
Naval Surface Warfare Center	61.00	95.60	34.60	56.72	59.50	36.10
Naval Undersea Warfare Center	34.80	38.90	4.10	11.78	13.90	25.00
Navy Total	$574.90	$653.00	$78.10	13.58	$74.80	$578.20
Air Force						
Carswell AFB	$ 20.00	$ 26.20	$ 6.20	31.00	$ 16.90	$ 9.90
Castle AFB	69.80	78.80	9.00	12.89	31.80	47.00
MacDill AFB	9.40	37.30	27.90	296.81	9.10	28.20
Richards-Gebaur AFB	33.40	35.00	1.60	4.79	35.00	0
Rickenbacker AFB	61.50	62.60	1.10	1.79	53.50	4.40
Air Force Total	$194.10	$239.90	$45.80	23.60	$146.30	$89.50

*Dollar amounts in millions.

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APPENDIX C - BASE CLOSURE PACKAGES SELECTED FOR AUDIT[1]

	COBRA Model	FY 92-97 Budget Submission	Difference	Percent Increase	FY 93 Budget Submission	FY 94-97 Budget Submission
Army						
Fort Benjamin Harrison[2]	$ 52.80	$ 63.90	$ 11.10	21.02	$ 48.40	$ 15.50
Fort Ord[3]	2.60	30.80	28.20	1,084.62	28.60	2.20
Rock Island Arsenal[4]	38.30	53.80	15.50	40.47	42.00	11.80
Subtotal	$ 93.70	$148.50	$ 54.80	58.48	$119.00	$ 29.50
Navy						
Naval Station, Philadelphia[5]	$ 21.00	$ 25.10	$ 4.10	19.52	$ 1.40	$ 23.70
Naval Surface Warfare Center[5]	61.00	95.60	34.60	56.72	59.50	36.10
Subtotal	$ 82.00	$120.70	$ 38.70	47.20	$ 60.90	$ 59.80
Air Force						
Carswell AFB[5]	$ 20.00	$ 26.20	$ 6.20	31.00	$ 16.90	$ 9.90
MacDill AFB[5]	9.40	37.30	27.90	296.81	9.10	28.20
Subtotal	$ 29.40	$ 63.50	$ 34.10	115.99	$ 26.00	$ 38.10
Total	$205.10	$332.70	$127.60	62.21	$205.90	$127.40

[1]Dollar amounts in millions.
[2]Reviewed by Army Audit Agency and Inspector General, DoD.
[3]Reviewed by Army Audit Agency.
[4]Reviewed by General Accounting Office.
[5]Reviewed by Inspector General, DoD.

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APPENDIX D - PROPOSED CHANGES IN PROJECT COSTS

Reviewer/ MILCON Package	Project Location	Project Description	Total Project Costs Per DD Form 1391	Reductions For Overstated Requirements	Reductions for Incorrect BRAC Funding	Total Reductions
IG, DoD						
Naval Station, Philadelphia						
Project P-232	NAWC-Lakehurst	Alterations of fitness areas	$ 1,300,000			[1]
MacDill AFB						
Project NVZR940081	MacDill AFB	Fencing/gatehouse/utilities	1,250,000			[2]
Project NUEX913011	Luke AFB	Addition to base supply storage	1,300,000			0
Project NUEX913018	Luke AFB	Construction of munitions facility	1,000,000			0
Project VKAG933007	Seymour Johnson AFB	Alteration of facilities	6,050,000	$ 702,000		$ 702,000
Fort Benjamin Harrison						
Project 39405	Fort Meade	Alterations of 10 buildings	9,600,000			[3]
Project 38646	Fort Knox	Alterations of two buildings	21,000,000			[4]
Project 38618	Fort Knox	Modernization and repair	170,000			0
Project 39189	Fort Knox	Renovation of three barracks	3,300,000	500,000		500,000
Carswell AFB						
Project DDPF939004	Carswell AFB	Alter base supply complex	650,000	541,000		541,000
Project DDPF939005	Carswell AFB	Alter base civil engineer facilities	1,950,000	1,950,000		1,950,000
Project DDPF939006	Carswell AFB	Alter facilities for cantonment	2,550,000	1,667,000		1,667,000
Project DDPF939007	Carswell AFB	Alter medical training facility	650,000	259,000		259,000
Project DDPF939008	Carswell AFB	Fencing/utility isolation/wash rack	2,670,000	1,948,000	145,000	2,093,000
Project AWUB935107	Barksdale AFB	Alter missile assembly facility	1,450,000	427,000	134,000	561,000
Project FNWZ933006	Dyess AFB	Technical training facility	5,400,000	2,108,000	267,000	2,375,000
Project FNWZ933010	Dyess AFB	Television production facility	2,050,000	2,050,000		2,050,000
Project QJVF915002	Minot AFB	Alter flight simulation training	440,000	440,000		440,000
Project WWYK920205	Tinker AFB	Alter communications facility	500,000	500,000		500,000
Naval Surface Warfare Center						
Project P-267	NSWC-Dahlgren	Expansion of sewage treatment plant	33,000,000	18,400,000		18,400,000
Project P-179S	NSWC-Carderock	Construction of research facility	23,000,000			[5]
Project P-172S	NSWC-Carderock	Construction of laboratory	3,500,000			0
Subtotal			$122,780,000	$31,492,000	$ 546,000	$32,038,000

See footnotes at end of appendix

APPENDIX D - PROPOSED CHANGES IN PROJECT COSTS (cont'd)

Reviewer/ MILCON Package	Project Location	Project Description	Total Project Costs Per DD Form 1391	Reductions For Overstated Requirements	Reductions for Incorrect BRAC Funding	Total Reductions
Army Audit Agency						
Fort Benjamin Harrison						
Project 37172	Fort Jackson	General instruction building	$ 26,000,000			0
Project 37212	Fort Jackson	Barracks	12,800,000			0
Project 39405	Fort Meade	Applied instruction building	9,600.000	$ 9,600,000		$ 9,600,000
Fort Ord						
Project 38301	Fort Lewis	Company headquarters building	17.000.000	17,000,000		17,000,000
Project 34824	Fort Lewis	Battalion administration building	10.000.000	10,000,000		10,000,000
Project 12358	Fort Lewis	Command and control facility	1.600.000	1.600.000		1.600.000
Subtotal			$ 77.000.000	$38.200.000	0	$38.200.000
Total[6]			$199.780.000	$69.692.000	$ 546.000	$70.238.000

[1] Changes in mission/work load could result in reductions ranging from $0 - $1.300,000.
[2] Changes in mission/work load could result in reductions ranging from $0 - $1.250,000.
[3] Changes in mission/work load could result in reductions ranging from $0 - $500,000.
[4] Changes in mission/work load could result in reductions ranging from $0 - $21.000,000.
[5] Project cost will increase by $3,500,000.
[6] General Accounting Office projects not included.

APPENDIX E - SUMMARY OF PRIOR AUDITS AND OTHER REVIEWS

General Accounting Office

NSIAD 93-59FS*, "Military Bases, Army Revised Cost Estimates for the Rock Island Arsenal and Other Realignments to Redstone Arsenal," November 1992. At the request of Congressman Lane Evans, GAO determined why the construction cost estimate had increased from the amounts provided to the Commission. GAO reviewed the $38.3 million COBRA model estimate and the $42 million FY 1993 construction cost estimate. GAO found that the chief reason for the different construction cost estimates was the consolidation of a number of additional buildings or facilities required at Redstone Arsenal as a result of recommendation from both the 1988 and the 1991 Commissions. The report did not contain recommendations.

NSIAD 93-173 (OSD Case No. 9374), "Military Bases, Analysis of DoD's Recommendations and Selection Process for Closure and Realignments," April 15, 1993. The report stated that the Secretary of Defense's March 12, 1993, recommendations and selection process were generally sound. However, Military Departments did not resolve problems in the selection process of military installations, DoD did not provide strong oversight of the process, and DoD continued to ignore the government-wide cost implications of the base closure decisions. GAO recommended improvements to program oversight, cost calculations, and data documentation. GAO also recommended that the Commission take corrective action. No comments were received as of the date of this report.

NSIAD 93-161 (OSD Case No. 9294-B), "Military Bases, Revised Cost and Savings Estimates for 1988 and 1991 Closures and Realignments," March 31, 1993. The report stated that Congress may have to appropriate more money to the BRAC accounts than previously estimated. In addition, the report stated that while the total realignment and closure costs have remained relatively stable, land revenue projections have declined. The report did not contain any recommendations.

NSIAD 91-224S (OSD Case No. 8703S), "Military Bases, Letters and Requests Received on Proposed Closures and Realignments," May 17, 1991. The report consisted of letters from members of Congress, local government officials, and private citizens expressing their concerns to the Defense Base Closure and Realignment Commission. The audit report did not include findings, recommendations, or management comments.

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*Summarized in this report.

General Accounting Office (cont'd)

NSIAD 91-224 (OSD Case No. 8703), "Military Bases, Observations on the Analyses Supporting Proposed Closure and Realignments," May 15, 1991. The report states that the DoD BRAC guidance allowed cost estimating and cost factors used by each Military Department to vary. The report recommended that the Military Departments use consistent procedures and practices to estimate costs associated with future base closures and realignments. Management did not comment on the report.

Inspector General, DoD

Report No. 92-078, "DoD Base Realignment and Closures," April 17, 1992. The report states that the Navy and the Air Force developed MILCON requirements for 33 projects with $127.1 million of estimated costs. Of the $127.1 million, $72 million was either not supported or should not be funded from the Base Closure Account. The report recommended issuing additional guidance for realignment actions and canceling or reducing the scope for selected projects. The Office of the Secretary of Defense stated that additional guidance on realignment actions was issued since the audit started and agreed to reduce the BRAC funds related to the MILCON projects.

Report No. 92-085*, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Naval Aviation Engineering Service Unit," May 7, 1992. The Navy proposed to renovate a facility at the Naval Air Warfare Center while a decision was being reevaluated as to where the Naval Aviation Engineering Service Unit would actually be located. The report recommended that the $1.3 million project be suspended until the Navy decides on a location. The Assistant Secretary of the Navy agreed, and stated that no funds would be authorized or expended for the project until a decision is made after completion of an expense operating study.

Report No. 92-086*, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for MacDill Air Force Base, Luke Air Force Base, and Seymour Johnson Air Force Base," May 7, 1992. The report stated that four MILCON projects valued at $9.6 million were supported. However, the Air Force could reduce MILCON costs by $702,000 to $1.95 million by using existing facilities and deleting unnecessary requirements. The Air Force generally agreed to use existing facilities when cost effective.

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*Summarized in this report.

Inspector General, DoD (cont'd)

Report No. 92-087*, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Fort Knox and Fort Meade," May 7, 1992. The report stated that four MILCON projects valued at $34.1 million were supported; however, the Army could reduce MILCON costs by $500,000 by deleting unnecessary requirements from projects. Also, the requirements for two projects could vary by $500,000 to $21.5 million depending on a potential consolidation of schools and the need for state-of-the-art facilities. The report recommended that the Army review the MILCON project at Fort Knox to determine whether costs associated with state-of-the-art design were warranted and suspend the visual information school project at Fort Meade pending the outcome of the consolidation study. The Comptroller of the Army agreed with the recommendation and will determine the monetary benefits when final decisions are made on the projects.

Report No. 93-027*, "Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Carswell, Barksdale, Dyess, Minot, and Tinker Air Force Bases," November 27, 1992. The report stated that 10 MILCON projects valued at $18.3 million did not have adequate documentation to support the project requirements. Also, the Air Force could reduce BRAC MILCON costs of $11.9 million by deleting unnecessary and canceled requirements from the projects. Further, $546,000 of cost on 3 projects should be charged to normal MILCON, procurement, and operations and maintenance appropriations, instead of the DoD Base Closure Account. The report recommended that the Air Force eliminate invalid project requirements and maximize the use of existing equipment. The Air Force agreed with the recommendations.

Report No. 93-036, "DoD Base Realignment and Closures II for Lowry Air Force Base," December 18, 1992. The report stated that at least five projects could be either canceled or downsized because the BRAC requirements changed. The report made no recommendations because the Air Force cancelled and downsized the projects during the audit.

Report No. 93-052*, "Defense Base Closure and Realignment Budget Data for the Naval Surface Warfare Center," February 10, 1993. The report stated that the Navy overstated costs by $18.4 million on one project and understated the cost of a second project by $3.5 million at the Naval Surface Warfare Center, Carderock Division. The report recommended that the Navy reduce the

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*Summarized in this report.

Inspector General, DoD (cont'd)

estimate on one project after accounting for duplicate requirements and increase the size of another project estimate to meet requirements. The Navy agreed to revise the costs of the projects and resubmit the BRAC budget request.

The following three reports cover audits of FY 1994 BRAC budget requests.

Report No. 93-092, "Report on Base Closure and Realignment Budget Data for the Naval Surface Warfare Center," April 28, 1993. The report stated that, for two MILCON projects with FY 1994 budget requests of $36.5 million, one project was overstated $4.7 million and the other was overstated $193,000 and had $9.8 million of project costs that was questionable. The report recommended developing and submitting new MILCON project costs based on documented data. The Navy agreed with the recommendation.

Report No. 93-094, "Quick-Reaction Report on Base Closure and Realignment Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania," April 29, 1993. The report stated that the Navy did not adequately plan and document the utility reconfiguration project to provide complete and usable utilities within a justified cost. As a result, the FY 1994 budget request of $11.8 million for the utility reconfiguration contained $5.2 million of overstated and unsupported requirements. The remainder of the estimate is questionable.

Report No. 93-095, "Quick-Reaction Report on Base Closure and Realignment Budget Data for the Naval Station, Philadelphia, Pennsylvania, and Naval Training Center, Great Lakes, Michigan," May 5, 1993. The report stated that a project to renovate Naval Aviation Supply Office facilities with FY 1994 budget request of $2 million was not supported by documentation and was overstated by $35,000. A $22.2 million FY 1994 budget request for a project for the Naval Damage Control Training Center was overstated by $13.7 million. The report recommended adjusting both projects.

Army Audit Agency

SR 92-702*, "Base Realignment and Closure Construction Requirements," August 12, 1992. The report included coverage of eight installations with MILCON requirements from base closure.

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*Summarized in this report.

Army Audit Agency (cont'd)

Two of those installations were also identified in our analysis: the closure of Fort Ord, California, and the realignment of some of its functions to Fort Lewis, Washington; and the realignment of functions from Fort Benjamin Harrison to Fort Jackson, South Carolina. Five MILCON projects valued at $43.3 million (three at Fort Lewis, one at Fort Jackson, and one at Fort Meade) were not required and could be deleted from the base closure budget.

Air Force Audit Agency

Project 1255312, "Air Force Administration of the Department of Defense (DoD) Base Closure Account," September 10, 1991. The report stated that Air Force internal controls were adequate to administer the Base Closure Account. The report made no recommendations.

Project 0185210, "Base Closure Facility Management," June 19, 1991. The report stated that Air Force planned projects costing $2.8 million at closing bases may not be needed. The report recommended that the Air Force issue specific facility selection criteria (quality-of-life, mission accomplishment, personnel health and safety, etc.) to be used at closing bases. The Air Force agreed to develop detailed facility management criteria.

Project 1175213, "Base Closure Environmental Planning," June 18, 1991. The report stated that the Air Force had adequate guidance for installation planners for use in developing environmental plans and actions necessary for bases to close and meet disposal dates. The report made no recommendations.

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APPENDIX F - ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Comptroller of the Department of Defense, Washington, DC
General Counsel of the Department of Defense, Washington, DC
Deputy Assistant Secretary of Defense (Installations), Washington, DC
American Forces Information Service, Alexandria, VA

Department of the Army

Deputy Assistant Secretary of the Army (Installations and Housing), Washington, DC
Forces Command, Fort McPherson, Atlanta, GA
Training and Doctrine Command, Fort Monroe, Hampton, VA
United States Army Recruiting Command, Fort Sheridan, Highland Park, IL
Office of the Chief of Engineers, Army Corps of Engineers, Washington, DC
Office of the Chief of Staff, Washington, DC
Army Audit Agency, Alexandria, VA
Fort Benjamin Harrison, Indianapolis, IN
Fort George G. Meade, Laurel, MD
Fort Knox, Louisville, KY

Department of the Navy

Comptroller of the Navy, Washington, DC
Deputy Chief of Naval Operations (Logistics), Washington, DC
Commander, Naval Air Systems Command, Washington, DC
Commander, Naval Sea Systems Command, Washington, DC
Headquarters, Naval Surface Warfare Center, Arlington, VA
  Naval Surface Warfare Center, Dahlgren Division, Dahlgren, VA
  Naval Surface Warfare Center, Carderock Division, Carderock, MD
  Naval Surface Warfare Center, Annapolis Division, Annapolis, MD
Commanding Officer, Naval Air Warfare Center, Lakehurst, NJ
Commander, Naval Base Philadelphia, PA
Commander, Naval Aviation Supply Office, Philadelphia, PA
Commanding Officer, Naval Station Philadelphia, PA
Chesapeake Division, Naval Facilities Engineering Command, Washington, DC
Northern Division, Naval Facilities Engineering Command, Philadelphia, PA
Pensacola Naval Complex, Pensacola, FL

Department of the Air Force

Office of the General Counsel of the Air Force, Washington, DC
Base Realignment Office, Washington, DC
Deputy Chief of Staff, Plans and Operations, Washington, DC

APPENDIX F - ACTIVITIES VISITED OR CONTACTED (cont'd)

Department of the Air Force (cont'd)

Headquarters, Air Training Command, Randolph Air Force Base, TX
Headquarters, Tactical Air Command, Langley Air Force Base, VA
  56th Fighter Wing, MacDill Air Force Base, FL
  58th Fighter Wing, Luke Air Force Base, AZ
  4th Wing, Seymour Johnson Air Force Base, NC
  301st Tactical Fighter Wing, Carswell Air Force Base, TX
Headquarters, Strategic Air Command, Omaha, NE
  2nd Bombardment Wing, Barksdale Air Force Base, LA
  7th Bombardment Wing, Carswell Air Force Base, TX
  96th Bombardment Wing, Dyess Air Force Base, TX
  2854th Civil Engineering Squadron, Tinker Air Force Base, OK

Non-DoD

National Security and International Affairs Division, Technical Information Center, General Accounting Office, Washington, DC

APPENDIX G - REPORT DISTRIBUTION

Office of the Secretary of Defense

Assistant Secretary of Defense (Production and Logistics)
Comptroller of the Department of Defense
Deputy Assistant Secretary of Defense (Installations)

Department of the Army

Secretary of the Army
Assistant Secretary of the Army (Installations and Logistics)
Chief of Engineers, Army Corps of Engineers
Auditor General, Army Audit Agency
Inspector General, Department of the Army

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Assistant Secretary of the Navy (Installations and Environment)
Comptroller of the Navy
Commander, Naval Facilities Engineering Command
Auditor General, Naval Audit Service

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Assistant Secretary of the Air Force (Manpower, Reserve Affairs, Installations, and Environment)
Auditor General, Air Force Audit Agency

Non-DoD Federal Organizations and Individuals

Office of Management and Budget
National Security and International Affairs Division, Technical Information Center, General Accounting Office

Chairman and Ranking Minority Member of Each of the Following Congressional Committees and Subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services

APPENDIX G - REPORT DISTRIBUTION (cont'd)

House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations

Members of Congress:

Senator David L. Boren, U.S. Senate
Senator Bill Bradley, U.S. Senate
Senator John Breaux, U.S. Senate
Senator Dan R. Coats, U.S. Senate
Senator Kent Conrad, U.S. Senate
Senator Dennis DeConcini, U.S. Senate
Senator Lauch Faircloth, U.S. Senate
Senator Wendell H. Ford, U.S. Senate
Senator Bob Graham, U.S. Senate
Senator Phil Gramm, U.S. Senate
Senator Jesse A. Helms, U.S. Senate
Senator J. Bennett Johnston, U.S. Senate
Senator Robert Krueger, U.S. Senate
Senator Frank Lautenberg, U.S. Senate
Senator Richard G. Lugar, U.S. Senate
Senator John McCain, U.S. Senate
Senator Mitch McConnell, U.S. Senate
Senator Barbara A. Mikulski, U.S. Senate
Senator Don Nickles, U.S. Senate
Senator Charles S. Robb, U.S. Senate
Senator Paul S. Sarbanes, U.S. Senate
Senator Arlen Specter, U.S. Senate
Senator John W. Warner, U.S. Senate
Senator Harris Wofford, U.S. Senate
Congressman Herbert H. Bateman, U.S. House of Representatives
Congressman Robert A. Borski, U.S. House of Representatives
Congressman Byron L. Dorgan, U.S. House of Representatives
Congressman Glenn English, U.S. House of Representatives
Congressman Thomas Foglietta, U.S. House of Representatives
Congressman Pete Geren, U.S. House of Representatives
Congressman Sam M. Gibbons, U.S. House of Representatives
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Congressman H. Martin Lancaster, U.S. House of Representatives
Congressman Jim McCrery, U.S. House of Representatives
Congresswoman Constance A. Morella, U.S. House of Representatives
Congressman William H. Natcher, U.S. House of Representatives
Congressman Earl Pomeroy, U.S. House of Representatives
Congressman Jim Saxton, U.S. House of Representatives
Congressman Charles W. Stenholm, U.S. House of Representatives
Congressman Bob Stump, U.S. House of Representatives