Audit Report

OFFICE OF THE INSPECTOR GENERAL

DOD BASE REALIGNMENT AND CLOSURES II FOR LOWRY AIR FORCE BASE

Report Number 93-036

December 18, 1992

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December 18, 1992

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on the DoD Base Realignment and Closures II For Lowry Air Force Base (Report No. 93-036)

We are providing this report for your information and use. Comments on a draft of this report were considered in preparing the final report. Comments on a draft of this report conformed to the requirements of DoD Directive 7650.3 and there are no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. If you have any questions, please contact Mr. Wayne K. Million, Program Director, at (703) 692-2991 (DSN 222-2991) or Mr. John M. Delaware, Acting Project Manager, (703) 692-2992 (DSN 222-2992). Copies of this report will be distributed to the activities listed in Appendix D.

Robert J. Lieberman
Assistant Inspector General
for Auditing

cc:
Secretary of the Air Force
Comptroller of the Department of Defense
Assistant Secretary of the Navy (Financial Management)
Inspector General, Department of the Army
Director, Defense Logistics Agency

Office of the Inspector General, DoD

Audit Report No. 93-036
(Project No. 2CG-0004)

December 18, 1992

DOD BASE REALIGNMENT AND CLOSURES II FOR LOWRY AIR FORCE BASE

EXECUTIVE SUMMARY

Introduction. Public Law 101-510, Title 29, "Defense Base Closure and Realignment Act," November 5, 1990, established the Defense Base Closure and Realignment Commission to ensure a timely, independent, and fair process for closing and realigning U.S. military installations. The Law also stipulates that closure and realignment actions must be fully implemented no later than 6 years after the President sends the recommendations to Congress. This report evaluates base closure actions at Lowry Air Force Base, Colorado.

Objectives. The objectives of the audit were to evaluate the need for improvements to real property, to evaluate the support for and the phasing out of requirements for base support operations, and to evaluate the effectiveness of internal controls over the base closure process.

Audit Results. We reviewed 30 base support projects valued at $69.9 million and found that 5 projects valued at $682,400 could either be canceled or downscoped by $467,700 because the requirements changed. Also, we identified five vacant civil engineering positions that should not be filled as a result of reduced facilities workload requirements.

Internal Controls. No material internal control weaknesses were identified. See Part I for details on our review of internal controls.

Potential Benefits of Audit. Canceling and downscoping the base support projects and not filling the civil engineering positions will result in monetary benefits amounting to $867,700 as shown in Appendix B.

Management Actions. We made no recommendations because, during the audit, management initiated action to cancel or to downscope the projects in question and to not fill the vacant engineering positions. The Deputy Assistant Secretary of the Air Force (Installations) agreed with the finding and the monetary benefits. A summary of Air Force comments is included in Part II of the report and the complete text of these comments is in Part IV of the report. Additional 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 101-510, Title 29, "Defense Base Closure and Realignment Act," November 5, 1990, established the Defense Base Closure and Realignment Commission to ensure a timely, independent, and fair process for closing and realigning U.S. military installations. The 1991 Commission recommended that 34 bases be closed and 48 bases be realigned. The 1991 Commission estimated net savings of $2.3 billion for FYs 1992 through 1997 after a one-time cost of $4.1 billion. We concluded that savings from these actions would total $1.5 billion annually after 1997.

The Law also stipulates that closure and realignment actions must be fully implemented no later than 6 years after the President sends the recommendations to Congress. For closing installations, plans should be developed and implemented to allow for a smooth transition from an active installation to a closed installation. Tasks include reducing civilian work force, moving military members and equipment, and preparing excess installation property for disposal.

On July 1, 1991, the Defense Base Closure and Realignment Commission issued its report recommending the closure of Lowry Air Force Base (AFB). This report evaluates base closure actions for Lowry AFB, which the Air Force scheduled to close by mid-1994. The Lowry Technical Training Center and 3400th Technical Training Wing will be inactivated. Courses currently conducted for Air Force military personnel at Lowry AFB will be transferred to the remaining Technical Training Centers, contracted out, or relocated. The 3320th Correction and Rehabilitation Squadron will transfer to Lackland AFB. The 1001st Space Systems Squadron, the Defense Finance and Accounting Service-Denver Center, and the Air Reserve Personnel Center will remain at Lowry AFB in a cantonment area.

Objectives

The objectives of the audit were to evaluate:

- the need for improvements to real property,
- the support for and the phasing out of requirements for base support operations, and
- the effectiveness of internal controls over the base closure process.

Scope

Locations and projects reviewed. The audit was primarily performed at Lowry AFB, but included a review of data at Randolph AFB, Sheppard AFB, and the activities listed in Appendix C as related to the closure/realignment of Lowry AFB functions. We reviewed documentation covering the period October 1991 through January 1992, used to justify 30 base support projects valued at $69.9 million. We also reviewed the effect of base closure actions on manpower requirements used to support billet authorizations for base civil engineers located at Lowry AFB.

Auditing standards. This economy and efficiency audit was performed from October 9, 1991, to September 18, 1992 in accordance with auditing standards issued by the Comptroller General, of the United States as implemented by the Inspector General, DoD. Accordingly, the audit included such tests of internal controls as were considered necessary. We did not rely on computer-generated data in performing the audit.

Internal Controls

The audit evaluated internal controls relating to the adequacy of Air Force base closure implementation plans at Lowry AFB. The internal controls reviewed were deemed to be effective in that no material weaknesses were disclosed during the audit

Prior Audits and Other Reviews

No prior audits were performed that specifically examined the closure and realignment of selected functions at Lowry AFB. However, 11 reports issued by the General Accounting Office and DoD audit organizations addressed different aspects of the Base Closure process. These reports are listed in Appendix A.

PART II - FINDING

FACILITY IMPROVEMENTS, MAINTENANCE, AND MANPOWER REQUIREMENTS

With the pending base closure in FY 1994, Lowry officials did not make appropriate judgments on 5 of 30 base support projects for improving facilities and maintaining property at Lowry AFB. This condition was caused by the short timeframes required to develop the base closure plans. We identified five facilities support projects, costing about $682,400, that could be downscoped by $467,700 or that could be eliminated altogether due to the impending base closure. Also, civil engineer staffing levels were not properly adjusted as a result of reduced facilities support workload requirements. By using actual workload requirements to determine civil engineering staffing levels, five vacant civil engineering positions could not be justified and therefore should not be filled. This action would result in avoiding about $400,000 in personnel costs for the 27-month period ending September 30, 1994. During our audit, Lowry AFB management agreed to take action to either cancel or downscope the five base support projects and established a plan to leave the five civil engineering positions vacant.

DISCUSSION OF DETAILS

Background

The July 1, 1991, Defense Base Closure and Realignment Commission report recommended the closure of Lowry AFB. On July 22, 1991, the Air Force provided policy guidance for facilities maintenance, repair, and construction at closure and realignment bases. This policy guidance stated in part:

> Our policy continues - we will provide an Air Force quality-of-life standard for the personnel assigned to closure bases. Optimal facility "level of repair" decisions will be tempered by the facility's expected useful life. Some examples of opportunities to minimize operation and maintenance expenditures at bases identified for closure follow:
>
> - Roof leaks will be patched.
> - Painting should be kept to a minimum except for high-visibility areas.
> - No minor construction.
> - No additional landscaping, plant/tree replacement or irrigation systems.

The Commander, Technical Training Center, Lowry AFB is ultimately responsible for determining the degree of real property maintenance and repair necessary to provide for the quality-of-life standard. A facility working panel meets monthly as an ongoing review mechanism to determine if projects in predesign or design phase are essential under the closure criteria. In some instances, the facility working panel recommends canceling or reducing construction, real property improvement, and maintenance projects. Those projects the facility working panel determines to be essential are forwarded to the Facilities Review Board, which meets on a quarterly basis. The board provides corporate review and recommendations concerning the use of real property facilities and civil engineering resources in support of the mission, including real property maintenance and repair projects. The board's main task is to determine priorities for meeting base needs.

Real Property Improvements and Maintenance

We evaluated the justification for approved improvement and maintenance projects to real property located on Lowry AFB. Specifically, we reviewed facility projects for military construction, military family housing, and base maintenance functions. We also evaluated the current civil engineering staffing levels required to support the number of planned facility support projects for Lowry AFB.

Military construction projects. We reviewed 11 military construction projects, which cost an estimated $64.2 million, that were approved prior to base closure and that were scheduled from FY 1991 through FY 1994. The scheduled closure of the base negated all but two of the projects. The need for the remaining two projects was supported due to environmental requirements involving the replacement of polychlorinated biphenyl transformers and asbestos removal and abatement. Before we completed our review, Air Force management stated that the nine unnecessary military construction projects totaling $61.0 million were canceled.

Family housing improvement and maintenance projects. We reviewed five military family housing maintenance projects approved for FY 1992 valued at $2.4 million. We determined that two of the projects were not mission-essential or otherwise needed for health, safety, and security reasons. These two unneeded projects involved:

- connecting basement smoke detectors, with an estimated cost of $35,000 (Project No. 924005), and

- replacing and repairing kitchen cabinets and countertops, with an estimated cost of $168,000 (Project No. 914011).

Also, we found that the contract requirements for two family housing projects, roof repair ($1.5 million) and house painting ($0.6 million), could be consolidated with contract requirements contained in the installation's roof repair and painting contracts. The family housing project for radon remediation (Project No. 924006E), valued at $40,000, was determined to be a needed project.

During our audit, the four housing projects in question were discussed with Lowry AFB management who agreed to cancel the smoke detector project for $35,000, downscope the kitchen cabinet project thereby decreasing the project's estimated cost by $93,000, and consolidate all roofing and painting requirements into a single indefinite delivery/indefinite quantity base contract for each functional task. Reductions in family housing projects totaled $128,000.

Facility maintenance projects. We reviewed support documentation for 14 facility maintenance projects valued at $3.3 million and found that 3 of the projects could be downscoped or canceled. After our discussions with Lowry AFB management officials, they agreed to the following actions, which resulted in reductions in facility maintenance expenditures totaling $339,700.

- The project to repair the fire alarm systems in Buildings 700 and 900 with an estimated cost of $170,000 (Project No. 880041) was canceled.

- The project to replace windows and doors in Building 700 with an estimated cost of $246,900 (Project No. 860019) was downscoped by eliminating the windows from the project, decreasing the project's estimated cost by $144,700.

- The project to replace temporary lodging facilities siding with an estimated cost of $62,500 (Project No. 900030) was downscoped, decreasing the project's estimated cost by $25,000.

Engineering Manpower Requirements

For civil engineer staffing, Lowry AFB uses Air Force Manpower Standards for determining staffing levels. The 4400 series of these standards quantifies the manpower required by defined work centers to accomplish the tasks in the civil engineering function. The standards are based, in part, upon:

- total square feet of floor space located on installation;

- total number of buildings located on and off base;

o total acres of improved, semi-improved, and unimproved land; and

o total number of government-owned military family housing units.

The standard is based on quantitative numbers and does not consider any actual requirements based on work load. Our review of the workload requirements for civil engineering showed that a significant number of construction projects, as well as operation and maintenance projects, will be reduced or eliminated due to the closure of the base in 1994. We noted that all billets for engineering personnel will remain constant until shortly before the base actually closes. As of December 16, 1991, plans were not developed to gradually decrease personnel or eliminate billets as work load decreased. Engineers were anticipated to be on board until the actual closure of the base to help with other requirements. When we discussed this with Lowry AFB management, it was determined that the need for 13 civil engineering positions was questionable. Of the 13 positions, management agreed that 5 positions were currently vacant and should not be filled, which would reduce personnel cost by about $400,000 for the 27-month period ending September 30, 1994. Management also agreed that the eight remaining occupied positions, when vacated, would not be filled as the base draws down. Annual cost of these eight positions is about $247,000. Management's December 24, 1991, civil engineering staffing plan called for the five vacant positions to remain vacant and the eight occupied billets not to be filled as they became vacant.

Conclusion

Management procedures for reviewing and approving facility improvement and maintenance projects at Lowry AFB needed improvement. This is key to ensuring that in a base closure environment, only essential projects are accomplished and that the expenditure of maintenance funds are minimized. Additionally, staffing requirements for civil engineers can be adjusted as the work load diminishes. We found that Lowry AFB management personnel were very attuned to conserving financial and manpower resources. In all cases, corrective action was initiated immediately.

Actions Taken

We are making no recommendations because management already acted to cancel or downscope the following projects.

o Project No. 924005 to connect smoke detectors was canceled.

o Project No. 914011 to replace and repair kitchen cabinets and countertops was downscoped.

o Project No. 880041 to repair fire alarm systems in Buildings 700 and 900 was canceled.

o Project No. 860019 to replace windows and doors in Building 700 was downscoped.

o Project No. 900030 to replace temporary lodging facilities siding was downscoped.

Also, no recommendations are made relating to the 13 civil engineering positions because management developed a plan to not fill the 5 vacant positions and to not fill the remaining 8 positions as the base draws down and the positions become vacant.

MANAGEMENT COMMENTS

The Air Force concurred with the finding and stated that the projects were either canceled or downscoped in size. Further, the vacant engineering positions will not be filled. The Air Force agreed with the monetary benefits cited.

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PART III - ADDITIONAL INFORMATION

APPENDIX A - Prior Reports on Base Realignment and Closure

APPENDIX B - Summary of Potential Benefits Resulting from Audit

APPENDIX C - Activities Visited or Contacted

APPENDIX D - Report Distribution

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APPENDIX A - PRIOR REPORTS ON BASE REALIGNMENT AND CLOSURE

General Accounting Office (GAO/NSIAD 91-224). "Military Bases, Observations on the Analyses Supporting Proposed Closure and Realignments," May, 15, 1991.

General Accounting Office (GAO/NSIAD 91-224S). "Military Bases, Letters and Requests Received on Proposed Closures and Realignments," May, 17, 1991.

IG, DoD 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.

IG, DoD 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.

IG, DoD 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.

IG, DoD 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.

IG, DoD Project No. 2CG-5022.05. "Draft Quick-Reaction Report on the Review of Defense Base Closure and Realignment Budget Data for Naval Surface Warfare Center," October 27, 1992.

Army Audit Agency Report SR 92-702. "Base Realignment and Closure Construction Requirements," August 12, 1992.

Air Force Audit Report Project 0185210. "Base Closure Facility Management," June 19, 1991.

Air Force Audit Report Project 1255312. "Air Force Administration of the Department of Defense (DoD) Base Closure Account," September 10, 1991.

Air Force Audit Report Project 1175213. "Base Closure Environmental Planning," June 18, 1991.

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APPENDIX B - SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation Reference	Description of Benefit	Amount and/or Type of Benefit
Action Taken[1/]	Economy and efficiency. Eliminate or downscope unneeded facilities improvement and maintenance projects.	Funds put to better use of $467,700 to the Operation and Maintenance Appropriation.
Action Taken[2/]	Economy and efficiency. Reduce civil engineering staffing to necessary levels.	A total of about $400,000 of Operation and Maintenance funds will be put to better use over a 2-year period commencing in FY 1992.[3/]

1/Five improvement and maintenance projects were either canceled or downscoped by Lowry AFB management during the audit.

2/During the audit, Lowry AFB management developed a civil engineering staffing plan to leave five vacant positions unfilled and to not fill eight additional positions as they become vacant.

3/Monetary Benefits were based on the annual salaries associated with the five vacant civil engineering positions from July 1992 until the planned closure date in 1994.

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APPENDIX C - ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Assistant Secretary of Defense (Force Management and Personnel), Washington, DC
Comptroller of the Department of Defense, Washington, DC
Deputy Assistant Secretary of Defense (Installations), Washington, DC

Department of the Air Force

Office of the Assistant Secretary of the Air Force (Financial Management and Comptroller), Washington, DC
Office of the Auditor General, Air Force Audit Agency, Washington, DC
Deputy Chief of Staff, Plans and Operations, Washington, DC
Office of The Civil Engineer, Washington, DC
Directorate of Programs and Evaluation, Washington, DC
Headquarters, Air Training Command, Randolph Air Force Base, San Antonio, TX
- 3400th Technical Training Wing and various other activities, Lowry Air Force Base, Denver, CO
- 3700th Technical Training Wing and various other activities, Sheppard Air Force Base, Wichita Falls, TX

Other

Headquarters, Defense Logistics Agency, Alexandria, VA

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APPENDIX D - REPORT DISTRIBUTION

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition
Assistant Secretary of Defense (Force Management and Personnel)
Assistant Secretary of Defense (Production and Logistics)
Comptroller of the Department of Defense
Deputy Assistant Secretary of Defense (Installations)

Department of the Air Force

Secretary of the Air Force
Under 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)
Deputy Chief of Staff, Plans and Operations
Director, Air Force Audit Agency
Commander, Air Training Command

Defense Agencies

Director, Defense Logistics Agency

Non-DOD

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

Chairman and Ranking Minority Member of the following Congressional Committees:

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

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PART IV - MANAGEMENT COMMENTS

Department of the Air Force

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COMMENTS OF THE DEPARTMENT OF THE AIR FORCE

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

NOV 30 1992

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING OFFICE OF THE INSPECTOR GENERAL DEPARTMENT OF DEFENSE

Subject: Draft Audit Report " (U) DoD Base Realignment and Closure II for Lowry Air Force Base, November 6, 1992, (Project No. 2CG-0004)- INFORMATION MEMORANDUM

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Comptroller) to provide Air Force comments on subject report. Our comments are attached.

1 Atch
Report Comments

JAMES F. BOATRIGHT
Deputy Assistant Secretary of the Air Force
(Installations)

Military Construction Projects

Recommendation: Nine of the eleven military construction projects are now unnecessary because Lowry AFB is scheduled to close.

Response: We concur. The nine unnecessary military construction projects have been canceled.

Family Housing Improvement and Maintenance Projects

Recommendation: Two of the five projects are not mission-essential or otherwise needed for health, safety, and security reasons.

Recommendation: Roof repair and house painting projects could be consolidated with the installation's roof repair and painting contract.

Response: We concur with both recommendations. Smoke detector contract has been canceled and kitchen cabinet project is downscoped. Roofing and painting requirements are being met by a single indefinite delivery/indefinite quantity base contract for each functional task.

Facility Maintenance Project

Recommendation: Three of the 14 facility maintenance projects could be downscoped or canceled.

Response: We concur. Projects have been changed as detailed in your report.

Engineering Manpower Requirements

Recommendation: The need for 13 civil engineering positions is questionable.

Response: We concur with the finding that the 5 vacant positions should not be filled and that the remaining 8 positions will not be filled, when vacated, after the base draws down.

We agree with all monetary savings detailed in the draft report.

List of Audit Team Members

David K. Steensma, Director, Contract Management Directorate
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INTERNET DOCUMENT INFORMATION FORM

A . Report Title: DOD Base Realignment and Closures 2 for Lowry Air Force Base

B. DATE Report Downloaded From the Internet: 05/17/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): **OAIG-AUD (ATTN: AFTS Audit Suggestions)**
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D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
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