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Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR NAVAL AIR STATION
JACKSONVILLE, FLORIDA

Report No. 97-149

June 2, 1997

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Acronyms

BRAC
MILCON
NAS

Base Realignment and Closure
Military Construction
Naval Air Station



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



June 2, 1997

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF DEFENSE (HEALTH
AFFAIRS)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on the Defense Base Realignment and Closure Budget Data
for Naval Air Station Jacksonville, Florida (Report No. 97-149)

We are providing this audit report for your review and comments. This report is one in a series of reports about Defense base realignment and closure military construction costs. Management comments on a draft of this report were considered in preparing the final report.

The Under Secretary of Defense (Comptroller) generally concurred with Recommendation 1., but deferred action pending submission of comments from the Assistant Secretary of Defense (Health Affairs). Subsequent to our receipt of the Under Secretary's comments, the Assistant Secretary of Defense (Health Affairs) concurred with the recommendation to cancel the proposed construction project. Therefore, we request the Under Secretary of Defense (Comptroller) to provide additional comments on the disposition of funds from the canceled project by July 2, 1997.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Michael A. Joseph, Audit Program Director, or Mr. Timothy J. Tonkovic, Audit Project Manager, at (757) 766-2703. See Appendix D for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 97-149
(Project No. 7CG-5002.10)

June 2, 1997

Defense Base Realignment and Closure Budget Data for Naval Air Station Jacksonville, Florida

Executive Summary

Introduction. This report is one in a series of reports about Defense base realignment and closure (BRAC) military construction costs. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense BRAC does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense BRAC military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense BRAC military construction budget data. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective. We did not assess the adequacy of the management control program as part of this audit because it will be discussed in a summary report on FY 1998 Defense BRAC military construction budget data.

This report provides the results of the audit of project P-231U, "Medical/Dental Clinic Addition," valued at \$3 million. In addition to the medical/dental clinic addition, there were three other projects planned for Naval Air Station Jacksonville resulting from the closure of Naval Air Station Cecil Field. Projects for the aviation physiology training building, hanger modifications and repairs, and training building modifications were not included in the scope of this audit. Two previous audit reports discussed the projects and stated that the cost estimates and project requirements were adequately supported and valid. For further details on the three projects, see Appendix C.

Audit Results. The Navy planned to construct a 1,000-square meter addition to the medical/dental clinic at Naval Air Station Jacksonville that was not needed. By canceling the medical/dental clinic addition, DoD could put to better use \$3 million in Defense Base Closure Account funds.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) delete \$3 million from the FY 1998 Defense BRAC budget for project P-231U, "Medical/Dental Clinic Addition." We also recommend that the Assistant Secretary of Defense (Health Affairs) cancel the project.

Management Comments. The Under Secretary of Defense (Comptroller) generally agreed with the recommendations, but deferred action pending receipt of comments from the Assistant Secretary of Defense (Health Affairs). We subsequently received comments from the Assistant Secretary of Defense (Health Affairs), who concurred with the recommendation to cancel the proposed construction project at NAS Jacksonville, Florida. See Part I for a summary of management comments, and Part III for the complete text of management comments.

Audit Response. We consider the Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Health Affairs) comments responsive. We request that the Under Secretary provide additional comments regarding the disposition of funds that may be reprogrammed to other BRAC requirements, by July 2, 1997.

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Part I - Audit Results

Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about BRAC military construction (MILCON) costs. For additional information on the overall scope of the audit, see Appendix A. See Appendix B for information on the BRAC process.

Audit Objectives

The overall audit objective was to determine the accuracy of Defense BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were based on valid Defense BRAC requirements, the decision for MILCON was supported with required documentation including an economic analysis, and the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it related to the overall objective. We did not assess the adequacy of the management control program as part of this audit because the management control program objective will be discussed in a summary report on FY 1998 Defense BRAC MILCON budget data.

This report provides the results of the audit of project P-231U, "Medical/Dental Clinic Addition," valued at \$3 million. In addition to that project, three other projects were planned for Naval Air Station (NAS) Jacksonville, Florida, that resulted from the recommended closure of NAS Cecil Field, Florida. Projects for the aviation physiology training building, hanger modifications and repairs, and training building modifications were not included in the scope of this audit because they were discussed in two previous audit reports. Those reports stated that the cost estimates and project requirements were adequately supported and valid. For further details on the three projects, see Appendix C.

We obtained summary information on the four MILCON projects planned for NAS Jacksonville. The projects, resulting from the closure of NAS Cecil Field, are described in Table 1.

Table 1. NAS Jacksonville BRAC MILCON Projects

<u>Project Number</u>	<u>Project</u>	<u>DD Form 1391 Amount (millions)</u>
P-831T	Aviation Physiology Training Building	\$ 3.4
P-230U	Building Additions and Modifications	7.5
P-231U	Medical/Dental Clinic Addition	3.0
P-239U	S-3 NAMTRAGRU* Modifications	<u>1.3</u>
Total		\$ 15.2

*NAMTRAGRU - Naval Air Maintenance Training Group.

Construction Requirements at Naval Air Station Jacksonville

The Navy planned to construct a 1,000-square meter addition to the active duty medical/dental clinic at NAS Jacksonville that was not needed. The clinic was unnecessary because Navy facility planners did not include personnel reductions at NAS Jacksonville in their determinations of space requirements for the medical/dental clinic. As a result, the planners did not consider existing space as an alternative to new construction. By canceling the medical/dental clinic addition, DoD could put to better use \$3 million in Defense Base Closure Account funds.

Base Realignment Decision

The 1993 Commission on Defense Base Closure and Realignment (the Commission) recommended the closure of NAS Cecil Field, and recommended that its aircraft, equipment, and personnel be relocated to other Marine Corps air stations and naval air stations in North Carolina, South Carolina, and Virginia. The 1995 Commission changed the receiving sites specified by the 1993 Commission and directed that NAS Jacksonville be a site to receive S-3B anti-submarine warfare aircraft from NAS Cecil Field.

Criteria. Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC.

DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," March 5, 1979, requires that a special effort be made to efficiently use all existing DoD facilities and that an economic analysis be prepared and used as an aid to establish MILCON priorities.

Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual" (the Manual), October 1, 1990, states that facility requirements must be accurate and justified and that new construction should not be proposed when existing assets equal or exceed the requirement. The Manual states that projects affected by reduced personnel strengths or mission changes should be reduced in scope. The Manual also states that organizations that support deployable units should make a reduction in base loading (aircraft, people, and ships) commensurate with the number of units on deployment at any given time.

The DD Form 1391, "Military Construction Project Data," is the principal programming document used for DoD MILCON projects. It contains detailed

Construction Requirements at NAS Jacksonville

summary information including assumptions, cost estimates, descriptions, requirements justifications, and other pertinent backup information to support the project during the review and approval process.

BRAC Project Scope. Project P-231U is for the addition of a one-story building that includes administrative space, dental operating rooms, and examination and treatment rooms and support spaces. The project also includes air conditioning, a fire protection system, paving, site improvements, and utilities.

The DD Form 1391 states that the project is required to support personnel being relocated to NAS Jacksonville from NAS Cecil Field. It also states that facilities were not available at NAS Jacksonville to house the medical/dental functions required to accommodate the active duty personnel relocating from NAS Cecil Field.

Project Requirements

The 1,000-square meter addition to the medical/dental clinic at NAS Jacksonville was not needed because Navy facility planners did not include personnel reductions at NAS Jacksonville in their determinations of space requirements for the medical/dental clinic. The existing medical/dental clinic and proposed addition are planned to support active duty personnel assigned to NAS Jacksonville.

Personnel Information. We obtained information on the authorized end strength for personnel from the Total Force Management Information System at the Bureau of Naval Personnel for NAS Jacksonville. We also obtained historical and projected personnel authorization information from NAS Jacksonville. Before the 1993 BRAC decision to close NAS Cecil Field, the number of permanent active duty personnel assigned to NAS Jacksonville was 8,845 personnel. The "Environmental Assessment for the Realignment of NAS Jacksonville," January 1994, stated that as a result of decommissionings, downsizing, and realigning, the Navy projected it would lose about 3,000 active duty personnel in the greater Jacksonville area between 1992 and 1995. The assessment also stated that those reductions were exclusive of the BRAC action and would affect NAS Cecil Field, NAS Jacksonville, and Naval Station Mayport.

By the end of FY 1996, active duty personnel reductions attributable to the decommissionings, downsizing, and realignings had resulted in a net decrease of 1,490 active duty personnel at NAS Jacksonville. As a result, the FY 1996 authorized end strength at NAS Jacksonville was 7,355 active duty personnel.

In December 1995, the Navy projected that 7,766 active duty positions would be relocated or eliminated as a result of the closure of NAS Cecil Field. Of the active duty positions, 2,041 are scheduled to be transferred to NAS Jacksonville. The personnel transfers began in FY 1997 and are scheduled to be

Construction Requirements at NAS Jacksonville

completed by FY 2000. The 2,041 personnel increase at NAS Jacksonville will be offset by a further reduction of 610 personnel. Those losses are attributable to other planned non-BRAC personnel reductions during the same period.

Table 2 shows the NAS Jacksonville active duty population prior to the Navy decommissionings, downsizing initiatives, and realignments. It also shows the effect of personnel increases at NAS Jacksonville that will result from the BRAC directed closure of NAS Cecil Field.

Table 2. NAS Jacksonville Active Duty Personnel End Strengths

<u>Fiscal Year</u>	<u>Actual Personnel</u>	<u>Projected Personnel</u>
1992	8,845	
1993	8,602	
1994	8,311	
1995	8,169	
1996	7,355	
1997		7,151
1998		8,633
1999		8,792
2000		8,786

Note: The Bureau of Naval Personnel provided actual and projected personnel positions for FY 1992 through FY 2000. We adjusted the FY 1997 through FY 2000 projected personnel positions to include the migration of personnel from NAS Cecil Field to NAS Jacksonville.

Existing Space. The existing medical/dental clinic is a single story, 4,800-square meter facility that was constructed in 1979. Approximately 3,200 square meters are dedicated to an active duty medical clinic that includes occupational health and preventative medicine. The remaining 1,600 square meters are dedicated to the dental clinic. Property records for NAS Jacksonville showed that the clinic was renovated in 1991 and that the facility is classified as "adequate" for its intended use.

Because the change between FY 1992 and FY 2000 is a net decrease of 59 active duty personnel, we do not believe the proposed project is a valid BRAC requirement. Our conclusion is further supported by the fact that one of the five S-3B anti-submarine warfare aircraft squadrons relocating to NAS Jacksonville will always be forward-deployed on an aircraft carrier. In addition to those aircraft, two of the eight ES-3A aircraft attached to a fleet air reconnaissance squadron will also be deployed with the embarked carrier air wing.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) delete project P-231U, "Medical/Dental Clinic Addition," from the FY 1998 Base Realignment and Closure Military Construction budget.

Management Comments. The Under Secretary generally agreed with the audit and recommendations. However, he deferred taking action, pending submission of comments from the Assistant Secretary of Defense (Health Affairs). The Under Secretary stated that the funds for the project will be placed on administrative withhold, if appropriated, until the issue is resolved by the start of FY 1998.

Audit Response. We consider the Under Secretary's comments to be responsive to the recommendation. After we received comments from the Under Secretary, the Assistant Secretary of Defense (Health Affairs) agreed to cancel the project. Therefore, we request that the Under Secretary provide additional comments on the final disposition of funds that may be reprogrammed to other BRAC requirements.

2. We recommend that the Assistant Secretary of Defense (Health Affairs) cancel project P-231U, "Medical/Dental Clinic Addition."

Management Comments. The Assistant Secretary concurred with the recommendation to cancel the proposed construction of Project P-231U at NAS Jacksonville, Florida. He also stated that the Navy would be advised of the cancellation.

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Part II - Additional Information

Appendix A. Audit Process

Scope of This Audit. We examined the FY 1998 Defense BRAC MILCON budget request and supporting documentation for space requirements for one project estimated to cost \$3 million, at NAS Jacksonville. This report provides the results of audit for project P-231U. The report also provides a discussion of three other BRAC projects planned for NAS Jacksonville that were discussed in prior audit reports.

To evaluate the documentation the Navy used to justify the medical/dental clinic project, we contacted or visited the Defense Medical Facilities Office; the Naval Bureau of Medicine and Surgery; NAS Cecil Field; NAS Jacksonville, and the Naval Facilities Engineering Command Southern Division. We obtained architectural drawings and floor plans, demographic information, facility planning documents, historical and projected building configurations, minutes of meetings, and other supporting information used to justify the medical/dental clinic project. We reviewed documentation dating from December 1991 to February 1997.

Audit Period and Standards. This economy and efficiency audit was performed from January through March 1997 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures.

Prior Audits and Other Reviews. Three summary reports have been issued for the audits of Defense BRAC budget data for FYs 1992 through 1996. The reports list individual projects. Since April 1996, numerous additional audit reports have been issued that discuss Defense BRAC budget data for FYs 1997 and 1998. Details on those reports are available on request.

Appendix B. Background of Defense Base Realignment and Closure

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered 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, officials at DoD realigning organizations prepare a DD Form 1391 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 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.

Appendix B. Background of Defense Base Realignment and Closure

Overall Audit Selection Process. We reviewed the FY 1998 BRAC MILCON budget, totaling \$354.3 million, 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 1997 BRAC MILCON projects that were not included in the previous FY 1997 budget submission, but were added as part of the FY 1998 BRAC MILCON budget package.

Appendix C. Status of Selected Base Realignment and Closure Projects

Project P-831T, "Aviation Physiology Training Building"

Project P-831T is for the construction of a two-story, 16,000-square foot aviation physiology training building at NAS Jacksonville. The new building is designed to house administrative and support space; classrooms; and training devices such as the ejection seat trainer, hyperbaric chamber, and the night vision trainer.

Inspector General, DoD, Report No. 96-112, "Defense Base Realignment and Closure Budget Data for the Closure of NAS Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to NAS Jacksonville, Florida," May 7, 1996, reported that the Navy properly programmed the project requirements. The report also stated that project cost estimates were supported by adequate cost data.

Project P-230U, "Building Additions and Modifications" and Project P-239U, "S-3 Naval Aviation Maintenance Training Group Modifications"

Projects P-230U and P-239U provide for building modifications, hanger modifications and repairs, a high power jet engine runup pad, a liquid oxygen station, and storage facility modifications. Additionally, the projects provide a new facility for the S-3 simulator trainer.

Naval Audit Service, Report No. 029-96, "Fiscal Years 1996 and 1997 Military Construction Projects Stemming From Decisions of the 1995 Base Closure and Realignment Commission," February 27, 1996, reported on the adequacy of support for 30 MILCON projects contained in the Department of the Navy proposed FYs 1996 and 1997 BRAC MILCON program. In its report, the Naval Audit Service stated that projects P-230U and P-239U were adequately supported and were valid requirements.

Appendix D. Report Distribution

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Deputy Comptroller (Program/Budget)
Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Assistant Secretary of Defense (Health Affairs)
Assistant Secretary of Defense (Public Affairs)
Director, Defense Logistics Studies Information Exchange

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
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Superintendent, Naval Post Graduate School
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Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on Government Management, Information, and Technology,
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

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Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments



COMPTROLLER
(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



April 24, 1997


MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Draft Audit Report on the Defense Base Realignment and Closure (BRAC)
Budget Data for Naval Air Station (NAS) Jacksonville, Florida (Project No. 7CG-
5002.10)

This responds to your April 10, 1997, memorandum requesting our comments on the
subject report.

The audit recommends that the USD(Comptroller) delete NAS Jacksonville Project
P-231U, "Medical/Dental Clinic Addition," from the FY 1998 BRAC Military Construction budget
on the basis that it is not required.

The funding associated with Project P-231U is included in the FY 1998 BRAC budget
request and has not been appropriated. We generally agree with the audit and recommendations;
however, since neither the Assistant Secretary of Defense (Health Affairs) nor the Assistant
Secretary of the Navy (Financial Management and Comptroller) have commented on the report, the
item is still an issue. As a consequence, we will place the funds for the project on administrative
withhold, if appropriated, until the issue is resolved by the start of FY 1998. Further, any savings
resulting from the audit will be reprogrammed to other valid BRAC requirements as appropriate.


Henry R. Godano
Director for Construction

Assistant Secretary of Defense (Health Affairs) Comments



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301-1200

MAY 14 1997

MEMORANDUM FOR OFFICE OF THE INSPECTOR GENERAL, DEPARTMENT OF
DEFENSE

SUBJECT: Draft Audit Report on the Defense Base Realignment and Closure Budget Data for
Naval Air Station Jacksonville, Florida (Project No. 7CG-5002.10)

My office has reviewed the subject report and concurs with your recommendation to cancel
the proposed construction of this project. Navy is being advised accordingly.

Thank you for giving us the opportunity to comment on the subject report.

Edward D. Martin
Edward D. Martin, M.D.

Acting Assistant Secretary of Defense

cc:
Navy Surgeon General

Audit Team Members

This report was produced by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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