

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE CLOSURE OF NAVAL
TRAINING CENTER ORLANDO, FLORIDA, AND
REALIGNMENT OF MAINTENANCE AND STORAGE
FACILITIES TO TAFT U.S. ARMY RESERVE CENTER
ORLANDO, FLORIDA

Report No. 97-046

December 13, 1996

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Department of Defense

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Acronyms

BRAC
MILCON

Base Realignment and Closure
Military Construction



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



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MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center Orlando, Florida, and Realignment of Maintenance and Storage Facilities to Taft U.S. Army Reserve Center, Orlando, Florida (Project No. 6CG-5001.53)

Introduction

We are providing this 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. Enclosure 1 provides details on the history of the Defense base realignment and closure (BRAC) process and on our auditing and reporting requirements.

This report is one in a series about FY 1997 BRAC military construction (MILCON) costs. The report provides the results of the audit of project P-001T, "Facility Modifications," valued at \$2.7 million, resulting from the closure of the Naval Training Center Orlando, Florida, and the realignment of Army maintenance and storage facilities to the Taft U.S. Army Reserve Center, Orlando, Florida.

Audit Results

The Navy properly programmed requirements and cost estimates for project P-001T, "Facility Modifications." Project requirements contained in the DD Form 1391, "FY 1997 Military Construction Project Data," for the new facility were based on requirements of the existing facility. Project cost estimates were based on adequate supporting documentation.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. The audit also assessed the adequacy of the management control program as it applied to the overall audit objective. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Scope and Methodology

During this audit, we examined the FY 1997 BRAC MILCON budget request, economic analysis, and supporting documentation for space requirements and cost estimates on project P-001T to construct a replacement maintenance and storage facility. See Enclosure 1 for additional information on the overall scope of the audit of BRAC MILCON costs.

Computer-Processed Data. To determine the reasonableness of cost estimates, we relied on the parametric cost estimating system used by the Navy. The parametric estimating system was originally developed by the Air Force and approved by Congress to estimate costs on budget requests for MILCON projects. Therefore, we did not test the reliability of the Navy system. We found no errors or problems that would cause us to doubt the reliability of the parametric cost estimates.

Audit Period and Standards. This economy and efficiency audit was conducted from August 1996 through September 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD.

Contacts During the Audit. We visited or contacted individuals and organizations within the DoD. Further details are available on request.

Prior Audits and Other Reviews

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

Prior Audit of Project P-001T. Inspector General, DoD, Report No. 96-147, "Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center Orlando, Florida, and Realignment of Maintenance and Storage Facilities to Taft U.S. Army Reserve Center Orlando, Florida," June 6, 1996 discusses the results of our initial review of the project (P-001T). The report states that the Navy could not support the requirements or cost estimates for project P-001T, "Facility Modifications," valued at \$2.7 million, to construct maintenance and storage facilities on property adjacent to the Taft U.S. Army Reserve Center Orlando, Florida. The report recommends that the Under Secretary of Defense (Comptroller) place project P-001T on administrative withhold until the Navy submits a revised DD Form 1391 that reflects valid BRAC requirements, final site selection, and realistic cost estimates.

Audit Background

As a result of decisions made under the 1993 Commission on Defense Base Closure and Realignment, the Naval Training Center Orlando, Florida, is scheduled to close. To support realignment of an Army tenant activity, specifically, the Area Maintenance Support Activity and Equipment Concentration Site (Support Activity) for the Army 81st Regional Support Command, the Navy proposed construction of a replacement facility on land adjacent to the existing Taft U.S. Army Reserve Center Orlando, Florida. On June 3, 1996, in response to our prior audit report on project P-001T (Inspector General, DoD, Report No. 96-147), the Naval Facilities Engineering Command submitted a revised DD Form 1391, "FY 1997 Military Construction Project Data," for construction of a 2,506-square-meter maintenance and storage facility.

Discussion

Project P-001T, estimated to cost \$2.7 million, is for construction of a 2,506-square-meter maintenance and storage facility that will replace the Support Activity's existing facility. The Support Activity's mission is to provide back-up, unit-level maintenance on all equipment issued or loaned to supported units.

Documentation of Project Requirements. Project requirements were valid and did not exceed the space requirements authorized for similar Army facilities. Specifically, space requirements for the replacement maintenance and storage facility were based on the number of full-time staff and reserve personnel that either supported or used the current facility. Parking requirements for the facility were based on the total number of personal vehicles and amount of equipment authorized.

Use of Existing Facilities. Project P-001T considered the use of existing facilities located at the proposed construction site. The construction plan for the replacement facility included renovation of an existing masonry maintenance facility and reconditioning of an existing equipment storage area.

Documentation of Project Cost Estimate. The project cost estimate was reasonable and supported. The Navy determined its cost estimate for project P-001T primarily using the Navy parametric cost estimating system. The parametric system uses project-specific requirements and assumptions (parameters) to generate parametric cost estimates based on historical costs for similar types of facilities. To determine if the Navy parametric cost estimates for project P-001T were reasonable, we evaluated the requirements and assumptions used by the Navy to estimate the cost (system output) of specific line items on the DD Form 1391. We also observed the system output based on those requirements and assumptions.

Management Comments

We provided a draft of this report on October 25, 1996. Because this report contains no findings or recommendations, comments were not required and none were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Joseph P. Doyle, Audit Program Director, at (703) 604-9348 (DSN 664-9348) or Mr. Ronald W. Hodges, Audit Project Manager, at (703) 604-9340 (DSN 664-9340). Enclosure 3 lists 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

Enclosures

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

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

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

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

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

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.

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

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