

# Audit



# Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE  
BUDGET DATA FOR REALIGNING THE OFFICE  
OF THE JUDGE ADVOCATE GENERAL AND THE  
NAVAL FACILITIES ENGINEERING COMMAND  
TO THE WASHINGTON NAVY YARD

Report No. 96-171

June 21, 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**



Report No. 96-171

June 21, 1996

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL  
MANAGEMENT AND COMPTROLLER)**

**SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for  
Realigning the Office of the Judge Advocate General and the Naval  
Facilities Engineering Command to the Washington Navy Yard  
(Project No. 6CG-5001.38)**

### **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 an FY 1996 project submitted too late to be included in previous audit coverage. The project, valued at \$18.3 million, is for the realignment of the Office of the Judge Advocate General and the Naval Facilities Engineering Command from leased office space in Alexandria, Virginia, to Government-owned office space in the Washington Navy Yard.

### **Audit Results**

The Naval Facilities Engineering Command properly programmed requirements and estimates for project P-002T, "Administrative Building." Project requirements contained in the DD Form 1391, "FY 1996 Military Construction Project Data," for transferring personnel to the administrative building at the Washington Navy Yard were based on engineering estimates. The Naval Facilities Engineering Command supported project estimates with adequate cost data. Project estimates complied with the Secretary of the Navy Instruction 5910.7A, "Space and Facilities Management Procedures, National Capital Region," April 22, 1993.

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## **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**

**Scope of This Audit.** We examined the FY 1996 BRAC MILCON budget request, economic analysis, and supporting documentation for space requirements for the project regarding the transfer of the Office of the Judge Advocate General and the Naval Facilities Engineering Command from leased space to space in the Washington Navy Yard. We did not use computer-processed data or statistical sampling procedures to conduct this audit. See Enclosure 1 for additional information on the overall scope of the audit of BRAC MILCON costs.

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

## **Prior Audits and Other Reviews**

Since 1991, numerous reports have addressed DoD BRAC issues. Enclosure 2 lists contains a summary of prior coverage related to the audit objectives.

## **Audit Background**

DoD Financial Management Regulation, DoD 7000.14-R, volume 2B, "Department of Defense Financial Management Regulation (Budget Presentation and Formulation)," requires each military construction project to be supported by a DD Form 1391. Projects costing more than \$2 million also require an economic analysis. The DD Form 1391 is supposed to provide justification for the project and data, such as a description of the proposed construction and its estimated cost. The Navy uses the Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual: A System for the Planning of Shore Facilities," October 1990, for guidance on preparing the DD Form 1391.

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To control the costs of military construction and to ensure that the quantity and quality of space are distributed equitably, the Secretary of the Navy issued Secretary of the Navy Instruction 5910.7A, "Space and Facilities Management Procedures, National Capital Region," April 22, 1993. The instruction provides procedures for determining space requirements based on grades, ranks, and positions of staff and is applicable to all Navy and Marine Corps organizational entities in the National Capital Region.

## **Discussion**

Project P-002T, estimated to cost \$18.3 million, is for the conversion of an existing Government-owned industrial building located at the Washington Navy Yard, Washington, D.C. The building has four levels and a size of 156,000 gross square feet.

**Adequacy of Project Requirement Documentation.** Project estimates were adequately supported. Supporting documentation included original and current cost data, the architect and engineering report, and the identification of personnel that will be relocated.

**Consideration of Existing Facilities.** The 1993 Commission on Defense Base Closure and Realignment recommendations directed that specific Navy organizations relocate from their current leased space to Government-owned space within the National Capital Region. Because the Navy Yard space satisfies that recommendation, an economic analysis was not performed and was not necessary.

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## Management Comments

We provided a draft of this report to you on May 8, 1996. Because this report contains no findings or recommendations, no comments were 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 Ms. Kimberley A. Caprio, Audit Program Director, at (703) 604-9248 (DSN 664-9248) or Mr. Kent E. Shaw, Audit Project Manager, at (703) 604-9228 (DSN 664-9228). Enclosure 4 lists the report distribution. The audit team members are listed inside the back cover.



Robert J. Lieberman  
Assistant Inspector General  
for Auditing

Enclosures

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## **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 1996 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost 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.

**Limitation 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

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

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

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

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## Summary of Prior Audits and Other Reviews

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

### Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-165	Defense Base Realignment and Closure Budget Data for the Construction of the Hazardous Material Storage Addition to Warehouse 28 at Defense Distribution Region West Tracy, California	June 17, 1996
96-158	Defense Base Realignment and Closure Budget Data for the Redirect of the 726th Air Control Squadron From Shaw Air Force Base, South Carolina, to Mountain Home Air Force Base, Idaho	June 11, 1996
96-154	Defense Base Realignment and Closure Budget Data for the Realignment of the National Airborne Operations Center to Wright-Patterson Air Force Base, Ohio	June 10, 1996
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
96-144	Defense Base Realignment and Closure Budget Data for the Realignment of Grissom Air Reserve Base, Indiana	June 6, 1996
96-142	Defense Base Realignment and Closure Budget Data for the Closure of Bergstrom Air Reserve Base, Texas, and Realignment of the 10th Air Force Headquarters to Naval Air Station Fort Worth, Joint Reserve Base, Texas	June 5, 1996

## Summary of Prior Audits and Other Reviews

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### Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-139	Defense Base Realignment and Closure Budget Data for the Closure of Griffiss Air Force Base and Realignment of Rome Laboratory and Northeast Air Defense Sector, Rome, New York	June 3, 1996
96-137	Defense Base Realignment and Closure Budget Data for the Realignment of March Air Force Base, Riverside, California	May 31, 1996
96-136	Defense Base Realignment and Closure Budget Data for the Closure of Gentile Air Force Station, Dayton, Ohio, and Realignment of Defense Logistics Agency Components to Wright-Patterson Air Force Base, Ohio	May 31, 1996
96-135	Defense Base Realignment and Closure Budget Data for the Fleet Anti-Submarine Warfare Training Center Pacific, San Diego, California	May 30, 1996
96-131	Defense Base Realignment and Closure Budget Data for Realigning Elements of Headquarters, Department of the Navy, to the Washington Navy Yard	May 28, 1996
96-128	Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois	May 24, 1996
96-127	Defense Base Realignment and Closure Budget Data for the Closure of Roslyn Air National Guard Base and Realignments to Stewart Air National Guard Base, New York	May 23, 1996
96-126	Defense Base Realignment and Closure Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio	May 21, 1996
96-122	Defense Base Realignment and Closure Budget Data for the Realignment of the Air Education and Training Command at Vandenberg Air Force Base, California	May 17, 1996

## Summary of Prior Audits and Other Reviews

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### Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-119	Defense Base Realignment and Closure Budget Data for the Construction of a Multiple Purpose Facility at Fort McCoy, Wisconsin	May 14, 1996
96-118	Defense Base Realignment and Closure Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina	May 13, 1996
96-116	Defense Base Realignment and Closure Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah	May 10, 1996
96-112	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida	May 7, 1996
96-110	Defense Base Realignment and Closure Budget Data for the Realignment of the 301st Rescue Squadron, Air Force Reserve, From Homestead Air Force Base, Florida, to Patrick Air Force Base, Florida	May 7, 1996
96-108	Defense Base Realignment and Closure Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania	May 6, 1996
96-104	Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island	April 26, 1996
96-101	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington	April 26, 1996

**Summary of Prior Audits and Other Reviews**

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**Inspector General, DoD (cont'd)**

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-093	Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1995 and 1996	April 3, 1996
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

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## **Organizations Visited or Contacted**

### **Office of the Secretary of Defense**

Under Secretary of Defense (Comptroller), Washington, DC

### **Department of the Navy**

Chief of Naval Operations, Washington, DC  
Naval Facilities Engineering Command, Alexandria, VA

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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 Military Construction, Committee on Appropriations  
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## **Audit Team Members**

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

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