

**Audit**



**Report**

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE  
BUDGET DATA FOR THE REALIGNMENT OF  
FIVE NAVY ACTIVITIES FROM LEASED SPACE  
IN ARLINGTON, VIRGINIA, TO THE NAVAL  
SECURITY STATION, WASHINGTON, D.C.

Report No. 96-170

June 19, 1996

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Department of Defense

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### **Acronyms**

BRAC  
MILCON  
NAVFAC

Base Realignment and Closure  
Military Construction  
Naval Facilities Engineering Command



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



June 19, 1996

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

**SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for  
the Realignment of Five Navy Activities From Leased Space in Arlington,  
Virginia, to the Naval Security Station, Washington, D.C.  
(Report No. 96-170)**

We are providing this audit report for review and comment. This report is one in a series of reports about FY 1997 Defense base realignment and closure military construction costs. Comments from the Under Secretary of Defense (Comptroller) on a draft of this report were considered in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. Because the Navy did not comment on the draft of this report, we request that the Navy provide comments on the final report by July 19, 1996.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to 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). See Appendix G 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. 96-170  
(Project No. 6CG-5001.39)

June 19, 1996

### Defense Base Realignment and Closure Budget Data for the Realignment of Five Navy Activities From Leased Space in Arlington, Virginia, to the Naval Security Station, Washington, D.C.

#### Executive Summary

**Introduction.** This report is one in a series about FY 1997 Defense base realignment and closure 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 base realignment and closure 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 base realignment and closure 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. Our audits address all projects valued at more than \$1 million.

**Audit Objectives.** The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of one project, valued at \$14.6 million, for the realignment of five Navy activities from leased space in Arlington, Virginia, to an existing facility at the Naval Security Station, Washington, D.C. Those activities are the Strategic Systems Programs Office, the International Programs Office, the Office of Civilian Personnel Management, the Naval Audit Service, and the Naval Center for Cost Analysis.

**Audit Results.** Navy planning officials did not adequately document the requirements for a BRAC MILCON project relating to the realignment of five Navy activities from leased spaces in Arlington, Virginia, to Government-owned space at the Naval Security Station, Washington, D.C. As a result, project P-003T, "Building Renovation," valued at \$14.6 million, is not supported and is questionable. See Part I for a discussion of the audit results and Appendix D for a summary of invalid and partially valid requirements for the project we reviewed.

**Summary of Recommendations.** We recommend that the Under Secretary of Defense (Comptroller) place project P-003T, "Building Renovation," on administrative withhold until the Navy documents the space requirements and submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect requirements and costs. We recommend that the Commander, Naval Facilities Engineering Command, suspend facility design until documents for the space requirements for project P-003T are complete, accurate, and sufficient.

We recommend that the Director, Strategic Systems Programs Office, document space requirements and submit a revised DD Form 1391 that reflects valid BRAC requirements and costs for the project.

**Management Comments.** We issued a draft of this report to management on May 6, 1996. The Under Secretary of Defense (Comptroller) concurred with the audit findings and recommendations, but considered it premature to take action at this time. If the issue is not resolved by the start of FY 1997, the Under Secretary of Defense (Comptroller) will place funds associated with the projects on administrative withhold. A summary of management comments is in Part I, and the complete text of management comments is in Part III of the report.

The Navy did not respond to the draft report. Therefore, we request that the Navy provide comments to the final report by July 19, 1996.

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## **Part I - 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 FY 1997 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C. See Appendix D for a summary of invalid and partially valid requirements for the project we reviewed.

### 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. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective.

This report provides the results of the audit of one project, valued at \$14.6 million, for the realignment of five Navy activities occupying leased space in Arlington, Virginia, to an existing facility at the Naval Security Station, Washington, D.C. The activities are the Strategic Systems Programs Office, the International Programs Office, the Office of Civilian Personnel Management, the Naval Audit Service, and the Naval Center for Cost Analysis. See Appendix A for a discussion of the scope and methodology, Appendix B for a summary of prior coverage related to the audit objectives, and Appendix E for a discussion of the economic analysis for project P-003T. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

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## **Project Requirements Documentation**

Navy planning officials did not adequately document the requirements for a BRAC MILCON project relating to the realignment of five Navy activities from leased spaces in Arlington, Virginia, to Government-owned space at the Naval Security Station, Washington, D.C. That condition occurred because Navy planning officials did not develop the BRAC MILCON requirements based on established Navy criteria. Instead, the officials developed the requirements based on existing space available at the Naval Security Station. As a result, project P-003T, "Building Renovation," valued at \$14.6 million, is not supported and is questionable.

### **Project Responsibilities**

In November 1993, the Navy Strategic Systems Programs Office assumed host responsibilities at the Naval Security Station at 3801 Nebraska Avenue, N.W., Washington, D.C. Subsequently, the Strategic Systems Programs Office initiated project P-003T, "Building Renovation," valued at \$14.6 million, for the realignment of the five Navy activities to the Naval Security Station.

The Strategic Systems Programs Office is responsible for developing and documenting facility requirements for project P-003T. The Naval Facilities Engineering Command (NAVFAC) is responsible for reviewing the DD Form 1391, "FY 1997 Military Construction Project Data," to ensure that project planning documents are complete, accurate, and sufficient to allow for facility design to proceed.

### **Project Documentation**

Navy planning officials did not adequately document the facility requirements for project P-003T in support of the DD Form 1391. NAVFAC Instruction 11010.44E, "Shore Facilities Planning Manual," October 1990, requires activities to justify a project by including documentation of the step-by-step process by which the requirements and budget estimate were developed. It also requires that the documentation stand alone when reviewed by others.

The planning manual specifically requires documentation showing:

- o the basic facility requirements, according to an analysis of the organization's mission, workload, assigned tasks, and base loading;

- o that the requirements were not inflated to accommodate inefficient or oversized existing facilities; and

## **Project Requirements Documentation**

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o that NAVFAC has reviewed the DD Form 1391 to ensure that project planning documents are complete, accurate, and sufficient to allow for facility design to proceed.

The Navy had none of the required documentation. Without the necessary documentation, the Navy could not support the facility requirements for the realignment and the proposed project costs.

## **Navy Space Requirement Criteria**

To make a valid project estimate, Navy planning officials must consider the functions to be accommodated, the space needed for each function, the number and organizational status of personnel, and the space requirement for equipment.

Secretary of the Navy Instruction 5910.7A, "Space and Facility Management Procedures, National Capital Region," April 22, 1993, and Navy Publication P-80, section 610.10, "Facility Planning Criteria for Navy and Marine Corps Shore Installations Administrative Office," October 1982, provide planning criteria for use in computing administrative facility requirements.

However, Navy planning officials did not use the prescribed procedures for developing BRAC MILCON space requirements. Instead, the planning officials used existing space at the Naval Security Station to develop space requirements for the five realigning activities.

## **Questionable Project Requirements**

As a result of inadequate documentation of the facility requirements for project P-003T in support of the DD Form 1391 as required by NAVFAC Instruction 11010.44E, project P-003T is not supported and is, therefore, questionable.

The Under Secretary of Defense (Comptroller) should place the project on administrative withhold until the space requirements are adequately documented by the Navy.

## Recommendations and Management Comments

1. We recommend that the Under Secretary of Defense (Comptroller) place project P-003T, "Building Renovation," on administrative withhold until the Navy documents the space requirements and submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect requirements and costs.

**Under Secretary of Defense (Comptroller) Comments.** The Under Secretary of Defense (Comptroller) concurred with our recommendations, but stated that since the Navy has yet to comment on the audit, it is premature to take action at this time, because the funding for project P-003T is included in the FY 1997 base realignment and closure budget request. Therefore, if the issue is not resolved by the start of FY 1997, the funds associated with the project will be administratively withheld until the issues are resolved.

2. We recommend that the Commander, Naval Facilities Engineering Command, suspend facility design until project planning documents for project P-003T, "Building Renovation," are complete, accurate, and sufficient, in compliance with Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual," October 1990.

**Navy Comments.** The Commander, Navy Facilities Engineering Command, did not respond to a draft of this report. Therefore, we request that the Commander, Navy Facilities Engineering Command, provide comments on the final report.

3. We recommend that the Director, Strategic Systems Programs Office, document space requirements and submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," that reflects valid BRAC requirements and costs for project P-003T, "Building Renovation."

**Navy Comments.** The Director, Strategic Systems Programs Office, did not respond to a draft of this report. Therefore, we request that the Director, Strategic Systems Programs Office, provide comments on the final report.

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## **Part II - Additional Information**

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## Appendix A. Scope and Methodology

**Scope of This Audit.** We examined the FY 1997 BRAC MILCON budget request and supporting documentation for space requirements for one project regarding the realignment of the Strategic Systems Programs Office, the International Programs Office, the Office of Civilian Personnel Management, the Naval Audit Service, and the Naval Center for Cost Analysis to an existing facility at the Naval Security Station, Washington, D.C. Project P-003T, "Building Renovation," is estimated to cost \$14.6 million.

**Audit Period, Standards, and Locations.** This economy and efficiency audit was performed from February through March 1996 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. Appendix F lists the organizations visited or contacted during the audit.

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## Appendix B. 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 Forth Worth, Joint Reserve Base, Texas	June 5, 1996

## Appendix B. 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-Paterson 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
94-131	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

**Appendix B. 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
96-093	Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1995 and 1996	April 3, 1996

**Appendix B. 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>
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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## **Appendix C. 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.

**Appendix C. 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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**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.

## Appendix D. Projects Identified as Invalid or Partially Valid

**Table D-1. Causes of Invalid or Partially Valid Projects**

<u>Project Location</u>	<u>Project Number</u>	<u>Causes of Invalid Projects</u>		<u>Causes of Partially Valid Projects</u>	
		<u>Overstated</u>	<u>Unsupported</u>	<u>Overstated</u>	<u>Unsupported</u>
Naval Security Station	P-003T				X

**Table D-2. Recommended Changes in Project Estimates**

<u>Project Location</u>	<u>Project Number</u>	<u>Amount of Estimate on DD Form 1391 (thousands)</u>	<u>Recommended Amount of Change</u>	
			<u>Invalid Projects (thousands)</u>	<u>Partially Valid Projects (thousands)</u>
Naval Security Station	P-003T	\$14,600		\$14,600
<b>Total</b>		<b>\$14,600</b>		<b>\$14,600</b>

**Total Invalid and Partially Valid Projects**

**\$14,600**

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## Appendix E. Other Matters of Interest

**Economic Analysis for Expansion.** The Under Secretary of Defense (Comptroller) issued a memorandum on August 2, 1991, that requires the Military Departments to prepare an economic analysis for all military construction, major repairs, or renovation projects estimated to cost more than \$2 million. In addition, Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual," December 15, 1987, requires activities to prepare an economic analysis and include the analysis with the preliminary construction project documentation when alternatives to new construction exist.

**Project P-003T Economic Analysis.** An economic analysis for project P-003T was not required because the Commission on Base Realignment and Closure directed five Navy activities to be realigned from leased space in Arlington, Virginia, to existing Government space within the National Capital Region.

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## **Appendix F. 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

Strategic Systems Programs Office, Arlington, VA

Naval Facilities Engineering Command, Alexandria, VA

Atlantic Division, Norfolk, VA

Engineering Field Activity-Chesapeake, Washington, DC

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## **Appendix G. Report Distribution**

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

Under Secretary of Defense (Comptroller)  
Deputy Chief Financial Officer  
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 to the 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)  
Deputy Chief of Naval Operations (Logistics)  
Director, Strategic Systems Programs Office  
Commander, Naval Facilities Engineering Command  
Commander, Engineering Field Activity-Chesapeake  
Auditor General, Department of the Navy

### **Department of the Air Force**

Assistant Secretary of the Air Force (Financial Management and Comptroller)  
Auditor General, Department of the Air Force

### **Other Defense Organizations**

Director, Defense Contract Audit Agency  
Director, Defense Logistics Agency  
Director, National Security Agency  
Inspector General, National Security Agency  
Inspector General, Defense Intelligence Agency

### **Non-Defense Federal Organizations and Individuals**

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

## Non-Defense Federal Organizations and Individuals (cont'd)

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 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  
House Subcommittee on National Security, Committee on Appropriations  
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



## **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



JUN - 4 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Draft Audit Report on Defense Base Realignment and Closure  
Budget Data for the Realignment of Five Navy Activities From Leased Space  
in Arlington, Virginia, to the Naval Security Station, Washington, D. C.  
(Project No. 6CG-5001.39)

This responds to your May 6, 1996, memorandum requesting our comments on the subject report.

The audit states that the Navy did not adequately document the requirements for project P-003T, "Building Renovation," valued at \$14.6 million; therefore, the requirements and costs are not supported and are questionable. The audit recommends that the USD(Comptroller) place project P-003T on administrative withhold until the Navy documents space requirements and submits a revised DD 1391 Form.

The funding for project P-003T is included in the fiscal year 1997 BRAC budget request. We generally agree with the audit findings and recommendations; however, since the Navy has yet to formally comment on the audit, it is premature to take action at this time. If the issue is not resolved by the start of the fiscal year, we will place the funds associated with the project on administrative withhold pending resolution. Further, any savings resulting from the audit will be reprogrammed to other BRAC requirements as appropriate.

B. R. Paseur  
Director for Construction

## **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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## INTERNET DOCUMENT INFORMATION FORM

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