

# Audit



# Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE  
BUDGET DATA FOR THE CLOSURE OF  
MARINE CORPS AIR STATIONS EL TORO AND  
TUSTIN, CALIFORNIA, AND REALIGNMENT TO  
NAVAL AIR STATION MIRAMAR, CALIFORNIA

Report No. 95-223

June 8, 1995

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### **Acronyms**

|        |                                  |
|--------|----------------------------------|
| BRAC   | Base Realignment and Closure     |
| COBRA  | Cost of Base Realignment Actions |
| MCAS   | Marine Corps Air Station         |
| MILCON | Military Construction            |
| NAS    | Naval Air Station                |



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



June 8, 1995

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

**SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for  
the Closure of Marine Corps Air Stations El Toro and Tustin, California,  
and Realignment to Naval Air Station Miramar, California  
(Report No. 95-223)**

We are providing this final audit report for your information and use. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs. We considered comments on a draft of this report in preparing the final report.

Comments on the draft report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Although the Navy nonconcurred with recommendation 3.a., the Navy's explanation of its military construction project data revision process satisfies the intent of the recommendation. As a result of management comments, we deleted draft Recommendation 3.a.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Nicholas E. Como, Audit Project Manager, at (703) 604-9303 (DSN 664-9303). If management requests, we will provide a formal briefing on the audit. See Appendix F 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. 95-223  
(Project No. 5CG-5017.01)

June 8, 1995

### **Defense Base Realignment and Closure Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and Realignment to Naval Air Station Miramar, California**

#### **Executive Summary**

**Introduction.** 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 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. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs.

**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 10 project line items, valued at \$41 million, for the closure of Marine Corps Air Stations El Toro and Tustin, California, and the realignment to Naval Air Station Miramar, California. This audit also assessed the adequacy of the management control program as it applied to the audit objective.

**Audit Results.** The Marine Corps properly estimated construction requirements for 9 of the 10 BRAC MILCON project line items, valued at \$35 million, related to the realignment. Marine Corps Air Station El Toro overestimated engine test cell requirements for the closure of Marine Corps Air Stations El Toro and Tustin and the realignment to Naval Air Station Miramar. The net overstated amount totaled \$3.5 million. See Part I for a discussion of the finding. See Appendix D for a summary of potential benefits of the audit. The review of the management control program will be discussed in a summary report on Defense base realignment and closure military construction budget data.

**Summary of Recommendations.** We recommend that the Marine Corps revise and resubmit construction cost estimates for the engine test cell. In addition, we recommend that the Navy reduce construction funding and reprogram the funds to other supported and unfunded Defense base realignment and closure military construction projects. We also recommend that the Southern Division, Naval Facilities Engineering Command, revise the statement of work on the architecture and engineering contract.

**Management Comments.** The Navy concurred and agreed to revise, resubmit, and reduce the funding for the engine test cell portion of project P-006T, "Aircraft Maintenance Complex." Based on final certification from the Naval Facilities Engineering Command, the Comptroller of the Navy will reprogram the excess engine test cell funding to other unfunded Defense base realignment and closure requirements by May 1995. The Navy also concurred and agreed to revise the architectural engineering contract statement of work to reflect a 3,500-square-foot engine test cell facility by May 1995. However, the Navy nonconcurred and did not agree to establish procedures that would notify appropriate commands when architectural and engineering designs are changed. The Navy stated that the Comptroller review process would incorporate any design changes into a revised military construction project data sheet.

**Audit Response.** As a result of management comments, we deleted the draft recommendation to inform commands to modify DD Form 1391, "FY 1996 Military Construction Project Data," when architect and engineering designs are changed. Navy comments are responsive and no additional comments are required. A complete text of management comments is in Part III of this report.

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## **Part I - Audit Results**



## **Audit Results**

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### **Audit Background**

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 1996 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.

### **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 projects were valid BRAC requirements, 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 Marine Corps Air Station (MCAS) El Toro, California, management control program as it applied to the overall audit objective.

This report provides the result of the audit of 10 line items from 3 BRAC MILCON projects, valued at \$41 million, for the closure of MCAS El Toro and Tustin, California, and the realignment to Naval Air Station (NAS) Miramar, California. Of the 10 line items, 9 items, valued at \$35 million, contained no deficiencies. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program will be discussed in a summary report on BRAC MILCON budget data. Therefore, this report does not discuss our review of management controls at MCAS El Toro.

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## **Engine Test Cell Facility**

MCAS El Toro overestimated space requirements for an engine test cell facility to be constructed at NAS Miramar. The engine test cell facility size was overstated because the Southern Division, Naval Facilities Engineering Command (Southern Division), proposed a larger engine test cell design to replace existing engine test cells at MCAS Tustin. As a result, the \$6.6 million engine test cell facility portion of project P-006T, "Aircraft Maintenance Complex," was overstated by \$3.5 million.

## **Facility Planning for Engine Test Cells**

**Guidance for Establishing and Supporting Space Requirements.** Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, establishes funds to be used for the closure and realignment of military units and support facilities. Section 2905 of Public Law 101-510 states that funds from the Department of Defense Base Closure Account should be used only for the actions that may be necessary to close or realign any military installation, including the construction of replacement facilities. Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual," October 1, 1990, outlines policy on the responsibilities and procedures for the facilities planning process. Naval Facilities Engineering Command Publication P-80, "Facility Planning Criteria for Navy and Marine Corps Shore Installations," October 1982, category 211-81, "Engine Test Cell," provides general guidance for the construction of engine test cell facilities.

**Project P-006T Space Requirements and Cost Estimates for Engine Test Cells.** The DD Form 1391, "FY 1996 Military Construction Project Data," October 20, 1994, contains a 7,500-square-foot requirement for an engine test cell facility, estimated to cost \$6.6 million. The basic facility requirement indicated a requirement for four engine test cells. Two of the four engine test cells were for testing fixed-wing engines, and the remaining two engine test cells were for testing rotary-wing engines.

## **Analysis of Engine Test Cell Requirements**

**Naval Planning of Engine Test Cell Facility Requirements.** The Marine Corps determined that the two engine test cells for the fixed-wing engine (F/A-18 Hornet aircraft) could be adequately accommodated with the existing engine test cell facility at NAS Miramar. However, new construction was needed for the T-64 and the T-58 rotary-wing engine test cells. The new construction requirement was arbitrarily established at 7,500 square feet to accommodate a proposed "universal" engine test cell design. The universal

## Engine Test Cell Facility

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engine test cell would be able to test all shaft engines in the Naval inventory. The universal engine test cell design was proposed by Southern Division, which is responsible for the design and building of all engine test cells in the Navy and the Marine Corps.

**Engine Test Cell Design Status.** In June 1994, Southern Division concluded that the engine test cells to be built at NAS Miramar would be predicated on the engine test cells currently located at MCAS Tustin. The Tustin facility consisted of a 2,974-square-foot rotary-wing test cell building that had been modified for safety reasons to 3,500 square feet. However, Southern Division did not instruct the MCAS El Toro BRAC office that a reduction in the square feet and funding requirement on the DD Form 1391 was necessary. On February 6, 1995, based on the unadjusted DD Form 1391, Southern Division awarded an architect and engineering design contract for a \$6.6 million rotary-wing engine test cell facility. Because the cost per square foot was already established at \$874 on the DD Form 1391, a \$6.6 million budget would still result in a 7,500-square-foot facility, a facility larger than the 3,500 square feet necessary.

## Summary

Section 2905 of Public Law 101-510 stipulates that funds authorized for BRAC should only be used to construct replacement facilities or facilities necessary to meet mission requirements. The proposed engine test cell facility construction estimate of 7,500 square feet is overstated. The existing 2,974-square-foot facility, modified for safety reasons to 3,500 square feet, was determined to be more than adequate for the engine test cells. A reduction of 4,000 square feet would reduce engine test cell construction costs at NAS Miramar by \$3.5 million.

## Recommendations and Management Comments

**Deleted and Renumbered Recommendations.** As a result of management comments, we deleted draft Recommendation 3.a. and renumbered draft Recommendation 3.b. as Recommendation 3.

1. We recommend that the Commander, Marine Corps Air Station El Toro, revise and resubmit the engine test cells portion of DD Form 1391, "FY 1996 Military Construction Project Data," for project P-006T, "Aircraft Maintenance Complex," according to the existing rotary-wing engine test cell facility and requirements.

2. We recommend that the Comptroller of the Navy reduce the total funding allocated for the engine test cell portion of project P-006T, "Aircraft

Maintenance Complex," by \$3.5 million and reprogram the \$3.5 million to other supported and unfunded Defense base realignment and closure military construction projects.

3. We recommend that the Commander, Naval Facilities Engineering Command, revise the statement of work on the architect and engineering contract, contract N62467-91-C-0583, dated February 6, 1995, to reflect the design of a 3,500-square-foot engine test cell facility.

**Department of Navy Comments.** The Navy concurred and agreed to revise, resubmit, and reduce the funding for the engine test cell portion of project P-006T. Based on final certification from the Naval Facilities Engineering Command, the Comptroller of the Navy will reprogram the excess engine test cell funding to other unfunded BRAC requirements by May 1995. The Navy also concurred and agreed to revise, by May 1995, the architectural engineering contract statement of work to reflect a 3,500-square-foot engine test cell facility. However, the Navy did not agree to establish procedures that would notify appropriate commands when architectural and engineering designs are changed. The Navy stated that the Comptroller of the Navy review process would incorporate any design changes into a revised military construction project data sheet.

**Audit Response.** Navy comments are responsive. We deleted draft Recommendation 3.a. because Navy actions satisfy the intent of the recommendations. No additional comments are required.

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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 1996 BRAC MILCON budget request and related documentation for six realignment projects regarding the transfer of MCAS El Toro and Tustin and the realignment to NAS Miramar. Those six projects are listed below in Table A-1, and were estimated to cost a total of \$212 million.

**Table A-1. FY 1996 BRAC MILCON Projects  
for Realignment to NAS Miramar**

| <u>Project<br/>Number</u> | <u>Project Title</u>             | <u>Estimated<br/>Cost</u> |
|---------------------------|----------------------------------|---------------------------|
| P-001T                    | Airfield Parking Aprons and Pads | \$ 50,297,000             |
| P-002T                    | Bachelor Enlisted Quarters       | 38,654,000                |
| P-006T                    | Aircraft Maintenance Complex     | 65,970,000                |
| P-008T                    | Operational Support Complex      | 14,420,000                |
| P-009T                    | Utilities Improvement            | 19,750,000                |
| P-010T                    | Maintenance Facilities           | 22,940,000                |
| <b>Total</b>              |                                  | <b>\$212,031,000</b>      |

**Related Audit Coverage and Project Selection Methodology.** The Naval Audit Service conducted an audit of the BRAC MILCON projects realigning to NAS Miramar and issued a report in April 1994. We agreed with the Naval Audit Service to review those project line items that were added or that had a change in scope that could not be justified by the Naval Audit Service since the completion of their audit. The 10 project line items we reviewed are listed in Table A-2. Of the 10 line items, 9 items, valued at \$35 million, contained no deficiencies.

## Appendix A. Scope and Methodology

**Table A-2. Inspector General, DoD, Reviewed FY 1996 BRAC Projects for Realignment to NAS Miramar**

| <u>Project Number</u> | <u>Project Title</u>         | <u>Estimated Cost</u> |
|-----------------------|------------------------------|-----------------------|
| P-001T                | Helicopter Landing Pad       | \$ 1,500,000          |
| P-001T                | Taxiway                      | 17,600,000            |
| P-001T                | Combat Loading Area          | 3,080,000             |
| P-006T                | Maintenance Hanger           | 5,650,000             |
| P-006T                | Power Check Pad              | 3,100,000             |
| P-006T                | GSE Holding Shed Alterations | 680,000               |
| P-006T                | Engine Test Cell - New       | 6,560,000             |
| P-008T                | Control Tower                | 750,000               |
| P-008T                | Ordnance Operations Building | 900,000               |
| P-008T                | Filling Station              | 1,420,000             |
| <b>Total</b>          |                              | <b>\$41,240,000</b>   |

**Audit Standards, Period, and Locations.** This economy and efficiency audit was made from January through March 1995 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary. The audit did not rely on computer-processed data or statistical sampling procedures. See Appendix D for the potential benefits resulting from the audit. Appendix E 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 selected DoD and Navy BRAC reports.

### Inspector General, DoD

| <u>Report No.</u> | <u>Report Title</u>                                                                                                                                                                 | <u>Date</u>  |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 95-222            | Defense Base Realignment and Closure Budget Data for the Proposed Construction of the Automotive Vehicle Maintenance Facility, Guam                                                 | June 7, 1995 |
| 95-221            | Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center San Diego, California                                                                     | June 6, 1995 |
| 95-213            | Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois                                                                                | June 2, 1995 |
| 95-212            | Defense Base Realignment and Closure Budget Data for Fort Jackson, South Carolina                                                                                                   | June 2, 1995 |
| 95-208            | Defense Base Realignment and Closure Budget Data for Realignment of Construction Battalion Unit 416 From Naval Air Station Alameda, California, to Naval Air Station Fallon, Nevada | May 31, 1995 |
| 95-205            | Defense Base Realignment and Closure Budget Data for the Relocation of Marine Corps Manpower Center at Marine Corps Combat Development Command, Quantico, Virginia                  | May 26, 1995 |
| 95-203            | Defense Base Realignment and Closure Military Construction Budget Data for Army Reserve Center, Sacramento, California                                                              | May 25, 1995 |

## 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>       |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 95-198            | Defense Base Realignment and Closure Budget Data for the Closure of the Underway Replenishment Training Facility, Treasure Island, California, and Realignment to the Expeditionary Warfare Training Group Atlantic, Norfolk, Virginia | May 19, 1995      |
| 95-196            | Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Alameda, California, and Realignment to Puget Sound Naval Shipyard, Washington                                                                   | May 17, 1995      |
| 95-191            | Defense Base Realignment and Closure Budget Data for the Closure of Naval Reserve Readiness Center San Francisco, California, and Realignment to Naval and Marine Corps Reserve Center Alameda, California                             | May 15, 1995      |
| 95-172            | Defense Base Realignment and Closure Budget Data for Griffiss Air Force Base, New York                                                                                                                                                 | April 13, 1995    |
| 95-154            | Audit of Construction Budget Data for Realigning Naval Training Centers Orlando and San Diego to Various Locations                                                                                                                     | March 21, 1995    |
| 95-150            | Defense Base Realignment and Closure Budget Data for Closing Naval Station Charleston, South Carolina, and Realigning Projects at Various Sites                                                                                        | March 15, 1995    |
| 95-051            | Defense Base Realignment and Closure Budget Data for Closing Mare Island Naval Shipyard, California, and Realigning Projects to Various Sites                                                                                          | December 9, 1994  |
| 95-041            | Defense Base Realignment and Closure Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and the Realignment to Naval Air Station Miramar, California                                             | November 25, 1994 |

## 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>       |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 95-039            | Defense Base Realignment and Closure<br>Budget Data for Naval Air Station<br>Miramar, California, Realigning to Naval<br>Air Station Fallon, Nevada                                                       | November 25, 1994 |
| 95-037            | Realignment of the Fleet and Mine Warfare<br>Training Center From Naval Station<br>Charleston, South Carolina, to Naval<br>Station Ingleside, Texas                                                       | November 23, 1994 |
| 95-029            | Defense Base Realignment and Closure<br>Budget Data for Naval Air Station<br>Miramar, California, and Realigning<br>Projects to Various Sites                                                             | November 15, 1994 |
| 95-010            | Defense Base Realignment and Closure<br>Budget Data for Marine Corps Air Station<br>Tustin, California, and Realignment to<br>Marine Corps Air Station Camp Pendleton,<br>California                      | October 17, 1994  |
| 94-179            | Defense Base Realignment and Closure<br>Budget Data for McGuire Air Force Base,<br>New Jersey; Barksdale Air Force Base,<br>Louisiana; and Fairchild Air Force Base,<br>Washington                        | August 31, 1994   |
| 94-146            | Defense Base Realignment and Closure<br>Budget Data for Closing Naval Air Station<br>Cecil Field, Florida, and Realigning<br>Projects to Various Sites                                                    | June 21, 1994     |
| 94-141            | Defense Base Realignment and Closure<br>Budget Data for Naval Air Stations<br>Dallas, Texas, and Memphis, Tennessee,<br>Realigning to Carswell Air Reserve Base,<br>Texas                                 | June 17, 1994     |
| 94-127            | Defense Base Realignment and Closure<br>Budget Data for the Realignment of the<br>Defense Personnel Support Center to the<br>Naval Aviation Supply Office Compound<br>in North Philadelphia, Pennsylvania | June 10, 1994     |

## 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>       |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 94-126            | Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Glenview, Illinois, and Realignment Projects at Fort McCoy, Wisconsin, and Carswell Air Reserve Base, Texas | June 10, 1994     |
| 94-125            | Defense Base Realignment and Closure Budget Data for the Naval Medical Center Portsmouth, Virginia                                                                                                | June 8, 1994      |
| 94-121            | Defense Base Realignment and Closure Budget Data for Naval Air Technical Training Center, Naval Air Station Pensacola, Florida                                                                    | June 7, 1994      |
| 94-109            | Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Training Center Great Lakes, Illinois                                                            | May 19, 1994      |
| 94-108            | Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Station Treasure Island, California                                                              | May 19, 1994      |
| 94-107            | Griffiss Air Force Base, New York, Defense Base Realignment and Closure Budget Data for Military Construction at Other Sites                                                                      | May 19, 1994      |
| 94-105            | Defense Base Realignment and Closure Budget Data for a Tactical Support Center at Naval Air Station Whidbey Island, Washington                                                                    | May 18, 1994      |
| 94-104            | Defense Base Realignment and Closure Budget Data for the Defense Contract Management District-West                                                                                                | May 18, 1994      |
| 94-103            | Air Force Reserve 301st Fighter Wing Covered Aircraft Washrack Project, Carswell Air Reserve Base, Texas                                                                                          | May 18, 1994      |
| 94-040            | Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994                                                                                             | February 14, 1994 |

## **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>  |
|-------------------|----------------------------------------------------------------------------------------------------------------|--------------|
| 93-100            | Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993 | May 25, 1993 |

### **Naval Audit Service**

| <u>Report No.</u> | <u>Report Title</u>                                                                                    | <u>Date</u>      |
|-------------------|--------------------------------------------------------------------------------------------------------|------------------|
| 041-S-94          | FY 1995 Military Construction Projects From Decisions of 1993 Base Closure and Realignment Commission  | April 15, 1994   |
| 023-S-94          | Military Construction Projects Budgeted and Programmed for Bases Identified for Closure or Realignment | January 14, 1994 |
| 028-C-93          | Implementation of the 1993 Base Closure and Realignment Process                                        | March 15, 1993   |

## Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 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 DoD 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. The following table summarizes the current estimated costs and net savings for the previous three BRAC actions and the actions recommended in the 1995 Commission decisions:

**BRAC Costs and Savings**  
(Billions of FY 1996 Dollars)

|          | <u>BRAC Actions</u> |                 | <u>Closure Costs</u> | <u>6-Year Net Savings</u> | <u>Recurring Annual Savings</u> | <u>Total Savings</u> |
|----------|---------------------|-----------------|----------------------|---------------------------|---------------------------------|----------------------|
|          | <u>Realignments</u> | <u>Closures</u> |                      |                           |                                 |                      |
| 1988     | 86                  | 59              | \$ 2.2               | \$0.3                     | \$0.7                           | \$ 6.8               |
| 1991     | 34                  | 48              | 4.0                  | 2.4                       | 1.6                             | 15.8                 |
| 1993     | <u>130</u>          | <u>45</u>       | <u>6.9</u>           | <u>0.4</u>                | <u>1.9</u>                      | <u>15.7</u>          |
| Subtotal | 250                 | 152             | 13.1                 | 3.1                       | 4.2                             | 38.3                 |
| 1995     | <u>113</u>          | <u>33</u>       | <u>3.8</u>           | <u>4.0</u>                | <u>1.8</u>                      | <u>18.4</u>          |
| Total    | 363                 | 185             | \$16.9               | \$7.1                     | \$6.0                           | \$56.7               |

**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.

## **Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs**

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**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 (COBRA). COBRA 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. COBRA 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 COBRA 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 1996 BRAC MILCON \$1.4 billion 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.

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## Appendix D. Summary of Potential Benefits Resulting From Audit

| Recommendation Reference | Description of Benefit                                                                                                                                    | Amount and Type of Benefit                                                    |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 1.                       | Economy and Efficiency.<br>Revises and resubmits BRAC MILCON estimates based on established criteria.                                                     | Undeterminable.*                                                              |
| 2.                       | Economy and Efficiency. Adjusts the FY 1996 BRAC MILCON budget for project P-006T, "Aircraft Maintenance Complex," for an overstated test cell facility.  | FY 1996 Base Closure Account funds of about \$3.5 million put to better use.* |
| 3.                       | Economy and Efficiency.<br>Revises and resubmits the statement of work on the architect and engineering contract for design of engine test cell facility. | Undeterminable.*                                                              |

\*Exact amount of additional benefits to be realized will be determined by future budget decisions and budget requests.



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## **Appendix E. Organizations Visited or Contacted**

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

Under Secretary of Defense (Comptroller), Washington, DC

### **Department of the Navy**

Assistant Secretary of Navy (Financial Management), Washington, DC

Office of the Comptroller of the Navy, Washington, DC

Naval Facilities Engineering Command, Alexandria, VA

Southern Division, North Charleston, SC

Southwest Division, San Diego, CA

Naval Air Systems Command, Arlington, VA

Space and Naval Warfare Systems Command, Arlington, VA

Naval Command, Control and Ocean Surveillance Center, In-Service

Engineering - West Coast Division, San Diego, CA

Naval Command, Control and Ocean Surveillance Center, In-Service

Engineering - East Coast Division, North Charleston, SC

Naval Air Station Miramar, CA

Marine Air Base West, El Toro, CA

Marine Corps Air Station El Toro, CA

Marine Corps Air Station Tustin, CA

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## **Appendix F. Report Distribution**

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

Under Secretary of Defense for Acquisition and Technology  
  Director, Defense Logistics Studies Information Exchange  
Under Secretary of Defense (Comptroller)  
  Deputy Under Secretary of Defense (Comptroller/Management)  
  Deputy Under Secretary of Defense (Comptroller/Program/Budget)  
Under Secretary of Defense (Personnel and Readiness)  
Assistant Secretary of Defense (Economic Security)  
  Deputy Assistant Secretary of Defense (Installations)  
Assistant to the Secretary of Defense (Public Affairs)

### **Department of the Army**

Auditor General, Department of the Army

### **Department of the Navy**

Assistant Secretary of the Navy (Financial Management and Comptroller)  
Assistant Secretary of the Navy (Installations and Environment)  
Deputy Chief of Naval Operations (Logistics)  
Commander, Naval Facilities Engineering Command  
  Commander, Southern Division  
  Commander, Southwest Division  
Commandant of the Marine Corps  
Commander, Marine Air Base West  
  Commander, Marine Corps Air Station El Toro  
  Commander, Marine Corps Air Station Tustin  
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

## **Appendix F. Report Distribution**

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### **Other Defense Organizations**

Director, Defense Contract Audit Agency  
Director, Defense Logistics Agency  
Director, National Security Agency  
Inspector General, National Security Agency  
Inspector General, Central Imagery Office

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

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

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 Committee on Armed Services  
Senate Committee on Governmental Affairs  
House 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

Honorable Barbara Boxer, U.S. Senate  
Honorable Dianne Feinstein, U.S. Senate  
Honorable Christopher Cox, U.S. House of Representatives  
Honorable Randy Cunningham, U.S. House of Representatives  
Honorable Robert K. Dornan, U.S. House of Representatives

## **Part III - Management Comments**

# Department of the Navy Comments



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(INSTALLATIONS AND ENVIRONMENT)  
1000 NAVY PENTAGON  
WASHINGTON, D.C. 20350-1000

10 MAY 1995

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR  
GENERAL FOR AUDITING

SUBJECT: DODIG Draft Quick-Reaction Report on the Audit of  
Defense Base Closure and Realignment Budget Data for the Closure  
of Marine Corps Air Stations El Toro and Tustin, California, and  
Realignment to Naval Air Station Miramar, California (Project No.  
SCG-5017.01) INFORMATION MEMORANDUM

I am responding to the draft quick-reaction audit report  
concerning closure of Marine Corps Air Stations El Toro and  
Tustin, California, and Realignment to Naval Air Station Miramar,  
California (Tab A). The Department of the Navy response is  
provided as Tab B.

A handwritten signature in dark ink, appearing to read "Duncan Holaday".

Duncan Holaday  
Deputy Assistant Secretary  
(Installations and Facilities)

Copy to:  
NAVJSCGEN  
NAVCOMPT (NCB-53)  
CNO N44  
COMNAVAFACENGCOM  
CMC (L)

Tab A - DODIG memo of 20 Mar 95  
Tab B - DON Response to Draft Quick-Reaction Audit Report

DEPARTMENT OF NAVY RESPONSE

TO

DODIG PROPOSED AUDIT REPORT OF MARCH 20, 1995  
ON  
DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA  
FOR THE CLOSURE OF MARINE CORPS AIR STATIONS  
EL TORO AND TUSTIN CALIFORNIA, AND REALIGNMENT  
TO NAVAL AIR STATION MIRAMAR, CALIFORNIA  
(5CG-5017.01)

Project No: P-006T

Description: Aircraft Maintenance Complex  
Location: Miramar, California

DODIG Recommendation 1: We recommend that the Commander, MCAS El Toro, revise and resubmit the engine test cells portion of DD Form 1391, "FY 1996 Military Construction Project Data," for project P-006T, "Aircraft Maintenance Complex," according to the existing rotary-wing engine test cell facility and requirements.

DON Response: Concur. The rotary-wing engine test cell for MCAS Miramar is being designed to 3,500 SF. The DD Form 1391 for P-006T, will be updated to reflect this scope before the BRAC Budget review in May.

DODIG Recommendation 2: We recommend that the Comptroller of the Navy reduce the total funding allocated for the engine test cell portion of project P-006T, "Aircraft Maintenance Complex," by \$3.5M and reprogram the \$3.5M to other supported and unfunded Defense Base Realignment and Closure Military Construction projects.

DON Response: Concur in intent. Naval Facilities Engineering Command has indicated the test cell should cost less than the \$6.56M estimated on the DD Form 1391. P-006T is due to reach 35% design on 1 May 1995. Once this certification is complete, the difference between cost certification and \$6.56M will be reprogrammed to other unfunded Department of Navy Base Realignment and Closure Military Construction requirements.

DODIG Recommendation 3a: We recommend that the Commander, Naval Facilities Engineering Command establish procedures to promptly inform appropriate commands to modify DD Form 1391, "FY1996 Military Construction Project Data," when architect and engineering designs are changed.

DON Response: Do not concur. Architect and Engineering (AE) designs are normally based upon the requirements established by the basic facilities requirements for the assigned mission. DD Form 1391 "Military Construction Project Data" is the result of

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## Department of the Navy Comments

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Final Report  
Reference

comparing mission requirements to existing assets and determining the best alternative to satisfy the requirement. For BRACON projects, designs are usually initiated before the budget submission of the DD 1391 for the project. This allows the project planning and design to occur simultaneously and shorten the time required to complete the acquisition. During the design process, the best solution to accomplish a project requirement may dictate a revision to the preliminary DD 1391 project data. Once these changes are identified, the following steps take place:

1. Prior to budget submission, revised DD 1391's are submitted to NAVCOMPT in the next regular budget submission for review. After NAVCOMPT review, the budget and DD 1391's are then forwarded to OSDCOMPT then Congress.
2. After budget submission but prior to Congressional approval, revised DD 1391's continue to be submitted to NAVCOMPT for approval and forwarding to OSDCOMPT then Congress. Revisions which result variance (cost and/or scope) greater than 25 percent are forwarded to Congress for information.

Based upon the existing procedures to handle revised requirements, we do not believe that additional internal control procedures are necessary.

DODIG Recommendation 3b: We recommend that the Commander, Naval Facilities Engineering Command revise the statement of work on the contract N62467-91-0583, dated February 6, 1995, to reflect the design of a 3,500 square foot engine test cell facility.

DON Response: Concur. The scope of the existing Architect Engineering contract is based on a 3,500 square foot test cell facility to support the CH-46 and CH-53E helicopters with T58-16 and T-64 turboshaft engines. The February 6, 1995 statement of work scope is based upon the general configuration of the existing turboshaft cell at MCAS Tustin. Since the MCAS Tustin test cell is approximately a 3,500 square foot facility, the design required by contract N62467-91-0583 will be based on this size.

Remunbered  
as Recomm-  
endation 3

## **Audit Team Members**

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

Paul J. Granetto  
Wayne K. Million  
Nicholas E. Como  
Samuel J. Scumaci  
Sherry Hoda