

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**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**

Report No. 95-198

May 19, 1995

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Department of Defense

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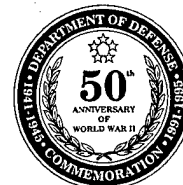
Acronyms

BRAC
MILCON

Base Realignment and Closure
Military Construction



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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Report No. 95-198

May 19, 1995

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

SUBJECT: Audit of 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 (Project No. 5CG-5017.21)

Introduction

We are providing this audit 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. The law prescribes that we evaluate significant increases in the cost of military construction (MILCON) projects over the estimated cost provided to the Commission on Defense Base Closure and Realignment. This report is one in a series of reports about FY 1996 Defense base realignment and closure (BRAC) MILCON costs. The report discusses one BRAC MILCON project, valued at \$4.1 million, related to the closure of the Underway Replenishment Training Facility, Treasure Island, California, and realignment to the Expeditionary Warfare Training Group Atlantic, Norfolk, Virginia.

Audit Results

Our analysis of the FY 1996 BRAC MILCON project P-390T, "Underway Replenishment Training Facility," showed that the requirements were valid, that the basic facility requirements were documented, and that existing facilities were considered in planning the scope of the project. In addition, project P-390T facility unit cost data were developed and applied in accordance with applicable criteria. We did not identify any material management control weaknesses associated with the project P-390T BRAC MILCON budget submission.

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 MILCON projects were based on valid BRAC requirements, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the analysis considered existing facilities. The audit also assessed the adequacy of applicable management controls.

Scope and Methodology

Scope of This Audit. We examined the FY 1996 BRAC MILCON budget requests and related documentation for the realignment of the Underway Replenishment Training Facility to the Expeditionary Warfare Training Group Atlantic. Specifically, we reviewed and analyzed supporting documentation for project P-390T, valued at \$4.1 million. See Enclosure 2 for additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs.

Audit Period, Standards, and Locations. We performed this economy and efficiency audit 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 such tests of management controls as were considered necessary. We did not rely on any computer-processed data or statistical sampling procedures to perform the audit. Enclosure 3 lists the organizations visited or contacted during the audit.

Management Control Program

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. We evaluated Navy management controls for planning, programming, and documenting the BRAC MILCON requirements applicable to proposed project P-390T for the realignment of the Underway Replenishment Training Facility to the Expeditionary Warfare Training Group Atlantic. We did not assess the adequacy of management's self-evaluation of those controls.

Adequacy of Management Controls. Management controls applicable to the Navy's planning, programming, and documenting of the project P-390T BRAC MILCON budget submission were deemed to be adequate in that we identified no material management control weaknesses.

Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. Enclosure 1 lists the prior reports.

Discussion

Base Realignment and Closure. The 1993 BRAC Commission recommended closing Naval Station Treasure Island, California, and relocating the Naval Station functions to various sites. The closure of the Naval Station resulted in disestablishing of the Fleet Training Center detachment and relocating the detachment's training functions.

The Navy will relocate the following five training courses to the Expeditionary Warfare Training Group Atlantic:

- standard tensioned replenishment alongside methods operator,
- fuel probe and cargo reel maintenance,
- underway replenishment mechanical and hydraulic component maintenance,
- denison electrical and electronic control maintenance, and
- forklift truck operator.

The Fleet Training Center Detachment, Treasure Island, was the only Navy training center that provided the five training courses and maintained two full-scale underway replenishment mock-ups and equipment training laboratories. Figures 1 and 2 show the full-scale mock-ups located at Naval Station Treasure Island that will be reconstructed at Norfolk, Virginia, for the underway replenishment training courses.

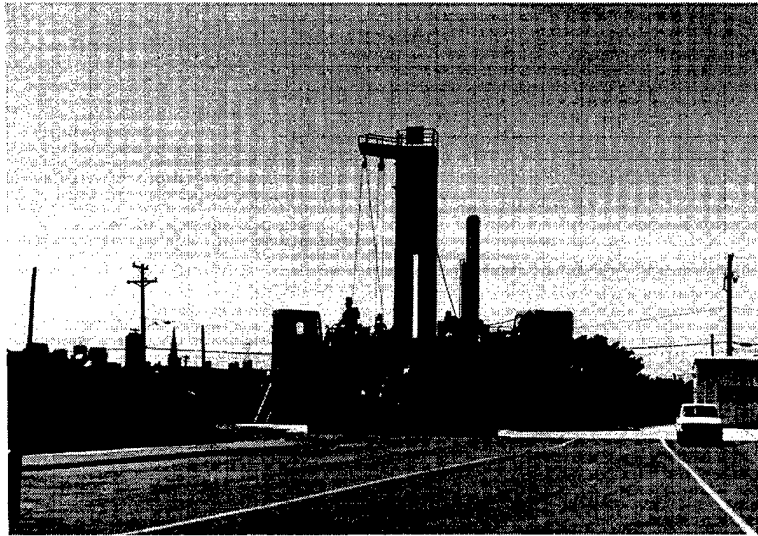


Figure 1. Full-Scale Underway Replenishment-at-Sea Sending Station Mock-up

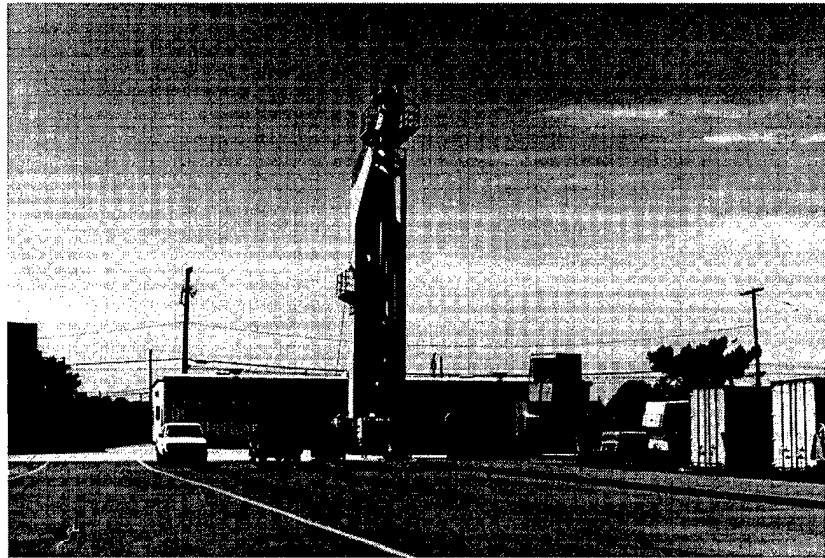


Figure 2. Full-Scale Underway Replenishment-at-Sea Fueling Station Mock-up

BRAC MILCON Requirements. The Navy proposed BRAC MILCON project P-390T to construct an underway replenishment training facility at Norfolk, Virginia, to accommodate the five training courses. The proposed 17,370-square-foot training facility will consist of classrooms, laboratory space, and an underway replenishment mock-up.

BRAC MILCON Space and Cost Requirements. Our analysis of the FY 1996 BRAC MILCON project P-390T, "Underway Replenishment Training Facility," showed that the requirements were valid, that the basic facility requirements were documented, and that existing facilities were considered in planning the scope of the project. In addition, DD Form 1391, "FY 1996 Military Construction Project Data," facility unit cost data, as well as contingency, supervision, inspection, and overhead factors, were developed and applied in accordance with Military Handbook 1010A, "Cost Engineering: Policy and Procedures."

Underway Replenishment Training Facility Space Requirements. Project P-390T will construct a training facility consisting of a 15,232-square-foot classroom building, a 2,002-square-foot mock-up of a replenishment-at-sea sending station, and a 64-square-foot control booth. The classroom building will consist of about 3,300 square feet of classroom space, about 5,300 square feet of laboratory space, and about 6,600 square feet of administrative and support space.

We reviewed the DD Form 1391 documentation, including the supporting cost estimate, economic analysis, the basic facility requirements, and facility planning document. We did not verify the underway replenishment sending station mock-up space requirement of 2,002 square feet or the space requirement of the 64-square-foot control booth because the structures were similar to existing facilities at Treasure Island, California.

Basic Facility Requirements. The Navy developed a basic facility requirements allowance of 17,291 square feet for classrooms, laboratories, and support space based on Naval Facilities Engineering Command Publication P-80, "Facility Planning Criteria," (P-80) training facilities criteria. The P-80 basic facility requirements allowance of 17,291 square feet is greater than the 15,232 square feet proposed for classroom, laboratory, and support space. The Atlantic Division, Naval Facilities Engineering Command, determined that 15,232 square feet would satisfy the space requirements for project P-390T.

Underway Replenishment Training Facility Project Costs. The Atlantic Division certified project P-390T costs at \$4.1 million. The DD Form 1391 facility unit cost data were developed in accordance with Military Handbook 1010A procedures. Contingency, supervision, inspection, and overhead factors were also applied in accordance with Military Handbook 1010A criteria. The Navy used an architectural and engineering contractor to prepare the DD Form 1391 unit cost data.

Economic Analysis. The Atlantic Division prepared an economic analysis that considered existing space at the Expeditionary Warfare Training Group Atlantic and concluded that no excess space existed or could be renovated to accommodate the underway replenishment training facility requirement. The economic analysis results support the construction of project P-390T.

Management Comments

We provided a draft of this report to you on April 17, 1995. Because this report contains no findings and recommendations, written comments were not required, and none were received. Therefore, we are publishing this memorandum report in final form.

Courtesies extended to the audit staff are appreciated. If you have any questions about this audit, please contact Mr. Garold E. Stephenson, Audit Program Director, at (703) 604-9332 (DSN 664-9332) or Mr. Timothy J. Staehling, Audit Project Manager, at (703) 604-9256 (DSN 664-9256). The distribution of this report is listed in Enclosure 4. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Enclosures

Summary of Prior Audits and Other Reviews

Inspector General, DoD

| <u>Report No.</u> | <u>Report Title</u> | <u>Date</u> |
|-------------------|---|-------------------|
| 95-191 | Defense Base Realignment and Closure Budget Data for the Closure 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 |
| 95-039 | Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realigning to Naval Air Station Fallon, Nevada | November 25, 1994 |
| 95-037 | Realignment of the Fleet and Mine Warfare Training Center from Naval Station Charleston, South Carolina, to Naval Station Ingleside, Texas | November 23, 1994 |

Enclosure 1
(Page 1 of 4)

Inspector General, DoD (cont'd)

| <u>Report No.</u> | <u>Report Title</u> | <u>Date</u> |
|-------------------|---|-------------------|
| 95-029 | Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realigning Projects to Various Sites | November 15, 1994 |
| 95-010 | Defense Base Realignment and Closure Budget Data for Marine Corps Air Station Tustin, California, and Realignment to Marine Corps Air Station Camp Pendleton, California | October 17, 1994 |
| 94-179 | Defense Base Realignment and Closure Budget Data for McGuire Air Force Base, New Jersey; Barksdale Air Force Base, Louisiana; and Fairchild Air Force Base, Washington | August 31, 1994 |
| 94-146 | Defense Base Realignment and Closure Budget Data for Closing Naval Air Station Cecil Field, Florida, and Realigning Projects to Various Sites | June 21, 1994 |
| 94-141 | Defense Base Realignment and Closure Budget Data for Naval Air Stations Dallas, Texas, and Memphis, Tennessee, Realigning to Carswell Air Reserve Base, Texas | June 17, 1994 |
| 94-127 | Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Personnel Support Center to the Naval Aviation Supply Office Compound in North Philadelphia, Pennsylvania | June 10, 1994 |
| 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 |

Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

| <u>Report No.</u> | <u>Report Title</u> | <u>Date</u> |
|-------------------|--|-------------------|
| 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 |
| 93-100 | Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993 | May 25, 1993 |

Summary of Prior Audits and Other Reviews

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 |
| 023-C-93 | Implementation of the 1993 Base Closure and Realignment Process | March 15, 1993 |

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)

| | BRAC Actions | | Closure Costs | 6-Year Net Savings | Recurring Annual Savings | Total Savings |
|----------|--------------|-----------|------------------|-----------------------|--------------------------------|------------------|
| | Realignments | Closures | | | | |
| 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>.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.

Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs

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 of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations to Overall Audit Scope. The Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package for a particular realigning or closing base and does not develop estimates by individual BRAC MILCON project. Therefore, we were unable to determine the amount of cost increases for each individual BRAC MILCON project.

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.

Organizations Visited or Contacted

Office of the Secretary of Defense

Office of the Under Secretary of Defense for Acquisition and Technology,
Washington, DC
Under Secretary of Defense (Comptroller), Washington, DC

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller),
Washington, DC

Department of the Army

Auditor General, Washington, DC

Department of the Navy

Assistant Secretary of the Navy (Financial Management), Washington, DC
Commander in Chief, Atlantic Fleet, Norfolk, VA
Training Command, Atlantic Fleet, Norfolk, VA
Expeditionary Warfare Training Group Atlantic, Norfolk, VA
Naval Facilities Engineering Command, Alexandria, VA
Atlantic Division, Norfolk, VA
Fleet Training Center San Diego, Detachment, Treasure Island, San Francisco, CA

Defense Organization

Director, Defense Logistics Agency, Alexandria, VA

Non-Defense Organization

Whitman, Requardt and Associates, Baltimore, MD

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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 Charles S. Robb, U.S. Senate
Honorable John W. Warner, U.S. Senate
Honorable Owen B. Pickett, U.S. House of Representatives

Audit Team Members

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