

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE NAVAL TRAINING CENTER
GREAT LAKES, ILLINOIS**

Report No. 95-213

June 2, 1995

Department of Defense

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Acronyms

BRAC	Base Realignment and Closure
CDC	Child Development Center
MILCON	Military Construction
NTC	Naval Training Center



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



June 2, 1995

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

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for
the Naval Training Center Great Lakes, Illinois (Report No. 95-213)

We are providing this audit report for review and comment. This report is one in a series of reports about military construction costs related to Defense base realignment and closure and is the second report involving the Naval Training Center Great Lakes, Illinois. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. The Under Secretary of Defense (Comptroller) generally concurred with Recommendation 1., but deferred action pending submission of the Assistant Secretary of Defense (Health Affairs) and Navy comments. Because the Assistant Secretary and the Navy did not comment on a draft of this report, we request that they provide comments by August 2, 1995.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Michael A. Joseph, Audit Program Director, or Mr. Timothy J. Tonkovic, Audit Project Manager, at (804) 766-2703. See Appendix F for the report distribution. The team members are listed on the inside back cover.

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Office of the Inspector General, DoD

Report No. 95-213
(Project No. 5CG-5017.04)

June 2, 1995

Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois

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 amount exceeds the original project cost estimate provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the difference. One reason for the difference is the rigid time constraints imposed on the Military Departments for developing cost estimates for base realignment and closure military construction. The Inspector General, DoD, is required to review each 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 military construction costs for Defense base realignment and closure.

Audit Objectives. The overall audit objective was to determine the accuracy of military construction budget data for Defense base realignment and closure. This report addresses seven projects, valued at \$28.1 million, for realignment of the Naval Training Center Orlando, Florida; the Naval Training Center San Diego, California; and the Naval Station Treasure Island, San Francisco, California, to the Naval Training Center Great Lakes, Illinois. Report No. 95-154 addressed 19 FY 1994 and FY 1995 projects, valued at \$105.4 million, for the realignment of the training centers. A subsequent summary report will address the adequacy of the management control program as it applies to base realignment and closure military construction.

Audit Results. Three projects, valued at \$20.3 million, were necessary to support the projected increase in Naval active-duty personnel. The three projects include two branch medical clinics and a dental clinic at the recruit training area of the Naval Training Center Great Lakes.

The Naval Training Center Great Lakes planned to construct a child development center, site improvements for a relocatable brig, and a branch medical clinic addition that were not needed. By canceling two of the projects and deferring one of the projects, DoD could reduce FY 1996 Base Closure Account funds by up to \$5.1 million and Operations and Maintenance funds by up to \$4 million during FYs 1997 through 2002. An elevator trainer building, valued at \$2.7 million, was sized in excess of requirements. We did not make recommendations related to the elevator trainer building because the construction contract was awarded on March 30, 1995, and further redesign delays would negate any cost savings. See Part I for a discussion of the finding and Appendix C for a summary of potential benefits of the audit.

Summary of Recommendations. We recommend cancellation of the child development center and the site improvements for the relocatable brig, and deferral of the branch medical clinic addition. We also recommend that renovation of the Naval Training Center Great Lakes hospital be considered as an alternative to construction of the branch medical clinic addition.

Management Comments. The Under Secretary of Defense (Comptroller) concurred with the recommendations but deferred action pending receipt of Navy comments and resolution on the amount of dollar savings. The Comptroller stated that if issues are not resolved by October 1, 1995, construction funds will be placed on administrative withhold. The Assistant Secretary of Defense (Health Affairs) and the Navy did not respond to a draft of this report.

See Part I for a summary of management comments and Part III for the complete text of management comments.

Audit Response. We consider the Under Secretary of Defense (Comptroller) comments responsive. We request that the Assistant Secretary of Defense (Health Affairs) and the Navy provide comments on the final report by August 2, 1995. After the Assistant Secretary of Defense (Health Affairs) and the Navy provide comments to the final report, we request that the Comptroller provide additional comments.

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Part I - Audit Results

Audit Results

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.

We obtained information on seven planned MILCON projects at the Naval Training Center (NTC) Great Lakes, Illinois, resulting from the closure of NTC Orlando, Florida; NTC San Diego, California; and the Naval Station Treasure Island, San Francisco, California. Those projects are included in the table below.

<u>Project Number</u>	<u>Description</u>	<u>Cost (in millions)</u>
P-579T	Brig Upgrade	\$ 0.42
P-583T	Child Development Center	2.12
P-584T	NTC Branch Medical Clinic Addition	2.62
P-586T	Recruit Training Center Medical Clinic	4.73
P-590T	Recruit Training Center Medical Clinic	9.05
P-601T	Elevator Trainer	2.65
P-604T	Recruit Training Center Dental Clinic	<u>6.53</u>
	Total	\$ 28.12

Audit Objectives

The overall audit objective was to determine the accuracy of Defense BRAC MILCON budget data. The specific objectives were to determine whether the proposed MILCON projects were valid BRAC requirements, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the analysis considered existing facilities. 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 related to the BRAC MILCON projects at NTC Great Lakes.

Construction Requirements at NTC Great Lakes

The Navy planned to construct a child development center, site improvements for a relocatable brig, and a branch medical clinic addition that were not needed at NTC Great Lakes. In addition, Navy plans for an elevator trainer building were in excess of requirements. The conditions occurred because Navy facility planners did not develop and document project requirements using accurate personnel information for the child development center and did not sufficiently consider alternatives to new construction for all four projects. By canceling the child development center and the site improvements for the relocatable brig, and by deferring the branch medical clinic addition pending consideration of renovating existing facilities, DoD could put to better use up to \$5.2 million in Base Closure Account funds. Up to \$4 million in Operations and Maintenance funds could also be put to better use over the FYs 1997 through 2002 Future Years Defense Program.

Construction Planning for NTC Great Lakes

BRAC Construction Program. BRAC MILCON projects are planned for NTC Great Lakes to accommodate an increased training requirement resulting from the closure of NTC Orlando, NTC San Diego, and the Naval Station Treasure Island. Those installations were recommended for closure by the 1993 Commission on Defense Base Closure and Realignment (the Commission).

Criteria. DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," March 5, 1979, requires that a special effort be made to efficiently use all existing DoD facilities and that an economic analysis be prepared and used as an aid to establish MILCON priorities.

The DoD Instruction 6015.17, "Planning and Acquisition of Military Health Facilities," March 17, 1983, requires that an economic analysis be prepared to select the most cost-effective alternative. Changes being drafted to the instruction (to be renamed "Procedures for the Planning, Programming, Budgeting, and Execution for Construction of Military Health Facilities") will require the Office of the Assistant Secretary of Defense (Health Affairs) to validate and revalidate the requirements for a MILCON project at various stages of the design and construction process.

DoD Instruction 7041.3, "Economic Analysis and Program Evaluation for Resource Management," October 18, 1972, states that an economic analysis is required for proposals involving a choice between two or more options, even when one option is to maintain the status quo. Additionally, an economic analysis should be updated reflecting significant developments that invalidate or alter the cost-benefit relationships upon which previous decisions were made.

Construction Requirements at NTC Great Lakes

The DD Form 1391, "Military Construction Project Data," is the principal programming document used for DoD MILCON projects. It includes detailed summary information including descriptions, requirements justifications, assumptions, cost estimates, and other pertinent backup information to support the project during the review and approval process.

Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual" (the Manual), October 1, 1990, states that facility requirements must be accurate and justified and that new construction should not be proposed when existing assets equal or exceed the requirement. The Manual states that projects affected by reduced personnel strengths or mission changes should be reduced in scope. The Manual also states that existing facilities should be considered as alternatives to new construction.

Accuracy of Personnel Information

The proposed child development center (CDC) (project P-583T) was not justified, in part, because Navy facility planners based project requirements on inaccurate personnel information. The proposed CDC, a 15,570-square-foot addition to an existing building, is designed to accommodate 178 children. NTC Great Lakes project documentation stated that the lack of sufficient CDC facilities would be detrimental to the morale and welfare of personnel and would adversely affect personnel retention.

Naval Facilities Engineering Command Publication P-80 "Facility Planning Criteria for Navy and Marine Corps Shore Installations," September 1993, states that CDC capacities should be determined by questionnaires, surveys, or documented historical usage. In April 1994, Navy facility planners stated that approximately 1,200 families would migrate to NTC Great Lakes as a result of BRAC 1993 decisions. Based on historical usage, facility planners determined that 1,200 additional families justified child care capacity for 178 children.

Before the BRAC decision, the number of NTC Great Lakes permanent active-duty personnel (excluding students) supported CDC space requirements for 529 children. That requirement was based on a June 1993 active-duty permanent party population of 4,322 personnel. In 1993, the existing CDC capacity at NTC Great Lakes included space for about 400 children and there was a CDC waiting list for 129 children. Based on historical active-duty personnel information, existing CDC capacity, and waiting list figures, NTC Great Lakes had a requirement of one CDC space for every 8.2 active-duty personnel.

In February 1995, permanent active-duty personnel projections for November 1997 indicated that, after the transfers of BRAC personnel to NTC Great Lakes are completed, the total permanent party population will be about 4,760 personnel, or a net increase of approximately 438 personnel. We agree that a shortfall in CDC space exists at NTC Great Lakes. However, only

54 CDC spaces can be attributed to the BRAC decision instead of the project requirement of 178 spaces. The following discusses alternate methods of satisfying the shortfall.

Alternatives to Construction

NTC Great Lakes planned to construct a CDC, site improvements for a relocatable brig, an elevator training building, and a branch medical clinic addition that were not needed or were in excess of requirements, in part, because Navy facility planners did not sufficiently consider alternatives to new construction. Facility planners did not ensure that all viable alternatives were considered. Alternatives to new construction may include:

- o other nonconstruction related options,
- o use of similar facilities, and
- o renovation of existing space.

Nonconstruction Related Options. Family child care was not considered by Navy facility planners as a viable alternative to construction of the proposed CDC. The Chief of Naval Education and Training has determined that family child care (provided in military family housing) is a viable alternative to CDCs and recommended that the best approach to child care is a combination of CDCs and family child care providers. The Bureau of Naval Personnel estimates that approximately 4 percent of families occupying Navy housing units normally qualify as authorized and certified family child care providers. As of the end of FY 1994, NTC Great Lakes had certified 38 family child care providers occupying 1.4 percent of the 2,678 family housing units.

Operating costs are reduced with the use of family child care residences. The CDC appropriated fund subsidy per child is \$4,084 annually and is used for administrative and supervisory personnel, partial support of caregiver personnel, custodial and maintenance service, equipment, food items, supplies, training, travel, and utilities expenses. The annual subsidy is only \$353 per child at a family child care provider and is used for administrative and supervisory personnel, equipment, supplies, and training. By using family child care residences to overcome the shortfall in authorized space, DoD could use \$664,000 annually or up to \$4 million of Operations and Maintenance funds over the next 6 years for other purposes.

After the closure of nearby Naval Air Station Glenview, Illinois, 2,678 family housing units will directly support NTC Great Lakes. The Navy plans to construct an additional 220 units at Glenview in support of BRAC personnel migrations. Those units will supplement the existing 260 family housing units already at Glenview. After completion of the 220 units, 2,898 family housing units will support NTC Great Lakes personnel.

Construction Requirements at NTC Great Lakes

NTC Great Lakes should consider family child care as a lower cost alternative to new construction. Using the Bureau of Naval Personnel percentage, we estimate that NTC Great Lakes will have the potential to provide about 78 additional residences for family child care. Because each family child care residence is authorized to provide care for up to six children, this alternative has the potential to more than offset the BRAC and non-BRAC deficiency in child care space requirements.

Similar Facilities. Navy facility planners did not consider similar facilities as alternatives to the CDC, site improvements for the relocatable brig, or the elevator trainer building.

Child Development Center. The Navy did not consider proposed projects at Glenview as an alternative to new construction. Naval Air Station Glenview was recommended for closure by the 1993 Commission. However, the Commission recommended retaining the Naval Air Station Glenview family housing area to meet existing and new requirements of nearby NTC Great Lakes.

Glenview village planners have proposed building a CDC for the Navy in exchange for the golf course at the Naval Air Station Glenview. The proposed CDC would be operated by NTC Great Lakes personnel to support Navy requirements. Plans for the exchange of the golf course for a new CDC have not been completed. However, the proposal for the exchange represents another alternative that was not considered by Navy facility planners.

Relocatable Brig. Alternatives to site improvements for a relocatable brig were not sufficiently considered by Navy facility planners. Project P-579T (Brig Upgrade) is for construction of site improvements that are necessary for the placement of a relocatable brig unit that will be transported from NTC Orlando to NTC Great Lakes. The improvements include a concrete pad and utilities adjacent to the existing brig. The relocatable brig is designed to accommodate 10 females and will require a support staff of up to 13 additional females.

Before the 1993 Commission decision, NTC Orlando was the only location that inducted and trained female enlisted Navy recruits. NTC Orlando did not have a brig for females, and instead transported them about 142 miles to a brig at the Naval Air Station Jacksonville, Florida. During the 5-year period ending October 1994, only 17 females from NTC Orlando were confined in the Naval Air Station Jacksonville brig. All the confinements were for misdemeanors such as larceny of nonmilitary property and unauthorized absences. The confinements ranged from 6 to 56 days. Only two of the confinements exceeded 45 days.

In October 1994, NTC Great Lakes negotiated a "no cost" agreement with the Federal Metropolitan Correctional Center in Chicago, Illinois. The agreement enables NTC Great Lakes to confine females at the correction center for up to 45 days. Prisoners requiring longer confinement are transferred to other DoD confinement facilities. Since February 1995, only three females have been

Construction Requirements at NTC Great Lakes

confined at the Federal Metropolitan Correctional Center. Previously, female confinement at NTC Great Lakes occurred in a restricted area in the transient personnel barracks.

The Navy plans to construct a replacement brig at NTC Great Lakes in FY 1998. That project, costing \$6.7 million, consists of more than 31,000 square feet and is designed to accommodate 50 males and 10 females. Construction for the new brig is planned on the same site as the existing brig. As a result, the Navy will again incur the additional expense of repositioning the relocatable brig.

We believe that the relocatable brig project should be canceled. Until the new brig is built, NTC Great Lakes should continue to use the Federal Metropolitan Correctional Center in Chicago for female confinement.

Elevator Trainer Building. Navy facility planners did not adequately consider joint construction of the elevator trainer school building and the airman apprentice building as an alternative to new construction. NTC Great Lakes project P-601T is for a \$2.7 million elevator trainer school building that replaces the existing 8,700-square-foot facility at the Naval Station Treasure Island. The new facility will contain classrooms and a conference room, the elevator trainer, electrical control and hydraulic power unit rooms, instructor preparation area, mechanical and electrical laboratories, office space, restrooms, and student lounges.

NTC Great Lakes originally planned to build the elevator trainer school building adjacent to a new airman apprentice training facility so classrooms, administrative and instructor preparation spaces, and student lounges could be jointly used. However, both projects were designed as separate "stand alone" facilities in the event funding for the elevator trainer building was not approved for FY 1995.

Project documentation stated that the elevator trainer classrooms, administrative and instructor spaces, and student lounge would be located in the airman apprentice training building. However, because of separate "stand alone" designs, the elevator trainer school building will be constructed with dedicated classrooms, laboratories, an instructor preparation room, a conference area, and student lounge. As a result, requirements are overstated.

In February 1995, the Under Secretary of Defense (Comptroller) approved project P-601T for FY 1995 funding. Contract award occurred on March 30, 1995. Because NTC Great Lakes has awarded the contract for construction, we are not making recommendations concerning that project. The costs associated with contract cancellation and redesign would negate any cost savings.

Renovation of Existing Space. Navy facility planners did not sufficiently consider renovation and conversion of existing excess hospital space as an alternative to construction of the branch medical clinic addition. Project P-584T is for a \$2.6 million addition to an existing branch medical clinic. NTC Great Lakes project documentation stated that the 13,372-square-foot addition is

Construction Requirements at NTC Great Lakes

required to accommodate projected clinic visits resulting from an increase in Service School Command staff and students. The Navy projects that the branch medical clinic work load will increase by about 36,670 visits by FY 1998 as a result of BRAC related personnel increases.

The existing branch clinic, located in building 237, contains about 31,000 square feet of medical treatment space for audiology, community health, medical examination, optometry, and primary care. The existing clinic also contains a 20,000-square-foot dental clinic.

The Naval hospital (building 200H) has in excess of 15,000 square feet of available space. Office of the Assistant Secretary of Defense (Health Affairs) "Health Care Requirements Analysis," May 1994, discussed health care requirements in the Great Lakes catchment area. The study projected that by FY 1998, the number of operating patient beds necessary for inpatient requirements would decrease from 136 to 123. That decrease will result in additional excess space in the hospital.

The clinics in the hospital provide the same services as those in place at the branch clinic, and the proposed addition for building 237. The clinical services could be expanded in building 200H to meet the increased workload requirements. Building 200H is located less than a mile from the site of the proposed branch medical clinic addition.

Although the hospital has the available space to satisfy the square footage requirements of the proposed branch medical clinic addition, we recognize it will require some renovation. The Assistant Secretary of Defense (Health Affairs) should evaluate renovation as an alternative to construction and resubmit the DD Form 1391, "Military Construction Project Data," or submit validated data to show that construction is the more cost-effective approach to satisfy the requirement.

Recommendations, Management Comments, and Audit Response

- 1. We recommend that the Under Secretary of Defense (Comptroller):**
 - a. Delete \$2.12 million of Base Closure Account funds for the Child Development Center (project P-583T), and reprogram the funds for other valid requirements.**
 - b. Delete \$420,000 of Base Closure Account funds for the Brig Upgrade (project P-579T), and reprogram the funds for other valid requirements.**

c. Defer funding of \$2.62 million for the Naval Training Center Branch Medical Clinic Addition (project P-584T) pending resubmission of DD Form 1391, "Military Construction Project Data," for the renovation of building 200H to satisfy the medical requirements resulting from base realignment and closure personnel increases or submission of data showing that the renovation is less cost-effective than new construction.

Management Comments. The Under Secretary of Defense (Comptroller) generally concurred with the recommendations, but deferred taking action, pending submission of the Assistant Secretary of Defense (Health Affairs) and Navy comments. The Comptroller stated that if the issues are not resolved by October 1, 1995, construction funds will be placed on administrative withhold.

Audit Response. We consider the Comptroller's comments to be responsive to the recommendation. After receipt and review of the Assistant Secretary of Defense (Health Affairs) and the Navy comments, we request that the Comptroller provide additional comments regarding the disposition of funds that may be reprogrammed to other BRAC requirements.

2. We recommend that the Assistant Secretary of Defense (Health Affairs):

a. Defer project P-584T, Naval Training Center Branch Medical Clinic Addition.

b. Evaluate renovation of the hospital as an alternative to construction of the branch medical clinic addition and either resubmit the DD Form 1391, "Military Construction Project Data," or submit validated data showing that renovation is less cost-effective than new construction to satisfy medical requirements resulting from base realignment and closure personnel increases.

3. We recommend that the Commander, Naval Training Center Great Lakes:

a. Cancel project P-583T, Child Development Center.

b. Cancel project P-579T, Brig Upgrade.

Management Comments. The Assistant Secretary of Defense (Health Affairs) and the Navy did not respond to the draft report. We request that the Assistant Secretary and the Navy provide comments in response to the final report.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope and Methodology

Selection of Projects for Audit. We reviewed the supporting project documentation for seven planned MILCON projects at NTC Great Lakes resulting from the closure of NTC Orlando, NTC San Diego, and the Naval Station Treasure Island. Three projects were necessary to support the projected increase in Naval active-duty personnel. They included two branch medical clinics (projects P-586T and P-590T), and a dental clinic (project P-604T) at the recruit training area of NTC Great Lakes.

This report provides the results of audit for four MILCON projects with a total cost of \$7.8 million. The projects are listed in the table below.

FY 1996 NTC Great Lakes BRAC Military Construction Projects		
<u>Project Number</u>	<u>Description</u>	<u>Cost (in millions)</u>
P-579T	Brig Upgrade	\$ 0.42
P-583T	Child Development Center	2.12
P-584T	NTC Branch Medical Clinic Addition	2.62
P-601T	Elevator Trainer	<u>2.65</u>
	Total	\$ 7.81

Audit Locations and Data Reviewed. To evaluate the documentation the Navy used to justify the projects, we visited the Chief of Naval Education and Training, NTC Great Lakes, the Bureau of Naval Personnel, and the Naval Bureau of Medicine and Surgery. We also visited the Health Services Analysis and Measurement Directorate and the Defense Medical Facilities Office within the Office of the Assistant Secretary of Defense (Health Affairs).

We obtained architectural drawings and floor plans, facility planning documents, historical and projected recruit and student demographic information, minutes of meetings, and other supporting information used to justify the MILCON projects. We reviewed documentation dating from October 1985 to April 1995.

Audit Standards and Time Period. This economy and efficiency audit was made from January 17, 1995, through March 31, 1995. The audit was made 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 that we considered necessary. We

did not rely on 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.

Computer-Processed Data. We relied on Navy Information Training Resource and Analysis System computer-processed data to determine whether project requirements were based on realistic average-on-board recruit personnel strengths. Specific Navy Information Training Resource and Analysis System data used were FY 1985 through FY 1994 NTC Great Lakes, NTC Orlando, and NTC San Diego average-on-board recruit populations. We did not verify the accuracy of the Navy Information Training Resource and Analysis System computer-processed data, because the reliability of that data was not the primary objective of the audit. Nothing came to our attention during the audit that caused us to doubt the reliability of the computer-processed data.

Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists selected Inspector General, DoD and Naval Audit Service BRAC reports.

Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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
95-198	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	Construction Budget Data for Realignment of Naval Training Centers Orlando, Florida, and San Diego, California	March 21, 1995
95-150	Defense BRAC Budget Data for Closing Naval Station Charleston, South Carolina, and Realigning Projects at Various Sites	March 15, 1995

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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, 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
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

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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
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 MILCON at Other Sites	May 19, 1994

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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

Naval Audit Service

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
041-S-94	FY 1995 Military MILCON Projects From Decisions of 1993 Base Closure and Realignment Commission	April 15, 1994
023-S-94	Military MILCON 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)

	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>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

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 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 grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group.

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
1.a.	Economy and Efficiency. Reduce funding.	Funds put to better use. A one-time benefit of \$2.12 million in Base Closure Account Funds (97X0510). Also, an annual benefit of \$664,000, or \$3.98 million for FYs 1997 through 2002, Navy Operations and Maintenance Appropriation (17_1804).
1.b.	Economy and Efficiency. Reduce funding.	Funds put to better use. A one-time benefit of \$420,000 in Base Closure Account Funds (97X0510).
1.c.	Economy and Efficiency. Reduce funding.	Up to \$2.62 million of FY 1996 Base Closure Account Funds (97X0510) to be put to better use. The exact amount may be subject to offset costs pending evaluation of the renovation alternative or a determination that new construction is more cost-effective.*

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

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
2.a. and 2.b.	Economy and Efficiency. Reduce funding.	Funds put to better use. Monetary benefits are included in Recommendation 1.c.
3.a.	Economy and Efficiency. Reduce funding.	Funds put to better use. Monetary benefits are included in Recommendation 1.a.
3.b.	Economy and Efficiency. Reduce funding.	Funds put to better use. Monetary benefits are included in Recommendation 1.b.

Appendix E. Organizations Visited or Contacted

Office of the Secretary of Defense

Assistant Secretary of Defense (Health Affairs), Washington, DC
Defense Medical Facilities Office, Falls Church, VA
Health Services Analysis and Measurement Directorate, Falls Church, VA

Department of the Navy

Bureau of Medicine and Surgery/Surgeon General, Washington, DC
Bureau of Naval Personnel, Arlington, VA
Chief of Naval Education and Training, Pensacola, FL
Naval Recruiting Command, Arlington, VA
Naval Facilities Engineering Command, Alexandria, VA
Southern Division, North Charleston, SC
Naval Station Treasure Island, San Francisco, CA
Naval Training Center Orlando, FL
Naval Training Center Great Lakes, IL
Recruit Training Command, Great Lakes, IL
Service School Command, Great Lakes, IL
Naval Hospital, Great Lakes, IL
Naval Brig, Great Lakes, IL
Naval Brig, Naval Air Station Jacksonville, FL
Naval Audit Service, Jacksonville, FL

Non-Defense Organizations

Paul K. Kennedy Child Care Center, Veterans Affairs Medical Center,
North Chicago, IL
C. H. Guernsey and Company, Oklahoma City, OK
Village Manager, Glenview, IL

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)
Assistant Secretary of Defense (Economic Security)
Assistant Secretary of Defense (Health Affairs)
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)
Chief of Naval Education and Training
Chief, Bureau of Medicine and Surgery/Surgeon General
Commander, Naval Training Center Great Lakes
Commander, Naval Facilities Engineering Command
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

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

Appendix F. Report Distribution

Non-Defense Federal Organizations and Individuals

Office of Management and Budget

National Security and International Affairs Division, General Accounting Office

Technical Information Center

Defense and National Aeronautics and Space Administration Management Issues

Military Operations and Capabilities Issues

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

Honorable Paul Simon, U.S. Senate

Honorable Carol Moseley-Braun, U.S. Senate

Honorable John E. Porter, U.S. House of Representatives

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



MAY 18 1995

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: Audit Report on Defense Base Realignment and Closure
Budget Data for the Naval Training Center Great
Lakes, Illinois (Project No. 5CG-5017.04)

This responds to your May 2, 1995, memorandum requesting
our comments on the subject report.

The audit recommends that the USD(Comptroller) delete of
\$2.6 million for the Child Development Center and Brig Upgrade
projects at NTC Great Lakes, Illinois, because they are not
justified. It also recommends deferral of \$2.6 million for
the Branch Medical Clinic Addition project pending ASD(Health
Affairs) evaluation of renovation rather than new construction.

The funding for the three projects at issue is included
in the FY 1996 BRAC budget request. We generally agree with
the audit and recommendations; however, since the Navy has yet
to comment formally on the audit, and the amount of the savings
have not been resolved, it is premature to take action at this
time. However, if the issue is not resolved by the start of the
fiscal year, we will place funds associated with the projects on
administrative withhold. Further, any savings resulting from
the audit will be reprogrammed to other BRAC requirements as
appropriate.

B. R. Paseur
Director for Military Construction



Audit Team Members

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

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