
July 15, 2005



Infrastructure and Environment

Headquarters and Support Activities

Joint Cross-Service Group Data

Integrity and Internal Control Processes
for Base Realignment and Closure 2005
(D-2005-090)

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Acronyms

AT/FP	Anti-Terrorism/Force Protection
BRAC	Base Realignment and Closure
COBRA	Cost of Base Realignment Actions
DFAS	Defense Finance and Accounting Service
DoD OIG	Department of Defense Office of Inspector General
HSA	Headquarters and Support Activities
ICP	Internal Control Plan
IEC	Infrastructure Executive Council
ISG	Infrastructure Steering Group
JCSG	Joint Cross-Service Group
JPAT 7	Joint Process Action Team Criterion Number 7
OSD	Office of the Secretary of the Defense
SIOR	Society of Industrial and Office Realtors



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July 15, 2005

MEMORANDUM FOR CHAIR, HEADQUARTERS AND SUPPORT ACTIVITIES
JOINT CROSS-SERVICE GROUP

SUBJECT: Report on Headquarters and Support Activities Joint Cross-Service Group
Data Integrity and Internal Control Processes for Base Realignment and
Closure 2005 (Report No. D-2005-090)

We are providing this report for information and use. We considered Headquarters and Support Activities Joint Cross-Service Group comments on the draft of this report when preparing the final report. The complete text of the comments is in the Management Comments section of the report.

We appreciate the courtesies extended to the staff. Questions should be directed to Ms. Deborah L. Culp at (703) 604-9335 (DSN 664-9335) or Ms. Lisa M. Such at (703) 604-9284 (DSN 664-9284). See Appendix D for the report distribution. The team members are listed inside the back cover

By direction of the Deputy Inspector General for Auditing:

A handwritten signature in black ink, reading "Richard B. Jolliffe".

Richard B. Jolliffe
Assistant Inspector General
Contract Management

Department of Defense Office of Inspector General

Report No. D-2005-090

July 15, 2005

(Project No. D2003-D000CG-0135.000)

Headquarters and Support Activities Joint Cross-Service Group Data Integrity and Internal Control Processes for Base Realignment and Closure 2005

Executive Summary

Who Should Read This Report and Why? Office of the Secretary of Defense personnel, members of the Headquarters and Support Activities (HSA) Joint Cross-Service Group (JCSG), and anyone interested in the Base Realignment and Closure (BRAC) process should read this report. The report discusses the validity, integrity, and documentation of data used by HSA JCSG for BRAC 2005.

Background. BRAC 2005 is the formal process outlined in Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," as amended, under which the Secretary of Defense may realign or close military installations inside the United States and its territories. As part of BRAC 2005, the Under Secretary of Defense for Acquisition, Technology, and Logistics issued "Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum One—Policy, Responsibilities, and Procedures," April 16, 2003, to request that the Department of Defense Office of Inspector General review the accuracy of BRAC data and the certification process. In addition, the Department of Defense Office of Inspector General was responsible for validating that the BRAC data used by the JCSGs for developing recommendations were certified by the appropriate authority.

The BRAC 2005 process was mandated for the United States and its territories and was divided into the following data calls: capacity analysis, supplemental capacity, military value, Cost of Base Realignment Actions, Joint Process Action Team Criterion Number 7, and scenario specific. The supplemental capacity, military value, Cost of Base Realignment Actions, and Joint Process Action Team Criterion Number 7 data calls were collectively known as the second data call. This report is one of seven that discusses JCSG involvement in the BRAC 2005 process.

Headquarters and Support Activities Joint Cross-Service Group. The HSA JCSG is one of six JCSGs established by the Under Secretary of Defense for Acquisition, Technology, and Logistics as the Chairman of the Infrastructure Steering Group on March 15, 2003. The Infrastructure Steering Group later established a seventh JCSG. Each JCSG was responsible for overseeing the joint cross-service analysis of functions within its area. The Assistant Deputy Chief of Staff, G-8, Department of the Army was appointed to chair the HSA JCSG, which was established to address common business-related functions and processes across DoD, the Services, and the Defense agencies. The HSA JCSG was composed of three functional areas for which separate and distinct

subgroups were formed: the Geographic Clusters and Functional Subgroup, the Mobilization Subgroup, and the Major Administrative and Headquarters Activities Subgroup.

Results. We evaluated whether the HSA JCSG used certified data and created an adequate audit trail for capacity analysis and military value analysis. In addition, we evaluated whether the HSA JCSG created an adequate audit trail for the data input to the Cost of Base Realignment Actions model.

The HSA JCSG generally used certified data for capacity analysis and military value analysis; however, it also used data obtained from authoritative sources and derived data. In addition, after corrections were made, the HSA JCSG generally created adequate audit trails for capacity analysis, military value analysis, and Cost of Base Realignment Actions model input. The HSA JCSG complied with the Office of the Secretary of Defense internal control plan and HSA JCSG standard operating procedures. Throughout the BRAC process, the HSA JCSG took action to correct the deficiencies that we identified; however, some data discrepancies and audit trail issues remained uncorrected at the end of our fieldwork. We could not determine the materiality of the unresolved data discrepancies and audit trail issues on the overall HSA JCSG BRAC process.

Management Comments and Audit Response. We provided a draft of this report on June 10, 2005. Although no comments were required, the Chairman, HSA JCSG stated that the group continued to work on specific deficiencies, but that it considered those deficiencies to be relatively small because they had no material impact on the recommendations. In addition, the Chairman stated there were six areas in which the HSA JCSG disagreed with the DoD Office of Inspector General: use of authoritative sources, derived data, judgment-based data, Anti-Terrorism/Force Protection Premium, commercial data sources, and eliminations/rounding.

The DoD Office of Inspector General auditors continued to review corrections made by the HSA JCSG between the issuance of the draft and final reports. The HSA JCSG made additional corrections to capacity analysis, military value analysis, and Cost of Base Realignment Actions model input data; however, the HSA JCSG stated that not all of these corrections were forwarded to the OSD BRAC office. In addition, we did not take issue with the six areas that the HSA JCSG identified, but we highlighted them for full disclosure of the HSA JCSG process. See the Finding section of the report for a discussion of management comments and the Management Comments section of the report for the complete text of the comments.

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Background

Base Realignment and Closure 2005. Public Law 101-510, “Defense Base Closure and Realignment Act of 1990,” as amended, establishes the procedures under which the Secretary of Defense may realign or close military installations inside the United States and its territories. Congress authorized a Base Realignment and Closure (BRAC) in 2005. The law authorizes the establishment of an independent Commission to review the Secretary of Defense recommendations for realigning and closing military installations. The deadline for the Secretary of Defense to submit recommendations to the independent Commission was May 16, 2005.

In the Secretary of Defense “Transformation Through Base Realignment and Closure (BRAC 2005) Memorandum,” November 15, 2002, the Secretary of Defense established two senior groups to oversee and operate the BRAC 2005 process. The two senior groups were the Infrastructure Executive Council (IEC) and the Infrastructure Steering Group (ISG). Distinct functional boundaries and levels of authority separated these two groups. The Secretary of Defense established and chartered the IEC and the ISG as the BRAC 2005 deliberative bodies responsible for leadership, direction, and guidance.

Infrastructure Executive Council. The IEC was chaired by the Deputy Secretary of Defense and was composed of the Secretaries of the Military Departments and their Chiefs of Services, the Chairman of the Joint Chiefs of Staff, and the Under Secretary of Defense for Acquisition, Technology, and Logistics. The IEC was the policymaking and oversight body for the entire BRAC 2005 process and the approval authority for all BRAC recommendations to the Secretary of Defense.

Infrastructure Steering Group. The ISG was chaired by the Under Secretary of Defense for Acquisition, Technology, and Logistics and was composed of the Vice Chairman of the Joint Chiefs of Staff, the Military Department Assistant Secretaries for Installations and Environment, the Service Vice Chiefs, and the Deputy Under Secretary of Defense for Installations and Environment. The ISG oversaw the joint cross-service analyses of common business-oriented functions and ensured that the process was integrated with the Military Department and Defense agency-specific analyses of all other functions. The ISG provided progress reports to the IEC. The Under Secretary of Defense for Acquisition, Technology, and Logistics had the authority and responsibility for issuing the operating policies and detailed direction necessary to conduct the BRAC 2005 analyses.

- **“Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum One—Policy, Responsibilities, and Procedures,” (Policy Memorandum One), April 16, 2003.** Policy Memorandum One applies to the Military Departments, Defense agencies (DoD Components), and Joint Cross-Service Groups (JCSGs) in developing the Secretary of Defense BRAC

recommendations for submission to the 2005 BRAC Commission for its review. Policy Memorandum One describes policy, responsibilities, and procedures to be followed by participants in the BRAC process. Additionally, Appendix B of Policy Memorandum One is the Office of the Secretary Defense (OSD) internal control plan (ICP) for the BRAC 2005 process, which the JCSGs were to use in order to ensure the accuracy of data collection and analysis.

- **“Policy Memorandum Two—BRAC 2005 Military Value Principles,” October 14, 2004.** Policy Memorandum Two states that all recommendations made by the JCSGs and Military Departments will use military value as the determining factor. When making realignment or closure recommendations, JCSGs and Military Departments were to apply appropriate use of military judgment in order to meet all requirements by the Department. Military judgment is applied through the following principles: Recruit and Train; Quality of Life; Organize; Equip; Supply, Service, and Maintain; Deploy and Employ (Operational); and Intelligence.
- **“Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum Three—Selection Criterion 5,” December 7, 2004.** Policy Memorandum Three describes how BRAC Selection Criterion 5 will be implemented during the BRAC process. The JCSGs and Military Departments were to apply Selection Criterion 5 to their scenarios to estimate the projected costs and savings.
- **“Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum Four—Selection Criteria 7 and 8,” December 7, 2004.** Policy Memorandum Four provides guidance and clarification on the assessment of communities’ infrastructure and consideration of the environmental impacts of realignment and closure scenarios.
- **“Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum Five—Homeland Defense,” December 10, 2004.** Policy Memorandum Five gives guidance that establishes policies and procedures for the Military Departments and JCSGs to ensure that DoD retains the necessary capabilities to support the homeland defense mission.
- **“Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum Six—Selection Criterion 6,” December 20, 2004.** Policy Memorandum Six provides guidance that establishes policies and procedures for the Military Departments and JCSGs on how to use the Economic Impact Tool when applying BRAC Selection Criterion 6 to realignment and closure scenarios.

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- **“Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum Seven—Surge,” January 4, 2005.** Policy Memorandum Seven provides guidance for the Military Departments and JCSGs to meet the DoD statutory requirement to consider surge in realignment and closure scenarios.
 - **“Transformation Through Base Realignment and Closure (BRAC 2005) Policy Memorandum Eight—Selection Criterion 8,” January 4, 2005.** Policy Memorandum Eight provides guidance on how to identify the environmental impacts of a particular scenario in order to provide decision makers with the information they need to fully consider the impacts.

Joint Cross-Service Groups. In addition to realigning base structure, a primary objective of BRAC 2005 was to examine and implement opportunities for greater joint activity. Prior BRAC analyses considered all functions on a Service-by-Service basis and therefore, did not result in the joint examination of functions that cross Services. The JCSGs addressed issues that affect common business-oriented support functions, examined functions in the context of facilities, and developed realignment and closure recommendations based on force structure plans of the Armed Forces and on selection criteria. The JCSGs reported their results through the ISG to the IEC. The OSD established seven JCSGs: Education and Training; Headquarters and Support Activities (HSA), formerly known as the Administration JCSG; Industrial; Intelligence; Medical; Supply and Storage; and Technical. Each JCSG was responsible for overseeing the joint cross-service analysis of functions within its area.

Headquarters and Support Activities Joint Cross-Service Group. The HSA JCSG was one of six JCSGs established by the Under Secretary of Defense for Acquisition, Technology, and Logistics as the Chairman of the ISG on March 15, 2003. The ISG later added a seventh JCSG. Chaired by the Assistant Deputy Chief of Staff, G-8, Department of the Army, the HSA JCSG was composed of six principal members representing each of the four Services, the Joint Staff, and OSD. The HSA JCSG was established to address common business-related functions and processes across DoD, the Services, and the Defense agencies. The HSA JCSG scope was further narrowed into three functional areas for which separate and distinct subgroups were formed: the Geographic Clusters and Functional Subgroup, the Mobilization Subgroup, and the Major Administrative and Headquarters Activities Subgroup.

Geographic Clusters and Functional Subgroup. The Administrative Assistant to the Secretary of the Air Force chaired the Geographic Clusters and Functional Subgroup. The Subgroup was divided into teams to further address the following four functions: installation management, personnel, corrections, and financial management. Analysis of the functions included the following:

- **Installation Management.** The installation management function analyzed installations in geographic clusters to evaluate the potential for reducing or eliminating redundant or duplicative support functions.

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- **Personnel.** The personnel function analyzed opportunities and possibilities for collocating or consolidating civilian and military personnel functions. The HSA JCSG further broke out the personnel function into the Civilian Personnel Team and Military Personnel Team.
 - **Corrections.** The corrections function analyzed correctional facilities to evaluate the potential for transferring prisoner load or consolidating activities.
 - **Financial Management.** The financial management function analyzed Defense Finance and Accounting Service (DFAS) central and field operating sites to evaluate the potential for combining functions to reduce the size and number of DFAS locations.

Mobilization Subgroup. The Deputy Commandant for Manpower and Reserve Affairs, Headquarters Marine Corps chaired the Mobilization Subgroup. Analysis of this function included any activity that is performed to bring Reserve and National Guard members to active military service.

Major Administrative and Headquarters Activities Subgroup. The Commandant of Naval District Washington, Department of the Navy chaired the Major Administrative and Headquarters Activities Subgroup. Analysis of this function included the availability and support of common services and facilities within and outside the National Capital Region.

BRAC Data Calls. The BRAC 2005 data collection process, which was mandated for the United States and its territories, was divided into the following data calls: capacity analysis, supplemental capacity, military value, Cost of Base Realignment Actions (COBRA), Joint Process Action Team Criterion Number 7 (JPAT 7), and scenario specific. The supplemental capacity, military value, COBRA, and JPAT 7 data calls were collectively known as the second data call. Each JCSG developed data call questions related to capacity analysis and military value to obtain information about the functions that it reviewed. Each JCSG issued a capacity analysis and military value analysis report. Each data call had a specific purpose as follows.

- The capacity analysis data call gathered data on infrastructure, current workload, surge requirements, and maximum capacity.
- The supplemental capacity data call clarified inconsistent data gathered with the initial capacity analysis data call.
- The military value data call gathered data on mission requirements, land and facilities, mobilization and contingency, and cost and manpower.
- The COBRA data call gathered data to develop costs, savings, and payback (formerly known as return on investments) of proposed realignment and closure actions.

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- The JPAT 7 data call gathered data to assess the community's ability to support additional forces, missions, and personnel associated with individual scenarios.¹
 - The scenario specific data call gathered data related to specific scenario conditions for realignment or closure.

OSD Master Database. DoD collected certified data for BRAC 2005 using a mix of automated and manual processes. The Services and six Defense agencies used automated tools to collect the data while the other Defense agencies and organizations collected data in electronic format for the data calls. Portions of that automated data were then transferred to OSD and compiled into Microsoft Access databases called the Capacity Analysis Database and the Military Value Analysis Database. We refer to the Capacity Analysis Database and the Military Value Analysis Database together as the OSD Master Database, which OSD used as the centralized point of data distribution to the JCSGs. However, some data were collected external to the OSD Master Database and provided to the JCSGs separately.

COBRA Model. The COBRA model provides a uniform methodology for estimating and itemizing projected costs and savings associated with BRAC scenarios. The COBRA model calculates the costs, savings, and payback of proposed realignment and closure actions. It is not designed to produce budget estimates, but to provide a consistent method of evaluating these actions. The COBRA model calculates the costs and savings of scenarios over a period of 20 years. It models all activities (moves, construction, procurements, sales, closures) as taking place during the first 6 years, and thereafter, all costs and savings are treated at a steady state. The key output value produced is the payback year; which is the point when the realignment or closure has paid for itself and net savings start to accrue. The COBRA model can also be used to compare the relative cost and savings differences among various scenarios.

To perform COBRA analysis, the HSA JCSG loaded scenario-specific data into the COBRA model. These data, used in combination with model algorithms and standard cost factors already developed and pre-loaded into the model, resulted in an estimate of costs, savings, and payback for the proposed realignment or closure scenario. To obtain the necessary COBRA model input, the HSA JCSG developed and issued COBRA-related questions during the scenario-specific data calls. These COBRA-related questions primarily focused on data not previously gathered for specific gaining or losing sites.

Internal Control Plans. The OSD ICP was issued as part of Policy Memorandum One. Appendix B of Policy Memorandum One was the ICP for all JCSGs. In addition, each JCSG prepared standard operating procedures that further delineated controls specific to that JCSG.

¹ A scenario is a description of one or more potential realignment or closure actions identified for formal analysis by either a JCSG or a Military Department.

In October 2003, the HSA JCSG prepared standard operating procedures and issued the procedures in April 2005 after a series of updates. The standard operating procedures supplemented the OSD ICP in that they addressed HSA JCSG-specific data controls, office and computer security, and included a process for the use of judgment-based data and assumptions.

DoD Office of Inspector General Responsibility. Policy Memorandum One requires the DoD Office of Inspector General (OIG) to provide ICP development and implementation advice and review the accuracy of BRAC data and the certification process. In addition, the memorandum requires DoD OIG personnel to assist the JCSGs and DoD Components as needed. This resulting report summarizes issues related to the HSA JCSG BRAC 2005 process.

Objectives

The overall objective of the audit was to evaluate the validity, integrity, and documentation of data used by HSA JCSG. Specifically, we determined whether the HSA JCSG used certified data and created an adequate audit trail for capacity analysis and military value analysis. In addition, we determined whether the HSA JCSG created an adequate audit trail for its potential candidate recommendations.

We also evaluated whether the HSA JCSG complied with the OSD ICP and the specific HSA JCSG standard operating procedures. This report is one in a series on JCSG data integrity and internal control processes for BRAC 2005. See Appendix A for a discussion of the audit scope and methodology and our review of the management control program related to the objectives. See Appendix B for prior coverage.

Headquarters and Support Activities Joint Cross-Service Group Data Integrity and Internal Control Processes

The HSA JCSG generally used certified data for capacity analysis and military value analysis; however, it also used data obtained from authoritative sources and derived data. In addition, after corrections were made, the HSA JCSG generally created adequate audit trails for capacity analysis, military value analysis, and COBRA model input. The HSA JCSG complied with the OSD ICP and HSA JCSG standard operating procedures. Throughout the BRAC process, the HSA JCSG took action to correct the deficiencies that we identified; however, some data discrepancies and audit trail issues remained uncorrected at the end of our fieldwork. We could not determine the materiality of the unresolved data discrepancies and audit trail issues on the overall HSA JCSG BRAC process.

HSA JCSG Data Integrity and Documentation for BRAC 2005

The HSA JCSG generally used certified data for capacity analysis and military value analysis; however, it also used data from authoritative sources and derived data. Further, after corrections were made, the HSA JCSG generally created adequate audit trails for capacity analysis, military value analysis, and COBRA model input. Public Law 101-510, “Defense Base Closure and Realignment Act of 1990,” as amended, section 2903(c)(5) requires that all information used to develop and make realignment and closure recommendations to the Secretary of Defense and the 2005 BRAC Commission must be certified as accurate and complete to the best of the certifier’s knowledge and belief. Additionally, the BRAC 2005 OSD ICP states that the BRAC 2005 process will be recorded and clearly documented to ensure the integrity of the process performed by the JCSGs.

Authoritative Data. The HSA JCSG used data from authoritative sources for military value analysis and COBRA model input. The OSD ICP states,

Any data file forwarded to the JCSGs by the Military Departments or Defense Agencies must be certified. Data and information gathered from authoritative or official sources external to DoD (such as the Bureau of Labor Statistics national employment data) need only be certified as to the source if the sources’ accuracy can be determined by the audit community in accordance with U.S. General Accounting Office (GAO) [agency name changed to U.S. Government Accountability Office on July 7, 2004] guidance.

Specifically, the HSA JCSG used data from the following authoritative sources: Department of Labor, Federal Emergency Management Agency, Joint Travel Regulation, Office of Personnel Management, and U.S. Census Bureau. The HSA JCSG also used the Defense Technical Information Center, CoStar,² and the Society of Industrial and Office Realtors (SIOR) databases; however, those sources are not authoritative as defined by the OSD ICP.

Derived Data. The HSA JCSG used derived data for capacity analysis and military value analysis and for COBRA model input. It also developed and applied factors to certified data, which resulted in the derived data that were used in the analytical process. During deliberative meetings and in memorandums, either the principal members or the Chair of the HSA JCSG approved the use of certain HSA JCSG-developed factors, which included, but were not limited to, the following: personnel savings, square footage, lease cost estimates, and Anti-Terrorism/Force Protection (AT/FP) premiums.

Capacity Analysis. The HSA JCSG generally used certified data for capacity analysis; however, it also used derived data. In addition, the HSA JCSG generally created an adequate audit trail after corrections were made. An initial validation was performed from November 2004 through February 2005 to determine whether the HSA JCSG used certified data obtained from the OSD Master Database and created an adequate audit trail. Additionally, we validated data collected external to the OSD Master Database and determined whether it was certified by the appropriate designated personnel. A second validation of the capacity analysis data was performed from March 2005 through May 2005. During both validations, we identified data discrepancies and audit trail issues and briefed the results to the HSA JCSG subgroups or teams. The HSA JCSG took corrective action to address most data discrepancies and audit trail issues. After we issued the draft audit report, the HSA JCSG provided additional supporting documentation and we revalidated the discrepancies identified in the draft audit report. The following describes the outstanding data discrepancies and audit trail issues and includes statements which identify where derived data were used for analysis. We could not determine the materiality of the unresolved data discrepancies and audit trail issues on the overall HSA JCSG BRAC process.

Installation Management Team. The Installation Management Team did not use the certified data reported in the OSD Master Database for over 90 data elements. After we issued the draft audit report, the Installation Management Team provided supporting documentation to the DoD OIG auditors for the revisions that were made to the identified data elements. The Installation Management Team correctly revised over 65 data elements and stated that the revisions were incorporated into the final Capacity Analysis report. However, the 25 remaining data elements were incorrectly revised. Subsequently, the Installation Management Team corrected the 25 data elements but stated that the revisions were not incorporated into the final Capacity Analysis report. The Installation

² CoStar is an external database of current commercial market-based lease cost information.

Management Team believes those changes had no effect on the capacity analysis.

Civilian Personnel Team. The Civilian Personnel Team used derived data based on HSA JCSG-approved factors for useable and gross square footage to calculate Current Capacity, Maximum Potential Capacity, and Current Usage.

Military Personnel Team. The Military Personnel Team used derived data based on HSA JCSG-approved factors for useable and gross square footage to calculate Current Capacity, Maximum Potential Capacity, and Current Usage.

Financial Management Team. The Financial Management Team used derived data based on HSA JCSG-approved factors for calculating Current Usage.

Major Administrative and Headquarters Activities Subgroup. The Major Administrative and Headquarters Activities Subgroup used derived data based on HSA JCSG-approved factors for useable and gross square footage to calculate Current Capacity and Current Usage.

Military Value Analysis. The HSA JCSG generally used certified data for military value analysis; however, it also used data obtained from authoritative sources and derived data. In addition, the HSA JCSG generally created an adequate audit trail after corrections were made. An initial validation was performed from November 2004 through March 2005 to determine whether the HSA JCSG used certified data obtained from the OSD Master Database and whether it created an adequate audit trail. Additionally, we validated data collected external to the OSD Master Database and determined whether it was certified by the appropriate designated personnel. A second validation of the military value analysis data was performed from March 2005 through May 2005. During both validations, we identified data discrepancies and audit trail issues. For example, the Major Administrative and Headquarters Activities Subgroup created a methodology that used a numeric system for converting and analyzing facility condition codes. The Army and Navy do not report facility condition codes in numerals. After corrections were made, the methodology was adequately documented; however, the methodology did not allow the Army or Navy to score as high as Air Force facilities. The Major Administrative and Headquarters Activities Subgroup, the Corrections Team, the Civilian Personnel Team, and the Military Personnel Team used this methodology. The groups did not adequately document the facility codes that each team used for its analysis. Therefore, we could not recreate the facility condition codes for numerous locations in the HSA JCSG military value analysis.

We briefed the results to the HSA JCSG subgroups or teams. The HSA JCSG provided supporting documentation after we issued the draft audit report, and we

revalidated the issues identified in the draft audit report. The following describes the outstanding data discrepancies and audit trail issues and statements that identify where authoritative and derived data were used for analysis. We could not determine the materiality of the unresolved data discrepancies and audit trail issues on the overall HSA JCSG BRAC process.

Civilian Personnel Team. The Civilian Personnel Team had one minor data discrepancy for one location and did not correct this discrepancy after the draft report was issued. The HSA JCSG believes the data element is immaterial and does not affect the military value ranking.

Financial Management Team. The Financial Management Team used data from the Office of Personnel Management and Department of Labor Web sites. The Financial Management Team normalized data elements in the “Hiring” column at three locations and in the “On a DoD Installation” column at two locations. The Financial Management Team used two acceptable methodologies to normalize the “Hiring” data. For consistency, we suggested using one methodology.

Major Administrative and Headquarters Activities Subgroup. The Major Administrative and Headquarters Activities Subgroup used data obtained from the Office of Personnel Management, the U.S. Census Bureau, the Defense Technical Information Center, and the Federal Emergency Management Agency. The Major Administrative and Headquarters Activities Subgroup also used derived data based on HSA JCSG-approved factors to convert useable square footage to gross square footage. Further, the Major Administrative and Headquarters Activities Subgroup did not use the certified data for about 60 data elements. After we issued the draft audit report, the HSA JCSG revised 30 data elements, but stated that revisions were not incorporated in the final Military Value Analysis report forwarded to the OSD BRAC office. The remaining 30 data elements were not corrected.

Mobilization Subgroup. The Mobilization Subgroup used data obtained from the Joint Travel Regulation to determine per diem costs. The Mobilization Subgroup provided inconsistent and unclear written methodologies for the “Total Number of Ranges” and “Total Fire Points” columns. Further, two minor data discrepancies were identified in the data elements. After we issued the draft audit report, the HSA JCSG provided adequate methodologies and corrected the data discrepancies, but it stated that the revisions were not incorporated into the final submission forwarded to the OSD BRAC office.

COBRA Model Input. After corrections were made, the HSA JCSG generally created adequate audit trails for COBRA model input. The HSA JCSG used certified data, derived data, and data from authoritative sources for COBRA model input, and also sought approval from the ISG to use commercial data sources. In addition, the principal members deliberated and approved the use of

factors and methodologies. The following information is included in the COBRA model input.

- **Anti-Terrorism/Force Protection.** The HSA JCSG reported total AT/FP savings of about \$208.8 million for 12 candidate recommendations (HSA-0031, HSA-0045, HSA-0047, HSA-0053, HSA-0071, HSA-0078, HSA-0099, HSA-0108, HSA-0109, HSA-0114, HSA-0132, and HSA-0145). The HSA JCSG assumed that all current leased space is not compliant with AT/FP guidance, and calculated a “One-Time Unique Savings” in the COBRA model by applying an AT/FP premium of \$28.28 per gross square foot to current existing leased space square footage. Based on existing questions that the HSA JCSG asked during the BRAC data calls, information was not obtained to reasonably assess the current state of AT/FP compliance among the existing leased facilities. Specifically, data were not obtained on improvements already made, those required for future compliance, and on the potential for movement into AT/FP-compliant space.
- **Commercial Data Sources.** The HSA JCSG used commercial data sources to calculate “Miscellaneous Recurring Savings” in the COBRA model for potential candidate recommendations reviewed (HSA-0031, HSA-0045, HSA-0047, HSA-0053, HSA-0071, HSA-0099, HSA-0109, HSA-0114, HSA-0132, and HSA-0145) and reported a total savings of about \$493.5 million from FY 2006 through FY 2011. The HSA JCSG considered two commercial sources, the CoStar and SIOR databases, as authoritative data. CoStar is an external database of current commercial market-based lease cost information. The HSA JCSG also used the SIOR database, which provided data for markets not covered in CoStar.
- **Personnel Reductions.** The HSA JCSG developed and applied factors to certified data in scenarios where consolidation of activities with similar common support functions could yield potential savings. The HSA JCSG approved personnel savings factors ranging from about 1 percent to 30 percent, which it applied to specific potential candidate recommendations.

We reviewed the COBRA model input for 15 of 21 HSA JCSG potential candidate recommendations (see Appendix C). We did not fully validate the remaining six potential candidate recommendations because of time constraints or because the potential candidate recommendation was provided to the Military Departments for further analysis. All COBRA validation was performed using COBRA model version 6.10. During our review, we identified data discrepancies and audit trail issues. The HSA JCSG corrected many of the issues identified (see Appendix C); however, some data discrepancies and audit trail issues remained uncorrected at the end of our fieldwork.

HSA JCSG Internal Control Processes for BRAC 2005

The HSA JCSG complied with the OSD ICP and the HSA JCSG standard operating procedures. We evaluated whether the HSA JCSG complied with the OSD ICP and the HSA JCSG standard operating procedures during the BRAC process. Specifically, we attended meetings to observe the deliberation process, reviewed meeting minutes used to document the process, and verified that the meeting participants signed nondisclosure agreements. We also reviewed controls such as data transfer, storage, maintenance, and office and computer security for safeguarding the BRAC data.

Compliance with OSD ICP. The HSA JCSG generally complied with the OSD ICP procedures during the BRAC process. The ICP procedures required that:

- the BRAC 2005 process be clearly recorded;
- information used in the analysis be certified by the appropriate authority for accuracy and completeness and be used consistently;
- data collected and used for analyses or decision making, or both, be obtained from appropriate sources;
- minutes be recorded for all deliberative meetings;
- oral briefings be captured in minutes;
- outside studies be brought to the attention of any BRAC group;
- technical experts submit information or data in writing with the required certification if the JCSG considers the data relevant;
- nondisclosure agreements be maintained for all participants in the BRAC process; and
- BRAC 2005 documents be marked as draft deliberative and/or sensitive.

Compliance with Standard Operating Procedures. The HSA JCSG generally complied with its standard operating procedures during the BRAC process. The HSA JCSG standard operating procedures required that:

- the BRAC information be safeguarded through physical security and computer security;
- release or receipt of the BRAC information be controlled;
- facsimile and e-mail not be used for information dealing with scenarios, alternatives, and recommendations;

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- analysis be performed by specified HSA JCSG staff in the designated space except when external expertise and assistance are needed and approved;
 - data integrity be maintained in three segregated databases with appropriate user-right controls and periodic backups; and
 - judgment-based data and assumptions be limited to substitution for unobtainable certified data, approved by the JCSG principal members, and documented in minutes.

In addition, from June 16, 2004 through June 22, 2004, we conducted a quality control review of the data conversion process performed by the HSA JCSG to test its reliability and accuracy. The data conversion process required the HSA JCSG to convert certified data responses received in Microsoft Word to Microsoft Access. DoD collected certified data for BRAC 2005 using a mix of automated and manual processes. The Services and six Defense agencies used automated tools to collect the data; the other Defense agencies and organizations used an electronic Microsoft Word document format to collect data. The HSA JCSG processed the electronic Microsoft Word documents received from OSD into Microsoft Access files for incorporation into the HSA JCSG Master Database and Capacity Analysis Database. In addition, the HSA JCSG conducted quality assurance reviews by meeting with representatives from the applicable Defense agencies and organizations to review the data conversion process and results. We determined that the HSA JCSG accurately converted the certified data.

Conclusion

The HSA JCSG used certified data, but it also used data obtained from authoritative sources and derived data for capacity analysis and military value analysis. In addition, the HSA JCSG generally created adequate audit trails for capacity analysis, military value analysis, and COBRA model input after corrections were made. The HSA JCSG generally complied with the OSD ICP and HSA JCSG standard operating procedures.

After completing our reviews, we discussed the results with the HSA JCSG, which then took steps to correct most of the data discrepancies and audit trail deficiencies. However, the HSA JCSG stated that not all of the corrections were provided to the OSD BRAC office prior to the Secretary making his recommendations. We could not determine the materiality of the unresolved data discrepancies and audit trail issues on the overall HSA JCSG BRAC process.

Management Comments on the Finding and Audit Response

Although not required, the Chairman, HSA JCSG commented on the draft report. For the full text of comments, see the Management Comments section of the report.

HSA JCSG Comments. The Chairman, HSA JCSG stated that the HSA JCSG disagreed with the following six areas discussed in the draft report: use of authoritative sources, derived data, judgment-based data (normalized data elements), Anti-Terrorism/Force Protection Premium, market-based leased costs (commercial data sources), and eliminations/rounding (personnel reductions). According to the HSA JCSG, these methodologies were necessary to accomplish their analytical process. The HSA JCSG stated that the data deficiencies identified by the DoD OIG had no material impact on the recommendations.

Audit Response. Auditors in the DoD OIG continued to review corrections made by the HSA JCSG between the issuance of the draft and final reports. The HSA JCSG made additional corrections to capacity analysis, military value analysis, and COBRA model input data; but stated that not all of these corrections were forwarded to the OSD BRAC office. In addition, we did not take issue with the six areas that the HSA JCSG identified, but we instead highlighted them for full disclosure of the HSA JCSG process.

Appendix A. Scope and Methodology

We evaluated the validity, integrity, and documentation of data used by the HSA JCSG. Specifically, we determined whether the HSA JCSG used certified data and created an adequate audit trail for capacity analysis, military value analysis, and for COBRA model input for its candidate recommendations. We also evaluated whether the HSA JCSG complied with the OSD ICP and HSA JCSG standard operating procedures.

We performed reviews to determine whether the HSA JCSG used certified data or data obtained from authoritative sources for developing BRAC recommendations. We evaluated the integrity of the HSA JCSG BRAC 2005 process. Our evaluation included:

- verifying whether methodologies were sufficiently documented, and
- comparing data used to make deliberative decisions to certified or authoritative data.

From June 2003 through June 2005, we attended the HSA JCSG meetings. We reviewed the formal minutes and briefing charts of the meetings to verify that decisions made by the HSA JCSG were adequately documented. During the period from October 9, 2003, through April 19, 2005, we reviewed elements of the HSA JCSG standard operating procedures to determine HSA JCSG compliance. Our review of the implementation of the standard operating procedures included:

- examining nondisclosure agreements for the attendees of 11 meetings selected for the period from March 19, 2003 through November 2, 2004;
- attending staff calls and working group meetings from August 2003 through May 2005;
- reviewing conversion of non-automated data from June 16, 2004 through June 22, 2004;
- examining document controls including markings, tracking logs, and using e-mail and facsimile; and
- observing office practices and computer security controls.

Scope Limitations. We did not review the use of the Optimization model because it was not required by any of the policy memorandums issued by the Under Secretary of Defense for Acquisition, Technology, and Logistics. In addition, we were unable to fully validate two potential candidate recommendations (HSA-0047 and HSA-0053¹) developed by the Major Administrative and Headquarters Activities Subgroup because of time constraints. We did, however, review the “One-Time Unique and Miscellaneous Recurring Savings” associated with each of the two potential candidate recommendations. Further, we did not validate four additional potential candidate recommendations (HSA-0065, HSA-0069, HSA-0092, and HSA-0122) because they were provided to the Military Departments for further analysis. We did not verify that the HSA JCSG incorporated issues identified during our data integrity reviews into the final Capacity Analysis and Military Value Analysis reports.

Capacity Analysis. We planned to review all data elements that the HSA JCSG used for capacity analysis and the adequacy of the audit trails. From November 2004 through February 2005, we attempted the first validation of the HSA JCSG capacity analysis data; however, because the HSA JCSG did not provide all the data and the initial audit trails were insufficient, we were unable to perform a complete validation. We obtained the HSA JCSG capacity analysis spreadsheets and documented methodologies from subgroup or team leaders and compared them to the certified data in the OSD Master Database or to the data collected external to the database that were to be certified by designated appropriate personnel. Table 1 shows the date we received the data from the HSA JCSG and the date of the OSD Master Database extract that we used for comparison purposes. We discussed the results of the initial capacity analysis validation with the appropriate HSA JCSG subgroup or team and issued eight memorandums summarizing the results.

¹ The DoD OIG is 1 of 9 Defense agencies or organizations encompassing 35 locations included in this recommendation.

Table 1. Dates for Comparison of HSA JCSG Capacity Analysis Data and the OSD Master Database–Initial Validation

Subgroup/Team	Received Initial HSA JCSG Data	OSD Master Database Extract Date
Civilian Personnel	December 16, 2004	November 8, 2004
Corrections	December 17, 2004	November 8, 2004
Financial Management	December 6, 2004	November 8, 2004
Financial Management ¹	December 6, 2004	November 8, 2004
Installation Management	November 8, 2004	November 15, 2004
Major Administrative and Headquarters Activities	December 17, 2004	November 15, 2004
Military Personnel	December 15, 2004	November 8, 2004
Mobilization ²	November 19, 2004	November 8, 2004

¹ We issued two memorandums for the Financial Management Capacity Analysis data.

² We prepared one memorandum for the Mobilization Team Capacity Analysis and Military Value Analysis data.

We revalidated capacity analysis data from March 2005 through May 2005. The same process used for the initial validation was also used for the revalidation. We discussed the results of the revalidation with the appropriate HSA JCSG subgroup or team and incorporated the results in the Finding section of this report. The table below identifies the dates that we received the HSA JCSG capacity analysis spreadsheets from the HSA JCSG subgroup or team leaders and the date of the OSD Master Database extract that was used for comparison purposes.

Table 2. Dates for Comparison of HSA JCSG Capacity Analysis Data and the OSD Master Database–Revalidation

Subgroup/Team	Received Initial HSA JCSG Data	OSD Master Database Extract Date
Civilian Personnel	March 23, 2005	March 21, 2005
Corrections	March 24, 2005	March 21, 2005
Financial Management	March 16, 2005	March 14, 2005
Installation Management	March 16, 2005	March 14, 2005
Major Administrative and Headquarters Activities	March 28, 2005	March 21, 2005
Military Personnel	March 18, 2005	March 14, 2005
Mobilization	March 24, 2005	March 21, 2005

During June 2005, between the issuance of the draft and final reports, we only revalidated data discrepancies and audit trail issues identified in the draft audit report. Specifically, we reviewed corrections made to the Installation Management Team's capacity analysis spreadsheets. We obtained updated HSA

JCSG capacity analysis spreadsheets and documented methodologies from the team leaders on June 9, 2005. We compared them to the certified data extracted from the OSD Master Database (see Table 2). The results of the revalidation were incorporated into the Finding section of this report.

Military Value Analysis. We planned to review all data elements that the HSA JCSG used for military value analysis and the adequacy of the audit trails. From November 2004 through March 2005, we attempted the first validation of the HSA JCSG military value analysis data. However, because the HSA JCSG did not provide all of the data and the initial audit trails were insufficient, we were unable to perform a complete validation. We obtained the HSA JCSG military value spreadsheets and documented methodologies from the HSA JCSG subgroup or team leaders and compared them to the certified data in the OSD Master Database or to data collected external to the database that were to be certified by designated appropriate personnel or to authoritative data sources. Table 3 shows the date we received the data from the HSA JCSG and the date of the OSD Master Database extract that was used for comparison purposes. We discussed the results of the initial military value analysis validation with the appropriate HSA JCSG subgroup or team and issued seven memorandums summarizing the results.

Table 3. Dates for Comparison of HSA JCSG Military Value Analysis Data and the OSD Master Database—Initial Validation

Subgroup/Team	Received Initial HSA JCSG Data	OSD Master Database Extract Date
Civilian Personnel	December 16, 2004	November 8, 2004
Corrections	December 17, 2004	November 8, 2004
Financial Management	September 7, 2004	November 8, 2004
Installation Management	November 8, 2004	November 8, 2004
Major Administrative and Headquarters Activities	January 6, 2005	November 8, 2004
Military Personnel	December 15, 2004	November 8, 2004
Mobilization*	November 19, 2004	November 8, 2004

* We prepared one memorandum for the Mobilization Team Capacity Analysis and Military Value Analysis data.

We revalidated military value analysis data from March 2005 through May 2005. The same process used in the initial validation was also used for the revalidation. We discussed the results of the revalidation with the appropriate HSA JCSG subgroup or team and incorporated the results in the Finding section of this report. Table 4 identifies the dates that we received the HSA JCSG military value spreadsheets from the HSA JCSG subgroup or team leaders and the date of the OSD Master Database extract that we used for comparison purposes.

Table 4. Dates for Comparison of HSA JCSG Military Value Analysis Data and the OSD Master Database–Revalidation

Subgroup/Team	Received Initial HSA JCSG Data	OSD Master Database Extract Date
Civilian Personnel	March 23, 2005	March 21, 2005
Corrections	March 24, 2005	March 14 and 21, 2005
Financial Management	March 16, 2005	March 14, 2005
Installation Management	March 16, 2005	March 14, 2005
Major Administrative and Headquarters Activities	March 28, 2005	March 21, 2005
Military Personnel	March 18, 2005	March 14, 2005
Mobilization	March 24, 2005	March 21, 2005

During June 2005, between the issuance of the draft and final reports, we only revalidated data discrepancies and audit trail issues identified in the draft audit report. Specifically, we reviewed corrections made to the Civilian Personnel Team, the Major Administrative and Headquarters Activities Subgroup and the Mobilization Subgroup’s military value analysis spreadsheets. We obtained updated HSA JCSG military value analysis spreadsheets and documented methodologies from the subgroup or team leaders on June 15, 2005. We compared them to the certified data extracted from the OSD Master Database (see Table 4). The results of the revalidation were incorporated into the Finding section of this report.

COBRA Model Input. We reviewed all COBRA model input for 15 of 21 potential candidate recommendations. We also reviewed the COBRA model input for determining the “One-Time Unique and Miscellaneous Recurring Savings” for two other potential candidate recommendations (HSA-0047 and HSA-0053). We used COBRA model version 6.10, beginning April 2005, for our review. We compared the COBRA model input to certified data, derived data, and authoritative data as identified in the audit trails created by the HSA JCSG subgroups and teams. See Appendix C for additional details regarding the COBRA model input review.

Use of Computer-Processed Data. We relied on computer-processed data from the OSD Master Database and the HSA JCSG Master Database. Our review of the controls over the HSA JCSG Master Database provided reasonable assurance of the validity of the data. Assessing the reliability of the OSD Master Database was beyond the scope of our review.

Use of Technical Assistance. Statisticians from the Analysis, Planning, and Technical Support, Quantitative Methods Division, Office of the Assistant Inspector General for Auditing provided assistance by reviewing military value calculations in the HSA JCSG military value models.

Government Accountability Office High-Risk Areas. The Government Accountability Office has identified several high-risk areas in DoD. This report provides coverage of the Federal Real Property and the DoD Approach to Business Transformation, DoD Support Infrastructure Management high-risk areas.

Audit Type, Dates, Standards. We performed this performance audit from June 2003 through June 2005 in accordance with generally accepted government auditing standards.

Contacts During the Audit. We visited or contacted organizations within DoD. Further details are available upon request.

Management Control Program Review

We evaluated the HSA JCSG management controls for documenting and safeguarding information associated with the BRAC 2005 data calls, as directed by the OSD ICP. Specifically, we reviewed nondisclosure agreements, deliberative meeting minutes, proper marking and storage of BRAC data, and supporting documentation for the HSA JCSG BRAC data. Management controls were adequate as they applied to the audit objectives (see the Finding section of this report for specific details). The JCSGs were specifically established as part of the BRAC process and therefore would not have management control programs outside the BRAC process.

Appendix B. Prior Coverage

During the last 5 years, the DoD Inspector General and Army Audit Agency issued 17 memorandums and reports related to HSA JCSG and 1 report on the COBRA model for BRAC 2005.

DoD Inspector General

DoD IG Memorandum, “Re-validation of the Base Realignment and Closure 2005 Specific Capacity Data Used by the Geographic Clusters Subgroup-Financial Management Team,” March 9, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Data Used by the Geographic Clusters and Functional Subgroup-Installation Management Team for Military Value Analysis,” March 8, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Data Used by the Geographic Clusters and Functional Subgroup-Civilian Personnel Team for Military Value Analysis,” March 3, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Data Used by the Geographic Clusters and Functional Subgroup-Corrections Team for Military Value Analysis,” March 3, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Data Used by the Geographic Clusters and Functional Subgroup-Military Personnel Team for Military Value Analysis,” March 3, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Capacity Data Used by the Geographic Clusters and Functional Subgroup-Civilian Personnel Team,” March 2, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Capacity Data Used by the Geographic Clusters and Functional Subgroup-Corrections Team,” March 2, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Capacity Data Used by the Geographic Clusters and Functional Subgroup-Military Personnel Team,” March 2, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Data Used by the Mobilization Subgroup for Capacity and Military Value Analysis,” March 1, 2005

DoD IG Memorandum, “Validation of the Base Realignment and Closure 2005 Capacity Data Used by the Geographic Clusters Subgroup-Financial Management Team,” February 25, 2005

DoD IG Memorandum, "Validation of the Base Realignment and Closure 2005 Military Value Data Used by the Geographic Clusters Subgroup-Financial Management Team," February 25, 2005

DoD IG Memorandum, "Validation of the Base Realignment and Closure 2005 Capacity Data Used by the Geographic Clusters Subgroup-Installation Management Team," February 23, 2005

DoD IG Memorandum, "Validation of the Base Realignment and Closure 2005 Capacity Data Used by the Major Administrative Headquarters Subgroup," February 23, 2005

DoD IG Memorandum, "Validation of the Base Realignment and Closure 2005 Data Used by the Major Administrative Headquarters Subgroup for Military Value Analysis," February 23, 2005

Army Audit Agency

Army Audit Agency Report No. A-2005-0169-ALT, "Validation of Army Responses for Joint Cross-Service Group Questions," April 22, 2005

Army Audit Agency Report No. A-2005-0083-ALT, "Army Military Value Data: The Army Basing Study 2005," December 21, 2004

Army Audit Agency Report No. A-2004-0544-IMT, "Cost of Base Realignment Action (COBRA) Model: The Army Basing Study 2005," September 30, 2004

Army Audit Agency Report No. A-2004-0484-IMT, "Validation of Army Capacity Data for Base Realignment and Closure 2005, Headquarters and Support Activities Joint Cross-Service Group," September 2, 2004

Appendix C. Review of COBRA Model Input for Potential Candidate Recommendations

We reviewed the COBRA model input for 15 of 21 potential candidate recommendations. We evaluated each of the recommendations using COBRA model version 6.10. All issues identified during the review were brought to the attention of the HSA JCSG subgroups or teams. The HSA JCSG took action to correct most of the DoD OIG issues. In addition, the HSA JCSG sought approval from the ISG to use commercial data sources, and the principal members deliberated and approved the use of factors and methodologies to calculate AT/FP premiums and personnel reductions. After we issued the draft audit report, the HSA JCSG corrected most of the COBRA model input data discrepancies and audit trail issues. However, the HSA JCSG stated that not all of the corrections were forwarded to the OSD BRAC office. The following is a synopsis of our reviews for each potential candidate recommendation.

Establishment of Joint Bases (HSA-0010). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, the HSA JCSG created an adequate audit trail for HSA-0010 COBRA model input as of April 27, 2005. The COBRA model input was either judgment based or negotiated data derived from certified data. The methodology reflected a predominant use of subject-matter expertise and judgment, and contained a few numeric errors that had no impact on COBRA model input. The HSA JCSG documented assumptions taken for personnel reduction rates and justifications for the data exclusions. The HSA JCSG principal members reviewed and approved the methodology. The HSA JCSG applied different personnel reduction rates ranging from about 1 to 10 percent within the potential candidate recommendation. The COBRA model input did not include complete costs, savings, or military construction data that the Services provided for scenario specific data calls or allocations resulting from the Army scenario integration review.

Consolidation of the Defense Finance and Accounting Service (HSA-0018). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, HSA JCSG created an adequate audit trail for HSA-0018 COBRA model input as of May 4, 2005. The COBRA model input was based on certified data and subject-matter expertise. The footnotes contained reasonable and well-documented methodologies. The HSA JCSG entered the certified DFAS response into the COBRA model for the DFAS Lawton site at Fort Sill, which moved six more personnel than authorized. The HSA JCSG erroneously adjusted the DFAS-reported personnel reductions for the DFAS Rock Island site at Rock Island Arsenal, which reduced personnel by three instead of five in FY 2009. After we

issued the draft report, the HSA JCSG corrected the data discrepancies identified regarding personnel. However, the HSA JCSG stated that the corrections were not included in the submission to the OSD BRAC office.

Consolidation of Civilian Personnel Offices within the Military Departments and Defense Agencies (HSA-0031). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, the HSA JCSG created an adequate audit trail for HSA-0031 COBRA model input as of April 27, 2005. The footnotes contained reasonable and well-documented methodologies and COBRA model input was based on certified and derived data. The HSA JCSG also used subject-matter expertise for COBRA model input. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$10.6 million; CoStar calculations for “Miscellaneous Recurring Savings,” for COBRA which equated to about \$19.7 million from FY 2010 through FY 2011; and the HSA JCSG applied personnel reduction rates of 12.5 and 17.7 percent, respectively, to each relocating Navy and Army sites considered in the potential candidate recommendation.

Consolidation of the Defense Information Systems Agency (HSA-0045). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, the HSA JCSG created an adequate audit trail for HSA-0045 COBRA model input as of May 10, 2005. In most cases, with the exception of a few additional references required to complete the footnotes, the footnotes contained reasonable and well-documented methodologies. COBRA model input was based on certified data, derived data, and subject-matter expertise. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$18.7 million and CoStar/SIOR calculations for “Miscellaneous Recurring Savings,” for COBRA which equated to about \$33.2 million from FY 2010 through FY 2011. After we issued the draft audit report, the HSA JCSG included additional references to complete the footnotes. However, the HSA JCSG stated that the additional references were not included in the submission forwarded to the OSD BRAC office.

Creation of New Media and Publications Agency (HSA-0071). We identified a few data discrepancies and audit trail issues; however, HSA JCSG took steps to address most of the issues. After corrections were made, HSA JCSG created a generally adequate audit trail for HSA-0071 COBRA model input as of May 5, 2005. In most cases, with the exception of a few additional references required to complete the footnotes, the footnotes contained reasonable and well-documented methodologies. COBRA model input was based on certified data, derived data, and subject-matter expertise. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” equating to about \$2.6 million and CoStar/SIOR calculations for “Miscellaneous Recurring Savings,” for COBRA, which equated to about \$11.9 million from FY 2008 through FY 2011. Also, the HSA JCSG applied a personnel reduction rate different from the Military Departments to the one Defense organization included in the potential candidate recommendation. After we issued the draft

audit report, the HSA JCSG included additional references to complete the footnotes. However, the HSA JCSG stated that the additional footnote references were not included in the submission forwarded to the OSD BRAC office.

Consolidation of Navy Leased Locations (HSA-0078). We identified many data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, the HSA JCSG created an adequate audit trail as of June 20, 2005. The COBRA model input was based on certified and derived data. The HSA JCSG also used subject-matter expertise for COBRA model input. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$15.3 million and CoStar calculations for “Miscellaneous Recurring Savings,” for COBRA, which equated to about \$38.5 million from FY 2009 through FY 2011. However, the corrections reflected in the June 20, 2005, COBRA model input were not included in HSA JCSG submission to the OSD BRAC office.

Collocation of Adjudication Activities (HSA-0099). We identified a few data discrepancies and audit trail issues. The HSA JCSG took steps to address some issues; however, issues remained unresolved for COBRA model input as of May 4, 2005. Specifically, additional references were required to complete footnotes and documentation was needed to support COBRA model input. Although the input was based on certified data, the HSA JCSG also used subject-matter expertise and derived data for COBRA model input. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$3.9 million; CoStar/SIOR calculations for “Miscellaneous Recurring Savings,” for COBRA, which equated to about \$11.3 million from FY 2006 through FY 2011; the HSA JCSG application of a 7 percent personnel reduction rate; and abnormal rounding, which overstated personnel reductions and understated personnel movements by three officers, four enlisted personnel, and seven civilians and resulted in an approximate \$509,000 per year overstatement of “Miscellaneous Recurring Savings” from contractor reductions beginning in FY 2009. After we issued the draft audit report, the HSA JCSG included additional references to complete the footnotes and provided additional supporting documentation. However, the HSA JCSG stated that the additional footnote references were not included in the submission forwarded to OSD BRAC office.

Consolidation of Counterintelligence Field Activity and Defense Security Service and Collocation of Counterintelligence Field Activity Components (HSA-0108). We identified a few data discrepancies and audit trail issues. The HSA JCSG took steps to address most of the issues; however, issues remained unresolved for COBRA model footnotes as of June 21, 2005. Specifically, additional references were required to complete the footnotes. Although the input was based on certified data, HSA JCSG also used subject-matter expertise and derived data for COBRA model input. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$12.1 million; CoStar/SIOR calculations for “Miscellaneous Recurring Savings,” for COBRA, which equated to about

\$40.9 million from FY 2009 through FY 2011; the HSA JCSG application of a 7 percent personnel reduction rate; and abnormal rounding, which overstated personnel reductions and understated personnel movement by two officers, one enlisted position, and six civilians and resulted in an approximate \$972,000 overstatement of “Miscellaneous Recurring Savings” from contractor reductions beginning in FY 2009.

Consolidation of the Defense Commissary Agency (HSA-0109). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address most of the issues. After corrections were made, the HSA JCSG created a generally adequate audit trail for HSA-0109 COBRA model input as of April 30, 2005. In most cases, with the exception of a few additional references required to complete footnotes, the footnotes contained reasonable and well-documented methodologies. The COBRA model input was based on certified and derived data. The HSA JCSG also used subject-matter expertise for COBRA model input. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$2.8 million in FY 2009; CoStar/SIOR calculations for “Miscellaneous Recurring Savings,” for COBRA, which equated to about \$3.6 million from FY 2009 through FY 2011; and abnormal rounding, which overstated personnel reductions and understated personnel movement by one officer and one civilian. After we issued the draft audit report, HSA JCSG included additional references to complete the footnotes. However, the HSA JCSG stated that the additional footnote references were not included in the submission forwarded to the OSD BRAC office.

Collocation of U.S. Transportation Command (HSA-0114). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address most of the issues. After corrections were made, the HSA JCSG created a generally adequate audit trail for HSA-0114 COBRA model input as of May 4, 2005. However, the HSA JCSG used the incorrect square footage for the Alexandria/ I-395 location. In most cases, the footnotes contained reasonable and well-documented methodologies and the COBRA model input was based on certified and derived data. The HSA JCSG also used subject-matter expertise for COBRA model input. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$5.2 million, and a CoStar calculation for “Miscellaneous Recurring Savings,” for COBRA, which equated to \$23.4 million from FY 2008 through FY 2011. After we issued the draft report, the HSA JCSG corrected the square footage data. The change in square footage increased the “One-Time Unique Savings” to about \$6.9 million and increased the “Miscellaneous Recurring Savings” to about \$32.3 million. However, the HSA JCSG stated that the corrections were not forwarded to the OSD BRAC office.

Relocation of Navy Education and Training Activities (HSA-0130). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, the HSA JCSG created an adequate audit trail for HSA-0130 COBRA model input as of May 3, 2005. The footnotes contained reasonable and well-documented methodologies

and COBRA model input was based on certified and derived data. The HSA JCSG applied a personnel reduction rate of 7 percent to personnel moving from Naval Air Station Pensacola.

Collocation of Miscellaneous Air Force and National Guard Headquarters Leased Locations (HSA-0132). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, the HSA JCSG created a generally adequate audit trail for HSA-0132 COBRA model input as of May 4, 2005. The HSA JCSG entered inaccurate data for moving personnel and equipment from the Alexandria/ I-395 and Rosslyn locations to Andrews Air Force Base and inaccurate cost and savings data for the Alexandria/ I-395 location. In most cases, the footnotes contained reasonable and well-documented methodologies and COBRA model input was based on certified and derived data. The HSA JCSG also used subject-matter expertise for COBRA model input. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$15.1 million; CoStar/SIOR calculations for “Miscellaneous Recurring Savings,” for COBRA, which equated to about \$50.8 million from FY 2009 through FY 2011; and the HSA JCSG applied a personnel reduction rate of 7 percent to personnel moving from Crystal City, Arlington Hall, and Andrews Air Force Base. After we issued the draft audit report, HSA JCSG corrected the data discrepancies identified, which decreased the “One-Time Unique Savings” to about \$14.6 million and decreased the “Miscellaneous Recurring Savings” to about \$49.6 million. However, the HSA JCSG stated that the corrections reflected in the June 20, 2005, COBRA model input were not forwarded to the OSD BRAC office.

Creation of Joint Mobilization Sites (HSA-0133). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, the HSA JCSG created an adequate audit trail for HSA-0133 COBRA model input as of April 21, 2005. The footnotes contained reasonable and well-documented methodologies and COBRA model input was based on certified and derived data. The HSA JCSG applied a 10 percent personnel reduction rate to the losing location.

Consolidation of Correctional Facilities (HSA-0135). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address most of the issues. After corrections were made, the HSA JCSG created an adequate audit trail for HSA-0135 COBRA model input as of May 6, 2005. In most cases, with the exception of a few additional references required to complete footnotes, the footnotes contained reasonable and well-documented methodologies and COBRA model input was based on certified data.

Consolidation and Collocation of Army and Air Force Personnel and Recruiting Centers (HSA-0145). We identified a few data discrepancies and audit trail issues; however, the HSA JCSG took steps to address the issues. After corrections were made, the HSA JCSG created an adequate audit trail for HSA-0145 COBRA model input as of April 25, 2005. The footnotes contained reasonable and well-documented methodologies and COBRA model input was

based on certified and derived data. The HSA JCSG also used subject-matter expertise for COBRA model input. Included in the COBRA model input were the following: an AT/FP premium calculation for “One-Time Unique Savings,” which equated to about \$30.3 million in FY 2008, and CoStar/SIOR calculations for “Miscellaneous Recurring Savings, ” for COBRA which, equated to about \$126.6 million from FY 2008 through FY 2011.

Appendix D. Report Distribution

Office of the Secretary of Defense

Director, Base Realignment and Closure (Installations and Environment)
Chairman, Headquarters and Support Activities Joint Cross-Service Group

Non-Defense Federal Organization

Government Accountability Office

Headquarters and Support Activities Joint Cross-Service Group Comments



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
DEPUTY CHIEF OF STAFF, G-6
THE ARMY PENTAGON
WASHINGTON DC 20315-0700
HSA-JCSG-D-48-412

DAPR-ZB

20 JUN 2005

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

SUBJECT: Response to Draft for Headquarters and Support Activities Joint Cross-Service Group Data Integrity and Internal Control Processes for Base Realignment and Closure 2005

1. References.

a. Discussion Draft of a Proposed Report, Project No. D2003-D000CG-0135.000, Headquarters and Support Activities Joint Cross-Service Group Data Integrity and Internal Control Processes for Base Realignment and Closure 2005, undated.

b. Response to Discussion Draft for Headquarters and Support Activities Joint Cross-Service Group Data Integrity and Internal Control Processes for Base Realignment and Closure 2005, 27 May 2005.

c. Draft of a Proposed Report, Project No. D2003-D000CG-0135.000, Headquarters and Support Activities Joint Cross-Service Group Data Integrity and Internal Control Processes for Base Realignment and Closure 2005, 10 June 2005.

2. We have reviewed the issues contained within the draft of your audit report for the Headquarters and Support Activities Joint Cross-Service Group (HSA JCSG). We appreciate your efforts to make the process more accurate and defensible, and we feel our recommendations are stronger because of these efforts.

3. Your draft report specifies several specific deficiencies that we have continued to work. We feel the issues that remain are very small in context to the total of well over 15,000 data points under our consideration. In addition, these specific deficiencies have no material impact on our recommendations.

4. There are six areas where we continue to disagree with you: use of authoritative sources, derived data, judgment-based data (normalized data elements), Anti-Terrorism/Force Protection Premium, market-based loaded costs (commercial data sources), and eliminations/rounding (personnel reductions). As explained in detail in Reference 1.b, these methodologies were necessary to accomplish our analytical process, have been deliberated, and remain consistent with requirements of the BRAC process. Use of these methodologies makes our recommendations fair, accurate, and robust.

DAFR-ZB

SUBJECT: Response to Discussion Draft for Headquarters and Support Activities Joint Cross-Service Group Data Integrity and Internal Control Processes for Base Realignment and Closure 2005

5. Please direct any issues or questions to the HSA JCSG point of contact, COL Carla Coulson at (703) 696-9456.

A handwritten signature in black ink, appearing to read 'D. Tison'.

DONALD C. TISON
Assistant Deputy Chief of Staff, G-8
Chairman, HSA JCSG

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