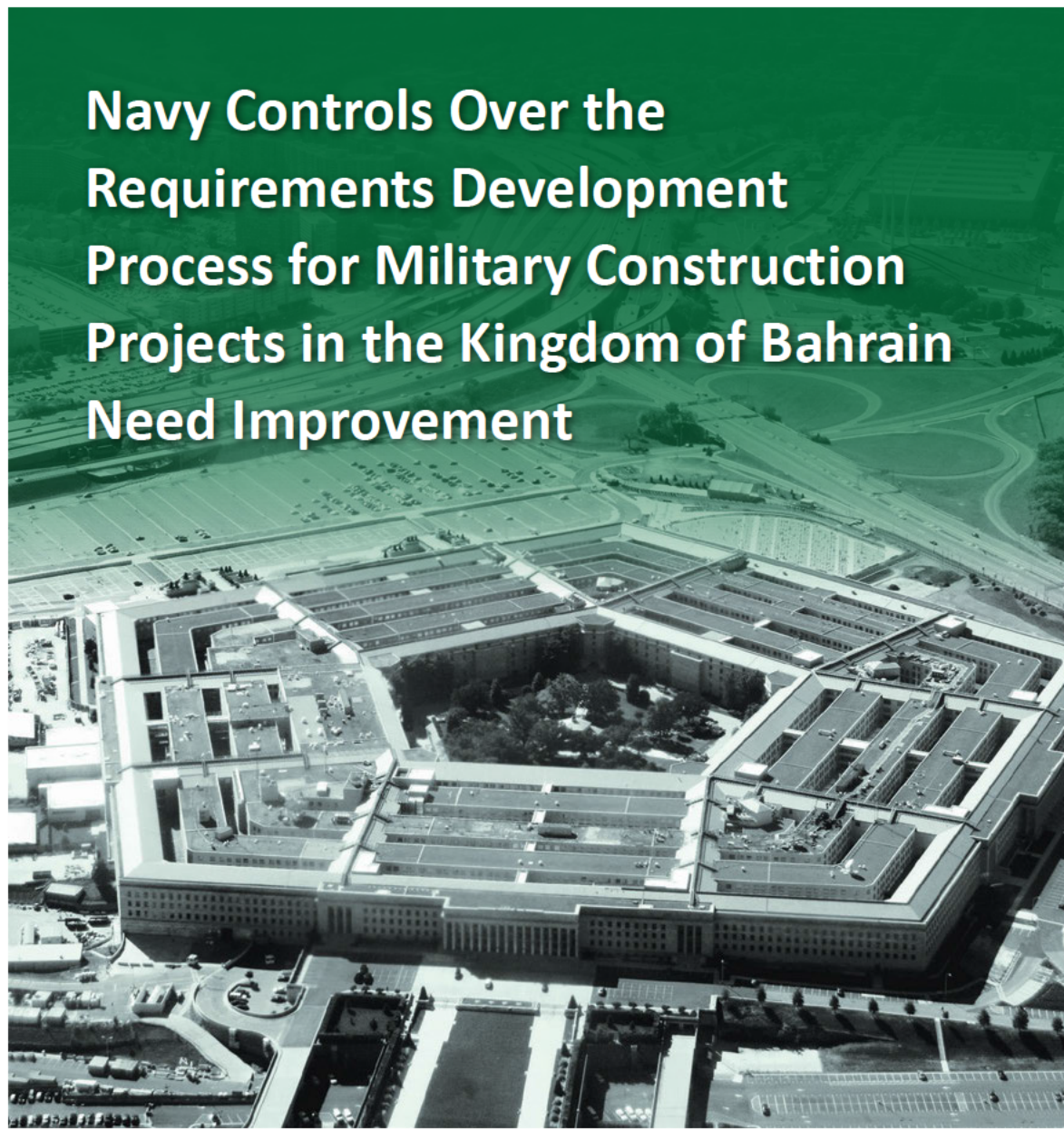


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# INSPECTOR GENERAL

*U.S. Department of Defense*

MARCH 13, 2015



## Navy Controls Over the Requirements Development Process for Military Construction Projects in the Kingdom of Bahrain Need Improvement

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

## Mission

*Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.*

## Vision

*Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence—a diverse organization, working together as one professional team, recognized as leaders in our field.*



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# Results in Brief

## *Navy Controls Over the Requirements Development Process for Military Construction Projects in the Kingdom of Bahrain Need Improvement*

March 13, 2015

### Objective

We reviewed six Kingdom of Bahrain, military construction (MILCON) projects for FY 2014 through 2017, which had a total cost of about \$490 million. Specifically, we determined whether the requirements development and planning process resulted in requirements that met DoD's needs.

### Finding

Although DoD officials identified valid needs for the six MILCON projects we reviewed, Navy officials could not always provide documentation to fully support the projects' scope of work and costs. In addition, Navy officials over scoped the Ship Maintenance and Support Facility project, and the U.S. Navy Forces Central Command (NAVCENT) Ammunition Magazine Project was significantly delayed.

This occurred because Navy officials either did not validate the accuracy of calculations, rates, and criteria prior to submitting the projects; define specific project requirements during the planning process; or maintain documentation to support primary facilities. As a result of over scoping, about \$2.5 million could be made available for other MILCON projects.

Furthermore, the NAVCENT Ammunition Magazine Project was delayed because the Government of Bahrain has not provided site approval for the project. Therefore, the Navy cannot use about \$89.3 million authorized for the project. Overall, funds in the amount of about \$91.8 million could be used for other MILCON projects.

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### Recommendations

Among other recommendations, we recommend the Commander, Navy Installations Command, in coordination with the Commander, Naval Facilities Engineering Command:

- Maintain documentation that fully supports the scope and cost of primary facilities.
- Follow guidelines to validate future military construction project scope and costs in accordance with the Military Construction Team Planning and Programming Process.
- Revise the Ship Maintenance Support Facility to reduce the square footage to comply with criteria, and review the entire scope of the project to validate if the size is justified based on mission requirements.
- Cancel project P-958 NAVCENT Ammunition Magazine and request reprogramming action to release the funds for other Navy MILCON projects.

### Management Comments and Our Response

Comments from the Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment Management, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, addressed all specifics of recommendations 1.a, 1.b, 1.c, 1.d, 2; partially addressed recommendations 1.e, 1.f, 1.g and did not address the potential monetary benefits. Therefore, we request the Commander, Navy Installations Command provide comments by April 13, 2015. Please see the Recommendations Table on the back of this page.

## ***Recommendations Table***

<b>Management</b>	<b>Recommendations Requiring Comment</b>	<b>No Additional Comments Required</b>
Commander, Navy Installations Command	1.e, 1.f, 1.g	1.a, 1.b, 1.c, 1.d, 2

Please provide Management Comments by April 13, 2015





**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

March 13, 2015

**MEMORANDUM FOR NAVAL INSPECTOR GENERAL  
COMMANDER, U.S. CENTRAL COMMAND**

**SUBJECT: Navy Controls Over the Requirements Development Process for Military Construction Projects in the Kingdom of Bahrain Need Improvement (Report No. DODIG-2015-088)**

We are providing this report for review and comment. We reviewed six Kingdom of Bahrain military construction projects, for FY 2014 through FY 2017, that had a total cost of about \$490 million. DoD officials identified valid needs for the six Bahrain projects we reviewed. However, the Commander, Navy Installations Command, and Naval Facilities Engineering Command officials could not always provide documentation to fully support the projects' scope or costs. In addition, Navy officials over scoped the Ship Maintenance and Support Facility project, and the Navy could not use funds authorized for the U.S. Navy Forces Central Command Ammunition Magazine Project. As a result, funds in the amount of about \$91.8 million could be used for other military construction projects. We conducted this audit in accordance with generally accepted government auditing standards.

DoD Directive 7650.3 requires that recommendations be resolved promptly. We considered management comments on a draft report when preparing the final report. The comments from the Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, addressed all specifics of recommendations 1.a, 1.b, 1.c, 1.d, 2; partially addressed recommendations 1.e, 1.f, 1.g and did not address the potential monetary benefits. Therefore, we request additional comments from the Commander, Navy Installations Command for recommendations 1.e, 1.f, 1.g and on the potential monetary benefits. We should receive all responses by April 13, 2015.

Please send a PDF file containing your comments to [audrco@dodig.mil](mailto:audrco@dodig.mil). Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905.

A handwritten signature in black ink that reads "Amy J. Frontz". The signature is written in a cursive style.

Amy J. Frontz  
Principal Assistant Inspector General  
for Auditing

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## Acronyms and Abbreviations

# Introduction

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## Objectives

Our audit objective was to evaluate the requirements development process for military construction (MILCON) projects in the Kingdom of Bahrain. Specifically, to determine whether the requirements development and planning process resulted in requirements that met DoD's needs. We evaluated the Department of the Navy (Navy) requirements development and planning process for all six FY 2014–2017 MILCON projects, which had a total cost of about \$490 million. See Appendix A for the audit scope, methodology, and prior coverage related to the audit objective. Appendix C contains a detailed listing of the six projects in our sample.

## Background

The MILCON projects we reviewed are planned for two military installations in the Kingdom of Bahrain: Isa Air Base and Naval Support Activity (NSA) Bahrain. Isa Air Base, which is a Royal Bahraini Air Force Base, located about 20 miles from NSA Bahrain, is used by U.S. military forces in support of U.S. Central Command (CENTCOM). NSA Bahrain serves as the permanent shore base in the Kingdom of Bahrain. NSA Bahrain:

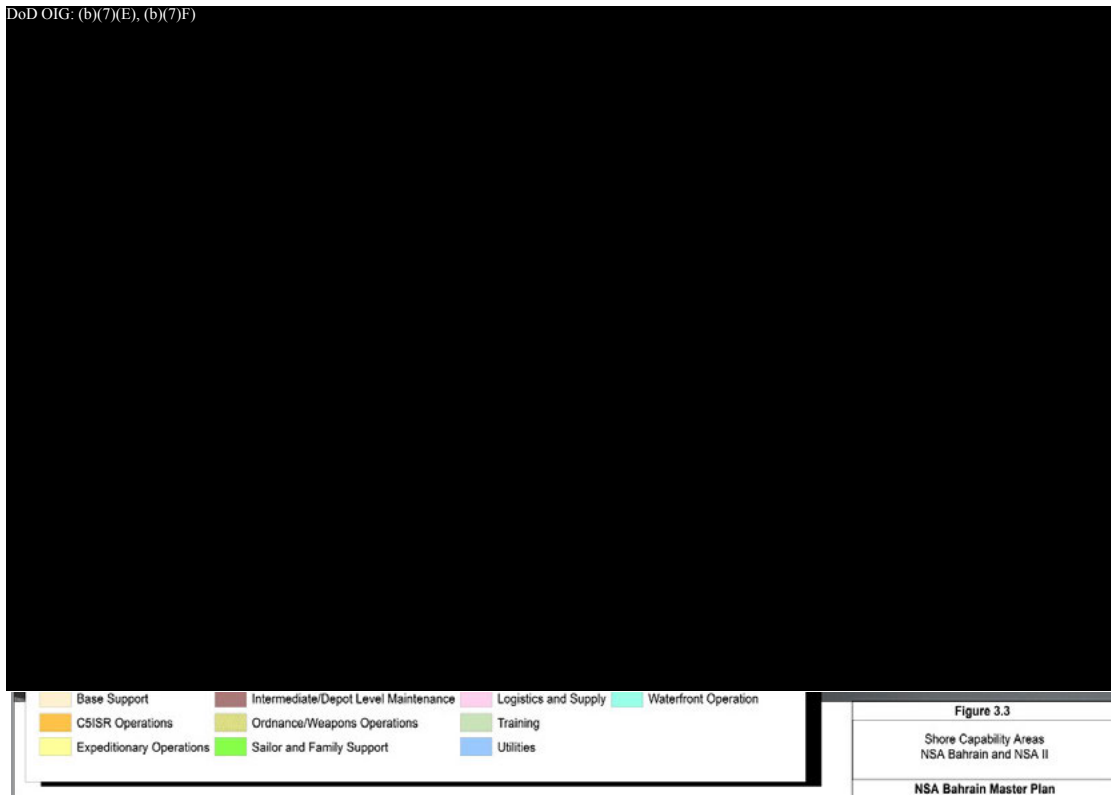
- provides facilities and administrative support to U.S. Naval Forces Central Command (NAVCENT) and tenants from the Military Services and several coalition partners;
- serves as a major logistic node for the ships deployed to the Fifth Fleet; and
- is the primary transportation hub for personnel transiting between deployed ships and is a key liberty port for shipboard personnel.

~~(FOUO)~~ Several lease agreements between the U.S. and the Government of Bahrain (GOB) manage the use of land and facilities by NSA Bahrain. The Navy has leased an additional 70 acres of waterfront property (NSA II) from GOB adjacent to NSA Bahrain. The NSA II area, termed the waterfront expansion, will be developed to provide operational and support facilities, as well as housing and a dining facility. Four<sup>1</sup> of the six projects we reviewed will be constructed on the waterfront expansion. Figure 1 on page 2 is a map of NSA Bahrain and the waterfront expansion.

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<sup>1</sup> Two projects are planned for Isa Air Base.



~~(FOUO)~~ Figure 1. Waterfront Map

Source: NSA Bahrain Master Plan

~~(FOUO)~~

## ***Roles and Responsibilities***

~~(FOUO)~~ With national and international partners, CENTCOM promotes cooperation among nations, responds to crises, deters or defeats state and nonstate aggression, supports development and when necessary, reconstruction to establish the conditions for regional security, stability, and prosperity. According to CENTCOM officials, CENTCOM establishes requirements via the CENTCOM Theater Posture Plan and validates and prioritizes Service Components MILCON projects during the Joint Facilities Utilization Board.

~~(FOUO)~~ NAVCENT, headquartered at NSA Bahrain, exercises command and control over all naval operations throughout the CENTCOM Area of Responsibility (AOR). NAVCENT's location is an integral part of CENTCOM's ability to successfully execute its strategy in the AOR. NAVCENT plays a major role in maintaining stability and deterring aggression in the region. Specifically, NAVCENT helps ensure peace and stability and protects U.S. interests in a 2.5 million square-mile area that includes the Arabian Gulf, Red Sea, Gulf of Oman, and part of the Indian Ocean.

The Commander, Navy Region Europe, Africa, and Southwest Asia (EURAFSWA), has overall responsibility for developing the NSA Bahrain facility master plan with input from CENTCOM, component commands, and tenant organizations. The Naval Facilities Engineering Command (NAVFAC) EURAFSWA manages facility project planning and design, construction leasing, environmental, maintenance, and contingency support where the Navy is the lead agency in Europe, Southwest Asia, and Africa. NAVFAC, at the installation level, is responsible for planning MILCON projects in the Kingdom of Bahrain.

The Commander, Naval Installations Command (CNIC) is responsible for providing Navy-wide shore installation policy, program oversight, and developing project requirements. CNIC also validates project requirements in the master plan and submits the request for funding to Congress. After Congress authorizes and appropriates the funds, the Navy provides the funds through NAVFAC to the U.S. Army Corps of Engineers (USACE) for executing the construction contracts.

### ***Military Construction Requirements Development and Planning Approval Process***

The Navy uses the DD Form 1391, "FY20\_Military Construction Project Data," to request MILCON project authorization and funds from Congress. DoD Regulation 7000.14-R, "DoD Financial Management Regulation," volume 2B, chapter 6, requires that the forms include detailed, informative statements supporting a project's need. The form must also describe each primary facility required to complete the project and the unit of measure, unit quantity, and unit cost for each facility. See Appendix B for an example of a DD Form 1391.

Office of the Chief of Naval Operations (OPNAV) Instruction 11010.20G,<sup>2</sup> Change-1, "Facilities Project Instruction," September 2, 2010, provides guidance for managing Navy MILCON projects through the planning, programming, and budget execution process. The installation commander is responsible for identifying, developing, and validating project requirements on the DD Form 1391. The installation commander forwards the DD Form 1391 to the regional commander responsible for reviewing, approving, and validating the project requirements. Projects are assessed and prioritized by CNIC through the Shore Mission Integration Group; CNIC provides a prioritized list of projects recommended to OPNAV for programming. After programming, NAVFAC submits the DD Form 1391 via OPNAV to the Navy Comptroller for inclusion into the Navy budget. Then the Under Secretary of Defense (Comptroller) sends the DD Form 1391 to Congress as part of the President's Budget request.

<sup>2</sup> OPNAV Instruction 11010.20G was updated. The new Instruction, OPNAV 11010.20H, was updated in May 2014; however, OPNAV Instruction 11010.20G was the guidance in effect during our field work.

After Congress authorizes and appropriates funds for a MILCON project, the United States Code establishes legal requirements for staying within the project scope of work<sup>3</sup> on the DD Form 1391.

### ***Military Construction Planning and Programming Guidance***

The Unified Facilities Criteria (UFC) governs construction planning and programming for all DoD facilities. The UFC guidance brings uniformity and consistency in the guidance used to design and construct military facilities. The Navy also has guidance for planning, programming, and reviewing Navy MILCON projects.

UFC 3-730-01, "Programming Cost Estimates for Military Construction," June 6, 2011, establishes criteria for developing MILCON cost estimates. DoD uses published guidance unit costs from UFC 3-701-01, "DoD Facilities Pricing Guide." The pricing guide supports a spectrum of facility planning, investment, analysis needs, and unit cost data for selected DoD facility types in support of preparing MILCON project documentation.

### **Review of Internal Controls**

DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. CNIC and NAVFAC officials could not provide documentation to fully support the projects' scope or costs. In addition, CNIC and NAVFAC officials over scoped one project, and another project was significantly delayed. We will provide a copy of this report to the senior official responsible for internal controls in the Navy.

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<sup>3</sup> The term "scope of work" refers to the function, size, or quantity of a facility.



## Finding

### **Military Construction Projects Were Valid, but the Scope and Cost Were Not Fully Supported or Accurate**

Although DoD officials identified valid needs for the six Bahrain MILCON projects we reviewed,<sup>4</sup> CNIC and NAVFAC officials could not provide documentation to fully support the projects' scope of work and costs. In addition, Navy officials over scoped the Ship Maintenance and Support Facility Project, and the Ammunition Magazine Project was significantly delayed.

The projects were not fully supported and were over scoped because, although NAVFAC officials were required to use the MTP3 to develop and complete MILCON project requirements, they did not:

- validate if calculations, rates, and criteria were accurate prior to submitting the projects;
- define specific project requirements during the planning process; or
- maintain documentation to support primary facilities.

As a result, approximately \$2.5 million was over scoped but could be used for other MILCON projects. In addition, the Ammunition Magazine was delayed because GOB has not provided site approval for the project. Therefore, the Navy cannot use approximately \$89.3 million authorized for the Ammunition Magazine Project. Overall, funds in the amount of about \$91.8 million could be used for other MILCON projects.

Unless NAVFAC takes corrective action to improve the MILCON requirements development and planning process for MILCON projects in the Kingdom of Bahrain, the Navy will continue to be at an increased risk that its MILCON projects are inaccurately scoped or costs improperly calculated.

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<sup>4</sup> During the audit, Navy officials placed the Mina Salmon Pier Replacement project on the inactive list; therefore, we did not include this project in the scope of work and costs evaluations.

## DoD Planning Documents Identified Valid Needs

There were nine MILCON projects in the planning phase for Bahrain at a total projected cost of \$552.1 million. We evaluated the Navy's requirements development and planning process for all six FY 2014 through FY 2017 MILCON projects, totaling about \$490 million. Navy officials identified valid needs for the six projects we reviewed; however, during the audit NAVFAC officials placed the Mina Salman Pier Replacement project on the inactive list pending results from another engineering study. See Table 1 for a complete list of projects we reviewed by project number, title, fiscal year, and total cost.

Table 1. NSA Bahrain MILCON Projects for FY 2014 Through FY 2017

Project	Title	Fiscal Year per 1391	Project Cost (Millions)	Current Status
P-958	Ammunition Magazines	2011/2014	\$87.3*	FY 2014
P-955	P-8A Hangar	2015	27.8	FY 2015
P-970	Ship Maintenance and Support Facility	2016	58.1	Projected FY 2016
P-959	Fire Station	2017	NAVY: (b) (5)	Unprogrammed
P-964	Shore-to-Ship Utility Services	2017		Program Budget 15
P-971	Mina Salman Pier Replacement	2017		Unprogrammed
<b>Total</b>			<b>\$490.0</b>	

\* P-958 was approved for \$89.3 million in FY 2011 and enacted in Public Law 111-383. Public Law 113-291 extended the FY 2011 funding for the project. The DD Form 1391 for P-958 has the project cost as \$87.3 million.

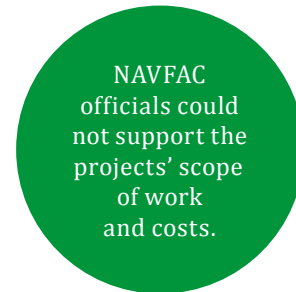
CENTCOM and Navy officials' infrastructure planning documents addressed valid long-term mission needs for the six projects we reviewed. According to CENTCOM and Navy infrastructure planning documents, the projects are required to sustain the Navy's mission functions in the CENTCOM AOR. See Appendix C for additional details and specific mission-related needs for the six projects we reviewed.

## Bahrain's Military Construction Process Needs Improvement

The Navy's requirements development and planning process for the six MILCON projects we reviewed needs improvement. OPNAV Instruction 11010.20G provides specific information concerning DD Form 1391 preparation and refers to the "MILCON Team Planning and Programming Process," (MTP3) as the Navy's project development process. In June 2008, the Navy issued

MTP3 implementing guidance. The goal of the MTP3 guidance is to produce well-developed Navy MILCON projects with accurate scopes, costs and documentation that meet the Navy’s facility needs. This includes installation level DD Forms 1391 that are fully defined and justified by planning documentation such as basic facility requirements (BFRs).

The MTP3 also requires that all supporting documentation be maintained in the Electronic Project Generator.<sup>5</sup> In addition, UFC 2-000-05N, “Facility Planning for Navy and Marine Corps Shore Installations,” January 31, 2005, provides factors, criteria, and techniques for use in developing BFRs. However, NAVFAC officials could not support the projects’ scope of work and costs such as BFR calculations, engineering evaluations, and space requirements defined on the DD Forms 1391.



NAVFAC officials could not support the projects’ scope of work and costs.

### ***P-8 Hangar Facility Requirements and Costs Were Not Fully Supported***

The DD Form 1391 for the P-8A Hangar Project, dated October 30, 2013, was for construction of a 76,779 square-foot facility at an estimated cost of \$27.84 million. The hangar included administrative, operational, logistic support, warehouse, and squadron maintenance spaces. A concrete airfield access ramp and an asphalt parking area were included to support the hangar. Currently, no facilities support the P-8A aircraft in the CENTCOM AOR. This project was included in the FY 2015 Proposed President’s Budget;<sup>6</sup> however, GOB still has not approved the project site at Isa Air Base and the project is not fully supported.

#### ***Facility Size Was Not Supported***

NAVFAC officials provided a BFR for the maintenance hangar and administrative areas that reasonably supported the square-foot requirements identified on the DD Form 1391. However, NAVFAC officials did not provide a BFR or supporting documentation for the airfield access ramp and parking apron. Therefore, the entire 24,219 square-foot requirement for the airfield access ramp and parking apron was not supported. Without documentation to support the space requirements for the airfield access ramp and parking apron, NAVFAC officials could not determine whether the facility size was justified based on mission

<sup>5</sup> An Electronic Project Generator is a web-based software system that supports the development, review, and approval of all Navy project proposals requiring the DD Form 1391.

<sup>6</sup> The P-8 Hanger was approved in the FY 2015 National Defense Authorization Act.



requirements. CNIC, in coordination with NAVFAC, should validate and update the scope and requirements for the project P-955, P-8A Hanger, and determine whether the project should be resubmitted for review and approval after GOB approval is obtained.

### ***Shore-to-Ship Project Scope and Costs Were Not Supported***

The Installation DD Form 1391 for the Shore-to-Ship Utility Services project, dated February 28, 2013, was for construction of shore-to-ship utility infrastructure at an estimated cost of \$~~(b)(5)~~ million. The estimated cost included an additional 20 percent for unforeseen construction requirements. This project would provide a shore-power distribution system, substation and frequency converter facility, mechanical distribution system, power distribution duct bank and tunnel, water storage tank, sewage and industrial collection station, sewage waste pump station, and maintenance storage facility.

#### *Unreliable Facility Size and Unit Cost*

NSA Bahrain officials could not provide documentation to support the accuracy and reliability of the facility size factors and unit cost. During the project planning process, NSA Bahrain officials were required to use DoD UFC 2-000-05N and UFC 3-701-01 guidance to develop the facility size factors<sup>7</sup> and unit cost. For example, UFC 2-000-05N requires engineering calculations, studies, and surveys, or economic analyses, to determine facility size or capacity for shore-to-ship utilities. However, engineering studies were not performed, and NSA Bahrain officials did not provide support for the requirements defined on the DD Form 1391. In addition, NSA Bahrain officials used outdated (2000–2003) ship-loading and port-visit data to prepare the BFRs.

#### *Outdated Criteria Used to Calculate Costs*

NSA Bahrain officials used UFC 3-701-01 dated June 2011, and RS Means<sup>8</sup> 2007 when calculating the unit costs for the facilities rather than the current UFC 3-701-01 at the time, dated September 2012, and RS Means 2011. In addition, NSA Bahrain officials could not provide computer screen shots from RS Means 2007 showing the pricing data. Further, NSA Bahrain officials used replacement costs as a reference point in determining three of the facilities' costs. UFC 3-701-01 states that replacement cost should not be used for MILCON projects. NSA Bahrain officials also originally used an inaccurate area cost factor when calculating the unit cost but have since updated the area cost factor to reflect current UFC 3-701-01 guidance.

<sup>7</sup> The facility size factor affects the unit cost.

<sup>8</sup> RSMMeans is a construction estimation database that is used by professional estimators for up-to-date labor, materials, and overhead costs for specific project types and locations.

## ***Fire Station Facility Requirements and Cost Were Not Fully Supported***

The DD Form 1391 for the Fire Station Project, dated February 14, 2013, was for construction of a 15,974 square-foot facility at an estimated cost of \$<sup>NAVY:</sup> (b) (5) million. The DD Form 1391 stated that the region had reviewed and submitted the project to CNIC for review. According to the Navy, the fire station was not selected and, therefore, remained an unprogrammed project.

The DD Form 1391 described a single-story, multi-bay, drive-through facility to house three engine companies,<sup>9</sup> associated equipment, and staff. <sup>DoD OIG: (b) (7)(E), (b) (7) (F)</sup>

. A temporary fire station is under construction at the NSA Bahrain waterfront expansion area until the permanent fire station is built. See Figure 2 and 3 for pictures of the warehouse facility currently used by the NSA Bahrain fire department.



Figure 2. Firefighter Gear  
Source: DoD OIG

<sup>9</sup> An Engine Company is emergency response personnel staffing a fire department to deliver water and control fires.

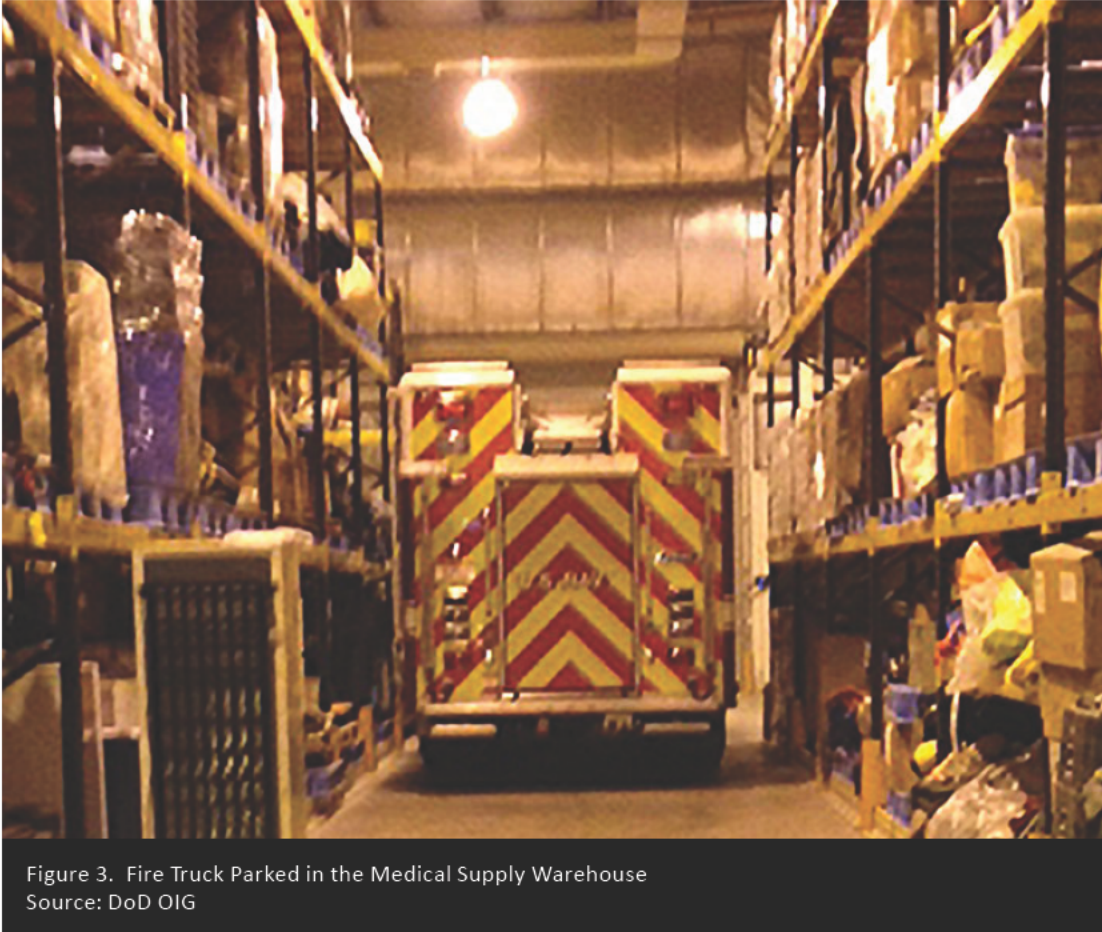


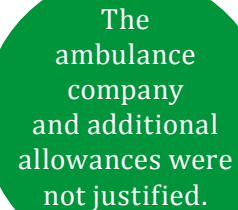
Figure 3. Fire Truck Parked in the Medical Supply Warehouse  
Source: DoD OIG

### *Facility Size Was Not Supported*

In FY 2012, CNIC Fire and Emergency Services (F&ES) completed an assessment for NSA Bahrain. According to the assessment, HQ F&ES at EURAFSWA validated that NSA Bahrain F&ES department should have two engine companies—one located on NSA Bahrain Mainside and the other on the waterfront expansion area. The assessment further stated that, if required, the Bahraini Civil Defense Fire Services located approximately 1 mile outside the NSA Bahrain's main gate would provide a third engine company. In addition, after the bridge was built connecting NSA Bahrain Mainside and the waterfront expansion area, NSA Bahrain could consolidate the F&ES department into one central fire station. According to CNIC officials, NSA Bahrain's current requirement is for two engine companies. According to OPNAVINST 11320.23G, "Navy Fire and Emergency Services Program," February 4, 2013, the baseline fire-station classification for main installations or commands requires two structural Navy fire companies to operate from one or two fire stations.



However, NAVFAC officials based the size of the fire station on three engine companies. According to the BFR, NAVFAC officials used the UFC-2-000-05N space allowance for a three-engine-company fire station. In addition, the regional fire chief stated that the requirements for the fire station were two engine companies and an ambulance company. Although the UFC-2-000-05N included an extra space allowance for an ambulance bay, administrative space, storage, and bunks for personnel, these items were additions to the basic station allowance and must be individually justified. The ambulance company and additional allowances were not justified in the BFR or DD Form 1391. CNIC, in coordination with NAVFAC, should validate and update the scope and requirements for project P-959 to comply with UFC and OPNAV Instructions.



The ambulance company and additional allowances were not justified.

### *Incorrect Size Factor*

NAVFAC officials originally used UFC 03-701-01, dated September 2012, to calculate the cost of the fire station. NAVFAC officials updated the DD Form 1391 during the audit to use the current UFC 03-701-01, dated August 2013; however, NAVFAC inaccurately calculated the size factor. Specifically, NAVFAC used the incorrect building reference size of 1,484 square meters instead of 995 square meters, which resulted in the incorrect size factor.

### ***Ship Maintenance and Support Facility Project Was Over Scoped***

The DD Form 1391 for the Ship Maintenance Support Facility Project, dated November 12, 2013, was for construction of a 123,737 square-foot facility at an estimated cost of \$58.1 million. This facility:

- is a multi-story combined maintenance, administration, warehouse, and operational storage building;
- provides sea-frame maintenance, mission-module sustainment and exchange, and crew exchange;
- provides command-and-control support to the Littoral Combat Ship (LCS) Squadron detachment forward-deployed mission; and
- supports permanent, intermediate-level maintenance required by Norfolk Ship Support Activity to service and maintain home-ported and deployed vessels.

A temporary maintenance support facility was built under the FY 2012 MILCON project phase IV waterfront development and will host maintenance technicians until the FY 2016 Ship Maintenance and Support Facility is completed.

*Requirements Were Not Supported and Were Over Scoped*

The administrative space for the Ship Maintenance and Support Facility was over scoped by about 5,250 square feet. NAVFAC officials stated that the 17,063 square feet for the Norfolk Ship Support Activity detachment was needed to construct 105 administrative offices for 117 personnel. However, NAVFAC officials provided documentation to support only 105 personnel and 80 administrative offices, about 13,000 square feet. Based on the space requirements needed for 105 personnel versus 117, the area was over scoped by about 4,063 square feet. NAVFAC officials also included 1,187 square feet of additional administrative space for LCS personnel. The additional space was for conference rooms and lounge areas; however, these spaces were already included in the overall gross-floor-area allowance. The total square footage over scope was about 5,250 (4,063 plus 1,187), with a value of about \$2.5 million. See Table 3 for the potential funds available from the Ship Maintenance and Support Facility, including contingency; supervision, inspection, and overhead; and design-build costs. CNIC, in coordination with NAVFAC, should revise project P-970, Ship Maintenance Support Facility, to reduce the square footage by about 5,250, to comply with Unified Facilities Criteria 2-000 05N.

Table 2. Funds Potentially Available for Other Use

Item	P970 Project
<b>Cost Change of Ship Maintenance and Support Facility (Subtotal)</b>	<b>\$2,049,608</b>
Contingency (10% of Subtotal)	204,961*
Supervision, Inspection, and Overhead (6.5% of Subtotal )	133,225*
Design Build (4% of Subtotal)	81,984*
<b>Total</b>	<b>\$2,469,778</b>

\* Figures are rounded.

*Project Scope Based on Temporary Mission*

(FOUO) NAVFAC officials based the project scope on temporary mine countermeasure and patrol costal missions. These missions were scheduled to depart NSA Bahrain NAVY: (b) (5). According to Navy planning documents, both missions would NAVY: (b) (5) in the CENTCOM AOR. However, the scope of the marine shop and the administrative space requirements were based on the temporary mission requirements of the Mine Countermeasure and Patrol Costal ships. In addition, the BFRs for the general warehouse and machine shop and storage area lacked

(FOUO) supporting documentation. For example, some BFRs only stated “as per command request.” Without documentation to support the dimensions used in the BFRs, NAVFAC officials could not determine whether the facility size was justified based on mission requirements. CNIC, in coordination with NAVFAC, should determine whether the temporary facility built in FY 2012 can meet mission requirements and, if not, review the requirements for the scope of the ship maintenance facility and determine whether the scope is still justified.

### ***Ammunition Magazine Project Scope and Cost Not Fully Supported, and Significantly Delayed***

(FOUO) The DD Form 1391 for the NAVCENT Ammunition Magazine Project, dated March 15, 2013, was for construction of a 158,805 square-foot facility at an estimated cost of \$87.3 million. The project proposed construction of:

- high-explosive magazines;
- operations facility;
- ordnance and ground support equipment maintenance shop;
- storage facility;
- ammunition receiving station;
- container truck transfer station;
- two reinforced concrete pads;
- access roads;
- fencing; and
- intrusion control (alarm) system.

Currently, the NAVCENT and U.S. forces in Bahrain do not have any magazines for storage of munitions ashore. The Navy is mitigating the requirement through afloat storage and determining potential options for future ashore storage.

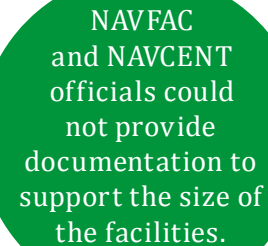
(FOUO) The NAVCENT Ammunition Magazine Project was originally approved for \$89.3 million and enacted in Public Law 111-383 in FY 2011. The approved project was for the construction of 56,844 square-foot facility for 15 high-explosive magazines, an operations facility, and ordnance and ground support equipment maintenance shop. Public Law 113-66 extended the FY 2011 authorization for the NAVCENT Ammunition Magazine Project and authorized the Navy to construct additional type C, earth-covered magazines (to provide a project total of 18), 10 new modular storage magazines support equipment facility, and associated supporting facilities using appropriations available for the project.

(FOUO) The authorization for the project was again extended by the FY 2015 National Defense Authorization Act, Public Law 113-291. The Navy is authorized funding for the NAVCENT Ammunition Magazine Project until October 1, 2015, or the date of a legislative act authorizing funds for military construction for fiscal year 2016, whichever is later.

### *The Ammunition Magazine Scope Was Not Supported*

(FOUO) Although the Navy had an approved DD Form 1391 and funds were authorized for the project, the scope was not fully supported. Specifically, NAVFAC officials provided BFRs for the high-explosive magazines, an operations facility, and inert storage. However, NAVFAC officials did not provide BFRs to support a, 1996 square-foot ordnance and ground support equipment maintenance shop or 12 open ammunition storage pads.

According to the UFC 2-000-05N, a BFR is required for the open ammunition storage pads, and an engineer space analysis is required for the ordnance and ground support equipment maintenance shop. In addition, the BFRs for the high-explosive magazine, inert storage, and operations facilities lacked supporting documentation. Specifically, NAVFAC and NAVCENT officials could not provide documentation to support the size of the facilities such as personnel requirements, building dimensions and the number of pallets needed. For example, the original DD Form 1391, which was approved and enacted in FY 2011, included 2,519 square feet for each type C magazine. However, the BFR supporting the DD Form 1391 dated March 15, 2013, included 4,750 square feet for each type C magazine—a difference of 2,231 square feet. Neither NAVFAC nor NAVCENT officials could support the dimensions used in the DD Form 1391 or the BFR. Without documentation to support the dimensions used in the BFRs, we could not determine whether the facility size was justified based on mission requirements.



NAVFAC and NAVCENT officials could not provide documentation to support the size of the facilities.

### *Costs on DD Form 1391 Did Not Match Supporting Documents*

(FOUO) NAVFAC and USACE officials provided supporting documents that did not match the DD Form 1391 dated March 15, 2013. Specifically, the DD Form 1391 states that the cost was based on Rough Order of Magnitude<sup>10</sup> estimates taken from the Government cost estimate. However, the cost estimate that NAVFAC officials provided did not match the current DD Form 1391 scope. The cost estimate was for 15 high-explosive magazines, and the DD Form 1391 was for 18 type C and

<sup>10</sup> The Rough Order of Magnitude is a cost estimate completed in the early stages of project development.

~~(FOUO)~~ 10 modular-storage magazines. In addition, the cost-estimate amounts for the project facilities were different than the amounts on the DD Form 1391, the cost differences were up to \$3.8 million. In addition, USACE officials provided a Government-cost estimate for the project dated August 2013; however, the cost did not match the DD Form 1391.

The NAVCENT Ammunition Magazine Project was an unfunded project that was inserted in the FY 2011 budget through issue nomination procedures. According to the Navy, it had less time to develop the project compared to other MILCON projects; however, NAVFAC was responsible for the project requirements and cost accuracy. CNIC officials further stated that an inserted project had less time to be developed through the established MTP3 process. Although the Navy had less time to develop the project, the Navy should have fully supported the project scope and cost.

## Challenges in Obtaining GOB Approval

The NAVCENT Ammunition Magazines Project was significantly delayed (from FY 2011 through FY 2014) awaiting GOB approval. In FY 2011, Congress authorized about \$89.3 million to construct the NAVCENT Ammunition Magazine facility and the Navy asked for additional extensions of the project authorization; however, NAVCENT officials could not obtain project site approval from GOB officials. An implementing agreement between DoD and GOB was required that granted the U.S. legal interest of the land in which the NAVCENT Ammunition Magazine Project would be located. As of August 4, 2014, NAVCENT officials have not obtained GOB approval for this project. According to NAVCENT officials, GOB approval has been influenced by factors outside of NAVCENT's control, including diplomatic and political-military factors that have no connection to the construction project. GOB has not provided approval; therefore, the Navy cannot use about \$89.3 million authorized for the NAVCENT Ammunition Magazine Project. In addition, the P-8 Hanger Project was included in the proposed President's Budget for FY 2015; however, GOB still has not provided approval. NAVCENT in coordination with CNIC, should evaluate whether to continue submitting projects for funding without GOB approval or establish procedures to monitor funded projects that have not received GOB approval to ensure timely reprogramming of funds if needed. CNIC, in coordination with NAVFAC, should cancel project P-958, NAVCENT Ammunition Magazine and request reprogramming actions to release the funds for other Navy MILCON projects.



## Naval Facilities Engineering Command Officials Need to Implement MTP3 Procedures

NAVFAC officials used the MTP3 to develop and complete MILCON project requirements. However, NAVFAC officials did not:

- validate that calculation rates and criteria were accurate prior to submitting the projects;
- identify specific project requirements during the planning process as required by OPNAV Instruction 11010.20H; or
- maintain supporting documentation.

The MTP3 states that the project scope should be fully justified by documentation, that BFRs support the proposed project, and that all supporting documentation be maintained in the Electronic Project Generator. However, documentation to validate the projects was not maintained, not adequate, or did not exist. For example, although the DD Form 1391 for the P-8 Hangar was included in the proposed President's Budget for FY 2015, NAVFAC officials could not provide documentation to support the airfield access ramp and parking apron. In addition, NAVFAC officials could not provide documentation to fully support the administrative space requirements defined on the DD Form 1391 for the Ship Maintenance and Support Facility project. NAVFAC also could not validate or provide documentation to support administrative space requirements for all personnel office spaces listed on the DD Form 1391. CNIC, in coordination with NAVFAC, should reinforce the MTP3 guidelines to maintain documentation, which fully supports the scope and cost of primary facilities, and clarify the guideline to validate future military construction project scope and costs for NSA Bahrain projects in accordance with the OPNAV Instruction 11010.20H.

## Funds Could Be Used for Other Military Construction Projects

Funds in the amount of about \$91.8 could be used for other MILCON projects (\$89.3 million authorized for the NAVCENT Ammunition Magazine Project and \$2.5 million from the Ship Maintenance and Support Facility that was over scoped).

Unless the Navy takes corrective action to improve the MILCON requirements development and planning process, the Navy will continue to be at an increased risk that its MILCON projects at NSA Bahrain are inaccurately scoped and costs improperly calculated. In addition, without implementing controls to improve efficiencies associated with GOB approval, the Navy risks planning mission essential projects and requesting funds it cannot use.

## Recommendations, Management Comments, and Our Response

### **Recommendation 1**

We recommend the Commander, Navy Installations Command, in coordination with the Commander, Naval Facilities Engineering Command:

- a. **Reinforce the requirement with in the MILCON Team Planning and Programming Process to maintain documentation, which fully supports the scope and cost of primary facilities.**

#### *Department of the Navy Comments*

The Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, agreed, stating that the Project Development and Assessment Guide for Shore Program Objective Memorandum, FY 2018 through FY 2022 will reinforce the importance of complete requirement documentation for MILCONs. The Principal Deputy further stated that the Commander, Navy Installations Command, will work closely with the Commander, Naval Facilities Engineering, and their Capital Improvements and Asset Management Business Lines regarding MILCON project planning.

#### *Our Response*

Comments from the Principal Deputy addressed all specifics of the recommendation, and no further comments are required.

- b. **Clarify the MILCON Team Planning and Programming Process to validate future military construction project scope and costs for projects in accordance with the OPNAV Instruction 11010.20H.**

#### *Department of the Navy Comments*

The Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, agreed in principle, stating that CNIC will partner with NAVFAC to review the MTP3 and noted that OPNAV Instruction 11010.20H specifically assigns ownership of the MTP3 process to NAVFAC.

#### *Our Response*

Comments from the Principal Deputy addressed all specifics of the recommendation, and no further comments are required.

- c. **Validate and update the scope and requirements for project P-955, P-8 Hangar, and determine whether the project should be resubmitted for review and approval after Government of Bahrain approval is obtained.**

*Department of the Navy Comments*

The Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, agreed in principle, stating that after host nation approval is obtained, the requirement for the airfield access ramp and parking apron will be reviewed to ensure that the scope of work and site conditions are compatible. Any discrepancies outside of statutory limits for variances in scope and or cost will be identified and notified in accordance with Congressional notification procedures. He also noted that P-955 has been enacted into law and resubmittal of the entire project is not required.

*Our Response*

Comments from the Principal Deputy addressed all specifics of the recommendation, and no further comments are required.

- d. **Validate and update the scope and requirements for project P-959, Fire Station, to comply with Unified Facilities Criteria 2-000-05N and OPNAV Instruction 11320.23G.**

*Department of the Navy Comments*

The Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, agreed, stating that the project requirement will be updated in the annual project development and assessment process until it is either prioritized for programming or is deemed no longer valid.

*Our Response*

Comments from the Principal Deputy addressed all specifics of the recommendation, and no further comments are required.

- e. **Revise project P-970, Ship Maintenance and Support Facility, to reduce the square footage by about 5250 and comply with Unified Facilities Criteria 2-000-05N.**

### *Department of the Navy Comments*

The Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, partially agreed, stating that he did not concur with the reduction calculations. The Principal Deputy stated that BFR documents have been re-examined and the administrative space requirement to support 105 Norfolk Ship Support Activity personnel and 93 offices have been recalculated to 15,113 square feet per UFC 2-000-05N. The Principal Deputy further stated that the LCS requirement for administrative space of 6,025 square feet is documented in the LCS Facilities Management Plan and, as a new platform, the LCS Facilities Management Plan is the appropriate source for requirements associated with LCS and that the requirement is 21,138 square feet of administrative space. He stated that the administrative space is, therefore, over-scoped by 1,950 square feet rather than 5,250 and the Navy will reduce the administrative space by 1,950 square feet.

### *Our Response*

Comments from the Principal Deputy partially addressed the recommendation. We agree that the LCS is a new platform, and the LCS Facilities Management Plan is the appropriate source requirements associated with the LCS. We also agree that the administrative space is required to accommodate 105 Norfolk Ship Support Activity personnel. However, the documentation provided during the audit only supports administrative space requirements for 80 offices. In addition, we found that the space requirements were calculated incorrectly. As stated on page 11, we found that the LCS Facilities Management Plan included space that was already accounted for in the overall gross-floor-area allowance according to UFC 2-000-05N. We do not agree that project P-970 was over scoped by only 1,950 square feet.

Therefore, we request that the Commander, Navy Installations Command, in coordination with the Commander, Naval Facilities Engineering Command, provide documentation supporting the new square footage determinations by April 13, 2015.

- f. **Determine whether the temporary facility built in FY 2012 can meet mission requirements and, if not, review the requirements for the scope of the ship maintenance facility and determine whether the scope is still justified.**

*Department of the Navy Comments*

The Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, neither agreed nor disagreed, stating that the temporary facility built in FY 2012 is identified for re-use to support the Unmanned Underwater Vehicle and was not available to support current or future surface ship maintenance requirements.

*Our Response*

The Principal Deputy partially addressed the recommendation. Although the Principal Deputy stated that the temporary facility was identified for re-use, he did not address the need to review the requirements for the scope of the ship maintenance facility and determine whether the scope was still justified. Review of the scope of the entire facility is required due to the lack of documentation to support the dimensions used in the BFRs and because the scope was largely based on the temporary mine countermeasure and patrol coastal missions. These missions were scheduled to depart NSA Bahrain shortly after the facility completion date and would be replaced by the LCS. Therefore, we request that the Commander, Navy Installations Command, in coordination with the Commander, Naval Facilities Engineering Command, provide additional comments to the recommendation by April 13, 2015.

- g. Cancel project P-958 NAVCENT Ammunition Magazine and request reprogramming action to release the funds for other Navy MILCON projects.**

*Department of the Navy Comments*

The Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, and the Commander, Naval Facilities Engineering Command, disagreed, stating that the Navy, in collaboration with the Office of the Secretary of Defense (Policy), is working to receive host nation approval by March 31, 2015. He further stated that if the Navy has not received approval, they will reconsider alternatives.

*Our Response*

Comments from the Principal Deputy partially addressed the recommendation. Although the Principal Deputy disagreed with the recommendation, the proposed alternative action to obtain GOB approval by March 31, 2015 partially addresses the specifics of the recommendation. However, if the Navy does not obtain GOB approval by March 31, 2015, there will be only 6 months remaining to



reprogram and use the funds for other projects before the FY 2011 MILCON appropriation expires. In addition, The Navy's plan to "consider alternatives" after March 31, 2015, does not address requests for reprogramming action nor provide reasonable assurance the Navy will be able to use the funds before the appropriation expires. Therefore, we request the Commander, Navy Installations Command, in coordination with the Commander, Naval Facilities Engineering Command provide additional comments to the recommendation by April 13, 2015.

### ***Redirected Recommendation***

As a result of management comments, we redirected Recommendation 2 to the Commander, U.S. Naval Forces Central Command, in coordination with the Commander, Navy Installations Command, who has the authority to implement the recommendation. Although the draft report recommendation was directed to U.S. Central Command, the Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command and the Commander, U.S. Naval Forces Central Command provided comments to the recommendation. Those comments are included below.

### ***Recommendation 2***

**We recommend the Commander, U.S. Naval Forces Central Command, in coordination with Commander, Naval Installations Command, evaluate whether to continue submitting projects for funding without GOB approval or establish procedures to monitor funded projects that have not received GOB approval to ensure timely reprogramming of funds if needed.**

#### ***U.S. Central Command Comments***

The Executive Director, Office of the Inspector General, U.S. Central Command, responding for the Commander, U.S. Central Command, disagreed, but agreed with the intent of the recommendation. The Executive Director stated that U.S. Central Command does not submit projects for funding nor reprogram funds. U.S. Central Command establishes requirements and validates and prioritizes service components MILCON projects. The Executive Director further stated that U.S. Central Command and other senior U.S. leaders have stressed over the past 18 months to senior GOB leadership the importance of approval of various U.S. MILCON projects. The Executive Director stated that establishing procedures that would monitor projects that have not received GOB approvals would provide visibility of the limitations on Bahraini approvals to all organizations with equities, and would help organizations manage expectations and better forecast if reprogramming of funds is become necessary due to lack of approval.

### *Our Response*

Based on the Executive Director's comments, we redirected the recommendation to the Commander, U.S. Naval Forces Central Command.

### *Department of the Navy Comments*

The Principal Deputy, Office of the Assistant Secretary Energy, Installations and Environment, responding for the Commander, Navy Installations Command, agreed in principle, stating that the Navy will continue to consider readiness of a project in annual MILCON submissions. Navy Installations Command will work closely with the Naval Facilities Engineering Command regarding the monitoring of funded projects that have not received GOB approval.

### *Our Response*

Comments from the Principal Deputy addressed all specifics of the recommendation, and no further comments are required.

### *US Naval Forces Central Command Comments*

The Commander, U.S. Naval Forces Central Command, agreed, stating that U.S. Naval Forces Central Command will make every effort to receive host nation approval prior to the authorization and appropriation of funds. Specifically, the Commander, U.S. Naval Forces Central Command, in coordination with Commander, Europe, Africa, and Southwest Asia, will make every effort to site projects in locations already covered by existing implementing agreements or leases. If this is not feasible, the Commander, U.S. Naval Forces Central Command will initiate actions to obtain legal interest in project locations immediately upon requirement identification. After a project has been authorized and funds have been appropriated, the Commander, U.S. Naval Forces Central Command will inform the Commander, U.S. Central Command of the ongoing efforts to gain legal interest in GOB property. The Commander, U.S. Naval Forces Central Command further outlined the actions that will be taken.

### *Our Response*

Comments from the Commander, U.S. Naval Forces Central Command addressed all specifics of the recommendation, and no further comments are required.

## Appendix A

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### Scope and Methodology

We conducted this performance audit from October 2013 through December 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To accomplish our objective, we evaluated all six Navy (FY 2014 through FY 2017) MILCON projects at NSA Bahrain to determine whether the projects had a valid need. We evaluated five MILCON projects (the Mina Salman Pier Replacement project was placed on the inactive list) to determine if requirements were properly scoped and sufficiently supported with adequate documentation, and if it included accurate unit costs, rates, and facility size factors—all in accordance with applicable criteria. To gain an understanding of how the Navy developed projects, we reviewed Navy guidance, such as the Navy's MTP3 process, focusing on requirements development and the DD Forms 1391. We did not evaluate how the Navy prioritized its projects.

We contacted staff and conducted interviews, as appropriate, with officials from the following organizations:

- CENTCOM;
- CNIC;
- NAVCENT;
- NAVFAC;
- Office of the Under Secretary of Defense for Policy; and
- USACE.

We conducted site visits to CENTCOM and NSA Bahrain, obtained source documentation, and observed existing NSA Bahrain facilities. After completion of our on-site audit work, we briefed the preliminary audit results to NSA Bahrain officials.

We obtained and analyzed criteria documents, including:

- Sections 2801, 2802, 2804, 2805, and 2853, title 10, United States Code;
- DoD 7000.14-R, Financial Management Regulation, Volume 2B, Chapter 6, “Military Construction/Family Housing Appropriations,” June 2013;
- MCON/MCNR Project Cost Development & Review Guidelines, December 6, 2012 and October 7, 2013;
- OPNAV Instruction 5450.339, “Mission, Functions, and Tasks of Commander, Navy Installations Command,” April 21, 2011;
- OPNAV Instruction 11010.20G, “Facilities Projects Instruction,” October 14, 2005, and subsequent draft;
- OPNAV Instruction 11320.23G, “Navy Fire and Emergency Services Program,” February 4, 2013;
- UFC 2-000-05N, “Facility Planning for Navy and Marine Corps Shore Installations,” January 31, 2005;
- UFC 2-100-01, “Installation Master Planning,” May 15, 2012;
- UFC 3-701-01, “DoD Facilities Pricing Guide, Change 5,” August 2013;
- UFC 3-730-01, “Programming Cost Estimates for Military Construction,” June 6, 2011;
- UFC 3-740-05, “Handbook: Construction Cost Estimating,” June 2011;
- UFC 4-211-01N, “Aircraft Maintenance Hangars: Type 1, Type 2, and Type 3, Change 3,” December 2009;
- UFC 4-150-02, “Dockside Utilities For Ship Services, Change 5,” September 2012; and
- UFC 4-152-01, “Design: Piers and Wharves, Change 1,” September 2012.

We verified statements used to justify projects and obtained project documentation for each project to include copies of the DD Forms 1391, BFR, and documentation to support primary facility scope and costs and other data pertinent to the project. Specifically, for our methodology, we:

- interviewed Navy officials who developed project documentation;
- compared versions of the DD Forms 1391;
- verified all unit costs, rates, factors, and calculations used to develop primary facility costs;
- reviewed appropriate UFC, Navy, and MILCON criteria, policies, procedures, guidelines, and directives, and comparing against the project documentation and scope; and
- interviewed NSA Bahrain officials and tenant personnel to discuss the scope of each MILCON project.

## Use of Computer-Processed Data

We relied on computer-processed data from the Electronic Projects Generator, which the Navy uses to prepare, route, and review all DD Forms 1391. NAVFAC officials used the system to retrieve the DD Forms 1391 for all six projects. We compared the electronically-accessed documents with documents provided by NAVFAC officials to ensure the data received were complete and accurate. As a result of our analysis, we determined that the data from Electronic Projects Generator was sufficiently reliable for the purpose of our audit.

## Prior Coverage

During the last 5 years, Department of Defense Inspector General (DoD IG), Army Audit Agency, and Naval Audit Service issued eight reports related to NSA Bahrain or MILCON. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/pubs/index.cfm>. Unrestricted Army reports can be accessed at <https://www.aaa.army.mil/>. Naval Audit Service reports are not available over the Internet.

### **DoD IG**

Report No. DODIG-2012-057, "Guidance Needed to Prevent Military Construction Projects from Exceeding the Approved Scope of Work," February 27, 2012

### **Army**

A-2009-0030-ALE, "Military Construction Requirements, U.S. Army Garrison Vicenza," February 2, 2009



***Navy***

N2013-0015, "Department of the Navy's Proposed Fiscal Year 2013 Military Construction Projects Specific to Romania," February 13, 2013

N2013-0004, "Department of the Navy's Military Construction Projects Proposed for Fiscal Year 2014," December 14, 2012

N2012-0012, "Selected Department of the Navy Military Construction Projects Proposed for Fiscal Year 2013," January 5, 2012

N2011-0008, "Selected Department of the Navy Military Construction Projects Proposed for Fiscal Year 2012," December 14, 2010

N2010-0047, "Prioritization and Selection of Navy Military Construction Projects for Program Objectives Memorandum 2010 Funding," August 12, 2010

N2010-0013, "Selected Department of the Navy Military Construction Project Proposed for Fiscal Year 2011," March 9, 2010

# Appendix B

## DD Form 1391

The figure below is an example of a DD Form 1391/1391C, Military Construction Project Data, which the Navy used to provide justification and support for each proposed MILCON project.

Figure. DD Form 1391, "FY 20\_Military Construction Project Data"

DD 1391/1391C Military Construction Project Data				
1. COMPONENT	FY 20__ MILITARY CONSTRUCTION PROJECT DATA			2. Date
3. INSTALLATION AND LOCATION			4. PROJECT TITLE	
5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST (\$000)	
9. COST ESTIMATES				
ITEM	U/ M	QUAN TITY	Unit Cost	Cost (\$000)
10. DESCRIPTION OF PROPOSED CONSTRUCTION				

DD FORM 1391  
1 DEC 76

PAGE NO

DD 1391/1391C Military Construction Project Data

Source: DoD Regulation 7000.14-R, "DoD Financial Management Regulation," volume 2B, chapter 6.

## Appendix C

### Kingdom of Bahrain Military Construction Project Mission Functions

(FOUO)

Project	Title	Fiscal Year	Project Cost (in millions)	Planning Document	Mission Requirement
P-958	Ammunition Magazines	2011/2014	87.3	Master Plan/ DD Form 1391	Provide standardized, adequate, and secure ammunition storage for the CENTCOM AOR. This includes trans-shipment and temporary storage to support current requirements for the U.S. Fifth Fleet.
P-955	P-8A Hangar	2015	27.8	Master Plan/ DD Form 1391	Provides administrative, operational, logistic support, warehouse, and squadron maintenance spaces. The Maritime Patrol Reconnaissance Aircraft mission within CENTCOM is currently conducted by P-3s. The P-3 will be replaced by the new P-8A aircraft. There are currently no facilities to support the P-8A airframe in the CENTCOM AOR.
P-970	Ship Maintenance and Support Facility	2016	58.1	Master Plan/ DD Form 1391	Provides sea frame maintenance, mission module sustainment and exchange, crew exchange, and LCS Squadron detachment command-and-control support for forward-deployed LCS missions as well as permanent intermediate level maintenance support. Supports the Norfolk Ship Support Activity to service and maintain home ported vessels and deployed vessels.
P-959	Fire Station	2017	NAVY: (b) (5)	Master Plan/ DD Form 1391	NSA Bahrain <sup>DoD OIG: (b) (7)(E), (b) (7)(F)</sup> [REDACTED]. The base is expanding to a new waterfront site <sup>DoD OIG: (b) (7)(E), (b) (7)(F)</sup> [REDACTED]. Waterfront firefighting capabilities <sup>DoD OIG: (b) (7)(E), (b) (7)(F)</sup> [REDACTED].
P-964	Shore-to-Ship Utility Services	2017	NAVY: (b) (5)	Master Plan/ DD Form 1391	Provides operational ship support to U.S. and Coalition Forces operating throughout the CENTCOM AOR. No existing infrastructure is available to serve these mission critical requirements.
P-971	Mina Salman Pier Replacement	2017	NAVY: (b) (5)	Master Plan/ DD Form 1391	The Mina Salman Pier has reached the end of its useful life based on age, structural deterioration, load restrictions, and size. Without the pier, NSA Bahrain will not be able to support berthing of ships or perform explosive handling.

(FOUO)

# Management Comments

## Department of the Navy



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(ENERGY, INSTALLATIONS AND ENVIRONMENT)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

JAN 16 2015

### MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Draft Report – Navy Controls Over the Requirements Development Process for Military Construction Projects in the Kingdom of Bahrain Need Improvement (Project No. D2014-D000RE-0035.000)

The draft report evaluated six (6) Military Construction (MILCON) projects in FY2014-2017 in the Kingdom of Bahrain to determine whether the requirements development and planning process resulted in requirements that met DoD's needs.

In coordination with Commander, U.S. Naval Forces Central Command (NAVCENT), Commander, Navy Installations Command (CNIC), and Commander, Naval Facilities Engineering Command (NAVFAC), the following findings are provided:

a. DoN concurs with recommendation 1.a.

(1) The CNIC N4 Project Development and Assessment Guide for Shore Program Objective Memorandum, Fiscal Years 2018-2022 (POM-18) will reinforce the importance of complete requirement documentation for MILCONs.

(2) CNIC will work closely with NAVFAC and their Capital Improvements (CI) and Asset Management (AM) Business Lines regarding MILCON project planning.

b. DoN concurs in principle with recommendation 1.b. CNIC will partner with NAVFAC to review the MTP3. Note that OPNAV Instruction 11010.20H specifically assigns ownership of the MTP3 process to NAVFACENCOM echelon 2 CI MILCON.

c. DoN concurs in principle with recommendation 1.c.

(1) After Host Nation (HN) site approval is obtained, the requirement for the airfield access ramp and parking apron will be reviewed to ensure that the scope of work and actual site conditions are compatible. Any discrepancies outside statutory limits for variance for both scope and/or cost will be identified and notified in accordance with existing Congressional notification procedures.

(2) However, it is noted that P-955 has been enacted into law; resubmittal of the project in whole is not required.

## Department of the Navy (Cont'd)

d. DoN concurs with recommendation 1.d. The project requirement will be updated in the annual project development and assessment process until it is either prioritized for programming or is deemed no longer valid.

e. DoN concurs in principle with recommendation 1.e, but does not concur with the reduction calculations.

(1) The Basic Facility Requirement (BFR) documents have been re-examined. An administrative space requirement has been recalculated to 15,113 square feet (SF) to support 105 Norfolk Ship Support Activity personnel and 93 offices per the Unified Facilities Criteria 2-000-05N.

(2) The Littoral Combat Ship (LCS) requirement for administrative space in the amount of 6,025 SF is documented in the "LCS Facilities Management Plan (FMP)", Revision 6, dated September 2013. As this is a new weapons platform, the LCS FMP is the appropriate source document for the portion of the requirement related to the LCS. This results in a requirement for 21,138 SF of administrative space.

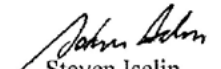
(3) Therefore, the administrative spaces were over-scoped by 1,950 SF vice 5,250 SF. DoN will reduce the administrative space by 1,950 SF from 23,088 SF on the audited 1391 to 21,138 SF.

f. In response to recommendation 1.f, the temporary facility built in FY 2012 is identified for re-use to support the Unmanned Underwater Vehicle (UUV). It is not available to support current or future surface ship maintenance requirements.

g. DoN non-concurs with recommendation 1.g. The Navy in collaboration with the Office of the Secretary of Defense (Policy) is working to receive Host Nation approval by 31 March 2015. If the Navy has not received approval by this date, we will reconsider alternatives.

h. DoN agrees in principle with recommendation 2 and will continue to consider the readiness of a project in annual MILCON submissions. CNIC will work closely with NAVFAC, the MILCON execution agent, regarding the monitoring of funded projects that have not received GOB approval.

CNIC point of contact is [REDACTED]

  
Steven Iselin  
Principal Deputy



## Department of the Navy (Cont'd)

Attachments:  
As stated

cc:  
Commander, U.S. Naval Forces Central Command  
Commander, Navy Installations Command  
Naval Inspector General  
Commander, Naval Facilities Engineering Command

## U.S. Naval Forces Central Command



DEPARTMENT OF THE NAVY  
COMMANDER, U.S. NAVAL FORCES CENTRAL COMMAND  
PSC 901 BOX 10000, FPO AE 09805-0101

11011  
Ser N4/  
20 January 2015

From: Commander, U.S. Naval Forces Central Command  
To: Inspector General, U.S. Central Command

Subj: DoDIG PROJECT D2014-D000RE-0035.000 DRAFT REPORT

Ref: (a) DoDIG Project 2014-D000RE-0035.000 Draft Report  
(b) OPNAVINST 11010.20H

1. Commander, U.S. Naval Forces Central Command (COMUSNAVCENT), has reviewed "Recommendation 2" of reference (a). The draft report recommends Commander, U.S. Central Command (COMUSCENTCOM), evaluate whether to continue submitting Military Construction (MILCON) projects for funding without Government of Bahrain (GOB) approval or establish procedures to monitor funded MILCONs that have not received GOB approval to ensure timely reprogramming of funds.

2. COMUSNAVCENT concurs with this recommendation and will make every effort to receive host nation approval for MILCON projects prior to the authorization and appropriation of funds. Specific actions are as follows:

a. As outlined in reference (b), the MILCON programming process is a multi-year effort. Obtaining GOB approval prior to project submissions is neither practical nor required. COMUSNAVCENT in conjunction with Commander, Navy Region Europe, Africa, and Southwest Asia (CNREURAFSWA), will make every effort to site projects in locations already covered by existing implementing arrangements or leases. If this is not feasible, COMUSNAVCENT will initiate actions to obtain legal interest in project locations immediately upon requirement identification. The effort to gain host nation approval will be conducted in parallel with project planning and programming submissions.

b. After a project has been authorized and funds have been appropriated, COMUSNAVCENT will keep COMUSCENTCOM apprised of ongoing efforts to gain legal interest in GOB property. If a lack of an implementing arrangement or lease agreement prevents an obligation of funds within three years of the project's congressional authorization, then authorization extensions are required to keep the project active.

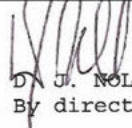
## U.S. Naval Forces Central Command (Cont'd)

Subj: DoDIG PROJECT D2014-D000RE-0035.000 DRAFT REPORT

As those scenarios present themselves, COMUSNAVCENT will provide justification for the extension or recommend the reprogramming of funds, depending on the probability of obtaining legal interest in suitable GOB property. Ultimately, the Office of the Secretary of Defense will perform a risk analysis and determine if funds should be reprogrammed.

c. Of note, factors outside of COMUSNAVCENT's sphere of influence, and unrelated to projects themselves, have great impact on GOB's desire to approve projects. If applicable, a discussion of these factors will be included in all recommendations to extend MILCON funds.

3. The point of contact for this matter is [REDACTED] COMUSNAVCENT Senior Investigator. She can be reached at DSN: [REDACTED]

  
D. J. NOLL  
By direction

Copy to:  
CNREURAFSWA

## U.S. Central Command



UNITED STATES CENTRAL COMMAND  
OFFICE OF THE INSPECTOR GENERAL  
7115 SOUTH BOUNDARY BOULEVARD  
MACDILL AIR FORCE BASE, FLORIDA 33621-5101

14 January 2015

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE THE OFFICE OF THE  
INSPECTOR GENERAL

SUBJECT: DODIG D2014-D000RE-0035.000 - Draft Report - "Navy Controls Over the  
Requirements Development Process for Military Construction Projects in the  
Kingdom of Bahrain Need Improvement"

1. Thank you for the opportunity to respond to the recommendations presented in the DoDIG Draft Report.
2. In response to Recommendation 2, the below response is provided:

**Recommendation 2.** DoDIG recommends U.S. Central Command, in coordination with Commander, Naval Installations Command, evaluate whether to continue submitting projects for funding without Government of Bahrain (GOB) approval or establish procedures to monitor funded projects that have not received GOB approval to ensure timely reprogramming of funds if needed.

**USCENTCOM Response.** Non-Concur. While we agree with the intent of the recommendation, CENTCOM does not submit projects for funding nor reprogram funds – these are Service Title 10 responsibilities. CENTCOM establishes requirements via the CENTCOM Theater Posture Plan (TPP) and validates and prioritizes Service Components MILCON projects during the Joint Facilities Utilization Board (JFUB). The command prioritization of these projects is codified in the CENTCOM Master Plan Priority List (MPPL).

3. During multiple Key Leader Engagements over the past 18 months, the CENTCOM commander and other senior US leaders have stressed to senior Government of Bahrain (GOB) leadership that Bahraini approval of the various proposed US military construction projects is of vital importance. Although gaining Bahraini approval for military construction would ensure continued transparency of US activities and contribute to a shared vision with Bahrain, the Kingdom of Bahrain has not formally approved several projects due to ongoing political discord associated with the current US Foreign Military Sales (FMS) policy. Establishing procedures that would monitor projects that have not received GOB approvals would provide visibility of the limitations on Bahraini approvals to all organizations with equities, and would help organizations manage

Redirected  
Recommendation 2

## U.S. Central Command (Cont'd)

expectations and better forecast if reprogramming of funds is likely to become necessary due to lack of approval for anticipated projects.

4. POC is

[Redacted]

DoD OIG: (b) (6)

[Redacted]

GS-15, DAF  
Executive Director



## Acronyms and Abbreviations

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<b>AOR</b>	Area of Responsibility
<b>BFR</b>	Basic Facilities Requirement
<b>CENTCOM</b>	U.S. Central Command
<b>CNIC</b>	Commander, Naval Installations Command
<b>EURAFSWA</b>	Europe, Africa, and Southwest Asia
<b>F&amp;ES</b>	Fire and Emergency Services
<b>GOB</b>	Government of Bahrain
<b>LCS</b>	Littoral Combat Ship
<b>MILCON</b>	Military Construction
<b>MTP3</b>	Military Construction Team Planning and Programming Process
<b>NAVCENT</b>	U.S. Naval Forces Central Command
<b>NAVFAC</b>	Naval Facilities Engineering Command
<b>NSA</b>	Naval Support Activity
<b>OPNAV</b>	Office of the Chief of Naval Operations
<b>UFC</b>	Unified Facilities Criteria
<b>USACE</b>	U.S. Army Corps of Engineers

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### **U.S. DEPARTMENT OF DEFENSE**

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