

**Audit**



**Report**

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE  
BUDGET DATA FOR THE REALIGNMENT OF THE  
DEFENSE PERSONNEL SUPPORT CENTER TO THE  
NAVAL AVIATION SUPPLY OFFICE COMPOUND IN  
NORTH PHILADELPHIA, PENNSYLVANIA**

Report No. 94-127

June 10, 1994

**Department of Defense**

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### **Acronyms**

ASO	Naval Aviation Supply Office
BRAC	Base Realignment and Closure
COBRA	Cost of Base Realignment Actions
DLA	Defense Logistics Agency
DPSC	Defense Personnel Support Center
MILCON	Military Construction
NAVFAC P-80	Naval Facilities Engineering Command Publication-80



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

June 10, 1994

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL  
MANAGEMENT)  
DIRECTOR, DEFENSE LOGISTICS AGENCY**

**SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for  
the Realignment of the Defense Personnel Support Center to the Naval  
Aviation Supply Office Compound in North Philadelphia, Pennsylvania  
(Report No. 94-127)**

## **Introduction**

We are providing this report for your review. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. The law prescribes that we evaluate significant increases in the cost of military construction (MILCON) projects over the estimated cost provided to the Commission on Base Realignment and Closure (the Commission). This report is one in a series of reports addressing FYs 1994 and 1995 base realignment and closure (BRAC) MILCON costs. The report focuses on the realignment of the Defense Personnel Support Center (DPSC) from an office complex in south Philadelphia, Pennsylvania, to the Naval Aviation Supply Office (ASO) compound in north Philadelphia.

## **Audit Results**

Our analysis of the BRAC MILCON projects for DPSC showed that the requirements were valid, that the basic facility requirements were documented, and that existing facilities were considered when planning the scope of each project. We commend Defense Logistics Agency (DLA), DPSC, and ASO for properly identifying the basic facility requirements, documenting the project justification, and programming the MILCON projects for realigning DPSC.

## **Objectives**

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were valid BRAC requirements, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the analysis considered existing facilities. The audit also evaluated the implementation of the DoD Internal Management Control Program and assessed the adequacy of applicable internal controls.

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## Scope and Methodology

To develop cost estimates for the Commission, the Military Departments and Defense Agencies used the Cost of Base Realignment Actions computer model (COBRA). COBRA uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare DD Forms 1391, "FY 1994 Military Construction Project Data," for individual MILCON projects required to accomplish the BRAC actions. COBRA provides cost estimates as a BRAC package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

**Overall Audit Selection Process.** We compared the total COBRA cost estimates for each BRAC package with the Military Departments' and DLA's FYs 1994 through 1999 BRAC MILCON \$2.6 billion budget submission. We selected BRAC packages for which:

- o the package had an increase of more than 10 percent from the total COBRA cost estimates to the current total package budget estimates or

- o the submitted FYs 1994 and 1995 budget estimates were more than \$21 million.

**Documentation Reviewed.** We examined the FY 1995 BRAC MILCON budget request and related documentation for the realignment of DPSC to the ASO compound. We reviewed supporting documentation for two MILCON projects, valued at \$44.3 million. We did not review a third project, valued at \$3.9 million, to provide a warehouse facility for the U.S. Mint, Department of the Treasury, because DLA canceled the project before the audit.

**Standards and Locations.** This economy and efficiency audit was made from February through April 1994 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of internal controls considered necessary. The audit did not rely on computer-processed data or statistical sampling procedures. Enclosure 2 lists the organizations visited or contacted during the audit.

## Internal Controls

We evaluated DLA internal controls for planning, programming, and documenting BRAC MILCON requirements associated with providing facilities for the DPSC at the ASO compound. Specifically, we reviewed the DLA and ASO procedures for planning, programming, budgeting, and documenting the BRAC MILCON requirements applicable to the proposed projects to provide facilities for the realignment of DPSC. We also reviewed the adequacy of management implementation of the DoD Internal Management Control Program as it applies to the audit objectives. We did not identify any material internal control weakness.

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## Prior Audits and Other Reviews

Since 1991, 44 audit reports have addressed DoD BRAC issues. Enclosure 1 lists selected prior audit reports.

## Background

On May 3, 1988, the Secretary of Defense chartered the Commission to recommend military installations for realignment and closure. Using cost estimates provided by the Military Departments, the Commission recommended that 86 bases be closed and 59 bases be realigned. On October 24, 1988, Congress passed, and the President signed, Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," which enacted the Commission's recommendations. Public Law 100-526 also establishes the DoD Base Closure Account to fund any necessary MILCON costs for BRAC.

Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. Public Law 101-510 chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. The law also stipulated that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

The 1991 Commission recommended that 34 bases be closed and 48 bases be realigned, resulting in an estimated net savings of \$2.3 billion during FYs 1992 through 1997, after a one-time cost of \$4.1 billion. The 1993 Commission recommended that 130 bases be closed and 45 bases be realigned, resulting in an estimated net savings of \$3.8 billion during FYs 1994 through 1999, after a one-time cost of \$7.4 billion.

## Discussion

**BRAC MILCON Projects Submitted.** To accomplish the relocation of DPSC to the ASO compound, three BRAC MILCON projects, valued at \$48.2 million, were initially proposed by DPSC officials. However, one project was canceled before the audit. The canceled project, valued at \$3.9 million, was for the construction of a warehouse facility on the ASO compound for the U.S. Mint, which was a DPSC tenant organization.

**Projects Reviewed.** We examined the following two projects for administrative and special-use space:

- o a \$38-million project to support 2,155 DPSC personnel and
- o a \$6.3-million project to support 620 DPSC tenant personnel, excluding the U.S. Mint personnel requirement.

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The DD Forms 1391 for the two projects proposed the renovation of existing warehouses on the ASO compound to satisfy the basic facility requirements for DPSC and its tenant organizations.

**Planning Criteria Used.** Criteria from DLA Regulation 5305.2, "Space Management and Reporting," and Naval Facilities Engineering Command Publication-80 (NAVFAC P-80), "Facility Planning Criteria for Navy and Marine Corps Shore Installations," were used to calculate the space allowance for each of the projects. The administrative space allowance criteria were applied to the DPSC projected workload and base loading information. Each project was properly planned and documented by DPSC and ASO officials and approved by the Director, DLA.

**DPSC Personnel Support Project.** The \$38-million project will provide administrative office and special-use space for 2,155 personnel and will renovate 429,798 square feet of existing warehouse space. DPSC and ASO officials justified 331,871 square feet for administrative office space in accordance with NAVFAC P-80. An additional 97,927-square-foot special-use area was justified based on the requirement for centers such as a command and control center, a computer processing center, and a communication center. We verified the requirement for administrative office space using the projected base loading and reviewed the justification for the special-use areas. The gross project requirement was calculated by multiplying 2,155, the projected number of occupants, by a 154-square-foot space factor and by then adding 97,927 square feet for special-use areas that were supported with additional justification. The project planners did not exceed the basic facility requirements for moving DPSC to the ASO compound.

The DD Form 1391 for the DPSC personnel support project also included \$448,000 for removing asbestos from the five warehouses being renovated for the DPSC realignment. The cost estimate was prepared by a contractor in August 1991 and was revised in September 1993 to reflect changes in local regulations regarding the removal and disposal of asbestos from buildings being renovated. The \$448,000 cost estimate that was included on the DD Form 1391 was prorated to reflect the cost associated with asbestos abatement in the space that would be renovated to provide facilities for DPSC personnel.

**DPSC Tenant Personnel Support Project.** The project, valued at \$6.3 million, will provide administrative office and special-use space for 620 DPSC tenant personnel. DPSC and ASO officials calculated the requirement using the administrative space allowance in the NAVFAC P-80. After determining the basic facility requirement to be 95,000 square feet, including 27,732 square feet for special-use areas, ASO and DPSC officials examined the possibility of satisfying the requirement by using existing facilities on the ASO compound. As a result, the basic facility requirement was reduced by 15,423 square feet, reflecting the use of administrative space that was identified for reuse. The DD Form 1391 proposed renovating 79,577 square feet of warehouse space to provide facilities for the DPSC tenants realigning to the ASO compound. DPSC and ASO officials correctly used base loading to calculate the requirement and did not exceed the allowance for administrative space for the tenants realigning to the ASO compound.

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## Management Comments

We provided a copy of this report to the addressees on May 31, 1994. Because this report contains no findings or recommendations, no comments were required of management, and none were received.

The courtesies and cooperation extended to the audit staff are appreciated. If you have any questions on this final report, please contact Mr. Wayne K. Million, Audit Program Director, at (703) 692-2991 (DSN 222-2991) or Mr. Thomas W. Smith, Audit Project Manager, at (703) 692-2992 (DSN 222-2992). Enclosure 3 lists the planned distribution of the report. The audit team members are listed inside the back cover.



David K. Steensma  
Deputy Assistant Inspector General  
for Auditing

Enclosures



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## Summary of Prior Audits and Other Reviews

### Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
94-126	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Glenview, Illinois, and Realignment Projects at Fort McCoy, Wisconsin, and Carswell Air Reserve Base, Texas	June 13, 1994
94-125	Defense Base Realignment and Closure Budget Data for the Naval Medical Center Portsmouth, Virginia	June 8, 1994
94-121	Defense Base Realignment and Closure Budget Data for Naval Air Technical Training Center, Naval Air Station Pensacola, Florida	June 7, 1994
94-109	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois	May 19, 1994
94-108	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Station Treasure Island, California	May 19, 1994
94-107	Griffiss Air Force Base, New York, Defense Base Realignment and Closure Budget Data for Military Construction at Other Sites	May 19, 1994
94-105	Defense Base Realignment and Closure Budget Data for a Tactical Support Center at Naval Air Station Whidbey Island, Washington	May 18, 1994
94-104	Defense Base Realignment and Closure Budget Data for the Defense Contract Management District-West	May 18, 1994

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### **Inspector General, DoD (cont'd)**

94-103	Air Force Reserve 301st Fighter Wing Covered Aircraft Washrack Project, Carswell Air Reserve Base, Texas	May 18, 1994
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

### **Naval Audit Service**

023-S-94	Military Construction Projects Budgeted and Programmed for Bases Identified for Closure or Realignment	January 14, 1994
023-C-93	Implementation of the 1993 Base Closure and Realignment Process	March 15, 1993

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## **Organizations Visited or Contacted**

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

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

### **Department of the Navy**

Chief of Naval Operations, Washington, DC  
Deputy Chief of Naval Operations (Logistics), Washington, DC  
Comptroller of the Navy, Washington, DC  
Naval Facilities Engineering Command, Alexandria, VA  
Northern Division, Lester, PA  
Naval Aviation Supply Office, Philadelphia, PA  
Naval Audit Service, Arlington, VA

### **Defense Organizations**

Defense Logistics Agency, Alexandria, VA  
Defense Personnel Support Center, Philadelphia, PA



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        Realignment and Closure)  
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Inspector General, Central Imagery Office  
Inspector General, Defense Intelligence Agency  
Inspector General, National Security Agency  
Director, Defense Logistics Studies Information Exchange

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Committees and Subcommittees:

Senate Committee on Appropriations  
Senate Subcommittee on Defense, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Governmental Affairs  
House Committee on Appropriations  
House Subcommittee on Defense, Committee on Appropriations  
House Committee on Armed Services  
House Committee on Government Operations  
House Subcommittee on Legislation and National Security, Committee on  
Government Operations

Senator Arlen Specter, U.S. Senate  
Senator Harris Wofford, U.S. Senate  
Congressman Robert A. Borski, U.S. House of Representatives  
Congressman Thomas M. Foglietta, U.S. House of Representatives

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