

Inspector General

United States
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Navy's Proposed Business Plan for Base
Realignment and Closure 2005
Recommendation 184

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Acronyms

BRAC	Base Realignment and Closure
COBRA	Cost of Base Realignment Actions
FTE	Full-Time Equivalent
JCSG	Joint Cross-Service Group
NAS	Naval Air Station
NAWC	Naval Air Warfare Center
NBVC	Naval Base Ventura County
NSWC	Naval Surface Warfare Center
NWS	Naval Weapons Station
OSD	Office of the Secretary of Defense
RDAT&E	Research, Development & Acquisition, Test & Evaluation
TJCSG	Technical Joint Cross-Service Group
W&A	Weapons and Armaments



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

September 25, 2007

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECHNOLOGY, AND LOGISTICS
NAVAL INSPECTOR GENERAL

SUBJECT: Report on Navy's Proposed Business Plan for Base Realignment and Closure
2005 Recommendation 184 (Report No. D-2007-127)

We are providing this report for your review and comment. The Under Secretary of Defense for Acquisition, Technology, and Logistics did not respond to the draft report; however, we considered comments from the Navy when preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. The Secretary of the Navy comments were partially responsive. We request additional comments from the Secretary of the Navy on Recommendation 1.b. Also, we request that the Under Secretary of Defense for Acquisition, Technology, and Logistics provide comments on Recommendation 2. The comments should be received by October 25, 2007.

If possible, please send management comments in electronic format (Adobe Acrobat file only) to AUDACM@dodig.mil. Copies of the management comments must contain the actual signature of the authorizing official. We cannot accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, they must be sent over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Questions should be directed to Ms. Deborah Culp at (703) 604-9335 (DSN 664-9335) or Ms. Bobbie Sau Wan at (703) 604-9259 (DSN 664-9259). See Appendix G for report distribution. The team members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

A handwritten signature in cursive script, reading "Richard B. Jolliffe".

Richard B. Jolliffe
Assistant Inspector General
Acquisition and Contract Management

Department of Defense Office of Inspector General

Report No. D-2007-127

September 25, 2007

(Project No. D2006-D000CG-0194.000)

Navy's Proposed Business Plan for Base Realignment and Closure 2005 Recommendation 184

Executive Summary

Who Should Read This Report and Why? DoD officials involved in the Base Realignment and Closure (BRAC) process should read this report. This report addresses the Navy's proposed business plan for BRAC 2005 Recommendation 184 to create a Naval Integrated Weapons & Armaments (W&A) Research, Development & Acquisition, Test & Evaluation (RDAT&E) Center.

Background. Former Congressman William M. Thomas and Congressman Elton Gallegly requested that the DoD Office of Inspector General review the Navy's proposed business plan for consistency with BRAC 2005 Recommendation 184 to create a Naval Integrated W&A RDAT&E Center. In addition, the DoD Office of Inspector General received a similar request from Marshall "Chip" Holloway, the mayor of Ridgecrest, California.

BRAC 2005 Recommendation 184 realigns seven locations to Naval Air Warfare Center China Lake, California; and one location each to Naval Surface Warfare Center Dahlgren, Virginia; and Naval Surface Warfare Center Indian Head, Maryland. The Technical Joint Cross-Service Group Cost of Base Realignment Actions report for Recommendation 184,* dated May 3, 2005, realigned 2,043 Navy civilian full-time equivalents (FTE). The August 3, 2005, Cost of Base Realignment Actions report created by the Technical Joint Cross-Service Group for the BRAC Commission realigned 1,741 Navy civilian FTEs. The BRAC Commission did not modify the DoD recommendation; however, the BRAC Commission added a provision that the Navy should realign for optimum effectiveness rather than narrow compliance with Cost of Base Realignment Actions numbers.

The Chairman of the Infrastructure Steering Group required that business plans be completed for the implementation of BRAC 2005 recommendations. The Navy submitted proposed business plans for BRAC 2005 Recommendation 184 for approval in December 2005 and June 2006. Navy officials prepared a subsequent draft business plan and provided it to the Department of Defense Inspector General audit team in February 2007. Navy officials submitted the updated business plan to the Deputy Under Secretary of Defense for Installations and Environment for approval in April 2007. The

* The Technical Joint Cross-Service Group's TECH 18D scenario became BRAC Commission Recommendation 184. The Technical Joint Cross-Service Group used TECH 18D scenario data for the Cost of Base Realignment Actions report.

Navy's April 2007 proposed business plan realigns 730 civilian FTEs. On May 21, 2007, the Deputy Under Secretary of Defense for Installations and Environment rejected the Navy's proposed business plan for BRAC 2005 Recommendation 184 on the basis that it included insufficient information to conduct an analysis of the exclusions and workload adjustments.

Results. Navy officials did not provide adequate documentation to support the Navy's April 2007 proposed business plan for BRAC 2005 Recommendation 184. The Navy's proposed business plan realigns only 730 civilian FTEs of the 1,741 civilian FTEs the August 3, 2005, Cost of Base Realignment Actions report slated for realignment. Due to the lack of sufficient documentation, we were not able to determine the extent to which the Navy's April 2007 proposed business plan is consistent with the approved BRAC 2005 Recommendation 184. Also, we are not able to determine the number of civilian FTEs that should be realigned under this recommendation.

The Navy internal controls were not adequate. We identified internal control weaknesses in the supporting documentation of FTEs in Navy's December 2005, June 2006, and April 2007 proposed business plans for BRAC 2005 Recommendation 184. We did not consider the internal control weaknesses to be material. (See the Finding section for the detailed recommendations.)

In order to effectively implement BRAC 2005 Recommendation 184, the Navy should provide the Secretary of Defense with adequate documentation to explain deviations from the BRAC Commission Report and certify that the realignment of civilian FTEs meets the intent of the BRAC Commission recommendation. The Under Secretary of Defense for Acquisition, Technology, and Logistics should ensure that Navy officials correct the errors in civilian FTEs realigned by BRAC 2005 Recommendation 184 before approving the business plan. In addition, the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Navy should consider the civilian reductions already taken before realizing additional efficiencies. See the Finding section for additional information.

Management Comments. We issued a draft report, for comment, on June 15, 2007. We received comments from the Deputy Assistant Secretary of the Navy (Installations and Facilities), responding for the Secretary of the Navy. Although the Deputy Assistant Secretary of the Navy (Installations and Facilities) concurred with the recommendations, he disagreed with portions of the finding concerning adequate documentation, deviations in numbers of FTEs, technical judgments, and efficiency reductions. We considered the comments partially responsive because they did not directly address consideration of the reduction in Navy civilian personnel over the last 3 years before applying additional efficiency reductions. Therefore, we ask that the Secretary of the Navy provide additional comments in response to the final report identifying specific actions taken to address the consideration of the reduction in Navy civilian personnel over the last 3 years before applying additional efficiency reductions. See the Finding section for a discussion of the management comments and the Management Comments section for the complete text of the comments.

We did not receive comments from the Under Secretary of Defense for Acquisition, Technology, and Logistics. Therefore, we ask the Under Secretary of Defense for Acquisition, Technology, and Logistics to provide comments to the final report identifying specific actions taken to address the reduction in Navy civilian FTEs and ensure that Navy officials correct the errors in civilian FTEs to be realigned before approving the business plan. Comments to this report should be received by October 25, 2007.

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Background

This audit was performed in response to requests from former Congressman William M. Thomas,¹ Congressman Elton Gallegly, and Mayor Marshall “Chip” Holloway (See Appendixes B, C, and D) to review the Navy’s proposed business plan for consistency with the Base Realignment and Closure (BRAC) 2005 Recommendation 184 to create a Naval Integrated Weapons & Armaments (W&A) Research, Development & Acquisition, Test & Evaluation (RDAT&E) Center.

Base Realignment and Closure 2005. Congress authorized the BRAC process as a way for DoD to reorganize its base structure to more efficiently and effectively support our forces, increase operational readiness, and facilitate new ways of doing business. DoD previously had BRAC rounds in 1988, 1991, 1993, and 1995. Congress and DoD designed the BRAC process to be objective, open, and fair. Also, recommendations were measured against eight unique criteria subject to congressional review and public comment.

During BRAC 2005, the Secretary of Defense chartered seven Joint Cross-Service Groups (JCSG) to make realignment and closure recommendations related to common business-oriented support functions. Each of the JCSGs had representatives from the Military Services, the Office of the Secretary of Defense (OSD), and the Joint Staff, as analytical proponents with exclusive authority to make recommendations related to assigned support functions. The JCSGs generated a significant portion of the overall recommendations.

DoD forwarded the recommendations as part of a comprehensive report to the independent BRAC Commission on May 13, 2005. The BRAC Commission held deliberations to review the recommendations and made its own recommendations in a report to the President on September 8, 2005. The President approved the Commission recommendations on September 15, 2005, and forwarded the report to Congress. The recommendations became law on November 8, 2005. The Defense Base Closure and Realignment Act of 1990, as amended, requires the Secretary of Defense to initiate all closures and realignments no later than 2 years after the date on which the President transmits a report to Congress (September 15, 2005) containing the recommendations for closures and realignments.

Cost of Base Realignment Actions. The Cost of Base Realignment Actions (COBRA) is an economic analysis model that estimates costs and savings associated with a proposed base closure or realignment action. The BRAC 2005 COBRA model is an updated version of COBRA models used in previous BRAC rounds. The COBRA model calculates the costs and savings of scenarios over a 20-year period. Reports from the COBRA model contain information on the movement of personnel, construction costs, and the 20-year net present value for each of the proposed actions. The Technical Joint Cross-Service Group (TJCSG)

¹ Congressman Kevin McCarthy succeeded Congressman William M. Thomas in January 2007.

ran reports from the COBRA model based on certified data for scenario assumptions. According to the TJCSG, the May 3, 2005, COBRA model report that realigned 2,043 civilian full-time equivalents (FTE)² for Recommendation 184, was the last report based on certified data. The TJCSG ran additional COBRA model reports for the BRAC Commission during its deliberations based on Commission-driven changes to the certified data. The BRAC Commission used the August 3, 2005, COBRA model report to generate the data included in the BRAC Commission report.

Defense Technology Area Plan. The Defense Technology Area Plan presents the Department of Defense objectives and investment strategy for those technologies critical to Defense acquisition plans, service warfighter capabilities, and joint warfighting needs. The weapons technology area includes efforts devoted to armament and electronic warfare technologies for all new and upgraded non-nuclear weapons. The weapons area consists of 12 sub-areas grouped in three broad categories: conventional weapons, directed-energy weapons, and electronic warfare weapons.

BRAC 2005 Recommendation 184. The BRAC Commission's Recommendation 184 realigns seven locations to Naval Air Warfare Center China Lake, California; and one location each to Naval Surface Warfare Center Dahlgren, Virginia; and Naval Surface Warfare Center Indian Head, Maryland. BRAC Commission Recommendation 184 is entitled "Create a Naval Integrated Weapons & Armaments Research, Development & Acquisition, Test and Evaluation Center" (see Appendix E for details of the recommendation).

The BRAC Commission did not change the DoD recommendation after hearing community concerns, but rather added a statement to the finding section of the recommendation in the 2005 Defense Base Closure and Realignment Commission Report.³ The BRAC Commission stated in the finding section that,

However, the Commission was not able to reconcile the large differences between the number of affected personnel as proposed by DoD with the number of personnel identified by the community, primarily the number of people needed to support the Sea Range [test and evaluation complex]. The Commission urges the Secretary of the Navy, during the implementation process, to realign the Naval Integrated Weapons and Armaments RDAT&E functions for optimum effectiveness, rather than for narrow compliance with COBRA personnel numbers.

² FTE is defined by the Office of Management and Budget as the total number of hours worked (or to be worked) divided by the number of compensable hours applicable to each fiscal year.

³ The 2005 Defense Base Closure and Realignment Commission Report is hereafter referred to as the BRAC Commission Report.

Requirement for Business Plans. The Chairman of the Infrastructure Steering Group issued two memorandums in regards to business plans. The first memorandum, on September 21, 2005, required the completion of business plans for implementing BRAC 2005 recommendations. Chairpersons of the JCSGs functioned as consultants and reviewed the business plans. The Infrastructure Steering Group Chairman recommended the submission of all business plans to the Installation Capabilities Council by November 15, 2005. The second memorandum, on October 12, 2005, reiterated November 15, 2005, as the deadline for submission of business plans. The Chairman also wrote in the second memorandum that the Infrastructure Steering Group will approve all BRAC 2005 business plans. The business plans will serve as source material for the budget justification documentation provided to Congress to support spending the FY 2006 BRAC appropriation and in support of future budget submissions by the President.

Navy's Business Plan Process. The BRAC Commission's Recommendation 184 affects 10 locations and 3 commands. These commands are the Naval Air Systems Command, Naval Sea Systems Command, and Commander, Naval Installations Command.

Naval Air Systems Command is the headquarters activity for W&A RDAT&E functions for the following locations:

- Naval Base Ventura County (NBVC) Point Mugu, California;
- Naval Air Station (NAS) Patuxent River, Maryland; and
- Naval Air Warfare Center (NAWC) China Lake, California.⁴

The Naval Sea Systems Command is the Headquarters activity for W&A RDAT&E functions at the remaining seven locations:

- NBVC Port Hueneme, California;⁵
- Naval Surface Warfare Center (NSWC) Crane, Indiana;
- NSWC Dahlgren, Virginia;
- NSWC Yorktown, Virginia;
- NSWC Indian Head, Maryland;

⁴ The BRAC Commission Report referred to NAWC China Lake as the Naval Air Weapons Station China Lake.

⁵ NBVC is composed of both NBVC Point Mugu, California; and NBVC Port Hueneme, California. The BRAC Commission Report lists NBVC realignment FTEs together as one line item.

-
- Naval Weapons Station (NWS) Seal Beach, California; and
 - Fleet Combat Training Center (Port Hueneme Detachment San Diego, California).⁶

The Naval Air Systems Command and the Naval Sea Systems Command obtained FTE⁷ data from the nine locations realigning under this recommendation. Naval Air Systems Command and Naval Sea Systems Command officials revised and consolidated the data before submission to the Commander, Naval Installations Command. The Commander, Naval Installations Command compiled the proposed business plan for submission to the Office of the Deputy Under Secretary of Defense for Installations and Environment.

Infrastructure Steering Group Memorandum. On January 15, 2007, the Infrastructure Steering Group Chairman issued a memorandum that directed the Secretary of the Navy to retain 463 work years that are necessary for the Sea Range test and evaluation complex at NBVC Point Mugu. Specifically, the memorandum stated that NBVC Point Mugu retain the following work years necessary to operate the Sea Range:

- 279 work years for the Sea Range,
- 124 work years for Target Operations,
- 14 work years for Radar Cross Section,
- 32 work years for Sea Range Aircraft, and
- 14 work years for Indirect Support.

In addition, the memorandum also specified that the target logistics functions are not necessary to operate the range; therefore, the associated work years should realign to NAWC China Lake. Although the memorandum mentioned very specific functional areas of contention, the Infrastructure Steering Group memorandum did not address all Navy functions under consideration.

Department of the Navy, Office of the Assistant Secretary Memorandum. On January 6, 2007, the Department of the Navy, Office of the Assistant Secretary for Installations and Environment Associate General Counsel analyzed and concluded that specific Naval Sea Systems functions are excluded from relocating to NAWC China Lake under 2005 BRAC Commission Recommendation 184. The Navy Associate General Counsel's memorandum excluded functions from realignment and, in some cases, concurred with the Navy's decision as being legally acceptable.

⁶The TJCSG COBRA report referred to Fleet Combat Training Center (Port Hueneme Detachment San Diego, California) as Point Loma.

⁷ FTE refers to civilian FTEs in this report.

Subsequently on February 21, 2007, the Department of Navy, Office of the Assistant Secretary for Installations and Environment Assistant General Counsel issued a memorandum addressing the exclusion of additional functions from realignment based on the BRAC 2005 Recommendation 184. The Navy Assistant General Counsel concluded in his memorandum that the exclusion from realignment to NAWC China Lake of the functions was legally acceptable.

Objective

Our overall audit objective was to evaluate the Navy's implementation plan⁸ for consistency with the Commission-approved recommendation. See Appendix A for a discussion of the scope and methodology and prior audit coverage.

Review of Internal Controls

We identified internal control weaknesses for the Navy as defined by DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006. Navy officials did not have adequate internal controls in place to provide sufficient documentation to support the December 2005, June 2006, and April 2007 proposed business plans for BRAC 2005 Recommendation 184. We did not consider the internal control weaknesses to be material. Implementing Recommendation 1.a. should provide the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics the necessary supporting documentation to approve the business plan. See the Finding section of the report for a detailed discussion on the internal controls.

⁸ Also referred to as a business plan.

Assessment of Navy's Proposed Business Plan for BRAC 2005 Recommendation 184

The Navy did not adequately support the number of FTEs in its proposed business plan for the BRAC 2005 Recommendation 184 to create a Naval Integrated W&A RDAT&E Center. The Navy's proposed business plan realigns only 730 of the 1,741 FTEs stated in the August 3, 2005, COBRA report run for the BRAC Commission by the Technical Joint Cross-Service Group. We were not able to determine the extent to which the Navy's proposed business plan was consistent with Recommendation 184 of the 2005 BRAC law because of insufficient documentation, lack of justification for efficiency reductions, and omissions in the proposed business plan.

- Navy management at installations affected by this recommendation did not accurately account for and provide sufficient documentation for the number of realigning FTEs or the number of FTEs excluded from the realignment.
- The Navy reduced the civilian workforce over the past 3 years as indicated in the President's budgets.

As a result, we cannot determine the number of FTEs that should be realigned by the Navy under this recommendation.

Documentation

Navy officials did not provide adequate documentation to support their April 2007 proposed business plan for the realignment of FTEs for BRAC 2005 Recommendation 184. In addition, Navy officials did not provide adequate documentation to support their December 2005 or June 2006 proposed business plans that OSD previously rejected. Due to the lack of sufficient documentation, we were not able to determine the extent to which the Navy's April 2007 proposed business plan was consistent with the BRAC Commission-approved recommendation.

BRAC Commission Appendix K Correlation to the TJCSG August 3, 2005, COBRA. On August 3, 2005, the TJCSG used the COBRA model to create a report on behalf of the BRAC Commission. The BRAC Commission utilized this COBRA report for inclusion in the BRAC Commission Report Appendix K: Department of Defense Proposed 2005 Realignment and Closure List. Appendix K of the BRAC Commission Report reflected the net change in FTEs to be realigned for each location affected by BRAC 2005 Recommendation 184. The BRAC Commissioners reflected 2,321 FTEs for realignment in Recommendation 184 Appendix K.

During the BRAC Commission deliberation process, the BRAC commissioners asked the TJCSG to provide data indicating the minimum number of FTEs required to operate the Sea Range and targeting operations at NBVC Point Mugu for operational necessity and efficiency. The TJCSG responded with 355 FTEs and later issued a formal letter to the BRAC Commission dated August 18, 2005. The BRAC Commission included the 355 FTEs in Appendix K; however, the 355 FTEs were not included in the August 3, 2005, COBRA report. The August 3, 2005, COBRA report included 82 FTE additions and 307 FTE eliminations due to the realignment. The BRAC Commission Appendix K and the August 3, 2005, COBRA report both reflected a realignment of 1,741 FTEs after additions, eliminations, and adjustments were considered. See Table 1 for the correlation between the BRAC Commission Appendix K and the August 3, 2005, COBRA report.

Table 1. Correlation Between Commission Report Appendix K and August 3, 2005, COBRA Report

<u>Location</u>	<u>Commission Appendix K</u>	<u>FTE Additions</u>	<u>FTE Eliminations</u>	<u>Other Adjustments</u>	<u>8-3-05 COBRA¹</u>
NBVC	1,679		-199	-355 ²	1125
NSWC Crane	227		-34		193
NSWC Dahlgren	133	40	-26		147
NAS Patuxent River	110		-16		94
NSWC Indian Head	52	42	-14		80
NWS Seal Beach	24		-4		20
NSWC Yorktown	49		-7		42
Fleet Combat Training Center San Diego	<u>47</u>	<u>—</u>	<u>-7</u>	<u>—</u>	<u>40</u>
Total	2,321	82	-307	-355	1741

¹The August 3, 2005, COBRA report was run for the BRAC Commission by the TJCSG.

²355 FTEs is from the TJCSG Memorandum to the BRAC Commission on August 18, 2005.

August 3, 2005, COBRA Report Comparison With Navy's Proposed Business Plan. Navy Headquarters officials did not provide adequate documentation for the April 2007 proposed business plan to justify the differences in realigning FTEs from the August 3, 2005, COBRA report. We compared the August 3, 2005, COBRA report with Navy's April 2007 proposed business plan and identified differences in the number of FTEs slated for realignment. The Navy's proposed business plan for Naval Sea Systems Command internal realignments of NSWC Yorktown and Fleet Combat Training Center San Diego

remained virtually unchanged from the August 3, 2005, COBRA report. The Navy's April 2007 proposed business plan realigned 730 FTEs, whereas the August 3, 2005, COBRA report realigned 1,741 FTEs, a difference of 929 FTEs. The Navy provided insufficient documentation to support its determinations to reduce the number of FTEs for the seven Navy realigned installations. The Navy's April 2007 proposed business plan realigned 648 FTEs to NAWC China Lake, whereas, the August 3, 2005, COBRA report realigned 1,659 FTEs to NAWC China Lake. See Table 2 for a comparison of the FTEs realignments by location and date for BRAC 2005 Recommendation 184.

Table 2. FTE Movement Comparison for BRAC 2005 Recommendation 184

<u>Location</u>	<u>TJCSG COBRA 5-3-05</u>	<u>Commission COBRA 8-3-05</u>	<u>Dec-05 Business Plan</u>	<u>June-06 Business Plan</u>	<u>April-07 Business Plan</u>
NBVC ¹	1,427	1,125			
Point Mugu			448	448	378
Port Hueneme			361	361	65
NSWC Crane	193	193	193	193	94
NSWC Dahlgren	147	147	147	147	23
NAS Patuxent River	94	94	94	94	39
NSWC Indian Head	80	80	80	80	38
NWS Seal Beach	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>11</u>
Realigning to China Lake	1,961	1,659	1,343	1,343	648
NSWC Yorktown ²	42	42	37	37	41
Fleet Combat Training Center San Diego ³	40	40	48	48	41
Total	2,043	1,741	1,428	1,428	730

¹NBVC is composed of both NBVC Point Mugu, California; and NBVC Port Hueneme, California. The BRAC Commission Report and the TJCSG COBRA report lists NBVC realignment FTEs together as one line item.

²Realigning to NSWC Indian Head.

³Realigning to NSWC Dahlgren.

Navy’s Business Plan Submissions. OSD has not approved the Navy’s business plan for BRAC 2005 Recommendation 184, more than a year and a half after the business plan process started. OSD stated that the business plan was rejected because the Navy did not provide sufficient documentation to support the realignment of FTEs. As of May 31, 2007, OSD had not approved the business plan for BRAC 2005 Recommendation 184, which is one out of three business plans that remain unapproved. For BRAC 2005, OSD was responsible for reviewing and approving 237 business plans, of which 3 remain unapproved, 15 are currently on hold, and 219 have been approved. The Navy did not provide adequate documentation to support any of the three proposed business plans for BRAC 2005 Recommendation 184 submitted to OSD. The Navy submitted the initial business plan to OSD in December 2005. OSD rejected that business plan based on the proposed reduced realignment scope and increased costs. The Navy submitted a revised Navy business plan to OSD in June 2006. OSD rejected that plan too. Subsequently, Navy officials prepared a revised draft business plan and provided the plan to our auditors in February 2007. In April 2007, Navy officials submitted the February 2007 draft business plan to OSD. The Navy did not change the proposed April 2007 business plan realigning FTEs from the February 2007 draft business plan provided to the auditors. On May 21, 2007, the Deputy Under Secretary of Defense for Installations and Environment rejected the Navy’s proposed business plan for BRAC 2005 Recommendation 184 on the basis that it included insufficient information to conduct an analysis of the exclusions and workload adjustments. See Table 3 for the status of the business plan submissions.

Table 3. Status of Navy’s Business Plan Submissions for BRAC 2005 Recommendation 184

<u>Business Plan</u>	<u>Submitted to OSD</u>	<u>Status</u>
December 2005	Yes	Rejected
June 2006	Yes	Rejected
April 2007	Yes	Rejected

The Navy updated the April 2007 proposed business plan from the June 2006 proposed business plan to include determinations made in the January 15, 2007, Infrastructure Steering Group memorandum regarding the NBVC Point Mugu Sea Range. The Navy also included determinations made in the January 6, 2007, and the February 21, 2007, Assistant Secretary of the Navy Associate General Counsel and Assistant General Counsel memorandums. In addition, the Navy’s April 2007 proposed business plan more accurately reflects the Navy’s realigned installation submittals for the business plan process. However, Navy officials did not include adequate documentation in the proposed business plan to support the FTEs excluded from realignment.

Deviations in Numbers of Full-Time Equivalent

Navy officials deviated from the Commission-approved recommendation in determining the number of FTEs realigned by BRAC 2005 Recommendation 184. The Navy realigning installations did not properly account for the FTEs realigned for and excluded by BRAC 2005 Recommendation 184. The Navy reduced the number of FTEs as reflected by the President's budgets; however, Navy officials were unable to provide the documentation used to determine the number of W&A RDATE FTEs affected by these reductions.

Navy Realigning Installations Submittals for the Business Plan Process.

Navy officials at the installations realigned by BRAC 2005 Recommendation 184 did not properly account for the number of FTEs realigning nor the number of FTEs excluded from the realignment. From the time of the TJCSG scenario data call to the time of the Navy installation submittals for the business plan process, the Navy realigning installations reduced the number of FTEs for realignment from 2,477 to 610, a reduction of 1,867 FTEs.⁹ Managers at the Navy realigned installations provided documentation to support the FTE reduction based on management's technical judgment of W&A RDATE work, management's interpretations of BRAC Commission intentions, and TJCSG's recommended efficiency reduction of 15 percent. In addition, Navy management at realigned installations used nonstandardized time periods, inaccurate mathematical calculations, and nonstandardized management information systems in its determinations.

As a result, we were not able to confirm the accuracy or the methodology used to determine FTEs for realignment to NAWC China Lake. In addition, we were not able to determine whether the Navy installation submittals were forwarded to Naval Air Systems Command and Naval Sea Systems Command Headquarters and if they were, whether or not the installation submittals were used by Navy Headquarters officials for inclusion in the business plans. Table 4 shows a comparison of the TJCSG initial scenario data call submissions with the installation submissions for the business plan process. See Appendix F for further information on the Navy realigned installations exclusions from the business plan submittal and the exclusions allowed by the Commission Report.¹⁰

⁹The Navy's April 2007 proposed business plan realignment of 730 FTEs more accurately reflects the Navy's installation submittals for the business plan process than the previous two Navy business plan submittals, which OSD also rejected.

¹⁰The Navy's proposed business plan FTEs for the NSWC Yorktown realignment to NSWC Indian Head and the Fleet Combat Training Center (Port Hueneme Detachment, San Diego) realignment to NSWC Dahlgren remained virtually unchanged from the initial scenario submission. Therefore, we excluded NSWC Yorktown and Fleet Combat Training Center (Port Hueneme Detachment, San Diego) from discussion of the Navy installation submittals.

Table 4. Comparison of the Navy Realigned Installation Submittals for the Business Plan Process to the TJCSG Scenario Data Call

<u>Location</u>	<u>TJCSG Scenario Data Call</u>	<u>Installation Submittals*</u>
NBVC Point Mugu	1254	294
NBVC Port Hueneme	425	70
NAS Patuxent River	118	39
NSWC Crane	389	60
NSWC Dahlgren	173	98
NSWC Indian Head	94	38
NWS Seal Beach	<u>24</u>	<u>11</u>
Total	2477	610
Reduction		1867

*We were not able to determine whether the Navy installation submittals were forwarded to Naval Sea Systems Command and Naval Air Systems Command Headquarters and if they were, whether or not the installation submittals were used by Navy Headquarters officials for inclusion in the business plans.

Managers' Technical Judgments of W&A RDAT&E. Navy officials at realigned installations stated that they used managers' technical judgment when determining the number of FTEs conducting W&A RDAT&E work for realignment to NAWC China Lake, in lieu of personnel information systems that provide traceable data. Management at the Navy realigned installations stated that personnel information systems did not exist for tracking W&A RDAT&E FTEs. Therefore, many Navy realigning installations stated that their managers used a variety of management information systems to align workload information and corresponding personnel with Defense Technology Area Plan definitions. In addition, Navy realigning installations stated that they used managers' technical opinions to determine the percentage of time each individual worked on W&A RDAT&E projects. Management at the Navy realigned installations did not adequately document its judgmental decisions for the initial TJCSG scenario data call or the installation submittals for the business plan process. As a result, we were not able to verify the accuracy of the FTEs submitted for realignment to NAWC China Lake.

For example, management at the Navy realigned installations stated that the BRAC Certifier at NBVC Point Mugu determined the number of FTEs for realignment based on supervisor technical opinions. The certifier stated that he obtained a list of civilian personnel and then solicited shop supervisors for their judgment on the percentage of individuals conducting W&A RDAT&E work. The certifier stated he applied these percentages to the personnel listing to calculate FTEs for realignment.

Management at the Navy realigned installations stated that it used managers' technical judgment to determine the number of civilians conducting W&A RDT&E work when updating FTEs for realignment. When updating the number of FTEs to realign to NAWC China Lake for the business plan process, Navy management stated that its managers excluded 1,091 FTEs for essential services and 283 FTEs for workload reductions. It stated that their managers excluded the FTEs based on their own technical judgment. However, Navy management did not adequately document these decisions. For this reason, we were not able to verify the accuracy of the updated number of FTEs realigning to NAWC China Lake. See Appendix F Tables F-2 and F-3 for details on FTEs excluded by the installations for essential functions and workload reductions.

Interpretations of BRAC Commission Intentions. NSWC Crane installation management stated that it used numerous documents to dispute the BRAC Commission intentions for functions excluded from realignment, therefore eliminating additional FTEs from realignment to NAWC China Lake in the installation submission for the business plan process. NSWC Crane management used TJCSG meeting minutes, point papers, and other BRAC 2005 recommendations to interpret the intentions of the BRAC Commission for its installation submittal for the business plan process. NSWC Crane management used the interpretations to exclude an additional 94 FTEs from realignment to NAWC China Lake. Therefore, management at NSWC Crane submitted for the business plan process FTEs for realignment that were not consistent with BRAC 2005 Recommendation 184.

For example, NSWC Crane management stated that because the BRAC Commission eliminated the program management function under a similar recommendation, the intention was to eliminate the function in Recommendation 184 as well. Managers also provided point papers that stated the program management function at NSWC Crane was erroneously included and realignment of this function would break existing synergies. However, the BRAC Commission did not provide for the exclusion of this function in the approved recommendation language.

Efficiency Reductions. The Navy realigned installations were not consistent with each other when calculating the efficiency reduction, thereby understating the number of realigning FTEs. In its COBRA report, TJCSG allowed for a 15 percent reduction, for efficiencies as a result of the realignment. For this reason, five of the seven Navy realigned installations eliminated the 15 percent of FTEs in their installation submittals for the business plan process from realignment to NAWC China Lake. This resulted in a reduction of 56 FTEs. See Appendix F Table F-5 for further information on the FTEs excluded for efficiency reductions.

NBVC Port Hueneme management, however, applied the 15 percent FTE reduction to the scenario data call FTEs, rather than realigning the FTEs, when considering essential personnel exclusions. As a result, NBVC Port Hueneme understated 44 FTEs for realignment to NAWC China Lake. See Table 5 for a

comparison of the improper and proper application of the 15 percent efficiency reduction calculation. We do not believe the application of the reduction is practical for BRAC 2005 Recommendation 184.

Table 5. Application of 15 Percent Efficiency Reduction at NBVC Port Hueneme

<u>Improper Application</u>		<u>Proper Application*</u>	
FTEs in scenario data calls	425	FTEs in scenario data calls	425
15 percent reduction	-64		
Weapons system integration	-178	Weapons system integration	-178
Non-gun missile, pyrotechnics	<u>-113</u>	Non-gun missile, pyrotechnics	<u>-113</u>
		FTEs to be realigned before efficiency reduction	134
		15 percent reduction	<u>-20</u>
FTEs to be realigned	70	FTEs to be realigned	114
<i>Understated FTEs</i>	44	<i>Understated FTEs</i>	0

*Proper application refers only to the correct way to calculate the efficiency reduction but does not deem this efficiency reduction to be justified for BRAC 2005 Recommendation 184.

Nonstandardized Time Periods. Management at the Navy realigned installations did not use consistent data for the initial TJCSG scenario data call for the installation submittals for the business plan process. Six of the seven Navy realigned installations used FY 2003 personnel data when submitting responses to the TJCSG scenario data call. However, NSWC Crane management used personnel data from December 2004 for its TJCSG scenario data call response. NSWC Crane management then used the same December 2004 personnel data in its installation submittal for the business plan process. Therefore, NSWC Crane management did not reflect personnel adjustments from FY 2003 to FY 2005 in its installation submittal for the business plan process.

In addition, two of the seven Navy realigned installations did not use FY 2005 personnel data when updating FTEs for realignment to NAWC China Lake for the business plan process. Managers at NBVC Port Hueneme continued to use the same FY 2003 personnel data when updating FTEs for the realignment. As a result, the updated FTEs from NBVC Port Hueneme did not reflect personnel adjustments from FY 2003 to FY 2005.

Inaccurate Mathematical Calculations. Management at four of the seven Navy realigned installations had mathematical errors in their submissions for realigned FTEs to NAWC China Lake for the business plan process. Management at the Navy realigned installations submitted information on realignment FTEs that contained data errors caused by faulty spreadsheet designs, mistakes in rounding, human error, and inaccurate percentage calculations. Consequently, the Navy realigned installations used inaccurate FTE calculations for the TJCSG scenario data call as well as for the updated FTEs used in the installation submittals for the business plan process. For example, the BRAC Certifier at NBVC Point Mugu overstated the FTEs for realignment to NAWC China Lake in the TJCSG scenario data call. The overstatement due to human errors consisted of 16 FTEs when adding the VX-30 Squadron and 5 FTEs when calculating percentages of weapons personnel from the acquired personnel list. As a result, NBVC Point Mugu management overstated the realigning FTEs. See Appendix F Table F-4 for a breakout of the exclusions based on mathematical errors.

Nonstandardized Management Information Systems. The Navy did not have a standardized management information system across all commands. Four of the seven Navy realigned installations used multiple systems within the command to capture personnel data. As a result, the Navy realigned installations used nine different management information systems to capture personnel data. Each of the systems captured data differently; therefore, in our opinion, tracking W&A FTEs by function was not feasible.

President's Budgets. We used the data in the President's budgets for FY 2005 through FY 2007 to obtain the FY 2003 through FY 2005 civilian manpower reductions for the Naval Surface Warfare Centers and Naval Air Warfare Centers. As reflected in the President's budgets, the Navy reduced the civilian workforce for the Naval Surface Warfare Centers¹¹ and the Naval Air Warfare Centers over the past 3 years; therefore fewer FTEs exist to realign under BRAC 2005 Recommendation 184. However, the Navy did not provide documentation to directly attribute how many of the workload reductions were from W&A RDAT&E functions. See Table 6 for a comparison of FY 2003 and FY 2005 President's budgets workforce figures.

¹¹Naval Surface Warfare Center numbers also include data from the Carderock Division and the Corona Division.

Table 6. President's Budgets Civilian Manpower Reductions

<u>Fiscal Year</u>	<u>Naval Surface Warfare Centers Manpower</u>	<u>Naval Air Warfare Centers Manpower</u>
2003	16,998	11,483
2005	<u>14,676</u>	<u>10,139</u>
Reduction	2,322	1,344

Workload Reductions. Navy officials did not provide specific W&A RDAT&E workload reduction documentation at the individual Navy realigning installations because the installations did not track data in this manner. Navy installation management stated that the number of realigning FTEs was reduced because of workload reductions but management could not provide sufficient documentation to support the W&A RDAT&E workload reductions. The President's budgets reflect workload reductions; however, it is not sufficient support for the workload reductions reported by the specific Navy realigning installations because we are unable to directly track the reductions to W&A RDAT&E functions.

Fifteen Percent Efficiency Reduction. Based on the President's budgets' reductions, we believe that Navy officials applying a 15 percent efficiency reduction for BRAC 2005 Recommendation 184 is excessive. The TJCSG allowed for a 15 percent reduction for efficiencies when calculating FTEs for realignment. The TJCSG assumed the efficiencies would result from the realignment of FTEs because of the BRAC 2005 recommendation. Each of the installations affected by BRAC 2005 Recommendation 184 applied this reduction. In realizing the President's budgets' reductions, the Navy may have already realized the efficiency reductions to be gained by the 15 percent reduction in BRAC 2005 Recommendation 184. Therefore, in our opinion, the 15 percent reduction in FTEs may be unnecessary. The Navy should consider the reductions in the civilian workforce before considering additional efficiencies gained by the realignment of W&A RDAT&E FTEs.

Summary

The Navy did not provide sufficient documentation to support realigning FTEs in its April 2007 proposed business plan for BRAC 2005 Recommendation 184. The Navy realigning installations for BRAC 2005 Recommendation 184 submitted data for both the TJCSG scenario data call and for the business plan that contained errors and misconstrued the BRAC Commission intentions. This

resulted in an understatement of the FTEs realigning to NAWC China Lake. In addition, management at the Navy realigned installations used inconsistent data from various fiscal years to compile their responses.

The President's budgets reflect a reduction of FTEs at Naval Air and Surface Warfare Centers over the past 3 years. During the BRAC business plan process, the TJCSG allowed the Navy to reduce the realigning FTEs by 15 percent for efficiencies gained by the recommendation. However, with the reductions already reflected in the President's budgets, we believe the Navy should have already realized all potential efficiencies.

The Navy did not provide adequate documentation for deviations from the August 3, 2005, COBRA report. Therefore, we were unable to determine the extent to which the proposed business plan is consistent with the intent of the BRAC Commission recommendation.

Additional Information

Navy officials did not address in their proposed April 2007 business plan whether the NSWC Yorktown W&A RDAT&E FTEs will be subsequently realigned to NAWC China Lake, thus allowing the Navy to not fully implement the intent of the BRAC Commission recommendation to create an integrated W&A center at NAWC China Lake. BRAC 2005 Recommendation 184 realigns all W&A RDAT&E FTEs from NSWC Yorktown to NSWC Indian Head. To implement the recommendation, the Navy submitted a business plan to realign all W&A RDAT&E FTEs from NSWC Yorktown to NSWC Indian Head. BRAC 2005 Recommendation 184 also realigns all W&A RDAT&E FTEs, except gun/ammunition, underwater weapons, and energetic materials, from NSWC Indian Head to NAWC China Lake. However, Navy officials did not subsequently realign in any of the business plans for BRAC 2005 Recommendation 184 all W&A RDAT&E functions realigned from NSWC Yorktown to NSWC Indian Head on to NAWC China Lake. This would potentially staff facilities no longer functioning at NSWC Indian Head. Therefore, based on the April 2007 proposed business plan, the Navy would not fully implement the intent of the BRAC Commission.

Management Comments on the Finding and Audit Comments

Navy Comments on Inadequate Documentation. The Deputy Assistant Secretary of the Navy (Installations and Facilities) nonconcurred because all of the applicable data used in the BRAC planning process for Recommendation 184 have been available to the DoD Inspector General. The sufficiency for determining the consistency of the Navy's proposed business plan with the BRAC Commission-approved recommendation requires that the data be considered within the proper context. The Navy's initial responses and the succeeding business plans were developed using its best sources of information. A system that definitively tracks W&A FTEs as a portion of the total workload was and is

not available. The Navy BRAC Program Management Office is coordinating with the OSD BRAC Office to document deviations from the May 2005 COBRA report and to update the proposed business plan.

Audit Response. We disagree with the Navy comments because the documentation used by the Navy for the proposed business plan did not sufficiently support the realignment of FTEs. While the Navy may have relied on its best source of information, it was not sufficient documentation to support the realigning FTEs in the proposed business plan for the BRAC 2005 Recommendation 184 to create a Naval Integrated W&A RDAT&E Center. Furthermore, Navy installation management used its technical judgment but did not adequately document its decisions for the initial TJCSG scenario data call or the installation submittals for the business plan process. In addition, the Navy stated in their response that they need to properly document the deviations from the May 2005 COBRA report.

Navy Comments on Deviations in Numbers of Full Time Equivalent. The Deputy Assistant Secretary of the Navy (Installations and Facilities) nonconcurred because Table 4, “Comparison of the Navy Realigned Installation Submittals for the Business Plan Process to the TJCSG Scenario Data Call,” mixes with the Navy’s business plan FTEs both the Scenario Data Call FTEs that do not reflect the 15 percent efficiency reduction and the TJCSG exclusions as applied to the COBRA model. However, the Navy’s business plans FTEs incorporate both the Scenario Data Call FTEs and the TJCSG exclusions.

Audit Response. We disagree with the Navy comments because we are not comparing the Navy’s business plan FTEs in Table 4, “TJCSG Scenario Data Call.” Table 4 is comparing FTEs submitted by the Navy installations for the “TJCSG Scenario Data Call” and the “Installation Submittals.”

Navy Comments on Managers Technical Judgments of W&A RDAT&E. The Deputy Assistant Secretary of the Navy (Installations and Facilities) concurred that the DoD- and Navy-recognized financial systems do not capture workload data by technical capability areas used by the TJCSG. Determining the extent to which the Navy’s proposed business plan is consistent with BRAC 2005 Recommendation 184 requires that management judgment and supporting documentation be considered within the proper context. The Navy BRAC Program Management Office is working with the OSD BRAC Office to document deviations from the May 2005 COBRA report and to update the proposed business plan.

Audit Response. We agree with the Navy comments because the DoD- and Navy-recognized financial systems were not designed to capture workload data by the technical capability areas used by the TJCSG in BRAC 2005. The use of Navy manager’s technical judgments has been used throughout the BRAC 2005 process; however, without adequate documentation of the manager’s technical judgment decisions for the business plan process, we are not able to determine the extent to which the Navy’s proposed business plan is consistent with BRAC 2005 Recommendation 184. Management at the Navy installations did not adequately document its manager’s technical judgment decisions for the initial TJCSG scenario data call or the installation submittals for the business plan process.

Navy Comments on the Interpretation of BRAC Commission Intentions. The Deputy Assistant Secretary of the Navy (Installations and Facilities) concurred that management interpretations have been used because they are legally supported by the Navy BRAC counsel. The Recommendation 184 underlying supporting documents were examined in an effort to clarify the language and scope of the recommendation. The Navy BRAC Program Management Office is working with the OSD BRAC Office to document deviations from the May 2005 COBRA report and to update the proposed business plan.

Audit Response. We agree with the Navy comments that they used management interpretations; however, we believe the Navy improperly used management interpretations to exclude additional FTEs from realignment for Recommendation 184. The Navy installation management used numerous documents to dispute the BRAC Commission intentions to exclude functions from realignment, which eliminated additional FTEs from realignment in the installation submission for the business plan process. For example, NSWC Crane management stated that because the BRAC Commission eliminated the program management function under a similar recommendation, the intention was to eliminate the function in BRAC 2005 Recommendation 184. Managers also used point papers that stated the program management function at NSWC Crane was erroneously included and realignment of this function would break synergies. However, the BRAC Commission did not provide for the exclusion of this function in the approved recommendation language.

Navy Comments on the Efficiency Reductions. The Deputy Assistant Secretary of the Navy (Installations and Facilities) nonconcurred because only the realigning functions at Port Hueneme were reduced by the 15 percent efficiency factor. Also, the comparison in Table 5, “Application of 15 Percent Efficiency Reduction at NBVC Port Hueneme” does not factor in the workload changes associated with the realigning functions.

Audit Response. We disagree with the Navy comments because, during the site visit, NBVC Port Hueneme installation management explained the process it followed to arrive at the number of realigning FTEs. Installation management said that it applied the 15 percent FTE reduction to the scenario data call FTEs, rather than the realigning FTEs. Using this explanation, we determined that NBVC Port Hueneme understated its realignment to NAWC China Lake by 44 FTEs.

NBVC Port Hueneme installation management did not apply a workload adjustment to its realigning FTEs; that is why Table 5, “Application of 15 Percent Efficiency Reduction at NBVC Port Hueneme” does not reflect a workload adjustment. However, Port Hueneme management adjusted its realigning FTEs for functions excluded by BRAC 2005 Recommendation 184 and essential functions that the installation determined are inextricable. Both columns in Table 5 reflect the reductions taken for the BRAC Commission-allowed function exclusion and the installation management-determined inextricable/essential function.

Navy Comments on Nonstandardized Time Periods. The Deputy Assistant Secretary of the Navy (Installations and Facilities) concurred that NSWC Crane used FTEs derived from FY 2004 data for their response to the scenario data call, which was utilized in COBRA, prior to the data certification. However, the data were reconciled to the FY 2003 capacity data calls to ensure they were well-substantiated. Even though W&A RDAT&E FTE data for NSWC Crane have remained unchanged in COBRA in the current business plan, the FTE data contained in the business plan reflect Crane's FY 2005 requirements. Additionally, Port Hueneme's business plan data have been updated to reflect FY 2005 requirements.

Audit Response. We disagree with the Navy comments because, at the time of our review, NSWC Crane management stated that it used December 2004 data to complete the supplemental capacity data call. However, six of the seven Navy realigned installations used FY 2003 personnel data when submitting responses to the TJCSG scenario data call. Furthermore, NSWC Crane management used the same December 2004 personnel data in its installation submittal for the business plan process. Therefore, NSWC Crane management did not reflect personnel adjustments from FY 2003 to FY 2005 in its installation submittal for the business plan process.

Navy Comments on Nonstandardized Management Information Systems. The Deputy Assistant Secretary of the Navy (Installations and Facilities) concurred that a DoD management information system does not exist that captures workload by the technical capability areas utilized by the TJCSG in BRAC 2005. Throughout the entire BRAC process management judgment has been recognized. Therefore, the Navy has consistently carried the approach of using management judgment forward into the business plan development.

Audit Response. We agree with the Navy comments that a standardized management information system across all commands did not exist; therefore, in our opinion, tracking W&A FTEs by function was not feasible. The Navy used managers' technical judgments instead of a standardized management information system. However, the Navy did not adequately document the use of managers' technical judgments for the business plan process.

Navy Comments on the 15 Percent Efficiency Reduction. The Deputy Assistant Secretary of the Navy (Installations and Facilities) nonconcurred. The 15 percent efficiency reductions were applied to the COBRA model which generates savings. The Navy Comptroller for the President's budget and the business plan directed these savings and did not require further justification. The President's budget reductions are reflected in the business plan through the 15 percent efficiency reductions. The business plan mirrors the efficiency savings reflected in the budget.

Audit Response. We disagree with the Navy comments because the TJCSG Executive Director stated that the 15 percent efficiency reduction was used to reflect consolidation of similar overhead functions and the elimination of unnecessary billets/positions. The TJCSG believed that efficiencies would result from the realignment of FTEs because of the BRAC recommendation. According to the executive director, all Services agreed on the 15 percent efficiency factor.

The 15 percent efficiency factor was intended to be applied by the TJCSG and therefore they did not instruct the sites to apply the efficiency factor. However, according to the executive director, most sites applied the efficiency factor to determine the reduction themselves and, in most cases, the TJCSG accepted that application.

As reflected in the FY 2005 through FY 2007 President's budgets, the Navy has reduced the civilian workforce for NSWCs and NAWCs over the past 3 years. Therefore, fewer FTEs exist to realign under BRAC 2005 Recommendation 184. Additionally, the Navy reduced its W&A RDAT&E FTEs by 15 percent for the efficiency factor, which was allowed by the TJCSG. It is our opinion that the 15 percent reduction in FTEs may be unnecessary. The Navy should consider the reductions in the civilian workforce before considering additional efficiencies gained by the realignment of W&A RDAT&E FTEs.

Navy Comments on Additional Information. The Deputy Assistant Secretary of the Navy (Installations and Facilities) nonconcurred because BRAC 2005 Recommendation 184 does not contain an action to realign NSWC Yorktown W&A RDAT&E FTEs to NAWC China Lake. All recommended W&A RDAT&E realignment actions are addressed in the business plan and none are neglected. The realignment of NSWC Yorktown W&A RDAT&E FTEs to NSWC Indian Head was not an oversight by DoD or the BRAC Commission. The recommendation to create a W&A RDAT&E center at China Lake was not all inclusive and recognized that W&A RDAT&E functions would be retained at other Navy sites and, in fact, relocated W&A RDAT&E functions to other Navy sites as part of the recommendation.

Audit Response. We disagree with the Navy comments because BRAC 2005 Recommendation 184 realigns all W&A RDAT&E FTEs, except gun/ammunition, underwater weapons, and energetic materials, from NSWC Indian Head to NAWC China Lake. However, the recommendation also realigns all W&A RDAT&E FTEs from NSWC Yorktown to NSWC Indian Head. If the W&A RDAT&E FTEs from NSWC Yorktown are realigned to NSWC Indian Head and subsequently excluded from realignment to NAWC China Lake, then facilities no longer functioning at NSWC Indian Head will potentially be staffed. Information provided on the Yorktown realignment is additional information only and is not addressed specifically in the finding or recommendations.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Secretary of the Navy:

a. Provide to the Secretary of Defense sufficient documentation to explain deviations from the August 3, 2005, Cost of Base Realignments and Actions report and update the proposed business plan to reflect corrections to the errors in civilian full-time equivalents to be realigned. In addition, the Secretary of the Navy should certify that the civilian full-time equivalents are realigned to meet the intent of the Base Realignment and Closure 2005 Commission recommendation to create a Naval Integrated Weapons & Armaments Research, Development & Acquisition, Test & Evaluation Center at Naval Air Warfare Center China Lake.

Navy Comments. The Deputy Assistant Secretary of the Navy (Installations and Facilities) concurred with Recommendation 1.a. The Navy BRAC Program Management Office is working with the OSD BRAC Office to properly document deviations from the May 2005 COBRA report in order to update the proposed business plan, and will certify that the civilian full-time equivalents are realigned to meet the intent of the BRAC 2005 Recommendation 184. Through submission of the business plan, the Secretary of the Navy certifies that the plan meets the intent of the BRAC Commission.

Audit Response. The Navy comments are responsive. The Navy BRAC Program Management Office should work with OSD to provide sufficient documentation to explain the deviations from the May 2005 COBRA report as directed by OSD. In addition, the Navy BRAC Program Management Office should update the proposed business plan to reflect corrections of the errors in civilian full-time equivalents realignment. Also, the Secretary of the Navy should certify that the civilian full-time equivalents are realigned to meet the intent of BRAC 2005 Recommendation 184.

b. Consider the reduction in Navy civilian personnel over the last 3 years before applying additional efficiency reductions.

Navy Comments. The Deputy Assistant Secretary of the Navy (Installations and Facilities) concurred and stated that the Navy BRAC Program Management Office is working with the OSD BRAC Office and will update the proposed business plan by documenting deviations from the May 2005 COBRA report. The Navy BRAC Program Management Office will also certify that the civilian full-time equivalents are realigned to meet the intention of the Recommendation 184.

Audit Response. Although the Navy concurred with the recommendation, we do not consider the comments responsive. We agree that the business plan should be updated to meet the intent of BRAC 2005 Recommendation 184; however, Recommendation 1.b. states that the Secretary of the Navy should consider the reduction in Navy civilian personnel over the last 3 years before applying additional efficiency reductions. The Secretary of the

Navy should provide additional comments in response to the final report identifying specific actions taken to address this recommendation.

2. We recommend that the Under Secretary of Defense for Acquisition, Technology, and Logistics consider the reductions in Navy civilian full-time equivalents and ensure that Navy officials correct the errors in civilian full-time equivalents to be realigned before approving the business plan.

Navy Comments. Although not required to comment, the Deputy Assistant Secretary of the Navy (Installations and Facilities) provided the following comments on Recommendation 2. The Navy BRAC Program Management Office is working with the OSD BRAC Office and will update the proposed business plan by documenting deviations from the May 2005 COBRA report. The Navy BRAC Program Management Office will also certify that the civilian full-time equivalents are realigned to meet the intention of the Recommendation 184.

Audit Response. The Under Secretary of Defense for Acquisition, Technology, and Logistics did not provide comments on a draft of this report. We request that the Under Secretary of Defense for Acquisition, Technology, and Logistics provide comments on the final report.

Management Comments Required

The Under Secretary of Defense for Acquisition, Technology, and Logistics did not comment on a draft of this report. We request that the Under Secretary of Defense for Acquisition, Technology, and Logistics comment on the final report. In addition, the Navy should provide additional comments on Recommendation 1.b.

Appendix A. Scope and Methodology

We conducted this audit at the request of former Congressman William M. Thomas, Congressman Elton Gallegly, and Mayor Marshall “Chip” Holloway to review the 2005 Defense BRAC Recommendation 184, the purpose of which is to “Create a Naval Integrated Weapons & Armaments Research, Development & Acquisition, Test & Evaluation Center.”

We obtained and evaluated the Navy’s April 2007 proposed implementation plan, also referred to by OSD as a business plan, for consistency with BRAC 2005 Recommendation 184. Navy officials provided the audit team a draft copy of the proposed business plan in February 2007 for review prior to submitting the plan to OSD. In addition, we reviewed the Navy-proposed business plans from December 2005 and June 2006 for consistency with the BRAC Commission-approved recommendation.

We reviewed approved BRAC 2005 Recommendation 184 and the associated August 3, 2005, COBRA report run by the TJCSG for the BRAC Commission. We reviewed the May 3, 2005, TJCSG COBRA report and associated documentation. We obtained and reviewed documentation provided by Navy realigning installations management for the initial TJCSG scenario data call that used FY 2003 through December 2004 data and the installation submittals for the business plan process that used FY 2003 through FY 2005 data, for the following installations at their respective locations: NAS Patuxent River, Maryland; NSWC Crane, Indiana; NBVC Point Mugu, California; NAWC China Lake, California; and NSWC Dahlgren, Virginia. We reviewed documentation for NSWC Indian Head, Maryland; NWS Seal Beach, California; and NSWC Yorktown, Virginia; at NSWC Indian Head, Maryland. We reviewed documentation for NBVC Port Hueneme, California; and Fleet Combat Training Center San Diego at Port Hueneme, California.

We reviewed the President’s budgets for FY 2005 through FY 2007 to obtain the FY 2003 through FY 2005 civilian manpower reductions for the Naval Surface Warfare Centers and the Naval Air Warfare Centers.

We focused our review on the civilian FTE data because the movement of contractor FTEs is at the discretion of the contractor, and the military FTEs change constantly based on workload and rotation.

We attempted to trace W&A FTEs by compiling personnel data for the personnel identified in the TJCSG TECH 18D, also known as TECH 2, scenario data call as occupying a W&A position. The information included an employee name and billet number; however, the billet number does not designate whether the employee is performing W&A-related work. BRAC officials at the Navy realigned installations explained that an employee typically performs work in various functional categories. Therefore, W&A FTEs could not be traced by billet numbers or personnel records.

We analyzed financial data from FY 2003 and FY 2005 at the Navy installation level to identify the FTEs attributed to funding for W&A-related functions. However, the Navy does not capture financial data by both function and FTE. At several locations, we attempted to use the FY 2003 and FY 2005 civilian personnel count from the Navy installation's financial data system to show a trend in the decrease of personnel for that specific location. However, we were unable to track W&A-related functions by using this data.

The audit team reviewed the Defense Technology Area Plan in which the weapons technology area includes efforts devoted to armament and electronic warfare technologies for all new and upgraded non-nuclear weapons. Our Technical Assessment Directorate stated that the functions in question for realignment to NAWC China Lake could not be determined without a lengthy technical analysis.

We met with representatives from the Office of the Deputy Under Secretary of Defense for Installations and Environment for BRAC, a representative from the OSD Comptroller's Office, Navy BRAC officials, and members of the TJCSG. We met with Navy installation management at the locations visited. We also met with former Congressman Thomas's staff and Ridgecrest, California, officials, as well as Congressman Gallegly and Ventura County, California, officials.

We conducted this audit from May 2006 through June 2007 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 audit findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

For this report, the audit scope was limited to the two congressional requests and a mayoral request. The audit scope was also limited to a proposed business plan review of civilian FTEs only; the audit team did not review the other elements contained within the business plan. In addition, we based our conclusion on the proposed business plan because, as of May 2007, DoD had not approved the business plan. In addition, the Technical Assessment Directorate stated that a lengthy technical analysis would be required to make a determination on the exclusion of technical functions from realignment.

Use of Computer-Processed Data. The audit team reviewed and relied on COBRA report data that were computer-processed. Assessing the reliability of the COBRA model was beyond the scope of our review.

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

Prior Coverage

During the last 5 years, the DoD Inspector General has issued one report discussing the Base Realignment and Closure 2005 Technical Joint Cross-Service Group recommendations. Unrestricted DoD Inspector General reports can be accessed at <http://www.dodig.mil/audit/reports>.

DoD Inspector General

DoD Inspector General Report No. D-2005-086, "Technical Joint Cross-Service Group Data Integrity and Internal Control Processes for Base Realignment and Closure 2005," June 17, 2005

Appendix B. Congressman William M. Thomas Request

WILLIAM M. THOMAS
22ND DISTRICT, CALIFORNIA

CHAIRMAN
COMMITTEE ON WAYS AND MEANS
CHAIRMAN
JOINT COMMITTEE ON TAXATION

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(805) 549-0380 - SOUTH COUNTY

INTERNET:
www.billthomas.house.gov

April 5, 2006

Mr. Thomas F. Gimble
Acting Inspector General
Department of Defense
400 Army Navy Drive
Arlington, VA 22202

Dear Mr. Gimble:

I am reluctantly contacting you to request a review of Base Realignment and Closure (BRAC) implementation at Naval Air Warfare Center, Weapons Division, at China Lake in California. I have been a supporter of the 2005 round of BRAC as an independent and impartial means for the Department of Defense (DoD) to reduce excess infrastructure and obtain greater efficiencies. However, I have recently received information that individuals within the Department of the Navy may be attempting to undermine the implementation of the approved BRAC recommendations with respect to China Lake as a receiving installation. Thus, I request your review of this issue.

As you know, Public Law 101-510, as amended, established the legal basis and criteria for BRAC 2005. After an extensive deliberation process by DoD to generate its proposals, the Defense Base Closure and Realignment Commission subsequently exercised a comprehensive independent review, which resulted in its recommendations to the President. The President accepted the Commission's recommendations and forwarded them to Congress, which affirmed the Commission's recommendations, resulting in the recommendations being currently implemented.

The recommendations, having the force of law, state that there will be an Integrated Naval Weapons & Armaments Research, Development & Acquisition, Test & Evaluation Center created at Naval Air Warfare Center, Weapons Division, at China Lake. Missions, capabilities, and jobs from multiple locations will be consolidated at China Lake to save \$349.5 million over twenty years, according to BRAC commission documents. The definition and scope of the weapon and armament technologies, capabilities, functions, missions, and programs are clearly documented in the DoD Defense Technology Area Plan (DTAP), and were used by DoD to define functions to be realigned. However, I am informed that some individuals involved in implementation of

the recommendations are trying to subvert the process and minimize the effect of the BRAC law by attempting to exclude from realigning functions and capabilities clearly within the DoD DTAP definition. Additionally, other less obvious means to undermine the decision are being employed such as simply changing the Unit Identification Code (UIC) for billets slated for realignment but leaving them in place at their current location, or the redefinition of weapon work into other categories not slated to realign. None of these practices are likely to result in any savings, but more importantly, would not be in accordance with the law. It is imperative that this situation be thoroughly examined.

In order to most comprehensively review the implementation plans, I request that you seek input on this matter directly from the members of the Technical Joint Cross Service Group (TJCSG), the organization within DoD which made the initial recommendation to create this comprehensive center for Naval weapons development, which Defense Secretary Rumsfeld approved in the Pentagon's recommendations to the BRAC commission in Spring 2005. In addition, I request that you review the Navy's proposed implementation plan for consistency with the TJCSG recommendations, DoD DTAP definition of weapons, and approved Commission decisions.

I have been a strong supporter of BRAC and believe that if implemented in accordance with both the letter and spirit of the law, the process will result in significant savings and increased warfighting capabilities. Knowing that the Navy is drafting its business plan for the implementation of this recommendation, I look forward to your timely, yet thorough, review of this issue so that the business plan reflects the clear intent of the law.

Best regards,



WILLIAM M. THOMAS
Member of Congress

Appendix C. Congressman Elton Gallegly Request

ELTON GALLEGLY
24TH DISTRICT, CALIFORNIA
www.house.gov/gallegly

2427 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-0523
(202) 226-5811

2829 TOWNSGATE ROAD, SUITE 316
THOUSAND OAKS, CA 91321
(805) 423-0023
(805) 487-2224

485 ALISA L ROAD, SUITE C-1A
SOLVANG, CA 93463
(805) 423-0023
(805) 688-2526

Congress of the United States House of Representatives Washington, DC 20515-0524

May 10, 2006

Mr. Thomas F. Gimble
Acting Inspector General
Department of Defense
400 Army Navy Drive
Arlington, VA 22202-4704

Dear Mr. Gimble:

I am contacting you to request an audit of the process being used within the Department of Defense (DoD) to determine the number of civil service positions that will be realigned from Point Mugu and Port Hueneme to China Lake, California, in accordance with the Base Realignment and Closure (BRAC) law. I am requesting your help in ensuring that the positions planned for realignment are those, and only those, required by law.

DoD recommended, and the 2005 BRAC Commission approved, realigning Weapons and Armaments Research, Development, Acquisition, Test and Evaluation (RDAT&E) functions from Point Mugu and Port Hueneme to China Lake. In forwarding its report to the President, the BRAC Commission specifically referenced the Weapons and Armaments realignment when it stated: "The Commission was not able to reconcile the large differences between the number of affected personnel as proposed by DoD with the number of personnel identified by the community, primarily the number of people needed to support the Sea Range. The Commission urges the Secretary of the Navy, during the implementation process, to realign the Naval Integrated Weapons and Armaments RDAT&E functions for optimum effectiveness, rather than for narrow compliance with COBRA personnel numbers."

I understand that your office is currently reviewing and will make recommendations on extent of the realignment of Weapons and Armaments personnel to China Lake. As you conduct your review, I would ask that you examine each of the positions potentially affected by the realignment and ensure that only those that are truly needed to establish the Weapons and Armaments center at China Lake are relocated. It is my understanding the rationale for realigning these positions should be based purely on their relevance to Weapons and Armaments functions, not on any preconceived notion of the total number to be realigned. The BRAC Commission expressed considerable concern over DoD's COBRA numbers relevant to Weapons and Armaments. I concur with the Commission that the COBRA numbers forwarded by DoD are not mandated by law. I am especially concerned that non-Weapons and Armaments positions in the Point Mugu Sea Range, Targets and Test Squadron organizations and in the Port Hueneme Weapons System Integration and Launcher organizations may be swept up in an effort, by some, to

INTERNATIONAL RELATIONS
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LANDS
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SUBCOMMITTEES
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• TERRORISM, HUMAN INTELLIGENCE, ANALYSIS,
AND COMBAT INTELLIGENCE

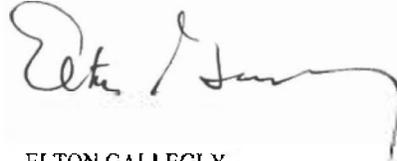
Mr. Thomas F. Gimble
Page Two
May 10, 2006

maximize realignment numbers. As you audit the numbers, I would request that you apply as much scrutiny to the origin and fidelity of the Office of the Secretary of Defense, Technical Joint Cross Service Group's originally recommended numbers as you do to the Navy's currently recommended numbers.

I am confident that a fair and impartial review of the Navy's BRAC realignment plan will: (1) Help determine the true number of positions that are related to Weapons and Armaments, (2) Minimize unnecessary disruption to those functions, including the Point Mugu Sea Range, that are not part of Weapons and Armaments, (3) Minimize unnecessary costs to the taxpayers, (4) Maximize value to our warfighters, and (5) Ensure DoD compliance with BRAC law.

Thank you for your assistance in this matter and I look forward to your timely response.

Sincerely,

A handwritten signature in black ink, appearing to read "Elton Gallegly", written over a light gray rectangular background.

ELTON GALLEGLY
Member of Congress

Appendix D. Mayor Marshall Holloway Request



City of Ridgecrest
California
Office of Mayor Marshall "Chip" Holloway

February 24, 2006

Mr. Thomas F. Gimble
Inspector General (Acting)
400 Army Navy Drive
Room #000
Arlington, VA 22202

Dear Inspector General Gimble:

As Mayor I am writing on behalf of all elected representatives of the City of Ridgecrest. We feel that it is essential that we highlight an issue of grave importance to our community and the Naval Air Warfare Center Weapons Division, China Lake. As detailed in multiple recent press accounts, we are concerned that the spirit and intent of the Base Realignment and Closure (BRAC) laws being undermined during implementation. Citizens of our community are becoming increasingly aware of changes to the decisions that were made during the earlier deliberation phase and subsequently implemented in law. All of the proposed changes appear to be part of a coordinated effort to undermine the realignment of functions to China Lake.

During a recent all-hands briefing by the Commander of the Naval Air Systems Command (NAVAIR) at China Lake and Pt Mugu, information was presented that conveyed the appearance that NAVAIR was treating the BRAC decisions and law as advisory and was unilaterally making changes. Examples include removing functions and jobs that were included in approved realignment decisions and claiming they were NAVAIR decisions vs. BRAC issues. As you know, our community has a long and strong history of supporting the Navy and has also supported the BRAC process. We have invested heavily in the BRAC process to ensure that the Department of Defense (DoD) and BRAC Commission were informed of the positive attributes of our community and China Lake. It was clear from the BRAC deliberations and decisions that this effort, strongly aided by your efforts, was effective and was validated by the Commission's decision to create an Integrated Naval Weapons and Armaments RDT&E Center of Excellence at China Lake. However, we are now seriously concerned that the decisions resulting from the detailed and objective BRAC deliberation process will be undermined during implementation by a few individuals pursuing their own agendas.

We are seeking your support to ensure that the BRAC implementation process is consistent with both the letter and spirit of the law. The BRAC decisions were based on military value determinations and savings, and we are concerned that both will be lost if significant changes are made to the decisions. The deliberation phase concluded with the Commission and Congress in this process. Therefore, we seek your support and that of others in Congress that want to maintain the integrity of the BRAC process and decisions. We can not let the military value gains and BRAC savings be lost during a time when both are so critically needed by our nation and its war fighters because of the deliberate efforts of a few to undermine the law in the pursuit of their own parochial interests and biases.

We understand that you are extremely busy and would not bother you with this issue if it were not of the utmost importance to our community, China Lake, and our Navy.

Sincerely,

Marshall "Chip" Holloway
Mayor
City of Ridgecrest

100 West California Avenue • Ridgecrest, California 93555-4054 • 760-488-9000 • 760-490-1900

Appendix E. BRAC Recommendation 184: Create a Naval Integrated Weapons & Armaments Research, Development & Acquisition, Test & Evaluation Center

Information contained in this appendix is a direct quote from the BRAC 2005 Commission Report.

Secretary of Defense Recommendation

Realign Naval Surface Warfare Center Crane, IN, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation, except gun/ammo, combat system security, and energetic materials to Naval Air Weapons Station China Lake, CA.

Realign Naval Surface Warfare Center Indian Head, MD, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation, except gun/ammo, underwater weapons, and energetic materials, to Naval Air Weapons Station China Lake, CA.

Realign Naval Air Station Patuxent River, MD, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation, except the Program Executive Office and Program Management Offices in Naval Air Systems Command, to Naval Air Weapons Station China Lake, CA.

Realign Naval Base Ventura County, Point Mugu, CA, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation to Naval Air Weapons Station China Lake, CA.

Realign Naval Weapons Station Seal Beach, CA, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation, except underwater weapons and energetic materials, to Naval Air Weapons Station China Lake, CA.

Realign Naval Surface Warfare Center, Yorktown, VA, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation to Naval Surface Warfare Center Indian Head, MD.

Realign Naval Base Ventura County, Port Hueneme, CA, by relocating all Weapons and Armaments Research, Development & Acquisition, and Test & Evaluation, except weapon system integration, to Naval Air Weapons Station China Lake, CA.

Realign Fleet Combat Training Center, CA (Port Hueneme Detachment, San Diego, CA), by relocating all Weapons and Armaments weapon system integration Research, Development & Acquisition, and Test & Evaluation to Naval Surface Warfare Center Dahlgren, VA.

Realign Naval Surface Warfare Center Dahlgren, VA, by relocating all Weapons & Armaments Research, Development & Acquisition, and Test & Evaluation, except guns/ammo and weapon systems integration to Naval Air Weapons Station China Lake, CA.

Secretary of Defense Justification

This recommendation realigns and consolidates those facilities working in Weapons & Armaments (W&A) Research, Development & Acquisition, and Test and Evaluation (RDAT&E) into a Naval Integrated RDAT&E center at the Naval Air Warfare Center, China Lake, CA. Additional synergistic realignments for W&A was achieved at two receiver sites for specific focus. The Naval Surface Warfare Center, Dahlgren, VA, is a receiver specialty site for Naval surface weapons systems integration and receives a west coast site for consolidation. This construct creates an integrated W&A RDAT&E center in China Lake, CA, energetics center at Indian Head, MD, and consolidates Navy surface weapons system integration at Dahlgren, VA.

All actions relocate technical facilities with lower overall quantitative Military Value (across Research, Development & Acquisition and Test & Evaluation) into the Integrated RDAT&E center and other receiver sites with greater quantitative Military Value.

Consolidating the Navy's air-to-air, air-to-ground, and surface launched missile RD&A, and T&E activities at China Lake, CA, would create an efficient integrated RDAT&E center. China Lake is able to accommodate with minor modification/addition both mission and lifecycle/sustainment functions to create synergies between these traditionally independent communities.

During the other large scale movements of W&A capabilities noted above, Weapon System Integration was specifically addressed to preserve the synergies between large highly integrated control system developments (Weapon Systems Integration) and the weapon system developments themselves. A specialty site for Naval Surface Warfare was identified at Dahlgren, VA, that was unique to the services and a centroid for Navy surface ship developments. A satellite unit from the Naval Surface Warfare Center, Port Hueneme, San Diego Detachment will be relocated to Dahlgren.

The Integrated RDAT&E Center at China Lake provides a diverse set of open-air range and test environments (desert, mountain, forest) for W&A RDAT&E functions. Synergy will be realized in air-to-air, air-to-ground, and surface launched mission areas.

This recommendation enables technical synergy, and positions the Department of Defense to exploit center-of-mass scientific, technical and acquisition expertise with weapons and armament Research, Development & Acquisition that currently resides at 10 locations into the one Integrated RDAT&E site, one specialty site, and an energetics site.

Community Concerns

The Naval Surface Warfare Center Crane, IN, community believed initial placement on DoD's closure list precluded its consideration as a gainer. Their joint customer base and Army Ammunition plant tenant were not recognized as a joint transformation asset, and that separate evaluation as a technical and industrial facility unfairly disadvantaged them in comparison to large Research Development & Acquisition (RD&A) facilities. They argued their highly experienced work force helped them grow 20 percent per year since 2001, on one of the largest bases in the US with no encroachment problems. The combined recommendations for NSWC Crane would cost Martin County more than one-ninth of its jobs.

The Indian Head, MD community claimed initial placement on DoD's closure list precluded consideration as a "gainer," and that the recommendation would be reasonable if energetics work from other commands, including China Lake and Picatinny, were brought to Indian Head. The Indian Head community concurred with DoD's recommendations sending work to them, and strongly opposed proposed losses of workload.

The Ventura County, Point Mugu, CA community claimed DoD's data analysis and judgment of military value were poor and the recommendations would not enhance transformation and jointness. Most of the affected positions are not synergistic with the armaments and weapons work already at China Lake.

They pointed out their range is a unique national asset, used by Air Force, Navy, Missile Defense Agency, other DoD, Foreign Military Sales, commercial activities and NASA, and that no synergy would be gained by realigning the Sea Range to China Lake. Basing range support aircraft at China Lake would require construction and increase operating costs. Some test facilities would take many millions of dollars to move and/or rebuild. NBVC's intellectual capital took decades to develop. Few employees would move to China Lake, and therefore DoD's proposal would risk major disruptions to mission effectiveness. They also disputed DoD's cost estimates, questioning assumptions on the number of staff likely to relocate, the cost of sea range air support, and savings estimated for civil service personnel. They believe a 12-year payback period is more realistic than six years and that recurring savings will likely be less than half those estimated by DoD.

The community speculated that the Coast Guard and Department of Homeland Security might expand their presence on Point Mugu, CA.

The Naval Weapons Station Seal Beach, CA, community noted that test and calibration equipment need not be purchased for China Lake if Seal Beach employees assist NSA Corona with calibration and other related work using Corona-based equipment.

Some members of the Naval Surface Warfare Center, Yorktown, VA, community said energetics work should be sent to Indian Head, and that a large percentage of Virginia employees would likely make this move. They noted that Indian Head, MD, would have been among the top three in most military value categories if the number of military personnel had been included in the evaluation.

However, others in the Yorktown, VA, community said DoD's recommendation is seriously flawed and should be rejected. They claimed locally generated cost, savings, and other data were changed or distorted at DoD to achieve the results needed to support DoD recommendations. Reported savings depended on staffing reductions unlikely to materialize as well as omitted or reduced implementation costs in COBRA. Correction of obvious errors would result in a net cost of over a million dollars, rather than a savings; and payback would stretch to over 20 years. They also argued DoD's recommendation would cause the Navy to lose capabilities and crucial magazine space, therefore hindering future operations.

The Port Hueneme, CA, community contended DoD overstated savings, and understated costs and the repayment period, including the additional costs incurred from training replacement staff and moving the aviation support unit. They said that savings are exaggerated by assuming 15 percent rather than GAO-recommended 5.7 percent for personnel savings. Most of the recommendations are Service-centric, contrary to DoD requirements for jointness and transformation, and would compromise existing synergies of the base, laboratories, and proximity to the Sea Range. They insisted operation of the Sea Range from China Lake would be less safe and more expensive. The realignment would result in significant losses of intellectual capital, adversely affect war fighting capabilities, and waste hundreds of millions of dollars of taxpayer money. They stated the Navy ignored requests for clarification of issues involving personnel relocations and COBRA computed savings.

The Naval Surface Warfare Center Dahlgren, VA, community said this particular recommendation conflicts with DoD's other recommendation to establish Dahlgren as a specialty site for Naval Surface Warfare, and would reduce military value and impair Navy warfighting capability. Consolidation of "big gun" RD&A and T&E at Picatinny Arsenal, NJ, would reduce the ability to engineer and integrate shipboard combat systems. Single siting violates a TJCSG guiding principal and, since Picatinny has neither big guns nor a test range, its transplanted employees would have to make frequent trips back to Dahlgren. Less than 20 percent of the educated, trained, and experienced engineering and technical workforce can be expected to move from the region, resulting in a brain drain.

According to the China Lake, CA, community, it was ranked highest in military value for research, acquisition, and T&E and was ranked first in two of three categories for Sensors/EW and Electronics. They argued that China Lake is the best site for synergism and efficiency and it has a record of identifying key

problems and creating effective, affordable solutions. Relocation of Point Mugu's electronic warfare capability to China Lake would improve integration of the next generation combat aircraft. They fully support DoD's recommendation to establish a full-spectrum, integrated RDAT&E center at China Lake. The community can and would provide needed utilities, good schools and affordable housing, and they stated the proposal would generate a relatively small increase from Ridgecrest's 1990s-level population. China Lake has a high retention rate and over 80 percent of the NAWC China Lake retirees stay in the community. They agreed that the Sea Range is a critical joint service asset, with the only question being the number of Point Mugu staff needed to efficiently and effectively operate the sea range.

Commission Findings

The Commission found that the issues and concerns raised about the recommendation did not rise to the level of a substantial deviation from the Selection Criteria or Force Structure Plan. For instance, the Commission determined that the potential loss of intellectual capital was not likely to be as serious as feared by the affected communities. Moreover, Commissioners found unconvincing the arguments by the Point Mugu community that after 13 years under the same Commanding Officer as China Lake, all possible duplication had been wrung out, therefore rendering a significant percentage of the anticipated savings unachievable. The Commission found instead that military value would be enhanced over the long run by bringing the teams working on these major armament projects into a single "center of excellence."

However, the Commission was not able to reconcile the large differences between the number of affected personnel as proposed by DoD with the number of personnel identified by the community, primarily the number of people needed to support the Sea Range. The Commission urges the Secretary of the Navy, during the implementation process, to realign the Naval Integrated Weapons and Armaments RDAT&E functions for optimum effectiveness, rather than for narrow compliance with COBRA personnel numbers.

Commission Recommendations

The Commission found the Secretary's recommendation consistent with the final selection criteria and the Force Structure Plan. Therefore, the Commission approves the recommendation of the Secretary.

Appendix F. Installation Submittals for the Business Plan Process

Navy Installation Exclusions

The Navy realigned installations submitted FY 2003 and December 2004 W&A RDAT&E FTE data for the initial TJCSG TECH 18D scenario data call. During the early stages of the business plan process, Navy officials directed the Navy realigned installations to provide updated FTE data based on FY 2003 through FY 2005 data. In the installation submittals, Navy management at the seven realigning installations excluded 1,867 FTEs,¹ initially included in the TJCSG scenario data call, from realignment to NAWC China Lake² for various reasons. See Table F-1 for types and number of FTE exclusions for the Navy installation submittals.

Table F-1. FTE Exclusions for the Navy Installation Submittals

<u>Types of Exclusions</u>	<u>FTEs</u>
BRAC Commission	208
Essential personnel/functions	1,091
Workload reduction	283
Interpretation of BRAC Commission intentions	94
Mathematical errors	76
Managements' adjustments	57
Fifteen percent reduction	56
Contractors	<u>2</u>
Total	1,867

¹FTE refers to civilian FTEs in this report.

²The Navy's proposed business plan FTEs for the NSWC Yorktown realignment to NSWC Indian Head and the Fleet Combat Training Center (Port Hueneme Detachment, San Diego) realignment to NSWC Dahlgren remained virtually unchanged from the initial scenario submission. Therefore, we excluded NSWC Yorktown and the Fleet Combat Training Center (Port Hueneme Detachment, San Diego) from discussion of the Navy installation submittals for the business plan process.

BRAC Commission. The BRAC Commissioners excluded various W&A RDAT&E functions from realignment to NAWC China Lake. Based on the commissioners' stated exclusions, Navy realigned installations management excluded 208 FTEs, initially included in the TJCSG scenario data call, in their installation submittals for the business plan process. The BRAC Commission excluded the following functions from realignment:

- Program Executive Office (NAS Patuxent River);
- Program Management Office (NAS Patuxent River);
- Energetic Materials (NSWC Crane, NSWC Indian Head, and NWS Seal Beach);
- Combat Security Systems (NSWC Crane);
- Gun/ammunition (NSWC Crane, NSWC Indian Head, and NSWC Dahlgren);
- Underwater Weapons (NSWC Indian Head and NWS Seal Beach); and
- Weapon System Integration (NBVC Port Hueneme and NSWC Dahlgren).

Essential Functions. Management at 5 of the 7 Navy realigning locations excluded 1,091 essential FTEs from realignment to NAWC China Lake. DoD requested in the TJCSG scenario data call that each of the Navy realigning locations report FTEs that are within W&A, but are an inextricable part of a specific function performed within the command. The Navy realigning installations revised their exclusions in their installation submittals for the business plan process to reflect FTEs performing the essential functions. As a result, the FTEs submitted by the Navy realigning installations decreased by 1,091 from FY 2003 to FY 2005. See Table F-2 for FTEs excluded by Navy realigning installations for essential functions.

Table F-2. Navy Realigning Installations Essential Functions Excluded for the Installations Submittals

<u>Navy Site</u>	<u>FTEs</u>
NBVC Point Mugu*	674
NBVC Port Hueneme	291
NAS Patuxent River*	67
NSWC Dahlgren*	58
NWS Seal Beach	<u>1</u>
Total	1,091

*We were not able to determine the number of FTEs for realignment attributed to BRAC Commission exclusions versus the number of FTEs for realignment attributed to essential functions for these locations.

Workload Reduction. Navy management at four of the seven realigning installations reported a reduction in W&A workload from the time of the TJSCG scenario data call to the time of the installation submittals for the business plan process, resulting in a reduction of 283 FTEs for realignment to NAWC China Lake. Navy installation management stated that managers used their technical judgment to determine the reduction of FTEs. Therefore, the audit team cannot verify the completeness and accuracy of the reduction. See Table F-3 for FTEs excluded by Navy realigning installations for workload reductions.

Table F-3. Navy Realigning Installations FTEs Excluded for Workload Reductions for the Installation Submittals

<u>Navy Site</u>	<u>FTEs</u>
NBVC Point Mugu	263
NSWC Indian Head	8
NWS Seal Beach	6
NAS Patuxent River	<u>6</u>
Total	283

Interpretation of BRAC Commission Intentions. NSWC Crane management improperly applied the TJCSG meeting minutes, point papers, and other BRAC recommendations to determine the BRAC Commission intentions. The BRAC Commission did not exclude special missions, program management, and sustainment of existing functions from realignment. However, NSWC Crane management stated that the BRAC Commission intended to exclude these functions from realignment to NAWC China Lake. As a result, NSWC Crane management excluded 94 FTEs from realignment in its installation submittal for the business plan process.

Mathematical Errors. Navy management at four of the seven realigning installations had mathematical errors in the FTEs for realignment to NAWC China Lake in their installation submittals for the business plan process. NBVC Port Hueneme, NBVC Point Mugu, and NSWC Crane excluded an additional 77 FTEs in their installation submittals for the business plan process. Also, NSWC Indian Head included 1 FTE in its installation submittals for the business plan process. As a result, the Navy realigning installations excluded 76 FTEs in their installation submittals for realignment to NAWC China Lake. See Table F-4 for FTEs excluded by Navy realigning installations due to mathematical errors.

Table F-4. Navy Realigning Installations FTEs Excluded for Mathematical Errors for the Installation Submittals

<u>Navy Site</u>	<u>FTEs</u>
NBVC Port Hueneme	44
NBVC Point Mugu	23
NSWC Crane	10
NSWC Indian Head	<u>-1</u>
Total	76

Management’s Adjustments. NSWC Crane management stated that the BRAC Commission miscalculated the number of FTEs performing W&A RDAT&E at NSWC Crane in the Commission Report. Therefore, NSWC Crane management deducted an additional 53 FTEs from the BRAC Commission-excluded functions for energetic materials and combat security systems in its installation submittal for the business plan process. Additionally, NSWC Indian Head managers excluded four administrative FTEs submitted by NWS Seal Beach, to reflect the W&A movements to NAWC China Lake. As a result, Navy installation managers excluded an additional 57 FTEs from realignment to NAWC China Lake in their installation submittals for the business plan process.

Fifteen Percent Reduction. Management at Navy realigned installations excluded FTEs from realignment for efficiency reductions gained through the implementation of the recommendation, although the Navy already realized reductions in FTEs from the President’s budgets. The TJCSG allowed the Navy

realigning installations to apply a 15 percent reduction to all civilian personnel realigned by BRAC 2005 process. Navy managers at five realigning installations updated the FTEs to reflect this reduction in their installation submittals for the business plan process. Therefore, the Navy realigning installations excluded 56 additional FTEs from realignment to NAWC China Lake. See Table F-5 for FTEs excluded by Navy realigning installations for the 15 percent reduction for efficiencies.

Table F-5. Navy Realigning Installations FTEs Excluded for Efficiency Reduction for the Installation Submittals

<u>Navy Site</u>	<u>FTEs</u>
NBVC Port Hueneme	20
NSWC Dahlgren	17
NSWC Crane	10
NSWC Indian Head	7
NWS Seal Beach	<u>2</u>
Total	56

Contractors. NAS Patuxent River management erroneously included two contractors associated with air platform activities with FTEs in the TJCSG scenario data call. Therefore, NAS Patuxent River management excluded the contractors from realignment to NAWC China Lake in its installation submittal for the business plan process.

Appendix G. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
Deputy Under Secretary of Defense, Installations and Environment
Under Secretary of Defense (Comptroller)/Chief Financial Officer

Department of the Navy

Assistant Secretary of the Navy (Installations and Environment)
Assistant Secretary of the Navy (Manpower and Reserve Affairs)
Naval Inspector General
Auditor General, Department of the Navy
Commander, Naval Installations Command
Naval Air Systems Command
Naval Sea Systems Command

Department of the Air Force

Auditor General, Department of the Air Force

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Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Homeland Security and Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Oversight and Government Reform
House Subcommittee on Government Management, Organization, and Procurement,
Committee on Oversight and Government Reform
House Subcommittee on National Security and Foreign Affairs,
Committee on Oversight and Government Reform

Elected Officials

Honorable Kevin McCarthy, U.S. House of Representatives
Honorable Elton Gallegly, U.S. House of Representatives
Honorable Marshall Holloway, Mayor of Ridgecrest, California

Navy Comments



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

AUG 10 2007

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL
(ACQUISITION AND CONTRACT MANAGEMENT)

Subj: RESPONSE TO COMMENTS ON DEPARTMENT OF DEFENSE OFFICE OF
INSPECTOR GENERAL PROJECT NO. D2006-D000CG-0194.000 OF JUNE
15, 2007

Ref: (a) DOD IG Memo of June 15, 2007

Encl: (1) ASN (I&E) Response to Comments on Navy Proposed Business Plan for Base
Realignment and Closure 2005 Recommendation 184

1. In accordance with reference (a), the enclosed responses to the subject project are
provided. We appreciate your review in support of making this the best product possible.
This response supersedes our previous memorandum on this subject dated July 30, 2007.

2. If you require further assistance, please contact Ms. Laura Duchnak at (619) 532-
0994.

A handwritten signature in black ink, appearing to read "Wayne Army".

Wayne Army
Deputy Assistant Secretary of the Navy
(Installations and Facilities)

Copy to:
NAVIG

Comments to the DoD IG Draft Report
Assessment of Navy Proposed Business Plan for BRAC 2005 Recommendation 184
(Proj # D2006-D000CG-0194.000)

Specific comments:

1) Inadequate Documentation, Page 6 - Non-Concur

All applicable data utilized in the BRAC planning process for Recommendation #184 has been made available to the DoD-IG. It's sufficiency for determining the extent to which the Navy's proposed Business Plan is consistent with the BRAC Commission-approved recommendation requires that the data be considered within the proper context. The Navy relied on its best sources of information to both develop their initial responses and the succeeding Business Plans. The lack of systems that definitively track Weapons and Armaments FTEs as a portion of the total workload would have substantially enhanced the analysis, but that data was and is not available. The Navy BRAC Program Management Office is working with the OSD BRAC Office to properly document deviations from the May 05 COBRA Report and to update the proposed Business Plan.

2) Deviations in Numbers of Full Time Equivalents

DoD IG Table 4 – Comparison of the Navy Realigned Installation Submittals for the Business Plan Process to the TJCSG Scenario Data Call, Page 11

The DoD IG incorrectly mixes Scenario Data Call FTEs that do not contain the 15% efficiency reduction and the TJCSG exclusions as applied to the COBRA model with the Navy's Business Plan FTEs which incorporates both.

Managers Technical Judgments of W&A RDAT&E, Page 11 - Concur

Management internal controls are in place to support the proper execution of funded orders utilizing DoD and Navy recognized financial systems. These systems were not designed to capture workload data by the technical capability areas utilized by the TJCSG in BRAC 2005. The use of management judgment has been recognized in the entire BRAC process, and not just for this recommendation or for the Navy Business Plan development. However, the same approach that was applied to the BRAC data calls has been consistently carried forward into the Business Plan development. The sufficiency for determining the extent to which the Navy's proposed Business Plan is consistent with the BRAC Commission-approved recommendation requires that these judgments along with supporting documentation be considered within the proper context. The Navy BRAC Program Management Office is working with the OSD BRAC Office to properly document deviations from the May 05 COBRA Report and to update the proposed Business Plan.

Interpretation of BRAC Commission Intentions, Page 12 – Concur

Management's interpretations of BRAC Commission intentions have been utilized with the determination that those interpretations were legally supportable by Navy BRAC counsel. Where the recommendation language used does not have a plain and unambiguous meaning but rather is a term of art developed to describe a given function for the purposes of the 2005 BRAC process, it was determined appropriate to examine the underlying documents supporting the recommendation in an effort to clarify the scope. The Navy BRAC Program Management Office is working with the OSD BRAC Office to properly document deviations from the May 05 COBRA Report and to update the proposed Business Plan.

Efficiency Reductions, Page 12 – Non-Concur

Port Hueneme's 15% efficiency was only applied to realigning functions as reflected in the Budget and Business Plan. Additionally, Table 5 does not factor the workload changes associated with realigning functions at Port Hueneme in the comparison.

Nonstandardized Time Periods, Page 13 – Non-Concur

While we concur that Crane did report FTEs based on FY04 data in response to the scenario data call that utilized in COBRA, prior to the data being certified, it was reconciled to FY03 Capacity Data Calls to ensure it was well-substantiated. Even though W&A RDAT&E FTE data for Crane has remained unchanged from COBRA in the current Business Plan, the FTE data contained in Business Plan reflects Crane's FY05 requirements. Additionally, Port Hueneme Business Plan data has been updated to reflect FY05 requirements.

Non Standardized Management Information Systems, Page 14 – Concur

There is no DoD MIS that captures workload by the technical capability areas utilized by the TJCSG in BRAC 2005. The use of management judgment has been recognized in the entire BRAC process, and not just for this recommendation or for the Navy Business Plan development. However, the same approach that was applied to the BRAC data calls has been consistently carried forward into the Business Plan development.

Fifteen Percent Efficiency Reduction, Page 15 – Non-Concur

- 1) The 15% efficiency reductions were applied to the COBRA model to generate the savings used to support the recommendation. These same savings were directed by NAVCOMPT for the President's Budget and the Business Plan and did not require further justification by the activities.*
- 2) The 15% efficiency reductions in the Business Plan mirror the reductions contained in the President's Budget and do not add to it. The Business Plan merely reflects those efficiency savings already contained in the budget for this BRAC recommendation.*

The Navy is seeking to become as efficient as possible through a variety of activities such as Lean Six SIGMA, productivity enhancement, etc. Optimizing the efficiencies offered by the realignments in this recommendation is part of that process. The latitude to re-scope the efficiencies consistent with projected work given by the T JCSG is positive and will be utilized as necessary as the Navy pursues its most efficient structure consistent with the BRAC recommendation and customer workload in Weapons and Armament.

Additional Information, Page 16 – Non-Concur

Recommendation # 184 contains no action to realign NSWC Yorktown W&A RDAT&E FTEs to NAWC China Lake. All recommended W&A RDAT&E realignment actions are addressed in the Business Plan and none are neglected. 2) The realignment of NSWC Yorktown W&A RDAT&E FTEs to NSWC Indian Head was not an oversight by DoD or the BRAC Commission. The recommendation to create a W&A RDAT&E Center at China Lake was not all inclusive and recognized that W&A RDAT&E functions would be retained at other Navy sites and, in fact, relocated W&A RDAT&E functions to other Navy sites as part of the recommendation.

DoD IG Recommendations:

1. We recommend that the Secretary of the Navy:

a. Provide to the Secretary of Defense sufficient documentation to explain deviations from the August 3, 2005, Cost of Base Realignment and Actions report and update the proposed Business Plan to reflect corrections to the errors in civilian full-time equivalents to be realigned. In addition, the Secretary of the Navy should certify that the civilian full-time equivalents are realigned to meet the intent of the Base Realignment and Closure 2005 Commission recommendation to create a Naval Integrated Weapons & Armaments Research, Development & Acquisition, Test Evaluation Center at Naval Air Warfare Center China Lake.

Concur - *The Navy BRAC Program Management Office is working with the OSD BRAC Office to properly document deviations from the COBRA Report (the May COBRA report as directed by OSD for all Business Plans not Aug) in order to update the proposed Business Plan, and will certify that the civilian full-time equivalents are realigned to meet the intent of the Base Realignment and Closure 2005 Commission recommendation #184. By submission of the Business Plan, the Secretary of the Navy is certifying that the plan meets the intent of the BRAC law.*

b. Consider the reduction in Navy civilian personnel over the last 3 years before applying additional efficiency reductions.

Concur - *The Navy BRAC Program Management Office is working with the OSD BRAC Office to properly document deviations from the May 05 COBRA Report in order to update the proposed Business Plan, and will certify that the civilian full-time equivalents are realigned to meet the intent of the Base Realignment and Closure 2005 Commission Recommendation #184.*

2. We recommend that the Under Secretary of Defense for Acquisition, Technology, and Logistics consider the reductions in Navy civilian full-time equivalents and ensure that Navy officials correct the errors in civilian full-time equivalents to be realigned before approving the Business Plan.

Concur - The Navy BRAC Program Management Office is working with the OSD BRAC Office to properly document deviations from the May 05 COBRA Report in order to update the proposed Business Plan, and will certify that the civilian full-time equivalents are realigned to meet the intent of the Base Realignment and Closure 2005 Commission Recommendation #184.

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