Audit Report

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR VARIOUS PROJECTS REALIGNED FROM KELLY AIR FORCE BASE TO LACKLAND AIR FORCE BASE, TEXAS

Report No. D-2000-064 December 21, 1999

Office of the Inspector General
Department of Defense

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Acronyms

AFB	Air Force Base
BRAC	Base Realignment and Closure
MILCON	Military Construction

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2885

December 21, 1999

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for Various Projects Realigned From Kelly Air Force Base to Lackland Air Force Base, Texas (Report No. D-2000-064)

We are providing this report for your information and use. This report is one in a series about FYs 1999 and 2000 Defense base realignment and closure military construction budget data. Because this report contains no adverse findings or recommendations, no written comments were required, and none were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million at (703) 604-9312 (DSN 664-9312) or Ms. Bobbie Sau Wan at (703) 604-9259 (DSN 664-9259). See Appendix C for the report distribution. The audit team members are listed inside the back cover.

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Office of the Inspector General, DoD

Report No. D-2000-064 December 21, 1999
(Project No. 8CG-5012.05)

Defense Base Realignment and Closure Budget Data for Various Projects Realigned from Kelly Air Force Base to Lackland Air Force Base, Texas

Executive Summary

Introduction. This report is one in a series about FY 1999 Defense base realignment and closure military construction costs. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each Defense base realignment and closure military construction project does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate, and to provide the results of the review to the congressional Defense committees.

Audit Objectives. Our overall objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides results of the audit of six Defense base realignment and closure military construction projects for fiscal years 1999 and 2000, totaling $12.5 million, associated with the realignment of various functions from Kelly Air Force Base to Lackland Air Force Base. A review of the management control program, as it applies to the overall audit objective will be reported in a summary report. Therefore, an assessment of the adequacy of the management control program will not be addressed in this report.

Audit Results. The Air Force provided adequate documentation with the DD Form 1391 to justify Defense base realignment and closure military construction requirements for the six projects associated with the realignment of various functions from Kelly Air Force Base to Lackland Air Force Base.

Management Comments. We provided a draft of this report on November 10. 1999. Because this report contains no adverse findings or recommendations, written comments were not required, and none were received. Therefore, we are publishing this report in final form.

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Background

The Office of the Inspector General, DoD, is performing audits of the Defense base realignment and closure (BRAC) process. This audit is one in a series about FY 1999 and FY 2000 BRAC military construction (MILCON) costs. For additional information on the audit process and prior coverage of the BRAC process, see Appendix A. For background information on the BRAC process, see Appendix B.

Objectives

The overall objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were valid BRAC requirements, whether the decision for MILCON was supported with required documentation, and whether an economic analysis was prepared to consider the use of existing facilities as an alternative to new construction.

This report provides the results of the audit of the following BRAC MILCON projects associated with the realignment of various functions from Kelly Air Force Base (AFB), Texas, to Lackland AFB, Texas.

- Project MBPB993213R1, "Construct Vehicle Ops/Maint Complex," valued at $6.2 million;
- Project MBPB993214R1, "Fuels Operations Complex," valued at $1.2 million;
- Project MBPB993205R1, "Security Fence" valued at $400,000;
- Project MBPB993217R1, "Alter Buildings 1530 and 2049," valued at $830,000;
- Project MBPB993221R1, "Alter Communications Facility," valued at $750,000; and
- Project MBLS003105, "Add/Alter CE Facility," valued at $3.1 million.

The audit also assessed the management control program as it applied to the overall audit objective. However, the management control program will be discussed in a summary report upon completion of the current reviews.

Military Construction Projects Relating to Realignment of Various Functions From Kelly Air Force Base to Lackland Air Force Base

The Air Force provided adequate documentation to justify the FYs 1999 and 2000 Defense base realignment and closure military construction requirements, totaling $12.5 million, for six projects associated with the realignment of various functions from Kelly AFB to Lackland AFB. Therefore, the DD Form 1391 budget data amounts for those projects are considered valid and adequately supported.

Project Background

The 1995 Commission on Defense Base Closure and Realignment recommended the closure of the San Antonio Air Logistics Center and the Defense Distribution Depot San Antonio located at Kelly AFB. Also recommended, was the realignment of various functions from Kelly AFB to the adjacent Lackland AFB. As part of that realignment, portions of Kelly AFB, including tenant organizations and the runway operations, will be transferred to Lackland AFB.

Project Requirements

We reviewed the DD Form 1391 budget data for three FY 1999 projects and three FY 2000 projects associated with the realignment of Kelly AFB to Lackland AFB as follows.

Project MBPB993213R1, "Construct Vehicle Ops/Maint Complex." This FY1999 BRAC project, valued at $6.2 million, provides additional facilities to house expanded vehicle operations and maintenance functions.

Project MBPB993214R1, "Fuels Operations Complex." This FY 1999 BRAC project, valued at $1.2 million, is for construction of a new fuel operations complex to jointly support the realigning missions from Kelly AFB and the 149th Air National Guard stationed at Lackland AFB. The $1.2 million amount represents only the portion of the MILCON costs associated with Kelly AFB BRAC requirements.

Project MBPB993205R1, "Security Fence." This FY 1999 project, valued at $400,000, provides fencing, gates, and a gatehouse to ensure security for the family housing and flight line areas.

Project MBPB993217R1, "Alter Buildings 1530 and 2049." This FY 2000 project, valued at $830,000, is for alteration of existing warehouse space to support several realigning functions from excessed portions of Kelly AFB.

Project MBPB993221R1, "Alter Communications Facility." This FY 2000 project, valued at $750,000, is for alteration of Building 1623 to consolidate the Kelly AFB and Lackland AFB communication squadrons from five facilities into one.

Project MBLS003105, "Add/Alter CE Facility." This FY 2000 project, valued at $3.1 million, is for realignment of the Kelly AFB civil engineering personnel by altering and adding to the existing civil engineering facility at Lackland AFB.

Summary

The Air Force properly planned, programmed, and documented the requirements for projects MBPB993213R1, MBPB993214R1, MBPB993205R1, MBPB993217R1, MBPB993221R1, MBLS003105. Therefore, the DD Form 1391 budget data amounts for those projects, totaling $12.5 million, are considered valid and adequately supported.

Appendix A. Audit Process

Scope

Work Performed and Limitations to Overall Audit Scope. For each BRAC MILCON project reviewed, we:

- analyzed the current DD Form 1391,
- examined project file documentation,
- interviewed cognizant Air Force personnel,
- reviewed economic analyses to determine whether the Air Force considered less costly alternatives, and
- toured the affected facilities at both Kelly and Lackland AFB.

We also reviewed applicable DoD and Air Force guidance, and reviewed each BRAC MILCON project to ensure compliance with applicable guidance. Additionally, we reviewed the overall methodology used to calculate project requirements, and management controls to ensure that cost estimates were reasonable.

DoD-wide Corporate Level Government Performance and Results Act (GPRA) Goals. In response to the Government Performance and Results Act, the Department of Defense has established 2 DoD-wide goals and 7 subordinate performance goals. This report pertains to achievement of the following goals (and subordinate performance goals):

Goal 2: Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs and reengineer the Department to achieve a 21st century infrastructure. **Performance Goal 2.3:** Streamline the DoD infrastructure by redesigning the Department's support structure and pursuing business practice reforms. **(00-DoD-2.3)**

General Accounting Office High Risk Area. The General Accounting Office has identified several high risk areas in the Department of Defense. This report provides coverage of the Defense Infrastructure high risk area.

Methodology

Audit Type, Dates, and Standards. This economy and efficiency audit was performed from April to October 1999, in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. We did not use computer-processed data to perform this audit.

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

Management Control Program

Our review of management controls over BRAC MILCON projects will be discussed in a summary report upon completion of the current reviews.

Summary of Prior Coverage

Four Inspector General, DoD summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1998. Details on those reports, and the numerous audit reports that they summarize, are available upon request.

Air Force Audit Agency Report (Project 96052028), "Military Construction Requirements Associated with the Realignment and Closure of Kelly and McClellan AFBs," July 25, 1996.

Appendix B. Background of Defense Base Realignment and Closure

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to provide a fair process that will result in a timely closure and realignment of military installations inside the United States. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission, and the Secretary of Defense shall send a report to the congressional Defense committees.

Military Department BRAC Cost Estimating Process. To develop cost estimates for the Commission, the Military Departments used the COBRA computer model. The COBRA computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1999 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The COBRA computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the COBRA computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FYs 1999 and 2000 BRAC MILCON $324.6 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected all projects in the budget.

Appendix C. Report Distribution

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House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Management, Information, and Technology, Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform

Audit Team Members

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