Audit Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR NAVAL AIR STATION MIRAMAR, CALIFORNIA, REALIGNING TO NAVAL AIR STATION FALLON, NEVADA

Report No. 95-039 November 25, 1994

Department of Defense

Additional Copies

Copies of this report can be obtained from the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch, Audit Planning and Technical Support Directorate, at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

Inspector General, Department of Defense
OAIG-AUD (ATTN: APTS Audit Suggestions)
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

DoD Hotline

To report fraud, waste, or abuse, call the DoD Hotline at (800) 424-9098 or write to the DoD Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of writers and callers is fully protected.

Acronyms

BRAC	Base Realignment and Closure
COBRA	Cost of Base Realignment Actions
MILCON	Military Construction
NAS	Naval Air Station
NAVFAC	Naval Facilities Engineering Command

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

November 25, 1994

MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT)

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, Realigning to Naval Air Station Fallon, Nevada (Report No.95-039)

We are providing this audit report for your review and comments. This report is one in a series of reports about FYs 1994 and 1995 Defense base realignment and closure military construction costs. The report provides the audit results of the review of seven base realignment and closure military construction projects for the realignment of the Navy Fighter Weapons School and the Carrier Airborne Early Warning Weapons School from Naval Air Station Miramar, California, to Naval Air Station Fallon, Nevada.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. The Navy did not provide comments on a draft of this report. We request that the Commander, Naval Air Force, U.S. Pacific Fleet, provide comments on the recommendations in this final report by January 17, 1995.

The courtesies extended to the audit staff are appreciated. If you have any questions on this draft report, please contact Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Timothy J. Staehling, Audit Project Manager, at (703) 604-9256 (DSN 664-9256). Copies of this report will be distributed to the organizations listed in Appendix E. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 95-039 **November 25, 1994**
(Project No. 4CG-5008.15)

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR NAVAL AIR STATION MIRAMAR, CALIFORNIA, REALIGNING TO NAVAL AIR STATION FALLON, NEVADA

EXECUTIVE SUMMARY

Introduction. 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 military construction project associated with base realignment and closure 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 Inspector General, DoD, is required to review each 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. This report is one in a series of reports about FYs 1994 and 1995 Defense base realignment and closure military construction costs.

Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of seven projects, valued at $46.9 million, for the realignment of the Naval Air Station Miramar, California, to Naval Air Station Fallon, Nevada. The audit also reviewed applicable internal controls.

Audit Results. The Navy adequately updated and supported the facility requirements for six of seven FYs 1994 and 1995 base realignment and closure military construction projects, valued at $26.3 million, for the realignment of Naval Air Station Miramar to Naval Air Station Fallon. However, the project to construct bachelor officer quarters, valued at $15.3 million, was not fully supported and documented. As a result, the number of bachelor officer quarters was not properly determined, and quarters may not be sufficient to accommodate the Navy Fighter Weapons School and the Carrier Airborne Early Warning Weapons School after the two schools are realigned to NAS Fallon. See Part II for details.

Internal Controls. The Commander, Naval Facilities Engineering Command, issued guidance establishing a requirement at all Naval Facilities Engineering Command field activities to validate Defense base realignment and closure military construction requirements and to improve the budget estimating process. This policy, when fully implemented, should enhance controls over base realignment and closure project estimates and should correct the internal control weaknesses at all Naval Facilities Engineering Command field activities. Neither the Commander, Naval Air Force, U.S. Pacific Fleet (major claimant), nor the Commander, Naval Air Station Fallon (requestor), identified the validation of base realignment and closure military

construction requirements as an assessable unit. We consider the lack of documentation a material internal control weakness. See Part I for the internal controls reviewed and Part II for details on the material internal control weakness identified.

Potential Benefits of Audit. Strengthening Navy internal controls will ensure the accuracy of budget estimates for military construction projects resulting from base realignments and closures and could result in monetary benefits. However, we could not quantify the amount. Appendix C summarizes all of the potential benefits resulting from the audit.

Summary of Recommendations. We recommend that the Commander, Naval Air Force, U.S. Pacific Fleet, update the DD Form 1391, "FY 1994 Military Construction Project Data," for the bachelor officer quarters project based on fully supported and documented requirements and establish validation procedures over the base realignment and closure military construction project estimating and planning process.

Management Comments. The Navy did not comment on the draft of this report. Therefore, we request the Commander, Naval Air Force, U.S. Pacific Fleet, to provide comments to the final report by January 17, 1995.

Table of Contents

Executive Summary i

Part I - Introduction

Background 2
Objectives 3
Scope and Methodology 3
Internal Controls 4
Prior Audits and Other Reviews 5

Part II - Finding and Recommendations

Adequacy of Project Documentation Preparation and Approval Process 8

Part III - Additional Information

Appendix A. Summary of Seven Base Realignment and Closure Military Construction Projects 14
Appendix B. Summary of Prior Audits and Other Reviews 16
Appendix C. Summary of Potential Benefits Resulting From Audit 19
Appendix D. Organizations Visited or Contacted 20
Appendix E. Report Distribution 21

This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Part I - Introduction

Background

Initial Recommendations of the Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Using cost estimates provided by the Military Departments, the Commission recommended 59 base realignments and 86 base closures. On October 24, 1988, Congress passed, and the President signed, Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," which enacted the Commission's recommendations. Public Law 100-526 also establishes the DoD Base Closure Account to fund any necessary facility renovation or military construction (MILCON) projects associated with base realignment and closure (BRAC).

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

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

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model (COBRA). COBRA uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare DD Forms 1391, "FY 1994 Military Construction Project Data," for individual construction projects required to accomplish the realigning actions. COBRA 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.

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 requests for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to 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. Also, Public Law 102-190 prescribes that the Inspector General, DoD, must evaluate significant increases in MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Objectives

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

This report provides the results of the audit of seven BRAC MILCON projects to support the realignment of the Navy Fighter Weapons School (Top Gun) and Carrier Airborne Early Warning Weapons School (Early Warning School) from Naval Air Station (NAS) Miramar, California, to NAS Fallon, Nevada.

Scope and Methodology

Limitations to Overall Audit Scope. COBRA develops cost estimates as a BRAC package for a particular realigning or closing base and does not develop estimates by individual BRAC MILCON project. Therefore, we were unable to determine the amount of cost increases for each individual BRAC MILCON project.

Overall Audit Selection Process. We compared the total COBRA cost estimates for each BRAC package with the Military Departments' and the Defense Logistics Agency's FYs 1994 through 1999 BRAC MILCON $2.6 billion budget submission.

We selected BRAC packages for which:

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

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

Specific Audit Limitations for This Audit. The realignment of NAS Miramar resulted in realignment of aircraft and dedicated personnel, equipment, and support services to NAS Fallon; NAS Lemoore, California; NAS Norfolk, Virginia; and NAS Oceana, Virginia. The Naval Audit Service reviewed documentation for three BRAC MILCON projects, valued at $67.6 million. See Appendix A for a list of the seven FYs 1994 and 1995 BRAC MILCON projects that we reviewed, valued at $46.9 million, planned at NAS Fallon.

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

Internal Controls

Internal Controls Reviewed. The audit reviewed internal controls over validating BRAC MILCON requirements for the seven BRAC MILCON projects associated with the realignment of NAS Miramar to NAS Fallon. Specifically, we reviewed Navy procedures for planning, programming, budgeting, and documenting the BRAC MILCON requirements for the realignment projects. We also reviewed management's implementation of the DoD Internal Management Control Program as it applies to the audit objectives.

Adequacy of Internal Controls. The audit identified a material internal control weakness as defined by DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987. We examined the portion of the DoD Internal Management Control Program applicable to validating the accuracy of BRAC MILCON budget requirements. Navy internal controls and the implementation of the DoD Internal Management Control Program were not effective because they did not prevent or identify the validation of BRAC MILCON projects as an assessable unit. See Part II for a discussion of the material internal control weakness.

Command Efforts to Improve Internal Controls. In December 1993, the Commander, Naval Facilities Engineering Command (NAVFAC), issued guidance establishing a requirement at all NAVFAC field activities to validate BRAC MILCON requirements and to improve the budget estimating process. NAVFAC field activities full implementation of this policy should enhance controls over BRAC project estimates because the policy provides for applying the existing criteria to validate regular MILCON project requirements. Implementation of the DoD Internal Management Control Program will also be strengthened by including the validation of BRAC MILCON project requirements as an assessable unit. Because of the Commander, NAVFAC, efforts, we made no recommendations concerning internal controls to NAVFAC.

Internal Controls Requiring Command Efforts To Improve. The Commander, Naval Air Force, U.S. Pacific Fleet, did not identify the internal control weakness and has not effectively implemented the DoD Internal Management Control Program as it relates to BRAC MILCON project development. Recommendation 2., if implemented, will correct the internal control weakness. We could not determine the potential monetary benefits that could be realized by implementing the recommendation to correct the internal

control weakness concerning the bachelor officer quarters. Monetary benefits, if any, will result from future decisions and future budget estimates. See Appendix C for a summary of the potential benefits resulting from the audit. A copy of the report will be provided to the senior official responsible for internal controls in the Department of the Navy.

Prior Audits and Other Reviews

Since 1991, numerous reports have addressed DoD BRAC issues. Appendix B lists selected DoD and Navy BRAC reports.

Part II - Finding and Recommendations

Adequacy of Project Documentation Preparation and Approval Process

NAS Fallon officials did not properly develop and document requirements for one of seven BRAC MILCON projects, project P-308T, "Bachelor Officer Quarters," valued at $15.3 million, for students of Top Gun and the Early Warning School. NAS Fallon officials did not follow proper MILCON planning and processing procedures because Naval Air Force, U.S. Pacific Fleet, lacked internal controls for identifying as an assessable unit BRAC MILCON project development, documentation, and updated estimate review. In addition, time constraints dictated by the BRAC process contributed to the lack of supporting documentation for project P-308T. Because the number of bachelor officer quarters was not properly determined, quarters may not be sufficient to accommodate the Top Gun and the Early Warning School after the two schools are realigned to NAS Fallon.

Background

NAVFAC Guidance for Preparing and Documenting MILCON Projects. The NAVFAC Instruction 11010.44E, "Shore Facilities Planning Manual," October 1, 1990, specifies guidance and procedures for the Navy preparation of MILCON project documentation. Specifically, the instruction provides the following five steps for the MILCON planning process:

- The initial step in the planning process is to determine the type of facilities needed for the intended mission. Basic facility requirements are developed from projected mission and from base loading, operational considerations, and professional judgment.

- The second step is to evaluate an organization's facility assets. Facility physical condition, function, adequacy, and alternative uses are evaluated.

- The third step is to analyze concepts and proposals. "What we need" is compared with "what we have." The analyses may result in surpluses or deficiencies.

- The fourth step implements the proposed acquisition or disposition. Implementation may result in a decision to acquire a facility through a MILCON program.

- The final step is to prepare reports for review by major claimants (the military organizations that own the facility that is being realigned).

Realigned Navy Schools. Two Navy schools, Top Gun and the Early Warning School, are being realigned to NAS Fallon. The Navy proposes to combine the two schools into a Center for Naval Tactical Air Warfare at NAS Fallon.

Mission of Top Gun. Top Gun's primary mission is to aggressively train and tactically develop pilots and pilot instructors for air-to-air warfare. Top Gun provides several training courses for squadron officers, adversary instructors, and controllers.

Mission of the Early Warning School. The primary mission of the Early Warning School is to collect, research, and disseminate tactical information and provide training for E-2C reconnaissance aircraft mission commanders.

Recommendations for Realigning NAS Miramar. Originally, the 1993 Commission recommended relocating only Top Gun from NAS Miramar to NAS Fallon. As a result of the 1993 Commission recommendation and the decision to realign NAS Miramar from a Navy to a Marine station, the Commander, Airborne Early Warning Wing, U.S. Pacific Fleet, recommended relocating the Early Warning School from NAS Miramar to NAS Fallon as well. This proposal included combining Top Gun and the Early Warning School into the Center for Naval Tactical Air Warfare at NAS Fallon. Supporting both schools within the same academic building was more economical, and Top Gun supports Early Warning School training exercises.

Projects Developed to Support Realignment of Top Gun to NAS Fallon. To accommodate the realignment of Top Gun to NAS Fallon, NAS Fallon officials developed seven BRAC MILCON projects, totaling $46.9 million. See the following table for a list of the seven projects. The projects were later updated to reflect the addition of the realignment of the Early Warning School to NAS Fallon. See Appendix A for a summary of all seven BRAC MILCON projects, their original estimates, and their updated estimates.

BRAC MILCON Project Planning and Subsequent Revisions

Original NAS Fallon Plan. Originally, NAS Fallon officials planned only for the realignment of Top Gun from NAS Miramar. The original planning resulted in NAS Fallon officials preparing DD Forms 1391 for seven projects, for a total of $46.9 million.

Update of Original Plan. NAS Fallon officials requested Western Division, NAVFAC, to issue a service contract to develop the basic facility requirements and to update the DD Forms 1391 to reflect the addition of the realignment of the Early Warning School from NAS Miramar to NAS Fallon. The number of projects remained at seven; however, the estimated costs for each project either increased or decreased. The following table depicts the project increases or decreases.

NAS Fallon BRAC MILCON Project Original and Updated Estimates

Project	Project Title	Original Estimate (millions)	Updated Estimate (millions)	Increase (Decrease) (millions)
P-308T	Bachelor Officer Quarters	$17.70	$15.30	($2.40)
P-310T	Aircraft Parking and Access Aprons	7.60	5.60	(2.00)
P-312T	Aircraft Direct Refueling Station	0.80	1.15	0.35
P-314T	Academic Building	6.30	6.65	0.35
P-315T	Aircraft Maintenance Hangar	11.20	9.00	(2.20)
P-319T	Water Storage and Distribution	2.80	2.55	(0.25)
P-320T	Wastewater Improvements	0.50	1.35	0.85
Total		$46.90	$41.60	($5.30)

Documentation and Support for the Updated DD Forms 1391. NAS Fallon and Western Division, NAVFAC, properly updated, documented, and supported the requirements for six of the seven BRAC MILCON projects. However, for project P-308T, we were unable to validate the number of bachelor officer quarters required to support the realignment of Top Gun and the Early Warning School to NAS Fallon.

Developing and Documenting Support for Project P-308T

Validation of NAS Fallon Project Estimate. We were not able to validate the NAS Fallon DD Form 1391 for project P-308T for 144 bachelor officer quarters to support the realignment of the two schools. We were not able to validate the estimate because NAS Fallon officials did not follow the guidance in NAVFAC Instruction 11010.44E for developing and documenting the number of bachelor officer quarters needed.

We attempted to validate the 144-bachelor-officer-quarters estimate by interviewing personnel from Naval Air Force, U.S. Pacific Fleet; from NAVFAC; from both schools; and from NAS Fallon. However, the interviews did not result in any additional supporting information to document how the number 144 was derived.

Correct Procedures for Developing BRAC MILCON Project Requirements. To determine the correct number of bachelor officer quarters needed to accommodate Top Gun and the Early Warning School, NAVFAC Instruction 11010.44E requires a detailed analysis. The analysis should compare the total number of potential students with the number of available

bachelor officer quarters. The number of available bachelor officer quarters is derived from future and current officer quarters requirements. The analysis should compare the number of quarters available with what will be required when the two schools are relocated to NAS Fallon. Any resultant deficiencies will establish the BRAC MILCON project requirements.

Additional bachelor officer quarters will be required to accommodate Top Gun and Early Warning School students when the schools are relocated to NAS Fallon. The maximum student load for the academic building for Top Gun and Early Warning School students during the peak period of training is 236 and 45, respectively. In addition, the Commander, NAS Fallon, stated that other Navy training organizations are being relocated to NAS Fallon. Therefore, because bachelor officer quarters will be needed to accommodate the two schools upon their relocation, the Navy should determine by analysis the correct number of bachelor officer quarters required to accommodate the two schools. During the audit, Western Division, NAVFAC, had already solicited, received bids, and awarded a contract for the construction of the 144 bachelor officer quarters. Because the contract is already awarded and costs would escalate if canceled, we are not recommending canceling the contract. NAS Fallon must determine how many bachelor officer quarters are required and initiate the action needed.

Adequacy of Internal Controls

NAVFAC Memorandum on Internal Controls. On December 14, 1993, the Commander, NAVFAC, issued a memorandum instructing all NAVFAC field activities to identify BRAC funding as a separate assessable unit for the current five-year Management Control Program. The memorandum stated that the vulnerability (risk) assessment should be a "high" risk rating because of the nature of the program and the continuous processes evolving within the program. This memorandum was issued after planning officials submitted the BRAC projects to the Commission and after the subsequent updating of the DD Forms 1391. Full implementation of this policy should improve the NAVFAC field activities' internal controls for validating and documenting BRAC project requirements.

Required Implementation of Internal Controls. Neither the Commander, Naval Air Force, U.S. Pacific Fleet, (major claimant), nor the Commander, NAS Fallon (requestor), identified the validation of the BRAC MILCON project estimating process as an assessable unit for the DoD Internal Management Control Program. Accordingly, the Commander, Naval Air Force, U.S. Pacific Fleet, and the Commander, NAS Fallon, should implement a DoD Internal Management Control Program establishing BRAC MILCON as an assessable unit. Additionally, the Commander, Naval Air Force, U.S. Pacific Fleet, and the Commander, NAS Fallon, need to implement procedures to validate that BRAC MILCON projects are accurate and reliable, are derived from reliable and verifiable data, and that cost estimates for BRAC MILCON projects are properly documented and auditable.

Project Documentation

The NAS Fallon Public Works Office stated that time constraints limited their ability to properly prepare and document the BRAC MILCON DD Forms 1391 for project P-308T. Representatives of the NAS Fallon Public Works Office stated that they were not aware of the BRAC decision to relocate Top Gun from NAS Miramar to NAS Fallon until just before the DD Forms 1391 were due for Navy budget submission. In addition, representatives of the NAS Fallon Public Works Office stated that the DD Forms 1391 submitted for approval were estimates subject to future revision as the projects' scope became more clearly defined.

Requirements Documentation

The bachelor officer quarters project is not supported by a basic facility requirement but is supported by cost and design estimates. As required by NAVFAC Instruction 11010.44E, NAS Fallon official should establish a basic facility requirement to determine the number of bachelor officer quarters needed to support the realignment of the two schools.

Recommendations for Corrective Action

We recommend that the Commander, Naval Air Force, U.S. Pacific Fleet:

1. Determine the appropriate number of bachelor officer quarters needed and update the DD Forms 1391, "FY 1994 Military Construction Project Data" as appropriate to accommodate the Navy Fighter Weapons School and the Carrier Airborne Early Warning Weapons School at Naval Air Station Fallon.

2. Establish internal control procedures to validate the DD Forms 1391, "FY 1994 Military Construction Project Data," and identify validation of base realignment and closure military construction requirements as an assessable unit.

Management Comments

The Navy did not respond to a draft of this report. We request the Navy to provide comments to the recommendations by January 17, 1995.

Part III - Additional Information

Appendix A. Summary of Seven Base Realignment and Closure Military Construction Projects

Project P-308T, "Bachelor Officer Quarters." The bachelor officer quarters is designed for 144 officer personnel. We were unable to determine how the 144-officer-personnel number was derived to support the Top Gun and the Early Warning School. The project was estimated at $17.7 million and later updated to $15.3 million. The decrease is a result of further design and cost estimates. Part II provides details of the unsupported bachelor officer quarters requirement.

Project P-310T, "Aircraft Parking and Access Aprons." Aircraft parking aprons are required to load, unload, service, and park aircraft. The parking apron will accommodate 21 Top Gun permanent aircraft and 3 transient aircraft. The initial DD Form 1391 showed a projected cost of $7.6 million. The updated DD Form 1391 appropriately supported a projected cost of $5.6 million.

Project P-312T, "Aircraft Direct Refueling Station." The aircraft direct refueling station project will expand the existing refueling station's number of high-speed aircraft refueling outlets from eight to nine outlets. The project will reconfigure an existing outlet and add a new fueling outlet. The relocation of Top Gun and the Early Warning School will increase the demand for jet refueling. The aircraft direct refueling station project was properly updated. The projected cost on the updated DD Form 1391 increased by $350,000 for additional paving and site improvements.

Project P-314T, "Academic Building." The academic instruction building, which was originally estimated at $6.3 million, included relocating only Top Gun to NAS Fallon. Project P-314T was reconfigured and redesigned to accommodate Top Gun and the Early Warning School jointly. The two schools will share common use areas such as the classrooms, auditorium, sensitive compartmented information facility, media services, tactical airborne mission planning station, mechanical and engineering space, janitor closets, and the men's and women's locker rooms. The cost increase of $350,000 is attributable to relocating the Early Warning School with Top Gun. However, the size of the redesigned academic building did not increase from the size of the original Top Gun academic building at NAS Miramar.

Project P-315T, "Aircraft Maintenance Hangar." The maintenance hangar project was slightly modified because of further refinements of Top Gun aircraft requirements. The hangar is now redesigned to accommodate engine repairs for F-14 rather than F-18 aircraft. The F-14 is larger than the F-18 and requires slightly more space for engine removal and installation. The DD Form 1391 showed the project cost at $11.2 million. As a result of more definitive cost and design estimates, the updated estimated project cost is $9 million.

Project P-319T, "Water Storage and Distribution." The water storage and distribution project will provide adequate water storage and distribution capabilities to meet the increased domestic water service for NAS Fallon. The water storage and distribution project decreased from $2.8 million to $2.55 million.

Project P-320T, "Wastewater Improvements." The wastewater treatment plant upgrade project will modernize the existing wastewater treatment plant to accommodate the increased demand associated with relocation of Top Gun and the Early Warning School to NAS Fallon. NAS Fallon originally estimated the project costs at $0.5 million and, after further analysis, updated the cost estimate to $1.35 million. Because of the particular nature of this project and of project P-319T, no historical costs were available for development of firm cost estimates. Therefore, NAVFAC contracted with a architecture and engineering firm to develop design and cost estimates that reflect a supportable cost estimate for both projects P-319T and P-320T .

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD

Report No.	Report Title	Date
95-029	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realigning to Various Sites	November 15, 1994
95-010	Defense Base Realignment and Closure Budget Data for Marine Corps Air Station Tustin, California, and Realignment to Marine Corps Air Station Camp Pendleton, California	October 17, 1994
94-179	Defense Base Realignment and Closure Budget Data for McGuire Air Force Base, New Jersey; Barksdale Air Force Base, Louisiana; and Fairchild Air Force Base, Washington	August 31, 1994
94-146	Defense Base Realignment and Closure Budget Data for Closing Naval Air Station Cecil Field, Florida, and Realigning Projects to Various Sites	June 21, 1994
94-141	Defense Base Realignment and Closure Budget Data for Naval Air Station Dallas, Texas, and Memphis, Tennessee, Realigning to Carswell Air Reserve Base, Texas	June 17, 1994
94-127	Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Personnel Support Center to the Naval Aviation Supply Office Compound in North Philadelphia, Pennsylvania	June 10, 1994
94-126	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Glenview, Illinois, and Realignment Projects at Fort McCoy, Wisconsin, and Carswell Air Reserve Base, Texas	June 10, 1994

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
94-125	Defense Base Realignment and Closure Budget Data for the Naval Medical Center Portsmouth, Virginia	June 8, 1994
94-121	Defense Base Realignment and Closure Budget Data for Naval Air Technical Training Center, Naval Air Station Pensacola, Florida	June 7, 1994
94-109	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois	May 19, 1994
94-108	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Station Treasure Island, California	May 19, 1994
94-107	Griffiss Air Force Base, New York, Defense Base Realignment and Closure Budget Data for Military Construction at Other Sites	May 19, 1994
94-105	Defense Base Realignment and Closure Budget Data for a Tactical Support Center at Naval Air Station Whidbey Island, Washington	May 18, 1994
94-104	Defense Base Realignment and Closure Budget Data for the Defense Contract Management District-West	May 18, 1994
94-103	Air Force Reserve 301st Fighter Wing Covered Aircraft Washrack Project, Carswell Air Reserve Base, Texas	May 18, 1994
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Naval Audit Service

Report No.	Report Title	Date
041-S-94	FY 1995 Military Construction Projects from Decisions of 1993 Base Closure and Realignment Commission	April 15, 1994
023-S-94	Military Construction Projects Budgeted and Programmed for Bases Identified for Closure or Realignment	January 14, 1994
023-C-93	Implementation of the 1993 Base Closure and Realignment Process	March 15, 1993

Appendix C. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
1.	Economy and Efficiency. Determines appropriate number of bachelor officer quarters needed to accommodate the BRAC relocation.	Undeterminable. The actual monetary benefits will be determined after the Navy determines the actual number of bachelor officer quarters needed.
2.	Internal Controls. Establishes procedures to validate the DD Forms 1391.	Undeterminable. Actual monetary benefits will be determined after the Navy establishes BRAC MILCON as an assessable unit.

Appendix D. Organizations Visited or Contacted

Department of the Navy

Airborne Early Warning Wing Pacific Fleet, Naval Air Force, U.S. Pacific Fleet, San Diego, CA
  Carrier Airborne Early Warning Weapons School, NAS Miramar, San Diego, CA
Shore Activities, Naval Air Force, U.S. Pacific Fleet, San Diego, CA
Naval Air Station Fallon, NV
Naval Air Station Miramar, CA
Navy Fighter Weapons School, NAS Miramar, CA
Naval Facilities Engineering Command, Alexandria, VA
  Western Division, San Bruno, CA

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Under Secretary of Defense (Comptroller)
Under Secretary of Defense for Personnel and Readiness
Assistant Secretary of Defense (Economic Security)
  Deputy Assistant Secretary of Defense (Economic Security and BRAC)
Deputy Under Secretary of Defense (Logistics)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Comptroller of the Navy
Commander, Naval Air Force, U.S. Pacific Fleet
  Commander, Airborne Early Warning Wing, U.S. Pacific Fleet
  Commander, Naval Air Station Fallon
  Commander, Naval Air Station Miramar
Commander, Navy Fighter Weapons School
Commander, Naval Facilities Engineering Command
Auditor General, Department of the Navy

Department of the Army

Auditor General, Department of the Army

Department of the Air Force

Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, Central Imagery Office
Inspector General, Defense Intelligence Agency
Inspector General, National Security Agency
Director, Defense Logistics Studies Information Exchange

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division, General Accounting Office

Chairman and Ranking Minority Member of Each of the Following Congressional Committees and Subcommittees:

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

Honorable Richard Bryan, U.S. Senate
Honorable Harry Reid, U.S. Senate
Honorable Barbara Vucanovich, U.S. House of Representatives

Audit Team Members

Paul J. Granetto
Wayne K. Million
Timothy J. Staehling
Cheryl C. Henderson
David P. Cole