Audit Report

OFFICE OF THE INSPECTOR GENERAL

JOINT CROSS-SERVICE GROUP FOR MILITARY TREATMENT FACILITIES 1995 DEFENSE BASE REALIGNMENT AND CLOSURE PROCESS

Report No. 95-174

April 13, 1995

Department of Defense

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Acronyms

BRAC	Base Realignment and Closure
DMIS	Defense Medical Information System
MTF	Military Treatment Facility

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Report No. 95-174

April 13, 1995

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)

SUBJECT: Audit Report on the Joint Cross-Service Group for Military Treatment Facilities 1995 Defense Base Realignment and Closure Process (Project No. 4CG-5016.04)

Introduction

We are providing this audit report for information and use. This report is one in a series of reports that discusses the Joint Cross-Service Groups' implementation of the internal control plan developed by the 1995 Defense Base Realignment and Closure (BRAC) Steering Group (the Steering Group). The internal control plan provided a consistent set of internal controls for the Joint Cross-Service Groups for managing the data used in the identification of DoD cross-Service realignment and closure opportunities. The Deputy Secretary of Defense directed the Inspector General, DoD, to review the adequacy and implementation of the internal control plan over this process. The report focuses on the adequacy of the implementation of the internal control plan by the Joint Cross-Service Group for Military Treatment Facilities (MTF) (the MTF Cross-Service Group).

Audit Results

The MTF Cross-Service Group implementation of the internal control plan developed by the Steering Group was generally effective. We identified the following deficiencies to the MTF Cross-Service Group, and the Military Departments took the appropriate action to correct the deficiencies and recertify the data:

o transpositional errors in data consolidation,

o inconsistency in data collected by the Military Departments on psychiatric hospital patient beds, and

o miscalculation of the number of patient beds and cost ratios.

Audit Objectives

The overall audit objective was to assess the adequacy of the Steering Group internal control plan for managing the data used in the identification of DoD cross-Service realignment and closure opportunities. The specific objective for

this audit was to determine whether the MTF Cross-Service Group adequately implemented the internal control plan. A summary report will discuss the overall audit objective.

Scope and Methodology

We reviewed the MTF Cross-Service Group process for BRAC 1995 data collection for MTFs. Our review was conducted at the Office of the Assistant Secretary of Defense (Health Affairs) and the MTF Cross-Service Group. We did not review the data collection process, internal control plans, or data validation process of the Military Departments. The adequacy of the internal controls over data input and analysis performed at the Center for Naval Analyses is discussed in a separate Inspector General, DoD, report on the Steering Group.

Data Requirements and Collection Review. We attended meetings of the MTF Cross-Service Group and provided assistance on data collection procedures and criteria for data analysis for the BRAC 1995 process. We reviewed the formal minutes and briefing charts of the meetings to verify that decisions made by the MTF Cross-Service Group were adequately documented. We also commented on the MTF Cross-Service Group's report to the BRAC 1995 Review Group before the report was issued on April 18, 1994. The MTF Cross-Service Group report contained data collection requirements and procedures for review of the data.

Data Consolidation and Security Review. We compared Military Departments' data call consolidations with the individual 100 MTF data call responses. We also compared the MTF Cross-Service Group consolidated spread sheet for the final analysis with the Military Departments' certified data and consolidations. We verified that the Military Departments provided certified data. We also reviewed the security of the data from the time the data were received from the Military Departments to the time the data were provided for analysis in the optimization model.

Data Verification. We did not verify the data submitted by the Military Departments to the MTF Cross-Service Group. The Military Department audit agencies verified the data submitted by the Military Departments. We also attended meetings with personnel from the MTF Cross-Service Group, the General Accounting Office, and the Military Department audit agencies to discuss audit-related issues and audit approach.

Computer-Processed Data Review. We reviewed two data bases to determine whether the use of centralized data systems for the data call was in accordance with the Steering Group internal control plan. The two data bases reviewed were the Defense Medical Information System (DMIS), a DoD data base, and the Donnelley Market Information System (Donnelley data base), a non-DoD data base. We also reviewed the validation, quality control, and edit checks for DMIS at the Office of the Assistant Secretary of Defense (Health Affairs) level.

Audit Standards and Locations. The Inspector General, DoD, program audit was conducted from January 1994 through March 10, 1995. The audit was conducted in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD, and included tests of internal controls considered necessary. We did not rely on statistical sampling techniques. The organizations visited and contacted are listed in Enclosure 1.

Internal Control Plan

On April 13, 1994, the Steering Group issued the internal control plan for the Joint Cross-Service Groups to use in the BRAC 1995 process. The objective of the internal control plan was to ensure the accuracy, completeness, and integrity of the information upon which the Secretary of Defense recommendations for realignments and closures would be based.

The internal control plan provided a consistent set of organizational and documentation controls for all Joint Cross-Service Groups for managing the identification of DoD cross-Service realignment and closure opportunities. In addition, the internal control plan incorporated the certification procedures set forth in Public Law 101-510, "Defense Base Realignment and Closure Act of 1990," November 5, 1990, as amended, and policy guidance in the Deputy Secretary of Defense memorandum, "1995 Base Realignment and Closures," January 7, 1994.

Prior Audits and Other Reviews

No previous audit coverage of the MTF Cross-Service Group has occurred.

Audit Background

The January 7, 1994, Deputy Secretary of Defense memorandum established policy, procedures, authorities, and responsibilities for selecting bases for realignment or closure under Public Law 101-510, as amended. To enhance opportunities for consideration of cross-Service tradeoffs and multi-Service use of the remaining infrastructure, the memorandum established a Review Group, a Steering Group, and six Joint Cross-Service Groups.

In addition, the Deputy Secretary of Defense directed the Inspector General, DoD, to ensure that the Joint Cross-Service Groups adequately implemented the Steering Group internal control plan.

Review Group Responsibilities. The Review Group monitored the entire BRAC 1995 effort. The Review Group was chaired by the Deputy Secretary of Defense and was composed of senior representatives from the Military

Departments, the Joint Staff, and other DoD Components and the Chairpersons from the Steering Group and each of the Joint Cross-Service Groups. Review Group responsibilities included:

o reviewing BRAC 1995 analysis policies and procedures,

o reviewing BRAC 1995 excess capacity analyses,

o establishing BRAC 1995 realignment or closure alternatives and numerical excess capacity reduction targets for consideration by DoD Components, and

o making recommendations to the Secretary of Defense.

Steering Group Responsibilities. The Steering Group assisted the Review Group in exercising its responsibilities, reviewing DoD Component supplementary BRAC 1995 guidance, and developing an internal control plan for the Joint Cross-Service Groups. The Steering Group was chaired by the Assistant Secretary of Defense (Economic Security) and was composed of representatives from the Joint Staff, Military Departments, the six Joint Cross-Service Groups, and other DoD Components.

Joint Cross-Service Group Responsibilities. The Joint Cross-Service Groups were established to consider six common-support areas with significant potential for cross-Service impact in the BRAC 1995 process. The six Joint Cross-Service Groups were:

o economic impact,

o depot maintenance,

o laboratories,

o MTFs,

o test and evaluation, and

o undergraduate pilot training.

The six Joint Cross-Service Groups were chaired by DoD senior officials, with members from the Military Departments and other DoD Components. The Joint Cross-Service Group for Economic Impact had the following responsibilities.

o Establish the guidelines for measuring economic impact and, if practicable, cumulative impact.

o Analyze DoD Component recommendations under those guidelines.

o Develop a process for analyzing alternative closures or realignments necessitated by cumulative economic impact considerations, if necessary.

The remaining five Joint Cross-Service Groups were tasked with the following responsibilities.

o Establish guidelines, standards, assumptions, data call requirements, data elements and milestone schedules.

o Perform excess-capacity analysis.

o Develop realignment or closure alternatives and numerical excess capacity reduction targets for the Military Departments.

o Analyze cross-Service support opportunities and tradeoffs.

Discussion

The MTF Cross-Service Group was chaired by the Office of the Assistant Secretary of Defense (Health Affairs) and included representatives from the Surgeons General of the Military Departments and other DoD Components. The MTF Cross-Service Group was tasked to review DoD MTFs to identify opportunities for consolidation, closure, or downsizing. The MTF Cross-Service Group effectively implemented the internal control plan and identified opportunities for consolidation, closure, or downsizing.

Military Treatment Facilities. Of the 143 DoD MTFs, the MTF Cross-Service Group reviewed 14 medical centers and 86 community hospitals, but did not review the 43 health care clinics in the United States. To facilitate its review, the MTF Cross-Service Group developed a data call and the Military Departments provided the data call to the 100 medical centers and community hospitals.

Medical Centers. DoD medical centers have 57 percent of the inpatient and 34 percent of the ambulatory work load for all MTFs. Medical centers are defined as tertiary care facilities that include at least two graduate medical education programs, provide a broad range of health services, and serve as a referral center with specialized and consultative support within the geographic area of responsibility. Based on the results of the BRAC analysis, a medical center may remain as is, be closed, or be downsized to a community hospital or clinic.

Community Hospitals. DoD community hospitals have 43 percent of the inpatient and 60 percent of the ambulatory work load for all MTFs. A community hospital is defined as an inpatient health treatment facility capable of providing diagnostic and therapeutic services in the fields of general medicine, preventive medicine, and surgery and having the supporting facilities to perform its assigned mission and functions. Based on the results of the BRAC analysis, a community hospital may remain as is, be closed, or be downsized to a clinic.

Health Care Clinics. DoD health care clinics have 6 percent of the ambulatory work load for all MTFs. A health care clinic is defined as a health treatment facility, staffed and equipped primarily to provide ambulatory services

to active-duty military personnel and other beneficiaries. The clinics are stand-alone MTFs located on DoD installations that do not have a medical center or community hospital. The MTF Cross-Service Group decided not to collect the data on health care clinics for two primary reasons.

o If an installation is closed, the clinic would also be closed. If active-duty military personnel remain at an installation, so will the clinic.

o No meaningful measures or industry standards exist for evaluating clinics.

Implementing the Internal Control Plan. The MTF Cross-Service Group developed a process for developing and collecting data call information, certifying the data call results, consolidating the data results, and securing the data received from the Military Departments. After the MTF Cross-Service Group collected and consolidated the data calls, the Center for Naval Analyses analyzed the data calls to establish a basis for determining the realignment and closure recommendations to be made to the Military Departments.

Developing and Collecting the Data Call. The MTF Cross-Service Group developed a data call that included 10 data requirements for contingency, cost, facilities, mission, and staffing attributes. Each data requirement measured characteristics related to the viability of a given MTF. The MTF Cross-Service Group assigned a functional value ranging from 1 to 10 for each of the 10 data requirements. The functional value represented the ability of an MTF to perform a function. The MTF Cross-Service Group started to develop its data requirements in January 1994 and published the data requirements in a plan on April 18, 1994. The Steering Group approved the plan and then the Military Department Surgeons General transmitted the data calls to the 100 medical centers and community hospitals.

We monitored the development of the data call to determine whether the decision process was adequately documented and whether the data requirements assured consistency of the data collected. The MTF Cross-Service Group documented its decisions on the criteria to be used in the data requirements in committee minutes and in various briefing packages. On May 27, 1994, we informed the MTF Cross-Service Group that four of the data requirements needed additional clarification to ensure consistent data. As a result, the MTF Cross-Service Group provided additional guidance clarifying the four data requirements.

Certifying the Data Call Results. The internal control plan required the data collected to be certified for accuracy, completeness, and consistency. However, to complete portions of the MTF Cross-Service Group data call, the Military Departments often used information from two centralized data bases, the DMIS and the Donnelley data bases. Using centralized data bases added consistency to the data call; however, the Military Departments were reluctant to use and certify data that they did not fully maintain and control. The MTF Cross-Service Group requested that we research the appropriateness of using the data bases for BRAC 1995.

We reviewed the Steering Group internal control plan on the certification and use of data from centralized data bases and responded to the MTF Cross-Service Group in a November 3, 1994, memorandum. The internal control plan required DoD Components to certify that internal BRAC data were complete, consistent, and accurate. However, the internal control plan did not require that data gathered from sources external to DoD be certified, provided the sources are authoritative and official.

Internal Data. DMIS, a DoD data base, provides information on the Office of Civilian Health and Medical Program of the Uniformed Services and MTF work load and costs. DMIS has a series of edit checks, quality control, and validation that provide numerous opportunities to correct and maintain accurate data within the system. The Office of Civilian Health and Medical Program of the Uniformed Services and the Military Departments input data into DMIS. The Office of the Assistant Secretary of Defense (Health Affairs) certified the Office of Civilian Health and Medical Program of the Uniformed Services input to DMIS that was used in the data calls. The Military Departments certified input to DMIS that was used in the data calls for the 100 medical centers and community hospitals.

External Data. The Donnelley data base is developed and maintained external to DoD and provides data on civilian and Department of Veterans Affairs health care. We determined that the Donnelly data base was an authoritative and official source of civilian health care data. Accordingly, data obtained from the Donnelley data base that was used in the data call do not have to be certified, according to the Steering Group internal control plan.

Consolidating the Data Call Results. The MTF Cross-Service Group plan provided for the consolidation of the data call results for the 100 DoD medical centers and community hospitals. The Military Departments scored the 10 data requirements, consolidated the data and scores on a spread sheet, and forwarded the spread sheets and data to the MTF Cross-Service Group. The MTF Cross-Service Group then consolidated the Military Department spread sheets into one spread sheet.

We verified that all the data calls were collected and that the MTF Cross-Service Group and Military Department consolidated spread sheets agreed with the individual MTF data calls. To ensure that the scoring of the data was correct, we did a 100-percent verification of the data call scoring. The Military Department audit agencies were responsible for verifying the data calls for the Military Departments.

The Military Department consolidated spread sheets and data contained deficiencies. The Military Departments made transposition errors while consolidating the data calls to spread sheets. Additionally, Military Department personnel counted hospital patient beds within the 40-mile catchment area inconsistently, because some counts erroneously included psychiatric patient beds. Military Department personnel also miscalculated the number of patient beds in civilian and Department of Veterans Affairs hospitals and the cost ratio between MTF and civilian health care.

We discussed the deficiencies with the Military Department and Office of the Assistant Secretary of Defense (Health Affairs) personnel. When the error was in the MTF data call submission, the MTF data call was corrected and recertified by the Military Departments. When the error was in the spread sheets, the Military Departments made corrections to the consolidated data before the MTF Cross-Service Group used the data for analysis.

Securing the Data Call Results. The MTF Cross-Service Group maintained security over the data packages received from the Military Departments to ensure the integrity of the data. Data security included both internal checks and physical security of the data.

Internal Checks. MTF Cross-Service Group representatives from each Military Department and Office of the Assistant Secretary of Defense (Health Affairs) were present to verify that all the data calls and consolidated spread sheets were received for the 100 medical centers and community hospitals. During the MTF Cross-Service Group consolidation and analysis, the representatives were free to challenge information in the data calls and the Military Department consolidations. The MTF Cross-Service Group representatives had access to centralized DoD information to check the validity of the data calls.

Physical Security. The MTF Cross-Service Group consolidated the Military Department spread sheets at the Center for Naval Analyses behind closed doors in a suite secured by a cipher lock. The data calls and the Military Department and MTF Cross-Service Group consolidated spread sheets were placed in a locked, fire-proof cabinet inside the Center for Naval Analyses suite. Access to the data was limited to representatives of the MTF Cross-Service Group and Inspector General, DoD.

Analyzing the Data Call Results and Making Recommendations. Personnel from the Center for Naval Analyses used a linear program model (an optimization model) to analyze the consolidated data. The MTF Cross-Service Group used the model results to identify cross-Service realignment and closure opportunities. On December 5, 1994, the MTF Cross-Service Group provided the Military Departments its recommendations for MTF realignment and closure. The adequacy of the internal controls over data input and analysis performed at the Center for Naval Analyses is discussed in a separate report on the Steering Group.

Management Comments

We provided a draft of this report to the Assistant Secretary of Defense (Health Affairs) on March 15, 1995. Because the report contains no findings and recommendations, written comments were not required. However, the Deputy Assistant Secretary of Defense (Installations) concurred with the report. See Enclosure 3 for the full text of management comments.

The courtesies extended to the audit staff are appreciated. If you have any questions on this audit, please contact Mr. Michael A. Joseph, Audit Program Director, or Mr. Jack L. Armstrong, Audit Project Manager, at (804) 766-2703. The distribution of this report is listed in Enclosure 3. Audit team members are listed on the inside back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Enclosures

Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC
Assistant Secretary of Defense (Health Affairs), Washington, DC

Department of the Army

Army Surgeon General, Falls Church, VA
Army Audit Agency, Falls Church, VA
Total Army Basing Study Office, Falls Church, VA

Department of the Navy

Bureau of Medicine and Surgery, Washington, DC
Naval Audit Service, Arlington, VA
Navy Base Structure and Analysis Team, Falls Church, VA

Department of the Air Force

Air Force Surgeon General, Washington, DC
Air Force Audit Agency, Washington, DC

Non-Government Organizations

Center for Naval Analyses, Arlington, VA
Vector Research, Incorporated, Arlington, VA

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House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
House Committee on National Security

Deputy Assistant Secretary of Defense (Installations) Comments

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ECONOMIC SECURITY

06 APR 1995

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Draft Audit Report on Joint Cross-Service Group for Medical Treatment Facilities, 1995 Base Realignment and Closure Process (Project No. 4CG-5016.04)

I have reviewed the draft report and concur in the auditor's description of the process used by the Joint Cross-Service Group (JCSG) for Medical Treatment Facilities to develop alternatives for consideration by the Military Departments during their BRAC analyses.

The Inspector General, DoD, has been a key part of the Department's BRAC process by providing advice and review of organizational and internal management controls for JCSG activities. The involvement of the Inspector General enhanced the process by helping to ensure the accuracy, completeness, and integrity of the information used as a basis for development of functional alternatives by the Joint Cross-Service Groups.

Robert E. Bayer
Deputy Assistant Secretary of Defense
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Audit Team Members

This report was produced by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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