

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE CLOSURE OF ROSLYN AIR
NATIONAL GUARD BASE AND REALIGNMENTS TO
STEWART AIR NATIONAL GUARD BASE,
NEW YORK

Report No. 96-127

May 23, 1996

Department of Defense

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Acronyms

ANGB	Air National Guard Base
BRAC	Base Realignment and Closure
MILCON	Military Construction



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



May 23, 1996

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

SUBJECT: Defense Base Realignment and Closure Budget Data for the Closure of
Roslyn Air National Guard Base and Realignment to Stewart Air National
Guard Base, New York (Report No. 96-127)

We are providing this audit report for your information and use. This report is one in a series of reports about FY 1997 Defense base realignment and closure military construction costs. Management comments on a draft of this report were considered in preparing the final report.

Management comments on the draft report conformed to the requirements of DoD Directive 7650.3. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Ms. Kimberley A. Caprio, Audit Program Director, at (703) 604-9248 (DSN 664-9248) or Mr. Kent E. Shaw, Audit Project Manager, at (703) 604-9228 (DSN 664-9228). If management requests, we will provide a formal briefing on the audit results. See Appendix E for the report distribution.

David K. Steensma
David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 96-127
(Project No. 6CG-5001.40)

May 23, 1996

Defense Base Realignment and Closure Budget Data for the Closure of Roslyn Air National Guard Base and Realignments to Stewart Air National Guard Base, New York

Executive Summary

Introduction. This report is one in a series of reports about FY 1997 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 military construction project associated with Defense 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 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. Our audits include all projects valued at more than \$1 million.

Audit 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 one project, valued at \$6 million, for the closure of Roslyn Air National Guard Base, New York, and realignment of the 213th Electronics Installation Squadron and the 274th Combat Communications Squadron to Stewart Air National Guard Base, New York.

Audit Results. The Air National Guard prematurely requested Defense base realignment and closure military construction funding to construct a communications training facility to house the 213th Electronics Installation Squadron and the 274th Combat Communications Squadron. As a result, the Air National Guard overprogrammed \$6 million for the FY 1997 Defense base realignment and closure military construction budget. See Part I for a discussion of the audit results.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) place project WHAY959635, "Communications Training Complex," on administrative withhold until Air National Guard satisfies the contingency of the recommendation from the Commission or until the Air National Guard makes a determination that selling the Roslyn Air National Guard Base at its fair market value is feasible.

Management Comments. The Under Secretary of Defense (Comptroller) concurred with the report and stated that project WHAY959635 is no longer included in the FY 1997 Defense base realignment and closure military construction program and the funds associated with it have been reprogrammed to other Defense base realignment and closure military construction requirements. However, the project should be placed on hold only until the Air Force determines that selling the base is feasible. Although not required to comment, the Air Force also concurred with the report and stated that the project should be placed on hold until the contingency of the Commission recommendation is satisfied. See Part I for a summary of management comments, and see Part III for the complete text of management comments.

Audit Response. As a result of the Under Secretary of Defense (Comptroller) and Air Force comments, we revised the wording of recommendation. The actions proposed by the Under Secretary of Defense (Comptroller) meet the intent of our recommendation, and no additional comments are required.

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Part I - Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1997 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C.

Air Force Audit Agency Report No. 95052032, "Review of 1995 Base Realignment and Closure Military Construction Requirements," January 29, 1996, states that the Air National Guard supported and based the proposed BRAC MILCON at Stewart Air National Guard Base (ANGB) on valid BRAC requirements. However, the report notes that Air National Guard officials had not performed an economic analysis to evaluate alternatives. The report recommended that the Air National Guard either perform an economic analysis or request the Under Secretary of Defense (Comptroller) to grant a waiver from the economic analysis requirement. Subsequently, Air National Guard officials performed an economic analysis and concluded that constructing new communications training facilities is the most cost-effective alternative to house realigning units at Stewart ANGB.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective.

This report provides the result of the audit of project WHAY959635, "Communications Training Complex," valued at \$6 million, for the realignment of the Roslyn ANGB, New York, to Stewart ANGB, New York. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Communications Training Complex Funding

The Air National Guard prematurely requested BRAC MILCON funding for project WHAY959635, "Communications Training Complex," for the realignment of the 213th Electronics Installation Squadron and the 274th Combat Communications Squadron to Stewart ANGB. That condition occurred because the Air National Guard incorrectly interpreted the 1995 Commission on Defense Base Closure and Realignment recommendation that the realignment decision be contingent upon the sale of the closing installation, Roslyn ANGB, at fair market value. As a result, the Air National Guard overprogrammed \$6 million for the FY 1997 BRAC MILCON budget.

1995 BRAC Commission Findings and Recommendations

Contingency of Realignment. The 1995 Commission on Defense Base Closure and Realignment (the Commission) determined that personnel and base operating support savings would not exceed the cost of relocating the Roslyn ANGB units to Stewart ANGB. The Commission, therefore, determined that the relocation was not cost-effective. However, the Commission recommended that the Air National Guard realign the units if the Roslyn ANGB can be sold at its fair market value. The Commission's recommendation, dated July 1, 1995, created the contingency of realignment by the word "if." Because of the contingency, the issue arose whether the funds may be obligated and spent in connection with the realignment.

Legal Opinion. On November 27, 1995, the Office of General Counsel, Department of the Air Force, issued an opinion stating that the Air National Guard may obligate and spend funds to accomplish the tasks necessary to make the determination required by the Commission as to whether the Roslyn ANGB can be sold for its fair market value. The Office of General Counsel, Department of the Air Force, concluded that the Air National Guard can incur obligations or make expenditures that are necessary to determine the fair market value of the Roslyn site; however, it can not incur obligations or make expenditures that are not necessary to determine fair market value.

BRAC MILCON Funding Request

The Air National Guard requested \$6 million of BRAC MILCON funding for project WHAY959635, "Communications Training Complex," for the realignment of the 213th Electronics Installation Squadron and the 274th Combat Communications Squadron to Stewart ANGB even though the sale of Roslyn ANGB had not been completed.

Interpretation of the Commission Recommendation

The Air National Guard prematurely requested FY 1997 BRAC MILCON funding because the Air National Guard did not correctly interpret the contingency placed on the Commission's recommendation. Air National Guard officials stated that Roslyn ANGB can be easily sold at its fair market value because it is located in the middle of the exclusive Long Island residential area. Therefore, the officials believed that holding the budget request until the Roslyn site is sold at its fair market value was not necessary. However, in compliance with the Commission's recommendation, the Air National Guard placed the project on hold at the planning stage. Therefore, we are making no recommendations to the Air National Guard.

Timing of the BRAC MILCON Funding Request

As a result of the Air National Guard's premature request for funding project WHAY959635, the Air National Guard overprogrammed the FY 1997 BRAC MILCON budget by \$6 million. Until the Roslyn ANGB has been sold at its fair market value, the Under Secretary of Defense (Comptroller) should place the project on administrative withhold.

Recommendation, Management Comments, and Audit Response

Revised Recommendation. As a result of the Under Secretary of Defense (Comptroller) and the Air Force comments, we revised the wording of the recommendation to include placing project WHAY959635 on administrative withhold until the contingency of the Commission recommendation is satisfied or until the Air National Guard makes a determination that selling Roslyn Air National Guard Base at its fair market value is feasible.

We recommend that the Under Secretary of Defense (Comptroller) place project WHAY959635, "Communications Training Complex," on administrative withhold until the Air National Guard satisfies the contingency of the recommendation from the 1995 Commission on Defense Base Closure and Realignment to realign the Roslyn Air National Guard Base units to Stewart Air National Guard Base if Roslyn Air National Guard Base can be sold at its fair market value, or until Air National Guard makes a determination that selling the Roslyn Air National Guard Base at its fair market value is feasible.

Management Comments. The Under Secretary of Defense (Comptroller) concurred with report and stated that project WHAY959635 is no longer included in the FY 1997 BRAC construction program and that the funds associated with it have been reprogrammed to other BRAC requirements. However, the project should be placed on hold only until it is determined that selling the base is feasible. Although not required to comment, the Air Force also concurred with report and stated that the project should be placed on hold until the contingency of the Commission recommendation is satisfied.

Audit Response. The actions proposed by the Under Secretary of Defense (Comptroller) meet the intent of our recommendation, and no additional comments are required.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1997 BRAC MILCON budget request, economic analysis, and supporting documentation for space requirements for one realignment project regarding the transfer of the 213th Electronics Installation Squadron and the 274th Combat Communications Squadron to Stewart ANGB, New York. Project WHAY959635, "Communications Training Complex," is estimated to cost \$6 million.

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from February through March 1996 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. The audit did not rely on computer-processed data or statistical sampling procedures. Appendix D lists the organizations visited or contacted during the audit.

Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-118	Defense Base Realignment and Closure Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina	May 13, 1996
96-116	Defense Base Realignment and Closure Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah	May 10, 1996
96-112	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida	May 7, 1996
96-108	Defense Base Realignment and Closure Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania	May 6, 1996
96-104	Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island	April 26, 1996
96-101	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington	April 26, 1996

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
96-093	Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1995 and 1996	April 3, 1996
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

Air Force Audit Agency

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95052032	Review of 1995 Base Realignment and Closure Military Construction Requirements	January 29, 1996

Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

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. 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 verify that the process for realigning and closing military installations was timely and independent. 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 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 Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions 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 1997 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions 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.

Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions 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 FY 1997 BRAC MILCON \$820.8 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 groups of projects that totaled at least \$1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

Appendix D. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC

Department of the Air Force

Deputy Assistant Secretary of the Air Force (Installations), Washington, DC

Air Force Base Conversion Agency, Washington, DC

Office of General Counsel, Washington, DC

Air National Guard Readiness Center, Andrews Air Force Base, MD

105th Military Airlift Group, Stewart Air National Guard Base, NY

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Economic Security)
Deputy Assistant Secretary of Defense (Installations)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force
Deputy Assistant Secretary of Air Force (Installations)
Deputy Chief of Staff Plans and Operations
Commander, Air National Guard Readiness Center, Andrews Air Force Base
Commander, 105th Military Airlift Group, Stewart Air National Guard Base

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

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 Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Honorable Alfonse M. D'Amato, U.S. Senate
Honorable Daniel Patrick Moynihan, U.S. Senate
Honorable Maurice D. Hinchey, U.S. House of Representatives

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments

Final Report
Reference



COMPTROLLER
(Program/Budget)

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



APR 26 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Quick-Response Report on Defense Base Realignment and Closure
Budget Data for the Closure of Roslyn Air National Guard Base, New York,
and Realignment of the 213th Electronics Installation Squadron and the 274th
Combat Communications Squadron to Stewart Air National Guard Base,
New York (Project No. 6CG-5001.40)

This responds to your April 5, 1996, memorandum requesting our comments on the
subject report.

The audit states that the Air National Guard over-programmed \$6.0 million of FY 1997
BRAC funding to construct a combat communications training facility (project WHAY959635),
associated with the Roslyn Air National Guard installation closure. The audit contends that the
over-programming occurred because the Air National Guard incorrectly interpreted the 1995
BRAC Commission recommendation that the realignment decision is contingent upon the sale of
the closing installation at fair market value.

The OIG recommends that the USD(Comptroller) place project WHAY959635 on
administrative withhold until the Roslyn Air National Guard Base is sold at its fair market value.

Project WHAY959635 is no longer included in the FY 1997 BRAC construction
program. The FY 1997 funds associated with it have been reprogrammed to other BRAC
requirements. We agree that the Air National Guard may have been premature to program funds
for this project in FY 1997, but disagree that the project should be placed on hold until the base
is actually sold. The project should be placed on hold only until it is determined that it is feasible
to sell the base. If a sale is feasible, the project should be allowed to proceed. If a sale is not
feasible, the closure should not proceed.


B. R. Pasour

Director for Construction



Revised

Department of the Air Force Comments

Final Report
Reference



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

12 April 1996

MEMORANDUM FOR The Assistant Inspector General for Auditing
Office of the Inspector General
Department of Defense

FROM: SAF/MLT
1660 Air Force Pentagon
Washington, DC 20330-1660

SUBJECT: Quick Reaction Report on Defense Base Realignment and Closure Budget Data for
the Closure of Roslyn Air National Guard Base, New York, and Realignment of the
213th Electronics Installations Squadron and the 274th Combat Communications
Squadron to Stewart Air National Guard Base, New York, April 5, 1996, 6CG-
5001.40

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force
(Financial Management and Comptroller) provide Air Force comments on subject report.

The Air Force CONCURS with the recommendations of the subject Draft IG Report to
administratively withhold funding for BRAC MILCON project WHAY 959635 "Communications
Training Complex" at Stewart Air National Guard Base, New York. This project was not
included in our FY 1997 submission to Congress (March 1996).

However, correction to the recommendation is necessary. The recommendation urges
withholding the project until the Roslyn Air National Guard Base is sold (emphasis added).
Because the sale may occur after the contingency is met, we recommend changing the wording to
the following: "...on administrative withhold until the contingency of the Commission
recommendation is satisfied." This change will allow flexibility in timing, but still require that
closure be certain before the project continues.

Michael D. Callaghan
Michael D. Callaghan, Col, USAF
Chief, Base Transition Division

cc:
ANG/RC
SAF/FMBIC
SAF/MLI

Revised

Audit Team Members

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

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