

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE RELOCATION OF THE FLEET
IMAGING CENTER PACIFIC FROM THE NAVAL AIR
STATION BARBERS POINT, HAWAII, TO THE NAVAL
STATION PEARL HARBOR, HAWAII**

Report No. 97-095

February 19, 1997

Department of Defense

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Acronyms

BRAC
MILCON
NAS

Base Realignment and Closure
Military Construction
Naval Air Station



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



February 19, 1997

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

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Relocation of the Fleet Imaging Center Pacific From the Naval Air Station Barbers Point, Hawaii, to the Naval Station Pearl Harbor, Hawaii (Report No. 97-095)

We are providing this audit report for information and use. This report is one in a series about FY 1998 Defense base realignment and closure military construction costs. Management comments on a draft of this report were considered in preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore no additional comments are necessary.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Nicholas E. Como, Audit Project Manager, at (703) 604-9215 (DSN 664-9215). See Appendix E for the report distribution. 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. 97-095
(Project No. 7CG-5002.01)

February 19, 1997

Defense Base Realignment and Closure Budget Data for the Relocation of the Fleet Imaging Center Pacific From the Naval Air Station Barbers Point, Hawaii, to the Naval Station Pearl Harbor, Hawaii

Executive Summary

Introduction. This report is one in a series about FY 1998 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.

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 project P-524T, "Fleet Imaging Center Pacific," estimated to cost \$1.85 million, for the relocation of the Fleet Imaging Center Pacific from the Naval Air Station Barbers Point, Hawaii, to the Naval Station Pearl Harbor, Hawaii.

Audit Results. The Navy did not execute the most efficient and cost effective option in the decision to relocate the Fleet Imaging Center Pacific from the Naval Air Station Barbers Point, Hawaii, to the Naval Station Pearl Harbor, Hawaii. The Fleet Imaging Center Pacific is currently located on the portion of Naval Air Station Barbers Point that will be retained by the Navy. The Fleet Imaging Center Pacific mission would not be adversely affected if it remained at its present location. As a result of relocating the Fleet Imaging Center Pacific, the Navy would unnecessarily spend \$1.85 million. See Part I for a discussion of the audit results. See Appendix C for a summary of invalid or partially valid requirements for the project we reviewed.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) withdraw total funding of \$1.85 million for project P-524T, "Fleet Imaging Center Pacific," and reprogram the \$1.85 million to other supported and unfunded Naval Defense base realignment and closure military construction projects. We also recommend that the Commander in Chief, Pacific Fleet, cancel DD Form 1391, "FY 1998 Military Construction Project Data," September 1996, for project P-524T and allow the Fleet Imaging Center Pacific to remain on the property being retained by the Navy at Naval Air Station Barbers Point.

Management Comments. The Under Secretary of Defense (Comptroller) concurred with the recommendation to place the \$1.85 million funding for project P-524T on administrative withhold. The Navy concurred with the recommendation to cancel project P-524T, "Fleet Imaging Center Pacific," and allow the Fleet Imaging Center Pacific to remain on the property being retained by the Navy at Naval Air Station Barbers Point. The Navy also stated that overestimated costs identified in Report No. 96-218 resulted in an overall loss to the Naval construction program at Marine Corps Base Hawaii Kaneohe Bay. As a result, the Navy requested that funds allocated for the relocation of the Fleet Imaging Center Pacific remain in the program to cover other requirements at Kaneohe Bay. See Part I for complete discussion of management comments and Part III for the complete text of management comments.

Audit Response. In Report No. 96-218, we recommended that only specific Naval construction projects be reduced as a result of overestimating requirements for those projects. Funds generated from overestimated costs were considered to be funds put to better use. It is the Under Secretary of Defense Comptroller's decision whether funds for Project P-524T should be retained by the Navy or reprogrammed to other valid BRAC requirements.

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Part I - Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing audits of the Defense base realignment and closure (BRAC) process. This report is one in a series about FY 1998 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 B. See Appendix C for a summary of invalid or partially valid requirements for the project we reviewed.

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 results of the audit of project P-524T, "Fleet Imaging Center Pacific," estimated to cost \$1.85 million, for the relocation of the Fleet Imaging Center Pacific from the Naval Air Station (NAS) Barbers Point, Hawaii, to the Naval Station Pearl Harbor, Hawaii. See Appendix A for a discussion of the scope and methodology. The management control program will be discussed in a summary report on FYs 1997 and 1998 BRAC MILCON budget data.

Prior Audits and Other Reviews

Three summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1996. The summary reports list individual projects. Since April 1996, numerous additional reports have been issued that address DoD BRAC budget data for FYs 1997 and 1998. Details on these reports are available upon request.

Fleet Imaging Center Pacific

The Navy did not execute the most efficient and cost effective option in the decision to relocate the Fleet Imaging Center Pacific for project P-524T, "Fleet Imaging Center Pacific." The Fleet Imaging Center Pacific is located on the portion of NAS Barbers Point that will be retained by the Navy. The Navy based the relocation decision on the 1995 BRAC law that states that only those activities in support of family housing may remain on NAS Barbers Point. As a result of relocating the Fleet Imaging Center Pacific, the Navy will unnecessarily spend \$1.85 million.

BRAC Decisions

The 1993 Commission on Defense Base Closure and Realignment (the 1993 BRAC Commission) report to the President recommended the closure of NAS Barbers Point and the relocation of aircraft, personnel, and equipment support to other naval air stations. The 1993 BRAC Commission also recommended the retention of NAS Barbers Point family housing as needed for multi-service use. The 1995 BRAC Commission report to the President recommended a change in the 1993 BRAC Commission recommendation. The 1995 BRAC Commission recommendation required the Navy to:

Change the recommendation of the 1993 Commission regarding items excepted from the closure of Naval Air Station Barbers Point, Hawaii **from** retain the family housing as needed for multi-service use **to** retain the family housing as needed for multi-service use, including the following family housing support facilities: commissary facilities, Public Works Center compound with its sanitary landfill, and beach recreational areas, known as Nimitz Beach and White Plains Beach.

Fleet Imaging Center Pacific - Mission and Location

Mission. The Fleet Imaging Center Pacific provides centralized management of imaging products and services to 242 Pacific Fleet activities for the attainment of naval and national objectives. Such imaging products and services provide still ground photographic coverage for accidents, quality deficiency reports, investigations, construction, and portraiture. The Fleet Imaging Center Pacific also establishes and maintains liaison with public affairs officers in all areas of operation to ensure photographic documentation of internal and external historical events.

Location. The Fleet Imaging Center Pacific is located in building 1767. Building 1767 is located in the section of NAS Barbers Point that will be retained for family housing and related housing support facilities.

Building 1767 is serviced by the same electrical and sanitation utilities as the family housing units. See Appendix D for an illustration of the retained area of NAS Barbers Point and the location of building 1767.

Naval Interpretation of the BRAC Decision

NAS Barbers Point Relocation Decision. A letter from the Commander, NAS Barbers Point, to the Commanding Officer, Fleet Imaging Center Pacific, dated April 26, 1995, stated that the Fleet Imaging Center Pacific was to relocate from NAS Barbers Point. The Commander, NAS Barbers Point, did not consider the Fleet Imaging Center Pacific to be in direct support of family housing and did not honor a Fleet Imaging Center Pacific request, January 10, 1994, to remain at NAS Barbers Point. However, the Fleet Imaging Center Pacific is responsible for documenting items of domestic significance (accidents and quality deficiency reports) and certain aspects of their mission can be in support of family housing.

Naval Policy. The Navy does not have an official policy concerning activities remaining on a retained portion of an installation that is recommended for closure. Additionally, the Navy has no directive requiring the Fleet Imaging Center Pacific to relocate. An official from the Office of the Chief of Naval Operations, Base Closure Implementation Branch, stated that there was no reason why the Fleet Imaging Center Pacific could not remain on the Navy controlled portion of NAS Barbers Point.

Analysis of Fleet Imaging Center Pacific Requirements

Location of Customer Base. The Fleet Imaging Center Pacific chose the Naval Station Pearl Harbor for relocation primarily because of customer location. Fleet Imaging Center Pacific representatives stated that most of their customers will come from the Pearl Harbor, Hawaii, area, after the closure of NAS Barbers Point. However, FY 1996 customers workload data disclosed that the Fleet Imaging Center Pacific obtains only 40 percent of its workload from the Pearl Harbor area. NAS Barbers Point provides 40 percent of the Fleet Imaging Center Pacific workload and the remaining 20 percent originates from other military installations. The Fleet Imaging Center Pacific mission would not be adversely affected by remaining at NAS Barbers Point.

Space Requirements. We reviewed the basic facility requirement, dated May 8, 1996, and the DD Form 1391, "FY 1998 Military Construction Project Data," September 1996, for the Fleet Imaging Center Pacific. The DD Form 1391 lists the Fleet Imaging Center Pacific as category code 141-60, "Photographic Building." The Naval Facilities Engineering Command Publication P-80, "Facility Planning Criteria for Navy and Marine Corps Shore Installations," October 1992 (revised in September 1993), does not provide

specific space requirements for category code 141-60. The Fleet Imaging Center Pacific basic facility requirement shows a space requirement of 8,160 square feet, and the DD Form 1391 shows a space requirement of 7,300 square feet. The Fleet Imaging Center Pacific currently occupies 6,314 square feet in building 1767 at NAS Barbers Point and 966 square feet in building 408 at the Naval Station Pearl Harbor. We physically observed the existing facilities and reviewed the detailed floor plans, manpower requirement documents, and equipment inventory listings. We concluded that the 7,300 square foot space requirement for the Fleet Imaging Center Pacific was reasonable.

Existing Facilities. The Navy proposes to spend \$1.85 million to renovate 7,300 square feet in building 279, located at Naval Station Pearl Harbor. Building 279 was the only building proposed by the Naval Station Pearl Harbor Staff Civil Engineering Office for the relocation of the Fleet Imaging Center Pacific. A review of the P-164 report, "Detailed Inventory of Naval Shore Facilities," September 30, 1995, for Naval Station Pearl Harbor and other Naval activities within the Pearl Harbor area did not disclose any other facilities that could accommodate the Fleet Imaging Center Pacific.

DD Form 1391 Renovation Cost Estimate. We compared the cost estimate to renovate building 279 with the Naval Facilities Engineering Command Cost Data Book, April 1993. We concluded that the \$1.85 million cost estimate to renovate building 279 was reasonable. We observed that building 279 had the following deficiencies:

- advanced termite infestation,
- deteriorating roof,
- no air conditioning or related duct work, and
- inadequate electrical capability.

Building 279 was constructed in 1941 and has been designated a historical landmark that prohibits its demolition.

Summary

The Fleet Imaging Center Pacific is currently located on the portion of NAS Barbers Point that will be retained by the Navy. There is no Naval requirement to relocate activities that are currently located on Navy property not scheduled for closure. Existing facilities are adequate to satisfy the Fleet Imaging Center Pacific mission. Therefore, project P-524T "Fleet Imaging Center Pacific," should be canceled and \$1.85 million of BRAC MILCON funding be put to better use.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller) withdraw total funding of \$1.85 million allocated for project P-524T, "Fleet Imaging Center Pacific," and reprogram the \$1.85 million to other supported and unfunded Naval Defense base realignment and closure military construction projects.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred and placed the \$1.85 million funding for project P-524T on administrative withhold. The Under Secretary stated that any savings will be reprogrammed to other valid BRAC requirements.

2. We recommend that the Commander in Chief, Pacific Fleet, cancel DD Form 1391, "FY 1998 Military Construction Project Data," for project P-524T, "Fleet Imaging Center Pacific," and allow the Fleet Imaging Center Pacific to remain on the property being retained at NAS Barbers Point by the Navy.

Navy Comments. The Navy concurred and stated that project P-524T, "Fleet Imaging Center Pacific," will be canceled and that the Fleet Imaging Center Pacific will remain on the property being retained by the Navy at Naval Air Station Barbers Point.

Other Navy Comments. The Navy stated that savings identified in Inspector General, DoD, Report No. 96-218, "Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment to Marine Corps Base Hawaii Kaneohe Bay," September 4, 1996, were "taken as a stand alone issue and increases to other projects were not properly credited, thereby resulting in an overall loss to the Navy's program." Further, there is a shortfall to fully fund construction requirements for project P-504T, "Utilities Upgrade" at Marine Corps Base Hawaii Kaneohe Bay. As a result, the Navy requested that funds allocated for the relocation of the Fleet Imaging Center Pacific remain in the program to cover other requirements at Kaneohe Bay.

Audit Response. In Inspector General, DoD, Report No. 96-218, we stated that the Navy overestimated requirements and cost for 4 of 9 construction projects and 1 concurrent military construction project that we reviewed. The net overstatement was \$7.2 million, including \$928,000 for the utilities upgrade project. We therefore recommended that funding for those projects be suspended, and that the Navy submit revised DD Forms 1391, "Military Construction Project Data," for the projects. By September 18, 1996, the Navy submitted the revised DD Forms 1391 resulting in a funding reduction of about \$7 million, including a funding reduction of \$961,000 for the utilities upgrade project. On September 20, 1996, we requested the Under Secretary of Defense (Comptroller) to release \$1.686 million including the \$961,000 from the utilities upgrade to fund other base realignment and closure projects. A similar request

will be made to the Under Secretary for project P-524T. However, it is the Under Secretary's decision whether those funds should be retained by the Navy or reprogrammed to other valid BRAC requirements.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1998 BRAC MILCON budget request, economic analysis, and supporting documentation for space requirements for one project regarding the transfer of the Fleet Imaging Center Pacific from NAS Barbers Point, Hawaii, to the Naval Station Pearl Harbor, Hawaii. Project P-524T, "Fleet Imaging Center Pacific," is estimated to cost \$1.85 million.

Audit Period, Standards, and Locations. This economy and efficiency audit was performed from October through November 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.

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

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 (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 1998 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.

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.

Appendix B. Background of Defense Base Realignment and Closure

Overall Audit Selection Process. We reviewed the FY 1998 BRAC MILCON \$354.3 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations, unless the projects were subsequently modified by the Military Departments. We grouped the remaining BRAC MILCON projects by location and selected all projects in the budget. We also reviewed those FY 1997 BRAC MILCON projects that were not included in the previous FY 1997 budget submission, but were added as part of the FY 1998 BRAC MILCON budget package.

Appendix C. Project Identified as Invalid or Partially Valid

Table C-1. Causes of Invalid or Partially Valid Projects

<u>Project Location</u>	<u>Project Number</u>	<u>Causes of Invalid Projects</u>		<u>Causes of Partially Valid Projects</u>	
		<u>Overstated</u>	<u>Unsupported</u>	<u>Overstated</u>	<u>Unsupported</u>
NAS Barbers Point	P-524T		X		

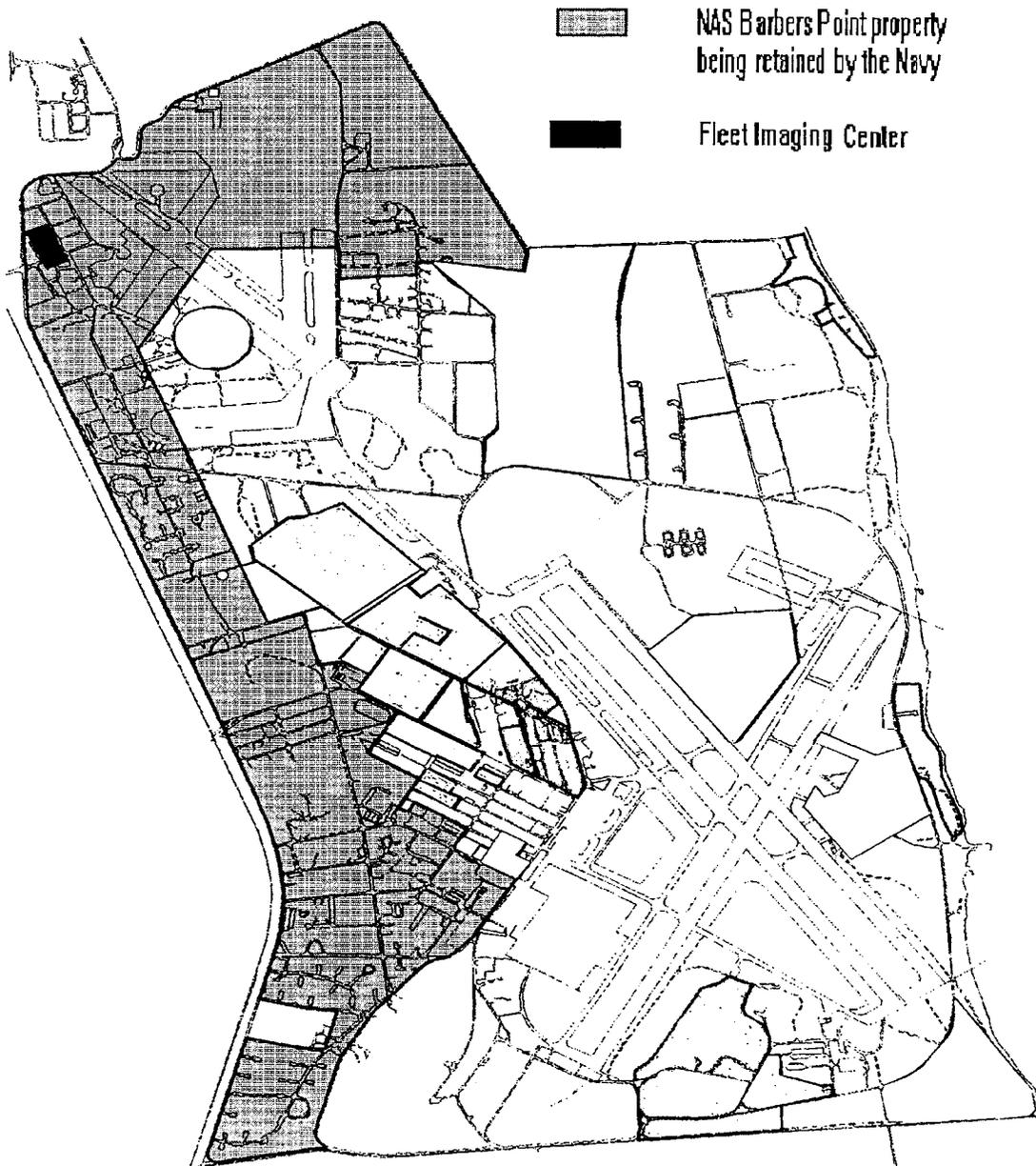
Table C-2. Recommended Changes in Project Estimates

<u>Project Location</u>	<u>Project Number</u>	<u>Amount of Estimate on DD Form 1391 (thousands)</u>	<u>Recommended Amount of Change</u>	
			<u>Invalid Projects (thousands)</u>	<u>Partially Valid Projects (thousands)</u>
NAS Barbers Point	P-524T	\$1,850	\$1,850	
Total		\$1,850		

Total Invalid and Partially Valid Projects

\$1,850

Appendix D. NAS Barbers Point - Area Retained by the Department of the Navy



Appendix E. Report Distribution

Office of the Secretary of Defense

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Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Assistant 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)
Deputy Chief of Naval Operations (Logistics)
Head, Base Closure Implementation Branch
Commander in Chief, Pacific Fleet
Commander, Fleet Imaging Center Pacific, U.S. Pacific Fleet
Commander, Naval Air Station Barbers Point
Commander, Naval Facilities Engineering Command
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

Unified Command

Commander in Chief, U.S. Pacific Command

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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

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments



COMPTROLLER
(Program/Budget)

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



November 29, 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Audit Report on Defense Base Realignment and Closure Budget Data for the Relocation of the Fleet Imaging Center Pacific From the Naval Air Station Barbers Point, Hawaii, to Naval Station Pearl Harbor, Hawaii (Project No. 7CG-5002.01)

This responds to your November 22, 1996, memorandum requesting our comments on the subject report.

The audit recommends that the USD(Comptroller) withdraw funds for project P-524T, "Fleet Imaging Center Pacific," at Naval Air Station Barbers Point, Hawaii, based on the preliminary finding that this facility is located on a portion of the Naval Air Station that will be retained by the Navy and its mission will not be adversely affected if it remained at its present location.

However, the Navy has not formally commented on the audit and the finding is still an issue. As a consequence, we will place the funding (\$1.8 million) for the project on administrative withhold until the issue is resolved. If any savings result from the audit, they will be reprogrammed to other valid BRAC requirements as appropriate.

B. R. Paseur

Director for Construction

Department of the Navy Comments



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

JAN 17 1997

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR
GENERAL FOR AUDITING

SUBJECT: DODIG Draft of a Proposed Audit Report on Defense Base
Realignment and Closure Budget Data for the Relocation
of the Fleet Imaging Center Pacific from Naval Air
Station Barbers Point, Hawaii to the Naval Station
Pearl Harbor, Hawaii (Project 7CG-5002.01)

I am responding to the proposed audit report concerning base
realignment and closure budget data for the relocation of Fleet
Imaging Center Pacific from Naval Air Station (NAS) Barbers Point,
Hawaii to Naval Station Pearl Harbor, Hawaii. The Department of
the Navy response is provided in Attachment 1. We concur with
proposed audit recommendations to cancel project P-524T, Fleet
Imaging Center Pacific funded at \$1.85 million.

However, it should be noted that in a previous audit report
on construction projects related to the closure of NAS Barbers
Point (Project 6CG-5001.08/96-218) audit savings were taken as a
stand alone issue and increases to other projects were not
properly credited, thereby resulting in an overall loss to the
Navy's program. This has resulted in a shortfall to fully fund
construction requirements for project P504T, utilities upgrade at
Kaneohe Bay. It is requested that funds for the relocation of
Fleet Imaging Center Pacific remain in the program to cover some
of those requirements.

A handwritten signature in cursive script, reading "Cheryl Kandaras".

CHERYL KANDARAS
Principal Deputy

Attachments:

1. DON Response to DODIG Draft Audit Report

Copy to:
ASN(FMB)
ASN(FMO-31)
NAVINGEN (02)
COMNAVFAC (00G2)

Department of the Navy Comments

DEPARTMENT OF THE NAVY RESPONSE

TO

DODIG DRAFT OF A PROPOSED AUDIT REPORT
ON

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR THE
RELOCATION OF THE FLEET IMAGING CENTER PACIFIC FROM THE NAVAL AIR
STATION BARBERS POINT, HAWAII, TO THE NAVAL STATION PEARL HARBOR,
HAWAII

(Project 7CG-5002.01)

Recommendation 1: We recommend that the Under Secretary of Defense (Comptroller) withdraw total funding of \$1.85 million allocated for project P-524T, "Fleet Imaging Center Pacific," and reprogram the \$1.85 million to other supported and unfunded base realignment and closure military construction projects.

Department of the Navy Response: Concur.

Recommendation 2: We recommend that the Commander in Chief, Pacific Fleet, cancel DD Form 1391, "FY 1998 Military Construction Project Data," for project P-524T, "Fleet Imaging Center Pacific" and allow the Fleet Imaging Center Pacific to remain on the property being retained at NAS Barbers Point by the Navy.

Department of the Navy Response: Concur. Navy will review this project to determine whether it is appropriate to resubmit under the regular MILCON program.

Audit Team Members

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

Paul J. Granetto
Wayne K. Million
Nicholas E. Como
Samuel J. Scumaci