

**Audit**



**Report**

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE  
BUDGET DATA, FORT HUACHUCA, ARIZONA,  
FAMILY PRACTICE CLINIC**

Report No. 95-278

July 14, 1995

**Department of Defense**

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### **Acronyms**

AAA	Army Audit Agency
AHFPA	Army Health Facility Planning Agency
BRAC	Base Realignment and Closure
CHAMPUS	Civilian Health and Medical Program of the Uniformed Services
DMFO	Defense Medical Facilities Office
MILCON	Military Construction



**INSPECTOR GENERAL**  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
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July 14, 1995

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)  
ASSISTANT SECRETARY OF DEFENSE (HEALTH  
AFFAIRS)  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data,  
Fort Huachuca, Arizona, Family Practice Clinic (Report No. 95-278)

We are providing this audit report for review and comment. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs.

DoD Directive 7650.3 requires that audit recommendations be resolved promptly. We considered Assistant Secretary of Defense (Health Affairs) and Department of the Army comments to the draft report in preparing the final report. As a result of management comments, we redirected a portion of draft report Recommendation 1. to the Army through final report Recommendation 3. Comments were not received from the Under Secretary of Defense (Comptroller) concerning draft report Recommendation 1. The Deputy Assistant Secretary of Defense (Health Services Operations and Readiness) stated that his office was performing a revalidation study of the Fort Huachuca family practice clinic project and deferred comment on Recommendations 2.a. and 2.b. pending completion of the study. Draft report Recommendations 3. and 4. were deleted based on Army comments. Therefore, we request that the Under Secretary of Defense (Comptroller), the Assistant Secretary of Defense (Health Affairs), and the Army provide additional comments on the redirected and unresolved recommendations by September 14, 1995.

The courtesies extended to the audit staff are appreciated. If you have any questions on this audit, please contact Mr. Garold E. Stephenson, Audit Program Director, at (703) 604-9332 (DSN 664-9332) or Mr. Timothy J. Staehling, Audit Project Manager, at (703) 604-9256 (DSN 664-9256). Appendix G lists the distribution of this report. 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. 95-278  
(Project No. 5CG-5017.22)

July 14, 1995

### Defense Base Realignment and Closure Budget Data, Fort Huachuca, Arizona, Family Practice Clinic

#### 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 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 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. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs.

**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 \$2.2 million, for the planned construction of a medical family practice clinic at Bliss Army Hospital, Fort Huachuca, Arizona, as part of 1991 Commission determinations. We also reviewed the adequacy of the management control program. The results of the review of the management control program will be provided in a separate summary report.

**Audit Results.** The construction of a new family practice clinic building was not supported as a valid Defense base realignment and closure requirement. According to documentation, the requirement for a family practice clinic existed at Fort Huachuca before the 1991 Commission determinations. Further, in 1993, the Army rewrote the family practice clinic justification in order to spend \$1.9 million of remaining Fort Huachuca BRAC funding after a prior audit had questioned a BRAC dental clinic request. In addition, the Army used an outdated local area cost factor to complete the FY 1996 Defense base realignment and closure family practice clinic construction request. The construction of the clinic will result in the improper expenditure of \$2.2 million of Base Closure Account funds and \$0.5 million of Other Procurement, Army, funds. See Part I for details on the finding and Appendix E for a summary of potential benefits of the audit.

**Summary of Recommendations.** We recommend that the Under Secretary of Defense (Comptroller) reprogram or withdraw the \$2.2 million of Base Closure Account funds for the Fort Huachuca family practice clinic. We also recommend that the Army reprogram \$0.5 million of Other Procurement, Army, funds for the family practice clinic. In addition, we recommend that the Assistant Secretary of Defense (Health Affairs) direct the Army to complete an economic analysis and to submit the family practice clinic as a non-Defense base realignment and closure project, if supported by the economic analysis.

**Management Comments.** The Deputy Assistant Secretary of Defense (Health Services Operations and Readiness) stated that his office was performing a revalidation study of the Fort Huachuca family practice clinic project and deferred a recommendation on the project pending completion of the study. The Army stated that the Fort Huachuca family practice clinic project is valid and should not be canceled. The Army nonconcurred with the recommendations to reprogram or withdraw Defense base realignment and closure military construction funds for the project, and to submit the family practice clinic as a non-Defense base realignment and closure project, if supported by an economic analysis. The Army stated that the management control process was adequate. The Under Secretary of Defense (Comptroller) did not respond to the draft recommendation to withdraw or reprogram funding. A summary of management comments to the recommendations is in Part I of the report. A summary of Army comments to the finding is in Part II and a complete text of management comments is in Part III of the report.

**Audit Response.** The Fort Huachuca family practice clinic is not a valid Defense base realignment and closure project. We request that the Under Secretary of Defense (Comptroller), the Assistant Secretary of Defense (Health Affairs), and the Army provide comments to the final report by September 14, 1995. We will review the Deputy Assistant Secretary of Defense (Health Services Operations and Readiness) revalidation study results in the comments to the final report.

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## **Part I - Audit Results**

### Audit Background

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 1996 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.

### Audit 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 evaluated the adequacy of the Army's management control program as it applied to the overall audit objective.

This report provides the results of the audit of one project, valued at \$2.2 million, for the planned construction of a medical family practice clinic at Bliss Army Hospital, Fort Huachuca, Arizona, as part of the 1991 Commission on Defense Base Closure and Realignment (the Commission) determinations. See Appendix A for a discussion of the scope, methodology, and management control program and Appendix B for a summary of prior coverage related to the audit objectives. The management control program will be discussed in a separate summary report on BRAC MILCON budget data.

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## Family Practice Clinic Construction

Army documentation showed that the requirement for a family practice clinic existed at Fort Huachuca before the BRAC-91 construction request. In addition, the Army used an outdated local area cost factor to complete the FY 1996 BRAC family practice clinic construction request. The construction of a new family practice clinic building was not supported as a valid BRAC requirement because:

- o the need for the clinic was not justified based on 1991 Commission requirements for BRAC (BRAC-91),

- o a project economic analysis and cost estimate was not performed,

- o existing excess hospital and clinic space at Fort Huachuca was not considered to meet project requirements, and

- o assumptions of future direct Army care costs being more economical than reimbursement of civilian care costs were misstated.

Therefore, the construction of the clinic will result in the improper expenditure of \$2.2 million of BRAC MILCON funds and \$0.5 million of Other Procurement, Army, funds.

## Requests and Reviews for BRAC Clinic Construction

**Dental Clinic BRAC Construction Request.** Fort Huachuca originally proposed BRAC-91 MILCON project 38300, "Family Practice Clinic," under the title of "Hospital Alteration and Dental Clinic," for the construction of a 3,000-square-foot, 28-chair dental clinic. The project request replaced projects 29764, "Dental Clinic," and 38423, "Dental Clinic," which were non-BRAC MILCON requests. MILCON projects 29764 and 38423 requested separate dental clinics of 18 and 10 chairs, respectively.

BRAC dental clinic project 38300 was for \$2.9 million. Project 38300 included alteration and renovation of 14,000 square feet of existing Fort Huachuca Bliss Army Hospital space into an unspecified outpatient clinic. Project 38300 was one of several BRAC-91 construction projects that totaled \$19.9 million. The BRAC-91 action retained a total of 747 troops, plus dependents, previously identified to leave Fort Huachuca in the BRAC-88 action.

**Non-BRAC Military Construction Requests.** The BRAC family practice clinic project was originally proposed as non-BRAC MILCON construction. On June 5, 1992, Fort Huachuca submitted a request for MILCON project 40389 for a non-BRAC family practice clinic in conjunction with BRAC-91 dental clinic project 38300. The non-BRAC family practice clinic

## Family Practice Clinic Construction

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was to consist of 11,700 square feet, at a total estimated cost of \$1.7 million. On February 5, 1993, the project was revised to 14,500 square feet, to be constructed within refurbished hospital space at a total estimated cost of \$2.3 million.

**Army Audit Agency Review of BRAC Dental Clinic Request.** The Army Audit Agency (AAA) reviewed the \$19.9 million BRAC-91 request package. A summary of the 1992 AAA report results can be found in Appendix B. The AAA review included an analysis of the BRAC-91 dental clinic project 38300 request. The AAA report concluded that \$1 million for construction of the dental clinic was not appropriate for BRAC funding. However, the report did not state the scope of its review of the dental project or the reason that the dental project request was not appropriate for BRAC funding. The Army report stated that \$1.9 million in BRAC funding was adequately supported for:

- o 1,600 square feet of dental clinic space and
- o 11,000 square feet of outpatient clinic space.

The AAA report gave no reason why the space was adequately supported, other than to accommodate the personnel subject to the general BRAC-91 request.

## Calculation of BRAC Project Cost

Fort Huachuca used an outdated local area cost factor to complete the FY 1996 BRAC family practice clinic construction request. The outdated cost factor resulted in an overstated BRAC MILCON cost.

**Local Area Cost Factor.** The total estimated cost of project 38300 for FY 1995 was calculated using a local area cost factor of 1.12. The local area cost factor subsequently changed to 1.05 for FY 1996, but the estimated cost for BRAC project 38300 was not changed. According to a master planner in the Fort Huachuca Directorate of Engineering and Housing, a new local area cost factor is usually applied only to new DD Forms 1391, "Military Construction Project Data," or to DD Forms 1391 with major revisions. We calculated that the local area cost factor of 1.05 reduced the estimated cost of the family practice clinic BRAC request from \$2.25 million to \$2.11 million. The master planner considered the potential reduction insignificant to warrant application of the revised local area cost factor.

**Family Practice Clinic Square Footage.** The final space requirements for BRAC project 38300 were determined by the Defense Medical Facilities Office (DMFO) through a program for design analyses at the request of the Army Health Facility Planning Agency (AHFPA). DMFO initially estimated the amount of square feet required to construct the dental clinic at 19,611 square feet. On July 2, 1993, DMFO estimated 9,596 square feet (later revised to

9,387 square feet in September 1993) for the BRAC family practice clinic. The DMFO square-foot estimate was the basis for the Army DD Form 1391 submitted for FY 1995 BRAC funding.

## Justification for Construction Requirement

The need for the clinic was not justified based on BRAC-91 requirements.

**Substitution of Family Practice Clinic.** AHFPA personnel rewrote the BRAC dental clinic request into the BRAC family practice clinic request by a July 8, 1993, memorandum to the Fort Huachuca master planner. The AHFPA officer responsible for the memorandum stated that the project request was rewritten because the Army BRAC Office wanted to spend the remaining \$1.9 million in BRAC-91 funding remaining from the AAA review.

**Family Practice Clinic Staffing Requirements.** The staffing requirements for the family practice clinic also predated BRAC-91. No additional family practice clinic staff was requested or authorized as part of BRAC-91.

Fort Huachuca staffing documentation dated February 9, 1995, showed that 23 health care providers (physicians, nurse practitioners, or physician assistants) were authorized for 5 primary-care-related clinics, which included 4 community care clinics and 1 internal medicine clinic. Fort Huachuca staffing documentation dated July 1, 1993, showed that, at submission of the BRAC family practice clinic request, Fort Huachuca had 4 primary-care-related clinics with 19 authorized health care providers. The staffing documentation confirmed that 10 family practice physicians were authorized before the BRAC request. Neither Fort Huachuca nor Army Medical Command had staffing plans specifically designating BRAC-91 medical personnel for a family practice clinic.

The AHFPA Commander stated that the prime driver in the Fort Huachuca BRAC family practice clinic project was the movement of additional medical personnel from closed facilities. The AHFPA Commander also stated that the Army Medical Command had not yet designated an FY 1995 BRAC medical staffing increase for Fort Huachuca.

Fort Huachuca stationing reports indicated that Fort Huachuca Medical Activity authorizations have declined while family practice authorizations have increased. In FY 1993, the Fort Huachuca Medical Activity had 711 authorizations for health care providers, medical support staff, and administrative support staff. The authorizations declined to 639 in FY 1994 and to 589 in FY 1995.

### Project Economic Analysis

A project economic analysis and cost estimate was not performed for the BRAC family practice clinic request.

**Requirements for Economic Analysis.** DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," requires that an economic analysis be used as an aid in establishing construction priorities and in determining optimum allocation of resources. The economic analyses should be included in the DD Form 1391, and should be based on trade-off studies that give explicit consideration to costs and benefits for each considered alternative. DoD Instruction 7041.3, "Economic Analysis and Program Evaluation for Resource Management," provides guidance on the methods and procedures for conducting the economic analysis.

**Economic Analysis Justification.** Fort Huachuca did not perform an economic analysis or other cost-benefit comparison for the BRAC family practice clinic construction or the initial request for BRAC dental clinic construction. The Fort Huachuca master planner stated that Fort Huachuca had no basis for a comparison because it was obvious that no facilities could be renovated and that new construction was required. We determined that alternative options were available, including renovation of several existing facilities and performance of medical practices at local civilian medical facilities. Fort Huachuca is currently performing major renovations of existing Bliss Army Hospital facilities and is expanding existing clinic, pharmacy, and administrative space by reducing the in-patient bed space (see "Consideration of Existing Hospital and Clinic Space" in this report).

Neither DMFO nor AHFPA had requested economic justification detail supporting project 38300 from Fort Huachuca. DMFO obtains an independent economic analysis from a contractor for BRAC MILCON projects of \$10 million or more. The Fort Huachuca medical projects did not meet that threshold.

### Consideration of Existing Hospital and Clinic Space

Existing excess hospital and clinic space at Fort Huachuca was not considered to meet project requirements.

**Existing Hospital Space.** Bliss Army Hospital at Fort Huachuca was undergoing renovation and expansion. In-patient bed space was being converted to outpatient clinic, pharmacy, and administrative space. The renovation was done with non-BRAC funding. Although the hospital is officially listed in the Defense Management Information System as having 84 in-patient beds, only 19 in-patient beds currently exist. We observed that the newly renovated or constructed clinic space was not crowded and may be underutilized.

The renovations permitted administrative offices and some existing clinic space to move to Bliss Army Hospital from 50-year-old buildings on other parts of the base. The moves did not result from BRAC-91.

**Existing Outpatient Clinic Space.** Five primary care clinics currently exist at Fort Huachuca. Of the five clinics, two are in Bliss Army Hospital and three are in other base locations. In addition, Fort Huachuca has 2 on-base dental clinics and 11 non-primary care medical clinics.

**Primary Care Clinic Space.** Of five primary care clinics located outside Bliss Army Hospital, three are primary care clinics that serve students, dependents, and nonstudent active-duty personnel for the Information Systems Command, the 11th Signal Brigade, and the Army Intelligence Center and School. Estimated gross square feet for the three clinics is 19,000 square feet.

Two of the three clinics operated in overcrowded conditions (total of 7,000 square feet) in local barracks buildings. Fort Huachuca medical personnel considered use of the two crowded clinics as a temporary measure to reduce outpatient waiting time until construction of the BRAC-requested family practice clinic was completed. However, the two temporary clinics were opened for new personnel that were received as a result of BRAC-88 and were not designated for any personnel involved with BRAC-91.

The third clinic showed no conditions of overcrowding. Originally called the Troop Medical Clinic, the clinic is in a separate 12,000-gross-square-foot building constructed in 1979 and expanded during 1990. Fort Huachuca medical personnel plan to remodel the building and incorporate an additional pharmacy. The clinic has four examining rooms, five "screening" rooms, four rooms for doctors' offices, and an additional six rooms used for supply, storage, and the pharmacy. The renovation plan was scheduled to expand the clinic pharmacy into the existing storage room space.

**Dental Clinic Space.** Fort Huachuca has two on-base dental clinics. Dental Clinic 1, located in Bliss Army Hospital, occupies 11,500 square feet and has 14 chairs and 5 assigned dentists. Dental Clinic 1 treats dependents and retirees. The larger Renion Dental Clinic occupies a separate 15-year-old, 13,000-square-foot building next to the hospital. It has 19 dental chairs and 14 dentists and treats the active-duty base population. We visited both dental clinics and observed no overcrowding in either facility. No more than one-third of either dental facility was in use. Hospital and dental personnel stated that requirements for dental coverage were being reduced to cover only active-duty personnel. The change in coverage will further reduce utilization of the two on-base dental clinics.

**Non-Primary Care Clinic Space.** In November 1994, Fort Huachuca opened a new ambulatory care outpatient clinic, consisting of four separate non-primary care outpatient clinics: optometry, obstetrics/gynecology, orthopedics, and physical therapy. The ambulatory care clinics are located in a 15,900-square-foot extension to the hospital built as a BRAC-88 project for \$4.15 million. During a visit to the clinics, we observed no overcrowding or lack of space. Three of the four ambulatory care clinics moved from the Bliss

## Family Practice Clinic Construction

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Army Hospital first floor. The other clinic moved from an older on-base facility. An additional four non-primary care clinics are located within Bliss Army Hospital, while three clinics remain in older, on-base facilities.

## Army and Civilian Clinic Costs

The Army and DMFO misstated assumptions that future direct Army care costs were more economical than reimbursement of civilian care costs.

**Fort Huachuca Clinic Treatment Costs Compared With Local Area Costs.** We compared data of estimated costs for outpatient clinic treatment at Fort Huachuca with costs incurred in the Fort Huachuca catchment area (the area served by Fort Huachuca) for clinic treatment provided at local medical facilities through the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). The comparison showed no specific savings between the Fort Huachuca clinic treatment and CHAMPUS treatment. Fort Huachuca health systems personnel stated that Fort Huachuca direct care costs were lower than CHAMPUS catchment area costs for FYs 1993 and 1994. However, the Fort Huachuca analysis was based on assumptions that excluded pharmacy costs and costs of contracted civilian physicians from the Fort Huachuca cost base. Therefore, either clinic cost treatment comparison method used can be based on assumptions that may influence or dictate the desired result.

**Analysis of CHAMPUS Data.** We determined that Fort Huachuca clinic costs were greater than CHAMPUS costs for FYs 1992 through 1994 and lower for FYs 1989 through 1991. For example, FY 1992 Fort Huachuca clinic costs averaged \$91 per outpatient visit and CHAMPUS costs averaged \$70 per outpatient visit. In November 1993, DMFO performed a health care requirements analysis of CHAMPUS and Fort Huachuca direct care cost data for FYs 1989 through 1992. The DMFO health care requirements analysis stated that, overall, CHAMPUS and Fort Huachuca clinic costs were comparable.

## Management Comments and Audit Response on the Finding

**Assistant Secretary of Defense (Health Affairs) Comments.** The Deputy Assistant Secretary of Defense (Health Services Operations and Readiness) generally agreed with the finding. Specifically, the Deputy Assistant Secretary agreed that:

- o construction of the Fort Huachuca family practice clinic was not totally supportable as a purely BRAC requirement, and

- o full economic analysis was not performed on the Fort Huachuca family practice clinic project.

However, the Deputy Assistant Secretary did not agree that the draft report fully portrayed or explained the initial planning rationale for the family practice clinic project. The Deputy Assistant Secretary also stated that no acceptable mechanism exists to compare purely direct-care-provider costs with CHAMPUS provider costs.

The Assistant Secretary deferred commenting on the statement in the finding that, "existing excess hospital and clinic space at Fort Huachuca was not considered to meet project requirements," pending revalidation of the project.

**Audit Response.** We have revised the discussion of the finding in the final report to clarify the effect that initial planning requirements had on the development of the family practice clinic. We agree that no mechanism exists to compare purely direct care provider costs with CHAMPUS provider costs.

**Army Comments.** The Army commented extensively on the finding. See Appendix D for a summary of Army comments and the audit response.

## **Recommendations, Management Comments, and Audit Response**

**Redirected and Deleted Recommendations.** As a result of Department of the Army comments, we redirected a portion of draft Recommendation 1. concerning reprogramming \$515,000 of Other Procurement, Army, funds designated for the Fort Huachuca family practice clinic. The redirected recommendation is included as final report Recommendation 3. Also, as a result of Department of the Army comments, we deleted draft Recommendations 3. and 4. concerning BRAC management control procedures at AHFPA and Fort Huachuca, respectively. The results of the review of BRAC management control programs will be addressed in a separate summary report.

**1. We recommend that the Under Secretary of Defense (Comptroller) reprogram or withdraw the \$2,250,000 in Base Closure Account funds for project 38300, "Family Practice Clinic."**

**Under Secretary of Defense (Comptroller) Comments.** No comments were received from the Under Secretary of Defense (Comptroller).

**Audit Response.** We request that the Under Secretary of Defense (Comptroller) provide comments to the final report.

**Assistant Secretary of Defense (Health Affairs) Comments.** Although not required to comment, the Deputy Assistant Secretary of Defense (Health Services Operations and Readiness) stated that reduction of Base Closure Account funds for the Fort Huachuca family practice clinic would be premature because his office was reevaluating the project as a result of the findings in the draft report.

## Family Practice Clinic Construction

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**Audit Response.** We request that the Assistant Secretary of Defense (Health Affairs) provide the results of the revalidation effort in comments to the final report.

**Army Comments.** Although not required to comment, the Army stated that the Fort Huachuca family practice clinic project was valid and should not be canceled. The Army also stated that funds for the project were not part of the Department of the Army total obligation authority because a specific BRAC-91 appropriation was not provided. The Army stated that the funding authority is the Department of the Army, not the Under Secretary of Defense (Comptroller), and that Other Procurement, Army, funds were actually Other Procurement, Defense, and were not provided as project specific. The Army stated that, if the Other Procurement, Defense, funds were not used on the Fort Huachuca family practice clinic project, the funds would be directed by the Army Medical Command to other health care areas.

**Audit Response.** The Army response provided no additional data to support its assertion that the Fort Huachuca family practice clinic is not a valid BRAC project. The official DD Form 1391, "FY 1996 Military Construction Project Data," request for the Fort Huachuca family practice clinic project shows that FY 1996 Base Closure Account funds will be used for construction, and that FY 1995 Other Procurement, Army, funds will be used for equipment. Based on the Army comments, we have redirected the portion of the draft recommendation for the Other Procurement, Army, funds.

**2. We recommend that the Assistant Secretary of Defense (Health Affairs), direct the Army to:**

- a. perform an economic analysis for the family practice clinic and
- b. submit the family practice clinic as a non-BRAC project, if supported by the economic analysis.

**Assistant Secretary of Defense (Health Affairs) Comments.** The Deputy Assistant Secretary of Defense (Health Services Operations and Readiness) stated that a revalidation study of the Fort Huachuca family practice clinic project was being performed and that comments on the recommendations would be provided when the revalidation study was complete. The Deputy Assistant Secretary stated that planning assumptions made 2 years ago were not necessarily valid today.

**Audit Response.** We consider the revalidation of the project to be responsive to the intent of the recommendation.

**Army Comments.** Although not required to comment, the Army stated that it determines and prioritizes projects for submission to the Assistant Secretary of Defense (Health Affairs) for incorporation into the Defense Health Program, so the recommendation is neither warranted nor appropriate.

**Audit Response.** We do not agree with the Army position. A complete economic analysis was not performed on the project by either the Army or the Office of the Assistant Secretary of Defense (Health Affairs). The Assistant Secretary of Defense (Health Affairs) revalidation study should include an economic analysis of the family practice clinic.

**3. We recommend that the Commander, Army Medical Command reprogram \$515,000 in Other Procurement, Army, funds from project 38300, "Family Practice Clinic," to other health care areas.**

**Army Comments.** The Army nonconcurred with draft Recommendations 3. and 4. and stated the management control process was adequate. The Army stated that AAA reviewed and validated the project for BRAC funding. The Army also stated that Resource Analysis and Management Systems staff of the Assistant Secretary of Defense (Health Affairs) revalidated the project at the 35-percent design point. In addition, the Army stated that AHFPA constantly reviews the justification and need for all projects during the technical design and review process.

**Audit Response.** As stated above, we deleted draft Recommendations 3. and 4. concerning management control procedures at AHFPA and the Fort Huachuca Directorate for Engineering and Housing, respectively. The results of the review of BRAC management control programs will be addressed in a separate summary report. We request that the Army provide comments on the revised Recommendation 3.

## **Part II - Additional Information**

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## Appendix A. Scope and Methodology

**Scope of This Audit.** The Fort Huachuca family practice clinic was budgeted for \$2.2 million. The family practice clinic was the only budgeted FY 1996 BRAC MILCON project at Fort Huachuca. Our review included:

- o interviews of personnel at DMFO, the Army Medical Command, AHFPA, and the Army Medical Department Activity at Fort Huachuca;

- o analysis of all supporting data to DD Form 1391 for the Fort Huachuca family practice clinic, including review of the Government cost estimate, the technical estimates, and the medical facility requirements; and

- o analysis of medical services data on the cost and case loads of existing DoD or civilian medical family practice facilities within reasonable proximity of Fort Huachuca.

**Audit Period, Standards, and Locations.** This economy and efficiency audit was made from December 1994 through March 1995 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 management controls considered necessary. The audit did not rely on computer-processed data or statistical sampling procedures. See Appendix E for a summary of potential benefits resulting from the audit. Appendix F lists the organizations visited or contacted during the audit.

**Management Controls Reviewed.** DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires every DoD organization to have in place management controls over operations and to perform regular self-evaluation of those controls. We reviewed Army management controls covering the BRAC request process at AHFPA and the Directorate of Engineering and Housing at Fort Huachuca. The results of the review of BRAC management controls will be addressed in a separate summary report.

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## Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists selected DoD BRAC reports and details two reviews of BRAC MILCON at Fort Huachuca.

### Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-257	Defense Base Realignment and Closure Budget Data for the Realignment of the National Airborne Operations Center Forward Operating Base From Grissom Air Force Base, Indiana, to Wright-Patterson Air Force Base, Ohio	June 27, 1995
95-250	Defense Base Realignment and Closure Military Construction Budget Data for Randolph Air Force Base, San Antonio, Texas	June 23, 1995
95-249	Defense Base Realignment and Closure Budget Data for Goodfellow Air Force Base, San Angelo, Texas	June 23, 1995
95-248	Defense Base Realignment and Closure Military Construction Budget Data for Sheppard Air Force Base, Wichita Falls, Texas	June 23, 1995
95-247	Defense Base Realignment and Closure Military Construction Budget Data for the Naval Aviation Depot North Island, California	June 23, 1995
95-226	Defense Base Realignment and Closure Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio	June 8, 1995
95-223	Defense Base Realignment and Closure Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and Realignment to Naval Air Station Miramar, California	June 8, 1995

## Appendix B. Summary of Prior Audits and Other Reviews

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### Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-222	Defense Base Realignment and Closure Budget Data for the Proposed Construction of the Automotive Vehicle Maintenance Facility, Guam	June 7, 1995
95-221	Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center San Diego, California	June 6, 1995
95-213	Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois	June 2, 1995
95-212	Defense Base Realignment and Closure Budget Data for Fort Jackson, South Carolina	June 2, 1995
95-208	Defense Base Realignment and Closure Budget Data for the Realignment of Construction Battalion Unit 416 From Naval Air Station Alameda, California, to Naval Air Station Fallon, Nevada	May 31, 1995
95-205	Defense Base Realignment and Closure Budget Data for the Relocation of Marine Corps Manpower Center at Marine Corps Combat Development Command, Quantico, Virginia	May 26, 1995
95-203	Defense Base Realignment and Closure Military Construction Budget Data for the Army Reserve Center, Sacramento, California	May 25, 1995
95-198	Defense Base Realignment and Closure Budget Data for the Closure of the Underway Replenishment Training Facility, Treasure Island, California, and Realignment to the Expeditionary Warfare Training Group Atlantic, Norfolk, Virginia	May 19, 1995
95-196	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Alameda, California, and Realignment to Puget Sound Naval Shipyard, Washington	May 17, 1995

## Appendix B. Summary of Prior Audits and Other Reviews

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### Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-191	Defense Base Realignment and Closure Budget Data for the Closure of Naval Reserve Readiness Center San Francisco, California, and Realignment to Naval and Marine Corps Reserve Center Alameda, California	May 15, 1995
95-172	Defense Base Realignment and Closure Budget Data for Griffiss Air Force Base, New York	April 13, 1995
95-154	Audit of Construction Budget Data for Realigning Naval Training Centers Orlando and San Diego to Various Locations	March 21, 1995
95-150	Defense Base Realignment and Closure Budget Data for Closing Naval Station Charleston, South Carolina, and Realigning Projects at Various Sites	March 15, 1995
95-051	Defense Base Realignment and Closure Budget Data for Closing Mare Island Naval Shipyard, California, and Realigning Projects to Various Sites	December 9, 1994
95-041	Defense Base Realignment and Closure Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and the Realignment to Naval Air Station Miramar, California	November 25, 1994
95-039	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, Realigning to Naval Air Station Fallon, Nevada	November 25, 1994
95-037	Realignment of the Fleet and Mine Warfare Training Center From Naval Station Charleston, South Carolina, to Naval Station Ingleside, Texas	November 23, 1994

## Appendix B. Summary of Prior Audits and Other Reviews

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### Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-029	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realignment Projects 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 Realignment Projects to Various Sites	June 21, 1994
94-141	Defense Base Realignment and Closure Budget Data for Naval Air Stations Dallas, Texas, and Memphis, Tennessee, Realignment 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

## Appendix B. Summary of Prior Audits and Other Reviews

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### Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
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 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

## Appendix B. Summary of Prior Audits and Other Reviews

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### Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

### Reviews of BRAC MILCON at Fort Huachuca

**Army Audit Agency Report.** AAA Report No. SR 92-702, "Base Realignment and Closure Construction Requirements," August 12, 1992, discussed previous Fort Huachuca BRAC MILCON requests. The 1991 Commission decision reversed a 1988 Commission decision to realign the Army Information Systems Command at Fort Devens, Massachusetts. As a result of the reversal, the Army projected an increase of 742 military personnel and 1,417 civilian dependents at Fort Huachuca.

The audit reviewed \$19.9 million in BRAC MILCON requests resulting from the 1991 Commission decision to retain the Information Systems Command at Fort Huachuca. The audit report stated that documentation supported \$12 million of the \$19.9 million, that \$4.3 million of the \$19.9 million project requirement was not supported, and that \$3.6 million of the \$19.9 million was not appropriate for BRAC funding. The report recommended that the Army not fund \$2.6 million for barracks construction and \$1 million for construction of a dental clinic. The report did not state the scope of its review of the dental project or the reason that the dental project request was not appropriate for BRAC funding. The AAA report stated that \$1.9 million in BRAC funding was adequately supported for:

- 1,600 square feet of dental clinic space and
- 11,000 square feet of outpatient clinic space.

The Army report provided no reasons for why AAA stated that the space was adequately supported, other than to accommodate the personnel subject to the general BRAC-91 request.

We reviewed the AAA workpapers located at Fort Huachuca and interviewed AAA personnel during the audit and staffing of our report. An AAA representative stated that the dental clinic request was not appropriate for funding because the Army Medical Command had not documented the movement of dental clinic personnel into Fort Huachuca as part of the BRAC-91 process. The AAA representative stated that the outpatient clinic space was approved because the Army Medical Command had assigned additional medical personnel to Fort Huachuca as part of the BRAC-91 movements. The AAA representative did not know why some residual dental clinic space had been approved. The Army concurred with the recommendation not to fund the dental clinic, but believed that the new barracks construction was justified.

## Appendix B. Summary of Prior Audits and Other Reviews

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**DoD Health Care Requirements Analysis.** The Resource Analysis and Management Systems staff of the Office of the Assistant Secretary of Defense (Health Affairs) completed a health care requirements analysis of the Fort Huachuca family practice clinic BRAC request on November 3, 1993. The health care requirements analysis concluded that additional clinic space was needed to relieve overcrowding, based on projected active duty population and provider staffing increases. The health care requirements analysis considered three alternatives: maintaining the status quo, funding the BRAC family practice clinic project, or contracting out clinic services to civilian health care providers.

The health care requirements analysis supported the BRAC family practice clinic project. However, the health care requirements analysis did not include an economic analysis comparing costs and benefits of the three alternatives. In addition, the health care requirements analysis did not consider other alternatives, such as renovation of existing Fort Huachuca hospital and clinic space.

## Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 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 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 DoD 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. The following table summarizes the current estimated costs and net savings for the previous three BRAC actions and the actions recommended in the 1995 Commission decisions:

**BRAC Costs and Savings**  
(Billions of FY 1996 Dollars)

	BRAC Actions		Closure Costs	6-Year Net Savings	Recurring Annual Savings	Total Savings
	Realignments	Closures				
1988	86	59	\$ 2.2	\$0.3	\$0.7	\$ 6.8
1991	34	48	4.0	2.4	1.6	15.8
1993	130	45	6.9	0.4	1.9	15.7
<b>Subtotal</b>	<b>250</b>	<b>152</b>	<b>13.1</b>	<b>3.1</b>	<b>4.2</b>	<b>38.3</b>
1995	113	33	3.8	4.0	1.8	18.4
<b>Total</b>	<b>363</b>	<b>185</b>	<b>\$16.9</b>	<b>\$7.1</b>	<b>\$6.0</b>	<b>\$56.7</b>

**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.

## **Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs**

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**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 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 1996 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The 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 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 1996 BRAC MILCON \$1.4 billion 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 we selected groups of projects that totaled at least \$1 million for each group.

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## Appendix D. Summary of Army Comments on the Finding and Audit Response

**Army Comments.** The Army did not agree with several draft report finding statements and conclusions. Each Army comment is in bold, followed by the applicable audit response.

**o A full economic analysis was conducted by the Assistant Secretary of Defense (Health Affairs) and the Fort Huachuca master planner considered facility alternatives.**

**Audit Response.** The Assistant Secretary of Defense (Health Affairs) requirements analysis of the Fort Huachuca family practice clinic (see Appendix B) did not include an economic analysis nor consideration of all likely alternatives. We could not verify that the Fort Huachuca master planner analyzed or considered any facility alternatives.

**o The draft report did not substantiate that excess hospital and clinic space existed at Fort Huachuca, and did not mention that existing hospital space was undersized for the Post population after the BRAC-91 action retained a total of 747 troops, plus dependents, previously identified to leave in the BRAC-88 action.**

**Audit Response.** While it was not our purpose to formally substantiate that particular excess hospital and clinic space existed at Fort Huachuca, we believe that the report presents a fair picture of alternative areas available. Although we found indication that some existing family practice clinic facilities were undersized, we found no direct relation that the undersizing was caused by BRAC-91 Post population increases. Rather, crowding in some facilities appeared to be the result of space allocation choices made by the Fort Huachuca Medical Activity management. Fort Huachuca stationing report data showed that Fort Huachuca Post population increased from 6,600 personnel in FY 1991 to 7,600 personnel in FY 1996, and the population was projected to remain constant through FY 2000. The growth can be traced to BRAC-88 and BRAC-91 decisions.

**o Army predictions that future direct Army care costs were more economical than reimbursement of civilian care costs were the product of proper facility planning and informed assumptions.**

**Audit Response.** We believe that Army assumptions of future Army direct care costs were misstated. As discussed in our response to comments from the Assistant Secretary of Defense (Health Affairs), any comparison method used, however informed, can be based on assumptions which may influence or dictate the desired result.

**o The project was audited by AAA and found to be fully justified. The AAA fully supported and validated a requirement for 11,000 square feet of outpatient clinic space.**

## **Appendix D. Summary of Army Comments on the Finding and Audit Response**

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**Audit Response.** The Army comments are a misrepresentation of the AAA report. Inspector General, DoD, review of AAA workpapers located at Fort Huachuca and interviews with AAA personnel during the audit and staffing of our report do not support the contention that the report represented a validation of the BRAC family practice clinic. Because of Army comments, we have expanded our discussion of the AAA report in Appendix B and in the finding.

The 1992 AAA report concluded that \$1 million of BRAC-91 dental clinic (project 38300) request funding was not supported. The AAA report stated that \$1.9 million in BRAC funding was adequately supported for 1,600 square feet of dental clinic space and 11,000 square feet of outpatient clinic space. The AAA report provided no reasons for the assertion that the space was adequately supported, other than to accommodate the personnel subject to the general BRAC-91 request. However, an AAA representative stated that the outpatient clinic space was approved because the Army Medical Command had assigned additional medical personnel to Fort Huachuca as part of the BRAC-91 movements. The BRAC dental clinic request stated that the 14,000 square feet was for alteration and renovation of existing hospital space for an unspecified outpatient clinic and did not mention the BRAC construction of a separate family practice clinic. As detailed in our report, a non-BRAC-MILCON-funded family practice clinic was requested in a concurrent project request. AHFPA personnel rewrote the BRAC dental clinic request into the BRAC family practice clinic request by a July 8, 1993, memorandum to the Fort Huachuca master planner. The AHFPA officer responsible for the memorandum stated that the project request was rewritten because the Army BRAC Office wanted to spend the remaining \$1.9 million in BRAC-91 funding.

**o The Fort Huachuca family practice clinic project was developed and justified according to criteria applied by the Army BRAC Office.**

**Audit Response.** While the Army comment may be correct, we did not review Army BRAC Office criteria. However, as stated in the response to the prior Army comment, reviewed documentation indicates that the AHFPA substitution of the BRAC family practice clinic project may have been directed by the Army BRAC Office.

**o The Inspector General, DoD, Fort Huachuca family practice clinic finding analysis of DD Form 1391 history was based on "flawed logic." The Army stated that the AAA analysis of the original BRAC-91 dental clinic request established a foundation for further development of the project into a BRAC family practice clinic.**

**Audit Response.** As a result of Army comments, we have expanded our discussion of the BRAC-91 dental clinic construction request. We do not consider the analysis of prior Fort Huachuca medical DD Forms 1391 request history to be illogical. On the contrary, we believe that any review of the Fort Huachuca BRAC medical requests should begin with this step. Our review of the AAA workpapers located at Fort Huachuca showed no indication that AAA performed such an analysis in its review of the BRAC-91 dental clinic request.

## Appendix D. Summary of Army Comments on the Finding and Audit Response

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o The Fort Huachuca family practice clinic request did not replace two non-BRAC MILCON requests for dental clinics.

**Audit Response.** We disagree with the Army comments. Comparison of the DD Forms clearly indicate a replication of the non-BRAC dental clinic requests in a single BRAC format.

o The family practice clinic staffing requests did not predate the Fort Huachuca family practice clinic request. The Army stated that staffing was for projects other than the requested family practice clinics and that 25 medical staff authorizations were added to the Fort Huachuca Bliss Army Hospital as part of BRAC-91, but agreed that the authorizations were not specifically designated for a family practice clinic.

**Audit Response.** As a result of Army comments, we have expanded our discussion of family practice clinic staffing requirements in the finding. The Army provided no support for the 25-medical-authorization figure. As detailed in the finding, Fort Huachuca stationing reports indicated that Fort Huachuca Medical Activity authorizations have declined while family practice authorizations have increased. We agree that the staffing changes appear to be for projects other than the BRAC-requested family practice clinic. However, no consideration of these changes was found in the BRAC request or in any analysis of the request.

o The draft report statement was untrue that the Commander, AHFPA, stated that 14 medical providers were designated to Fort Huachuca as part of the BRAC process. The Commander was discussing 14 medical providers designated for Fort Jackson and an FY 1995 BRAC medical staffing increase has not been designated for Fort Huachuca.

**Audit Response.** We have revised the statement in the final report to reflect the AHFPA Commander's comments as it related to Fort Huachuca.

o The draft report discussion of the local area cost factor was irrelevant to the requirements of the family practice clinic project. The Army stated that the estimate means very little, other than a project budget target.

**Audit Response.** While we agree that the DD Form 1391 figures are used for budget purposes, we disagree that use of an incorrect cost factor was irrelevant. The primary purpose of the DD Form 1391 in the BRAC process is to accurately reflect expected expenditures. Proper Army management review procedures of the DD Form 1391 factors at Fort Huachuca or AHFPA should have detected the error.

o The draft report discussion of the lack of AHFPA and DMFO requests for economic justification details was irrelevant to the requirements of the family practice clinic project. The sole responsibility for conducting an economic analysis rested with the Resource Analysis and Management Systems staff of the Assistant Secretary of Defense (Health Affairs).

## **Appendix D. Summary of Army Comments on the Finding and Audit Response**

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**Audit Response.** We consider the lack of management analysis of the family practice clinic request to be specifically relevant. As the primary Army component involved in the BRAC medical request process, AHFPA management actions were particularly disturbing. Documentation indicated that the initial BRAC dental clinic request was rewritten by AHFPA personnel in July 1993 into the family practice clinic request after challenge of the dental clinic request by the AAA. AHFPA sent the family practice clinic request to the Fort Huachuca master planner to determine the cost numbers. AHFPA was not concerned with the economic specifics or available alternatives.

**o The audit team did not perform an appropriate space utilization study to support draft report statements of excess existing hospital and clinic space at Fort Huachuca. The Assistant Secretary of Defense (Health Affairs) and the AHFPA had performed an appropriate space utilization study.**

**Audit Response.** We found no indication that the AHFPA had performed any space utilization studies. As discussed in the report, DMFO had performed a Program for Design study at the request of AHFPA. AHFPA used the DMFO study to repackage the BRAC dental clinic request into a BRAC family practice clinic request. The DMFO study, while technically defensible in family practice clinic square-foot requirements, did not attempt to analyze the actual BRAC requirement for the family practice clinic or the availability of existing facilities at Fort Huachuca.

We did not perform a detailed space utilization study as part of our audit. However, with the assistance of Fort Huachuca Medical Department Activity personnel, we toured existing Fort Huachuca medical and dental facilities and clinic space and observed that the Fort Huachuca Medical Department Activity was relocating administrative offices and pharmacy and clinic space into renovated areas, and had not considered the areas for the requested family practice clinic project.

**o The Fort Huachuca management controls for MILCON were implemented in accordance with Army Management Control Plan Circular 11-92-2. Fort Huachuca had no reason to treat BRAC projects in a special manner.**

**Audit Response.** We have deleted the discussion of results of Fort Huachuca BRAC management controls from the final report. Fort Huachuca BRAC management controls will be included in a separate summary report of all BRAC management controls. Fort Huachuca used Army Management Control Plan Circular 11-92-2. We disagree with the Army comment that no special reason existed to treat BRAC projects differently. The Fort Huachuca example clearly indicated that controls over normal MILCON activities were easily circumvented by repackaging of previously requested medical projects into a BRAC format without ensuring that the projects were based on accurate requirements and supporting data. The Fort Huachuca actions, in combination with poor management controls over Army oversight, allowed using the BRAC process as a "get well" process for existing deficiencies at Fort Huachuca.

## Appendix D. Summary of Army Comments on the Finding and Audit Response

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o The management control statements attributed to the Deputy Commander, AHFPA, were not accurate and were technically flawed. The primary source of project control was DoD Military Handbook 1191, not an Army document. The DMFO office of the Assistant Secretary of Defense (Health Affairs) was responsible for maintaining DoD Military Handbook 1191 and Military Departments were responsible for using it in the exercise of their own management control of projects.

**Audit Response.** We have deleted the discussion of results of AHFPA management controls from the final report. AHFPA BRAC management controls will be included in a summary report of all BRAC management controls. However, the primary focus of the draft report section was that AHFPA had not performed management control vulnerability assessments. We found no documentation indicating that AHFPA used DoD Military Handbook 1191 or any other document in the performance of AHFPA management control reviews.

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## Appendix E. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
1.	Economy and Efficiency. Withdraws the authority to spend BRAC MILCON funds for the Fort Huachuca family practice clinic.	\$2,250,000 in funds put to better use.
2.a.	Economy and Efficiency. Requires the Army to perform an economic analysis to justify the construction of the family practice clinic.	Undeterminable.*
2.b.	Economy and Efficiency. Requires the Army to submit the family practice clinic as a non-BRAC MILCON project, if supported by the economic analysis.	Undeterminable.*
3.	Economy and Efficiency. Reprograms Other Procurement, Army, funds for the Fort Huachuca family practice clinic.	\$515,000 in funds put to better use.

\*Quantifying the future impact of reduced BRAC and non-BRAC medical MILCON savings is not possible because the exact amount of additional benefits to be realized will be determined by future budget decisions and budget requests.

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## **Appendix F. 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  
Defense Medical Facilities Office, Falls Church, VA

### **Department of the Army**

Assistant Chief of Staff of the Army for Installation Management, Washington, DC  
Army Medical Command, Fort Sam Houston, TX  
Army Medical Department Activity, Fort Huachuca, AZ  
Army Health Facility Planning Agency, Falls Church, VA  
U.S. Army Intelligence Center and Fort Huachuca, Fort Huachuca, AZ  
Army Audit Agency, Fort Huachuca, AZ

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## **Appendix G. 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 Comptroller (Program/Budget)  
  Deputy Chief Financial Officer  
Under Secretary of Defense for Personnel and Readiness  
Assistant Secretary of Defense (Economic Security)  
  Deputy Assistant Secretary of Defense (Installations)  
Assistant Secretary of Defense (Health Affairs)  
Assistant to the Secretary of Defense (Public Affairs)

### **Department of the Army**

Secretary of the Army  
Assistant Secretary of the Army (Financial Management)  
Assistant Chief of Staff of the Army for Installation Management  
Commander, U.S. Army Intelligence Center and Fort Huachuca  
Army Medical Command  
  Army Medical Department Activity  
  Army Health Facility Planning Agency  
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

### **Other Defense Organizations**

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

## Appendix G. Report Distribution

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### 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 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 Jon Kyl, U.S. Senate  
Honorable John McCain, U.S. Senate  
Honorable Jim Kolbe, U.S. House of Representatives

## **Part III - Management Comments**

# Assistant Secretary of Defense (Health Affairs) Comments



HEALTH AFFAIRS

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, DC 20301-1200

MAY 16 1995

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Draft Department of Defense Inspector General Audit  
Report on Base Realignment and Closure Budget Data for  
Family Practice Clinic, Fort Huachuca, Arizona

Thank you for the opportunity to review the findings and  
recommendations of your draft audit report, project number  
SCG-5017.22 of 5 April 1995. Specific comments are attached.

We appreciate your ongoing review of proposed MILCON  
projects and believe the quality of our construction program is  
strengthened and enhanced by your department's review process.  
As you know, the Base Realignment and Closure process is a  
dynamic one and planning assumptions made two years ago are not  
necessarily valid today. A revalidation study of the Fort  
Huachuca BRAC project is currently underway by our office and we  
would like to defer our final recommendation until that study is  
complete (26 May 1995). Specific areas of the draft audit report  
are clearly defined in the attached response.

If you have any questions regarding the Fort Huachuca audit  
response, please contact Lieutenant Colonel Suzanne Hansen at  
(703) 756-2081 or DSN 289-2081.

A handwritten signature in cursive script that reads "George K. Anderson".

George K. Anderson, MajGen, USAF, MC  
Deputy Assistant Secretary of Defense  
(Health Services Operations and Readiness)

Attachment:  
As stated

Finding: Assumptions of future direct Army care costs being more economical than reimbursement of civilian care costs were misstated.

The report finds exception to reported projected Direct Care and CHAMPUS cost comparisons. HSAM used the most current cost data available at the time of the study (1992) and averaged the costs of both Direct Care and CHAMPUS over a four-year time span. The average Direct Care cost for an ambulatory/outpatient visit was noted to be approximately \$65 for the four-year period from FY 89-92. Over that same period, the CHAMPUS average cost for an outpatient visit was found to be \$71. It should be noted that Direct Care costs/visit include operating and maintenance costs associated with providing care whereas CHAMPUS costs reflect the cost of the provider visit only. Actual phone conversations with civilian providers in the local Fort Huachuca community (Fall, 1993) revealed the average cost of a comprehensive Family Practice visit on CHAMPUS in FY 93 was \$110. Direct care costs for a Family Practice visit during that same period at Fort Huachuca were reported to be \$100. Currently, no acceptable mechanism exists to compare purely direct care provider costs with CHAMPUS provider costs.

As DoD moves into TRICARE and operates under a managed care contract environment, the costs of care in the civilian community will undoubtedly change. Due to the remoteness of Fort Huachuca and the paucity of health care providers in the local community, competitive rates may be difficult to negotiate. To forecast civilian costs for medical care at this time would be of little benefit.

General Comments:

It is premature to reduce the base closure account funds for the Family Practice Clinic, Bliss Army Hospital, Fort Huachuca, by \$2.2 million without knowing the results of the Army's reevaluation of the project in light of the Inspector General's findings.

The Army has provided HSAM with documentation regarding the movement of purely medical assets from BRAC closure sites to areas where the beneficiaries may be underserved. The Army views such movement of personnel as BRAC-related and believes BRAC funds should be used not only to provide space for large troop movements but also feel BRAC funds should be allocated to provide adequate working space for medical assets gained from BRAC closure medical facilities. In the specific case of Fort Huachuca, MEDCOM realigned 25 medical assets to Fort Huachuca as a result of Fort Devens base closure.

# Department of the Army Comments



DEPARTMENT OF THE ARMY  
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT  
600 ARMY PENTAGON  
WASHINGTON DC 20310-0600



REPLY TO  
ATTENTION OF

DAIM-BO (5-10c)

17 MAY 1996  
GREGORY P. GUILLIE, LTC, GS, ADECC

f MEMORANDUM THRU THE DIRECTOR OF THE ARMY STAFF *for 17 May 96*

ASSISTANT SECRETARY OF THE ARMY (IL&E) *abu 5/17/96*

FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE, CONTRACT  
MANAGEMENT DIRECTORATE, 400 ARMY NAVY DRIVE,  
ARLINGTON, VA 22202-2884

SUBJECT: Army comments on DoD Inspector General Draft Report, "Defense Base  
Realignment and Closure Budget Data, Fort Huachuca, Arizona, Family Practice Clinic"  
(Project No. 5CG-5017.22)

1. The Army nonconcurs with the Audit recommendations to cancel the proposed Family Practice Clinic at Fort Huachuca. The Army supports this construction project on the basis of demand for medical services of the population at Fort Huachuca. The procedures undertaken to justify the project were conducted in accordance with BRAC guidelines which resulted in a conservative construction of Medical facilities to support the Fort Huachuca community. The population at Fort Huachuca has grown as a result of BRAC actions, and proper execution of BRAC recommendations require that the Army provide affordable medical services for both Service members and their families.
2. The enclosed specific discussions from the Army Medical Command address each specific finding and recommendation, and provide the basis in fact for the Army's position. This project was audited by the Army Audit Agency and found to be fully justified at the current funded level.
3. Point of contact for this action is Mark M. Jones, DSN 225-8030.

Encl

JOHN H. LITTLE  
Major General, USA  
Assistant Chief of Staff  
for Installation Management

CF: CEMP-BC  
AMCSO



DEPARTMENT OF THE ARMY  
HEADQUARTERS, U.S. ARMY MEDICAL COMMAND  
2050 WORTH ROAD  
FORT SAM HOUSTON, TEXAS 78234-6000



REPLY TO  
ATTENTION OF

MCIR (36-2b)

09 MAY 1995

MEMORANDUM THRU

Assistant Chief of Staff for Installation Management,  
600 Army Pentagon, Washington, DC 20310-0600

Associate Director, Audit Followup and Compliance Division,  
U.S. Army Audit Agency, 3101 Park Center Drive, Alexandria,  
VA 22302-1596

FOR Director, Contract Management Directorate, Office of the  
Inspector General (Auditing), Department of Defense,  
400 Army Navy Drive, Arlington, VA 22202-2884

SUBJECT: Office of the Inspector General Draft Report, "Defense  
Base Realignment and Closure Budget Data, Fort Huachuca, Arizona,  
Family Practice Clinic" (Project No. 5CG-5017.22)

1. Our reply to the subject report is provided at enclosure.
2. Our point of contact for this action is Mr. deWayne Beers,  
DSN 471-9723 or Commercial (210) 221-9723.

FOR THE COMMANDER:

Encl

HENRY O. TUELL III  
Colonel, MS  
Chief of Staff

U.S. Army Medical Command  
Reply to the IG DoD Draft Audit Report  
Defense Base Realignment and Closure (BRAC) Budget Data,  
Fort Huachuca, Arizona, Family Practice Clinic (Project No. SCG-5017.22)

We nonconcur with the finding and the recommendations in the draft report for the reasons outlined below. Each of the numbered paragraphs that follow correspond to a section (by the same title) in the IG DOD Draft Audit Report.

**1. Adequacy of Requirements and Supporting Data.**

a. The draft report stated that *the need for the clinic was not justified based on BRAC-91 requirements* and concluded that this was not a valid BRAC requirement because military construction (MILCON) projects existed to construct dental clinics and family practice space. Numerous projects sit idle in the DD Form 1391 system and remain indefinitely, simply as medical treatment facility (MTF) commander requests until need, priority, and/or funding will allow further evaluation and validation. Projects are not considered "valid requirements" until they are within three years of the budget year and design authorization is provided. To expedite the BRAC development process, Projects No. 38300 and No. 40389 were specifically modified, and then changed during the developmental process, to create a DD Form 1391 solution for the BRAC justified requirement. The BRAC project initiation process is a short, highly compressed two month period demanding that planners evaluate projects identified in the realignment and closure decision, analyze health care delivery impacts, create solutions, and submit documentation for construction projects as required. Project planning and development is compounded in the medical facility arena because the impacts are not linked purely to troop migration and standard planning factor solutions. Army Medical Department assets at closing facilities also had to be redistributed to locations with unmet demand which not always paralleled troop movement. It is unrealistic to expect initial project scope to be the ideal solution. The projects mentioned were the logical cost effective beginning of the planning and design process that included review, analysis, audit, and refinement. This project was developed and justified according to criteria applied by the BRAC Office.

b. The draft report stated that the project is not supported because *a project economic analysis and cost estimate was not performed*. This statement is incorrect. An economic analysis was conducted by Health Affairs, and facility alternatives were considered by the Fort Huachuca master planner. Numerous cost per square foot estimates were developed during the planning process to assess budget requirements based on known scope. These rough calculations became detailed unit cost estimates as the scope and requirements were refined during the design process. It may be an auditor's opinion that the analysis and estimates done were not adequate, but there can be no mistake that they were performed.

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c. The draft report stated that the project is not supported because *existing excess hospital and clinic space at Fort Huachuca was not considered to meet project requirements*. The draft audit report fails to substantiate this opinion. The draft report does not differentiate between different types of health care space, nor does it mention a methodology for determining space utilization or overcrowded conditions. It is impossible to determine the relevance of statements because dates are not provided with which to evaluate conditions cited. Hospitals are dynamic, are continually engaged in change and there was no recognition of the circumstances causing the change. Medical planners evaluated space utilization and known modernization projects, and then considered various alternatives to solve space problems resulting from additional population and health care providers. The "BRAC-88" clinic addition is discussed but is not given credit for addressing specific facility requirements. There is no mention that this hospital addition was undersized for the Post population after BRAC-91 retained a unit of 747 troops plus dependents, previously identified to leave as a BRAC-88 action. Totally unrelated dental clinic space was inappropriately discussed because this space was only considered in the earliest planning as a way to confine the BRAC requirement to less costly renovation. This would only have been viable if a MILCON project could have been justified to build a new dental clinic and make space available for alteration.

d. The draft report also stated that the new family practice clinic was not supported as a valid BRAC requirement because *assumptions that future direct Army care costs would be more economical than reimbursement of civilian care costs were misstated*. The products of proper facility planning are the informed assumptions and predictions that were made. These conclusions were based on a comparison of the most current costs of care available at the time. After analysis of recorded costs, local civilian providers and Fort Huachuca medical staff were contacted to discuss anticipated trends for direct care costs in family practice. The draft report does not provide a complete and comparable picture of the issue. The CHAMPUS costs discussed are not directly analogous to in-house costs because MEPRS figures include associated ancillary costs while CHAMPUS billing does not reflect related ancillary care provided at the Bliss Army Community Hospital. Pure civilian health care was not addressed in the draft report.

**2. Justification for Construction Requirements.**

a. At the request of the Army BRAC Office, the justification for every construction project, to include medical, was audited by the U.S. Army Audit Agency (USAAA). The resulting 12 August 92 Special Report by USAAA (SR 92-702) fully supported and validated the requirement for the construction of outpatient clinic space, as follows:

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*Requirements estimated to cost \$1.9 million were adequately supported and were appropriate for base realignment funding. These requirements represented:*

- 1,600 square feet of space in the 28 chair dental clinic.
- 11,000 square feet of outpatient clinic space.

and

*Requirements for 11,000 square feet of outpatient clinic space were adequately supported. These requirements represented the additional clinic space required to accommodate the 742 military personnel were to realign under the 1988 Base Realignment and Closure Act.*

b. It is flawed logic to attempt to determine the current requirement for a particular project by reviewing the DD Form 1391 history, as these are extremely dynamic documents, which constantly change in function, scope and cost until submission to Congress. It is also faulty to consider this project as an isolated entity at the time of its development. Documents which the USAAA reviewed and judged appropriate for BRAC funding must establish the foundation for further development of project 38300. Any iterations of DD Forms 1391 associated with this project which existed prior to this report, are therefore rendered moot by this judgement, and are no longer relevant to the determination of the BRAC-91 requirement. Following this audit and coordination with the Army BRAC Office, initial design directed scope was revised down to 9,387 square feet from the justified 11,000 square feet of outpatient clinic space to remain within the approved BRAC funding project limit.

c. The draft report states that *the project request replaced Project Nos. 29764 and 38423, which were non-BRAC MILCON requests for dental clinics.* This is not true, and nothing is mentioned in the DD Form 1391 to substantiate this claim.

d. In the Family Practice Clinic Staffing Requirement paragraph, the draft report states *the staffing requirement for the family practice clinic also predated BRAC-91.* The flawed aspect of this statement is the use of the words "...for the family practice clinic...", as if the staffing requirement existed solely for Project Number 38300. This is incorrect and misleading. Clearly, the need for family practice staffing existed before any BRAC-91 decision, still exists today, and will exist as long as family practice medicine continues to be a recognized method of health care delivery. Although family practice was recognized as a new mission requirement at Fort Huachuca, the demand still existed and facility planning needed

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to make provisions for this type of primary care. The fact is that 25 authorizations were added to the 0292 TDA as a result of BRAC-91, and due to changes in the use of a TDA it no longer limits a commander's ability to staff as economically justified.

c. Another statement in the Family Practice Clinic Staffing Requirement paragraph -- the comment that *the AHFPA Commander stated the Army Medical Command designated a FY 1995 BRAC-related increase of 14 medical providers (physicians, nurse practitioners, and physician assistants) at the Bliss Hospital*, is untrue. The Army Health Facility Planning Agency (AHFPA) Commander did not state this. The statement was that the Army Medical Command documented a BRAC-91 related increase of 14 providers at Fort Jackson, not Fort Huachuca. As yet, there is no FY 1995 BRAC increase identified for Fort Huachuca.

3. Calculation of BRAC Project Cost. The discussion of the local area cost factor is irrelevant to the requirement for this project, as it is only an initial estimating tool. Once the scope of the project is determined by the Defense Medical Facilities Office (DMFO), and a construction estimate is prepared by the Architect/Engineer (utilizing local material costs and labor rates), this becomes the basis for the funding request to Congress. The recent 100% design A/E cost estimate for this project is \$2.17 million, versus the original request of \$2.2 million. Actually, the estimate means very little other than a project budget target, since the construction bid is the basis for expenditure of funds. If the construction bid is good and the contract can be awarded for less than the programmed amount, the BRAC Office will provide only the funds required.

4. Project Economic Analysis.

u. The draft report states that an economic analysis and a cost-benefit analysis of construction alternatives was not done. However, an economic analysis -- to include a cost benefit review was completed by the Health Services Analysis and Measurement (HSAM), Health Affairs office in November 1993. Construction alternatives were considered and would have been evaluated at the installation; however, the only alternatives found were unacceptable status quo and new construction. The master planner stated that no suitable facilities existed for renovation. The draft report indicated that *alternative options were available, including renovation of several existing facilities and performance of medical practices at local civilian medical facilities*. The statement is not supported by any indication of how the availability and condition of space in 1993 was determined. It is unreasonable to assume that conditions today would represent the situation at project inception.

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b. The statement in the draft report that *neither DMFO nor AHFPA had requested economic justification detail* for the project is irrelevant. The medical MILCON planning process places responsibility for conducting an economic analysis with IISAM. For either DMFO or AHFPA to request additional evaluation would be a duplication of effort and a waste of government resources.

5. **Consideration of Existing Hospital and Clinic Space.** This section of the draft report neither acknowledges health care space requirements and adjancies, nor does it consider the appropriateness of decisions made at the time the project was being developed. IISAM and the MTF performed an appropriate space utilization study during project definition. This is standard IIFPA procedure and was done in anticipation of the Army BRAC Office's requirement for USAAA validation. USAAA validation was required prior to being approved for Army BRAC funding. The IG DoD audit team apparently did not perform an appropriate space utilization study and the only methodology used was a walk-through of the MTF to identify "over-crowding".

6. **Internal Controls for BRAC Family Practice Clinic Request.**

a. This section of the draft report initially states the Directorate of Engineering and Housing (DEH) had not implemented effective internal control procedures, while a few sentences later it states internal controls at Fort Huachuca were implemented in accordance with Army Management Control Plan Circular 11-92-2. The report continues by mentioning that effective internal control procedures were not used to validate BRAC MILCON. Although there was no reason for treating BRAC projects in a special manner, additional validation was employed over and above the Medical MILCON process. Routine construction projects do not always have an USAAA analysis performed to justify the requirement and the BRAC Office is an extra approval and funding control activity which is not included in the normal medical facility modernization process.

b. Statements attributed to the AHFPA Deputy Commander were not accurately reflected and are technically flawed. Since checklists for the construction process do not exist in the internal control system, and since the risk is considered low for military construction, response to this question was that vulnerability assessments were not done as they might normally expect. The internal control system only requires this assessment every five years. The fact is this type of assessment is done at least three times during the typical two year design process; as initial scope is developed, as concept design is completed, and prior to construction advertisement. The primary source of project control in this process is the Department of Defense Military Handbook (MILHDBK) 1191, not an "Army" document.

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## Department of the Army Comments

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Final Report  
Reference

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DMFO is responsible for maintaining MILHDBK 1191 and the Departments are responsible for utilizing it in the exercise of their own internal control of projects. The AIFPA is The Army Surgeon General's program manager for medical military construction and is responsible for internal controls as the proponent for modernization projects.

**7. Recommendations for Corrective Action.**

a. Nonconcur with Recommendation 1 for the Under Secretary of Defense (Comptroller) to reprogram or withdraw \$2.25 million BRAC MILCON funds and \$515 thousand in Other Procurement, Army (OPA) funds for the Fort Huachuca Family Practice Clinic. For reasons stated throughout this reply, the project is valid and continues to be supported by the Army BRAC Office (enclosed Assistant Chief of Staff for Installation Management memorandum, Subject: BRAC Funding of Realignment of Army Medical Staff from Closing Army BRAC Installations, 2 May 95), and it should not be cancelled. Furthermore, funds for this project were part of the Department of the Army TOA because specific BRAC-91 appropriation was not provided. The funding authority is the Department of Army, not the DoD Controller. OPA funds (incorrectly stated, as these funds are actually Other Procurement, Defense) are not provided as project specific, so if funds are not required here they will be directed by the Medical Command toward other health care demands.

b. Nonconcur with Recommendation 2 for the Assistant Secretary of Defense (Health Affairs) to direct the Army to perform an economic analysis for the family practice clinic and submit the family practice clinic as a non-BRAC project, if supported by the economic analysis. The Army determines and prioritizes projects for submission to Health Affairs for incorporation in the Defense Health Program, so this recommendation is neither warranted nor appropriate.

c. Nonconcur with Recommendations 3 and 4 on internal controls. As discussed in paragraph 2.a. of this reply, the USAAA reviewed and validated this project for BRAC funding. As required by MILHDBK 1191, the project was re-validated by HSAM at 35% design. The project, currently is at 100% design, will be re-validated again by HSAM just prior to construction advertisement. This is again required by MILHDBK 1191. This is the only construction program that we know of in all of DoD that requires this level of validation and re-validation. Due, in part, to the strict validation requirements by HSAM, the HFPA constantly reviews the justification and need of all projects during the technical design and review process. The internal control process was adequate.

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\* Omitted at management's request.

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**8. Conclusions.**

a. There was a valid space requirement generated by BRAC-91 because previous BRAC impacts were calculated on an increased population delta without the unit retained on the Post by this FY 1991 action. The project had adequate necessary analysis by several independent sources. Existing ambulatory clinic space was evaluated, and available facilities on Post with alteration potential were considered as expansion possibilities but nothing was found to be satisfactory for contemporary health care. The project currently being designed was developed as the most practical and economical solution to meet the BRAC requirement and provide for modern concepts of health care delivery. Except for budgetary inflation adjustments made when the project moved from FY 95 to FY 96 for construction execution, the project is the same scope and cost as originally approved, programmed, and requested by the BRAC Office. BRAC troop increase decisions are being realized by current and projected installation population figures. Army and Health Affairs planners will continue to revalidate requirements until advertisement for construction, but this draft audit fails to provide any reasonable or conclusive evidence that the project is not BRAC justified.

b. Finally, (1) the Post active duty population has already increased by 671 active duty as a result of BRAC-91; (2) MEDCOM has increased hospital staffing by 25 authorizations (2 physicians, 4 nurses, and 19 para-professional and administrative personnel) to accommodate the increased population; and (3) to support this additional population and staff the BRAC approved addition is nearing design completion and remains a critical requirement.

## **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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