Audit Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR THE CLOSURE OF FORT DEVENS, MASSACHUSETTS

Report No. 95-283 August 1, 1995

Department of Defense

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Acronyms

BRAC	Base Realignment and Closure
COBRA	Cost of Base Realignment Actions
MILCON	Military Construction

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

August 1, 1995

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

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Closure of Fort Devens, Massachusetts (Report No. 95-283)

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. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. The Under Secretary of Defense (Comptroller) comments were responsive. Therefore, no additional comments are required from the Under Secretary of Defense (Comptroller). The Army comments were not responsive. Therefore, we request that the Army provide additional comments on Recommendation 2. by September 1, 1995.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Ms. Kimberley A. Caprio, Audit Program Director, at (703) 604-9248 (DSN 664-9248) or Ms. Carolyn R. Milbourne, Audit Project Manager, at (703) 604-9241 (DSN 664-9241). The distribution of this report is listed in Appendix F. The audit team members are listed inside the back cover.

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 95-283 **August 1, 1995**
(Project No. 5CG-5017.30)

Defense Base Realignment and Closure Budget Data for the Closure of Fort Devens, Massachusetts

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. The audited project would facilitate relocating an ammunition supply point as part of the closure and environmental restoration effort.

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 $2.75 million, for the closure and realignment of Fort Devens, Massachusetts. This audit also assessed the adequacy of the management control program as it applied to the audit objective.

Audit Results. The Army overestimated the requirements for project 41792, "Ammunition Supply Point," at Fort Devens. As a result, the ammunition supply point project is overstated by $1.09 million. See Part I for a discussion of the finding. See Appendix D for a summary of potential benefits of the audit.

The results of the review of the management control program will be discussed in a summary report on Defense base realignment and closure military construction budget data.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) reduce the funding for project 41792 by $1.09 million and suspend the remaining $1.66 million of the total project funding until Fort Devens provides adequate documentation to substantiate project requirements and costs. We

also recommend that the Commander, Fort Devens, prepare a revised DD Form 1391, "FY 1996 Military Construction Project Data," with adequate supporting documentation.

Management Comments. The Under Secretary of Defense (Comptroller) agreed to put funds associated with the project on administrative withhold if the audit issues are not resolved by the start of fiscal year 1996. The Army nonconcurred with the audit finding and recommendations, stating that the original magazine requirement was understated, that Army criteria allowed for a 10,000-square-foot storehouse, and that use of existing facilities was not considered practicable. A summary of management comments is at the end of the findings in Part I. The complete text of management comments is in Part III.

Audit Response. The Army has provided documentation to demonstrate that use of existing facilities is not practicable and placement of the storehouse near the magazines is appropriate. The Army has not provided documentation on how it calculated the square feet needed for the storage of ammunition and explosives. Also, the Army has not provided any documentation to support the need for a 10,000-square-foot storehouse. The Army has not adequately explained why the planned magazine area is only 30 percent of existing space, yet the planned storehouse is twice the size of the existing storehouse. We request that the Army provide final comments on the unresolved recommendation and potential monetary benefits by September 1, 1995.

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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 assessed the adequacy of the Fort Devens, Massachusetts, management control program as it applied to the overall audit objective.

This report provides the result of the audit of one BRAC MILCON project, valued at $2.75 million, for the closure and realignment of Fort Devens. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program will be discussed in a summary report on BRAC MILCON budget data. Therefore, this report does not discuss our review of management controls at Fort Devens.

Adequacy of Justification for Defense Base Realignment and Closure Project 41792

The Army overestimated the requirements for project 41792, "Ammunition Supply Point," at Fort Devens. The overestimation occurred because the Army did not:

o adequately justify a requirement for an additional 2,500 square feet of storage space for ammunition and explosives, and

o adequately justify the space requirement for the construction of a storehouse.

As a result, the ammunition supply point project, valued at $2.75 million, is overstated by $1.09 million.

Project 41792 Requirements

The 1991 Commission on Defense Base Closure and Realignment stated that Fort Devens would close and retain only the facilities to support Reserve Component training. The remaining land at Fort Devens is to be turned over for civilian redevelopment. In Report 102-352, "National Defense Authorization Act for Fiscal Year 1993," the Senate Armed Services Committee required the Department of the Army to move the existing ammunition supply point at Fort Devens from the main post to the south post as part of its closure and environmental restoration effort. The purpose of moving the existing ammunition supply point was to provide the largest possible parcel of land at the main post for civilian redevelopment. The main post consists of headquarters, administrative buildings, supporting facilities, and housing; the south post consists only of ranges and training areas.

The Army identified a cost of $2.75 million on DD Form 1391, "FY 1996 Military Construction Project Data," September 13, 1994, to construct an ammunition supply point to support the Army Reserve units in the New England area. The DD Form 1391 showed a 4,900-square-foot requirement for magazines and a 10,000-square-foot requirement for a storehouse. The magazines are for the storage of ammunition and explosives. The storehouse requirement includes administrative space and a vehicle holding and inspection area.

Army Criteria for Defense Base Realignment and Closure Projects

Army Implementation Plan for BRAC 1991. The Army implementation plan for BRAC 1991 guidance, May 21, 1991, states that the major command will

identify and retain quality facilities and buildings that Reserve components can use for training and training support functions. Army Forces Command, the major command for Fort Devens, is responsible for closing Fort Devens and retaining 4,600 acres and facilities to support the Reserve components.

Army Master Planning Guidance. According to Army Regulation 210-20, "Master Planning for Army Installations," effective August 31, 1993, Army space planning criteria are to be used to determine construction allowances, and Army headquarters must justify and approve variations. If criteria do not exist, estimates are to be based on similar facilities, analysis of comparable missions, or accepted industry practices and standards. Estimates must be fully justified by the user. Army Regulation 210-20 requires that commanders of Army installations ensure that maximum use is made of existing facilities.

Estimation of Requirements for Magazines and Storehouse

The Army overestimated the requirements for project 41792 by including an additional 2,500 square feet for magazines that it did not justify. Also, the Army did not adequately justify the space requirement for the construction of a storehouse.

Adequacy of the Justification for the Magazines. The Army did not provide documentation on the method used in determining the need for 4,900 square feet of magazine space. Army Regulation 210-20 states that variations from Army space planning criteria must be justified and approved by Army headquarters and the user must fully justify estimates for which criteria do not exist. In the original DD Form 1391, the Army requested 2,400 square feet for magazines. In a revised DD Form 1391, the Army requested an additional 2,500 square feet to comply with storage requirements for ammunition and explosives and to provide flexibility to adjust to inaccurate and untimely Military Reserve unit forecasts of requirements for ammunition and explosives.

Magazine Requirements. On the original DD Form 1391, Fort Devens requested 2,400 square feet of space for magazines. The submission consisted of one general-purpose magazine and nine cubicle magazines. However, on January 20, 1994, the Army revised the DD Form 1391 and requested that the magazine space be increased by 2,500 square feet to 4,900 square feet. The new configuration consists of three general-purpose magazines and four cubicle magazines.

Storage Requirements for Ammunition and Explosives. Fort Devens requested the increase in square feet based on the requirement in Department of the Army Pamphlet 385-64, "Ammunition and Explosives Safety Standards," August 13, 1993, to separate ammunition and explosives by lots and condition codes. In a memorandum dated January 5, 1994, the Quality Assurance Specialist Ammunition Surveillance at Fort Drum, New York, concurred with the new configuration and increase in magazine space. The Quality Assurance Specialist Ammunition Surveillance is responsible for reviewing compatibility of

ammunition and explosives and magazine configurations at Fort Devens. However, the Fort Drum memorandum did not state that the original magazine space of 2,400 square feet was not in compliance with the requirement to separate ammunition and explosives by lots and condition codes.

Flexibility to Adjust to Forecasts. Fort Devens also requested the increase based on the need to adjust to inaccurate and untimely forecasts of requirements for ammunition and explosives. A memorandum from the Army Deputy Chief of Staff for Logistics, April 4, 1994, states that the increased storage requirement is to provide Fort Devens the flexibility that it has had in the past to adjust to inaccurate and untimely Military Reserve unit needs forecasts. The Army has not provided adequate documentation that, because of the lack of flexibility Fort Devens would be unable to support Reserve component training without the increase in square feet for magazine storage.

Overestimation of Requirement for Magazine Space. The Army has not provided adequate justification for the additional magazine space of 2,500 square feet. Although the Army provided a list of the types and quantities of ammunition and explosives to be stored, it was unable to provide documentation that states which ammunitions and explosives would be stored together or the method that it used to calculate the number of square feet needed for the storage of the ammunitions and explosives. We consider the increase of 2,500 square feet and the associated cost increase as an overestimation of the project requirements for the construction of magazines at Fort Devens.

Fort Devens should reduce the magazine storage requirement to the original requirement of 2,400 square feet. Reducing the magazine requirement by 2,500 square feet to the original requirement of 2,400 square feet would reduce BRAC MILCON costs by $462,500. The $462,500 was calculated by multiplying the reduction of 2,500 square feet by the unit cost of $185 shown on the DD Form 1391.

Adequacy of the Justification for the Storehouse. The Army did not provide adequate support for a 10,000-square-foot storehouse. A storehouse is used to turn in unused ammunition and explosives and to store nonexplosive residue such as empty cartridge cases that exist after use of ammunition and explosives. The Army justified the size using the Army Criteria Tracking System planning criteria, which states that a storehouse is usually 10,000 or 21,624 square feet. Fort Devens selected 10,000 square feet for its storehouse. However, the current storehouse space at Fort Devens consists of 4,882 square feet and supports 16,484 square feet of magazine space. The requested space is more than double the space currently occupied and more than double the magazine storage space requested. The requested magazine space of 4,900 square feet is only 30 percent of the existing 16,484 square feet of magazine space. Fort Devens should not need twice the storehouse space for only 30 percent of the ammunition and explosive storage space that the current storehouse supports. In addition, the Army has not provided documentation to show that the storehouse requires a vehicle holding area and vehicle inspection area. Those items were all specified on the DD Form 1391.

Fort Devens has not documented the need to build a 10,000-square-foot storehouse. The requirement for a storehouse should be put on hold until adequate support can be provided for the size storehouse that Fort Devens will need to support its future operational requirements. Therefore, BRAC MILCON costs should be reduced by $630,000 until the appropriate storehouse size is calculated. The $630,000 was calculated by multiplying the 10,000 square feet by the unit cost of $63 shown on the DD Form 1391.

Summary

Fort Devens has not adequately justified the need for 4,900 square feet of magazines and the need for a 10,000-square-foot storehouse. Adequate justification should include documentation of calculations based on existing criteria, current use of space, future operational requirements, and additional space requirements. Because Fort Devens cannot document a need for additional magazine space and for a new storehouse, the Army FY 1995 BRAC budget for Fort Devens of $2.75 million should be reduced by $1,092,500 ($462,500 for the magazines and $630,000 for the storehouse). This potential monetary benefit does not include savings that will result from the reduction in supporting facilities costs that result from the reduction in magazine space and storehouse size. The remaining $1,657,500 ($2,750,000 minus $1,092,500) in costs for the ammunition supply point project should be suspended until adequate documentation substantiates the project requirements and costs.

Recommendations, Management Comments, and Audit Response

Revised Finding. As a result of further IG, DoD, review, we revised the draft report finding to eliminate references to the consideration of using existing facilities in place of building a new storehouse. The Army was able to demonstrate with additional information that use of the existing facilities is not practicable and that placement of the storehouse near the magazines is practicable. We agree with the Army that the storehouse should be located near the new magazines on the south post.

1. We recommend that the Under Secretary of Defense (Comptroller) adjust the funding in the Army FY 1995 Defense base realignment and closure budget for Fort Devens, Massachusetts, as follows:

a. Reduce project 41792, "Ammunition Supply Point," by $1,092,500.

b. Suspend the remaining $1,657,500 in costs for the ammunition supply point project until adequate documentation substantiates the project requirements and costs.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred and agreed to put funds associated with project 41792 on administrative withhold if the audit issues are not resolved by the start of fiscal year 1996.

2. We recommend that the Commander, Fort Devens, Massachusetts, prepare a revised DD Form 1391, "FY 1996 Military Construction Project Data," with adequate supporting documentation for project 41792, "Ammunition Supply Point," that excludes unsupported requirements, that accounts for the use of existing facilities, and that reflects the budget reduction in Recommendation 1.a.

Army Comments. The Army nonconcurred, stating that the original magazine requirement was understated, that Army criteria allowed for a 10,000-square-foot storehouse, and that use of existing facilities was not considered practicable. The Army stated that the original requirement of 2,400 square feet for magazine space was understated and based on incomplete information. The Army stated that the current storehouse at 4,882 square feet is inadequate and that Army criteria indicate that the typical size of a storehouse is 10,000 square feet. However, no specific regulations address the need for or the sizing of a storehouse. The Army further stated that the use of existing facilities within the cantonment area is not considered practicable because the storehouse should be in close proximity to the magazines for safety and security reasons.

Audit Response. The Army has not provided documentation on how it calculated the 4,900 square feet needed for the storage of ammunition and explosives. The Army provided rationale for the change from 2,400 to 4,900 square feet, but did not provide adequate documentation to support its request for the additional magazine space of 2,500 square feet. The Army provided a list of the types and quantities of ammunition and explosives to be stored, but has not provided any documentation on which ammunitions and explosives will be stored together or how it calculated the number of square feet needed for the storage of ammunitions and explosives.

The Army also has not provided any documentation to support the need for a 10,000-square-foot storehouse. The Army stated in the management comments that no specific regulations address the need for or the sizing of a storehouse. The size is based on the operational requirements at each facility. The current storehouse space at Fort Devens consists of 4,882 square feet. The existing storehouse supported 16,484 square feet of magazine space. The requested space is more than double the space currently occupied, even though the storehouse only has to support 4,900 square feet of magazine space. The Army needs to determine exactly what the storehouse will be used for and then calculate the space requirement. We request that the Army reconsider its position on the recommendation and provide additional comments in response to the final report.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1996 BRAC MILCON budget request of $2.75 million for an ammunition supply point at Fort Devens. We reviewed the original DD Form 1391 dated October 27, 1993, and subsequent DD Form 1391s as well as supporting documentation dated from July 1992 through May 1995 for the construction of the ammunition supply point. We interviewed personnel at Fort Devens; Fort Drum; Forces Command at Fort McPherson, Georgia; and the Office of the Assistant Chief of Staff for Installation Management. We also assessed the adequacy of the management control program as it applied to the audit objective.

Audit Period, Standards, and Locations. This economy and efficiency audit was made from January through June 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 D for the potential benefits resulting from the audit. Appendix E lists the organizations visited or contacted during the audit.

Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists selected BRAC reports issued by the Inspector General, DoD.

Inspector General, DoD

Report No.	Report Title	Date
95-272	Defense Information School at Fort George G. Meade Base Realignment and Closure Military Construction Project	June 28, 1995
95-258	Defense Base Realignment and Closure Budget Data for the Naval Hospital Lemoore, California	June 28, 1995
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, Indiania, 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 Military Construction 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

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
95-226	Defense Base Realignment and Closure Military Construction Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio	June 8, 1995
95-223	Defense Base Realignment and Closure Military Construction 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
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 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

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
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
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

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
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
95-029	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realigning 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 Realigning 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, Realigning to Carswell Air Reserve Base, Texas	June 17, 1994
94-127	Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Personnel Support Center to the Naval Aviation Supply Office Compound in North Philadelphia, Pennsylvania	June 10, 1994

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
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
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

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

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 on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the 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	6-Year Net	Recurring Annual	Total
	Realignments	Closures	Costs	Savings	Savings	Savings
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	.4	1.9	15.7
Subtotal	**250**	**152**	**13.1**	**3.1**	**4.2**	**38.3**
1995	113	33	3.8	4.0	1.8	18.4
Total	**363**	**185**	**$16.9**	**$7.1**	**$6.0**	**$56.7**

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated

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

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model (COBRA). COBRA uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1996 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. COBRA provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because COBRA 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 selected groups of projects that totaled at least $1 million for each group.

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
1.a.	Economy and Efficiency. Revises and resubmits BRAC MILCON estimates based on established criteria.	$1.09 million of Army 1996 Base Closure Account funds put to better use.
1.b.	Economy and Efficiency. Suspends funding for BRAC MILCON projects until adequately supported.	Undeterminable.*
2.	Economy and Efficiency. Revises BRAC MILCON estimates to reflect justifiable requirements and costs.	Undeterminable.*

*Exact amount of additional benefits to be realized will be determined by future budget decisions and budget requests.

Appendix E. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC

Department of the Army

Office of the Assistant Chief of Staff for Installation Management, Washington, DC
Forces Command, Fort McPherson, GA
  Base Closure and Realignment Office, Fort Devens, MA
  Quality Assurance Specialist Ammunition Surveillance, Fort Drum, NY
Army Technical Center for Explosives Safety, Savanna, IL
Auditor General, Department of the Army, Washington, DC
  Army Audit Agency, Alexandria, VA

Appendix F. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
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Assistant Secretary of the Army (Financial Management)
Auditor General, Department of the Army
Commander, Forces Command, Fort McPherson
  Commander, Fort Devens

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Assistant Secretary of the Navy (Financial Management and Comptroller)
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Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
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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 Edward Kennedy, U.S. Senate
Honorable John Kerry, U.S. Senate
Honorable Martin Meehan, U.S. House of Representatives

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments

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

COMPTROLLER
(Program/Budget)

MAY 19 1995

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Closure of Fort Devens, Massachusetts (Project No. 5CG-5017.30)

This responds to your April 28, 1995, memorandum requesting our comments on the subject report.

The audit recommends that the USD(Comptroller) suspend funding of $2.8 million for project 41792 to construct an ammunition supply point in support of Reserve Component training at Fort Devens until adequate documentation is provided that substantiates the project requirements and costs.

The funding for the project at issue is included in the FY 1996 BRAC budget request. We generally agree with the audit and recommendations; however, since the Army has yet to comment formally on the audit and the amount of the savings has not been resolved, it is premature to take action at this time. However, if the issue is not resolved by the start of the fiscal year, we will place funds associated with the project on administrative withhold. Further, any savings resulting from the audit will be reprogrammed to other BRAC requirements as appropriate.

B. R. Paseur
Director for Construction

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)

23 MAY 1995

MEMORANDUM THRU ~~DIRECTOR OF THE ARMY STAFF~~ THOMAS W. HUGHES, LTC, GS, ADECC 23 MAY 95

~~DEPUTY ASSISTANT SECRETARY OF THE ARMY~~ (~~INSTALLATIONS & HOUSING~~) 24 MAY 1995 Paul W. Johnson Deputy Assistant Secretary of the Army (Installations and Housing) OASA (I, L&E)

~~ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS, LOGISTICS & ENVIRONMENT)~~ 5/24/95 Alma Moore PDASA (ILE)

FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Closure of Fort Devens, Massachusetts (Project No. 5CG-5017.30)

1. Reference DoD IG memorandum, 28 Apr 95, subject as above.

2. After review by the appropriate staff at Fort Devens, MA, the Army nonconcurs with the recommendations in the subject draft DoD IG audit report. The comments of the Fort Devens staff are at the enclosure and are transmitted for your consideration.

3. U.S. Army Forces Command and Department of the Army Headquarters endorse the comments at the enclosure.

4. POC for this action is Mr. Robert Daski, 693-7556.

Enclosure

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

AFPI-BC (AFZD-BRAC/15 May 95) (5-10c) 1st End
SUBJECT: Draft Audit Report Defense Base Realignment and Closure Budget Data for the Closure of For Devens, Massachusetts, 28 April 1995

DEPUTY CHIEF OF STAFF FOR PERSONNEL AND INSTALLATION MANAGEMENT, FORCES COMMAND, ATTN: AFPI-BC, FORT MCPHERSON, GA 30330-6000

FOR DEPARTMENT OF THE ARMY, ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT, ATTN: DAIM-BO, 600 ARMY PENTAGON, WASHINGTON, DC 20310-0600

1. We have reviewed and concur in the Fort Devens response to subject audit. We have inserted some information and renumbered the enclosures to basic correspondence in order to make the Fort Devens response easier to understand.

2. Michelynn Carellas, DSN 367-6375 or COMM (404) 669-6375, can provide additional information.

FOR THE DCS FOR PERSONNEL AND INSTALLATION MANAGEMENT:

JOSEPH H. PLUNKETT
Chief, Base Realignment and Closure Division, DCSPIM

8 Encls
nc

Final Report Reference

DEPARTMENT OF THE ARMY
HEADQUARTERS, FORT DEVENS
FORT DEVENS, MASSACHUSETTS

REPLY TO ATTENTION OF:

AFZD-BRAC 15 May 1995

SUBJECT: Draft Audit Report Defense Base Realignment and Closure Budget Data for the Closure of Fort Devens, Massachusetts, 28 April 1995

1. We have reviewed subject audit which is concerned with the size and location of the new Ammunition Supply Point at Fort Devens. We nonconcur with all of the findings and the recommendations.

2. Audit issue: Adequacy of Justification: The Army did not adequately justify a requirement for an additional 2,500 square feet of storage space for ammunition and explosives.

a. Magazine Requirements. The original project 1391 justified to the satisfaction of Forces Command and Department of the Army a requirement for 2400 square feet.* It however had not been completely staffed prior to submittal. A subsequent review by the Fort Devens Director of Logistics (DOL) (Encl 2) and concurred in by the Fort Drum Area Quality Assurance Specialist Ammunition Surveillance (QASAS) (Encl 3), indicated that the requirement was understated. A request for funds for an added 2500 square feet was submitted. The Project Change Request at enclosure 1 represents the rational for the increase, recommends approval, contains both FORSCOM and DA staff concurrences and DA approval. The Audit Report, page 5 under Magazine Requirements mistakenly quotes from a 7 January 1994 memorandum by the Ft. Devens DOL (Encl 5) that "the original requirement of 2400 square feet would be just enough to support operations". The statement was in fact relates to a 5 January 1994 memorandum (Encl 3) wherein Howard Spellman, the QASAS at Fort Drum N.Y. concurs with our request for 4900 square feet. The DOL memorandum is telling the BRAC office that the new size and the type magazines/bunker are what is required at Fort Devens. This mistake seems to be the basis for the auditor's finding on this issue. ~~Enclosure 1.~~

b. The number, type and size of magazines required, was determined by the U.S. Army Defense Ammunition Center and School based on projected usage factors estimated by Fort Devens. That Fort Drum did not state that the original magazine space of 2,400 square feet was not in compliance with the requirement to separate ammunition and explosives by lots and condition codes is not relevant. The original estimate (Encl 1) was based on incomplete information. USADACS determined that we needed in the new ASP based on corrected data. ~~Enclosures 1 and 2.~~ (Encl 6)

*based on analysis performed by the U.S. Army Defense Ammunition Center and School, Savanna, IL (encl 1).

*

Deleted.

*Enclosures omitted because of length.

Final Report Reference

c. The expertise in this subject resides at other than Fort Devens. We properly consulted these centers of expertise.

d. After the auditors left, we felt that they may not have completely understood everything they had read and were told. At enclosure 7 is a memorandum dated 23 March 1995 which we sent to them in an attempt to explain/clarify the process.

3. Audit issue: Adequacy of Justification: The Army did not adequately justify the need for the construction of a storehouse with administrative space.

a. Ammunition Storehouse requirements. The Army Criteria Tracking System(ACTS), (ACS) part of the PAX system, when queried for the criteria for an Ammunition Storehouse (Category Code 42231) produced a figure of 10,000 square feet as being typical. This is what we used. The draft audit report states that the requested space of 10,000 square feet is more than double the current warehouse which is 4,882 square feet. What the report fails to mention is that the current storehouse is inadequate and that the following functions that are not currently performed in the existing warehouse will in fact be accomplished in the new storehouse. These functions are now performed in the back of a truck in an adjacent parking lot. Enclosure 8. Note also the remark in enclosure 8 that "Real estate requirements are part of the total ammunition and explosives storage area."

(1) Break down of ammunition and preparation of residue for turn-in.

(2) Storage of non explosive ammunition related components such as machine gun links, canisters, empty cartridge cases, and packing and shipping materials.

(3) Ammunition maintenance which includes identification, inspection, separation, repacking and preparation for reuse or shipment

b. Office space in the storehouse. An installation Ammunition Supply Point usually consists of the bunker/magazine area, safe holding area, storehouse with parking and a vehicle inspection site. The latter is just outside of the safety zone; the rest are inside. The ASP operators work in one or more of these facilities. It is a retail operation with workers, customers, merchandise, and records. For an efficient operation, they should be together. Safety, security and storage standards are strict and better enforced by on-site people. In the winter, it is very cold and the average season snow fall is 60 inches. Provisions for heated space for the supervisor, records keeping, break area, and latrines at the place of work is common sense. Including the space in the storehouse is efficient siting.

Deleted.

c. Utilization of Existing On-Post Facilities. This audit recommendation is based on the following erroneous statement from Current and Future Use of Buildings, page 5 of the audit: "Military reserve units currently occupying buildings in the cantonment area will be leaving in FY 1995, at which time those buildings will be available for other uses." Army reserve units are not leaving. The Reserve Enclave is to be established in 1996. For

reasons stated in paragraph c, above and the travel distance from the enclave to the new ASP, use of enclave buildings are not considered practicable.

(1) Distances: Current location: 2200 feet between the bunkers and the ammunition storehouse. When located on South Post: approximately the same as current. Auditor recommendation: approximately three miles between enclave and ammunition storehouse/administration.

(2) Land Use Compatibility: The strong positive relationship between the ASP bunkers and the ammunition storehouse/office dictate siting in close proximity. This is the most important factor in siting the storehouse. See ACT land use relationship for ammunition storehouse at enclosure 2.

(3) Safety: The intent not to transport live ammunition/explosives into the Reserve Enclave and the civilian redevelopment areas and then return to South Post for final turn in, thereby traversing these areas and a major highway (Rte 2) twice.

(4) Efficiency: The economy of resources in drawing, firing and turning in ammunition in the same general area on the existing training area, in a military controlled environment hence conserving time, fuel, vehicle use and military man-hours of the using units.

(5) Security considerations that would have to be considered when ammunition would be received, stored, issued adjacent to a largely civilian, non-government community being developed for reuse.

3. In an effort to identify what the U.S.Army's typical setup is for the operation of an ammunition supply point, Mr. Michael Remy, Master Planner for Fort Devens queried both the supporting QASAS Mr. Mark O'Hara at Ft. Drum and Mr. Kay Deleeuw, Safety Technician at the US Army Explosives Safety School, on the feasibility of using an existing building in the enclave versus the construction of a new building on South Post collocated with the ammunition supply point. Their responses were as follows:

a. Both Mr. O'Hara and Mr. Deleeuw stated that typically and preferably, ammunition supply point storehouses are located as close as possible to the magazine compound without being within the quantity safe distance arcs. They both stated that "it would not be efficient, logical as secure or safe to operate an ammunition supply point inert material storehouse at a distant location." They also commented that, "transporting ammunition or explosives across a major highway is not recommended". They recommended that it would not be proper ammunition safety practice to locate an ammunition supply point storehouse in a populated area, open to the public, such as the enclave area of Fort Devens.

b. Mr. O'Hara and Mr. Deleeuw stated that, " it is typical to have a residue storehouse as part of an ammunition supply point facility, and that the size is based on the scope of

the operation at that facility". They went on to state that "there are no specific regulations which address the need for, nor the sizing of the storehouses, in that the size is based on unit levels and the operational requirements at each specific facility"

4. Every known, available ASP document was made available to the auditors. All questions asked were answered to the best of our ability.

ENCL

H. Carter Hunt, Jr
Deputy Commander

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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