Audit Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR THE CLOSURE OF LOWRY AIR FORCE BASE, COLORADO, AND REALIGNMENT TO SHEPPARD AIR FORCE BASE, TEXAS

Report No. 96-166 June 18, 1996

Department of Defense

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Acronyms

AFB	Air Force Base
BRAC	Base Realignment and Closure
CPK	Central Preparation Kitchen and Bakery
MILCON	Military Construction

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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June 18, 1996

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

SUBJECT: Audit Report on Defense Base Realignment and Closure Budget Data for the Closure of Lowry Air Force Base, Colorado, and Realignment to Sheppard Air Force Base, Texas (Report No. 96-166)

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

DoD Directive 7650.3 requires that all recommendations and potential monetary benefits be resolved promptly. As a result of the Under Secretary of Defense (Comptroller) comments, we deleted two draft recommendations. We also revised the potential monetary benefits and renumbered other recommendations as needed. We request that the Air Force reconsider its position on final report Recommendation 2.b. and provide additional information on final report Recommendation 2.c. Comments on the final report should be received by July 18, 1996.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Joseph P. Doyle, Audit Program Director, at (703) 604-9348 (DSN 664-9348) or Ms. Deborah L. Culp, Audit Project Manager, at (703) 604-9335 (DSN 664-9335). See Appendix G for the report distribution. The audit team members are listed inside the back cover.

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Office of the Inspector General, DoD

Report No. 96-166 **June 18, 1996**
(Project No. 6CG-5001.43)

Defense Base Realignment and Closure Budget Data for the Closure of Lowry Air Force Base, Colorado, and Realignment to Sheppard Air Force Base, Texas

Executive Summary

Introduction. This report is one in a series about FY 1997 Defense base realignment and closure military construction costs. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Office of the Inspector General, DoD, is required to review each Defense base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees. Our audits address all projects valued at more than $1 million.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of three projects, with a total value of $4.3 million, for the closure of Lowry Air Force Base, Colorado, and realignment to Sheppard Air Force Base, Texas.

Audit Results. The Air Force was unable to fully support two of the three Defense base realignment and closure projects scheduled for Sheppard Air Force Base. FY 1997 project VNVP953004, "Central Prep Kitchen/Bakery," and FY 1997 project VNVP933025, "Add to Chapel Center," could not be fully supported as BRAC requirements. Also, project VNVP953004 was scheduled to use FY 1996 funds but was in the FY 1997 budget. As a result, the Air Force overstated BRAC requirements by $3.2 million and planned duplicate year funding of $2.4 million.

See Part I for a discussion of the audit results. See Appendix D for a summary of invalid and partially valid requirements for the project we reviewed and Appendix E for a summary of the potential benefits resulting from the audit.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) reduce funding for project VNVP953004 by $2.4 million for FY 1996 and place project VNVP953004 and project VNVP933025 on administrative withhold for FY 1997.

We also recommend that the Air Force cancel project VNVP953004, valued at $2.4 million, from the FY 1996 and 1997 Defense base realignment and closure budgets. In addition, we recommend that the Air Force revise budget estimates and submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project VNVP933025.

Management Comments. The Under Secretary of Defense (Comptroller) concurred with our recommendations and stated that the FY 1996 funding budgeted for project VNVP953004 has been used as a reprogramming source for another BRAC requirement. In addition, the Comptroller agreed to put the funds associated with project VNVP953004 and project VNVP933025 on administrative withhold for FY 1997. See Part I for a complete discussion of all management comments and Part III for a complete text of all management comments.

The Air Force concurred with the recommendation to cancel project VNVP953004, valued at $2.4 million, from the FY 1996 Defense base realignment and closure budget. The Air Force also concurred with the recommendation to revise budget estimates and submit a revised DD Form 1391 for project VNVP933025. However, the Air Force nonconcurred with our recommendation to cancel project VNVP953004 from the FY 1997 Defense base realignment and closure budget. The Air Force stated that the project is a valid Defense base realignment and closure project and is recommended to achieve the most cost-effective and efficient operations.

Audit Response. As a result of the Under Secretary of Defense (Comptroller) comments, the draft recommendations on duplicate funding for project VNVP943006, "Add to Precision Measurement Equipment Lab," were deleted.

Although the Air Force concurred with our recommendation to submit a revised DD Form 1391 for project VNVP933025, the information that the Air Force provided to us was not adequately supported, and we are requesting additional information. The Air Force did not provide us with any new information to support its nonconcurrence with the recommendation to cancel FY 1997 project VNVP953004. We still believe that project VNVP953004 is not a valid Defense base realignment and closure requirement, and we request that the Air Force reconsider its position and provide comments on the final report by July 18, 1996.

Table of Contents

Executive Summary i

Part I - Audit Results

Audit Background 2
Audit Objectives 2
Realignment Projects 3

Part II - Additional Information

Appendix A. Scope and Methodology 10
Appendix B. Summary of Prior Audits and Other Reviews 11
Appendix C. Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs 15
Appendix D. Projects Identified as Invalid or Partially Valid 16
Appendix E. Summary of Potential Benefits Resulting From Audit 17
Appendix F. Organizations Visited or Contacted 18
Appendix G. Report Distribution 19

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments 24
Department of the Air Force Comments 25
Supplemental Department of the Air Force Comments 28

Part I - Audit Results

Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1997 BRAC military construction (MILCON) costs. The report discusses three projects in the FY 1997 budget. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C. See Appendix D for a summary of invalid and partially valid requirements for the projects we reviewed.

Audit Objectives

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

The following table describes the projects that this audit reviewed.

BRAC MILCON Projects Reviewed

Project Number	Project Location	Description	DD Form 1391 Amount (millions)
VNVP953004	Sheppard AFB*	Central Prep Kitchen/Bakery	$2.4
VNVP943006	Sheppard AFB*	Add to Precision Measurement Equipment Lab	1.1
VNVP933025	Sheppard AFB*	Add to Chapel Center	0.8
Total			**$4.3**

*Air Force Base

This report provides the results of the audit of three projects resulting from the closure of Lowry Air Force Base, Colorado, and realignment to Sheppard Air Force Base, Texas. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program objective will be discussed in a summary report on FY 1997 BRAC MILCON budget data.

Realignment Projects

The Air Force did not adequately support requirements and cost estimates for two of the three BRAC MILCON projects relating to the realignment of Lowry Air Force Base to Sheppard Air Force Base. The Air Force had improperly included project requirements and costs not related to BRAC in the funding requests. In addition, the Air Force included funding in two fiscal years and did not support proposed construction space requirements and costs. As a result, the Air Force overstated BRAC requirements by $3.2 million and planned duplicate year funding of $2.4 million.

Proposed Project for the Base Realignment

Sheppard Air Force Base (AFB) proposed the construction of three projects to support the closure of Lowry AFB, the earlier closure of Chanute AFB, and the subsequent realignment to Sheppard AFB. In September 1995, Sheppard AFB submitted DD Forms 1391, "FY 1997 Military Construction Project Data," for:

o project VNVP953004, "Central Prep Kitchen/Bakery," for the construction of a 720-square-meter (7,700-square-foot) consolidated central preparation kitchen and bakery (CPK), valued at $2.4 million;

o project VNVP943006, "Add to Precision Measurement Equipment Lab," for the construction of a 344-square-meter (3,700-square-foot) addition to the existing facility, valued at $1.1 million; and

o project VNVP933025, "Add to Chapel Center," for the construction of a 464-square-meter (5,000-square-foot) addition of religious education facility space to the existing chapel center, valued at $800,000.

Originally, the Air Force submitted project VNVP943006 for the FY 1997 budget, but the Air Force subsequently planned to use FY 1996 BRAC MILCON funds for the project.

Project Requirements

The Air Force submitted three BRAC projects related to the closure of Lowry AFB and realignment to Sheppard AFB. However, project VNVP953004 was not a BRAC requirement and was funded in two fiscal years, and project VNVP933025 had non-BRAC-related costs, overestimated space requirements, and unsupported cost estimates.

Project VNVP953004. The Air Force could not support the use of BRAC funds for the construction of a CPK. The CPK is not necessary to support the increased mission at Sheppard AFB resulting from BRAC. In addition, the Air Force improperly programmed funds in 2 fiscal years for the CPK.

Requirements for a CPK. A CPK is not required or necessary to support the increased mission or the increase in weighted rations (meals) at Sheppard AFB. Before BRAC, Sheppard AFB had 6 dining halls with kitchens that served 1,486 average-weighted rations. After BRAC, Sheppard AFB had 4 dining halls with kitchens in operation, and the average-weighted rations increased to approximately 2,200 for FY 1995. Air Force Manual 86-2, "Civil Engineering Programming, Standard Facility Requirements," section D, "Kitchen Facility," states that a CPK "can be established where it can service three or more dining halls which serve a combined total of at least 1,500 average weighted rations per day . . . ." However, the criteria do not require the construction of a CPK, nor do they state that having a CPK is necessary. Rather, the guidance states that if the criteria are met, then a base can establish a CPK. The current dining halls and kitchens are more than able to meet the increased requirement for weighted rations, even while having one kitchen and dining hall closed for renovations. Based on the information provided, we recognize the efficiencies and cost benefits that may result from the use of a CPK. Although the construction of a CPK is possibly a viable project, the project is not based on BRAC requirements, and the Air Force should not use BRAC MILCON funds.

Funds in 2 Fiscal Years. The Air Force included funding of $2.4 million for the construction of a CPK in its budgets for 2 different fiscal years. Originally, the Air Force budgeted the project for FY 1997 BRAC MILCON funds, but it had since planned to use FY 1996 BRAC MILCON funds for the project. Thus, the Air Force should cancel project VNVP953004, valued at $2.4 million, for both FYs 1996 and 1997.

Project VNVP933025. The Air Force included non-BRAC-related costs and overestimated the proposed space requirements for an addition to the chapel center. In addition, the Air Force was unable to support the $800,000 project cost identified on the DD Form 1391. The Air Force should submit a revised DD Form 1391 that reflects the deletion of the non-BRAC-related costs and the reduction of the space requirement and that provides adequate support for the project costs.

Cost of Building Demolition. The Air Force improperly included a cost of $50,000 for the demolition of a 1,150-square-meter (12,365-square-foot) building in the total cost on the DD Form 1391. The demolition is unrelated to the proposed BRAC project because no such building is located at or near the proposed construction site. It appears that the building scheduled for demolition on the DD Form 1391 is the current religious education facility, which the Air Force plans to retain. The current religious education facility is at a different location than the chapel center. Thus, the Air Force should delete the $50,000 (plus add-ons) for the building demolition cost from the total cost in the revised DD Form 1391.

Space Requirement. The Air Force did not base the increased requirement for the religious education facility on the total base population increase. The total base population increase, resulting from BRAC, was about 5,000 people. According to Air Force Manual 86-2, for each increase of 1,000 in the base population, the base is authorized an additional 840 square feet of religious education space. The increase of 5,000 in the base population authorizes an additional 4,200 square feet of religious education space. The DD Form 1391 had an original scope of 464 square meters (5,000 square feet); however, the Air Force rescoped the project with the architect-engineering firm to 497 square meters (5,345 square feet). A comparison of authorized space (4,200 square feet) and the space of the current proposed BRAC project design (5,345 square feet) shows an excess of 1,145 square feet. We believe that the project was designed to the $800,000 cost estimate instead of to actual BRAC requirements.

The overestimated space requirement of 1,145 square feet consisted of 664 square feet of preexisting space deficiencies and an overestimate of 481 square feet. Before the BRAC realignment, the base population was authorized 13,095 square feet of religious education space. However, the base had only 12,431 square feet of religious education space, representing a space deficiency of 664 square feet. BRAC funds cannot be used to correct preexisting deficiencies. The remainder of the excess 1,145 square feet is an overestimate of 481 square feet. The Air Force should submit a revised DD Form 1391 that reflects the 4,200 square feet of religious education space resulting from BRAC.

Project Costs. The Air Force was unable to provide cost estimates that supported the number of square feet identified on the DD Form 1391. The Air Force based the Government cost estimate on 5,782 square feet; however, the Air Force based the DD Form 1391 project costs on 5,000 square feet. Furthermore, the current project scope is 5,345 square feet. We were unable to verify the 5,000 square feet and the $800,000 on the DD Form 1391 based on other estimates of square feet and costs. Thus, the Air Force should submit a revised DD Form 1391 that contains supportable cost estimates.

Summary

The Air Force was unable to fully support two of the three projects scheduled for Sheppard AFB. The construction of a CPK (project VNVP953004) was not a result of BRAC and, therefore, should not be funded by BRAC. In addition, project VNVP933025 included non-BRAC requirements, overestimated the authorized space, attempted to use BRAC funds to correct a pre-BRAC deficiency, and used unsupported cost figures. As a result, the Air Force had overstated BRAC requirements by $3.2 million ($2.4 million for the non-BRAC FY 1996 CPK construction, project VNVP953004, and $800,000 for the chapel center addition, project VNVP933025). It also had planned duplicate funding totaling $2.4 million for FY 1997 project VNVP953004.

Recommendations, Management Comments, and Audit Response

Deleted and Renumbered Recommendations. As a result of the Under Secretary of Defense (Comptroller) comments concerning the duplicate funding issue for the precision measurement equipment lab project, we deleted draft Recommendations 1.c. and 2.c. about the duplicate funding for project VNVP943006. Draft Recommendations 1.d.and 2.d. have been renumbered as 1.c.and 2.c.

The Air Force originally provided comments to us on April 30, 1996. The Air Force provided additional updated comments on May 9, 1996. Our response addresses both sets of comments from the Air Force.

1. We recommend that the Under Secretary of Defense (Comptroller):

a. Reduce funding for project VNVP953004, "Central Prep Kitchen/Bakery," by $2.4 million for FY 1996, and realign the funds to other unfunded projects.

b. Place project VNVP953004, "Central Prep Kitchen/Bakery," on administrative withhold for FY 1997.

c. Place project VNVP933025, "Add to Chapel Center," on administrative withhold until the Air Force submits a revised DD Form 1391, "FY 1997 Military Construction Project Data," to accurately reflect requirements and costs.

Under Secretary of Defense (Comptroller) Comments. The Under Secretary of Defense (Comptroller) concurred with the recommendations and stated that the FY 1996 funding budgeted for project VNVP953004, "Central Prep Kitchen/Bakery," has been used as a reprogramming source for another BRAC requirement. The Comptroller will place project VNVP953004 and project VNVP933025, "Add to Chapel Center," on administrative withhold for FY 1997 until the issues in dispute are resolved.

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

2. We recommend that the Commander, 82d Training Wing, Air Education and Training Command:

a. Cancel the FY 1996 funds for project VNVP953004, "Central Prep Kitchen/Bakery," valued at $2.4 million.

Air Force Comments. The Air Force concurred and stated that the FY 1996 line item for project VNVP953004, "Central Prep Kitchen/Bakery" has been deleted.

b. Cancel project VNVP953004, "Central Prep Kitchen/Bakery," and delete the project, valued at $2.4 million, from the FY 1997 budget.

Air Force Comments. The Air Force nonconcurred with the recommendation to cancel the "Central Prep Kitchen/Bakery" project from the FY 1997 budget. The Air Force interprets Air Force Manual 86-2 as stating, "a CPK is recommended to achieve the most cost-effective and efficient operations." The Air Force stated that before BRAC, the weighted rations at Sheppard AFB did not meet the criteria to make a CPK more than marginally efficient. The Air Force stated, "Based on the closures of Chanute and Lowry, the increase in weighted rations at Sheppard (from 1,486 to 2,200 plus), and the intent of BRAC to make DoD operations more efficient and reduce overall costs, we are confident this is a valid BRAC project." The Air Force also stated that a modern, state-of-the-art dining hall was constructed with BRAC funds and that the CPK would further enhance those dining hall efficiencies.

Audit Response. The Air Force comments were not fully responsive. We reviewed the Air Force comments and concluded that the information contained in the comments is substantially the same as had been provided to us during the audit. The Air Force was not able to support the construction of a CPK with BRAC funds. As stated in the report, we recognize the efficiencies and cost benefits of a CPK; however, the construction of the CPK is not based on BRAC requirements. In addition, BRAC funds have recently provided Sheppard with a new dining facility to support the personnel from the Chanute and Lowry closures. Accordingly, we still consider the recommendation to be valid. We request that the Air Force reconsider its position and provide additional comments when responding to the final report.

c. Revise budget estimates and submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," for project VNVP933025, "Add to Chapel Center," that reflects valid Defense base realignment and closure requirements and costs. The costs should be based on 4,200 square feet and should not include demolition costs.

Air Force Comments. The Air Force concurred with our recommendation to base the project costs on 4,200 square feet and delete the facility demolition. The Air Force also submitted a revised DD Form 1391, "FY 1997 Military Construction Project Data," with supporting cost estimates for project VNVP933025, "Add to Chapel Center," for 400 square meters, valued at $580,000.

Audit Response. Although the Air Force concurred with the recommendations, the detailed comments are confusing. The cost figures on the revised DD Form 1391 "FY 1997 Military Construction Project Data," do not reflect valid BRAC costs and do not match the supporting cost estimate that the Air Force provided to us. In addition, the calculations on the supporting cost estimate are inaccurate and still reflect the cost for the non-BRAC portion of the project. We request that the Air Force submit a revised DD Form 1391, "FY 1997 Military Construction Project Data," along with matching supporting cost figures.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1997 BRAC MILCON budget request, economic analysis, and supporting documentation for space requirements for three realignment projects regarding the transfer of Lowry AFB to Sheppard AFB. The three projects are estimated to cost $4.3 million.

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

Appendix B. Summary of Prior Audits and Other Reviews

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

Inspector General, DoD

Report No.	Report Title	Date
96-165	Defense Base Realignment and Closure Budget Data for the Construction of the Hazardous Material Storage Addition to Warehouse 28 at Defense Distribution Region West Tracy, California	June 17, 1996
96-158	Defense Base Realignment and Closure Budget Data for the Redirect of the 726th Air Control Squadron From Shaw Air Force Base, South Carolina, to Mountain Home Air Force Base, Idaho	June 11, 1996
96-154	Defense Base Realignment and Closure Budget Data for the Realignment of the National Airborne Operations Center to Wright-Patterson Air Force Base, Ohio.	June 10, 1996
96-147	Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center Orlando, Florida, and Realignment of Maintenance and Storage Facilities to Taft U.S. Army Reserve Center, Orlando, Florida	June 6, 1996
96-144	Defense Base Realignment and Closure Budget Data for the Realignment of Grissom Air Reserve Base, Indiana	June 6, 1996
96-142	Defense Base Realignment and Closure Budget Data for the Closure of Bergstrom Air Reserve Base, Texas, and Realignment of the 10th Air Force Headquarters to Naval Air Station Fort Worth, Joint Reserve Base, Texas	June 5, 1996

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
96-139	Defense Base Realignment and Closure Budget Data for the Closure of Griffiss Air Force Base and Realignment of Rome Laboratory and Northeast Air Defense Sector, Rome, New York	June 3, 1996
96-137	Defense Base Realignment and Closure Budget Data for the Realignment of March Air Force Base, Riverside, California	May 31, 1996
96-136	Defense Base Realignment and Closure Budget Data for the Closure of Gentile Air Force Station, Dayton, Ohio, and Realignment of Defense Logistics Agency Components to Wright-Patterson Air Force Base, Ohio	May 31, 1996
96-135	Defense Base Realignment and Closure Budget Data for the Fleet Anti-Submarine Warfare Training Center Pacific, San Diego, California	May 30, 1996
96-131	Defense Base Realignment and Closure Budget Data for Realigning Elements of Headquarters, Department of the Navy, to the Washington Navy Yard	May 28, 1996
96-128	Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois	May 24, 1996
96-127	Defense Base Realignment and Closure Budget Data for the Closure of Roslyn Air National Guard Base and Realignments to Stewart Air National Guard Base, New York	May 23, 1996
96-126	Defense Base Realignment and Closure Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio	May 21, 1996

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
96-122	Defense Base Realignment and Closure Budget Data for the Realignment of the Air Education and Training Command at Vandenberg Air Force Base, California	May 17, 1996
96-119	Defense Base Realignment and Closure Budget Data for the Construction of a Multiple Purpose Facility at Fort McCoy, Wisconsin	May 14, 1996
96-118	Defense Base Realignment and Closure Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina	May 13, 1996
96-116	Defense Base Realignment and Closure Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah	May 10, 1996
96-112	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida	May 7, 1996
96-110	Defense Base Realignment and Closure Budget Data for the Realignment of the 301st Rescue Squadron, Air Force Reserve, From Homestead Air Force Base, Florida, to Patrick Air Force Base, Florida	May 7, 1996
96-108	Defense Base Realignment and Closure Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania	May 6, 1996
96-104	Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island	April 26, 1996

Inspector General, DoD (cont'd)

Report No.	Report Title	Date
96-101	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington	April 26, 1996
96-093	Summary Report on the Audit of Defense Base Realignment and Closure Budget Data for FYs 1995 and 1996	April 3, 1996
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

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

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

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

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON

project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON $820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least $1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

Appendix D. Projects Identified as Invalid or Partially Valid

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

Project Location	Project Number	Causes of Invalid Projects: Overstated	Causes of Invalid Projects: Unsupported	Causes of Partially Valid Projects: Overstated	Causes of Partially Valid Projects: Unsupported
Sheppard Air Force Base	VNVP953004*	X			
Sheppard Air Force Base	VNVP933025			X	

Table D-2. Recommended Changes in Project Estimates

Project Location	Project Number	Amount of Estimate on DD Form 1391 (thousands)	Recommended Amount of Change: Invalid Projects (thousands)	Recommended Amount of Change: Partially Valid Projects (thousands)
Sheppard Air Force Base	VNVP953004*	$2,400	$4,800*	
Sheppard Air Force Base	VNVP933025	800	____	$800
Total		**$3,200**	**$2,400**	**$800**

Total Invalid and Partially Valid Projects **$3,200**

*Project VNVP953004 was submitted as part of the FY 1997 BRAC budget; however, the Air Force later planned to use FY 1996 BRAC funds for the project. Because the project was duplicate-year funded and the project is an invalid BRAC requirement, the Air Force needs to cancel the project, valued at $2.4 million, for both FYs 1996 and 1997. The total invalid amount of $4.8 million for the project is in this table.

Appendix E. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount or Type of Benefit
1.a.	Economy and Efficiency. Avoids inappropriate expenditures of BRAC MILCON funds.	FY 1996 Base Closure Account funds of $2.4 million put to better use.
1.b.	Economy and Efficiency. Avoids inappropriate expenditures of BRAC MILCON funds.	Amount of benefit identified in Recommendation 2.b.
1.c.	Economy and Efficiency. Avoids inappropriate expenditures of BRAC MILCON funds.	Undeterminable. Exact amount of benefit will be determined by future budget submissions and decisions.
2.a.	Economy and Efficiency. Eliminates unneeded project.	Amount of benefit identified in Recommendation 1.a.
2.b.	Economy and Efficiency. Eliminates unneeded project.	FY 1997 Base Closure Account funds of $2.4 million put to better use.
2.c.	Economy and Efficiency. Bases BRAC MILCON project estimates on accurate data for space requirement.	Undeterminable. Amount of benefit will be determined by future budget submissions and decisions.

Appendix F. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC

Department of the Air Force

Deputy Assistant Secretary of the Air Force (Installations), Base Transition Division, Washington, DC
Air Education and Training Command, Randolph Air Force Base, TX
82d Training Wing, Sheppard Air Force Base, TX

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 Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Deputy Under Secretary of Defense (Industrial Affairs and Installations)
  Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

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

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
  Base Transition Division, Deputy Assistant Secretary of the Air Force (Installations)
Auditor General, Department of the Air Force
Commander, Air Education and Training Command
  Commander, 82d Training Wing

Other Defense Organizations

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

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division, General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

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

Part III - Management Comments

Under Secretary of Defense (Comptroller) Comments

Final Report Reference

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

COMPTROLLER
(Program/Budget)

May 6, 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD Quick-Reaction Report on Defense Base Realignment and Closure Budget Data for the Closure of Lowry Air Force Base, Colorado, and Realignment of Sheppard Air Force Base, Texas (Project No. 6CG-5001.43)

This responds to your April 17, 1996, memorandum requesting our comments on the subject report.

Revised.

The audit states that the Air Force was unable to fully justify two of the three projects scheduled for Sheppard Air Force Base, Texas, and two of the three projects were double budgeted. It also states that the Air Force improperly included requirements and costs for the projects that were not related to BRAC.

Revised.

The OIG recommends that the USD(Comptroller) place the three projects at issue, VNVP953004, "Central Prep Kitchen/Bakery;" VNVP943006, "Add to Precision Measurement Equipment Lab;" and VNVP933025, "Add to Chapel Center" on administrative withhold until the Air Force submits revised DD 1391 forms that accurately reflect requirements and costs. The audit also recommends that the funding for project VNVP953004 be reduced by $2.4 million and those funds realigned to other unfunded projects.

The audit findings and recommendations appear to be based on data submitted for the internal OSD/OMB budget review and have not been updated to reflect the Department's fiscal year 1997 budget submission to Congress. These projects have not been double budgeted. There are no funds included in the fiscal year 1997 budget for project VNVP943006; however, the Air Force is proceeding with a reprogramming to use fiscal year 1996 funding for the project. Fiscal year 1996 funding budgeted for project VNVP953004 has been used as a reprogramming source for another BRAC requirement. Project VNVP933025 is still budgeted and planned for execution using fiscal year 1997 funding. Since projects VNVP943006 and VNVP933025 are in dispute, we will place funds associated with them on administrative withhold until the issues are resolved. Any savings resulting from the audit will be reprogrammed to other BRAC requirements as appropriate.

*

B. R. Paseur
Director for Construction

*Per management, Project VNVP943006 is incorrect. Reference should be VNVP953004.

Department of the Air Force Comments

Final Report Reference

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC 20330-1000

30 April 1996

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

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

SUBJECT: Quick reaction Report on Defense base Realignment and Closure Budget Data for the Closure of Lowry Air Force Base, Colorado and Realignment to Sheppard Air Force Base, Texas, April 17, 1996 (6CG-5001.43)

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

Your report reviewed three BRAC MILCON projects.

You requested that FY 97 funding for VNVP943006 - Add to Precision Measurement Equipment lab be withheld since we were programming this line item for available FY 96 funds. WE CONCUR. Deleted

You requested that VNVP 933025 - Add to Chapel Center have the Scope reduced from 5,345 square feet (SF) to 4,200 SF (400SM) and delete the facility demolition. WE CONCUR. The design is basically complete and will not be changed. However, BRAC will fund only the authorized 4200SF and non-BRAC funds will be used for the existing deficiency items. A revised DD Form 1391 is attached.

You recommended that VNVP953004 - Central Prep Kitchen/Bakery be deleted from the FY 96 and FY 97 BRAC MILCON program. WE PARTIALLY CONCUR. This line item was in our FY 96 BRAC MILCON program at a cost of $1.8 Million for use by Sheppard only. However, new actions required us to reprogram this project at $2.4 Million in FY 97 to support not only the Lowry and Chanute AFB realignments but the new Navy requirement for relocation of food preparation training to Sheppard AFB. The FY 96 line item has been deleted. The FY 97 line item will remain.

Our POC is Mr Lester R. Schauer, DSN: 227-6559.

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

cc:
SAF/MII
SAF/FMBIC
USAF/CEC
AETC/XP/CE

1. COMPONENT	FY 1997 MILITARY CONSTRUCTION PROJECT DATA (computer generated)	2. DATE
AIR FORCE		

3. INSTALLATION AND LOCATION	4. PROJECT TITLE
SHEPPARD AIR FORCE BASE, TEXAS	BASE CLOSURE-ADD TO CHAPEL CENTER

5. PROGRAM ELEMENT	6. CATEGORY CODE	7. PROJECT NUMBER	8. PROJECT COST($000)
8.57.96	730-772	VNVP933025	580

9. COST ESTIMATES

ITEM	U/M	QUANTITY	UNIT COST	COST ($000)
BASE CLOSURE-ADD TO CHAPEL CENTER	SM	400	1,000	400
SUPPORTING FACILITIES				125
UTILITIES	LS			(30)
SITE IMPROVEMENTS	LS			(20)
PAVEMENTS	LS			(40)
COMMUNICATIONS	LS			(15)
EMCS	LS			(20)
SUBTOTAL				525
CONTINGENCY (5%)				26
TOTAL CONTRACT COST				551
SUPERVISION, INSPECTION AND OVERHEAD (6%)				33
TOTAL REQUEST				584
TOTAL REQUEST (ROUNDED)				580

10. Description of Proposed Construction: Concrete masonry walls with brick veneer, concrete floor slab, and roof to match existing. Includes classrooms, toilets, storage rooms, administrative and chaplain offices, religious education library, mechanical room, and other necessary support. Air Conditioning: 56 KW.

11. REQUIREMENT: 1,595 SM ADEQUATE: 0 SUBSTANDARD: 1,130 SM
PROJECT: Construct an addition to the Chapel Center.
REQUIREMENT: Closure of Lowry AFB. A facility of adequate size and configuration is required to conduct religious education functions and accommodate chaplain offices. Space is required to teach young children (K-8th grades), senior youth (9th-12th grades), and adults.
CURRENT SITUATION: This facility is used regularly not only for religious education but also for special functions for young airmen. There are no adequate facilities on Sheppard designated for the religious education of these permanent party personnel.
IMPACT IF NOT PROVIDED: The base will not be able to meet the needs of a multi-faceted chapel program. Personnel and their families will be forced to seek their religious needs off-base or not at all. This base has many young enlisted students that do not have a private vehicle in which to travel off-base.
ADDITIONAL: Funding is to be provided from the Base Closure Account. This project meets the criteria/scope specified in Part II of Military Handbook 1190, "Facility Planning and Design Guide". Regular Air Force conjunctive funding will be used for the remaining existing requirements.

DD FORM 1391, DEC 76 Previous editions are obsolete. Page No

Supplemental Department of the Air Force Comments

DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

9 May 1996

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

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

SUBJECT: Quick Reaction Report on Defense Base Realignment and Closure Budget Data for the Closure of Lowry Air Force Base, Colorado and Realignment to Sheppard Air Force Base, Texas, April 17, 1996 (6CG-5001.43)

This is in reply to telecon with your Ms Lisa Dean and our Mr. Schauer regarding supplemental Air Force comments on subject report.

You recommended that VNVP953004-Central Prep Kitchen/Bakery deleted from the FY96 and FY97 BRAC MILCON program. We provided comments on this item in our 30 April 96 memorandum. We still PARTIALLY CONCUR. The Navy requirement for food preparation training will now relocate to Lackland Air Force Base vice Sheppard Air Force Base.

While this audit report focuses on the Lowry AFB BRAC closure, the combined effects of the Lowry and Chanute AFB closures have significantly impacted Sheppard and make a central Preparation Kitchen (CPK) a prudent investment. Both Chanute and Lowry had efficient CPKs, proven to be the most cost-effective and efficient process to prepare meals for mass feeding. Also, the audit report quotes AFM 86-2 which says a CPK can be established when it can service three or more dining halls which serve a combined total of at least 1,500 average weighted rations per day." The report states a CPK "can be established", but it is not "required" or "necessary". By our interpretation, when three or more dining halls exist, a CPK is recommended to achieve the most cost-effective and efficient operations.

Before BRAC, the weighted rations figures for Sheppard did not meet the criteria to make a CPK operation more than marginally efficient. BRAC, and specifically the closure of Lowry AFB, drove the weighted rations above the 1,500-ration criteria needed to justify the construction of a CPK. Based on the closures of Chanute and Lowry, the increase of weighted rations at Sheppard (from 1,486 to 2,200 plus), and the intent of BRAC to make DoD operations more efficient and reduce overall costs, we are confident this is a valid BRAC project. The CPK streamlines food production; incorporates modern, state-of-the-art kitchen equipment and facilities to accommodate increased BRAC associated student loads; compensates for three pre-BRAC older generation dining halls; reduces annual equipment replacement costs; reduces labor

2

costs; provides consistency in food products; standardizes portion control; and provides the ability to handle the already increased food production without the increased labor costs. To further clarify, the BRAC funding did provide a new dining hall that is modern state-of-the-art. The CPK further enhances dining hall efficiencies.

The audit report recognizes "the efficiencies and costs savings that may result from the use of a CPK." A detailed analysis of the cost savings for the Sheppard AFB CPK operation predicts a conservative annual savings of $195k. This project is 100 percent designed, awaiting funds.

The FY 96 BRAC MILCON line item for this project at $2.4 million (vice $1.8m referenced) will be deleted. The FY 97 line item at $2.4 million will remain intact until the scope is resolved.

Per your request supplemental cost data for the combined BRAC MILCON/Command O&M Chapel Project (VNVP 933025) is attached.

LESTER R. SCHAUER
BRAC MILCON Chief

1 Atch

cc:
AETC/DS/CEE

Gov't EST BASED
ON 5,782 SF @ $148.94/ft²

4,200 SF @ $150/ft²	$630,000
2% CONTINGENCY	12,600
5.7% STOH	35,910
0.5% E&D	3,150
	$411,660 (BRAC)

LES: THIS WAS A SMALL BUSINESS SET-ASIDE
AT THE LAST COST REDUCTION MTG WE DELETED
2 CLASS ROOMS APPROX 567 FT²

O&M PORTION 5782
4200
1582
−567

1,015 ft² @ $150/ft²	= $152,250
2% CONTINGENCY	= 3,045
5.7% STOH	8,678
0.5% E&D	761
	$164,734

BANKART/CECB B HAYGO

411.66
164.73
$576,390
USE $580K

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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