

**Audit**



**Report**

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE  
BUDGET DATA FOR NAVAL HOSPITAL  
BREMERTON, WASHINGTON**

Report No. 97-169

June 19, 1997

**Department of Defense**

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**Acronyms**

BRAC  
MILCON

Base Realignment and Closure  
Military Construction



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



June 19, 1997

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

SUBJECT: Audit Report on the Defense Base Realignment and Closure Budget Data  
for Naval Hospital Bremerton, Washington (Report No. 97-169)

We are providing this report for information and use. This report is one in a series of reports about Defense base realignment and closure military construction costs.

Management comments on a draft of this report were considered in preparing the final report. The Under Secretary of Defense (Comptroller) and the Assistant Secretary of Defense (Health Affairs) comments conformed to the requirements of DoD Directive 7650.3; therefore, additional comments are not required.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Michael A. Joseph, Audit Program Director, or Mr. Timothy J. Tonkovic, Audit Project Manager, at (757) 766-2703. See Appendix D for the report distribution. The audit team members are listed inside the back cover.

*David Steensma*

David K. Steensma  
Deputy Assistant Inspector General  
for Auditing

## Office of the Inspector General, DoD

Report No. 97-169  
(Project No. 7CG-5002.11)

June 19, 1997

### Defense Base Realignment and Closure Budget Data for Naval Hospital Bremerton, Washington

#### Executive Summary

**Introduction.** This report is one in a series of reports about Defense base realignment and closure (BRAC) 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 BRAC 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 BRAC military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees.

**Audit Objectives.** The overall audit objective was to determine the accuracy of Defense BRAC military construction budget data. The specific objectives were to determine whether the proposed project was based on valid BRAC requirements, the decision for military construction was supported with required documentation including an economic analysis, and the economic analysis considered existing facilities. We did not assess the adequacy of the management control program as part of this audit because it will be discussed in a summary report on FY 1998 Defense BRAC military construction budget data.

This report provides the results of the audit of BRAC project P-019T, "Medical Annex," at Naval Hospital Bremerton, Washington. The project is valued at \$11 million and includes a 34,189 square foot medical annex and 193,000 square foot parking structure. The Navy is also planning military construction project P-008, valued at \$30 million, that includes a hospital addition, alterations, and a 295,600-square foot parking structure. This report does not address the \$30 million project, which is programmed for FY 1999.

**Audit Results.** The Navy planned to construct a 34,189-square foot medical annex and a 193,000-square foot parking structure at Naval Hospital Bremerton that was not needed. As a result of the audit, the Navy canceled the medical annex and parking structure project and DoD will be able to put \$11 million in Defense Base Closure Account funds to better use.

**Summary of Recommendation.** We recommend that the Under Secretary of Defense (Comptroller) delete \$11 million from the FY 1998 Defense BRAC budget for project P-019T, "Medical Annex" and realign the funds to other unfunded projects.

**Management Comments.** The Under Secretary of Defense (Comptroller) generally agreed with the audit and recommendation and stated that funding for Project P-019T is included in the FY 1998 BRAC budget request, but has not been appropriated. The Under Secretary of Defense (Comptroller) stated that he would realign the funds, if appropriated, to other valid BRAC requirements. The Assistant Secretary of Defense (Health Affairs) concurred with the audit results and the recommendation to delete \$11 million from the FY 1998 BRAC budget. See Part I for a summary of management comments, and Part III for the complete text of management comments.

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## **Part I - Audit Results**

### Audit Background

The Office of the Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1998 BRAC military construction (MILCON) costs. See Appendix A for a discussion of the audit scope and methodology. See Appendix B for information on the BRAC process and the overall scope of the audit of BRAC MILCON costs.

### Audit Objectives

The overall audit objective was to determine the accuracy of Defense BRAC MILCON budget data. This report provides the results of the audit of project P-019T, "Medical Annex," valued at \$11 million, at Naval Hospital Bremerton, Washington.

The specific objectives were to determine whether the proposed project was based on valid Defense BRAC requirements, the decision for MILCON was supported with required documentation including an economic analysis, and the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it related to the overall objective. We did not assess the adequacy of the management control program as part of this audit because the management control program objective will be discussed in a summary report on FY 1998 BRAC MILCON budget data.

### Other Matters of Interest

Project P-019T, "Medical Annex" is the \$11 million BRAC MILCON project at Naval Hospital Bremerton, Washington. Project P-008, "Hospital Addition/Alteration" is a \$30 million traditional MILCON project and is for a hospital addition, alterations, and a parking structure that is programmed for FY 1999. The hospital addition, alterations, and parking structure included in project P-008 are in addition to the BRAC medical annex and parking structure. Table 1 shows the total project scope for BRAC project P-019T and MILCON project P-008.

**Table 1. Naval Hospital Bremerton BRAC and MILCON Project Scopes**

<u>Project</u>	<u>Square Feet</u>	<u>Project Cost</u>
P-019T		
Medical Annex	34,189	
Parking Structure	193,000	\$ 11 million
P-008		
Addition	55,090	
Alterations	125,527	
Parking Structure	295,600	\$ 30 million

As a result of discussions during the audit, Office of the Assistant Secretary of Defense (Health Affairs) and Navy facility planners indicated that they plan to review projected work load and staffing in support of the overall healthcare requirements at the hospital. New construction, like the \$30 million hospital addition project, should be supported by a current project analysis and rationale to justify expansion efforts. Information developed during the BRAC audit indicates that Project P-008 may expand the hospital at a time when the Navy is downsizing, the patient beneficiary population is declining, and budget reductions are occurring. In that regard, we may review the revised project scope and justification for Project P-008 during a subsequent audit.

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## Construction Requirements at Naval Hospital Bremerton

The Navy planned to construct a 34,189-square foot medical annex and a 193,000-square foot parking structure adjacent to the existing hospital that was not needed. The annex was unnecessary because of personnel reductions in the Naval Hospital Bremerton catchment area that Navy facility planners did not consider in their determinations of space requirements. As a result of the audit, the Navy canceled the medical annex project and DoD will be able to put \$11 million in Defense Base Closure Account funds to better use.

### Base Realignment Decision

The 1993 Commission on Defense Base Closure and Realignment (the Commission) recommended the closure of various organizations in California and Florida and recommended that some of the equipment, personnel, and ships be relocated to Navy organizations in the Puget Sound, Washington, area. The final Commission decision included the relocation of one aircraft carrier and one cruiser from California to the Naval Hospital Bremerton catchment area.

Documentation supporting the project stated that the medical annex is needed to support an increase in population in the Naval Hospital Bremerton catchment area. The catchment area includes eligible health care beneficiaries residing within a 40-mile radius of the hospital. The DD Form 1391, "Military Construction Project Data," August 30, 1996, stated that the medical annex was needed to support expanded health care services for a beneficiary population projected to reach 64,281 individuals as a result of BRAC actions.

**Criteria.** Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC.

DoD Instruction 7040.4, "Military Construction Authorization and Appropriation," March 5, 1979, requires that a special effort be made to efficiently use all existing DoD facilities and that an economic analysis be prepared and used as an aid to establish MILCON priorities.

Naval Facilities Engineering Command Instruction 11010.44E, "Shore Facilities Planning Manual [the Manual]", October 1, 1990, states that facility requirements must be accurate and justified and that new construction should not be proposed when existing assets equal or exceed the requirement. The Manual states that projects affected by reduced personnel strengths or mission changes should be reduced in scope. The Manual also states that organizations that

## Construction Requirements at Naval Hospital Bremerton

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support deployable units should make a reduction in base loading (aircraft, personnel, and ships) commensurate with the number of units on deployment at any given time.

The DD Form 1391, "Military Construction Project Data," is the principal programming document used for DoD MILCON projects. It contains detailed summary information including assumptions, cost estimates, descriptions, requirements justifications, and other pertinent backup information to support the project during the review and approval process.

**BRAC Project Scope.** Project P-019T, "Medical Annex," is for a 34,189-square foot addition to the existing hospital and a 193,000-square foot parking structure. The medical annex includes administration space, ancillary services space, examination rooms, suite circulation space, and treatment rooms. The project also includes air conditioning, a fire protection system, site improvements, and upgraded site and telephone utilities.

The DD Form 1391 states that space constraints limit the hospital's ability to offer expanded health care services and limit the percentage of the beneficiary population that will be afforded health care services at the hospital.

**Services at Naval Hospital Bremerton.** The Naval Hospital Bremerton provides clinical, general, and hospitalization services for active duty personnel, active duty family members, retirees and their dependents, survivors, and other authorized beneficiaries. The hospital is a 9-story, 254,500-square foot facility that was completed in 1980. Property records updated in August 1996 for Naval Hospital Bremerton showed that the facility was classified as "adequate" for its intended use.

In 1989, the Navy added Computer Axial Tomography (CAT) Scan services to the hospital. In 1991, the Navy added an auditorium; and in 1994, it added a 5,200-square foot family practice clinic in portable buildings. A drive-up pharmacy annex was added in early 1997 near the main entrance to the hospital compound. The Navy has reduced the number of operating beds from 170 to 101, and is staffed to service 90 operating beds.

## Project Requirements

The \$11 million medical annex was not needed because Navy facility planners did not include personnel reductions that offset planned BRAC personnel increases in the Naval Hospital Bremerton catchment area in their space requirement determinations. The proposed medical annex is planned to support an increase in active duty personnel resulting from BRAC realignments. Because of offsetting personnel reductions to BRAC personnel increases, there is not a valid BRAC requirement for the proposed medical annex.

## Construction Requirements at Naval Hospital Bremerton

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**BRAC Personnel Increase.** The Navy projected that between FY 1993 and FY 1999, up to 4,000 active duty personnel plus their families would be relocated to the Naval Hospital Bremerton catchment area as a result of various 1993 BRAC decisions. Personnel were scheduled to migrate from the Naval Air Station Alameda, California; the Naval Hospital Oakland, California; the Naval Hospital Orlando, Florida; the Naval Shipyard Mare Island, Vallejo, California; the Naval Station Treasure Island, San Francisco, California; and, the Naval Supply Center Oakland, California. Included in the number of personnel scheduled to migrate from the Naval Air Station Alameda were the crews of the carrier, *USS Abraham Lincoln* and the cruiser, *USS Arkansas*.

As a result of the transfers, the Naval Hospital Bremerton catchment area population actually increased by 7,248 beneficiaries as of FY 1996. The increases were mainly attributable to the relocation of the carrier and the cruiser.

**Offsetting Personnel Reductions.** Several factors have occurred that have resulted in offsetting reductions to the BRAC increases in the Naval Hospital Bremerton catchment area. For example, the *USS Abraham Lincoln* was scheduled to be homeported at Puget Sound Naval Shipyard, Bremerton, Washington. However, upon completion of extended drydocking at Puget Sound Naval Shipyard in January 1997, the *USS Abraham Lincoln* was transferred to Naval Station Everett, Washington, which is outside of the Naval Hospital Bremerton catchment area. The carrier, *USS Carl Vinson*, was redirected to the Puget Sound Naval Shipyard from Naval Air Station Alameda. Additionally, the *USS Arkansas*, relocated to Puget Sound Naval Shipyard in 1995, will be decommissioned in November 1998. In May 1998, the carrier, *USS Nimitz*, homeported at Puget Sound Naval Shipyard, will be relocated to Newport News, Virginia, for extensive overhaul work. After overhaul, the *USS Nimitz* is not scheduled to return to the Naval Hospital Bremerton catchment area. As a result of the decommissionings and realignments, the net increase for the Naval Hospital Bremerton catchment area will be only 700 active duty personnel plus their families.

Table 2 shows the net effect of BRAC increases and the offsetting downsizing and realignment actions on the actual and projected Naval Hospital Bremerton catchment area active duty, dependent, retiree, and survivor beneficiary populations from FY 1993 through FY 2002. Downsizing initiatives and the subsequent ship decommissionings and realignments are projected to reduce the beneficiary population of the Naval Hospital Bremerton catchment area by 2,544 personnel between FYs 1993 and 2002.

## Construction Requirements at Naval Hospital Bremerton

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**Table 2. Naval Hospital Bremerton Catchment Area Population**

<u>Fiscal Year</u>	<u>Average Number of Beneficiaries</u>	<u>Projected Number of Beneficiaries</u>
1993	56,807	
1994	56,844	
1995	61,171	
1996	64,055	
1997		61,908
1998		58,231
1999		54,566
2000		54,240
2001		54,462
2002		54,263

Note: The population figures after FY 1993 include personnel relocations attributable to the 1993 BRAC decision, as well as subsequent downsizing initiatives, and ship decommissionings and realignments.

## Management Actions Taken

On March 5, 1997, the Deputy Assistant Secretary of Defense (Health Services Operations and Readiness) authorized the Naval Facilities Engineering Command to proceed to 35 percent design for the Naval Hospital Bremerton BRAC and MILCON projects. On March 19, 1997, representatives from the Inspector General, DoD, met with personnel from the Office of the Assistant Secretary of Defense (Health Affairs); the Navy Bureau of Medicine and Surgery; and the Naval Facilities Engineering Command to discuss the results of the audit for the BRAC construction project. On April 7, 1997, the Navy Bureau of Medicine and Surgery, Assistant Chief for Logistics stated that the BRAC project was not required and requested cancelation of the design authorization provided on March 5, 1997. He also stated that a review of the MILCON project will be completed to assess the impact of the demographic changes and the ship homeporting assignments. The full text of the comments by the Assistant Chief are at Appendix C. As a result of the action by the Assistant Chief for Logistics, we are not making a recommendation on the cancelation of the BRAC project.

## **Recommendation and Management Comments**

**We recommend that the Under Secretary of Defense (Comptroller) delete project P-019T, "Medical Annex," from the FY 1998 Defense base realignment and closure military construction budget and realign the funds to other unfunded projects.**

**Under Secretary of Defense (Comptroller) Comments.** The Under Secretary of Defense (Comptroller) generally agreed with the audit and recommendation. He stated that funding for the medical annex project is included in the FY 1998 BRAC budget request and has not been appropriated. He also stated that he will realign the funds, if appropriated, to other valid BRAC requirements.

**Assistant Secretary of Defense (Health Affairs) Comments.** Although not required to comment, the Assistant Secretary of Defense (Health Affairs) also concurred with the recommendation. The Assistant Secretary stated that he concurred with the audit results and the recommendation to delete \$11 million from the FY 1998 BRAC budget for Project P-019T.

## **Part II - Additional Information**

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## Appendix A. Audit Process

**Scope of This Audit.** We examined the FY 1998 Defense BRAC MILCON budget request, space requirements, and supporting documentation for project P-019T, estimated to cost \$11 million, at Naval Hospital Bremerton.

To evaluate the documentation the Navy used to justify the medical annex project, we contacted or visited the Bureau of Naval Personnel, the Defense Medical Facilities Office; the Navy Bureau of Medicine and Surgery; the Naval Facilities Engineering Command, the Naval Hospital Bremerton, the Naval Station Everett, the Puget Sound Naval Shipyard, and various other activities in the Naval Hospital Bremerton catchment area. We obtained architectural drawings and floor plans, demographic information, facility planning documents, historical and projected building configurations, minutes of meetings, and other supporting information used to justify the medical annex project. We reviewed documentation dating from 1992 through March 1997.

**Audit Period and Standards.** This economy and efficiency audit was performed from January through April 1997 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 statistical sampling procedures.

**Computer-Processed Data.** To determine the DoD beneficiary population for the Naval Hospital Bremerton catchment area, we used information from the Total Force Management Information System at the Bureau of Naval Personnel, and the Defense Medical Information System (including the Resource Analysis and Planning System). We relied on computer-processed data to determine whether project requirements were based on realistic beneficiary population figures for the Naval Hospital Bremerton catchment area. We did not verify the accuracy of the computer-processed data from the two automated personnel management systems, because the reliability of that data was not the primary objective of the audit. Nothing came to our attention during the audit that caused us to doubt the reliability of the computer-processed data.

**Prior Audits and Other Reviews.** Three summary reports have been issued for the audits of Defense BRAC budget data for FYs 1992 through 1996. The reports list individual projects. Since April 1996, numerous additional audit reports have been issued that discuss Defense BRAC budget data for FYs 1997 and 1998. Details on those reports are available on request.

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## **Appendix B. Background of Defense Base Realignment and Closure**

**Commission on Defense Base Closure and Realignment.** On May 3, 1988, the Secretary of Defense chartered the Commission 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, officials at DoD realigning organizations 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.

## Appendix B. Background of Defense Base Realignment and Closure

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**Overall Audit Selection Process.** We reviewed the FY 1998 BRAC MILCON budget, totaling \$354.3 million, 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 1997 BRAC MILCON projects that were not included in the previous FY 1997 budget submission, but were added as part of the FY 1998 BRAC MILCON budget package.

# Appendix C. Navy Bureau of Medicine and Surgery Cancellation



DEPARTMENT OF THE NAVY  
BUREAU OF MEDICINE AND SURGERY  
2300 E STREET NW  
WASHINGTON DC 20372-5300

IN REPLY REFER TO  
11000  
Ser 433/970420  
07 Apr 97

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY (HEALTH AFFAIRS) -  
HEALTH SERVICES OPERATIONS AND READINESS

SUBJECT: Hospital Outpatient Clinic Addition (BRAC) Naval  
Hospital, Bremerton, WA

Request cancellation of design authorization provided by Attachment. The BRAC portion of the conjunctively funded MILCON project is not required, as demographic changes and ship homeporting assignments originally projected have not materialized.

A review of the Program for Design will be completed to assess the impact on the MILCON portion of the project. Any critical requirements outstanding will be addressed in separate correspondence.

  
D. E. McQUINN  
Assistant Chief for  
Logistics

Attachment:  
OASD/HA memo of 5 Mar 97

cc:  
OASD/DMFO  
OASD/HSAM  
NAVFAC-09MD  
NAVFAC-382  
N931C3  
HSO San Diego  
DoD/IG

Attach-  
ment  
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Deputy Comptroller (Program/Budget)  
Assistant Secretary of Defense (Health Affairs)  
Assistant Secretary of Defense (Public Affairs)  
Deputy Under Secretary of Defense (Industrial Affairs and Installations)  
Principal Assistant Deputy Under Secretary of Defense (Industrial Affairs and Installations)  
Director, Defense Logistics Studies Information Exchange

### **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  
Superintendent, Naval Post Graduate School  
Commander, Naval Facilities Engineering Command

### **Department of the Air Force**

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

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Inspector General, National Security Agency  
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Senate Subcommittee on Defense, Committee on Appropriations  
Senate Subcommittee on Military Construction, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Governmental Affairs  
House Committee on Appropriations  
House Subcommittee on National Security, Committee on Appropriations  
House Subcommittee on Military Construction, Committee on Appropriations  
House Committee on Government Reform and Oversight  
House Subcommittee on Government Management, Information, and Technology,  
Committee on Government Reform and Oversight  
House Subcommittee on National Security, International Affairs, and Criminal  
Justice, Committee on Government Reform and Oversight  
House Committee on National Security

## **Part III - Management Comments**

# Under Secretary of Defense (Comptroller) Comments



COMPTROLLER  
(Program/Budget)

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



June 3, 1997

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING, DOD IG

SUBJECT: DoD IG Audit Report on the Defense Base Realignment and Closure (BRAC) Budget  
Data for Naval Hospital Bremerton, Washington (Project No. 7CG-5002.11)

This responds to your memorandum of May 15, 1997, requesting our comments on the  
subject report.

The audit recommends that the USD(Comptroller) delete \$11.0 million from the FY 1998  
Defense BRAC budget for Project P-019T, "Medical Annex," at Naval Hospital Bremerton,  
Washington, on the basis that it is no longer required.

The funding associated with Project P-019T is included in the FY 1998 BRAC budget  
request and has not been appropriated. We generally agree with the audit and recommendations  
and will realign the funds, if appropriated, to other valid BRAC requirements.

  
Henry K. Sodano  
Director for Construction

# Assistant Secretary of Defense (Health Affairs) Comments



HEALTH AFFAIRS

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

JUN 9 1997

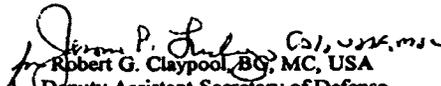
MEMORANDUM FOR DEPARTMENT OF DEFENSE, INSPECTOR GENERAL  
(ATTN: MR. SHELTON R. YOUNG)

SUBJECT: Draft Audit Report on the Defense Base Realignment and Closure Budget Data for  
Naval Hospital Bremerton, Washington (Project No. 7CG-5002.11)

The Health Services Analysis and Measurement staff at the Office of the Assistant Secretary of Defense for Health Affairs, has reviewed the DoD Inspector General (IG) draft audit report on the defense Base Realignment and Closure (BRAC) budget data for Naval Hospital Bremerton, Washington. The draft was reviewed with the Defense Medical Facilities Office, the Financial Management Office, and with Systems Research and Applications Corporation.

While there are some differences between the DoD IG report and the original economic analysis in population figures, and square footage figures regarding the project's scope, these figures are insignificant and do not have any bearing on the final outcome of the report and recommendations. We concur with the audit results and subsequent recommendation to delete the \$11 million from the FY 1998 Defense BRAC budget for Project P-019T.

If you have any questions regarding the results of this report, please contact LtCol Courtney at (703) 681-9081.

  
Robert G. Claypool, BG, MC, USA  
Deputy Assistant Secretary of Defense  
(Health Services Operations and Readiness)

## **Audit Team Members**

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

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