Audit Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE INVESTIGATIVE SERVICE 1995 DEFENSE BASE REALIGNMENT AND CLOSURE DATA COLLECTION PROCESS FOR FORT HOLABIRD, MARYLAND

Report No. 95-185 May 4, 1995

Department of Defense

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Acronyms

BRAC	Base Realignment and Closure
DIS	Defense Investigative Service

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

Report No. 95-185 May 4, 1995

MEMORANDUM FOR DIRECTOR, DEFENSE INVESTIGATIVE SERVICE

SUBJECT: Audit of Defense Investigative Service 1995 Defense Base Realignment and Closure Data Collection Process for Fort Holabird, Maryland (Project No. 4CG-5048.00)

Introduction

We are providing this draft audit report for your information and use. Management comments on a draft of this report were considered in preparing the final report. This report is the second of two reports discussing the review of the process that the Defense Investigative Service (DIS), Alexandria, Virginia, used to collect data to support Defense base realignment and closure (BRAC) recommendations for Fort Holabird, Maryland, to the 1995 Commission on Defense Base Closure and Realignment (1995 Commission). The report focuses on the adequacy and implementation of the internal control procedures that DIS used to collect and document data for the DIS 1995 BRAC data call submission.

Audit Results

The DIS implementation of the internal control plan during the data collection and analysis process was generally effective. During the review, we identified nonmaterial deficiencies to management, and management took the appropriate action to correct the deficiencies.

Audit Objectives

The overall objectives of this program audit were to assess the adequacy of the DIS internal control plan, to review the DIS data collection process, and to validate the data that DIS collected to support BRAC recommendations to the 1995 Commission. The specific objective for the audit was to determine whether DIS effectively implemented the internal control plan during the data collection and analysis effort that resulted in the DIS 1995 BRAC recommendations. We did not review the management self-evaluation requirements of DoD Directive 7650.3, "Internal Management Control Program," April 14, 1987, because they did not apply to this one-time program.

Scope and Methodology

Audit Scope. We reviewed the DIS process for collecting and analyzing 1995 BRAC data to support DIS recommendations to the 1995 Commission.

Audit Methodology. We attended organizational meetings and provided assistance on data collection procedures and establishing criteria for data analysis for the DIS 1995 BRAC process. We reviewed the formal minutes and briefing charts of the meetings to verify that the DIS 1995 BRAC Executive Group (the Executive Group) decisions were adequately documented.

We reviewed the supporting documentation for data collected from within the DIS organization to ensure that the documents properly supported the data.

We reviewed the engineering study to ensure that DIS documented its requirements adequately and that the contractor included all the requirements in the analysis.

We verified the accuracy of the square feet cited in the engineering study that DIS used to determine the facility condition.

We verified the accuracy of DIS computations during its data analysis.

Audit Standards and Locations. This program audit was conducted from June 1994 through February 1995. The audit was made in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD, and included tests of internal controls as considered necessary. We did not rely on statistical sampling techniques and did not use computer-processed data. We conducted the audit at DIS headquarters, Alexandria, Virginia, and at DIS Investigations Control and Automation Directorate, Fort Holabird.

Internal Controls

On October 24, 1994, DIS issued its 1995 BRAC internal control plan. The objectives of the internal control plan were to ensure that the DIS BRAC analysis and recommendations were based on accurate data, and that the process was properly documented and verifiable. The internal control plan contained the minimum requirements for internal controls and incorporated the certification procedures set forth in Public Law 101-510, "Defense Base Realignment and Closure Act of 1990," November 5, 1990, as amended, and the policy guidance issued in the Deputy Secretary of Defense memorandum, "1995 Base Realignment and Closures," January 7, 1994. We did not review the DIS management control program because its provisions were not deemed applicable to the one-time data collection process.

Audit Background

Deputy Secretary of Defense Memorandum. The Deputy Secretary of Defense memorandum establishes policy, procedures, authorities, and responsibilities for selecting bases for realignment or closure under Public Law 101-510, as amended. The memorandum establishes procedures for record keeping, internal controls, and data certification that the Military Departments and Defense agencies follow during the 1995 BRAC analysis

process. In addition, the Inspector General, DoD, was directed to assist Defense agencies in developing, implementing, and evaluating their internal control plans.

In compliance with the Deputy Secretary of Defense memorandum, DIS developed an internal control plan to ensure that the BRAC analysis and recommendations are based on accurate data, and that the process is properly documented and verifiable.

DIS 1995 BRAC Executive Group and Working Group. The Director, DIS, established the Executive Group as the exclusive deliberative body responsible for BRAC analyses and for ensuring that DIS complies with all applicable laws and DoD policies. A DIS 1995 BRAC Working Group (the Working Group) was responsible for preparing standards and analyzing data for the DIS 1995 BRAC effort. Sub-working groups collected unbiased data for the Working Group.

Discussion

DIS Internal Control Plan. DIS developed a general plan and operating instructions to guide the Executive Group and the Working Group in conducting the 1995 BRAC analysis. DIS also developed an internal control plan to fully document the 1995 BRAC process based on certified and verifiable data. The internal control plan established two mechanisms to control the process: organizational controls and documentation controls.

Implementation of Organizational Controls. Organizational controls consisted of the establishment of three organizations that were separated by distinct functional boundaries and levels of decisionmaking authorities. We attended meetings and reviewed minutes and briefing charts to determine that the organizational controls were followed.

Implementation of Documentation Controls. Documentation controls were divided into the following major control elements: documentation and verification of the accuracy of data, safeguarding and storage of documents, and nondisclosure of RAC sensitive information. We reviewed the DIS implementation of these controls as they applied to each step of the analysis process.

DIS 1995 BRAC Data Analysis. The DIS analysis effort included the following steps: data collection, military value analysis, development of alternatives, Cost of Base Realignment Actions computer model analysis, and impact determination.

Data Collection. The Working Group identified initial data requirements based on the DoD selection criteria and the corresponding measures of merit. However, the DIS unique mission required additional data in the areas of facilities, personnel, operation costs, and mission performance. DIS requested the Corps of Engineers to retain a contractor to determine the overall condition of the building, to prepare a cost estimate to renovate the existing building, and to prepare a cost estimate for the construction of a new

building of similar size. The engineering study detected many environmental and mechanical deficiencies outstanding in the building. We verified that DIS adequately documented each part of the process. We reviewed the engineering study to ensure that DIS documented its requirements adequately and that the contractor included all the requirements in the analysis. The Corps of Engineers validated the overall cost estimates used by the contractor for the renovation of the existing building and the construction of a new building. We reviewed the engineering study and did not identify problems with the analysis or the cost estimate. We verified that the changes made in manpower data, facility size, or computations were adequately documented.

Military Value Analysis. The DIS manpower strength is not expected to decline as a direct result of the military force structure drawdown. The DIS estimated drawdowns are a result of the ongoing automation initiatives as described in the DIS Strategic Implementation Plan. The plan is expected to achieve a more cost-effective investigative and industrial inspection process in DoD. We verified that DIS adequately documented each part of the process, including the use of the Strategic Implementation Plan. Using the Strategic Implementation Plan, DIS projected the drawdown of personnel through the year 2001. We verified the computations and the sources for the data used in the analysis and detected no errors.

Development of Alternatives. The DIS analysis for the 1995 BRAC was necessitated by the agency's inability to perform its mission while occupying a substandard facility. The Working Group developed alternatives based on the DoD Force Structure Plan, the DIS Strategic Implementation Plan, the facility engineering study, and the needs of the commands that DIS supports. The Executive Group reviewed and approved the alternatives. We verified that DIS properly documented its analysis and decision process.

Cost of Base Realignment Actions Computer Model Analysis. The Working Group evaluated the potential BRAC alternatives using the details regarding personnel, military construction requirements, renovation requirements, and specific costs of individual scenarios. We verified that DIS used the correct information for the Cost of Base Realignment Actions computer model analysis.

Impact Determination. The alternatives and Cost of Base Realignment Actions computer model results were provided to the Executive Group for approval. The Executive Group considered the economic, infrastructure, and environmental impact on the community for each alternative. We verified that DIS properly documented its analysis and decision process that resulted in the 1995 BRAC recommendation.

Other Controls. DIS assigned one person to control all 1995 BRAC documentation. The information was contained in one office within locked file cabinets. DIS required all personnel involved in the 1995 BRAC process to read and sign nondisclosure agreements. The agreements were controlled in one central location within DIS headquarters. We did not identify problems with the manner in which DIS controlled the documents or the nondisclosure agreements.

Management Comments

We provided a draft of this report to you on March 24, 1994. Because this report contains no findings or recommendations, written comments were not required. However, the Director, Defense Investigative Service, provided comments and found the draft report to be thorough and accurate. For the full text of management comments, see Enclosure 1.

We appreciate the courtesies extended to the audit staff. If you have questions on this report, please contact Mr. Wayne K. Million, Audit Project Director, at (703) 604-9312, or Mr. John M. Delaware, Audit Project Manager, at (703) 604-9314. We will give you a formal briefing on the results of the audit should you desire it. See Enclosure 2 for the report distribution. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Enclosures

Defense Investigative Service Comments

DEFENSE INVESTIGATIVE SERVICE
1340 BRADDOCK PLACE
ALEXANDRIA, VA 22314-1651

APR 17 1995

Mr. Richard B. Jolliffe
Deputy Director
Contract Management Directorate
Department of Defense
Inspector General
400 Army Navy Drive
Arlington, Virginia 22202-2884

Dear Mr. Jolliffe:

The draft audit report of The Defense Investigative Service 1995 Defense Base Realignment and Closure Data Collection Process for Fort Holabird, Maryland, has been reviewed by my staff. We found the draft report to be thorough and accurate and have no further questions or comments about its content.

I wish to thank your audit staff for their reliable service and knowledgeable guidance while working on this project.

Should you need further information about our review of the draft audit report on our 1995 Base Realignment and Closure process, please contact Mr. Michael G. Newman, Deputy Director (Resources) at (703) 325-6062.

Sincerely,

John F. Donnelly

JOHN F. DONNELLY
Director

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Audit Team Members

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

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