Audit Report

OFFICE OF THE INSPECTOR GENERAL

GRIFFISS AIR FORCE BASE, NEW YORK, DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR MILITARY CONSTRUCTION AT OTHER SITES

Report No. 94-107 May 19, 1994

Department of Defense

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Acronyms

AFB	Air Force Base
BRAC	Base Realignment and Closure
COBRA	Cost of Base Realignment Actions
CSC	Air Force Communications Systems Center
EIG	Engineering and Installation Group
MILCON	Military Construction

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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ARLINGTON, VIRGINIA 22202-2884

May 19, 1994

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

SUBJECT: Audit Report on Griffiss Air Force Base, New York, Defense Base Realignment And Closure Budget Data For Military Construction At Other Sites (Report No. 94-107)

We are providing this final audit report for your review and comment. This report is one in a series of reports relating to FYs 1994 and 1995 military construction costs. The report addresses the closure and realignment of Griffiss Air Force Base, New York. Comments on a draft of this report were considered in preparing the final report.

DoD Directive 7650.3 requires that all recommendations and monetary benefits be resolved promptly. The Air Force comments were not responsive. In addition, we redirected two recommendations to the Comptroller of the Department of Defense. Therefore, we request that the Air Force and the Comptroller of the Department of Defense provide comments on the unresolved recommendations by June 20, 1994.

The courtesies extended to the audit staff are appreciated. If you have any questions on this audit report, please contact Ms. Bobbie Sau Wan, Audit Project Manager, at (703) 692-3013 (DSN 222-3013). Copies of this report will be distributed to the organizations listed in Appendix E. The audit team members are listed inside the back cover.

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Deputy Assistant Inspector General
for Auditing

Report No. 94-107 **May 19, 1994**
Project No. 4CG-5008.08

GRIFFISS AIR FORCE BASE, NEW YORK, DEFENSE BASE REALIGNMENT AND CLOSURE BUDGET DATA FOR MILITARY CONSTRUCTION AT OTHER SITES

EXECUTIVE SUMMARY

Introduction. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization DoD requested for each military construction project associated with base realignment and closure (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 Inspector General, DoD, is required to review BRAC military construction projects with significant cost differences from the original cost estimates. This report is one in a series of reports relating to FYs 1994 and 1995 BRAC military construction costs.

Objectives. The overall audit objective was to determine the accuracy of Defense BRAC budget data. This report provides the audit results for 17 military construction projects, valued at $39 million, for realignment of Griffiss Air Force Base, New York. We also evaluated the adequacy of the DoD Internal Management Control Program and applicable internal controls.

Audit Results. The Air Force did not adequately document and justify estimated costs for 15 of the 17 military construction projects requested. As a result, estimated costs for the 15 inadequately documented projects, valued at $25.9 million, could not be validated. Estimated costs for the remaining two projects, valued at $13.1 million, were adequately justified. In addition, based on the limited documentation that the Air Force provided for the 15 inadequately documented projects, we determined that the Air Force inappropriately designated BRAC funds for 2 of the 15 inadequately documented projects, totaling $2 million; and overstated requirements costs for 1 of the 15 inadequately documented projects by $717,000 (Finding A).

Relocating the 485th Engineering and Installations Group, Air Force Communications Systems Center, from Griffiss Air Force Base to Hill Air Force Base, Utah, may be unnecessary. As a result, the Air Force may unnecessarily use between $7.9 million and $13.1 million in military construction funds and may forfeit the opportunity to reduce overall Air Force Communications Systems Center, Tinker Air Force Base, Oklahoma, staff costs by approximately $27.8 million annually (Finding B).

Internal Controls. Air Force internal controls and the implementation of the DoD Internal Management Control Program were not effective because they did not prevent or identify a material internal control weakness in planning and programming requirements for BRAC military construction projects. Specifically, Air Force internal controls requiring detailed justification and documentation for requirements and cost estimates for 15 projects were not followed or were not effective. We consider the weakness to be material. See Part I for details of the internal controls reviewed and Part II for a discussion of the internal control weakness.

Potential Benefits of Audit. Implementation of the recommendations would result in BRAC cost avoidance of between $10.6 million and $15.8 million, and would also result in an Air Force Communications Systems Center cost avoidance of approximately $139 million during FYs 1995 through 1999. The actual amount of monetary benefits will vary based on future management decisions. Strengthening Air Force internal controls will help validate the accuracy of cost estimates for military construction projects resulting from BRAC. However, we could not quantify the amount. Appendix C summarizes the potential benefits resulting from the audit.

Summary of Recommendations. We recommend that the Air Force prepare new DD Forms 1391, "FYs 1994 and 1995 Military Construction Project Data," that are adequately supported with detailed documentation, cancel BRAC funding for two Grand Forks Air Force Base, North Dakota, projects, and establish procedures for validating DD Forms 1391 to supporting documentation. We recommend that funding for the realignment of Griffiss Air Force Base be reduced by $25.9 million pending future adjustments based on new DD Forms 1391. We further recommend that the Air Force expedite its decision on the Air Force Communication Systems Center consolidation and that the $13.1 million military construction project at Hill Air Force Base be suspended pending the decision.

Management Comments. The Air Force nonconcurred, stating the DD Forms 1391 were properly prepared and that the two Grand Forks Air Force Base projects were appropriately designated as BRAC projects. Furthermore, the Air Force stated that it is not actively pursuing a consolidation concept that would consolidate Air Force Communications Systems Center units. The Air Force did not comment on the recommendations to reduce funding for the realignment of Griffiss Air Force Base by $25.9 million and to suspend the $13.1 million military construction project at Hill Air Force Base. See Part II for discussion of the responses and Part IV for the complete text of the management comments.

Audit Response. The Air Force comments are nonresponsive to the recommendations. As cited, 15 projects were not adequately supported as required by Air Force regulations. Furthermore, we maintain that the $13.1 million military construction projects at Hill Air Force Base may be unnecessary because the Air Force has not decided whether to inactivate the 485th Engineering and Installations Group and consolidate functions and resources within the Air Force Communications Systems Center. As a result of management comments, we redirected two recommendations to the Comptroller of the Department of Defense. Therefore, we request the Comptroller of the Department of Defense and the Air Force to provide final comments on the report by June 20, 1994.

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This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, Department of Defense.

Part I - Introduction

Background

Initial Recommendations of the 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. Using cost estimates provided by the Military Departments, the Commission recommended 59 base realignments and 86 base closures. On October 24, 1988, Congress passed, and the President signed, Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," which enacted the Commission's recommendations. Public Law 100-526 also establishes the DoD Base Closure Account to fund any necessary facility renovation or military construction (MILCON) projects related to base realignments and closures (BRAC).

Subsequent Commission Requirements and Recommendations. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. Public Law 101-510 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. The law also stipulated that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

The 1991 Commission recommended that 34 bases be closed and 48 bases be realigned, resulting in an estimated net savings of $2.3 billion during FYs 1992 through 1997, after a one-time cost of $4.1 billion. The 1993 Commission recommended that 130 bases be closed and 45 bases be realigned, resulting in an estimated net savings of $3.8 billion during FYs 1994 through 1999, after a one-time cost of $7.4 billion.

1993 Commission Recommendations for Griffiss Air Force Base, New York. The 1993 Commission recommended the realignment of Griffiss Air Force Base (AFB), which would result in the following:

o The 416th Bomb Wing will inactivate. As a result of the inactivation, B-52H aircraft will transfer to Minot AFB, North Dakota, and Barksdale AFB, Louisiana, and KC-135 aircraft will transfer to Grand Forks AFB, North Dakota.

o The 485th Engineering and Installation Group at Griffiss AFB will relocate to Hill AFB, Utah.

o The Northeast Air Defense Sector will remain at Griffiss AFB in a cantonment area. (A cantonment area is the land and buildings retained at a closing base to support Air National Guard or Air Force Reserve operations.)

o Rome Laboratory will remain at Griffiss AFB in its existing facilities as a stand-alone Air Force laboratory.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions (COBRA) computer model. The COBRA 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 DD Forms 1391, "FY 1994 Military Construction Project Data," for individual construction projects required to accomplish the realigning actions. The COBRA 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.

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. 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. Also, Public Law 102-190 prescribes that the Inspector General, DoD, must evaluate significant increases in MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Objectives

The overall audit objective was to determine the accuracy of Defense BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were valid BRAC requirements, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the analysis considered existing facilities. The audit also evaluated the implementation of the DoD Internal Management Control Program and assessed the adequacy of applicable internal controls. This report provides the results of the audit of 17 projects, valued at $39 million, associated with the closure and realignment of Griffiss AFB.

Scope and Methodology

Limitations to Overall Audit Scope. The COBRA computer model develops cost estimates as a BRAC package for a particular realigning or closing base and does not develop estimates by individual BRAC MILCON project. Therefore, we were unable to determine the amount of cost increases for each individual MILCON project related to a BRAC.

Overall Audit Selection Process. We compared the total COBRA cost estimates for each BRAC package to the Military Department and Defense Logistics Agency FYs 1994 to 1999 BRAC MILCON $2.6 billion budget submission. We selected BRAC packages for which:

o the packages had an increase of more than 10 percent from the total COBRA cost estimates to the current total package budget estimates or

o the submitted FYs 1994 and 1995 budget estimates were more than $21 million.

Specific Methodology for This Audit. We examined the FYs 1994 and 1995 BRAC MILCON budget request and related documentation regarding the closure and realignment of Griffiss AFB. We reviewed supporting documentation for 17 projects, valued at $39 million. Appendix A lists the projects reviewed.

Audit Standards and Locations. This economy and efficiency audit was made from January through March 1994 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of internal controls considered necessary. The audit did not rely on computer-processed data or statistical sampling procedures. Appendix D lists the organizations visited or contacted during the audit.

Internal Controls

Internal Controls Reviewed. We evaluated Air Force internal controls for validating BRAC MILCON requirements for projects to support the realignment and closure of Griffiss AFB. Specifically, we reviewed Air Force procedures for planning, programming, budgeting, and documenting the BRAC MILCON requirements related to the realignment projects. We also reviewed the adequacy of management's implementation of the DoD Internal Management Control Program as it applies to the audit objectives.

Internal Controls Weakness Identified. We identified a material internal control weakness for the BRAC MILCON projects as defined by DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987. Air Force internal controls were circumvented or were not adequate to verify

that the estimated costs of the MILCON projects associated with the realignment and closure of Griffiss AFB were based on accurate data. Recommendation A.1.c., if implemented, will correct the internal control weakness. We could not determine the monetary benefits that can be realized by implementing the recommendation related to internal controls because the benefits will result from future decisions and future budget estimates. See Appendix C for a summary of all potential benefits resulting from the audit. A copy of the report will be provided to the senior official responsible for internal controls in the Department of the Air Force.

Prior Audits and Other Reviews

Since 1991, 38 audit reports have addressed DoD BRAC issues. Appendix B lists selected DoD and Air Force BRAC reports.

Part II - Findings and Recommendations

Finding A. Adequacy of Base Realignment And Closure Project Justifications

Of the 17 Griffiss AFB BRAC projects, valued at $39 million, the Air Force did not adequately document or justify the requirements and costs for 15 projects, valued at $25.9 million. Estimated costs for the remaining 2 projects, valued at $13.1 million, were adequately justified. Further, based on the limited documentation that the Air Force provided, the Air Force inappropriately designated BRAC funds for 2 of the 15 inadequately documented projects totaling $2 million and overstated 1 of the 15 inadequately documented projects by a total of $717,000. The inadequate documentation and the overstated project costs occurred because the Air Force major command planning officials did not properly follow specific Air Force instructions for preparing cost estimates for the 1993 Commission recommendations. Therefore, of the $39 million associated with the realignment of Griffiss AFB, $2.7 million for 2 projects is questionable and $23.2 million for 13 projects is unsupported.

Background

Applicable Criteria for Developing MILCON Cost Estimates. Air Force Regulation 86-1, "Programming Civil Engineer and Appropriated Fund Resource," describes the detailed documentation needed to support MILCON project requirements and the estimated MILCON costs. The regulation requires major commands to prepare detailed cost estimates on DD Form 1391, "Military Construction Project Data," in sufficient detail to permit cost validation. Further, the regulation requires that the host installation prepare a detailed data sheet listing existing facilities and space requirements for the proposed project.

Air Force Manual 86-2, "Civil Engineering Programming, Standard Facility Requirements," establishes the criteria for estimating and documenting standard facility mission-essential requirements.

Major Command Responsibilities for Developing Cost Estimates. Air Force instructions for preparing cost estimates for the 1993 Commission designated the major commands as the focal point for command-wide BRAC actions. According to the Air Force instructions, major commands are responsible for:

o preparing cost estimates for BRAC actions,

o validating all costs and verifying that costs directly result from BRAC actions,

o validating projects by site survey work, and

o validating that project estimates can be supported so that someone totally unfamiliar with the area can reconstruct each step of the cost derivation.

Documenting and Justifying BRAC MILCON Projects

Major Commands Responsible for BRAC MILCON Projects. Four major commands--Air Mobility Command, Air Force Materiel Command, Air Combat Command, and Air Force Reserve--have cognizance over 17 MILCON projects associated with the closure and realignment of Griffiss AFB. Appendix A lists the 17 MILCON projects with the corresponding cost estimates that the Air Force submitted on DD Forms 1391 for each project.

Adequacy of Supporting Documentation. Of the 17 MILCON projects reviewed, only 2 projects at Hill AFB, valued at $13.1 million, were adequately documented and justified. We were unable to validate the 15 remaining MILCON projects, totaling $25.9 million, because the Air Force failed to provide adequate auditable supporting documentation for the DD Forms 1391.

Designating MILCON Projects as BRAC Projects

The Air Force inappropriately designated two MILCON projects at Grand Forks AFB, totaling $2 million, as BRAC requirements. The MILCON requirements for projects JFSD948007, "Alter Corrosion Control," and JFSD941020, "Add to Fabrication Shop," were not a result of BRAC actions at Griffiss AFB. Therefore, the use of BRAC funds is not appropriate.

Air Force Instructions for Preparing BRAC Cost Estimates. Air Force instructions issued by the Chairman of the Air Force Base Closure Executive Group, April 15, 1993, state that "only non-recurring costs that are a DIRECT result of a BRAC-directed base closure or realignment action . . ." should be included in BRAC cost estimates. The instructions further state that corrections of existing deficiencies at receiving bases should not be included in BRAC estimates.

Project JFSD948007, "Alter Corrosion Control Facility." The project, totaling $1.5 million, is for the conversion of building 605, a wash rack facility, into a combined wash rack and painting facility. The project requirements include the upgrade of the building's ventilation, electrical, and industrial waste collection systems to make the facility suitable for painting an entire aircraft. An Air Force Form 332, "Base Civil Engineer Work Request", dated March 31, 1993, indicated that the project requirement existed approximately 1 month before the site survey was performed at Grand Forks AFB to determine BRAC requirements to be caused by the transfer of KC-135 aircraft from

Griffiss AFB to Grand Forks AFB. Thus, the project requirement was not caused by the realignment of Griffiss AFB and should not be funded with BRAC funds.

Project JFSD941020, "Add to Fabrication Shop." The project, totaling $500,000, was for addition of 4,200 square feet to and alteration of building 622, the fabrication shop. However, an identical requirement was formally submitted on March 8, 1990, approximately 3 years before a decision was made to realign Griffiss AFB. Therefore, the requirement is not a direct result of the realignment of Griffiss AFB and should not be funded with BRAC funds.

Determining BRAC MILCON Project Requirements

Project JREZ940056, "Alter Support Facilities." Based on our review of the limited documentation provided by the Air Force, the audit disclosed that the Air Force overstated the scope of MILCON requirements under project JREZ940056 by 34,153 square feet, thereby overstating the project cost by $717,000.

Facilities Alteration. The DD Form 1391 listed a requirement to alter building 2 to provide a facility for civil engineering storage. The cost was based on a requirement of 78,000 square feet, multiplied by a standard estimated unit cost of $18 per square foot. The 78,000-square-foot requirement includes a contractor-operated supply store, recycling center, transfer storage shed, and a self-help store, each of which were overstated.

Air Force Manual 86-2, "Civil Engineering Programming, Standard Facility Requirements," paragraph 8-32, allows only 2,000 square feet for the contractor-operated supply store. The base property records showed that the existing square feet was lower than the proposed space requirements for the recycling center and self-help store. Also, the base property records showed that no transfer shed exists, but a space requirement was proposed for a transfer shed. As a result, the project space requirements were overstated by 34,153 square feet, which equates to a project cost overstatement of approximately $615,000.

Other Project Costs. Based on the overstatement of the project cost for facilities alteration, indirect factor-calculated cost items, such as factors for contingency, supervision, inspection, and overhead, are overstated by a total of $102,000. Thus, the total project cost was overstated by $717,000.

The following table shows that the proposed space requirements exceeded the required space.

Proposed Civil Engineering Storage Requirement Comparison

	Square Feet		
	Proposed Space	Required or Existing Space	Overstated Space
Supply Store	6,000	2,000	4,000
Recycling Center	30,000	13,947	16,053
Transfer Storage Shed	10,900	0	10,900
Self-help Store	6,400	3,200	3,200
Total			34,153

34,153 overstated square feet times $18 per square foot =	$614,754
Other overstated project costs (contingency, supervision, inspection, and overhead)	102,048
Total	$716,802

Internal Controls for Developing Project Cost Estimates

The project costs estimates for 15 of the 17 BRAC MILCON projects associated with the closure and realignment of Griffiss AFB were inadequately documented and, therefore, could not be validated. Additionally, two Grand Forks AFB projects were inappropriately submitted as BRAC projects and were, consequently, improperly approved for BRAC funds. Further, cost estimates for one project were overstated by at least $717,000. Air Force instructions for preparing cost estimates for 1993 Commission recommendations and Air Force Regulation 86-1 require that cost estimates shown on DD Forms 1391 be documented with clear and detailed supporting data and that submitted project requirements be directly associated with BRAC. The Air Force did not identify the BRAC MILCON validation process as an assessable unit. Accordingly,

internal controls were not followed or were not adequate to ensure the accuracy of BRAC MILCON project cost estimates and requirements.

Recommendations, Management Comments, and Audit Response

Redirected Recommendation. Based on management comments, we redirected draft Recommendation 2. to the Comptroller of the Department of Defense.

1. We recommend that the Deputy Assistant Secretary of the Air Force (Installations) direct the Commanders, Air Mobility Command, Air Combat Command, Air Force Materiel Command, and Air Force Reserve, to:

a. Prepare new DD Forms 1391, "Military Construction Project Data," supported by detailed documentation, including documentation of all calculations, assumptions, observations, expert opinions, and other relevant justification used to develop the requirements and estimated costs as required by Air Force Regulation 86-1, "Programming Civil Engineer and Appropriated Fund Resources," and Air Force instructions for preparing base realignment and closure 1993 cost estimates, for all projects related to the closure of Griffiss Air Force Base except projects KRSM888881, "Add to and Alter Headquarters/Administration," and KRSM888882, "Add to and Alter Support Offices," at Hill Air Force Base.

Management Comments. The Air Force nonconcurred, stating that the DD Forms 1391 were prepared within the standards of acceptable military construction procedures and to require resubmission of DD Forms 1391 would significantly delay and disrupt the BRAC process as well as the economic revitalization of some of the communities affected by BRAC.

Audit Response: The Air Force comments are nonresponsive. The Air Force comments refer vaguely to "acceptable military construction procedures," but do not specifically identify the procedures to which they refer.

For auditors to determine the accuracy of the BRAC MILCON budget data, auditing standards issued by the Comptroller General of the United States require the auditors to obtain evidence to support the audited data. The auditing standards state, "Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the auditors' judgments and conclusions . . . ." The auditing standards further state, "Sufficiency is the presence of enough factual and convincing evidence to support the auditors' findings, conclusions, and any recommendations." Furthermore, as stated in the report, Air Force Regulation 86-1 requires cost estimates to be prepared in sufficient detail to permit cost validation. As noted in our report, the Air Force did not provide adequate documentation or justification to support their associated requirements.

Thus, sufficient evidence did not exist for us to express an opinion on the validity of cost estimates for 15 BRAC MILCON projects.

b. Cancel base realignment and closure requirements and funding for Grand Forks Air Force Base projects JFSD948007, "Alter Corrosion Control," and JFSD941020, "Add to Fabrication Shop."

Management Comments. The Air Force nonconcurred, stating that MILCON requirements under projects JFSD941020 and JFSD948007 are driven by the additional KC-135 aircraft to be stationed at Grand Forks AFB and are, therefore, BRAC requirements. The Air Force stated that work requests (AF Forms 332) were submitted on March 8, 1990, for project JFSD941020 and March 31, 1993, for project JFSD948007. The Air Force also stated that the 1990 work request was never approved because the existing facility was adequate to support the number of aircraft assigned at that time. The 1993 work request also was intended to support existing requirements, but was replaced with BRAC project JFSD948007 when the 1993 Commission BRAC recommendations were announced and the requirements changed.

Audit Response. The Air Force comments are nonresponsive. The 1990 work request stated, "The additional footage is required to facilitate the structural repair shop equipment. These two workcenters are now combined due to Rivet Workforce." The Air Force did not provide any documentation that indicated that the 1990 work request was incorrect and that a determination was made that the existing facility was adequate. Furthermore, BRAC project JFSD948007 was identical to the pre-BRAC 1993 work request, which indicates that the requirements under the project were entirely unrelated to BRAC. We agree that portions of requirements under the two projects may be associated with BRAC. However, the Air Force must identify and exclude previously existing deficiencies from BRAC projects and provide BRAC budget data that are generated only by BRAC requirements. Until the Air Force can identify and support requirements caused exclusively by BRAC and exclude all previously existing deficiencies, we maintain that BRAC funding for projects JFSD941020 and JFSD948007 should be canceled.

c. Establish procedures to validate data on DD Forms 1391, "FYs 1994 and 1995 Military Construction Project Data," to supporting documentation before budget submission.

Management Comments. The Air Force nonconcurred, stating that the scope and nature of the proposed projects passed a critical review by the Base Closure Executive Group before being approved for BRAC funding.

Audit Response. The Air Force comments are nonresponsive. We agree the scope and nature of proposed projects should pass a critical review by the Base Closure Executive Group. However, procedures are needed to validate that there is documentation supporting the DD Forms 1391. Consequently, such procedures will ensure that the Base Closure Executive Group is presented with, and that decisions are based on, accurate data on the scope, nature, and cost of

BRAC projects. When there was adequate documentation supporting the DD Forms 1391 we had no problem determining that the requirements were valid.

2. We recommend that the Comptroller of the Department of Defense reduce the funding currently allocated for the realignment of Griffiss Air Force Base by $25.9 million and make future adjustments to the FYs 1994 and 1995 budget as appropriate, based on the submission of revised DD Forms 1391, "FYs 1994 and 1995 Military Construction Project Data."

Management Comments. The Air Force did not respond to draft Recommendation 2. to withhold funding for the Griffiss Air Force Base realignment.

Audit Response. Because the Air Force did not comment on draft Recommendation 2., we are redirecting the recommendation to the Comptroller of the Department of Defense to ensure that the BRAC funding is appropriately reduced.

Finding B. Consolidation of the Air Force Communications Systems Center

The Air Force's relocation of the 485th Engineering and Installations Group (485 EIG) to Hill AFB may be unnecessary. The relocation may be unnecessary because the Air Force has not decided whether or not to inactivate the 485 EIG and consolidate its functions and resources with other units within the Air Force Communications Systems Center (CSC). As a result, the Air Force may incur between $7.9 million and $13.1 million in MILCON costs unnecessarily. Additionally, the Air Force may forfeit the opportunity to reduce overall CSC staff costs by approximately $27.8 million annually.

Background

CSC Mission. CSC provides combat-ready, integrated command, control, communications, and computer systems during war and peace for the Air Force and for DoD. Specifically, CSC is responsible for providing engineering, installation, acquisition, and software services that are responsive, flexible, and of high quality.

Air Force Restructuring Plan. The Air Force BRAC process is part of an overall Air Force restructuring plan. In its "Analyses and Recommendations," volume V, March 1993, the Air Force states that, in response to necessary force structure reduction, "weapon systems and like-mission assets are being consolidated where possible to optimize effective combat capability and increase efficiency."

Results of Site Surveys. In May 1993, an Air Force site survey team developed the $13.1 million MILCON cost estimate to relocate the 485 EIG to Hill AFB. At the request of CSC, also in May 1993, the site survey team evaluated an option to relocate the 485 EIG to Tinker AFB. The site survey team report concluded that the MILCON cost to relocate the 485 EIG to Tinker AFB would be $5.2 million, which would be $7.9 million less than relocating the 485 EIG to Hill AFB. Furthermore, during our audit, CSC representatives stated that relocating the 485 EIG to Tinker AFB may be possible at no MILCON cost because CSC is planning to construct a new building at Tinker AFB for its headquarters and will vacate its present facilities. Thus, if the 485 EIG is relocated to Hill AFB, the Air Force may

incur between $7.9 million and $13.1 million unnecessarily. As of April 1, 1994, the Air Force was conducting additional site surveys at Hill AFB and Tinker AFB.

CSC Consolidation Plan

CSC has informally considered consolidating its activities since the early 1980s. However, the Air Force BRAC process presented opportunities to realize this consolidation in concert with the goals of the BRAC process.

April 1993 CSC Consolidation Plan. In April 1993, CSC developed a consolidation plan that would inactivate the 485 EIG and consolidate its functions and resources with other CSC units. The consolidation would eliminate duplicative functions and take advantage of other economies of scale, resulting in projected staff reductions of 557 military and DoD civilian personnel. Based on a CSC Comptroller estimate of $50,000 per staff-year, we calculated that these staff reductions would reduce staff costs (payroll, fringe benefits, etc.) by approximately $27.8 million annually.

Consolidation Plan Approval. Air Force Communications Command, formerly an Air Force field operating agency, approved the April 1993 CSC consolidation plan. However, in October 1993, CSC was realigned under Air Force Materiel Command. Air Force Materiel Command officials were not aware of the April 1993 consolidation plan.

March 1994 Revised Consolidation Plan. In March 1994, as a result of our inquiries, CSC developed a revised version of the April 1993 consolidation plan. As of April 1, 1994, Air Force Materiel Command is currently evaluating and considering the newly revised CSC consolidation plan. The revised plan was not released to us; however, the CSC staff member who developed the revised plan stated that, if implemented, the plan may result in a greater personnel savings than the 557 spaces projected in the April 1993 consolidation plan.

Conclusion

The $13.1 million MILCON requirement to relocate the 485 EIG to Hill AFB may be an unnecessary use of scarce DoD resources. Air Force Materiel Command is currently evaluating and considering a plan to inactivate, rather than relocate, the 485 EIG and consolidate its functions and resources with other units in CSC. Further, it appears that implementation of this consolidation plan may result in staff reductions of at least 557 military and civilian personnel. We calculated that these staff reductions would result in staff cost avoidance of approximately $27.8 million annually, or total cost avoidance for FYs 1995 through 1999 of $139 million.

Recommendations, Management Comments, and Audit Response

Redirected Recommendation. Based on management comments, we redirected draft Recommendation 2. to the Comptroller of the Department of Defense.

1. We recommend that the Deputy Assistant Secretary of the Air Force (Installations) expedite the decision on whether to consolidate the Air Force Communications Systems Center units.

Management Comments. The Air Force nonconcurred, stating,

> A consolidation concept, initially devised by a former Air Force field operating agency, which would inactivate the 485th EIG and consolidate its functions and resources with other units with other units within the Air Force Communications Center, is not being actively pursued.

The Air Force further stated, "the 557 authorization cut has already been realized and was not a product of this consolidation concept . . . ." The Air Force contended that the staff reduction was driven by "reduced peacetime workload and solid wartime requirements based upon Desert Shield/Desert Storm."

Audit Response. After we received the Air Force comments, we requested the Air Force to provide documentation to substantiate its contention that "the 557 authorization cut had already been realized . . . ." The Air Force failed to comply with our request. However, even assuming the Air Force contention is correct, we maintain that the $13.1 million MILCON requirement to relocate the 485 EIG to Hill AFB may be unnecessary. The April 1993 CSC consolidation plan was never approved or disapproved by the Air Force. On March 11, 1994, Air Force Materiel Command representatives informed Inspector General, DoD, auditors that a revised version of the April 1993 CSC consolidation plan was being staffed through the appropriate Air Force Materiel Command channels. Although the Air Force refused to provide a copy of the revised plan to us, the Director of Plans and Programs, Air Force Materiel Command, stated that Air Force Materiel Command would support the CSC consolidation plan if the plan is found to be cost-effective and otherwise in the best interests of the Air Force.

The Air Force comments did not contain language specifically stating whether or not a decision was made to implement the CSC consolidation plan, but instead stated that the plan "is not being actively pursued." This statement is vague and nonresponsive; therefore, we maintain that the Air Force should pursue and expedite its decision on whether to implement the CSC consolidation plan. We request the Air Force to provide additional comments when responding to the final report

2. We recommend that the Comptroller of the Department of Defense suspend action on the $13.1 million military construction project at Hill Air Force Base for relocation of the 485th Engineering and Installations Group pending the decision by the Air Force on the consolidation of the Air Force Communications Systems Center.

Management Comments. The Air Force did not respond to draft Recommendation 2. to suspend action on the $13.1 million military construction project at Hill Air Force Base.

Audit Response. Because the Air Force did not comment on draft Recommendation 2., we are redirecting the recommendation to the Comptroller of the Department of Defense to ensure that the Hill Air Force Base MILCON funding is appropriately suspended.

Part III - Additional Information

Appendix A. Base Realignment and Closure Military Construction Projects Reviewed

Air Force Base	Major Command	Project	Project Title	Amount (millions)
Grand Forks	AMC	JFSD948007	Alter Corrosion Control	$1.50
Grand Forks	AMC	JFSD948008	Alter Squadron Operations	.35
Grand Forks	AMC	JFSD941020	Add to Fabrication Shop	.50
McConnell	AMC	PRQE949999	KC-135 Interim Facilities	.50
Griffiss	FAME	JREZ940055*	Alter Consolidated Logistics Facility	3.80
Griffiss	FAME	JREZ940056*	Alter Support Facilities	1.60
Hill	FAME	KRSM888881	Add to and Alter Headquarters/ Administration	12.40
Hill	FAME	KRSM888882	Add to and Alter Support Offices	.71
Minot	ACC	QJVF952100	Upgrade Apron/Taxiways	5.90
Minot	ACC	QJVF952101	Conventional Munitions Storage Area	2.35
Minot	ACC	QJVF952102	B-52 Pylon/Launcher Storage	1.05
Minot	ACC	QJVF952103	B-52 Phase Maintenance Dock/Aircraft Maintenance Unit	5.50
Minot	ACC	QJVF952104	Age Corrosion Control	.50
Minot	ACC	QJVF952106	Alter Electronic Counter Measure/ Bomb Navigation Test Shop	.78
Minot	ACC	QJVF952107	Alter Supply Warehouse	.30
Westover	AFRES	YTPM950045	Add/Alter Base Engineering Facility	.75
Westover	AFRES	YTPM950047	Alter Aero-Medical Training	.48
Total				$38.97

*The Air Force revised these projects and consolidated them on one DD Form 1391 under project JREZ2940056. The requirements costs were reduced by $200,000, resulting in a revised total cost of $5.2 million.

ACC	Air Combat Command
FAME	Air Force Materiel Command
AFRES	Air Force Reserve
AMC	Air Mobility Command

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD

94-105	Defense Base Realignment and Closure Budget Data for a Tactical Support Center at Naval Air Station Whidbey Island, Washington	May 18, 1994
94-104	Defense Base Realignment and Closure Budget for the Defense Contract Management District West	May 18, 1994
94-103	Air Force Reserve 301ST Fighter Wing Covered Aircraft Washrack Project, Carswell Air Reserve Base, Texas	May 18, 1994
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Air Force Audit Agency

93052017	Review of the Base Closure Accounts, Obligations, and Outlays	January 31, 1994

Appendix C. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and/or Type of Benefit
A.1.a. and A.1.b.	Economy and Efficiency. Requires revised and resubmitted BRAC MILCON estimates to reflect the most cost-effective alternative.	Undeterminable.[1]
A.1.c.	Internal Controls. Eliminates unsupported costs in budget estimates submitted to Congress.	Undeterminable.[1]
A.2.	Economy and Efficiency. Reduces the FY 1993 BRAC MILCON authorizations for overstated requirements.	At least $2.7 million of FY 1994 BRAC MILCON funds put to better use.
B.1.	Economy and Efficiency. Expedites Air Force decision on CSC consolidation.	$27.8 million of Air Force Operation and Maintenance and Military Personnel funds put to better use from staff reductions or $139 million for FYs 1995-1999.[2]
B.2.	Economy and Efficiency. Suspends $13.1 million at Hill AFB for relocation of the 485th EIG.	Between $7.9 million and $13.1 million of FY 1994 BRAC MILCON funds put to better use.

[1]Benefits realized during future budget decisions and budget request.
[2]The actual amount of funds put to better use will vary based on the number of personnel already reduced and the number that will actually be reduced.

Appendix D. Organizations Visited or Contacted

Office of the Secretary of Defense

Office of the Under Secretary of Defense for Acquisition and Technology, Washington, DC
Comptroller of the Department of Defense, Washington, DC
Assistant to the Secretary of Defense (Public Affairs)

Department of the Air Force

Deputy Assistant Secretary of the Air Force (Installations), Washington, DC
Air Mobility Command, Scott Air Force Base, IL
  319th Air Refueling Wing, Grand Forks Air Force Base, ND
  905th Air Refueling Squadron, Grand Forks Air Force Base, ND
Air Force Materiel Command, Wright-Patterson Air Force Base, OH
  Communication Systems Command, Tinker Air Force Base, OK
    485th Engineering and Installations Group, Griffiss Air Force Base, NY
  Ogden Air Logistics Center, Hill Air Force Base, UT
  Rome Laboratory, Griffiss Air Force Base, NY
Air Combat Command, Langley Air Force Base, VA
  5th Bomb Wing , Minot Air Force Base, ND
  384th Bomb Wing, McConnell Air Force Base, Wichita, KS
  416th Bomb Wing, Griffiss Air Force Base, NY
Air Force Reserve, Robins Air Force Base, GA
  439th Airlift Wing, Westover Air Reserve Base, MA

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Comptroller of the Department of Defense
Assistant Secretary of Defense (Economic Security)
Assistant Secretary of Defense (Force Management and Personnel)
Deputy Assistant Secretary of Defense (Economic Reinvestment and Base Realignment and Closure)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Auditor General, Department of the Navy

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Deputy Assistant Secretary of the Air Force (Installations)
Auditor General, United States Air Force

Defense Agencies

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

Non-Defense Federal Organizations and Individuals

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

Non-Defense Federal Organizations and Individuals (cont'd)

Chairman and Ranking Minority Member of Each of the Following Congressional Committees and Subcommittees:

- Senate Committee on Appropriations
- Senate Subcommittee on Defense, Committee on Appropriations
- Senate Committee on Armed Services
- Senate Committee on Governmental Affairs
- House Committee on Appropriations
- House Subcommittee on Defense, Committee on Appropriations
- House Committee on Armed Services
- House Committee on Government Operations
- House Subcommittee on Legislation and National Security, Committee on Government Operations

Senator Robert Bennett, U.S. Senate
Senator Kent Conrad, U.S. Senate
Senator Alfonse D'Amato, U.S. Senate
Senator Robert Dole, U.S. Senate
Senator Byron Dorgan, U.S. Senate
Senator Orrin Hatch, U.S. Senate
Senator Nancy Kassebaum, U.S. Senate
Senator Edward Kennedy, U.S. Senate
Senator John Kerry, U.S. Senate
Senator Daniel Moynihan, U.S. Senate
Congressman Sherwood Boehlert, U.S. House of Representatives
Congressman Dan Glickman, U.S. House of Representatives
Congressman James Hansen, U.S. House of Representatives
Congressman Richard Neal, U.S. House of Representatives
Congressman Earl Pomeroy, U.S. House of Representatives

Part IV - Management Comments

Department of the Air Force Comments

DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

3 MAY 1994

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

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

SUBJECT: Draft of a Proposed Audit Report "Quick-Reaction Report on the Audit of Griffiss Air Force Base, New York, Defense Base Realignment and Closure Budget Data for Military Construction at Other Sites:, (Project No. 4CG - 5008.08)" - INFORMATION MEMORANDUM

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

JAMES F. BOATRIGHT
Deputy Assistant Secretary of the Air Force
Installations

1 Atch
Report Comments

Adequacy of Base Realignment and Closure Project Justifications

Recommendation: The Deputy Assistant Secretary of the Air Force (Installations) direct the Commanders, Air Mobility Command, Air Combat Command, Air Force Materiel Command, and the Air Force Reserve, to:

a. Prepare new DD Forms 1391, "Military Construction Project Data," supported by detailed documentation, including documentation of all calculations, assumptions, observations, expert opinions, and other relevant justification used to develop the requirements and estimated costs as required by Air Force Regulation 86-1, " Programming Civil Engineer and Appropriated Fund Resources," and Air Force instructions for preparing base realignment and closure 1993 cost estimates, for all projects related to the closure of Griffiss Air Force Base except projects KRSM888881 and KRSM888882 at Hill Air Force Base.

b. Cancel base realignment and closure requirements and funding for Grand Forks Air Force Base projects JFSD948007 and JFSD941020.

c. Establish procedures to validate data on DD Forms 1391, "FYs 1994 and 1995 Military Construction Project Data," to supporting documentation before budget submission.

Response: Non concur.

a. and c. The DD Forms 1391 were prepared within the standards of acceptable military construction procedures. Additionally, the scope and the nature of these proposed projects were required to pass the critical review of the Base Closure Executive Group before being approved for BRAC funding. To require re accomplishment of this lengthy process would result in significant delays and disruption in the closure and realignment of bases as well as the economic revitalization of some of the communities affected by base closure.

b. The auditor stated that the work order to alter the corrosion control facility was submitted one month before the site survey team arrived on base and this effort, in his opinion, made the requirement non-BRAC. The work request submitted on 1 Mar 93 asked Civil Engineering to evaluate the possibility of converting the building into a paint hangar (corrosion control) and provide a cost estimate. Civil Engineering was asked to evaluate the requirements based on B-! bombers and one squadron of KC-135s. This request was obviously submitted to support current requirements at that time and did not consider BRAC requirements. When BRAC 93 was announced, the requirements changed and a new project - DD Form 1391 JFSD 948007 was developed. Similarly, an AF Form 332 was submitted to Civil Engineering requesting an addition to the facility in 1990. The request was never approved because the current facility was adequate to support the number and type of aircraft assigned (12 KC-135s and 16 B-1s) at this time. However, with the additional 27 KC-135 tankers relocating to Grand Forks because of BRAC 93,

the requirements have changed and increased. The additional tankers drive additional work and space requirements that can only be satisfied with a project to increase the work area. The ventilation and lighting systems also need to be upgraded to support the increased work requirements and meet environmental requirements.

CSC Consolidation Plan

Recommendation: Recommend that the Deputy Assistant Secretary of the Air Force (Installations) expedite the decision on whether to consolidate the Air Force Communications Systems Center units

Response: Non concur. The 1993 Defense Base Closure and Realignment Commission Report to the President recommended that "The 485th Engineering Installation Group at Griffiss AFB will relocate to Hill AFB, Utah." A consolidation concept, initially devised by a former Air Force field operating agency in 1993, which would inactivate the 485th EIG and consolidate its functions and resources with other units within the Air Force Communications Systems Center, is not being actively pursued. The draft audit report contends that the consolidation concept could result in savings of greater that 557 personnel spaces. It should be understood that the 557 authorization cut has already been realized and was not a product of this consolidation concept; rather the reduction was driven by reduced peacetime workload and solid wartime requirements based upon Desert Shield/Desert Storm. The Air Force intends to proceed with the Commission's recommendations as required by base closure and realignment law.

Audit Team Members

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