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The Congress normally authorizes military construction projects in annual construction authorizations acts and finances them in construction appropriation acts. To provide for unforeseen circumstances creating an urgent need for construction, Congress has enacted legislation permitting the military services to initiate projects costing no more than \$400,000 without congressional approval. **Findings/Conclusions:** The Department of Defense (DOD) is violating the spirit and purpose of the law in the performance of minor construction projects. DOD and the services are mishandling project development, approval, funding, and execution by permitting incremental construction. The most prevalent questionable practice is dividing a project's funding or construction to avoid funding limitations. A 1977 amendment to the legislation makes it clear that a project should not be defined in such a way as to enable such acts to be funded from various sources and "project splitting" to be used to avoid the prescribed monetary constraints. Nevertheless, the new legislative language is comparable to language already in DOD regulations which has been loosely interpreted by officials to allow completion of construction projects beyond that contemplated by minor construction authority. Clear administrative guidance, command emphasis, and a strong and continuing internal audit program are necessary if past practices are to be halted. (RRS)

5404



**UNITED STATES
GENERAL ACCOUNTING OFFICE**

**Questionable Practices Of The
Military Minor Construction Program**

The Department of Defense is authorized to acquire, construct, convert, extend, and install permanent or temporary facilities urgently needed. Legal authority limits each project to one-time funding and establishes dollar limits based on project size.

However, serious and long-standing deviations from the spirit and purpose of the law continue. GAO reviewed projects at 10 installations and found that most were performed contrary to the spirit and purpose of the law.

Recent revisions to the law (10 U.S.C. 2674) are unlikely to correct the problems because the revisions incorporate already existing DOD program guidance, and DOD's record of effecting compliance with that guidance has been weak.



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

B-133316

The Honorable
The Secretary of Defense

Dear Mr. Secretary:

This is our report on questionable practices of the military minor construction program. The report discusses the long-standing abuse of the spirit and purpose of the statute authorizing your Department to acquire, construct, convert, extend, and install facilities within certain limits.

In view of the recent congressional consideration and amendment of the statute, this report does not contain recommendations. The report should, however, be of particular interest to you in relation to the fiscal year 1978 Military Construction Authorization Act Conference Report, which requires you to report on the Department's plans for implementing the revisions with your 1979 budget report to the Armed Services Committees.

We are sending copies of this report to the Chairmen of the Subcommittee on Military Construction, House Committee on Appropriations; the House Committee on Government Operations; the Subcommittee on Military Installations and Facilities, House Committee on Armed Services; the Subcommittee on Military Construction and Stockpiles, Senate Committee on Armed Services; the Senate Committee on Governmental Affairs; and the Subcommittee on Military Construction, Senate Committee on Appropriations. Copies are also being sent to your Assistant for Audit Reports and the Secretaries of the Army, Navy, and Air Force.

Sincerely yours,

F. J. Shafer
for Fred J. Shafer
Director

D I G E S T

The Department of Defense is authorized to acquire, construct, convert, extend, and install permanent or temporary facilities known as minor construction projects that are urgently needed and do not exceed statutory cost limits. A lump sum is included in the annual military construction appropriations for these projects. Repair and maintenance funds also may be used for minor construction. Amendments to the law, effective October 1, 1978, will remove or revise some of the statutory requirements of the program.

The basic question is: What is a project? GAO and Defense officials have differed on a definition. According to DOD's interpretation, a minor construction project seems to provide an opportunity to avoid statutory funding limitations by splitting projects.

Currently, principal statutory conditions for using minor construction funds are:

- Urgency; i.e., an unforeseen requirement that cannot await inclusion in later military construction programs (exceptions are projects whose costs will be offset by resultant operating savings within a 3-year period and projects that can be performed under the authority of base commanders).
- No more than one allotment per project.
- Funding approval within DOD of \$75,000 or less by base commanders, from \$75,001 to \$200,000 by service Secretaries, and from \$200,001 to the maximum \$400,000 by the Secretary of Defense.

In 1961 GAO reported to the Congress on the programing and financing of selected facilities constructed at Army, Navy, and Air Force installations. Among the problems discussed were violations of 10 U.S.C. 2674 in the use of operation and maintenance funds to construct an Army airfield. (See p. 2.)

In response to a congressional request, GAO issued four reports in 1964, which questioned (1) justifications of urgency, (2) use of operation and maintenance funds for alteration and conversion of facilities, (3) division of projects to avoid the statutory limitation, and (4) use of operation and maintenance funds for construction. GAO recommended that the Secretary of Defense take action to strengthen implementing regulations.

In letters to the Secretaries of the Air Force and the Navy in 1977, GAO questioned the planned use of military construction funds in two cases. In the Air Force case, GAO advised the Secretary that it would take exception to any expenditures for that purpose. (See p. 3.)

Serious and long-standing deviations from the spirit and purpose of the law continue. Most of the minor construction projects reviewed at 10 military installations were performed in a manner contrary to that spirit and purpose. (See p. 6. and app. II.)

The most prevalent questionable practice was dividing a project's financing or construction into increments to avoid the funding limitations. This was accomplished by

- dividing the financing of a project between two or more appropriation sources,
- splitting a project into two or more projects using the same type of appropriation for each, or

--reducing the scope of a project to remain under the cost limitations and deferring or canceling the portion deleted.

Examples follow.

--To support the assignment of the F-15 aircraft, an Air Force base needed about \$5 million for construction of facilities. The Congress approved about \$4 million through the normal military construction approval process, but \$837,200 in construction was accomplished through 10 minor construction projects (3 financed with military construction funds and 7 with operation and maintenance funds) without congressional review and approval. Under criteria set forth in the law and DOD and Air Force implementing regulations, GAO believes these 10 projects should have been one project. (See pp. 7-9.)

--The construction of a reception center complex at an Air Force base was divided into three projects. Base officials advised their superiors that certain features were eliminated from the initial project to keep it under the then \$50,000 local statutory approval limitation (now \$75,000). The two additional projects were later approved to provide the features. (See p. 9-12.)

GAO believes there have been chronic abuses for many years of the minor construction fund authority. The language of the 1977 amendment to the legislation makes it clear that a "project" should not be defined in such a way as to enable such construction to be funded from various sources and project splitting to avoid the prescribed monetary constraints.

Nevertheless, the new legislative language is comparable to the language already in DOD regulations. This administrative

language has been so loosely interpreted by officials at various locations within DOD as to result in the ultimate completion of construction projects of such a cost or nature as to be, in GAO's opinion, beyond what was contemplated by minor construction authority.

GAO believes that clear administrative guidance, command emphasis, and a strong and continuing internal audit program--by the services' and DOD's internal audit organizations--will be necessary if past practices are to be stopped.

AGENCY COMMENTS

DOD advised GAO that the problems discussed in this report had been eliminated by new guidelines issued in November 1975 and by the new program authority enacted by the Congress in August 1977. (See p. 24.)

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DIGEST

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ABBREVIATIONS

AMST	advanced medium short take-off and landing transport
BEQ	bachelor enlisted quarters
DOD	Department of Defense
GAO	General Accounting Office
MILCON	military construction
O&M	operation and maintenance

CHAPTER 1

INTRODUCTION

The Congress normally authorizes military construction projects in annual construction authorization acts and finances them in construction appropriation acts.

To provide for unforeseen circumstances creating an urgent requirement for construction, the Congress enacted legislation permitting the military services to initiate projects costing no more than \$400,000 without congressional approval. Public Law 84-968, August 3, 1956 (10 U.S.C. 2674), authorizes the expenditure of military construction or operation and maintenance funds for such projects.

Pursuant to law, the Secretary of Defense may authorize the Secretary of a military department to acquire, construct, convert, extend, and install permanent or temporary facilities that are urgently needed and not otherwise authorized by law. The Secretary has issued a directive implementing program controls as follows:

- Use of military construction funds is limited to a total of \$400,000 per project (\$300,000 prior to October 1975).
- Use of operation and maintenance funds is limited to a total of \$75,000 per project (\$50,000 prior to October 1975).
- A determination of project urgency is required for projects costing over \$75,000 (\$50,000 prior to October 1975).
- A project can be approved without a determination of urgency if resultant operation and maintenance savings exceed its cost within 3 years of completion.
- Use of funds to incrementally accomplish a project is prohibited.
- Project approval levels are based on specified funding levels.
 - \$75,000 or less - local
 - More than \$75,000 - Secretary of the Service
 - More than \$200,000 - Secretary of Defense

PRIOR GAO REPORTS ON MINOR CONSTRUCTION

In January 1961 we reported to the Congress on the programing and financing of selected facilities constructed at Army, Navy, and Air Force installations. A portion of this report dealt with violations in the use of operation and maintenance funds under 10 U.S.C. 2674 in the construction of an Army airfield. Subsequent congressional hearings expanded upon the report's findings.

The House Committee on Government Operations requested in November 1963 that we review pertinent Department of Defense (DOD) directives and instructions and the implementing regulations of the three military departments relating to minor construction and that we determine the effectiveness of related accounting and fiscal controls. During 1964 we issued several reports to the Committee on various categories of projects that appeared to have been undertaken in a manner to avoid the congressional controls intended by the provisions of the law. These reports questioned:

- Using operation and maintenance funds for alteration and conversion of facilities (B-133316, July 21, 1964).
- Justifying construction on the basis of urgency (B-133316, July 20, 1964).
- Dividing projects to avoid the appearance of violating the statutory limitations (B-133316, August 5, 1964).
- Using operation and maintenance funds for completion or substantial replacement of facilities (B-133316, August 18, 1964).

The reports recommended that the Secretary of Defense

- revise instructions to eliminate the potential for abuse and
- provide for adequate consideration of nonurgent projects in the annual military construction programs.

In fiscal year 1978 DOD requested \$78,500,000 for minor construction. The funding is supplemented, for projects under \$75,000, by funds obtained from operation and maintenance appropriations. We did not determine the amount of such funds used.

In April 1977 we reported to several Members of Congress on the estimated costs and other factors involved in consolidating three Air Force laboratories at Brooks Air Force Base, Texas. We questioned the proposed use of minor military construction funds for building modifications and other construction work needed at Brooks because urgency was not substantiated, related requirements were divided into several projects, and some construction requirements were deleted to keep the work under cost limits. On April 28, 1977, we informed the Secretary of the Air Force that, if the planned construction continued without congressional approval, we would take exception to any expenditure for the consolidation pursuant to 31 U.S.C. 71.

In a June 1977 letter to the Secretary of the Navy, we questioned an apparently similar situation at the Patuxent River Naval Air Station, Maryland, in connection with the planned consolidation there of Navy depot management functions.

On August 3, 1977, the Secretary of the Navy informed us that the work programing discussed in our June 23, 1977, letter was questionable since the work is for similar purposes in similar real property facilities. He stated that the work would be consolidated under one project.

During our review the Congress amended the provisions of the law, effective October 1, 1978, to eliminate the requirement that minor construction projects meet a test of urgency. The amendment also increased the cost limitations to:

1. Provide for projects costing not more than \$500,000 in lieu of the previous \$400,000.
2. Revise approval levels as follows,
 - the Secretary of Defense would approve projects costing more than \$400,000, and
 - the Secretary of a military department would approve projects costing more than \$300,000 and
 - operation and maintenance funds would be used for projects of less than \$100,000.
3. Require prenotification to the Senate and House Committees on Armed Services and Appropriations at least 30 days before any funds are obligated for a project approved costing more than \$300,000.

The amendment also provides guidance on what the Congress believes should constitute a project under the statute. A project is defined as a single undertaking which includes all construction work, land acquisition, and equipment installation necessary to (1) accomplish a specific purpose and (2) produce a complete and usable facility or a complete and usable improvement to an existing facility.

SCOPE OF REVIEW

We made our review at three Army, three Navy, one Marine Corps, and three Air Force installations in the United States. (See p. 6.) We reviewed a total of 125 minor construction projects selected from the installations' planned, in-process, or completed projects.

We reviewed applicable DOD and service instructions, regulations, and directives; project files; and internal audit work. In addition, we visited the project sites and discussed the projects with responsible officials.

Our review was directed at determining (1) the appropriateness of each project's compliance with the applicable provisions of the law and implementing regulations, (2) the timeliness of each project's accomplishment, (3) the adequacy of the governing DOD and service directives, and (4) the responsiveness of internal controls, particularly internal audits.

CHAPTER 2

MINOR CONSTRUCTION PROJECTS VIOLATE INTENT OF STATUTORY PROVISIONS

The Department of Defense is violating the spirit and purpose of the law in the performance of minor construction projects. We found numerous minor construction projects that were accomplished on the premise they were authorized under the law even though they did not comply with the requirements. Contrary to the processes established to control the extent of military construction, the Congress had not reviewed or approved the projects.

DOD and the services are mishandling project development, approval, funding, and execution by permitting incremental construction. Furthermore, they have not taken effective action to correct program weaknesses identified by their own internal controls.

The following table shows, by installation, the total number of projects (125) reviewed and the number (101) performed contrary to the spirit and purpose of the law. Each of the 101 deficient projects is listed in appendix II.

In commenting on a draft of this report, DOD stated that the projects indicated in appendix II as deficient and not discussed in the report should be deleted since our rationale for describing them as deficient was not provided. DOD also stated that the material in the following table should be presented so as to accurately portray the magnitude of the alleged abuses when compared with all construction at the installations during the same period.

We believe that the information presented in appendix II, while not presenting the deficiencies in detail, does provide an indication of the deficiency. For example, the primary deficiency identified was incremental construction whose forms appendix II illustrates by the (1) timing of multiple project starts; i.e., consecutive project numbers, (2) type of work; i.e., identical or similar project titles, or (3) location of work; i.e., building numbers.

DOD's comments on the accurate portrayal of the magnitude of alleged abuses at an installation would require a statistically valid sampling or a review of the entire program workload. We made no attempt to measure the magnitude of the abuses, and therefore, as indicated in the footnote to the table, we did not employ a statistically valid sampling technique. Further, to include in the table

the total number of projects accomplished at an installation within the same period would not present an accurate picture of the magnitude of the abuse without a detailed review of each project to determine the total number of projects abusing the statute. We did not undertake such a detailed review, and we are not projecting that a certain percentage of the projects abuse statutory authority. We do believe that the information presented indicates that abuse of the spirit and purpose of the statute continues.

Summary of Projects Reviewed and Projects
Contrary to Spirit and Purpose of the Law

<u>Installation</u>	<u>Projects reviewed (note a)</u>	<u>Projects contrary to 10 U.S.C. 2674</u>
Army:		
Fort Bragg, N.C.	12	11
Fort Campbell, Ky.	10	7
Fort Lee, Va.	14	3
Navy:		
Miramar Naval Air Station, Calif.	<u>b/7</u>	<u>b/6</u>
Naval Air Station, Norfolk, Va.	12	7
Naval Regional Medical Center, San Diego, Calif.	7	7
Marine Corps:		
Camp Lejeune, N.C.	16	16
Air Force:		
Edwards Air Force Base, Calif.	6	6
Langley Air Force Base, Va.	22	20
Wright-Patterson Air Force Base, Ohio	<u>19</u>	<u>18</u>
Totals	<u>125</u>	<u>c/101</u>

a/ Projects reviewed were selected at the auditor's discretion. A projection of the results of the tests to the entire program is not statistically valid.

b/ Total does not include 10 related bachelor enlisted quarters modernization projects identified during our review, of which 9 represented deficiencies.

/ See appendix II.

AVOIDING FUNDING LIMITATIONS

The most prevalent deviation from the spirit and purpose of the provisions of the law was the practice of constructing a project in increments to avoid the statutory funding limitations. This was accomplished by

- dividing the financing of a project between two or more appropriation sources,
- splitting a project into two or more projects using the same type of appropriation for each, or
- reducing the scope of a project to remain under the cost limitations and deferring or canceling the portion deleted.

These practices are illustrated by the projects discussed below.

Incremental construction to support the F-15 mission

In March 1974 Air Force Headquarters notified Langley Air Force Base that F-15 aircraft would be assigned to the base. Langley officials, however, were aware of the potential mission as early as October 1973, when the base and the Tactical Air Command conducted a survey to determine Langley's requirements to support the F-15. In fact, certain requirements identified during the survey were submitted as major construction projects during that month. Others, primarily minor construction, were submitted between August 1974 and January 1975.

Original Projects to Support
the F-15 Mission at Langley Air Force Base

<u>Project description</u>	<u>Date submitted</u>	<u>Estimated cost</u>	
		<u>Major MILCON (note a)</u>	<u>Minor MILCON (note a)</u>
Construct power check pads	Oct. 1973	\$ 162,000	
Construct flight simulator	Oct. 1973	743,000	
Alter aircraft avionics shop	Oct. 1973	320,000	
Construct weapons release system shop	Oct. 1973	740,000	
Construct corrosion control facility	Oct. 1973	734,000	
Construct ammunition storage facility	Sept. 1974	1,336,000	
Construct missile assembly shop	Aug. 1974		\$247,700
Construct engine test facility (note c)	Sept. 1974		176,500
Construct arresting barrier	Nov. 1974		108,000
Construct arm/dearm shelters	Aug. 1974		
Construct concrete pads for surveillances unit			\$27,300
Alterations for field training unit	Aug. 1974		47,200
Alterations for engine shop (note c)	Jan. 1975		44,000
Alterations to provide ground equipment shop	Jan. 1975		46,000
Alterations to ammunition storage area	Jan. 1975		46,200
Alterations to provide maintenance space (note c)	Dec. 1974		48,500
	Dec. 1974		45,800
Total		<u>d/\$4,035,000</u>	<u>\$532,200</u>
			<u>\$305,000</u>

a/MILCON (military construction) funds.

b/O&M (operation and maintenance) funds.

c/Similar facilities.

d/Scope of projects was subsequently changed, and dollar amounts were revised to a total of \$3,061,000.

The construction projects (6 major and 10 minor) were funded from military construction and operation and maintenance appropriations.

In financing and subdividing this construction, the Tactical Air Command followed its usual procedures for a major weapons system. That is, the estimated time when a facility would be needed and the estimated cost of the construction were used to establish the type of funding for the projects. All projects were funded from major military construction funds except (1) those costing \$50,000 or less, for which operation and maintenance funds were used and (2) those needed in less than 18 months and costing between \$50,000 and \$300,000, for which minor military construction funds were used.

These procedures are contrary to an Air Force regulation, which states that all minor construction work of the same type required for two or more similar real property facilities at the same installation will be combined into a single project. Three of the minor construction projects met this criteria.

Air Force regulations also state that planned incremental construction with minor construction funds of a new interdependent group, or complex, of facilities serving a single operational purpose is not permissible without approval of Headquarters. The regulation further states that all construction requirements, which are generated by the same circumstances or events; which are associated with the same use of a facility or part thereof or with similar facilities; and which are known to exist at the time a minor construction project is proposed, should be satisfied at the same time.

Because all 16 projects were needed to support the F-15 mission at Langley, we believe the 10 minor construction projects should have been combined into a single project. As the total cost of the 10 projects (\$837,200) would have exceeded the statutory limitations for a minor construction project, all construction requirements should have been submitted for congressional review.

Construction of a visitor reception center divided into three projects

The replacement of the visitor reception center complex at Wright-Patterson Air Force Base was divided into, and funded as, three projects. The estimated cost of these projects was \$123,500, and the actual cost was \$100,221.

These projects were justified on the basis that the old visitor reception center did not present a proper Air Force image to the many visitors at the base. The work was divided and incrementally constructed so the cost of each increment would be under the \$50,000 statutory limitation.

Project 288-4 to construct the new building was approved in August 1973. Work began in July 1974 and was completed in April 1975. The principal work included

- constructing a new wood frame building, 66 feet by 29 feet and 4 inches,
- installing electrical wiring,
- roughing in for future fixtures,
- installing insulation on pipes for hot and cold water, and
- installing heaters.

Designs for this project included several items which were not in the contract. These items were added later by projects 59-5 and 326-4. Some of the added items were

- installation of fixtures, such as a water closet, urinal, lavatory, electric water cooler, and hot water heater,
- installation of recessed fluorescent lights and acoustical ceiling,
- painting and staining building interior and exterior,
- removal of the existing building,
- installation of air conditioning, and
- installation of vinyl floor covering.

Project 326-4 was proposed in March 1974. The work was started in July 1975 and was completed in May 1976. Therefore, the work began after the new building was completed. The principal work included

- air conditioning,
- demolition of the old building and removal of the curb and pavement,

- construction of a gatehouse through which pedestrians would enter the area, which was required after the old building was demolished, and
- landscaping in the plaza area, including planting trees and shrubs.

Project 59-5 was proposed in June 1974. Work on this project started in September 1974 and was accomplished concurrently with project 288-4. The principal work included

- installation of fixtures, such as the water closet, lavatory, and water heater,
- installation of a suspended acoustical ceiling and recessed fluorescent lighting,
- installation of a vinyl floor,
- installation of electric duct heaters, and
- painting and staining the interior and exterior of the building.

The Air Force manual for minor construction projects states, in part, that:

"All construction requirements which are generated by the same circumstances or events; which associate with the same use of a facility or part thereof, or similar facilities, and which are known to exist at the time a minor construction project is proposed should be satisfied at the same time."

Because the three projects conform to the provisions quoted above, the total requirements should have been submitted as one project for approval. Since the total estimated cost was \$123,500, the single project should have been submitted to a higher command for approval. We believe the work was subdivided solely for the purpose of project approval.

These projects had also been selected for review by the Air Force Audit Agency. It concluded that the visitor reception center was incrementally planned and constructed and that this method of handling had the effect of avoiding authorization limitations, in violation of Air Force policy. This finding was not promptly reported to higher headquarters as required by Air Force Regulations. At the time of our visit, local officials had no immediate plans to

report the Audit Agency's findings.

In March 1976 local engineering officials, responding to the Air Force Audit Agency report, advised their comptroller that some desirable features were intentionally eliminated to keep project 288-4 under the \$50,000 statutory limit. Also in March, the comptroller provided this information to the Aeronautical Systems Division Vice Commander.

Bachelor enlisted quarters
modernized in increments

On June 29, 1971, Miramar Naval Air Station submitted a request to modernize 13 of its 18 BEQ buildings. Miramar requested that the work be accomplished by self-help using Seabee labor. Although specific work was not identified in the request, other documents indicated that it included partitioning the BEQs into 1-, 2-, and 3-man rooms. A \$120,000 job order for the work was issued on June 30, 1971.

Two months after submitting the self-help work request, Miramar submitted a \$3.4 million project (later increased to \$4.2 million) to be funded as major military construction for modernization to complement the partitioning of the BEQs. The project included acoustical ceilings, carpeting, electrical improvements, new lighting fixtures, toilet stall doors, built-in wardrobes, and other improvements for all 18 BEQ buildings.

The Commander in Chief, Pacific Fleet, required that the modernization project meet new construction standards for living space. Miramar determined that the cost to meet those standards would exceed 75 percent of replacement cost, a limit that would require strong justification. Faced with the possible cancellation of the project, Miramar prepared the following minor construction projects.

<u>Project number</u>	<u>Description</u>	<u>Estimated cost</u>
C8-72	Electrical improvements (11 BEQs)	\$48,000
C9-72	Carpeting (8 BEQs)	46,200
C10-72	Install and paint toilet stall doors (18 BEQs)	49,500
C11-72	Install suspended ceilings (8 BEQs)	50,000

These projects were submitted to the Naval Facilities Engineering Command, Western Division, for funding under the "Project Volunteer" self-help program.

The electrical improvements and the installation of suspended ceilings were to be accomplished through self-help; and installing the carpeting and toilet stall doors and painting were to be contracted for.

On June 2, 1972, the Naval Facilities Command's Western Division expressed concern that the four projects violated Navy Instructions in that

--each project was not complete in itself and

--together, they exceeded the \$50,000 minor construction limitation.

Consequently, Miramar reclassified three of the projects as repair. All four projects were subsequently approved.

<u>Project number</u>	<u>Description</u>	<u>Amount approved</u>
R4-72	Electrical improvements (repair)	\$48,000
R3-72	Carpeting (repair)	46,200
R5-72	Install and paint toilet stall doors (repair)	49,500
C11-72	Suspended ceilings (minor construction)	50,000

In January 1973 the Commander in Chief, Pacific Fleet, directed Miramar to submit under the military construction program a \$3.155 million project to construct a new BEQ in lieu of the previously proposed Military Construction Program BEQ modernization. An economic analysis of the modernization project had determined that the cost of renovating the old barracks to meet the new standards would approximate new construction without eliminating numerous undesirable design features. In response, Miramar submitted a Military Construction Program project to construct a new 563-man BEQ at a cost of \$3,155,000. It was later reduced to a 396-man, \$2.7 million building, which was under construction during our review.

In the meantime, work progressed incrementally on the minor construction and three repair projects. As partitioning was completed on a floor, the electrical

improvements and the suspended ceiling were installed. The toilet stall door installation and carpeting were accomplished by firms under contract.

Three other projects were added later: a \$118,340 repair project to install carpeting and two maintenance projects totaling \$141,475 for interior painting. The following additional BEQ renovation projects were submitted under Project Volunteer but had not yet been funded at the time of our review.

<u>Submitted</u>	<u>Project</u>	<u>Estimated cost</u>
May 1973	C6-73 Built-in wardrobes	\$ 50,000
May 1974	C1-71 Parking lot	48,950
May 1974	R23-74 Heating system repairs	61,904
May 1974	R28-74 Lighting repair and replacement	21,100
April 1975	R6-75 Carpeting	37,450
April 1975	C7-75 Security system	36,000
		<u>\$255,404</u>

Navy Instructions state that all construction concurrently required for a real property or for two or more similar real property facilities--in which one functional purpose is, or related functional purposes are, performed--is to be treated as one project. The instruction further states that no project may be subdivided in order to reduce the cost for purposes of circumventing program and approval requirements. The planned acquisition of, or improvement to, a real property facility through a series of projects is also prohibited.

Miramar clearly modernized the BEQs on an incremental basis in violation of Navy Instructions through a series of minor construction, repair, maintenance, and self-help projects, despite the rejection of BEQ modernization and the direction to build a new facility.

Summary of Construction Projects to Support
BEQ Modernization
Miramar Naval Air Station, California

<u>Project Number</u>	<u>Description</u>	<u>Cost</u>
C8-72 (R4-72)	Electrical improvements	\$ 48,000
C9-72 (R3-72)	Carpeting	\$ 46,200
C10-72 (R5-72)	Install toilet stall doors	\$ 49,500
C11-72	Install suspended ceilings	\$ 50,000
	Partitioning--self-help	\$120,000
C6-73	Built-in wardrobes	\$ 50,000
C1-71	Parking lot	\$ 48,950
R23-74	Heating system repairs	\$ 61,904
R28-74	Lighting repair and replacement	\$ 21,100
R6-75	Carpeting	\$ 37,450
C7-75	Security system	\$ 36,000
	Interior painting	\$141,475
	Carpet	<u>\$118,340</u>
	Total	<u>\$828,919</u>

Incremental construction to build
a weapons storage compound

In October 1975 the Chief of Naval Operations directed the Naval Air Station, Norfolk, to develop one major and three minor military construction projects to correct

safety and security deficiencies and partially to meet a new mission at the air station's weapons facility.

In December the air station submitted the four projects at an estimated total cost of \$1.8 million. Although the projects would have brought the facility into compliance with certain security and new mission requirements, other deficiencies still existed.

When the air station requested validation of certain waivers and exemptions, the Commander of the Norfolk Naval Base directed the air station to develop a plan to bring the facility into compliance with all requirements. The air station then prepared a plan for a new facility to meet requirements and eliminate the waivers and exemptions.

To implement the plan, the air station updated and resubmitted the original projects and submitted six additional ones. Three of the six were major military construction projects submitted for review in June 1976. The others, submitted for review and approval between March and August 1976, were for minor construction.

In July 1976 the Deputy Assistant Secretary of Defense (Installations and Housing) approved the three original urgent minor construction projects. Also, the major construction project had been included in a military construction program submitted to the Congress. Approval of the six newer projects was pending at the time of our review. A description of the projects for the new facility and their estimated costs are shown in the table on page 17.

None of the minor construction projects resulted in a complete and usable facility by itself; rather, each was dependent upon the completion of the others. That is, each project's primary purpose was only to serve as part of the overall facility.

GAO believes that all construction applicable to this facility should have been submitted for congressional review. Air station officials agreed that the minor construction projects could have been combined and submitted to the Congress as one project. According to these officials, they followed Chief of Naval Operations' direction in subdividing the construction. We found no indication that any of the various approval authorities, up to and including the Deputy Assistant Secretary of Defense (Installations and Housing), questioned the planned increments.

Construction Projects for
Weapons Storage and Related Facilities
at the Naval Air Station, Norfolk

<u>Project description</u>	<u>Date submitted</u>	<u>Estimated cost</u>		<u>O&M (note b)</u>
		<u>Major MILCON (note a)</u>	<u>Minor MILCON (note a)</u>	
Construct weapons storage magazines	c/June 1976	\$ 720,000		
Construct a shop and storage facility	June 1976	952,000		
Construct a high explosive magazine	June 1976	1,225,000		
Construct an ordnance loading/unloading facility	June 1976	836,000		
Construct a security barrier	c/April 1976		\$ 388,000	
Construct weapon storage magazines	c/April 1976		398,000	
Construct an alert force facility	c/April 1976		288,000	
Construct a truck holding yard	August 1976			\$63,900
Rehabilitate Building NM-78	March 1976			Unknown
Install lightning protection	July 1976			11,895
<u>Total</u>		<u>\$3,733,000</u>	<u>\$1,074,000</u>	<u>\$75,795</u>

a/Military construction.

b/Operation and maintenance funds.

c/Original submission was December 1975.

Questionable aspects of hangar modification projects

On December 26, 1972, Edwards Air Force Base, California, was assigned responsibility to provide facilities to support the testing of the advanced medium short take-off and landing transport (AMST) aircraft. The Air Force awarded concurrent contracts to competing companies to design, develop, and test the AMST. Support for testing the AMST required that hangars be modified to accommodate the aircraft and that office space be provided for test personnel. Since it appeared that the test efforts would be going on at the same time, Edwards determined that two hangars had to be modified. The primary alteration for each hangar was enlarging the hangar doors; other alterations were to be designed to meet the contractors' requirements. The full extent of modification required was not known at that time.

Hangar 1210

In November 1973 project 720429 to modify hangar 1210 and to provide a new office building was submitted to the Air Force Systems Command as an urgent minor construction project in the amount of \$300,000. The certificate of urgency stated that the program requirements were not known early enough to be included in the fiscal year 1975 Military Construction Program and, because it had to be ready by May 1, 1975, it could not be added to the fiscal year 1976 program.

Sixteen months later, on March 12, 1975, Air Force Headquarters approved the project. Bids were solicited for the basic alteration of hangar 1210 and 8 additional items. The successful bid was \$224,555 for the basic alteration plus \$197,223 for the additional items. On May 23, 1975, a \$294,400 contract was awarded for the hangar alteration and one additional item (construction of a new engineering office, Building 1212, for \$69,845).

Hangar 1207

In December 1973 Edwards developed a combined office construction and alteration project for hangar 1207, estimated to cost \$572,000, for inclusion as a late start in the fiscal year 1975 Military Construction Program. The anticipated date the facilities would be required was September 1, 1975.

In February 1974 the Systems Command notified Edwards that Air Force Headquarters had informally recommended that

programing in support of the AMST be done through urgency construction and recommended that Edwards immediately submit an urgent minor construction project for hangar 1207. A Systems Command official later told us the informal recommendation referred to was merely his understanding, based upon meetings and telephone conversations, of how Air Force Headquarters would want the projects funded.

In March 1974 minor military construction project 720428, costing \$259,200, was submitted to Systems Command to replace the Military Construction Program submission. The largest factor in reducing the estimated cost from \$572,000 to \$259,200 was eliminating the construction of engineering office space included in the initial submission at a cost of \$264,000. Office space was provided for hangar 1210 through construction of the new office building in project 720429.

On February 5, 1975, project 720428 was revised to show an estimated cost of \$293,000. Sixteen months after project submission, Air Force Headquarters on July 18, 1975, approved the project. The contractor who had won the other hangar alteration contract was low bidder at \$279,946, including six additional items. On October 17, 1975, a contract was awarded in that amount.

The AMST Program Manager stated that although it would seem logical to combine the two projects in a single submission, Edwards could not develop firm contractor requirements soon enough to include the project in the Military Construction Program nor in time to meet the test program starting dates. We noted that project 720428 was submitted as a fiscal year 1975 late start Military Construction Program project. Further, he stated it was known that, if the two projects were combined, the cost would exceed \$300,000 which would preclude submission as an urgent minor construction project. According to the Program Manager, splitting these projects was technically not considered illegal because only one project was being submitted in support of each test contract. That is, although both contracts were part of the overall AMST program, it was considered legal to treat each contract as a separate program.

An Edwards official said that one reason for splitting the projects was to minimize the funding impact on a single fiscal year; project 720429 being funded in 1975 and project 720428 in 1976. However, according to a Systems Command official, the impact on particular fiscal years was not considered in programing the AMST projects.

Additional related project

Also related to the AMST program need for space was a project submission dated October 1973 to construct a new personal equipment shop costing \$282,800. The certificate of urgency stated that this operation was housed in hangar 1207 which was scheduled to support the AMST program, that no other suitable facility was available, and that the loss of hangar 1207, without replacement, would essentially nullify the ability to support flight tests.

In forwarding the project documents to Air Force Headquarters the Systems Command declared that the occupancy of hangar 1207 by the AMST program was urgent and that moving this portion of the personal equipment shop was necessary to make the necessary alterations to hangar 1207. Project submissions for modifying hangar 1207 cited the construction of the new personal equipment shop as a related project.

Reduced scope hampered building efficiency

The initial project to modify hangar 1210 included placing a transformer between the two hangars to supply all the electrical power for the AMST test program. In December 1974, Edwards pointed out to the Systems Command that the cost estimate for hangar 1210 had increased to \$333,004 and recommended that installation of the transformer (estimated to cost \$34,133) be transferred to the hangar 1207 project. This would reduce the cost of the hangar 1210 project to under the \$300,000 funding limit and would raise the cost of the hangar 1207 project to \$293,000, still within the limit for urgent minor construction.

In December 1974 a revised submission for hangar 1210 deleted the transformer. We were told by the program manager and the civil engineer that the transformer could not be included in either project without exceeding the \$300,000 funding limit.

Both the program manager and the civil engineer told us that deleting the transformer hampered accomplishment of the AMST program. The Program Manager told us that without the transformer there is not enough electrical power available to support two aircraft in each hangar at the same time and that hangar 1210, having completed its portion of the AMST program, is now vacant. The civil engineer told us that the shortage of electrical power precludes putting another test program in it as long as hangar 1207 is still in use for the AMST program.

A Systems Command official informed us that the shortage of electrical power in hangar 1210 does not hamper the mission by precluding putting another test program into the hangar. If there were a requirement to support another test program, Edwards could justify increasing the power in the hangar and therefore could submit another minor construction project to modify the hangar for use by the new test program. The only instance in which Edwards would be precluded from submitting a project which could increase the power availability in hangar 1210 would be if the AMST test program was to be brought back and set up in the hangar.

We believe that the Systems Command official's argument is circular in nature since the point is that the hangars cannot now be used simultaneously for either the AMST program or the AMST and another test program. The Systems Command official is saying that that does not matter because if the hangar was needed again they would have a new program going into it which would justify a new minor construction project to put in the electrical power.

We believe that this condition casts doubt on whether the projects, as completed, resulted in complete facilities, usable to the extent of being able to adequately support the assigned mission.

In commenting on a draft of our report, DOD stated that the projects were submitted for approval only after firm facility requirements had been identified, that the Air Force chose to employ close control and scheduling of peak power demands in each hangar to meet the power requirements and that the various project submittal dates for hangar 1207 showed that the project could not be satisfied through the regular military construction program.

The projects were originally submitted in late 1973. Later the contractors requirements for hangar 1207 changed, as acknowledged in DOD's comments, requiring a revised submission. Further, the hangar 1207 project was originally submitted through the fiscal year 1975 military construction program, indicating that Edwards considered it feasible to accomplish the work through regular funding. The project was funded through urgent minor construction because the Systems Command believed that Air Force Headquarters desired that AMST work be so funded.

Regarding DOD's comments concerning electrical power the civil engineer told us earlier that, fortunately, the two contractors' test programs did not overlap because, if they had, there would have been a serious problem from a

shortage of power. Neither the Program Manager nor the civil engineer mentioned scheduling or control in meeting the power requirements.

CONCLUSION

GAO believes there have been chronic abuses for many years of the minor construction fund authority. Our interpretation is that the language of the 1977 amendment to the legislation makes it clear that a "project" should not be defined in such a way as to enable such acts to be funded from various sources and "project splitting" to be used to avoid the prescribed monetary constraints.

Nevertheless, the new legislative language is comparable to the language already in existing DOD regulations. This administrative language has at various times been so loosely interpreted by officials at various locations within the Department of Defense as to result in the ultimate completion of construction projects of such a cost or nature as to be, in our opinion, beyond what was contemplated by minor construction authority.

We believe that clear administrative guidance, command emphasis, and a strong and continuing internal audit program--by the services', and DOD's internal audit organizations--will be necessary if past practices are not continued into the future.

We will review the new DOD guidelines when issued and will study the audits performed by the internal audit organizations to determine the effectiveness of the amended legislation and the manner in which it is administered.

AGENCY COMMENTS AND OUR EVALUATION

DOD commented on a draft of this report in November 1977. The Principal Deputy Assistant Secretary of Defense (MRA&L) advised us that in November 1975 DOD issued new guidelines which included tighter management controls and more detailed reporting requirements designed to eliminate many of the problems cited in our report. Further he believed that the military departments and defense agencies have been exercising this authority in good faith. In support of this view, he pointed out that the fiscal year 1978 Senate Military Construction Authorization report indicated that the Department was managing the program adequately.

We found that the problems with the program are of a long-standing nature and were continuing to occur inspite

of DOD's revisions of program guidelines. In particular, the projects discussed in the report involving the incremental construction of a weapons storage compound occurred entirely subsequent to the November 1975 guidelines. Revisions to DOD program guidance do not in our opinion assure compliance with the spirit and purpose of the statute.

The adequacy of DOD's management of the program currently is the subject of disagreement within the Congress. Although the Senate Military Construction Authorization report indicated that DOD was adequately managing the program the fiscal year 1978 House Military Construction Appropriation report indicated that the program was not adequately managed. This report stated in part:

"The committee has for some time been concerned that the minor construction program is being misused by the military services. While the law and regulations with regard to the minor construction program are strict and tightly drawn, the actual management of this program increasingly leaves much to be desired.

* * * * *

Although it is difficult to measure, the committee believes that misuse of the minor construction program has been increasing.

* * * * *

The committee seriously considered drastically reducing or eliminating the fiscal year 1978 request for minor construction. The committee reserves the right to take action later if abuses continue and if new legislation or its implementation does not live up to expectations."



MANPOWER,
RESERVE AFFAIRS
AND LOGISTICS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

21 NOV 1977

Mr. Fred J. Shafer
Director
Logistics and Communications Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Shafer:

This is in response to your letter to the Secretary of Defense dated August 15, 1977, forwarding your draft report entitled, "Military Minor Construction Program Is Not Conforming To Statute," (LCD 77-356, OSD Case #4695).

According to the draft report, 101 of the 125 minor construction projects reported at 10 military installations were performed in a manner consistent with the spirit and purpose of the law.

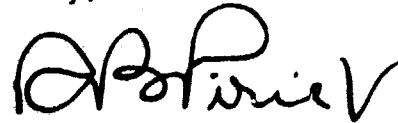
The Department of Defense issued new guidelines on November 5, 1975, which included tighter management controls and more detailed reporting requirements designed to eliminate many of the problems cited in your draft report. We are still convinced that the military departments and defense agencies have been and are exercising this authority in good faith. In support of this view, the Senate Armed Services Committee in its report on the FY 1978 Military Construction Authorization indicated its findings that the Department of Defense is managing the current minor construction program adequately.

The new minor authority enacted in Public Law 95-82 eliminates urgency, a troubling and unspecific criterion in the previous authority which resulted in numerous misunderstandings. The new law also defines a project as a single undertaking which includes all construction work, land acquisition and items of installed equipment necessary to accomplish a specific purpose and produce (1) a complete and usable facility, or (2) a complete and usable improvement to an existing facility.

New guidelines are being prepared to effect the new authority and they will preclude project incrementation. Certifications and regular audits will be required to assure that the law is not violated or misconstrued. Enclosed are specific comments regarding portions of the draft report.

We appreciate the opportunity to offer comments on this report in draft form.

Sincerely,



ROBERT B. PIRIE, JR.
Principal Deputy Assistant Secretary
of Defense (MIO&L)

Enclosure

Comments
Draft GAO Report
"Military Minor Construction Program Is Not Conforming To Statute"

<u>Page</u>	<u>Comment</u>
6	While 125 projects were reviewed, only 25 projects were specifically discussed in the draft report. The remaining projects should be deleted since GAO reasoning behind the allegations are not provided. In addition the statistical results should be presented so as to accurately portray the magnitude of the alleged abuses when compared with the total of all the minor construction projects actually accomplished at the installations cited in the same time frame.
7	The Air Force Regulation and the DoD Directive 4270.24 state that the work must be of the " <u>same type</u> ", as given by examples of converting barracks to administrative space or improving power distribution in numerous buildings. The ten minor construction projects at Langley were not of the <u>same type</u> and should not have been combined into one project.
19	The hangar modification projects were submitted for approval only after firm facility requirements had been identified. In reference to the deleted electrical transformer, it is noted that the Air Force chose to employ close control and scheduling of peak power demands in each hangar to support power requirements. The fact that the March 1974 document for hangar 1207 indicated that the requirements were identified November 8, 1973 while the May 1975 document indicated February 7, 1975, is not contrary to the actual chain of events. The May 1975 document was part of a revised submittal in June 1975 based on new facility requirements identified by the contractor in February 1975 to meet a revised beneficial occupancy date of June 1, 1976. These dates continued to establish urgency and the fact that the project could not be satisfied through the regular military construction program.
27	In determining urgency, DoD regulations state: "Normally, consideration of economy, efficiency, welfare or morale alone is not sufficient justification for considering a project as urgent." Accordingly, the statement in the draft report which says " <u>...which purposes are not justified for urgency under DoD regulations.</u> " should be revised.
28	The impetus for the base provost marshal office was the consolidation of the two police forces and not the incidental correction of the long-standing space deficiency.
30	Since Congress has already passed legislation to amend 10 USC 2674 under Public Law 95-82, GAO may wish to modify the options presented.

SUMMARY OF PROJECTS CONTRARY TO STATUTE

<u>Project number</u>	<u>Description</u>	<u>Deficiency</u>
<u>Langley Air Force Base</u>		
LY-382-4	Construct security police operations facility	b
LY-0348	Construct addition to data processing plant	b
LY-0389	Construct air control facility	a
LY-0390	Construct security fence	a
LY-0342	Construct ammunition storage facility	a & b
LY-29-1	Construct tennis courts	a
LY-26-5	Construct volleyball/basketball court	a
LY-368-5	Upgrade munition storage area	a
LY-390-5	Alter hangar 752	a
LY-373-5	Construct runway surveillance unit	a
LY-387-5	Alter hangar 754	a
LY-391-5	Alteration to dining area	a
LY-364-1	Construct access roads	a
LY-372-5	Construct arm/dearm shelters	a
LY-380-5	Alterations to building 757	a
LY-347-6	Construct storage and guardhouse	a
LY-385-6	Relocate and construct an ammunition storage facility	a
LY-340-4	Construct missile assembly shop	a & b

APPENDIX II

APPENDIX II

<u>Project number</u>	<u>Description</u>	<u>Deficiency</u>
LY-366-5	Construct engine test facility	a
LY-312-6	Construct arresting barriers	a
<u>Fort Bragg</u>		
4-1396	Install fencing at various motor pools	c
6-5403	Install mobile homes	a & d
6-5404	Install mobile homes	a & d
6-5405	Install mobile homes	a & d
6-5406	Install mobile homes	a & d
6-5407	Install mobile homes	a & d
6-5408	Install mobile homes	a & d
FB-332-76	Install mobile homes	a & d
FB-20-C-77	Construct training facility	a & b
FB-3-C-77	Construct antiarmor range complex	a & b
FB-42-70	Construct confinement facility workshop	a & b
<u>Fort Lee</u>		
31-74	Alterations to building	b
30-73	Alterations to building	a & b
19-76	Alterations to building	a
<u>Camp Lejeune</u>		
P-715	Alteration to building	b
P-680	Construct carwash facility	a
P-681	Construct carwash facility	a

APPENDIX II

APPENDIX II

<u>Project number</u>	<u>Description</u>	<u>Deficiency</u>
P-682	Construct carwash facility	a
P-5019	Construct restroom facility	a
P-5023	Construct restroom facility	a
P-5020	Construct sewer-related facilities	a
P-5021	Construct sewer-related facility	a
P-5022	Construct sewer-related facility	a
HQMC-6711	Alterations to facilities for control of oil spills	a
HQMC-6712	Alterations to facilities for control of oil spills	a
HQMC-5962	Construct support facility	a
HQMC-5963	Construct support facilities	a
HQMC-5964	Construct support facilities	a
HQMC-6620	Alterations to hangars	a
HC-1-74	Enclose family housing porches	a
<u>Naval Air Station, Norfolk</u>		
P-260	Construct security barrier	a & b
P-261	Construct weapons storage facility	a & b
P-262	Construct alert force facility	a & b
P-026	Improvements to air cargo terminal	e
C-10-76	Construct a truck holding yard	a
C-11-76	Rehabilitate building	a
C-12-76	Install lightning protection	a

APPENDIX II

APPENDIX II

<u>Project number</u>	<u>Description</u>	<u>Deficiency</u>
<u>Miramar Naval Air Station, California 2/</u>		
C8-72	BEQ electrical improvements	a
C9-72	BEQ carpeting	a
C10-72	BEQ toilet stall doors	a
C11-72	BEQ suspended ceiling	a
C9-73	Alterations to hangar #2 (building K-215)	a
P-194	TA4J Operational trainer building	a & b
<u>Naval Regional Medical Center, San Diego</u>		
CA1-73 ^{1/}	Alterations and equipment installation, building 3	a
C2-73 ^{1/}	Alterations and repairs, building 3	a
C1-76	Electrical alterations, building 26	a
C2-76	Fire protection alterations, buildings 15, 22, 38, 49	a
CR3-76	Alterations and repairs, building 26	a
P214	Correction of fire and electrical hazards	a & b
C8-76 ^{1/} (C4-77)	Fire protection alterations, building 26	a
<u>Edwards Air Force Base, California</u>		
720428	Alter aircraft hangar	a & b
720429	Alter aircraft hangar	a & b
720505	Alter dormitory dayrooms	a
750523	Alter building 1635	a

APPENDIX II

APPENDIX II

<u>Project number</u>	<u>Description</u>	<u>Deficiency</u>
760510	Alter hospital supply warehouse	a
760546	Install smoke detectors in dormitories	a
<u>Wright-Patterson Air Force Base, Ohio</u>		
WP-301-4	Improve the entrance to Gate 1B	c
WP-243-4	Alter building 110	c & d
WP-288-4	Construction of visitor center, (building 68)	a
WP-326-4	Demolish old visitor center, etc.	a
WP-59-5	Finish visitor center	a
WP-537-4	Modernize second floor, building 11	a & c
WP-151-5	Alter second floor, building 11A	a
WP-513-3	Alter reference system tech lab, building 22	a & c
WP-194-4	Alter reference system tech lab, building 22	a
WP-127-4	Alter office area, building 22	a
WP-438-2	Alter high resolution lab, building 22	a
WP-583-3	Alter division office, building 22	a
WP-392-4R-1	Alter engineering computation lab, building 22	a
WP-146-5	Alter engineering computation lab, building 22	a
WP-470-3	Alter tech library, building 22	a
WP-393-4R-1	Alter offices south area, building 22	a
WP-499-3	Miscellaneous alteration	a

APPENDIX II

APPENDIX II

<u>Project number</u>	<u>Description</u>	<u>Deficiency</u>
WP-166-5	Construct aircraft survivability research blockhouse/separator	a & b
<u>Fort Campbell, Kentucky</u>		
L-CR-101-75	Construct community center	c
L-CR-103-75	Install instrument landing system at Campbell Army Air Base	a & c
L-C-52-75	Modify buildings for Women's Army Corps	c
L-C-91-76	Modify hospital	a
L-C-4-74	Upgrade Indian Mound Airfield	c
F-CR-12-76	Modify hospital	a
L-CR-110-75	Modify hospital	a

a - incremental construction (actual or planned)

b - questionable urgency

c - defective certificate of cost

d - improper approval

e - questionable justification, self-amortization

1/ Projects pending approval at time of our review.

2/ Does not include 9 related BEQ modernization projects identified during our review.

PRINCIPAL OFFICIALS RESPONSIBLEFOR ACTIVITIESDISCUSSED IN THIS REPORT

<u>Tenure of office</u>	
<u>From</u>	<u>To</u>

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE:

Harold Brown	Jan. 1977	Present
Donald H. Rumsfeld	Nov. 1975	Jan. 1977
James R. Schlesinger	July 1973	Nov. 1975

SECRETARY OF THE ARMY:

Clifford L. Alexander	Feb. 1977	Present
Martin R. Hoffmann	Aug. 1975	Feb. 1977
Norman R. Augustine (acting)	July 1975	Aug. 1975
Howard H. Callaway	May 1973	July 1975

SECRETARY OF THE NAVY:

W. Graham Claytor, Jr.	Jan. 1977	Present
J. William Middendorf II	Apr. 1974	Jan. 1977

SECRETARY OF THE AIR FORCE:

John C. Stetson	Mar. 1977	Present
Thomas C. Reed	Dec. 1975	Mar. 1977
John L. McLucas	May 1973	Dec. 1975

(945115)