

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

WHITE HOUSE COMMUNICATIONS AGENCY

Report No. 96-033

November 29, 1995

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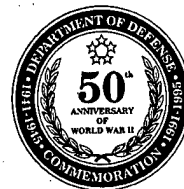
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Acronyms

CCSD	Command Communications Service Designator
CSA	Communications Service Authorization
DCS	Defense Communications System
DFAS	Defense Finance and Accounting Service
DISA	Defense Information Systems Agency
DITCO	Defense Information Technology Contracting Office
TCO	Telecommunications Certification Office
WHCA	White House Communications Agency
WHMO	White House Military Office



INSPECTOR GENERAL
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November 29, 1995

MEMORANDUM FOR DIRECTOR, WHITE HOUSE MILITARY OFFICE
UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF DEFENSE (COMMAND,
CONTROL, COMMUNICATIONS AND
INTELLIGENCE)
DIRECTOR, DEFENSE INFORMATION SYSTEMS
AGENCY
COMMANDER, WHITE HOUSE COMMUNICATIONS
AGENCY

SUBJECT: Audit Report on White House Communications Agency
(Report No. 96-033)

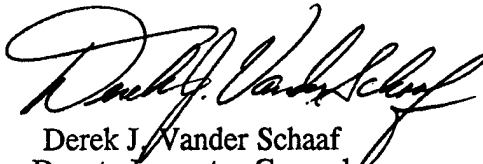
We are providing this report for review and comment. We performed the audit in response to a request from Congress and the Deputy Secretary of Defense. We considered management comments on a draft of this report in preparing the final report.

The recommendations in Findings A and B relate to a reallocation of funding between parts of the DoD budget and the budget for the Executive Office of the President. Finding A questions the appropriateness of DoD, through the White House Communications Agency, funding audiovisual, stenographic and news wire services and photographic equipment for the White House. Finding B covers the provision of White House Communications Agency support and equipment to the Secret Service. Although the Secret Service is required by law to reimburse an agency providing the support, the Secret Service has not done so. Several DoD appropriations and Secret Service appropriations would be affected by the recommendations. Thus, we suggest early consultation with the Office of Management and Budget and the Under Secretary of Defense (Comptroller) so those changes, if agreed to, could be implemented in the President's FY 1997 budget.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. Management comments were responsive to all recommendations except the recommendation to specify services to be provided by the White House Communications Agency and to transfer funding, managing, contracting, and purchasing of audiovisual, news wire, and stenographic services and camera equipment to the Executive Office of the President. We request that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) reconsider his position and provide additional comments by January 12, 1996.

We have not completed our audit of all aspects of White House Communications Agency activities. We started work on the final phase of the audit and expect to provide a draft report in early 1996. The issues we plan to review during the final phase include the organization and staffing of the White House Communications Agency, acquisition planning, management of telecommunications equipment and services, and controls over selected financial activities.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Robert M. Murrell, Audit Program Director, at (703) 604-9507 (DSN 664-9507) or Mr. John C. Mundell or Ms. Annie L. Sellers, Audit Project Managers, at (703) 604-9508 (DSN 664-9508) or (703) 604-9534 (DSN 664-9534), respectively. See Appendix S for the report distribution. The audit team members are listed inside the back cover.



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Deputy Inspector General

Office of the Inspector General, DoD

Report No. 96-033
(Project No. 5RD-5027)

November 29, 1995

White House Communications Agency

Executive Summary

Introduction. The Chairman, House Committee on Government Reform and Oversight; the Chairman, House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight; and the Deputy Secretary of Defense requested the audit. The Deputy Secretary of Defense emphasized that this review should be as thorough as possible of all White House Communications Agency (WHCA) activities in the last 5 years.

Audit Objectives. The audit objective was to review all activities at the WHCA, the authorities and management controls under which the activities are conducted, and various nonspecific allegations of mismanagement and waste. The adequacy of the management control program will be discussed in a subsequent report.

Audit Results. We found no evidence of theft or significant waste of resources in this phase of the audit. However, the following areas need management attention.

- o During FY 1995, WHCA and DoD funded about \$7.8 million for services and equipment that are not within the scope of the WHCA telecommunications mission as presently defined and should be funded by the Executive Office of the President (Finding A).

- o WHCA was not reimbursed for permanent support to the Secret Service, as required by law, and understated support costs reported to Congress by \$3.2 million. The Secret Service did not reimburse about \$4.3 million for support and, because DoD absorbed support costs, the Secret Service budget was augmented by that amount. WHCA is expected to provide permanent support valued at \$7.0 million during FYs 1996 through FY 2001 for which DoD should be reimbursed by the Secret Service (Finding B).

- o WHCA managers did not maintain control over repair parts inventories, and contracting officer's representatives did not document maintenance data. Therefore, WHCA can neither ensure the adequacy or accountability of repair parts inventories nor determine the cost-effectiveness of maintenance contracts (Finding C).

- o WHCA lacked accountability for nonexpendable property on hand and had excess expendable supplies valued at about \$226,000. Property valued at about \$577,000 was not accounted for and is at risk for potential waste or loss. Further, by reducing the requisition objective for expendable items and by eliminating excess expendable items with no demand histories, \$226,000 could be put to better use during FY 1996 (Finding D).

- o The inventory of base communications equipment and services is neither complete nor accurate. Consequently, the inventory could not be audited, and WHCA could neither review and revalidate communications requirements nor assess the cost-

effectiveness of configurations for equipment and services. Further, WHCA is at risk of paying for unneeded equipment and services (Finding E).

- o WHCA paid for leased, long-haul telecommunications circuits and equipment that were no longer required. If the circuits are terminated, about \$759,000 can be put to better use during FYs 1996 through 2001 (Finding F).

- o WHCA did not validate bills for long-haul telecommunications equipment and services before verifying that the bills were accurate. As a result, WHCA had no assurance that payments ceased for terminated services or that payments would not be initiated for services ordered but not installed. If effective procedures are implemented, about \$294,000 could be put to better use during FYs 1996 through 2001 (Finding G).

Summary of Recommendations. We recommend that management take the following corrective actions.

- o Specify the services that WHCA is to provide to the Executive Office of the President. Transfer responsibility for funding, managing, contracting, and purchasing of audiovisual, news wire, and stenographic services and camera equipment to the Executive Office of the President.

- o Specify the permanent and temporary support provided to the Secret Service and determine which is reimbursable or nonreimbursable, specify billing procedures, and bill the Secret Service for reimbursable support provided during FY 1995 and continue to bill for all future reimbursable support.

- o Fully implement the existing maintenance management system, turn in excess repair parts, update lists of equipment under maintenance contracts, and use vendor service reports to assess the cost-effectiveness of maintenance contracts.

- o Record identified property in the property book, establish the control point for receiving all property, perform monthly reconciliations of the document register, annually review requisition objectives, and turn in excess property.

- o Establish a complete and accurate inventory of short-haul equipment and services, and maintain required inventory records.

- o Initiate action to terminate unneeded long-haul circuits and equipment, establish the required review and revalidation program for equipment and services and establish a complete inventory of equipment and services.

- o Establish procedures to verify the accuracy of Customer Cost and Obligation Reports on a monthly basis.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) submitted joint comments for himself; the Director, DISA; and the Commander, WHCA. The Assistant Secretary concurred in all recommendations except for the recommendation to specify the services that WHCA is to provide to the White House and to transfer responsibility for funding, managing, contracting, and purchasing of audiovisual, news wire, and stenographic services and camera equipment to the Executive Office of the President. See Part I for a summary of management comments and Part III for the complete text of management comments.

Audit Response. As a result of information from management, we deleted one recommendation (Finding D) regarding property accountability. The Assistant Secretary's comments are not responsive regarding the recommendation related to specifying WHCA services and transferring these responsibilities. We maintain that WHCA should not fund the costs of audiovisual, news wire, and stenographic services and photographic equipment for the White House absent clearer direction to do so. We do not question the President's need for the services, contracts, or equipment provided by WHCA, and we recognize the legal authority of the President to issue an Executive Order to specify the services WHCA is to provide. However, as a DoD organization, WHCA is governed by DoD Directive 4640.13 in providing telecommunications services and the functions now performed and funded by WHCA go beyond telecommunications services as defined in that Directive. We request that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) reconsider his position and provide additional comments in response to the final report by January 12, 1996.

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Part I - Audit Results

Audit Background

The Chairman, House Committee on Government Reform and Oversight; the Chairman, House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight; and the Deputy Secretary of Defense requested the audit. The audit was to review the functions and missions of the White House Communications Agency (WHCA), the activities WHCA engages in, and the funding and reporting by WHCA of those activities and to assess nonspecific allegations of theft and waste of equipment and resources. The Deputy Secretary of Defense emphasized that this review should be as thorough as possible of all WHCA activities in the last 5 years and of the authorities and controls under which the activities were conducted.

History of WHCA. The WHCA began operations as an informal organization in December 1941 as the White House Signal Detachment. The White House Signal Detachment was officially activated in March 1942 to operate telecommunications radio networks¹ for security forces and for backup capability for telephone services. The White House Signal Detachment also established a private telephone exchange with lines to key offices in Washington, D.C., and to persons the President wished to summon in emergencies.

In 1954, DoD changed the name of the White House Signal Detachment to the White House Army Signal Agency. In 1962, the Secretary of Defense changed the name of the agency to the WHCA and reassigned WHCA from the Army to the Defense Communications Agency, now the Defense Information Systems Agency (DISA). Details on the establishment of WHCA are in Appendix E.

Mission of WHCA. The WHCA provides telecommunications and other related support to the President and Vice President, the President's staff, the First Family, the Secret Service, and others as directed. Support provided by WHCA includes secure and nonsecure voice and data communications, printed message communications, audiovisual services, and photographic and graphics services in the Washington, D.C., area and on a worldwide basis when the President, Vice President, and First Family travel. WHCA also provides general-purpose automated data processing support for the National Security Council and the White House Military Office (WHMO). Details on the mission of WHCA are in Appendix E, and details on the organization of WHCA functions are in Appendix F.

Staffing and Funding of WHCA. The WHCA is staffed primarily with military personnel from each Military Department. As of June 30, 1995, WHCA was authorized 944 military and 8 civilian positions and had 821 military and 6 civilian personnel on board. Details on the staffing at WHCA are in Appendix G.

¹A glossary in Appendix D defines communications terms used in this report.

The cost to operate WHCA for FY 1995 totaled about \$114 million in DoD appropriated funds. The Operation and Maintenance (\$55 million) (see Appendix H) and the Procurement (\$17 million) funding authorizations are provided through the DISA budget authorization for WHCA. The Military Personnel (\$42 million) funding authorization for military personnel at WHCA is provided by the Military Departments through the Military Personnel appropriation. The cost of military personnel pay is not charged to the WHCA funding authorization.

Role of the DISA. Overall, DISA is responsible for planning, developing, and supporting command, control, communications, and information systems for use in peace and war. DoD Directive 5105.19, "Defense Information Systems Agency (DISA)," June 25, 1991, tasks DISA with providing administrative support to WHCA. Administrative support DISA provides to WHCA includes budgeting, funding, and contracting support; legal counseling; and personnel management.

Role of the WHMO. The WHMO provides operational direction and control to WHCA. The WHMO is a White House entity that controls the military activities, such as WHCA and Air Force and Marine Corps flight detachments that directly support the President. The Director, WHMO, prepares the annual officer evaluation report for the Commander, WHCA, and the President is the reviewing official.

Audit Objective

The audit objective was to review all activities at the WHCA and the authorities and management controls under which the activities are conducted. The adequacy of the management control program will be discussed in a subsequent report.

See Appendix A for a discussion of the audit scope and methodology. Also, see Appendix B for a discussion of prior audit coverage and Appendix C for a discussion of other matters of interest related to the audit objective.

Finding A. Services Provided to the White House

DoD is providing audiovisual, news wire, and stenographic services and camera equipment to the White House, which exceed the stated mission of WHCA to provide telecommunications support to the President. DoD funded the services and equipment because WHCA has not established a memorandum of agreement with the Office of Administration, Executive Office of the President, to define the services and equipment DoD is to provide and fund, through WHCA, in support of the President. As a result, DoD funded about \$7.8 million for services and equipment during FY 1995 that would have been more appropriately funded by the Office of Administration, Executive Office of the President. Those services and equipment had nothing to do with providing the President with a dependable means to communicate with individuals anywhere in the world on a moment's notice.

Mission of the White House Communications Agency

The overall mission of WHCA to provide telecommunications for the President has remained unchanged since 1942 when the White House Signal Detachment, predecessor to WHCA, was activated. However, over the years, WHCA has been assigned additional responsibilities for support to the President and the White House staff. The current mission statement for WHCA is in Defense Communications Agency Circular 640-45-48, "White House Communications Agency," March 3, 1978, as revised July 17, 1989. Appendix E contains the full text of the WHCA mission statement, describes the evolution of the WHCA mission, and discusses testimony for Congress and legal opinions on the WHCA mission.

Support WHCA Provides to the White House

WHCA provides telecommunications and other related support to the President and Vice President, the President's staff, the First Family, the Secret Service, and others as directed. Telecommunications equipment and services are defined in DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services," December 5, 1991, as "circuits or equipment used to support the electromagnetic and/or optical dissemination, transmission, or reception of information by voice, data, video, integrated telecommunications transmission, wire, or radio." Defense Communications Agency Circular 640-45-48, defines other related support as:

Finding A. Services Provided to the White House

. . . audiovisual services, including video-tape recording for the President and others as directed; photographic laboratory and drafting support of the White House; and general purpose automated data processing support for the National Security Council (NSC) and the White House.

In our opinion, those responsibilities are not related to the WHCA telecommunications mission and should not be funded by WHCA and DoD. There is no formal agreement between the Office of Administration, Executive Office of the President, and DoD concerning either funding for audiovisual, news wire,² and stenographic services or for performing other support activities WHCA provides to the White House. Although WHCA performs audiovisual services expertly and comprehensively and the White House benefits by news wire and stenographic services, those services are not integral to the WHCA telecommunications mission. The overall mission of WHCA should be reevaluated by the Office of Administration, Executive Office of the President, and DoD to ensure that WHCA and DoD are funding and performing appropriate activities to support the White House telecommunications needs, which is to provide a dependable means of communication to the President at all times.

Audiovisual Services WHCA Provides to the White House

Mission of the Audiovisual Unit. Services performed by the Audiovisual Unit for the White House go beyond the WHCA mission to provide telecommunications support to the White House. The Audiovisual Unit provides flags, seals, sound and light systems, lecterns, and teleprompter support at events involving the President and at selected events involving the Vice President and First Lady; develops and prints pictures of the President and Vice President; tape record (audio and video) key events of the Presidency; operates a system that provides closed-circuit television and distributes cable television broadcasts for the White House; and performs maintenance on the audio and video equipment WHCA uses to support the White House. The specific missions of the branches and sections of the Audiovisual Unit are in Appendix F.

Cost of the Services the Audiovisual Unit Provided. The FY 1995 budget for supplies, maintenance, and training was about \$771,000 for the Audiovisual Unit. The budget for the Audiovisual Unit does not include travel expenses incurred by unit personnel for Presidential events outside the Washington, D.C., area. WHCA budgets for those costs separately. The costs of audiovisual services and related travel should be funded by the Office of Administration, Executive Office of the President.

²News wire services consist of current reports of general, business, and financial events on a regional, national, and international level transmitted electronically by various news gathering companies.

Finding A. Services Provided to the White House

In addition, the Audiovisual Unit uses equipment valued at \$8.8 million to provide required services. DoD Manual 7220.9-M, "DoD Accounting Manual," October 1983, (chapter 26), requires that the DoD charge for the use of DoD equipment at a rate of 4 percent of the equipment value or a charge based on a calculation of depreciation plus interest on the book value of the equipment. Based on the 4-percent charge, the Office of Administration, Executive Office of the President, should reimburse WHCA \$353,000 annually for the equipment. We did not calculate a charge for equipment based on depreciation. However, in calculating the amount reimbursable by the Office of Administration, Executive Office of the President, WHCA should determine the equipment life and disposal value and calculate a charge based on equipment depreciation. For FY 1995, military labor costs for 111 authorized positions in the Audiovisual Unit total about \$5.5 million; however, the Military Departments budget and pay for the military labor. For FY 1995, we determined that the total cost of providing audiovisual services to the White House totaled \$6.7 million. The funding and management responsibilities for audiovisual services should be transferred to the Office of Administration, Executive Office of the President.

Procurements for Services Funded by WHCA

Stenographic Services for the White House Office of the Press Secretary. WHCA funds a contract for stenographic services for the White House Office of the Press Secretary. The contract calls for a minimum of 12 reporters and transcribers to simultaneously support White House activities and Presidential travel requirements. Further, the contract provides for labor, equipment, and materials necessary to provide stenographic reporting and transcription of speeches, remarks, briefings, meetings, news conferences, toasts and responses to dignitaries, news reports or portions of broadcast programs, and all other duties falling under the direction of the White House Office of the Press Secretary. The current contract for stenographic services was awarded September 30, 1992, for services obtained during FY 1993 and includes 4 option years. The contract cost for FY 1995 is not to exceed \$573,000 for the time and materials used in performing the stenographic services. In addition, the contract requires WHCA to pay the travel expenses of contractor personnel when they travel outside the Washington, D.C., area to support the President.

Propriety of WHCA Funding Stenographic Services. The stenographic services contract does not fall within the parameters of the WHCA telecommunications mission. Although WHCA does not manage or supervise stenographic personnel on a daily basis, WHCA must verify the monthly services, review travel claims and vouchers, monitor the contract for cost overruns, and authorize payments to the contractor. Since 1971, WHCA and White House officials made several attempts (see Appendix I) to transfer funding for the contract from WHCA to either the White House or the General Services Administration. Stenographic services do not support the WHCA mission of providing telecommunications to the President, and WHCA

Finding A. Services Provided to the White House

does not benefit in any way by the stenographic services. Thus, the Office of Administration, Executive Office of the President, should fund the cost of stenographic services and contract directly for those services.

News Wire Services for the White House. The WHCA has funded news wire services for the White House staff since at least 1977. In 1993, the White House tasked WHCA to fund a new and more inclusive Associated Press news wire service. To provide increased service, WHCA purchased a news wire data management system. WHCA installed the news wire data management system in 1993 at a contract cost of \$236,000. WHCA incurred additional contract costs of \$37,000 in FY 1994 and \$62,000 in FY 1995 for software support. WHCA uses individual contracts to procure seven news wire services³ for use on the news wire data management system. The FY 1995 contract costs of the news wire services totaled \$510,000. Personnel using the news wire data management system can receive, sort, and categorize news wire data in real time. White House offices that have access to the news wire data management system include press secretaries to the President, the Vice President, and First Lady; Media Affairs; Communications Research; Legislative Affairs; Council of Economic Advisors; and the Office of Management and Budget. The National Security Council is also connected to the system.

Propriety of WHCA Funding News Wire Services. The contracts for the news wire data management system and the news wire services do not fall within the parameters of the WHCA telecommunications mission, and WHCA does not use the news wire services. In 1977, White House officials discussed transferring the funding of news wire services for the White House Press Office and the First Lady's Press Office from WHCA to the White House. The White House decided that WHCA would continue to fund news wire services. In March 1994, the former WHCA Commander questioned whether WHCA should fund the news wire data management system and the news wire services in a memorandum to the Special Assistant to the President for Management and Administration and the Director of the Office of Administration, Executive Office of the President. The WHCA Commander requested that the funding responsibility for the news wire data management system and the news wire services be transferred to the appropriate White House office.

Personnel at WHCA stated that officials in the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) verbally directed WHCA to fund the news wire data management system. According to WHCA personnel, the Office of Administration, Executive Office of the President, also provides news wire services to White House staff. Those services do not support the WHCA mission of providing telecommunications support to the President, and WHCA does not benefit in any way from the news wire services. Thus, the Office of Administration, Executive Office of the President, should fund the cost of news wire services and contract directly for those services.

³The news wire services were Associated Press, Reuters America, Knight Ridder, United Press International, Dow Vision, Los Angeles Times, and The Washington Post.

Finding A. Services Provided to the White House

Funding Support for Non-WHCA Missions in FY 1995

As shown in the table below, for FY 1995, DoD funded the following White House support services, at a total cost of \$7.8 million (does not include travel costs for WHCA personnel and contracted stenographers).

White House Support Services

<u>Services</u>	<u>Cost</u>
Audiovisual Unit	
Budget (supplies, maintenance, and training)	\$ 771,000
Annual user charge for equipment	353,000
Military labor	5,547,000
Subtotal	\$6,671,000
Stenographic services	573,000
Subtotal	\$ 573,000
News wire services	
Software support for data management system	62,000
Contract costs	510,000
Subtotal	\$ 572,000
Total	\$7,816,000

The funding, management, and contractual responsibilities for the news wire and stenographic services should be transferred to the Office of Administration, Executive Office of the President.

Equipment Procured by WHCA

Procurement of Camera Equipment for the White House Photographers. In addition to developing and printing photographic film, WHCA pays for camera equipment used by the White House photographers. The White House photographers consist of the President's photographer and three assistants employed by the White House Photo Office and the Vice President's photographer and one assistant employed by the Office of the Vice President. A White House photographer travels with the President. In support of the White House photographers, from January 25, 1991, through May 31, 1995, WHCA purchased camera equipment costing about \$102,000. Since photography is not directly related to the telecommunications mission of WHCA, the Office of Administration, Executive Office of the President, should fund and purchase the photographic equipment.

Finding A. Services Provided to the White House

Actions to Evaluate and Adjust Support to the White House. In 1994, WHCA and the Office of Administration, Executive Office of the President, evaluated the support WHCA provided to various White House offices. The purpose of the evaluation was to limit support WHCA provided to persons who directly supported the President. As a result of the evaluation, the Office of Administration paid WHCA for 59 cellular phones and 438 pagers valued at about \$100,000. The Office of Administration, Executive Office of the President, is now responsible for receiving, certifying, and paying the bills for use of the equipment.

Summary

We recognize that DoD has funded audiovisual services and contracts for news wire and stenographic services since at least 1978. However, audiovisual services and contracts for stenographic and news wire services do not fall within the parameters of the WHCA telecommunications mission area. The actions taken by WHCA and the Office of Administration, Executive Office of the President, in 1994 to clarify WHCA responsibilities for equipment were a positive beginning. Further actions are required to ensure DoD fund only appropriate services, contracts, and equipment. Because numerous past attempts to transfer funding have failed, the Assistant Secretary of Defense (Command, Control, Communications and Intelligence), in conjunction with the Director, DISA, and the WHCA Commander, should negotiate an agreement with the Office of Administration, Executive Office of the President, to specify the services WHCA is to perform in support of the President and his staff and to transfer responsibility for funding, management, and contracting for services and equipment that are outside the WHCA mission area. The audiovisual services in particular could be reviewed to determine whether the services should be purchased from the private sector. Alternatively, the services could be purchased from WHCA with funds appropriated to the Executive Office of the President.

Recommendation, Management Comments, and Audit Response

A. We recommend that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence), in conjunction with the Director, Defense Information Systems Agency; and the Commander, White House Communications Agency, initiate a memorandum of agreement with the Office of Administration, Executive Office of the President, detailing specific services

Finding A. Services Provided to the White House

the White House Communications Agency is to provide to the White House and transfer to the Office of Administration, Executive Office of the President, responsibility for:

- o funding and managing audiovisual services;
- o funding, managing, and contracting for news wire and stenographic services; and
- o funding and purchasing camera equipment.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) submitted joint comments for himself; the Director of DISA, and the Commander of WHCA. The Assistant Secretary nonconcurred with the finding and recommendation, stating that historical practice and legal authority support WHCA providing audiovisual, news wire, and stenographic services and photographic equipment to the President and the White House. The Assistant Secretary concluded that the audit use of the definition of "telecommunications" in DoD Directive 4640.13 was too restrictive, given the expansive view of WHCA's mission. Finally, he indicated that the President has the authority to assign responsibilities to Executive Branch agencies, and that a circular, issued by the former Defense Communications Agency, directing WHCA to provide those services should be presumed to be based on direction of the President.

Audit Response. The Assistant Secretary's comments are not responsive. First, we should clarify that our recommendation focuses on whether WHCA should fund the costs of audiovisual, news wire, and stenographic services and the procurement of photographic equipment for the White House. We do not question whether the services are needed. In other words, the services could be provided by WHCA on a reimbursable basis and funded by the Office of the President.

The Assistant Secretary's comments imply that due to historical practice, we should not question whether WHCA should continue to provide and fund the cited services. We believe a review and reevaluation of the WHCA mission is in order because the stated mission of WHCA is to provide "telecommunications" and related support to the President and because the cited services are not within the scope of the existing definition of "telecommunications."

We used the definition of "telecommunications" set forth in DoD Directive 4640.13 because no better definition exists for this purpose. The parties may wish to adopt a different definition specifically to delineate the services WHCA will provide as part of its responsibility to provide telecommunications and other related support to the President. So long as the definition is reasonable and defensible, we would have no objection.

Finally, the previous studies and legal opinions referenced by the Assistant Secretary do not indicate that the Office of the President has specifically assigned these responsibilities to WHCA. We believe that direction to WHCA

Finding A. Services Provided to the White House

defining the scope of its telecommunications mission should come from appropriate levels within the White House (an Executive Order would be most appropriate) and that it is no longer adequate to rely on a 1978 Defense Communications Agency Circular.

We request that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) reconsider his position and provide additional comments in response to the final report.

Finding B. Reimbursement and Reporting of Communications Support for the Secret Service

The WHCA provided significant reimbursable communications support to the Secret Service on a nonreimbursable basis, contrary to Public Law 94-524, and failed to report to the Office of the Secretary of Defense all costs for providing communications support to the Secret Service. The reimbursable support was provided on a nonreimbursable basis because the 1989 memorandum of understanding between WHCA and the Secret Service did not clearly require that all permanent communications support be reimbursable and did not adequately delineate reimbursable and nonreimbursable temporary support. Failure to report all costs occurred because WHCA operating instructions do not require WHCA to accumulate and report the cost of all support provided to the Secret Service. As a result, from October 1, 1990, through March 31, 1995, the Secret Service did not reimburse DoD for annual communications support totaling about \$4.3 million and Congress was not informed of communication support totaling about \$3.2 million that WHCA provided to the Secret Service. In addition, because DoD absorbed costs of support to the Secret Service, the budget for the Secret Service was augmented by about \$4.3 million.

Guidance on Support of the Secret Service

Public Law Directing Support of the Secret Service. Public Law 94-524, "Presidential Protection Assistance Act of 1976" (the Act), October 17, 1976 (United States Code, title 18, section 3056, note), requires Executive Departments and Agencies to assist the Secret Service in the performance of its duties by providing services, equipment, and facilities. Secret Service duties include protecting the President, Vice President, and other persons next in the order of succession to the Presidency, the immediate families of the President and Vice President, former Presidents and their spouses, and certain other persons.

Reimbursable and Nonreimbursable Support Provided to the Secret Service. The Act requires the Secret Service to reimburse Executive Departments and Agencies for permanent and temporary assistance. As an exception, section 6 of the Act authorizes DoD to provide assistance on a temporary basis without reimbursement when the DoD assists the Secret Service in duties directly related to the protection of the President, Vice President, and other persons immediately next in order of succession to the Presidency. All WHCA communications support, whether permanent or temporary, provided to the Secret Service in protection of the President's spouse and children is reimbursable. Based on a memorandum, "Interpretation of 'temporary basis' in P.L. [Public Law] 94-524," May 3, 1991, from the Defense Communications

Finding B. Reimbursement and Reporting of Communications Support for the Secret Service

Agency (now DISA), the DISA General Counsel determined that support provided for up to a 90-day period would constitute temporary support. For example, communications support WHCA provides to the Secret Service for Presidential trips out of town is considered temporary and nonreimbursable. Section 9 of the Act requires DoD to report semiannually to Congress all expenditures, reimbursable and nonreimbursable, incurred by DoD in support of the Secret Service.

Cost Accounting and Reporting of Support Provided to the Secret Service. DoD Directive 3025.13, "Employment of Department of Defense Resources in Support of the United States Secret Service" (the Directive), September 13, 1985, implements the Act in DoD and requires the Military Departments and Defense agencies to accumulate and report the costs of support for the Secret Service. The Military Departments and the Defense agencies must accumulate and report costs for military personnel; subsistence and quarters; personnel travel, transportation, and per diem expenses; transportation of supplies, materials, and equipment; and loaned equipment. The Directive requires that the Military Departments and Defense agencies bill the Secret Service monthly for all reimbursable support. The Directive further requires the Military Departments and Defense agencies to submit semiannual reports on support costs for the Secret Service to the Washington Headquarters Services, Office of the Secretary of Defense. The Washington Headquarters Services compiles a consolidated report of DoD support to the Secret Service and submits a semiannual report to Congress.

Communications Support Provided to the Secret Service

Memorandum of Understanding with the Secret Service. Since at least FY 1991, WHCA has provided communications support to the Secret Service on a nonreimbursable basis. That support should be considered permanent communications support requiring reimbursement. WHCA has not charged the Secret Service for the communications support because the memorandum of understanding, signed by WHCA and the Secret Service in 1989, does not specify whether communications support is permanent support. The memorandum of understanding requires that WHCA provide communications support, such as secure mobile cellular telephones for Secret Service vehicles, telephone service to Secret Service personnel, and fixed radio support and mobile and portable radio equipment to the Secret Service in the Washington, D.C., metropolitan area. Communications support such as telephone service to Secret Service personnel and lease costs for the Digital Conference Switching System, which is permanent support, was provided on a nonreimbursable basis, but should have been provided on a reimbursable basis. In addition, some communications items (for example, portable radios) were purchased or leased specifically for the Secret Service and were provided on a permanent basis to the Secret Service. However, WHCA considers that support temporary and nonreimbursable. In our opinion, communications items acquired for permanent use by the Secret Service should be considered permanent support and should be reimbursed by the Secret Service. Accordingly, in calculating

Finding B. Reimbursement and Reporting of Communications Support for the Secret Service

amounts of permanent support provided to the Secret Service by WHCA, we included costs for support deemed temporary by WHCA, but purchased or leased on a permanent basis for Secret Service use.

Renegotiation of the Memorandum of Understanding. Despite attempts since 1991, WHCA and the Secret Service have not renegotiated the memorandum of understanding to clarify funding responsibility for communications support. In 1991, WHCA officials determined that under the memorandum of understanding, WHCA had incurred costs for permanent support and should have been reimbursed. In preparing to renegotiate the memorandum of understanding in 1991, WHCA officials requested a legal opinion from the DISA General Counsel on the propriety of providing permanent support for telephone and other services to the Secret Service on a nonreimbursable basis. The DISA General Counsel affirmed that if support is provided on a permanent basis, the Act requires that costs be reimbursed. WHCA officials stated that renegotiation of the memorandum of understanding was delayed because WHCA and Secret Service officials could not agree on whether WHCA would provide permanent support on a reimbursable basis or whether the Secret Service would assume responsibility for the permanent support.

Efforts to Assign Funding for Support. In June 1994, WHCA officials estimated the levels of permanent support WHCA provided to the Secret Service and attempted to transfer FY 1994 budget authority to the Department of Treasury (the Department of Treasury budget authority would be increased, and the DoD budget authority would be decreased by the same amount) to enable the Secret Service to pay for the support. However, personnel in the Office of the Comptroller of the Department of Defense, now the Office of the Under Secretary of Defense (Comptroller), told the DISA Comptroller that FY 1994 budget authority could not be transferred to the Department of Treasury. Accordingly, the DISA Comptroller directed WHCA to pay for the permanent support for FY 1994. Subsequently, WHCA and the Secret Service agreed that the reimbursable permanent support totaled about \$723,000 in recurring annual costs. In addition, WHCA estimated that it used equipment valued at about \$1.2 million in providing the permanent support. As of July 31, 1995, the Secret Service was deciding whether WHCA should continue to provide the permanent support, but on a reimbursable basis, or whether the Secret Service should assume responsibility for the permanent support.

Additional Costs for Support To Be Reimbursed by the Secret Service. The Directive requires that the Secret Service be charged to use needed support equipment. DoD Manual 7220.9-M, "DoD Accounting Manual," October 1983, (chapter 26) states that the charge for the use of DoD equipment will be either a charge of 4 percent of the equipment value or a charge based on a calculation of depreciation plus interest on the value of the equipment. WHCA and the Secret Service agreed that equipment valued at about \$1.2 million was used in permanent support for the Secret Service, but WHCA did not calculate an annual cost for the use of the equipment. Based on a 4-percent charge, WHCA should have charged the Secret Service about

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\$48,000 per year. WHCA should calculate and compare the expense for annual equipment depreciation and the interest charge to the depreciated value of the equipment.

In addition, WHCA should charge the Secret Service for communications items acquired for permanent use such as portable radios; circuits permanently installed at locations frequently visited by the President in the Washington, D.C., area and at the Vice President's residence; and for permanent support of communications on radio frequencies used by the Secret Service in the protection of the President and Vice President. Even though that support was permanent, WHCA considered the support to be temporary and nonreimbursable by the Secret Service. WHCA and the Secret Service agreed in 1994 that WHCA had permanently issued equipment valued at about \$575,000 to the Secret Service. WHCA should charge the Secret Service about \$2,000 annually for maintenance of the equipment and, based on a 4-percent user charge, WHCA should charge about \$23,000 annually for use of the equipment. In addition, we determined that WHCA should be reimbursed about \$37,000 annually for circuits used by the Secret Service at locations frequently visited by the President in the Washington, D.C., area and at the Vice President's residence. WHCA must determine the value of the equipment used in the Washington Area System radio network to support the Secret Service in protection of the President and Vice President and charge for maintenance and use of the equipment. Also, WHCA reported in FY 1994 that the cost of military labor associated with the portions of the Washington Area System radio network that support the Secret Service in protection of the President and Vice President totaled about \$67,000. Because the Military Departments budget and pay for military labor, WHCA should bill the Secret Service for the cost of the military labor on behalf of the Military Departments.

Reporting to Congress on the Support Provided to the Secret Service

In the semiannual reports submitted to Washington Headquarters Services for FY 1994, WHCA reported \$190,000 as temporary nonreimbursable support costs that we believe was permanent support that should be reimbursable. Appendix J, Table J-1 shows that WHCA did not report about \$710,000 in permanent support for FY 1994. WHCA did not report the permanent support because WHCA Instruction 37-2, "Secret Service Support Costs," June 4, 1993, lacked specific guidance on accumulating and reporting the costs of permanent support. Instruction 37-2 describes WHCA policies and procedures for accumulating and reporting the cost of support for the Secret Service. Instruction 37-2 focuses primarily on costs associated with temporary support provided on trips outside the Washington, D.C., area. Instruction 37-2 does not list the types of permanent support that may be provided and how the costs associated with the permanent support are to be calculated. Because the Washington Headquarters Services relied on the cost data in the WHCA reports, the reports submitted to Congress contained inaccurate data on the amount of support provided to the Secret Service. Congress was not informed of

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permanent support totaling about \$3.2 million that WHCA provided to the Secret Service from October 1, 1990, through March 31, 1995 (see Appendix J, Table J-1).

Billing the Secret Service for Communications Support

Secret Service Not Billed for Reported Reimbursable Support. Although WHCA reported reimbursable support totaling about \$133,000 for the Secret Service during FY 1994, WHCA requested reimbursement for only \$86,000. For October 1, 1993, through March 31, 1994, WHCA reported \$107,000 in reimbursable support (\$92,000 for protection of the First Lady and \$15,000 for labor associated with operating the Washington Area System radio network). That support was not directly related to Secret Service duties in protecting the President or Vice President. However, WHCA directed the Defense Finance and Accounting Service (DFAS) to bill the Secret Service for only \$86,000 in reimbursable support for that period. WHCA officials could not provide documentation to show why it reduced those charges by \$21,000. Also, WHCA had not directed DFAS to bill the Secret Service for reimbursable support totaling about \$26,000 that WHCA reported for April 1 through September 30, 1994. Officials at WHCA stated that reimbursement was not requested for that period because the 1989 memorandum of understanding was expected to be renegotiated and because the Secret Service had refused to pay for support provided from October 1, 1993, through March 31, 1994.

Officials at WHCA stated that Secret Service officials refused to reimburse DoD for that period because the 1989 memorandum of understanding did not describe temporary support provided to the First Lady on trips outside the Washington, D.C., area. The Secret Service reimbursed the DoD for that type of support WHCA provided during FYs 1991 through 1993. However, in 1994, Secret Service officials stated that the memorandum of understanding did not specifically state that WHCA personnel costs and travel expenses related to First Lady trips were reimbursable. The Act requires that the Secret Service provide reimbursement for support relating to the First Lady's travel.

The WHCA had not directed DFAS to bill the Secret Service for support provided from October 1, 1994, through March 31, 1995, because WHCA officials had not prepared the semiannual report. The report was due to Washington Headquarters Services by May 15, 1995, but had not been prepared as of July 31, 1995. Because of the disagreement over the memorandum of understanding and because WHCA had not requested payment for all reimbursable costs, the Secret Service has not paid DoD for charges incurred since October 1993. The Act requires that the DoD be reimbursed for those charges.

Additional Costs Not Billed to the Secret Service. For FYs 1991 through 1993, DoD was not reimbursed for military labor used for support provided to the Secret Service because DISA and DFAS did not bill the Secret Service as requested by WHCA. For FYs 1991 and 1992, DISA performed accounting

Finding B. Reimbursement and Reporting of Communications Support for the Secret Service

operations for WHCA and submitted bills to the Secret Service on behalf of WHCA. Effective October 1, 1992, DFAS performed accounting and billing operations for WHCA. For FYs 1992 and 1993, DISA and DFAS did not bill the Secret Service for about \$66,000 in military labor costs. A DFAS official stated that the Secret Service was not billed for the military labor costs because WHCA and DISA do not incur the expense for the military labor. WHCA and DISA are staffed by personnel from all the Military Departments; however, the Military Departments budget and pay for the military labor. The Directive requires that the Secret Service be billed for military labor used to provide reimbursable support. The Secret Service should reimburse the Military Departments for the military labor.

Potential Expenditures for Support Provided to the Secret Service. Using expenditures for reimbursable support provided for FY 1994, we calculated that if WHCA continues to provide support without reimbursement, DoD will expend about \$7.0 million during the execution of the FYs 1996 through 2001 Future Years Defense Program (see Appendix J, Table J-2).

Augmentation of the Secret Service Budget by WHCA

Appropriations Law Related to Augmenting Agency Funds. The General Accounting Office, "Principles of Federal Appropriations Law," volume II, chapter 6, "Availability of Appropriations: Amount," section E, "Augmentation of Appropriations," states that an agency cannot use funds from outside sources to augment its funds without specific statutory authority. Any organization augmenting its funds without congressional authority is acting in contravention of public law. Specifically, Principles of Federal Appropriations Law, volume II, chapter 6, section E, states:

The prohibition against augmentation is a corollary of the separation of powers doctrine. When Congress makes an appropriation, it is also establishing an authorized program level. In other words, it is telling the agency that it cannot operate beyond the level that it can finance its appropriation There is no statute which, in those precise terms, prohibits the augmentation of appropriated funds. The concept does nevertheless have an adequate statutory basis

Augmenting Secret Service Funds. Because the Secret Service did not pay for all reimbursable support, the Secret Service budget has been augmented by DoD since at least FY 1991. In addition, WHCA augmented the Secret Service budget because the Secret Service was not billed for all reported reimbursable support. From October 1, 1990, to March 31, 1995, we calculated that the Secret Service should have reimbursed DoD about \$4.3 million under the Act (see Appendix J, Table J-3). Because the Secret Service did not reimburse the DoD for those expenses, the Secret Service appropriations were augmented by about \$4.3 million.

Finding B. Reimbursement and Reporting of Communications Support for the Secret Service

Recommendations and Management Comments

B. We recommend that the Commander, White House Communications Agency:

1. Revise the memorandum of understanding in coordination with the Secret Service to specify the permanent and temporary support that is provided to the Secret Service and to specify which support is reimbursable or nonreimbursable.

2. Revise White House Communications Agency Instruction 37-2, "Secret Service Support Costs," June 4, 1993, to specify procedures for accumulating, reporting, and billing costs of the support provided to the Secret Service based on revision to the memorandum of understanding as required in Recommendation B.1.a. and the requirements set forth in Public Law 94-524, "Presidential Protection Assistance Act of 1976," October 17, 1976, and DoD Directive 3025.13, "Employment of Department of Defense Resources in Support of the United States Secret Service," September 13, 1985.

3. Submit to the Washington Headquarters Services the semiannual report on support provided to the Secret Service from October 1, 1994, through March 31, 1995.

4. Initiate billings of reimbursable support, as defined in Recommendation B.1., provided to the Secret Service during FY 1995 and continue to bill for all future reimbursable support according to the requirements in Public Law 94-524, "Presidential Protection Assistance Act of 1976," October 17, 1976, and DoD Directive 3025.13, "Employment of Department of Defense Resources in Support of the United States Secret Service," September 13, 1985.

5. Initiate billings to the Secret Service on behalf of the Military Departments for the military labor used by the White House Communications Agency in providing reimbursable support during FY 1995 and continue to bill for all future reimbursable military labor used to support the Secret Service.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) concurred in the recommendations. The Assistant Secretary stated that WHCA will present a revised memorandum of understanding to the Secret Service and that WHCA would revise its instruction on reimbursable support to the Secret Service after the memorandum of understanding was finalized. Because the memorandum of understanding must be negotiated with the Secret Service, the Assistant Secretary could not estimate when those actions would be completed. Also, on August 29, 1995, WHCA submitted to Washington Headquarters Services the semiannual report on support provided to the Secret Service from October 1, 1994, through March 31, 1995. Further, WHCA would bill the Secret Service for all reimbursable support, including military labor, beginning in FY 1996.

Finding C. Management of Maintenance Operations

The WHCA managers did not maintain control over repair parts inventories, and contracting officer's representatives did not document equipment maintenance information in accordance with DISA guidance. Management control was not effective because WHCA had not fully implemented the maintenance management system procured in 1993. Contracting data were lacking because contracting officer's representatives did not maintain required lists of equipment covered by maintenance contracts. As a result, WHCA cannot ensure the adequacy or accountability of repair parts inventories and cannot determine the cost-effectiveness of maintenance contracts.

Responsibilities for Maintenance of WHCA Equipment

The WHCA staff elements and operational units identify the type of maintenance needed for assigned equipment and ensure the maintenance is performed. The staff elements obtain contracts with commercial vendors for all equipment maintenance, and the operational units obtain contracts only for maintenance that cannot be performed by the operational units. The Maintenance Branch of the Staff Support Unit advises the WHCA Commander on maintenance policies and procedures.

Implementation of a Maintenance Management System

Purposes of a Maintenance Management System. A maintenance management system is used to schedule daily maintenance activities, record maintenance performed and repair parts used, analyze equipment failures, and forecast maintenance requirements. By analyzing demand histories of repair parts and monitoring the inventory levels of repair parts stocked, maintenance personnel can assess whether the inventory meets requirements. By analyzing the maintenance performed on equipment and assessing the value and essentiality of the equipment, maintenance personnel can determine whether maintenance is cost-effective and whether it should be performed in house or by commercial vendors.

Procurement of the Maintenance Management System. In 1992, WHCA conducted a market survey to identify possible maintenance management systems. Management determined that the Maintenance Control System II (the maintenance system) would best satisfy WHCA maintenance requirements. Management estimated that implementing the maintenance system would

Finding C. Management of Maintenance Operations

result in reducing maintenance costs by about 25 percent and in reducing maintenance staff by about 15 percent. In June 1993, WHCA purchased the maintenance system for about \$303,000.

Plans for Implementing the Maintenance System. The Maintenance Branch expected to fully implement the maintenance system by July 1993 to manage maintenance activities and the repair parts inventory. Nonetheless, full implementation did not occur, and in 1995, the Maintenance Branch developed milestones for full implementation by June 1996. However, the Maintenance Branch had not developed a comprehensive plan to implement the system by June 1996 and had not identified the personnel and funding needed for full implementation. As of July 1995, only the Logistics Branch of the Staff Support Unit was using portions of the maintenance system. Until WHCA fully implements the maintenance system, WHCA will not achieve the estimated monetary benefits related to maintenance resources and can neither assure the adequacy or accountability of repair parts nor the effectiveness of maintenance contracts.

Adequacy of Inventory Levels and Accountability of Repair Parts

Responsibility for Inventories of Repair Parts. Both the Logistics Branch and operational units stock repair parts needed for equipment maintenance. The Logistics Branch maintains an inventory of repair parts for issue to the operational units, and the operational units maintain an inventory of repair parts for in-house equipment maintenance.

Logistics Branch Inventory. The Logistics Branch did not keep data on demand frequency for repair parts and used the maintenance system only as of June 1995. Consequently, the Logistics Branch inventory may have excess or unneeded repair parts. As of June 21, 1995, the Logistics Branch stocked 828 repair parts valued at about \$368,000. Before June 1995, the Logistics Branch did not keep records on the repair parts it issued. DoD Regulation 4140.1-R, "Materiel Management," January 1993, states that demand frequency data should be maintained to aid in inventory decisions and that stocking of an item should be reassessed at least once a year. In June 1995, the Logistics Branch began using the maintenance system to record repair parts issued to the operational units. In using the maintenance system, Logistics Branch personnel should be able to determine appropriate inventory levels of repair parts and optimum reorder points. Until sufficient demand frequency data for the 828 items are accumulated, the Logistics Branch cannot determine whether it is stocking excess or unneeded repair parts.

Operational Units' Inventories. WHCA Instruction 710-1, "Inventory Management," July 1, 1992, requires each operational unit to provide the Logistics Branch a list of repair parts on hand. However, the operational units did not provide the required lists and did not maintain accurate inventories of repair parts because the operational units did not use the maintenance system.

Finding C. Management of Maintenance Operations

When the auditors requested that the seven operational units provide data on repair parts on hand, five of the seven responded. One of the five operational units reported that it located 71 repair parts valued at \$185,000. Four of the five operational units could not adequately describe, quantify, or provide the value for repair parts on hand.

WHCA Inventory of Repair Parts Is at Risk. Without full implementation of the maintenance system, the Logistics Branch cannot assess whether inventories of repair parts are adequate or whether excess repair parts are on hand and the inventories are at increased risk of waste and pilferage. The Logistics Branch should determine whether excess repair parts are on hand and turn in the excess to avoid further risk to the Government.

Management of Maintenance Contracts

Contracts for Maintenance of WHCA Equipment. For FY 1995, excluding contracts for software maintenance, WHCA had 32 contracts valued at \$2.8 million for maintenance services. For each contract, the responsible staff element or operational unit assigned an individual to the DISA contracting officer to act as the contracting officer's representative in administering the contract. According to the DISA "Acquisition How To Guide," (the How To Guide), August 1993, the contracting officer's representative is responsible to ensure that the contractor complies with the technical requirements of the contract and to certify receipt of the maintenance services.

Adequacy of the Management of Maintenance Contracts. The contracting officer's representatives did not use the maintenance system to manage maintenance contracts. In addition, the contracting officer's representative neither consistently maintained lists of equipment covered by contracts nor initiated contract modifications in accordance with guidance in the DISA How To Guide.

Equipment Covered by Maintenance Contracts. The How To Guide requires contracting officer's representatives to attach a list of equipment, showing equipment serial numbers, to the statement of work of a maintenance contract. The list of equipment identifies to the commercial vendor and WHCA personnel the specific equipment authorized maintenance services under the terms of the contract. The How To Guide also requires contracting officer's representatives to initiate a contract modification if WHCA obtains new equipment or if equipment is disposed of during the life of the contract. The modification should include a cost adjustment to the contract for any equipment changes.

For 20 of the 32 contracts, the contracting officer's representatives either did not prepare a list of equipment or did not include all required data. The contracting officer's representatives omitted data such as nomenclature, quantity, and serial numbers. In addition, for three contracts, the contracting officer's representatives did not initiate contract modifications to remove

Finding C. Management of Maintenance Operations

equipment from the maintenance contracts and to add procured replacement equipment. Because accurate lists of equipment covered by maintenance contracts are not kept, WHCA may not obtain appropriate maintenance services.

Data to Assess the Cost-Effectiveness of Maintenance Contracts. The WHCA had not established procedures to determine whether the use of maintenance contracts was cost-effective. Commercial vendors provide the contracting officer's representatives a service report identifying the equipment, work performed, and the cost of maintenance. Data in the service reports would help the contracting officer's representatives to assess the cost-effectiveness of the maintenance contracts.

However, the contracting officer's representatives did not keep the service reports and believed that a maintenance contract was required as long as WHCA owned the equipment or based the decisions to obtain or renew maintenance contracts on their personal knowledge of equipment performance and maintenance. By entering data from service reports in a maintenance management system and by reviewing the data, contracting officer's representatives would be able to assess the results of equipment maintenance and the cost-effectiveness of maintenance contracts. The maintenance management system is needed to provide the contracting officer's representatives data to make objective decisions on expending resources for contracted maintenance service. Otherwise, WHCA cannot be assured that maintenance contracts represent the best value.

Recommendations and Management Comments

C. We recommend that the Commander, White House Communications Agency:

1. Develop a comprehensive plan that includes needed personnel, funding, and the target date for the immediate implementation of the Maintenance Control System II.

2. Determine the amount of excess repair parts on hand in the Logistics Branch and operational units and turn in all excess.

3. Direct contracting officer's representatives to prepare and update lists of equipment covered under maintenance contracts as required by the Defense Information Systems Agency Acquisition How To Guide.

4. Establish procedures to use the vendor-provided service reports in assessing the cost-effectiveness of maintenance contracts with commercial vendors.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) concurred in the recommendations and stated that WHCA would develop a plan for the implementation of the

Finding C. Management of Maintenance Operations

Maintenance Control System II by December 15, 1995. The WHCA implementation of the Maintenance Control System II would facilitate the determination of excess repair parts on hand and the management of maintenance contracts. In addition, the Maintenance Branch of the Staff Support Unit will provide oversight of maintenance contracts, and contracting officer's representatives will prepare and update lists of equipment on maintenance contracts.

Finding D. Management of Nonexpendable Property and Expendable Supplies

The WHCA had not established accountability for all nonexpendable⁴ property on hand and had excess expendable⁵ supplies on hand. Accountability for all nonexpendable property was lacking because WHCA had not established adequate procedures for receiving property and recording it in the property book. Excess expendable supplies were on hand because WHCA did not periodically review on-hand inventory levels. As a result, property estimated at about \$577,000 was not accounted for and is at risk for potential waste or loss and about \$226,000 in excess expendable supplies is on hand.

Accountability of Nonexpendable Property

DoD Requirements Related to Nonexpendable Property. DoD Regulation 4140.1-R, "Materiel Management," January 1993, defines property accountability as the assignment of duties and responsibilities to an individual or organization that mandates jurisdiction, security, and answerability over Government property. Property accountability records are maintained to provide information necessary to properly account for materiel, to exercise other inventory management responsibilities, and to lower the risk of waste or loss. As of June 2, 1995, the WHCA property book listed 45,624 nonexpendable items valued at about \$136 million, of which items valued at about \$118 million (87 percent) are commercial off-the-shelf equipment.

Establishment of Property Accountability. WHCA Instruction 735-1, "Property Accountability," September 23, 1992, requires the Logistics Branch of the WHCA Staff Support Unit to maintain a property book of nonexpendable property. The property book shows who has been issued the property, thereby establishing accountability. In addition, the property book contains information such as item description, quantity on hand, unit price, and receipt and issue histories. To record property in the property book, the WHCA property book officer relied primarily on Logistics Branch warehouse personnel to receive

⁴Nonexpendable property, such as radios, computers, and vehicles, requires accountability at the user level to ensure Government resources are safeguarded and properly used.

⁵Expendable property, such as cleaning and maintenance supplies and paper products, either loses its identity or is consumed in use. With some exceptions, WHCA considered items with a unit price of less than \$100 as expendable property.

Finding D. Management of Nonexpendable Property and Expendable Supplies

property entering WHCA and to send him data on property received. The WHCA property book officer also relied on the staff elements and operational units to send him data on nonexpendable property they received.

Comparison of Property On Hand to Property Book Records

Initial Receipt of Property in WHCA. Property was frequently not reported to the property book officer when items were received. WHCA informally designated the Logistics Branch as the control point to ensure all nonexpendable property is added to the property book when first received within WHCA. WHCA Instruction 5-7, "Submission and Management of Project Requests," June 4, 1993, requires WHCA staff elements and operational units to forward purchase requests to the Logistics Branch. The Logistics Branch determines whether the purchase request is for nonexpendable or expendable property and in the document register, assigns an inventory document number to the purchase request. When the items on the purchase request are received by Logistics Branch personnel, they update the document register to show receipt, partial receipt, or cancellation; close the inventory number when all items on the purchase request are either received or canceled; assign accountability for nonexpendable items in the property book; and issue the items to the accountable person.

Guidance Issued on Receiving Procedures. As a result of the audit, the WHCA Commander issued a memorandum on July 31, 1995, that identified the Logistics Branch as the only receiving point for property in WHCA. To emphasize that guidance, Instruction 735-1 should also designate the Logistics Branch as the control point for receiving nonexpendable property to help ensure property data are accurate on the document register and reported to the property book officer to establish accountability.

Open Purchase Requests for Property Received. Before the Commander identified the Logistics Branch as the control point for the receipt of property, all property entering WHCA was not delivered to the Logistics Branch. Staff elements and operational units received property directly from commercial vendors and did not report receipt to the Logistics Branch. During January 1993 through May 1995, staff elements and operational units submitted 118 purchase requests to the Logistics Branch that were still open as of July 24, 1995. Personnel from the staff elements and operational units signed receiving reports for 16 of those purchase requests. The 16 purchase requests were for 380 pieces of equipment, valued at about \$161,000 (see Appendix K, Table K-1), including software, computer monitors, a diesel engine, and generators.

The Logistics Branch did not close the 16 purchase requests after the property was received because the staff elements and operational units did not reconcile receipt of the property to the document register. The Logistics Branch "How To Guide," January 1, 1995, requires the staff elements and operational units to perform a monthly reconciliation to verify that the document register accurately

Finding D. Management of Nonexpendable Property and Expendable Supplies

reflects items due in for WHCA. As of July 31, 1995, the Logistics Branch still had not closed the inventory document numbers for the 16 purchase requests in the document register. Further, because the receiving reports did not identify the items by serial number, our audit could not verify whether the Logistics Branch established accountability in the property book for the 380 items. The Logistics Branch should determine whether the 380 nonexpendable items were reported for assignment of accountability and should review the status of the other 102 open purchase requests to determine whether property has been received.

Computer Equipment Not Recorded in the Property Book. WHCA did not establish accountability over computer equipment used to operate the WHCA computer network. During 1992 and 1993, one operational unit received 34 items of computer equipment (see Appendix K, Table K-2) directly from a commercial vendor without reporting the receipt of the property to the Logistics Branch. Although, the computer equipment, valued at about \$555,000, was not listed in an open purchase request in the document register or in the property book, the operational unit obtained a maintenance contract for the equipment. Officials in the operational unit verified that the 34 items of computer equipment were on hand, but could not explain why the property was not reported to the Logistics Branch.

Photographic Equipment Not Recorded in the Property Book. In December 1994, WHCA assigned an officer to investigate the loss of photographic equipment. While investigating the loss of the equipment, the WHCA investigating officer performed an inventory to verify whether the equipment was, in fact, lost. In addition to verifying which equipment had been lost, the investigating officer identified 47 pieces of photographic equipment, valued at about \$22,000 (see Appendix K, Table K-3), that was on hand, but not recorded in the property book. The investigating officer was unable to determine when WHCA received the equipment and why it had not been added to the property book. As of July 31, 1995, the equipment still had not been recorded in the property book or assigned accountability.

Improving Accountability for Nonexpendable Property. The audit identified 81 items of equipment, estimated at about \$577,000, that were not recorded in the WHCA property book. In addition, 380 items of equipment, estimated at \$161,000, may not be recorded in the WHCA property book. If the Logistics Branch receives all new equipment as the control point and the staff elements and operational units perform the required monthly reconciliations of the document register, accountability will help lower the risk of loss of nonexpendable equipment.

Maintaining Accountability of Property Recorded in the Property Book

Comparison of Property Book Records to Property On Hand. Once property had been recorded in the property book, WHCA effectively maintained

Finding D. Management of Nonexpendable Property and Expendable Supplies

accountability. We statistically selected (see Appendix L) 400 property items from the WHCA property book to physically verify the existence and accountability of each item. The property book officer assigned accountability for each of the 400 items. Of the 400 items selected, we did not review 5 items because of their locations. For 392 of 395 items reviewed, we verified physical existence and accountability. Based on the results of our sample, we estimated with 90-percent confidence that the physical existence of no more than 576 (1 percent) of the 45,624 items recorded in the property book could not be verified. We also estimated with 90-percent confidence that the items that could not be physically verified were valued at no more than \$732,000 or .5 percent of the total property book value of about \$136 million. In addition, we estimated with 90-percent confidence that among the 45,624 items recorded in the property book, no more than 734 items, valued at no more than \$3.8 million, could not be physically reviewed because of the locations. The review results demonstrated that WHCA had established effective accountability procedures for property recorded in the property book and that WHCA personnel emphasized those accountability procedures.

Management of Expendable Supplies

Items Stocked in the WHCA Self-Service Supply Center. The Logistics Branch operates a self-service supply center to provide common, expendable administrative supplies to WHCA. Items stocked in the supply center included administrative, cleaning, and maintenance supplies; various paper products; and spare components for administrative equipment. The cost per item stocked in the supply center ranged from \$.06 to \$225. As of May 27, 1995, the Logistics Branch stocked 1,022 items, valued at \$306,664, in the supply center.

Requisition Objective for Items Stocked in the Self-Service Supply Center. The WHCA requisition objective of 180 days was too high and should be reduced to 90 days. The Logistics Branch established the 180-day requisition objective for each item in the supply center. The requisition objective is the maximum quantity of an item authorized to be on hand and on order at any time. A day of supply is based on the daily use of an item. DoD Regulation 4140.1-R, "Materiel Management," January 1993, states that inventory of an item should be reassessed at least once a year and that demand frequency information should be maintained to aid in inventory decisions.

Inventory Based on a Lower Requisition Objective. The requisition objective should consider the length of time needed to obtain replenishment stocks. The WHCA obtains items stocked in the supply center from local Government supply sources or commercial vendors. We reviewed stock requisitions submitted by the Logistics Branch during January 5 through May 10, 1995. On average, the Logistics Branch received replenishment stock in 26 days. Based on the average length of time to receive replenishment stocks, the requisition objective could be reduced to 90 days without jeopardizing the WHCA mission. Based on a 90-day requisition objective, 657 (64.3 percent) of 1,022 items had excess stock on hand. The excess stock was valued at \$186,764.

Finding D. Management of Nonexpendable Property and Expendable Supplies

Inventory of Supplies with No Demand Frequency. The supply center had stock on hand that was not justified based on the low demand of the items. The demand frequency indicates the number of requests for a particular item during a period of time. The Logistics Branch had not established procedures to periodically review the demand frequency of each item. We determined that 123 (12.0 percent) of 1,022 items had no demands during April 1994 through March 1995. The 123 items were valued at \$39,609. Stocking excess items in the supply center unnecessarily expends Government funds and subjects resources to potential loss through pilferage or breakage.

Benefits Related to Reducing the Requisition Objective. The supply center had more items on hand than were needed to support the WHCA mission. As a result of the audit, management lowered the requisition objective from 180 to 90 days and, as of July 31, 1995, had begun removing excess supplies from the supply center. By reducing the requisition objective for expendable items to 90 days and by eliminating excess expendable items with no demand histories, WHCA could put \$226,373 to better use (see Appendix Q).

Recommendations and Management Comments

Deleted Recommendation and Renumbered Recommendations. As a result of information provided by management, we deleted draft report Recommendation D.1. to establish accountability for certain computers, and we renumbered the other recommendations accordingly.

D. We recommend that the Commander, White House Communications Agency:

1. Revise Instruction 735-1, "Property Accountability," September 23, 1992, to:

a. Designate the Logistics Branch as the control point for receiving all newly acquired nonexpendable property before the property is issued to the staff elements and operational units.

b. Direct the staff elements and operational units to perform monthly reconciliations of the document register to ensure that the document register shows all property received.

2. Direct the Logistics Branch to determine whether the 380 pieces of nonexpendable equipment (see Appendix K, Table K-1) received by staff elements and operational units are recorded in the property book and to review the 102 open purchase requests in the document register as of July 24, 1995, to determine whether the requested property has been received.

3. Record in the property book the 34 items of computer equipment and 47 items of photographic equipment shown in Appendix K, Tables K-2 and K-3, that are on hand, but not recorded in the property book.

Finding D. Management of Nonexpendable Property and Expendable Supplies

4. Establish procedures to annually review requisition objectives for expendable equipment as required by DoD Regulation 4140.1-R, "Materiel Management," January 1993, and to assess continued justification to stock an item based on demand frequency.

5. Turn in all excess inventory of expendable property and maintain inventory levels as determined by assessments required in Recommendation C.4.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) concurred in the recommendations and stated that WHCA would revise its instruction on property accountability by November 30, 1995, and ensure requisitions are reconciled with the document register. WHCA had recorded the computer and photographic equipment on the property book and implemented a 90-day requisition objective for expendable supplies. In addition, except for certain items, WHCA will turn in excess expendable supplies by December 15, 1995. For certain items, WHCA expects to deplete the excess during 1996.

Finding E. Inauditable Short-Haul Telecommunications Equipment and Services Inventory

The WHCA inventory of short-haul telecommunications equipment and services⁶ is neither complete nor accurate. The inventory is neither complete nor accurate because the Telecommunications Certification Office (TCO) did not record about 10 percent of the communications equipment and services and failed to terminate short-haul telecommunications equipment and services from the inventory or to properly update the costs for short-haul telecommunications equipment and services. Further, the TCO had not established or implemented procedures to verify that inventory records were properly maintained. As a result, the inventory of short-haul telecommunications equipment and services could not be audited. Further, WHCA could not properly perform a review and revalidation of communications requirements or adequately assess the cost-effectiveness of the configurations for the short-haul telecommunications equipment and services. In addition, without a complete and accurate inventory, WHCA is at risk of paying for unneeded equipment and services or for services that have been disconnected.

Guidance on the Management of Short-Haul Communications

DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services," December 5, 1991, and DoD Instruction 4640.14, "Base and Long-Haul Telecommunications Equipment and Services," December 6, 1991, require DoD Components to establish a review and revalidation program for all short-haul telecommunications equipment and services, to ensure that only telecommunications equipment and services with a bona fide need are procured, and to maintain communications systems in a cost-effective configuration. DoD Components are also required to maintain an inventory of short-haul telecommunications equipment and services.

The guidance also states that with the first inventory and every 2 years thereafter, the DoD Components shall review and revalidate all requirements for short-haul telecommunications equipment and services and shall evaluate all contracts for the equipment and services to verify that each is still needed and represents an economical acquisition. Further, the purpose of the review and revalidation program is to ensure that unneeded and uneconomical contracts for telecommunications services are terminated and that all systems are maintained in a cost-effective configuration. Results of the review and revalidation should be documented and retained for subsequent analysis.

⁶Services include circuits, maintenance, and other communications charges.

Finding E. Inauditable Short-Haul Telecommunications Equipment and Services Inventory

Short-Haul Telecommunications Equipment and Services

Short-haul telecommunications are the facilities, equipment, and services used to communicate within the confines of a post, camp, station, base, installation, headquarters, or Federal building. Short-haul telecommunications include the local interconnect trunk lines to the first serving commercial central telephone office that provides telecommunications service to the local community.

The short-haul telecommunications equipment and services at WHCA consist of measured business lines, off-premise-exchange lines, direct-inward-dialing lines, centrex lines, and miscellaneous lines. WHCA procured short-haul telecommunications equipment and services from local telecommunications vendors to provide permanent Presidential communications support.

Inaccurate Inventory of Short-Haul Telecommunications Equipment and Services

We obtained from WHCA an inventory of short-haul telecommunications equipment and services as of May 26, 1995. The inventory contained 8,795 short-haul telecommunications equipment and services items and showed costs of about \$9 million annually. However, WHCA budgeted \$4 million for short-haul telecommunications, but according to monthly bills received from local telecommunications vendors, WHCA expended only about \$3.3 million from April 1994 to April 1995 for short-haul telecommunications equipment and services. TCO personnel stated the inventory was developed in 1992, but contained many inaccuracies because it was not properly maintained. Specifically, TCO personnel stated that they did not record about 10 percent of telecommunications equipment and services in the inventory, delete from the inventory an unquantifiable number of disconnected short-haul telecommunications equipment and services, and update changes to costs for short-haul telecommunications equipment and services in the inventory.

Attempt to Establish an Inventory

We attempted to establish an accurate inventory of short-haul telecommunications equipment and services by seeking independent sources other than WHCA. However, because short-haul telecommunications is not centrally managed within DoD or DISA, no other source could be used. We also tried to create an inventory by tracking the equipment and services procured by WHCA to contractual documents. We judgmentally selected 2 Customer Service Records that represented 59 accounts that were billed a total of \$70,292, for April 1995. A Customer Service Record is a list that identifies by Universal Service Order Code all equipment, services, and costs procured

Finding E. Inauditable Short-Haul Telecommunications Equipment and Services Inventory

under a contract. We attempted to match the Universal Service Order Codes shown on the Customer Service Records with Universal Service Order Codes shown on the contractual documents, the Communications Service Authorizations (CSAs). We were not able to make a valid comparison of those documents, because the Universal Service Order Codes shown on the Customer Service Records did not match the Universal Service Order Codes shown on the CSAs. WHCA management also attempted a reconciliation between the Customer Service Records and the CSAs, but could not match the Universal Service Order Codes to the two documents. Further, the costs associated with the Universal Service Order Codes in the Customer Service Records did not match the costs in the CSAs. TCO personnel could not explain the differences between the item cost shown on the Customer Service Record and the item cost shown on the CSA. Based on our analysis, we determined that an inventory could not be created, and we terminated our audit effort for this area.

Corrective Action Initiated

WHCA management initiated action to correct the problems with the inventory of short-haul telecommunications equipment and services. Therefore, we agreed to reassess the auditability of the WHCA inventory if WHCA could correct the inaccuracies before the conclusion of audit field work. However, when our audit field work ended, WHCA had not corrected all the inaccuracies. We will attempt to pursue this matter in the second phase of the audit if remaining inaccuracies are corrected.

Recommendations and Management Comments

E. We recommend that the Commander, White House Communications Agency:

1. Establish a complete and accurate inventory of the White House Communications Agency short-haul telecommunications equipment and services as required by DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services," December 5, 1991; and DoD Instruction 4640.14, "Base and Long-Haul Telecommunications Equipment and Services," December 6, 1991.

2. Establish procedures to maintain inventory records that are complete and accurate as required by DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services," December 5, 1991; and DoD Instruction 4640.14, "Base and Long-Haul Telecommunications Equipment and Services," December 6, 1991.

Finding E. Inauditable Short-Haul Telecommunications Equipment and Services Inventory

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) concurred with the recommendations, stating that WHCA is completing an inventory of circuits and is formalizing procedures for maintaining inventory records in WHCA Voice Switching Unit Standard Operating Procedures documents. The actions are scheduled for completion by September 30, and March 31, 1996, respectively.

Finding F. Termination of Long-Haul Telecommunications Circuits and Equipment Items

The WHCA paid for 21 leased long-haul telecommunications circuits and equipment items that were no longer required. In addition, WHCA did not maintain a complete inventory of long-haul telecommunications equipment and services. The unnecessary payments occurred because WHCA had not established a review and revalidation program in accordance with DoD policy and did not revalidate requirements for 263 leased long-haul telecommunications circuits and equipment items costing \$4.7 million annually. The inventory was not complete because WHCA did not keep records on all telecommunications equipment and services. During the audit, WHCA terminated 10 of the circuits and equipment items. By terminating the remaining 11 circuits and equipment items, a total of about \$759,212 could be put to better use during the execution of the FYs 1996 through 2001 Future Years Defense Program. In addition, without a complete and accurate inventory, WHCA could not properly perform a review and revalidation of communications requirements or adequately assess the cost-effectiveness of the configurations for the long-haul communications equipment and services and is at risk of overbudgeting or underbudgeting funds for the payment of telecommunications equipment and services.

Background

Guidance on the Management of Communications. DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services," December 5, 1991, and DoD Instruction 4640.14, "Base and Long Haul Telecommunications Equipment and Services," December 6, 1991, require that DoD Components discontinue telecommunications equipment and services for which a bona fide need no longer exists. DoD Components are also required to establish a review and revalidation program for all long-haul telecommunications equipment and services, ensure that only telecommunications equipment and services with a bona fide need are procured, maintain communications systems in cost-effective configurations, and maintain an inventory of long-haul telecommunications equipment and services.

The guidance also states that with the first inventory and every 2 years thereafter, the DoD Components shall review and revalidate all requirements for long-haul telecommunications equipment and services and shall evaluate all contracts for the equipment and services to verify that each is still needed and represents an economical acquisition. Further, the purpose of the review and revalidation program is to ensure that unneeded and uneconomical contracts are

Finding F. Termination of Long-Haul Telecommunications Circuits and Equipment Items

terminated and that all systems are maintained in a cost-effective configuration. Results of the review and revalidation should be documented and retained for subsequent analysis.

DoD Directive 5105.19, "Defense Information Systems Agency (DISA)," June 25, 1991, states that DISA is responsible for planning, developing, and supporting command, control, communications, and information systems that serve the needs of the National Command Authorities under all conditions of peace and war. The Defense Communications System (DCS) is the primary system providing long-haul telecommunications equipment and services to DoD organizations and WHCA. Appendix D contains more details on the DCS. The DISA is responsible for ensuring that the DCS is planned, improved, operated, maintained, and managed effectively and efficiently.

Organizations Involved in the Procurement Process. DISA operates the Communications Information Services Activity to procure authorized commercial communications services, facilities, and equipment for DoD, including WHCA, and other Government agencies. Procurements are carried out by the Defense Information Technology Contracting Office (DITCO), which is the operating arm of the Communications Information Services Activity. The DITCO issues CSAs, as part of the procurement process, to obtain telecommunications services.

WHCA Procurement Process. CSAs are orders for service contracts normally placed against basic ordering agreements, established by DITCO, with various communications vendors. CSAs are authorized by the Allocation and Engineering Section, Defense Certification Office, DISA, through Telecommunications Service Orders. A Telecommunications Service Order is based on a Telecommunications Service Request that the WHCA TCO submits to the Allocation and Engineering Section, Defense Certification Office, DISA. Each Telecommunications Service Request is based on a Request for Service that a communications manager or user official (such as a local commander, a major command's communications manager, or a network's communications manager) submits to the WHCA TCO. The WHCA requirements for telecommunications equipment and service are primarily established by the WHMO and operational units within WHCA. To connect new equipment or service or to reconfigure, reroute, or disconnect existing equipment or service, a communications manager or an official from the user organization must prepare a Request for Service.

WHCA Certification Process. The WHCA TCO performs the certification function within WHCA. The certification official reviews each Request for Service, prepares the subsequent Telecommunications Service Request, and certifies that each Telecommunications Service Request is valid, approved, and funded.

Finding F. Termination of Long-Haul Telecommunications Circuits and Equipment Items

Telecommunications Circuits and Equipment No Longer Required

The WHCA paid \$9,781 a month, or \$117,372 annually, for 21 leased long-haul telecommunications circuits and equipment items that were no longer required (see Appendix M). The 21 circuits and equipment items represent 8 percent of the circuits and equipment items reviewed. Management took prompt action to terminate 10 of the unneeded circuits and equipment items during the audit. Although we believe the requirements for the remaining 11 circuits and equipment items were not justified, management had not yet reached a conclusion as of August 1995 on the disposition of those circuits and equipment items.

Termination of Telecommunications Circuits and Equipment

The prompt actions taken by WHCA communications managers to terminate 10 unneeded circuits and equipment items are commendable. However, Requests for Service should be promptly issued through designated channels to terminate the remaining 11 circuits and equipment items that are no longer needed. Termination of all 21 unneeded circuits and equipment items will reduce expenditures by about \$759,212 during the execution of the FYs 1996 through 2001 Future Years Defense Program (see Appendix N).

Review and Revalidation Program

The WHCA did not implement the required review and revalidation program and did not revalidate requirements for 263 leased long-haul telecommunications circuits and equipment items costing \$4.7 million annually. DoD Directive 4640.13 and DoD Instruction 4640.14 require the DoD Components to establish a review and revalidation program for all long-haul telecommunications equipment and services. Our review showed that 188 long-haul circuits and equipment items were placed in service more than 2 years ago and should have been reviewed and revalidated. If WHCA had established a formal review and revalidation program and had revalidated the requirements for the 188 long-haul circuits and equipment items in accordance with DoD Directive 4640.13 and DoD Instruction 4640.14, WHCA may have discovered 18 of the 21 circuits and equipment items that were no longer required. Three of the circuits and equipment items no longer required were among the 75 that were placed in service less than 2 years ago and, therefore, would not have been candidates for the review and revalidation process.

Finding F. Termination of Long-Haul Telecommunications Circuits and Equipment Items

Office of the Inspector General, DoD, Report No. 93-018, "Disposition of Telecommunications Services and Equipment at Pease Air National Guard Base," November 6, 1992, also noted that WHCA did not have a review and revalidation program. According to WHCA personnel, in response to the report, procedures were initiated to review the requirements for telecommunications equipment and services. However, as of August 1995, WHCA has not implemented the required review and revalidation program in accordance with DoD Directive 4640.13 and DoD Instruction 4640.14.

Telecommunications Equipment and Services Inventory

The audit universe consisted of 263 long-haul telecommunications circuits and equipment items. The inventory maintained by WHCA consisted of 176 long-haul telecommunications circuits and equipment items. The inventory was not complete because WHCA failed to record all the circuits and equipment items for the inventory. Without a complete and accurate inventory, WHCA could not properly perform a review and revalidation of communications requirements, adequately assess the cost-effectiveness of the configurations for the long-haul communications equipment and services, and is at risk of overbudgeting or underbudgeting funds for the payment of equipment and services.

Recommendations and Management Comments

F. We recommend that the Commander, White House Communications Agency:

1. Initiate Requests for Service to terminate the 11 circuits and equipment items listed in Appendix M, Category 1.
2. Establish a review and revalidation program for all telecommunications equipment and services, and review and revalidate all telecommunications equipment and services every 2 years.
3. Establish a complete and accurate inventory of long-haul telecommunications equipment and services.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) concurred with the recommendations, stating that action is under way to revalidate the 11 circuits identified in the finding. The Assistant Secretary also stated that WHCA is formalizing procedures to review and revalidate one-eighth of the long-haul circuits each quarter. Finally, WHCA will establish an inventory during implementation of the review and validation program.

Finding G. Verification of Telecommunications Services

Before certifying that the charges were accurate, WHCA did not validate Customer Cost and Obligation Reports that listed charges for long-haul telecommunications for equipment and services. Validation did not occur because WHCA had no procedures for verifying the accuracy of vendor charges. As a result, WHCA has no assurance that payments will cease for terminated services or that payments will not be initiated for services ordered but not installed. If WHCA implements effective procedures to verify telecommunications equipment and services bills, about \$294,000 could be put to better use during the execution of the FYs 1996 through 2001 Future Years Defense Program.

Guidance on the Payment of Telecommunication Services

DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services," and DoD Instruction 4640.14, "Base and Long-Haul Telecommunications Equipment and Services," requires DoD Components to reconcile all invoices for short-haul and long-haul communications to inventories of telecommunications services and to supporting acquisition documents before authorizing payment in order to verify that the DoD pays only for services received.

Long-Haul Telecommunications Equipment and Services

WHCA Payment Process. DISA operates the Communications Information Services Activity to procure authorized commercial communications services, facilities, and equipment, for DoD, including WHCA, and other Government agencies. Procurements are carried out by the DITCO, which is the operating arm of the Communications Information Services Activity. The DITCO issues CSAs, as part of the procurement process, to obtain telecommunications services. In addition, DITCO sends Standard Form 1080, "Voucher for Transfer Between Appropriations and/or Funds," to WHCA and DFAS every month to receive reimbursement for telecommunications equipment and services procured for WHCA. DITCO also sends the Customer Cost and Obligation Report to WHCA. That report provides the detailed listing of the telecommunications equipment and services procured for WHCA and their associated costs. The DFAS is the organization that performs the finance and accounting functions for DoD organizations. Upon receipt of Standard Form 1080, DFAS executes an interfund transfer between the WHCA and DITCO

Finding G. Verification of Telecommunications Services

appropriation accounts for the amount shown on Standard Form 1080. For FY 1994, WHCA expended about \$7.5 million for its leased long-haul telecommunications equipment and services.

WHCA Verification Function. Within WHCA, the verification function for long-haul telecommunications equipment and services is the responsibility of the TCO. The TCO is responsible to review the monthly Customer Cost and Obligation Report to verify its accuracy and to certify that the equipment and services were received.

Verification of Telecommunications Bills

WHCA did not verify the accuracy of the Customer Cost and Obligation Report for long-haul telecommunications equipment and services. Specifically, the TCO certified payment without reconciling the items listed on the monthly Customer Cost and Obligation Report to the inventories of telecommunications equipment and services and to supporting acquisition documentation. Consequently, TCO personnel neither detected errors nor requested needed adjustments to the bills. Personnel in the TCO stated they did not verify the accuracy of the Customer Cost and Obligation Report against existing services because of a lack of time and resources. As a result, WHCA has no assurance that payments will cease for terminated services or that payments will not be initiated for services ordered but not installed.

Erroneous Payments

Our review of the April 1995 Customer Cost and Obligation Report identified eight questionable charges. Six of the charges were for services that were terminated in June 1994, and two were erroneous charges for existing services. Because the bills were not reviewed, WHCA needlessly expended about \$38,000 from June 30, 1994, to April 30, 1995. Further, unless verification procedures are implemented, WHCA may needlessly expend about \$45,000 annually (see Appendix O). Additionally, about \$294,000 (Appendix P) could be put to better use during the execution of the FYs 1996 through 2001 Future Years Defense Program if WHCA implements needed procedures.

Recommendation and Management Comments

G. We recommend that the Commander, White House Communications Agency, establish procedures to verify the accuracy of the Customer Cost and Obligation Report on a monthly basis.

Finding G. Verification of Telecommunications Services

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) concurred with the recommendation, stating that WHCA has changed procedures to ensure the Telecommunications Certification Office will receive and verify the accuracy of the Customer Cost and Obligation Report.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope

The Chairman, House Committee on Government Reform and Oversight; the Chairman, House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight; and the Deputy Secretary of Defense requested the audit. During this phase of the audit, we reviewed the following topics related to the management and activities of the WHCA:

- o the mission and funding of WHCA,
- o reimbursement and reporting of communications support to the Secret Service,
- o acquisition planning for contracts costing more than \$25,000,
- o management of maintenance operations,
- o accountability of nonexpendable property and the management of expendable supplies, and
- o requirements for single and multichannel leased and Government-owned short-haul and long-haul telecommunications equipment and services.

We reviewed records, dated from July 1967 to September 1995, relating to the management and activities of WHCA. Details on the audit scope and methodology are provided below by finding.

Methodology

Finding A. Services Provided to the White House. We reviewed the mission and funding of WHCA. Specifically, we:

- o reviewed Defense Communications Agency (now DISA) circulars, congressional testimony, legal opinions, various White House correspondence, and the agreement between WHCA and the White House concerning the transfer of WHCA equipment to the White House;
- o reviewed the WHCA project files and related documentation pertaining to stenographic and news wire services; and
- o interviewed personnel from various WHCA organizational units.

We did not use computer-processed data or statistical sampling procedures for this portion of the audit.

Finding B. Reimbursement and Reporting of Communications Support for the Secret Service. We determined whether the Secret Service reimbursed WHCA for all reimbursable communications support and whether WHCA reported costs of all communications support provided to the Secret Service. Specifically, we:

- o reviewed criteria pertaining to reimbursement and reporting of communications support of the Secret Service to include public laws, DoD directives and instructions, DISA legal opinions, and the 1989 memorandum of understanding between WHCA and the Secret Service; and

- o reviewed semiannual reports of reimbursable support costs for FYs 1991 through 1994; monthly reports of reimbursable support costs for FYs 1992 and 1993; and bills sent to the Secret Service for FYs 1992 through 1994.

Also, we interviewed personnel:

- o at WHCA on types of communications support provided to the Secret Service, accounting for costs associated with the support, billing for the support, and preparing semiannual reports of support costs;

- o at DFAS on billing the Secret Service for reimbursable support;

- o at the Office of the Under Secretary of Defense (Comptroller) on reimbursement procedures and rates; and

- o at the Washington Headquarters Services, Office of the Secretary of Defense, on reporting costs in support of the Secret Service.

We did not use computer-processed data or statistical sampling procedures for this portion of the audit.

Finding C. Management of Maintenance Operations. We reviewed the WHCA procedures for managing maintenance of equipment. Specifically, we:

- o reviewed DoD and Army guidance for managing maintenance inventories and DISA guidance for contract administration;

- o reviewed procedures contracting officer's representatives used for maintaining lists of equipment under maintenance contracts and for documenting maintenance performed;

- o reviewed project and contract files for the procurement of the Maintenance Control System II and discussed maintenance procedures and the development of the system with maintenance personnel in five of seven operational units;

Appendix A. Scope and Methodology

- o reviewed 32 equipment maintenance contracts, valued at \$2.8 million, and associated records and interviewed the 27 contracting officer's representatives responsible for those contracts; and

- o assessed the adequacy of inventory levels and inventory records and the accountability of repair parts used for equipment maintenance.

We did not determine the reliability of computer-processed data, but reliability would not affect audit results, and we did not use statistical sampling procedures for this portion of the audit.

Finding D. Management of Nonexpendable Property and Expendable Supplies. We reviewed the accountability of nonexpendable property and the management of expendable supplies.

For nonexpendable property, we:

- o reviewed DoD and Army guidance for accounting for nonexpendable property;

- o reviewed procedures for receiving, accounting, and inventorying property listed on the property book;

- o interviewed WHCA personnel responsible for property accountability; and

- o selected statistically for review 400 of the 45,624 nonexpendable items listed on the property book. The sampling plan is described in detail in Appendix L.

For expendable property, we:

- o reviewed self-service supply center documents related to issuing and receiving supplies and requisition objectives and evaluated procedures for issuing expendable supplies;

- o analyzed the stock levels and demand histories for April 1994 through March 1995 for the 1,022 expendable supply items stocked in the self-service supply center and examined replenishment requisitions for expendable supplies submitted during January 5 through May 10, 1995;

- o monitored an inventory of the self-service supply center that WHCA personnel performed; and

- o interviewed Logistics Branch personnel responsible for expendable supplies.

We used computer-processed data from the property book system and the self-service supply center to identify the property and supplies on hand and to determine the demand histories of the supplies. We assessed the accuracy of the data by reviewing controls on data entry. Statisticians from the Quantitative

Methods Division of the Office of the Inspector General, DoD, assisted in selecting a statistical sample of nonexpendable property for review and in analyzing the results of the review.

Finding E. Inauditable Short-Haul Telecommunications Equipment and Services Inventory. We planned to review (but were unable to do so because the inventory of short-haul telecommunications was determined to be inauditable) the requirements for single-channel and multichannel leased and Government-owned short-haul telecommunications equipment and services. Specially, we:

- o obtained from the WHCA TCO an inventory of 8,795 short-haul telecommunications equipment and services that WHCA indicated were leased as of May 26, 1995, the cutoff date of the inventory;

- o determined the cost to the Government for the short-haul telecommunications equipment and services to be \$9.0 million annually;

- o attempted to identify an independent source from which to construct an inventory of WHCA short-haul telecommunications equipment and services; and

- o performed sample tests on the telephone bills for WHCA short-haul telecommunications equipment and services to determine whether the billed services were those ordered in the original contracts.

The auditors determined, through discussions with TCO officials, that the inventory was only 90-percent complete. The TCO official stated that short-haul circuits, long-haul circuits, and inactive circuits were recorded in the inventory along with outdated costs. The auditors attempted to establish an accurate data base from the information provided.

Neither the auditors nor WHCA management officials were able to track the cost codes shown on the phone bills to cost codes shown in contracts. Therefore, the short-haul communications inventory could not be audited. We will conclude this portion in the second phase of the audit if WHCA establishes an auditable inventory of short-haul telecommunications. We did not use statistical sampling procedures for this portion of the audit.

Finding F. Termination of Long-Haul Telecommunications Circuits and Equipment Items. We reviewed the requirements for single-channel and multichannel leased and Government-owned long-haul telecommunications equipment and services. Specifically, we:

- o established a universe of 263 long-haul telecommunications equipment and services using the Defense Information Services Database System and Worldwide On-Line System, as of April 30, 1995, the cutoff date of the universe;

Appendix A. Scope and Methodology

- o established the cost to the Government for the long-haul telecommunications equipment and services to be \$4.7 million annually, exclusive of overhead and rate stabilization charges;

- o performed a 100-percent examination of the requirements of the 263 long-haul telecommunications equipment and service by reviewing Telecommunications Service Requests, Telecommunications Service Orders, and other historical documentation, dated from January 1985 through May 1995; and

- o contacted personnel identified as having knowledge about the use of or requirements for WHCA telecommunications equipment and services to help us determine whether requirements were valid.

We applied the following two criteria in determining whether the telecommunications equipment and services were justified:

- o a need to communicate must have existed on April 30, 1995, the cutoff date of our universe, and

- o the user must have been able to locate the actual telecommunications equipment and services.

If the telecommunications equipment and services failed to meet either criterion, we concluded that a valid requirement no longer existed for the telecommunications equipment or service.

We did not determine the reliability of computer-processed data, obtained from the Defense Information Services Database System and Worldwide On-Line System, that we used in performing the audit. Lack of determining reliability would not affect the audit results.

Finding G. Verification of Telecommunications Services. We reviewed the requirements for single-channel and multichannel leased and Government-owned long-haul telecommunications equipment and services. Specifically, we:

- o obtained through Customer Cost and Obligation Reports DITCO provided to WHCA the detailed support for SF 1080 documents issued by WHCA on April 30, 1995;

- o compared the telecommunications equipment and services and related costs in our universe to those listed in the April 30, 1995, Customer Cost and Obligation Report and identified any questionable charges;

- o researched the causes for the questionable charges; and

- o interviewed WHCA and vendor personnel to determine the payment process for long-haul telecommunications equipment and services.

We did not use computer-processed data or statistical sampling procedures for this portion of the audit.

Appendix A. Scope and Methodology

Audit Period and Standards. We performed this economy and efficiency audit from March through September 1995. The audit was performed in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. A list of organizations visited or contacted is in Appendix R.

Appendix B. Summary of Prior Audits and Other Reviews

The Inspector General, DoD, has issued 12 reports regarding contracting procedures and telecommunications services and equipment that were no longer required.

Contracting Procedures at DISA

Report No. 95-167, "Counternarcotics/Command and Management System," April 12, 1995. Rather than awarding contracts through full and open competition, the Defense Information Technology Contracting Office (DITCO) improperly awarded two sole-source contracts (DCA200-91-C-0028 and DCA200-93-D-0010), valued at \$18.4 million, for the operation and maintenance of the Counternarcotics/Command and Management System. Further, DISA contract DCA200-93-D-0010 subjects the U.S. Government to potentially unreasonable and unwarranted costs. As a result, contracting officials prevented other qualified vendors from competing for the contracts, unnecessary foreign post telephone and telegraph charges have been incurred, no incentive exists for the vendor to minimize costs, and the transfer of responsibility for Counternarcotics/Command and Management System management and operation from the DITCO to the Diplomatic Telecommunications Service, Department of State, was delayed because of confusion over the ownership and use of an 11-meter parabolic antenna.

The report states that competition in contracting for future Counternarcotics/Command and Management System services could reduce costs up to 25 percent and that reductions in foreign telecommunications carrier costs could total \$2.5 million. The report recommends precluding the use of option years in the existing contracts, requiring full and open competition for future Counternarcotics/Command and Management System contracts, evaluating the actions of contracting officials, negotiating reduced foreign carrier charges, and requiring valid subcontractor pricing data before contract negotiations. In response to the report, the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) agreed to propose to the Diplomatic Telecommunications Service that it review contracting provisions for Counternarcotics/Command and Management System support to allow for negotiation of foreign carrier charges. However, the Department of State declined to be involved in negotiations with host governments. The DISA agreed with the recommended actions and stated that DITCO does not plan to exercise option years for contract DCA200-91-C-0028; that any follow-on award will be in accord with policy on competitive awards; and that DISA had completed an audit of contracting actions and an investigation of contracting officials involved in the award of contracts DCA200-91-C-0028 and

Appendix B. Summary of Prior Audits and Other Reviews

DCA200-93-D-0010 and will issue a final evaluation report no later than August 31, 1995. The DISA also stated that decisions concerning negotiation of foreign carrier charges would be made on a case-by-case basis.

Telecommunications Equipment and Services No Longer Required at WHCA

Report No. 93-018, "Disposition of Telecommunications Services and Equipment at Pease Air National Guard Base," November 6, 1992. Telecommunications services between Kennebunkport, Maine, and Pease Air National Guard Base, formerly Pease Air Force Base, Portsmouth, New Hampshire, were not discontinued when requirements for the services no longer existed. The report states that 7 (47 percent) of 15 long-haul telecommunications circuits reviewed at Pease Air National Guard Base were no longer required; that WHCA did not maintain the documentation necessary to support telecommunications requirements at Pease Air National Guard Base; and for this segment of the communications function managed by WHCA, the review and revalidation program for leased telecommunications services was not effective. DoD could have avoided communications costs estimated at \$151,000 if WHCA had taken action to discontinue the services. When this matter was brought to the attention of WHCA, it took immediate action to discontinue the services and avoided additional costs of about \$272,000 during the execution of the FYs 1993 through 1998 Future Years Defense Program. The DISA fully concurred in the report, and WHCA indicated that it would begin a biennial review and revalidation program for leased long-haul telecommunications circuits. However, the current audit determined that the biennial review and revalidation program has never been implemented.

Telecommunications Equipment and Services No Longer Required at DoD Components

The following 10 Inspector General, DoD, audit reports discuss problems similar to those identified at WHCA and at other Inspector General, DoD, Defense organizations.

Report No. 95-074, "Requirements Validation for the Defense Logistics Agency Command and Control Voice Communication System," January 11, 1995.

Report No. 95-071, "Requirements Validation for Telecommunications Services-Philadelphia Area," January 6, 1995.

Report No. 94-173, "Selected Special-Purpose Telecommunications Circuits," August 8, 1994.

Appendix B. Summary of Prior Audits and Other Reviews

Report No. 94-120, "Telecommunications Circuit Allocation Programs-Jacksonville Area," June 6, 1994.

Report No. 94-072, "Telecommunications Circuit Allocation Programs-Kansas City Area," March 31, 1994.

Report No. 94-051, "Telecommunications Circuit Allocation Programs-San Antonio Area," March 11, 1994.

Report No. 93-114, "Management of Leased Modulators/Demodulators by the Air Mobility Command," June 30, 1993.

Report No. 93-021, "Management of Leased Modulators/Demodulators at Dover Air Force Base, Delaware," November 9, 1992.

Report No. 93-019, "Disposition of Telecommunications Services and Equipment at Eaker Air Force Base," November 6, 1992.

Report No. 90-005, "Requirements Validation for Telecommunications Services," October 16, 1989.

Appendix C. Other Matters of Interest

Circuits Leased for Persons Who Would Succeed To The Presidency

During our review of long-haul telecommunications circuits and equipment items, we found that WHCA leased circuits, costing about \$15,000 annually, that connected the White House telecommunications network to the residences of the 13 persons immediately next in order to succeed to the Presidency if the President became incapable of fulfilling his official duties. However, as defined in the Defense Communications Agency Circular 640-45-48, "White House Communications Agency," March 3, 1978, as revised July 17, 1989, the mission of WHCA is "to provide telecommunications and other related support to the President of the United States and to other elements related to the President." Therefore, we have doubts about the necessity of the requirements for those 13 circuits, and we believe the WHCA and the Office of Administration, Executive Office of the President, should reevaluate the continued need for the circuits. If the requirements for the circuits are determined to be invalid, the circuits should be terminated.

Procurement of Satellite Communications Terminals

Sole-Source Acquisition of Satellite Communications Terminals. DISA inappropriately planned to award a indefinite-delivery, indefinite-quantity contract on a sole-source basis to fulfill a nonrecurring requirement for mobile satellite communications terminals for WHCA. WHCA uses mobile satellite communications terminals outside the Washington, D.C., area to communicate with either commercial or military satellites.

WHCA Requirement for Satellite Communications Terminals. On October 14, 1993, the WHCA Commander approved funding for the acquisition of six (three in FY 1994 and three in FY 1995) terminals and, on July 13, 1994, WHCA issued a purchase request with funding of \$1.0 million to DISA for the FY 1994 procurement of three terminals. Including options for FYs 1995 through 1998, WHCA intended to procure a total of 12 terminals valued at \$6.1 million. On August 5, 1994, DISA offered the procurement to the Small Business Administration as a Section 8(a) set-aside and proposed an indefinite-quantity, indefinite-delivery contract with a guaranteed minimum quantity of 3 terminals and a maximum quantity of 12 terminals. DISA nominated a Section 8(a) company to the Small Business Administration as the contractor for the award. The Small Business Administration accepted the offer on August 10, 1994, and authorized DISA to negotiate directly with the Section 8(a) company.

Appendix C. Other Matters of Interest

DISA Selection of Contract Type and Method. The selection of a sole-source indefinite-delivery, indefinite-quantity contract is inappropriate. The planned contract exceeds the \$3.0 million threshold (defined in Federal Acquisition Regulation 19.805-1) that requires full and open competition. Also, Federal Acquisition Regulation 16.504(b) specified the use of indefinite-delivery, indefinite-quantity contracts for recurring requirements. WHCA correctly identified the terminal requirements as nonrecurring on WHCA Form 20, "WHCA Project Request." The appropriate contracting strategy would be a competitive award of a firm fixed-price contract with options.

Office of the Inspector General, DoD, Memorandum on Proposed Terminals Contract. In July 1995, we learned that DISA planned to award indefinite-delivery, indefinite-quantity contract DCA100-95-D-0106 in August 1995. We issued a memorandum, "Sole-Source Acquisition of Satellite Terminals for the White House Communications Agency," August 9, 1995, to the Director, DISA, requesting that his office not award the contract until we could resolve whether the award of an indefinite-delivery, indefinite-quantity contract on a sole-source basis would be appropriate. Furthermore, a prior Inspector General, DoD, audit report issued in April 1995 discusses DISA involvement in other sole-source contracts inappropriately awarded. See Appendix B for details on that report.

Corrective Action Taken. The planned DISA contracting action to use an indefinite-delivery, indefinite-quantity contract on a sole-source basis to buy a nonrecurring requirement of six terminals that exceeded prescribed dollar thresholds would have circumvented the Competition in Contracting Act. However, after our memorandum of August 9, 1995, requesting that DISA officials review the contract strategy, the Vice Director, DISA, sent us a memorandum, "Management Intent Regarding Awarding a Contract to *," September 22, 1995 (a copy of the memorandum follows), which states that DISA planned to limit the contract to three terminals and to procure any future quantities through full and open competition. Because DISA committed to award the contract for more terminals for WHCA through full and open competition, we are making no recommendations related to contracting for the terminals.

*The name of the Section 8(a) contractor has been removed at the request of DISA.

Appendix C. Other Matters of Interest



DEFENSE INFORMATION SYSTEMS AGENCY

701 S. COURT HOUSE ROAD
ARLINGTON, VIRGINIA 22204-2199



IN REPLY,
REFER TO:

Inspector General

22 September 1995

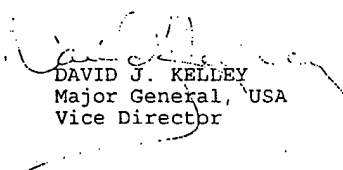
MEMORANDUM FOR DOD INSPECTOR GENERAL
ATTN: MR. THOMAS GIMBLE
DIRECTOR, READINESS & OPERATION SUPPORT
DIRECTORATE

SUBJECT: Management Intent Regarding Awarding a Contract
to *

Reference: Meeting Between DoDIG and Director DISA,
22 Sept 95

1. As discussed in referenced meeting, this memorandum is to document DISA's intent regarding the award to * for three KU Band terminals on an indefinite delivery, indefinite quantity contract. As stated in previous discussions between DISA and the DoDIG, it was never the intent of this agency to utilize the 8(a) set-aside sole source thresholds to circumvent competition. It remains DISA's position that our actions were in compliance with 8a thresholds and contracting regulations. However, our current plans are to limit the contract to GLS to the minimum quantity of three satellite terminals, and any further quantities procured will be through full and open competition.

2. If there are any further questions regarding this contract action, please call Mr. Philip Lavietes, AIG for Audits on (703) 607-6312.


DAVID J. KELLEY
Major General, USA
Vice Director

Quality Information for a Strong Defense

*The name of the contractor has been deleted at the request of DISA.

Appendix D. Glossary

CCSD. Command Communications Service Designator. An eight-character, alphanumeric designator assigned to each circuit (includes single-channel circuits, multichannel trunk circuits, and interswitch trunk circuits) or equipment in the DCS to identify the agency requiring service, the purpose and use, the category of service provided, and the unique circuit or equipment identity number.

Central Exchange (Centrex). A switching center provided by a telephone company to DoD customers that permits station-to-station dialing, listed directory number service, direct inward dialing, and station number identification on outgoing calls. The switching functions are performed in a central office, which eliminates the need for DoD installations to purchase or lease switching equipment.

Channel. A single unidirectional or bidirectional path for transmitting or receiving (or both) electronic signals, usually in a path that is distinct from other parallel paths.

Circuit. A communication capability between two or more users, between a user terminal and a switching terminal, or between two switches.

Dedicated Circuit. A circuit designated for exclusive use by specified users.

Defense Communications System. The DCS is a worldwide composite of DoD-owned and leased telecommunications subsystems and networks composed of facilities, personnel, services, and equipment under the management and operational direction of the DISA. The DCS provides long-haul, common-user or backbone (general-purpose), and dedicated or point-to-point (special-purpose) telecommunications services for the DoD and other Government organizations. The leased services consist of general-purpose networks, such as the Defense Information Systems Network (to be initially composed of the Defense Switched Network, the Defense Data Network, and Military Department subnetworks); the Federal Telephone System 2000; and special-purpose circuits, trunks, and networks. The DCS does not include mobile or transportable communications facilities and assets organic to military forces; tactical communications; base communications (communications within the confines of a post, camp, base, and station, including local interconnect trunks to the first commercial central office providing service in the local area); or on-site facilities associated with or integral to weapon systems, unless specifically designated as components of the DCS.

Defense Information Services Database System. An automated tool for management of long-haul telecommunications services provided through DISA. The Defense Information Services Database System contains contractual, financial, operational, and inventory information. It also contains a special software module to facilitate the biennial review and revalidation of telecommunications requirements.

Direct Inward Dialing. The ability for a caller outside a DoD installation to call an internal extension without having the call pass through an operator or attendant. A central office passes the call to a private branch exchange to the designated extension.

General-Purpose Network. A system of circuits or trunks between network switching centers or nodes allocated to provide communications service on a common basis to all connected subscribers. Sometimes described as a common-user network.

Ku Frequency Band. The Ku frequency band is an electromagnetic spectrum range used to communicate with commercial satellites. WHCA primarily uses commercial satellites in the United States to provide communications for the President.

Long-Haul Telecommunications. All general-purpose and special-purpose, long-distance facilities and services (including terminal equipment and local circuitry supporting the long-haul service) used to support the electromagnetic and/or optical dissemination, transmission, or reception of information via voice, data, video, integrated telecommunications, wire, or radio to or from post, camp, base, or station switch and/or main distribution frame (except for trunk lines to the first serving commercial central office for local communications services.)

Measured Service. For a fixed monthly fee, DoD customers receive an unlimited amount of local telephone calls and make a limited amount of calls as determined by the local telephone company. Each additional call made beyond the specified fee is billed to the DoD customer based on the distance of the call, the time of day, the day of the week, and the local company's tariffs.

Off-Premise Extension. Telephone service provided to a base, post, camp, or station located in a remote geographical region via another base, post, camp, or station's switch or Centrex service.

Request for Service. The document submitted by the requester (DoD and other Government agencies authorized by specific DoD agreement) to the designated TCO to connect new service or to reconfigure, reroute, or disconnect existing service.

Satellite Communications Terminals. Satellite communications terminals consist of an antenna and electronic equipment needed to communicate with commercial and Military Department satellites. WHCA uses the terminals on trips outside the Washington, D.C., area.

Section 8(a) Program. The Section 8(a) program affords small businesses, owned by minorities and other socially and economically disadvantaged individuals, equitable opportunity to compete for Government contracts. The Small Business Act (United States Code, title 15, section 637) assigned the Small Business Administration responsibility over the administration of the Section 8(a) program. A Government agency, such as DISA, establishes a contract with the Small Business Administration, which then subcontracts the

Appendix D. Glossary

work with an eligible Section 8(a) vendor. To participate in the Section 8(a) program, the small business must qualify under one or more of the standard industrial classification codes in the concern's approved business plan.

Short-Haul Telecommunications. Facilities, equipment, and services used to support the electromagnetic dissemination, transmission, or reception of information via voice, data, video, integrated telecommunications, wire, or radio within the confines of a post, camp, station, base, installation, headquarters, or Federal building. Short-haul telecommunications includes local interconnect trunks to the first serving commercial central office providing service to the local community and to other DoD Component facilities in the local area.

Telecommunications. Circuits or equipment used to support the electromagnetic and/or optical dissemination, transmission, or reception of information via voice, data, video, integrated telecommunications transmission, wire, or radio. The equipment or service must be a complete component capable of standing alone.

Telecommunications Certification Office. An organization designated by a Federal Department or Agency to certify to the DISA that a specified telecommunications service or facility is a bona fide requirement and that the Department or Agency is prepared to pay mutually acceptable costs to fulfill the requirement. The certification functions for most DoD Components, including the Departments of the Army, the Navy, and the Air Force, are performed by the Defense Certification Office. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) authorized the transfer of certification functions to DISA on October 13, 1994.

Telecommunications Network. A system of interconnected facilities designed to carry the traffic that results from a variety of telecommunications services.

Telecommunications Service Order. The authorization from Headquarters, DISA, a DISA area, or DISA Telecommunications Management and Services Office to start, change, or discontinue circuits or trunks and to effect administrative changes.

Telecommunications Service Request. A valid, approved, and funded telecommunications requirement document prepared and submitted by the specifically authorized TCO to the DISA, the DISA area, or the DISA Telecommunications Management and Services Office, as applicable, for implementation.

Trunk. A dedicated circuit connecting two switching centers, central offices, or data concentration devices. This term is often used within the communications community to describe any multichannel circuit.

Universal Service Order Code. An alpha-numeric designation that classifies or identifies telecommunications services and related costs on the monthly telephone bill.

Worldwide On-Line System. A database inventory of DCS circuits and trunks. The Worldwide On-Line System contains specific engineering, operational, and management data to support the circuit and trunk allocation and transmission engineering functions performed for the DCS telecommunications services.

Appendix E. Administration and Mission of the White House Communications Agency

DoD Directive 5105.19, "Defense Communications Agency (DCA)," November 14, 1961. DoD Directive 5105.19 established the Defense Communications Agency, now DISA. At that time, the primary mission of the Defense Communications Agency was to ensure that the DCS was established, improved, and operated to meet the telecommunication requirements of the DoD and other Government agencies as directed. Currently, the DCS is a worldwide composite of DoD-owned and leased telecommunications subsystems and networks composed of facilities, personnel, services, and equipment under the management and operational direction of DISA. The DCS provides long-haul, common-user (general-purpose), and dedicated (special-purpose) telecommunications services for the DoD and other Government organizations. In addition to providing communications within DoD, one of the functions of the DCS was to provide communications from the President to and between the Secretary of Defense and the Joint Chiefs of Staff and to Government agencies, as directed. In addition, the Directive also required the Defense Communications Agency to provide communications support requested by the White House Army Signal Agency, now the WHCA, and exercise operational control over the facilities provided.

The Directive was revised on October 8, 1974, and June 25, 1991. The 1991 revision changed the name of the Defense Communications Agency to DISA and stated DISA is responsible for planning, developing, and supporting command, control, communications, and information systems that serve the needs for the National Command Authorities under all conditions of peace and war. The 1991 revision also stated that DISA shall provide administrative support to WHCA.

Secretary of Defense Memorandum, "Establishment of the White House Communications Agency," August 2, 1962. The Secretary of Defense memorandum transferred the White House Army Signal Agency to the Defense Communications Agency. According to the memorandum, the White House Army Signal Agency was transferred to enable the Defense Communications Agency to effectively accomplish responsibilities established in DoD Directive 5105.19. The memorandum states that WHCA would be directly responsive to Presidential requirements. The memorandum also assigned responsibility to the Defense Communications Agency for programming, budgeting, funding, and technical support for WHCA.

Defense Communications Agency Instruction 4850.7, "White House Communications Agency," September 6, 1962. After the Secretary of Defense assigned WHCA to DCA, now DISA, on August 2, 1962, the Director, DCA, stated in Instruction 4850.7 that "The mission of the White House Communications Agency is to provide telecommunications and other related support to the President of the United States and to other elements related to the President."

Appendix E. Administration and Mission of the White House Communications Agency

Defense Communications Agency Circular 640-45-48, "White House Communications Agency," March 3, 1978, as Revised July 17, 1989. The Defense Communications Agency further defined the WHCA mission in DCA Circular 640-45-48, "White House Communications Agency," March 3, 1978. The 1978 Circular clarified the meaning of "other related support" and "other elements related to the President." The 1989 Circular 640-45-48 reiterated the WHCA mission as follows:

5. Mission. The mission of WHCA is to provide telecommunications and other related support to the President of the United States and to other elements related to the President.

a. Other related support includes, but is not limited to, audiovisual services, including video-tape recording for the President and others as directed; photographic laboratory and drafting support of the White House; and general purpose automated data processing support for the National Security Council (NSC) and the White House.

b. Elements related to the President are his staff, the First Family, the Vice President, the U.S. Secret Service Protective Forces, and others as directed.

The 1989 Circular 640-45-48 also states that WHCA is under the operational direction of a designated office of the White House.

The Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence), DISA, and WHCA could not provide the auditors documentation showing when the specific functions listed in the WHCA mission statement, dated March 3, 1978, were assigned to WHCA by the White House. The Defense Communications Agency clarified the WHCA mission in the 1978 DCA Circular 640-45-48 after providing testimony to Congress on the WHCA mission and after a legal review by the General Counsel, Defense Communications Agency.

Testimony Provided to Congress on the WHCA Mission. On March 29, 1977, the Director, Defense Communications Agency, described the mission and functions of WHCA to members of Congress during a hearing* on the FY 1978 budget. According to WHCA personnel that testimony was the only instance officials formally discussed the mission and functions of WHCA with members of Congress. When members of Congress asked how photographic laboratory support related to the mission of providing communications support to the President, the Director stated that photographic support had been provided by the predecessor organization to WHCA. The Director concluded that "Whether or not that is appropriate is really a decision for the President."

Defense Communications Agency Legal Opinion on the WHCA Mission. In 1977, the General Counsel, Defense Communications Agency, reviewed the basis for the mission of WHCA. The General Counsel stated in a

*Hearings before the House Subcommittee on the Department of Defense, Committee on Appropriations, House of Representatives, Ninety-Fifth Congress, First Session, part 3, page 758, March 29, 1977.

Appendix E. Administration and Mission of the White House Communications Agency

memorandum, "Legal Authorities that Support the WHCA Mission," September 7, 1977, that he had "not found any specific written authority nor specific written assignment" for WHCA or its predecessor, the White House Army Signal Agency, to provide photographic and audiovisual support. However, the General Counsel opined that those activities were reasonably related to "communications" in the broad meaning of the word. In addition, the General Counsel stated that because WHCA had the technical personnel available to do those activities, WHCA was a natural recipient for the assignment. Citing U.S. Code, title 10, sections 125 and 126, the General Counsel argued that:

. . . the President can make almost any assignment he wants of functions to an Executive Branch organization so long as the assignment is not one which is vested by law in one department or agency and he proposes to abolish it or reassign it to another department or agency; such abolition or reassignment requiring the consent of the Congress.

DCA Report, "Management Review of the White House Communications Agency," June-July 1987. On June 2, 1987, the Assistant to the President for Operations asked the Deputy Secretary of Defense to task DCA to perform a management review of WHCA. The Assistant to the President requested that DCA review the historical and legal basis for the roles and missions of WHCA, the support WHCA provides to the National Security Council, and the role of WHCA during emergency actions. According to DCA Report, "Management Review of the White House Communications Agency," June-July 1987, the DCA reviewed the historical and legal bases for the roles and missions of WHCA primarily by reviewing the DCA legal opinion, "Legal Authorities that Support the WHCA Mission," September 7, 1977, on the WHCA mission and the testimony on the WHCA mission the Director, DCA, provided to Congress on March 29, 1977. In addition, the DCA report cited three memorandums that discussed the WHCA role for political events and for providing audiovisual services, photographic laboratory support, drafting, and other graphic services for the White House staff and general-purpose automated data processing support for the National Security Council and the White House. The DCA review concluded that the bases for the various WHCA roles were well documented and supported.

Department of Justice Legal Opinion on the WHCA. The Assistant Attorney General, Office of Legal Counsel, U.S. Department of Justice, commented on the mission of WHCA in a memorandum, "White House Communications Agency Expenses Incurred on Presidential Political Travel," October 22, 1990. The Legal Counsel stated:

As Commander in Chief, as well as in his other official roles, the President requires dependable means by which to communicate instantly with individuals anywhere in the world at any moment. In an age when conflict may develop and escalate to crisis proportions in minutes, the President cannot be expected to rely on unpredictable and variable private communications facilities. Indeed, it was precisely to eliminate the need for reliance upon such nongovernmental facilities that WHCA was created.

**Appendix E. Administration and Mission of the White House
Communications Agency**

In addition, the Legal Counsel stated that Congress had not detailed the purposes for which funds appropriated for WHCA may be used and, therefore, WHCA officials had a substantial measure of discretion in defining the precise scope of the agency's official mission.

Appendix F. Staff Elements and Operational Units of the White House Communications Agency

The command group, the six staff elements, and the seven operational units within WHCA and their responsibilities follow.

Command Group (7 Authorized Staff)

- o Provides command, management, and policy direction to the organization.
- o Administers the management control program.

Staff Elements

Operations Division (51 Authorized Staff)

- o Receives, coordinates, and implements all operational requirements.
- o Assigns the officer or noncommissioned officer in charge of support for each Presidential and Vice Presidential trip and each event in the Washington, D.C., area.
- o Acts as the liaison between WHCA and members of the Executive Office of the President, the National Security Council, and others as directed by the White House Military Office.
- o Provides training guidance to staff elements and operational units.

Personnel and Administrative Services Division (25 Authorized Staff)

- o Advises the Command Group and WHCA staff on personnel and personnel management matters.
- o Maintains and updates military personnel records for Army personnel.
- o Performs mail and distribution functions, prepares identification cards and travel orders, and distributes publications.

Appendix F. Staff Elements and Operational Units of the White House Communications Agency

- o Acts as the liaison with each Military Department for recruitment, assignments, separations, and military training.

- o Acts as the WHCA historical office.

Plans, Architecture, and Engineering Division (18 Authorized Staff)

- o Identifies new technology to satisfy future communications and automation requirements.

- o Prepares the architecture for future communication and automation systems.

- o Coordinates long-range plans to implement the architecture.

Resource Management Division (36 Authorized Staff)

- o Manages the financial operations to include budgeting, accounting, finance, and cost analysis.

- o Acts as the liaison between DFAS and WHCA.

- o Manages the acquisition programs by developing acquisition strategies, monitoring the status and delivery of programs, and coordinating contract requirements.

Security and Safety Division (29 Authorized Staff)

- o Provides support on all aspects of security to the WHCA and White House Military Office staffs.

- o Manages the safety program.

Presidential Quality Management Office (4 Authorized Staff)

- o Provides technical advice and consultation to the commander and staff on the application of quality management philosophy and methods.

- o Assists in determining strategies and actions to support the commander's strategic goals for future WHCA operations.

Appendix F. Staff Elements and Operational Unites of the White House Communications Agency

Operational Units

Audiovisual Unit (111 Authorized Staff)

- o Provides audiovisual services to include speech teleprompting, sound amplification, audio and video recording and editing, media-quality lighting, and photographic processing and printing.

- o Provides support primarily to the President and supports selected Vice President and First Lady events if resources permit.

- o Provides for historical purposes the original audio and video recordings of Presidential events to the National Archives.

- o Provides graphics support to the White House Military Office.

Data Systems Unit (124 Authorized Staff)

- o Provides information systems support to WHCA in support of the President, Vice President, and White House staff.

- o Provides general-purpose computer and automation support to the National Security Council and its staff.

Radio Systems Unit (116 Authorized Staff)

- o Provides secure and nonsecure voice radio support to the President, Vice President, White House staff, and Secret Service.

- o Supports fixed and mobile high-frequency, very high-frequency, and ultrahigh frequency, single-channel radio systems and cellular telephone service.

Special Missions Unit (138 Authorized Staff)

- o Maintains and operates communications equipment to support the President and Vice President at emergency sites and other facilities.

Staff Support Unit (64 Authorized Staff)

- o Provides logistical, transportation, electrical power, metal fabrication, and woodworking support for WHCA.

Transmission Systems Unit (127 Authorized Staff)

- o Installs, operates, and maintains the WHCA network of transmission systems and secure voice switches.

- o Manages networks to include satellite systems, microwave systems, and local area networks.

Appendix F. Staff Elements and Operational Units of the White House Communications Agency

Voice Switching Unit (102 Authorized Staff)

- o Operates switchboards and serves as the point of contact for all satellite and air-to-ground communications.
- o Certifies telecommunication requirements before procurement.

Specific Missions of the Audiovisual Unit

White House Support Branch Mission

- o Operates a system that provides closed-circuit television and distributes cable television broadcasts.
- o Provides audiotape and videotape services.
- o Maintains audio and video equipment.

Audio Productions Section Mission

- o Provides flags, seals, sound and light systems, lecterns, and teleprompter support for Presidential and selected Vice Presidential and First Lady events on the White House compound.
- o Prepares audiocassette recordings of Presidential speeches. According to WHCA officials, the White House occasionally uses the audiocassettes to verify a statement made by the President. The audiocassettes are sent to the National Archives for storage until placed in the Presidential library.

White House Television Section Mission

- o Videotapes the activities of the President in and out of the Washington, D.C., area, for the public record.
- o Sends videotapes to the National Archives on a quarterly basis for storage; videotapes are eventually placed in the Presidential library.

Video Services Section Mission

- o Manages the system that provides closed-circuit television and distributes cable television broadcasts on the White House compound.
- o Videotapes daily news events of interest from television broadcasts for the President and his staff.

Appendix F. Staff Elements and Operational Unites of the White House Communications Agency

Maintenance Support Section Mission

- o Performs maintenance on audio and video equipment on the White House compound. Contracts with commercial vendors for maintenance work that is beyond the capability of the Maintenance Support Section.

Photo Lab Branch Mission

- o Processes, prints, and mounts still black and white and color photographic products taken of the President, Vice President, First Lady and other elements by the White House photographers as requested by the White House Photo Office.

- o Retains negatives of all pictures taken during an administration. At the conclusion of the administration, sends negatives to the National Archives for storage. The negatives are then sent to the Presidential library after the President leaves office.

Travel Support Branch Mission

- o Maintains the audiovisual equipment used at Presidential events outside the White House compound.

Graphics Arts and Reproduction Branch Mission

- o Produces briefing charts, prints boarding passes for Air Force 1, and reproduces documents.

- o Provides graphical and reproduction support to WHCA and WHMO.

Appendix G. Staffing of the White House Communications Agency

Table G-1. Staff Authorized and Assigned to WHCA
(As of June 30, 1995)

	<u>Authorized</u>	<u>On Board</u>
Officers¹		
Army	38	36
Air Force	17	16
Navy	8	6
Marine Corps	1	1
Coast Guard	<u>0</u>	<u>1²</u>
Subtotal	64	60
Enlisted		
Army	469	393
Air Force	249	217
Navy	160	148
Marine Corps	2	3
Coast Guard	<u>0</u>	<u>0</u>
Subtotal	880	761
Civilians	<u>8</u>	<u>6</u>
Total	952	827

¹Includes commissioned and warrant officers.

²Attached to WHCA, not permanently assigned.

Appendix G. Staffing of the White House Communications Agency

Table G-2. Staff Authorized and Assigned to WHCA by Fiscal Year

	<u>Fiscal Year</u>				
	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Staff Authorized	801 ¹	971 ²	944 ³	944	952 ⁴
Staff Assigned	972 ¹	1,017 ⁵	928	933	827
Percentage	121	105	98	99	87

¹WHCA awarded 52 temporary billets to provide communications support during the 1991 through 1992 Presidential campaign and was authorized to have 10 percent more personnel assigned than authorized.

²Authorized strength increased by 170. Authorizations were increased to compensate for loss of authority at the end of FY 1991 to have up to 10 percent more personnel assigned than authorized.

³Authorizations decreased by 27; personnel were transferred to the Executive Office of the President.

⁴Authorizations increased by 8; White House Television Section was transferred from the Navy to WHCA.

⁵Includes personnel temporarily assigned for the 1991 through 1992 Presidential campaign.

Appendix H. Authorizations and Obligations for the White House Communications Agency

	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>
<u>Operation and Maintenance (000's)</u>					
Funding authorization	\$74,881	\$70,167	\$55,008	\$53,721	\$54,767
<u>Actual obligations</u>					
Civilian pay	213	289	379	451	497 ¹
Mission travel	4,728	4,696	2,531	4,344	3,676 ¹
Utilities and rent	3,477	4,878	4,276	3,301	4,037 ¹
Communications	25,517	28,167	22,145	17,448	18,634 ¹
Maintenance	2,918	3,346	3,324	3,868	4,781 ¹
Hotels and other services	19,709	18,160	10,950	16,161	14,917 ¹
Supplies	4,325	5,506	4,433	5,045	5,161 ¹
Equipment	13,994	5,125	6,970	3,103	3,064 ¹
Totals	\$74,881	\$70,167	\$55,008	\$53,721	\$54,767¹
<u>Procurement (000's)</u>					
Funding authorization	\$14,708	\$20,649	\$24,069	\$19,990	\$17,019
Actual obligations ²	13,419	16,449	10,588	14,330	-- ³
<u>Military Personnel (000's)</u>					
Estimated obligations ⁴	\$32,855	\$39,967	\$40,594	\$41,764	\$41,956

¹Budgeted obligations for FY 1995.

²Procurement funds are available for obligations for a period of 3 years.

³Data are not available to determine actual obligation for FY 1995.

⁴The Military Personnel funding authorization is provided to the Military Departments. The cost for military personnel pay is not charged to WHCA. We estimated the cost for military personnel pay based on the number of personnel authorized for WHCA each fiscal year.

Appendix I. Chronology of Attempts to Transfer Funding for Stenographic Services

WHCA began funding stenographic services for the White House Office of the Press Secretary on July 1, 1967. A review of available documentation showed that WHCA and White House officials have made numerous attempts since 1971 to transfer funding responsibility for the stenographic services to either the White House or the General Services Administration. Not all documentation specified the office or title of the official involved. The attempts to transfer funding responsibility are outlined below.

May 26, 1971

The Military Assistant to the President asked the White House to consider transferring funds to the White House.

July 2, 1971

A White House official stated that any change in funding responsibility must be initiated by the Special Assistant to the President.

July 23, 1971

The Special Assistant to the President stated that the White House budget did not include enough funding for the White House to undertake the contract for stenographic services.

July 29, 1971

The Military Assistant to the President stated that DoD funds would be made available to continue the contract until July 1, 1972, at which time funding responsibility for the contract would transfer to the White House.

December 8, 1971

The Military Assistant to the President notified the Special Assistant to the President that the stenographic contract had been eliminated from the WHCA FY 1973 budget.

December 9, 1971

The Special Assistant to the President stated that the White House was not in a position to fund the contract for FY 1973. The Special Assistant to the President could not project a specific date when WHCA would no longer have the funding responsibility for the contract.

Appendix I. Chronology of Attempts to Transfer Funding for Stenographic Services

December 23, 1971

The Military Assistant to the President stated that the fact that WHCA provided stenographic service during the previous administration does not make it a valid requirement for the DoD to continue funding.

February 9, 1972

A White House official stated that another White House official assured that stenographic funding would be included in the FY 1974 budget of the White House.

March 26, 1973

A WHCA official notified a White House official that funds for the stenographic services had not been included in the FY 1974 White House budget.

March 4, 1975

The White House Staff Secretary stated that funding for FY 1977 would be provided by the General Services Administration.

November 19, 1975

A White House official rescinded the March 4, 1975, memorandum that transferred funding responsibility to the General Services Administration.

August 12, 1976

A White House official notified another that the transfer of funding for stenographic services to the General Services Administration was disapproved and that WHCA must continue to fund the contract.

January 7, 1977

The President-elect instructed that WHCA discontinue the payment of commercial stenographic services to the Press Office.

April 27, 1977

A White House official stated that the White House would budget for the stenographic contract starting in FY 1978.

October 5, 1981

A White House official stated that the White House believed that WHCA should continue to provide the stenographic services.

Appendix I. Chronology of Attempts to Transfer Funding for Stenographic Services

March 29, 1984

WHCA asked the Deputy Director, Office of Administration, Executive Office of the President, about the possibility of transferring stenographic funding for FY 1985 to the Office of Administration, Executive Office of the President.

June 12, 1984

The Office of Administration, Executive Office of the President, stated that WHCA should continue to fund the stenographic contract.

June 27, 1990

WHCA and the Deputy Assistant to the President for Management discussed a memorandum of agreement that would transfer the responsibility for stenographic services to the White House Office, but the memorandum was never signed.

January 8, 1991

The Military Assistant to the President stated that funding responsibility for the stenographic services contract would be transferred to the White House beginning in FY 1993.

April 1, 1993

The WHCA Commander recommended that the Director, White House Military Office, sign a letter to the Special Assistant to the President to transfer responsibility for stenographic services to the White House.

Appendix J. Secret Service Support Costs

Table J-1. Permanent Support to the Secret Service Not Reported to Congress
(costs shown in thousands)

Type of Support	FY 1991 ¹	FY 1992 ¹	FY 1993 ¹	FY 1994	FY 1995 ²	Total
Recurring annual support	\$829	\$829	\$829	\$829	\$415	\$3,731
Reported permanent support	(190)	(190)	(190)	(190)	(95)	(855)
User charge for equipment	<u>71</u>	<u>71</u>	<u>71</u>	<u>71</u>	<u>36</u>	<u>320</u>
Total	\$710	\$710	\$710	\$710	\$356	\$3,196

¹For FYs 1991 through 1993, we calculated the total using the FY 1994 (the base year) amount of \$829,000 in recurring annual support costs for permanent support WHCA provided to the Secret Service. That amount includes the WHCA estimate of recurring annual support costs of \$723,000; costs of \$37,000 for circuits installed permanently at locations frequently visited by the President in the Washington, D.C., area and at the Vice President's residence; and military labor costs of \$69,000 associated with providing permanent support to the Secret Service. From the \$829,000, we subtracted the amount (\$190,000) of permanent support WHCA reported to Congress in FY 1994. To that amount we added a 4-percent user charge for the equipment provided to the Secret Service in FY 1994 as permanent support. We determined that the value of the equipment provided in FY 1994 totaled about \$1.8 million, but WHCA stated that the equipment was valued at \$1.2 million. The audit showed that additional equipment, valued at \$575,000, was also provided permanently to the Secret Service.

²Because WHCA did not prepare the semiannual report to Congress for the period October 1, 1994, through March 31, 1995, we calculated the total by prorating the FY 1994 amount of recurring annual costs of permanent support provided to the Secret Service using the same calculation described above.

Table J-2. Effect of Collection of Reimbursable Support from the Secret Service on the Future Years Defense Program
(costs shown in thousands)

Type of Support	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	6-Year ¹ Total
Recurring annual support	\$878	\$904	\$931	\$959	\$988	\$1,018	\$5,678
Equipment user charge ²	71	71	71	71	71	71	426
Reimbursable support ³	141	145	149	153	158	163	909
Total	\$1,090	\$1,120	\$1,151	\$1,183	\$1,217	\$1,252	\$7,013

¹This table summarizes the recurring funds (Appropriation-Operation and Maintenance) that could be put to better use based on the audit results. We made all calculations based on FY 1994 (the base year) amounts. The amount of recurring annual costs of permanent support provided to the Secret Service was \$829,000, which was calculated as described in Table J-1. The amount of reimbursable support reported by WHCA, but not reimbursed by the Secret Service, was \$133,000. To each of those amounts, in calculating the FY 1995 amounts, we applied the established DoD inflation factor (2.8 percent for FY 1995) to the FY 1994 base year, and in calculating the FY 1996 amounts, we applied the established DoD inflation factor (3 percent for FY 1996) to the FY 1995 amounts. Using the amounts shown for FY 1996, we applied the established DoD inflation factors for the next 5 fiscal years (3 percent for FY 1997, 3 percent for FY 1998, 3 percent for FY 1999, 3 percent for FY 2000, and 3 percent for FY 2001) and calculated total recurring funds of about \$7.0 million put to better use for the Future Years Defense Program.

²We calculated the 4-percent equipment user charge as described in Table J-1.

³The amount of reimbursable support reported by WHCA, but not reimbursed by the Secret Service, fluctuates from year to year. The last full period for which reimbursable support could be determined was FY 1994.

Table J-3. Secret Service Support Costs Not Reimbursed
(costs shown in thousands)

Type of Support	FY 1991	FY 1992	FY 1993	FY 1994 ¹	FY 1995 ²	Total
Recurring annual support	\$829	\$829	\$829	\$829	\$415	\$3,731
Equipment user charge	71	71	71	71	36	320
Reimbursable support	n/a	n/a	n/a	133	--	133
Military labor ⁴	--	33	33	--	--	66
Total	\$900⁵	\$933⁵	\$933⁵	\$1,033	\$451	\$4,250

¹We calculated the total for FY 1994 as described in Table J-1, using the FY 1994 (the base year) amount of \$829,000 in recurring annual costs for permanent support provided to the Secret Service and the \$71,000 for the 4-percent equipment user charge. We then added the amount (\$133,000) of reimbursable support reported by WHCA in FY 1994, but not reimbursed by the Secret Service.

²Because WHCA did not prepare the semiannual report to Congress for the period October 1, 1994, through March 31, 1995, we calculated the total by prorating the FY 1994 amount of recurring annual costs of permanent support provided to the Secret Service using the same method described above.

³WHCA has not determined or calculated the amount of reimbursable support.

⁴Unbilled military labor for FYs 1992 and 1993.

⁵The amount was calculated in the same manner as described in Footnote 1 above and includes the cost of military labor that was not reimbursed for FYs 1992 and 1993.

Appendix K. Property That Should Be Recorded in the Property Book

The WHCA property book officer should record in the property book, as appropriate, the equipment shown in Tables K-1 through K-3.

Table K-1. Property Potentially Not Recorded in the WHCA Property Book

<u>Inventory Document Number</u>	<u>Item Description</u>	<u>Quantity</u>	<u>Value</u>
40265009	Diesel engine	1	\$ 6,800
40315005	Office furniture	7	13,481
40325002	Satellite book	2	494
40335006	Video cassette recorder	1	400
40355000	Software upgrade	1	38,120
40395005	Office furniture	117	19,339
40455002	Federal directory	1	675
40535003	Paradigm video	1	671
40945000	Software	1	180
40965004	Computer monitor	1	15,000
41015002	Pagers	150	30,750
41605000	Storage rack	91	18,680
42235010	Transformer	1	875
42295008	Air conditioner	1	500
43255002	Generator	3	7,797
50485004	Computer equipment	<u>1</u>	<u>6,930</u>
Total		380	\$160,692

Table K-2. Computer Equipment Installed, But Not Recorded in the WHCA Property Book

<u>Item Description</u>	<u>Quantity</u>	<u>Value</u>
System 6000 computer	13	\$477,750
Page printer	1	45,000
Terminal	4	2,400
Chassis	<u>16</u>	<u>29,440</u>
Total	34	\$554,590

Appendix K. Property That Should Be Recorded in the Property Book

Table K-3. Camera Equipment on Hand, But Not Recorded in the WHCA Property Book

<u>Item Description</u>	<u>Quantity</u>	<u>Value</u>
Camera back	1	\$ 150
Battery pack	2	160
Camera body	7	7,298
Film holder	4	600
Flash	3	896
Lens	23	12,029
Speedlight	3	651
Spotmeter	1	150
Telconverter	<u>3</u>	<u>400</u>
Total	47	\$22,334

Appendix L. Statistical Sampling of Nonexpendable Property

Sampling Plan

Sampling Purpose. The purpose of the statistical sampling plan was to estimate the number and dollar value of items of equipment not located or unavailable for review that are recorded in the WHCA property book.

Universe Represented. The audit universe was defined as 45,624 items with an inventory value of \$135.7 million on the WHCA property book as of June 2, 1995.

Sampling Design. The universe was divided into three strata, and a stratified sampling design was used. The first strata consisted of items that were considered highly pilferable, for example, cameras, printers, and televisions. The second strata consisted of pagers and radios, and the third strata consisted of all the remaining items. A total of 400 items was selected for review.

Sampling Results

Confidence Bounds Table. Due to the limited number of items missing and not in a location allowing physical review, the usual presentation of statistical confidence intervals as a range from a lower to an upper bound surrounding the point estimates is not appropriate. Statistical upper bounds for the sample data follow.

	<u>90-Percent Confidence in the Upper Bound</u>	
	<u>Items</u>	<u>Costs (Millions)</u>
Not located	576	\$.732
Unavailable for review	734	\$3.835

Confidence Bounds Statement. We are 90-percent confident that no more than 576 items with a value of \$731,849 could not be located. Also, we are 90-percent confident that there were no more than 734 items, valued at \$3.8 million, for which there were hand receipts, but could not be reviewed due to locations.

Appendix M. Termination of Long-Haul Telecommunications Circuits and Equipment Items

Category 1. Circuits and equipment items recommended for termination¹

3 CCSD	Description	From	To	4 CSA	Costs	
					Monthly Recurring Costs	Annualized Cost To DoB
CVPV 21HK	VOICE CIRCUIT	WASHINGTON ⁵	CP DAVID ⁶	LII P 01591	\$376	\$ 4,512
CVPV 21HZ	VOICE CIRCUIT	CP DAVID ⁶	AMACOSTI ⁷	AT R 99935	562	6,744
CVPV 21KK	VOICE CIRCUIT	WASHINGTON ⁵	FDRCKSBG ⁸	CPV 89 X 85677	0	0
CVPV 21KL	VOICE CIRCUIT	WASHINGTON ⁵	STAFFORD ⁹	AT X 96528 101	458	5,496
CVPV 212Q	VOICE CIRCUIT	GERMANTW ¹⁰	WASHINGTON ⁵	AT X 96528 102	458	5,496
CVPV 216A	VOICE CIRCUIT	WASHINGTON ⁵	UNDTMNDL ¹¹	CPB 36 D 469787	190	2,280
				FTSA 65 P 12000 202	0	0
				FTSA 24 P 71865 800	40	480
CVPV 2178	VOICE CIRCUIT	WASHINGTON ⁵	FAIRFAX ¹²	CP 36 P 464732	57	684
				P IDC 36 P 464732	90	1,080
CVPV 2183	VOICE CIRCUIT	MANASSAS ¹³	WASHINGTON ⁵	GTE P 699880 001	518	6,216
CVPV 2184	VOICE CIRCUIT	MANASSAS ¹³	WASHINGTON ⁵	GTE P 697720 001	436	5,232
CVPV 2185	VOICE CIRCUIT	MANASSAS ¹³	WASHINGTON ⁵	GTE P 699330 001	436	5,232
CVPV 2186	VOICE CIRCUIT	MANASSAS ¹³	WASHINGTON ⁵	GTE P 697940 001	407	4,884
Annual funds put to better use resulting from termination actions						\$ 48,336

See footnotes at the end of table.

Appendix M. Termination of Long-Haul Telecommunications Circuits and Equipment Items

Category 2. Circuits and equipment items terminated during the audit¹⁴

CCSD	3	Description	From	To	4	Costs	
						Monthly Recurring Costs	Annualized Cost To DoD
CVPD 21BM		DATA CIRCUIT	WASHINGTON ⁵	BILLERIC ¹⁵	AT D 03415	\$711	\$ 8,532
CVPD 21EL		DATA CIRCUIT	WASHINGTON ⁵	PISCATWY ¹⁶	USTS D 00144 001	573	6,876
CVPV 21EN		VOICE CIRCUIT	WASHINGTON ⁵	FTGRGMD ¹⁷	AT R 03408	628	7,536
CVPV 21EJ		VOICE CIRCUIT	WASHINGTON ⁵	WFRNDSHP ¹⁸	AT P 03417	669	8,028
CVPV 21MS		VOICE CIRCUIT	LBJRANCH ¹⁹	AUSTIN ²⁰	AT 30 P 00406	829	9,948
CVPV 21N9		VOICE CIRCUIT	WASHINGTON ⁵	BALTIMOR ²¹	SNNT D 26184	325	3,900
CVPV 21T3		VOICE CIRCUIT	WASHINGTON ⁵	CP DAVID ⁶	AT D 03400 053	790	9,480
CVPV 212C		VOICE CIRCUIT	WASHINGTON ⁵	BALTIMOR ²¹	GTEN D 11786 001	386	4,632
CVPV 212G		VOICE CIRCUIT	CP DAVID ⁶	BALTIMOR ²¹	AT D 108023	380	4,560
CVPV 2127		VOICE CIRCUIT	WASHINGTON ⁵	BALTIMOR ²¹	SPCC P 130726	462	5,544
Annual funds put to better use resulting from termination actions							\$ 69,036
Total annual funds put to better use resulting from termination actions							\$117,372

Annual funds put to better use resulting from termination actions

Total annual funds put to better use resulting from termination actions

¹Indicates circuits and equipment items for which WHCA should issue Requests for Service to terminate services.
²The costs of leased telecommunications circuits and equipment items are paid by the Defense Information Technology Contracting Office (DITCO) to communications vendors. The costs shown for leased circuits and equipment items are the net costs to the Government.
³Command Communications Service Designator. The first character of the CCSD is the agency code, the second and third are the purpose and use codes, the fourth is the type of service code, and the last four characters comprise the unique circuit number.
⁴Communications Service Authorization-identifies a specific contract with a vendor for each service.
⁵Washington, D.C.
⁶Camp David, Maryland.
⁷Anacostia, Maryland.
⁸Fredericksburg, Maryland.
⁹Stafford, Virginia.
¹⁰Germanstown, Maryland.
¹¹Undetermined Location.
¹²Fairfax, Virginia.
¹³Nanassas, Virginia.

Appendix M. Termination of Long-Haul Telecommunications Circuits and Equipment Items

14 HCA issued Requests for Service and/or Telecommunications Service Requests to terminate the circuits and equipment items.

15 Billeric, Massachusetts.

16 Piscataway, New Jersey.

17 Fort George G. Meade, Maryland.

18 West Friendship, Maryland.

19 LBJ Ranch, Texas.

20 Austin, Texas.

21 Baltimore, Maryland.

Appendix N. Effects of Termination Opportunities on Future Years Defense Program

Program/ Element Title/ Element Number	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	6-Year Total*
Intelligence and Communications							
Long-haul communications 03031260K (DISA)	\$117,372	\$120,893	\$124,520	\$128,256	\$132,104	\$136,067	\$759,212
Total recurring funds put to better use	\$117,372	\$120,893	\$124,520	\$128,256	\$132,104	\$136,067	\$759,212

*This table summarizes the recurring funds (Appropriation-Operation and Maintenance) put to better use based on the audit results identified in Appendix M. Using the FY 1996 annual recurring funds (\$117,372) put to better use for the base year, we applied the established DoD inflation factors (3 percent for FY 1997, 3 percent for FY 1998, 3 percent for FY 1999, 3 percent for FY 2000, and 3 percent for FY 2001) for the next 5 fiscal years and calculated total recurring funds of about \$759,212 put to better use for the Future Years Defense Program.

Appendix O. Telecommunications Circuits and CSAs for Which WHCA Should Stop Payment

Category 1. Terminated telecommunication circuits¹

3 CCSD	Description	From	To	4 CSA	2 Costs	
					Monthly Recurring Costs	Annualized Cost To DoD
CVPV 21LF	VOICE CIRCUIT	WASHINGTON ⁵	CP DAVID ⁶	AT X 96516	\$624	\$ 7,488
CVPV 21LG	VOICE CIRCUIT	WASHINGTON ⁵	CP DAVID ⁶	AT X 96517	624	7,488
CVPV 21LH	VOICE CIRCUIT	WASHINGTON ⁵	CP DAVID ⁶	AT X 96518	624	7,488
CVPV 21LJ	VOICE CIRCUIT	WASHINGTON ⁵	CP DAVID ⁶	AT X 96519	624	7,488
CVPV 21LK	VOICE CIRCUIT	WASHINGTON ⁵	CP DAVID ⁶	AT X 96520	624	7,488
CVPV 21LL	VOICE CIRCUIT	WASHINGTON ⁵	CP DAVID ⁶	AT X 96521	624	7,488
Annual funds put to better use resulting from stop payments						\$44,928

Category 2. Erroneous Billing⁷

CVPB 214S	VOICE CIRCUIT	CP DAVID ⁶	HAGRSTW ⁸	ATTD HG 45221 001	\$ 3	\$ 36
CVPV 215C	VOICE CIRCUIT	ANACOSTI ⁹	ANACOSTI ⁹	FISA65 P 15011 202	40	480
Annual funds put to better use resulting from stop payments						\$ 516
Total annual funds put to better use resulting from stop payments						\$45,444

¹Telecommunications circuits terminated in June 1994.

²The costs of leased telecommunications circuits are paid by the Defense Information Technology Contracting Office (DITCO) to communications vendors. The costs shown for leased services are the net costs to the Government.

³Command Communications Service Designator. The first character of the CCSD is the agency code, the second and third characters are the purpose and use codes, the fourth character is the type of service code, and the last four characters comprise the unique circuit number.

⁴Communications Service Authorization-identifies a specific contract with a vendor for each circuit.

⁵Washington, D.C.

⁶Camp David, Maryland.

⁷DITCO erroneously billed WHCA for the circuits.

⁸Hagerstown, Maryland.

⁹Anacostia, Maryland.

Appendix P. Effects of Stop Payment Opportunities on Future Years Defense Program

Program/ Element Title/ Element Number	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	6-Year Total*
Intelligence and Communications							
Long-haul communications 03031260K (DISA)	\$45,444	\$46,807	\$48,211	\$49,657	\$51,147	\$52,681	\$293,947
Total recurring funds put to better use	\$45,444	\$46,807	\$48,211	\$49,657	\$51,147	\$52,681	\$293,947

*This table summarizes the recurring funds (Appropriation-Operation and Maintenance) put to better use based on the audit results shown in Appendix O. Using the FY 1996 annual recurring funds (\$45,444) put to better use for the base year, we applied the established DoD inflation factors (3 percent for FY 1997, 3 percent for FY 1998, 3 percent for FY 1999, 3 percent for FY 2000, and 3 percent for FY 2001) for the next 5 fiscal years and calculated total recurring funds of about \$293,947 put to better use for the Future Years Defense Program.

Appendix Q. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
A.	Management Controls. Establishes an agreement to specify services WHCA should fund and perform.	Nonmonetary.
B.1. and B.2.	Management Controls. Revises memorandum of understanding and guidance to ensure reimbursable services WHCA provides are reimbursed by the Secret Service.	Nonmonetary.
B.3.	Management Controls. Enforces compliance with procedures already in place to inform Congress of support provided.	Nonmonetary.
B.4. and B.5.	Economy and Efficiency. Obtains reimbursement for future services provided to the Secret Service.	\$7.0 million can be put to better use during FYs 1996 through FY 2001.
C.1.	Management Controls. Provides for the immediate implementation of the maintenance management system.	Nonmonetary.
C.2.	Economy and Efficiency. Provides for a more efficient use of Government resources.	Undeterminable. The monetary benefits are undeterminable until the amount of excess repair parts can be determined.
C.3.	Management Controls. Provides controls to ensure contracting officer's representatives prepare and update lists of equipment covered under maintenance contracts.	Nonmonetary.
C.4.	Management Controls. Provides procedures to assist in determining the cost-effectiveness of maintenance contracts.	Nonmonetary.

Appendix Q. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
D.1.	Management Controls. Establishes controls that require all property to be properly accounted for.	Nonmonetary.
D.2.	Management Controls. Determines whether all WHCA property received by the staff elements and operational units is accounted for in the property book.	Nonmonetary.
D.3.	Management Controls. Establishes property book accountability for the property on hand.	Nonmonetary.
D.4.	Management Controls and Economy and Efficiency. Establishes procedures to determine the adequacy of inventory levels.	Undeterminable. The monetary benefits are undeterminable until results of future reviews are determined.
D.5.	Economy and Efficiency. Provides for a more efficient use of Government resources.	The turn in of all excess supplies will provide about \$226,373 to put to better use during FY 1996.
E.1.	Management Controls. Strengthens compliance with DoD guidance to compile an inventory of base communications equipment and services.	Nonmonetary.
E.2.	Management Controls. Establishes procedures to ensure maintenance of a complete and accurate inventory of base communications equipment and services.	Nonmonetary.
F.1.	Economy and Efficiency. Terminates circuits that are no longer required, resulting in immediate funds put to better use.	\$759,212 can be put to better use during FYs 1996 through 2001.

Appendix Q. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
F.2.	Management Controls. Establishes procedures for the required review and revalidation program for telecommunications equipment.	Nonmonetary.
F.3.	Management Controls. Establishes a complete and accurate inventory of long-haul telecommunications equipment and services.	Nonmonetary.
G.	Management Controls. Implements effective procedures to verify bills for telecommunications equipment and services.	\$293,947 could be put to better use during FYs 1996 through 2001. Appropriation-Operation and Maintenance.

Appendix R. Organizations Visited or Contacted

Office of the Secretary of Defense

Deputy Secretary of Defense, Washington, DC
Under Secretary of Defense (Comptroller), Washington, DC
Assistant Secretary of Defense (Command, Control, Communications and Intelligence),
Washington, DC
Washington Headquarters Services, Washington, DC

Department of the Army

U.S. Army Information Systems Command, Fort Huachuca, AZ
U.S. Army Directorate of Contracting, Fort Huachuca, AZ

Other Defense Organizations

Defense Finance and Accounting Service, Columbus Center, Columbus, OH
Defense Information Systems Agency, Arlington, VA
Chief of Staff, Arlington, VA
Regulatory/General Counsel, Arlington, VA
Comptroller, Arlington, VA
Inspector General, Arlington, VA
Small and Disadvantaged Business Utilization, Arlington, VA
Directorate for Procurement and Logistics, Arlington, VA
Defense Information Systems Agency-Western Hemisphere, Reston, VA
White House Communications Agency, Washington, DC
Camp David Detachment, Camp David, Thurmont, MD
Defense Information Technology Contracting Office, Scott Air Force Base, IL

Non-Defense Federal Organizations

Executive Office of the President
Counsel to the President, Washington, DC
Office of Administration, Washington, DC
National Security Council, Washington, DC
White House Military Office, Washington, DC
General Accounting Office, Washington, DC
General Services Administration, Vienna, VA
House Subcommittee on National Security, International Affairs, and Criminal Justice,
Committee on Government Reform and Oversight, Washington, DC

Non-Government Organizations

AT&T, Oakton, VA

Bell Atlantic Telephone Company, Washington, DC

Appendix S. Report Distribution

Office of the Secretary of Defense

Deputy Secretary of Defense

Under Secretary of Defense for Acquisition and Technology

Deputy Under Secretary of Defense (Acquisition Reform)

Director, Defense Logistics Studies Information Exchange

Under Secretary of Defense (Comptroller)

Deputy Chief Financial Officer

Deputy Comptroller (Program/Budget)

Assistant Secretary of Defense (Command, Control, Communications and Intelligence)

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

Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Audit Agency

Director, Defense Finance and Accounting Service

Director, Defense Information Systems Agency

Commander, White House Communications Agency

Director, Defense Logistics Agency

Director, National Security Agency

Inspector General, National Security Agency

Non-Defense Federal Organizations and Individuals

Executive Office of the President

Counsel to the President

White House Military Office

Office of Management and Budget

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

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

Senate Committee on Appropriations

Senate Subcommittee on Defense, Committee on Appropriations

Senate Committee on Armed Services

Senate Committee on Governmental Affairs

House Committee on Appropriations

House Subcommittee on National Security, Committee on Appropriations

House Committee on Government Reform and Oversight

House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight

House Committee on National Security

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Part III - Management Comments

Assistant Secretary of Defense (Command, Control, Communications and Intelligence) Comments



ASSISTANT SECRETARY OF DEFENSE

6000 DEFENSE PENTAGON
WASHINGTON, DC 20301-6000



06 November 1995

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

SUBJECT: Audit Report on White House Communications Agency

Please find the attached reply to the draft of a proposed audit report on the White House Communications Agency.

I concur fully with those comments. The definition of Telecommunications Services as defined in DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services," does not totally encompass the entire mission of the White House Communications Agency (WHCA). We believe the broader concept of providing integrated information services as described in the Defense Information Infrastructure Master Plan is more appropriate.

We will continue to work closely with all agencies involved to implement the recommendations as stated in this initial report.


Emmett Paige, Jr.

Attachment

**Assistant Secretary of Defense (Command, Control, Communications and
Intelligence) Comments**

**MANAGEMENT COMMENTS TO THE DRAFT AUDIT REPORT ON
THE WHITE HOUSE COMMUNICATIONS AGENCY
(PROJECT NO. 5RD-5027)**

**1. FINDING A: SERVICES PROVIDED TO THE WHITE HOUSE — Nonconcur
with the finding and recommendation.**

Rationale: The DoD Inspector General's draft audit report concludes that four support areas (audiovisual, stenographic support, news wire services, and camera equipment)¹ are outside the scope of WHCA's mission. The report, however, does not offer any substantial basis for this opinion, which contradicts historical practice and legal authority. WHCA does not concur with most of Finding A for the following reasons:

First, the WHCA mission statement,² revised as recently as 1989, includes these support services as part of WHCA's responsibilities.

Second, the audit report chooses to discard the conclusions reached by two prior reviews regarding the scope of WHCA's unique Presidential communications support function, and instead substitutes a DoD internal policy definition of telecommunications.

Third, past reviews of WHCA's mission by the Defense Communications Agency, the Department of Justice, and a 1987 management review provide both the historical basis and the legal authority for WHCA to supply audiovisual services to the President and the White House.

WHCA agrees with the Inspector General (IG) that its overall mission "is to provide telecommunications support to the President." (DCA Circular 640-45-48). However, the IG's report generally concludes that audiovisual support has "nothing to do with providing the President with a dependable means to communicate with individuals anywhere in the world on a moment's notice." (Audit, p.4). The audit report does not suggest any basis for adopting this limited definition of the WHCA mission, offering only its "opinion" but providing no substantive basis for it. Not only does WHCA question the accuracy of this definition, but it also believes that there is no documented support for this position.

¹ Hereinafter "audiovisual, stenographic and news wire services, and photographic equipment" will be referred to as "audiovisual services" unless otherwise noted.

² Defense Communications Agency Circular 640-45-48, "White House Communications Agency," March 3, 1978, as Revised July 17, 1989 [hereinafter "DCA Circular 640-45-48"].

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Reason: The current WHCA mission statement defines the specific support functions that the IG rejects as not being related to WHCA's responsibilities.

Support: The mission statement directs WHCA to provide not only telecommunications support to the President, but also other related support. (DCA Circular 640-45-48). The statement defines other related support to include "audiovisual services, including video-tape recording for the President and others as directed; photographic laboratory and drafting support of the White House; and general purpose automated data processing support for the National Security Council (NSC) and the White House." In addition, the mission statement always has mandated that WHCA provide other related support to the President.¹ In the 1978 revision, the mission statement clarified the definition of "other related support" to include the audiovisual services.

In addition, both the 7 Sep 77 Defense Communications Agency legal opinion on the WHCA mission, "Legal Authorities Support the WHCA Mission," and the Jul 87 Task Force Report on WHCA, "Management Review of the White House Communications Agency," held that the various elements of WHCA's mission, including the four support areas, are well supported by official taskings and public law. Finally, the DCA General Counsel found that these functions need to be performed, and that WHCA is the most logical agency to do these functions since it has the technical skills required and now has performed these functions for at least 30 years.²

WHCA does not concur with the IG's stated opinion that WHCA's mission does not encompass audiovisual support services. The IG has failed to offer any basis for its opinion, which flatly contradicts legal precedent and authority, as well as historical practice that support WHCA providing these functions. WHCA disagrees with the IG's analysis on three counts. First, the IG does not analyze the legal authority that supports WHCA providing audiovisual services to the White House. Second, the IG uses an

- ¹ Defense Communications Agency Instruction 4850.7, "White House Communications Agency," Sept. 6, 1962 [hereinafter "DCA Instruction 4850.7"] and DCA Circular 640-45-48.
- ² DCA legal opinion on the WHCA Mission, "Legal Authorities Support the WHCA Mission," Memorandum for the Commander, White House Communications Agency, from John T. Whealen, Counsel, Defense Communications Agency, Sept. 7, 1977 [hereinafter "Whealen Memorandum"].
- ³ Task Force Report of WHCA, "Management Review of the White House Communications Agency," Col. Darlene Brewer, USAF, et al, July 1987 [hereinafter "Management Review Report"].
- ⁴ Whealen Memorandum, at 2-3.

inappropriate definition of telecommunications to support its analysis. Finally, the IG fails to analyze the President's broad authority to assign functions to Executive Branch agencies.

I. Authority Supporting WHCA Mission of Providing Audiovisual Functions -- The IG's opinion that WHCA should not provide audiovisual functions to the White House lacks any documented support. The IG concludes, without a basis, that these functions "are not related to the WHCA telecommunications mission and should not be funded by WHCA and DoD." (Audit, p. 5). In addition, the IG suggests that the overall mission should be reevaluated so that WHCA and DoD fund activities that are to "provide a dependable means of communication to the President at all times." WHCA believes that the legal authority and historical practice support WHCA providing audiovisual services and that dependable means includes audiovisual services.

Reason: Prior legal reviews of WHCA's mission provide authority for WHCA to supply audiovisual services to the President and the White House.

Support: In 1977, the DCA General Counsel found that WHCA's photography, photographic laboratory support, audiovisual support, and videotape work are "reasonably related to 'communications' (in the broader sense than just electronic)." This interpretation is further supported by the 1978 mission statement, which included audiovisual functions as support services that WHCA is to provide to fulfill its mission. (DCA Circular 640-45-48). In addition, the 1987 Management Review Report endorsed the DCA General Counsel's finding.'

The DoJ Office of Legal Counsel, moreover, has stated that WHCA officials have "a substantial measure of discretion in defining the precise scope of the agency's official mission" because Congress has not detailed the purposes for which appropriated funds for WHCA may be used.' Therefore, the only restraints on spending funds are that any expenditure "must be reasonably related to the official mission of the agency" and

' Id., at 2.
' Management Review Report, at 15-16.
' DoJ legal opinion on WHCA, "White House Communications Agency Expenses Incurred on Presidential Political Travel," Memorandum for C. Boyden Gray, Counsel to the President, from J. Michael Luttig, Assistant Attorney General, Office of Legal Counsel, Oct. 22, 1990, at 10 [hereinafter "Luttig Memorandum"]. The Department of Defense has defined other related support to include audiovisual services. See DCA Circular 640-45-48, at 1-2.

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must be used for official government expenses." As stated before, the DCA Counsel has found that audiovisual services are reasonably related to WHCA's mission."

Reason: WHCA, and its predecessors, historically have provided audiovisual services to the White House. Over a time span of almost 15 years, three reviews of the agency have held that these services fall within WHCA's mission.

Support: WHCA's general mission of providing communications support to the President has existed for almost a half-century, beginning with President Franklin Roosevelt." WHCA, and its predecessors, has been supporting the Presidency with a variety of audiovisual assets since it first provided the Roosevelt administration with photographic processing in 1942." WHCA's predecessors also provided similar types of audiovisual services that WHCA supplies today." In 1962, when Secretary of Defense McNamara created WHCA, he directed that it would "be directly responsive to Presidential requirements." And since that year, every WHCA mission statement has mandated that WHCA is to provide "other related support to the President." In addition, WHCA historically has performed these types of services since being

- " Luttig Memorandum, at 10-11. There are no contentions that the audiovisual expenditures have been used for other than official government purposes.
- " Whealen Memorandum, at 2.
- " *Id.*, at 1.
- " 17 December 1964 memorandum that describes WHCA's history from its creation in 1941, at 2 [hereinafter "WHCA History Memorandum"].
- " In 1948 the White House Signal Detachment's, WHCA's predecessor, mission was increased to include sound pickup and reproduction service, installation of small public address systems, operation of motion picture projectors, reproduction of speeches, providing music service in the main dining room and liaison technical coordination with broadcasting, television and newsreel activities. *Id.*, at 3. In 1953 the agency recorded 117 Presidential remarks, which were later forwarded to the National Archives for permanent filing. White House Army Signal Agency Memorandum, "Summary of Major Events and Problems," 21 June 1954, at 2 [hereinafter "1953 Major Events Memorandum"]. And finally, in 1958 the agency was responsible for the White House's closed circuit video system. WHCA History Memorandum, at 6.
- " Secretary of Defense Memorandum, "Establishment of the White House Communications Agency," Memorandum for the Secretaries of the Military Departments et al., from Robert S. McNamara, Secretary of Defense, Aug. 2, 1962, at 2.
- " DCA Instruction 4850.7. The most current mission statement is found in DCA Circular 640-45-48.

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created because it has possessed the technical staff necessary to provide these functions."

On three separate occasions over almost 15 years, WHCA's mission has been reviewed, and each time, the reviewing agency found legal authority and historical support for WHCA's broad mission statement. The first review was in 1977 by the DCA General Counsel." The second review was in 1987 by a task force assigned to review WHCA's mission." In 1991, DoJ's Office of Legal Counsel reviewed the legal authority for WHCA's expenses incurred on Presidential political travel." WHCA's mission has withstood these reviews and legal opinions over a span of years and these analyses have provided authority for supporting many of the functions that the IG's audit now attempts to question.

Reason: WHCA supplies audiovisual functions to fulfill its mission to provide a dependable means of communication to the President at all times.

Support: The IG's audit suggests that WHCA's overall mission should be reevaluated to "ensure that WHCA and DoD are funding and performing appropriate activities to support the White House telecommunications needs, which is to provide a dependable means of communication to the President at all times." (Audit, p.5). The DoJ Office of Legal Counsel has found that WHCA's mission statement already requires this. The Office of Legal Counsel has stated:

"As Commander in Chief, as well as in his other official roles, the President requires dependable means by which to communicate instantly with individuals anywhere in the world at any moment... The President cannot be expected to rely upon unpredictable and variable private communications facilities."

Based on the prior reviews related to WHCA's mission, WHCA believes that "dependable means" includes audiovisual support. WHCA is already providing the support that the IG suggests it

" As noted the White House Signal Detachment provided photography services to the White House. See Hearings before the House Subcommittee on the Department of Defense, Committee on Appropriations, House of Representatives, Ninety-Fifth Congress, First Session, part 3, page 758, March 29, 1977. In his testimony Committee, DCA's Director concluded that "[w]hether or not that is appropriate is really a decision for the President." See also Whealen Memorandum, at 2-3.

" Whealen Memorandum.

" Management Review Report.

" Luttig Memorandum.

" Luttig Memorandum, at 10-11.

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should reevaluate to ensure that this type of support is provided to the President.

II. Inappropriate Definition of Telecommunications — The IG uses a "telecommunications" definition found in DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services" to conclude that DoD is providing services and equipment to the White House that go beyond the stated mission of WHCA. WHCA does not support the use of this definition to define WHCA's communications role.

Reason: This definition of telecommunications is inapplicable to WHCA's broader communications mission.

Support: The IG has provided no documentation to support its decision to apply this definition — one that never before has been used to evaluate the scope of WHCA's mission. DoD Directive 4640.13 establishes internal DoD policy for telecommunications equipment and services, but WHCA and its unique Presidential communications mission is not mentioned in the Directive. Given WHCA's longstanding and broader communications mission, DoD Directive 4640.13 should not apply to WHCA. WHCA has not found any evidence that this Directive was ever intended to encompass this environment. Furthermore, communications support for the President differs substantially in kind from telecommunications support required at DoD "base-level."

Reason: This definition contradicts prior legal analyses of WHCA's communications support mission.

Support: The IG also does not offer any basis as to why it applies a restrictive interpretation of telecommunications, based on internal DoD guidelines, instead of the broader interpretation of the WHCA communications function that historically has been applied. The DCA General Counsel, as discussed above, has found that audiovisual functions fall within the WHCA mission.²² The 1987 Management Review Task Force, composed of interagency representatives, endorsed the DCA General Counsel's finding.²³ The Management Review Report also noted previous taskings of WHCA to provide these support functions.²⁴ The IG, however, does not

²² Whealen Memorandum, at 2-3.

²³ Management Review Report, at 15-16.

²⁴ *Id.*, at 15. The Management Review Report refers to the following written tasking memoranda: (1) a 30 October 1969 memorandum from the Military Assistant to the President to the White House Chief of Staff that tasked WHCA to provide technical support at all Presidential speech sites. (Technical support included public address systems, lighting, Presidential lecterns, microphones, and tape recordings of speeches); (2) a 17 November 1969 memorandum that tasked WHCA

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address why these previous analyses of the WHCA communications mission should be discarded now in favor of a new definition based on internal DoD policy, unrelated to Presidential support requirements. Previous legal authority and historical practice amply demonstrate that news wire services, photographs, stenographic services, audiotapes and videotapes, and a closed-circuit television system assist the President and the White House to fulfill their communication needs.

Reason: This definition is unduly restrictive in light of the expanding meaning of communications.

Support: WHCA's mission is to enable the President to communicate. In this information era, person-to-person voice communications or written messages no longer satisfy this requirement. Audiovisual support has become the cornerstone of the President's ability to communicate with the public, state and federal agencies, and foreign governments. Whether he is seen or merely heard, audiovisual assets are key to the transmission of the policies and direction of the President. Therefore, the application of the IG's definition would hinder the President's ability to communicate.

III. President's Authority to Assign Responsibilities -- The audit report contains no analysis of the authority that created WHCA's mission. Although, Appendix E does delineate documents that define WHCA's administration and mission, it does not examine the underlying authority for the mission. Previous legal analyses support the President's broad authority to define WHCA's mission and to assign it responsibilities.

Reason: The President has the authority to assign functions to Executive Branch agencies and to establish regulations to carry out these functions.

Support: The President possesses broad discretion to assign functions to Executive Branch agencies. The DCA General Counsel and the 1987 Management Review Report found that the "President can make almost any assignment he wants of functions to an Executive Branch organization so long as the assignment is not one which is vested by law in ... [another] department or agency..." Congress has not assigned White House audiovisual services to any agency. Therefore, DoD, under the President's authority, may assign these functions to WHCA.

to provide drafting and other graphic services; and (3) a 12 January 1978 memorandum from the Director, White House Military Office, that revalidated the tasking for audiovisual services, photography laboratory and drafting support.
" Management Review Report, at 16, and Luttig Memorandum, at 3 (Citing 10 U.S. Code 125, 126).

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Furthermore, both the DCA General Counsel and the 1987 Management Review Report have stated that the President also has the "statutory authority to prescribe regulations to carry out his functions, powers and duties relating to the Armed Forces (10 U.S.C. 121)." And the U.S. Supreme Court has held that the direction of the President is to be presumed in all instructions or orders issuing from a competent department (Wilcox v. Jackson, 13 Pet. 498, 513 (1839))." Such an instruction has been given: WHCA is to provide the White House with "[p]residential executive communications requirements to include — television and radio broadcast facilities (secure and non-secure), facsimile, recording facilities, couriers, graphic support, and photographic services." (DCA Plan, 1 September 1972, cited in Management Review Report, at 16). Thus, DoD, under the President's authority, may assign WHCA the audiovisual functions of the White House.

In the discussion of the mission of the audiovisual unit, the report lists several services the IG believes "go beyond the WHCA mission": providing podiums, developing and printing pictures, recording audiotapes and videotapes, performing maintenance on WHCA audio and video equipment, etc. (Audit, p. 5). However, these functions fall within WHCA's broad communications and related support mission. For example, the DoJ Office of Legal Counsel has determined that supplying bullet-proof podiums falls within WHCA's official mission of providing communications facilities and services for the official use of the President." As noted above, WHCA, and its predecessors, has been providing these types of services for more than 50 years, beginning in 1942 with developing photographs for President Roosevelt." Again, both the DCA General Counsel and the 1987 Management Review Report found that audiovisual services are within WHCA's mission. The IG offers no basis to contradict either legal authority or historical practice.

The reference to a "closed-circuit television system" for the White House is not accurate. The system is actually a cable television distribution system that brings in a variety of news and information channels to keep White House personnel informed.

For the reasons stated above, WHCA disagrees that the costs of audio-visual and related travel should be funded by the Office of Administration (OA) or any White House unit. In any event, the Office of Administration would not be the proper funding

- " Both the DCA General Counsel and the 1987 Management Review Report support this line of analysis. Whealen Memorandum, at 3, and Management Review Report, at 16.
" Luttig Memorandum, at 11-12.
" WHCA History Memorandum, at 3-6.

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source for these activities. Moreover, it should be noted that the Audiovisual Unit does not support the First Lady when she is away from the White House complex.

The actual FY 95 budget was \$771,000 in training, maintenance and supplies, and \$290,000 in equipment. The equipment already has been accounted for in the \$8.8 million figure, thus the Audiovisual FY 95 budget would be only \$771,000. Lastly, WHCA does not agree with the recommendation that funding and management responsibilities for audiovisual services should be transferred to the OA because these services fall within the scope of WHCA's mission. As discussed above, OA would not be the appropriate funding source in any circumstance.

The stenographic services contract extends back through several administrations. WHCA sets up telecommunications equipment and provides technical support for the stenographers in the trip-site environment. The IG concludes that WHCA should not fund stenographic services. The IG states, without any explanation of its standards or criteria, that "WHCA does not benefit in any way by the stenographic services." (Audit, p. 7). WHCA believes that such funding is appropriate because stenographic services support the President's communications requirements.

Reason: Stenographic services support the President's communications requirements.

Support: The IG does not offer any basis as to why he believes that stenographic services do not fall within WHCA's communication mission. However, stenographic services provide a written version of the President's remarks and can be used later to help the President further communicate his message." WHCA's mission statement provides the authority for WHCA to supply such services. (DCA Circular 640-45-48). Finally, both the DCA General Counsel and the 1987 Management Review Report found that audiovisual services are within WHCA's mission.

Reason: WHCA's funding stenographic services is appropriate in light of the statutory requirement to preserve Presidential records.

Support: Section 2203(a) of the Presidential Records Act requires:

" The IG's finding that stenographic services are not within WHCA's communications mission reflects the IG's definition of communication, which is a limited one. See discussion under Inappropriate Definition of Telecommunications.

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"Through the implementation of records management controls and other necessary actions, the President shall take all such steps as may be necessary to assure that the activities, deliberations, decisions, and policies that reflect the performance of his constitutional, statutory, or other official or ceremonial duties are adequately documented and that such records are maintained as Presidential records pursuant to the requirements of this section and other provisions of law."

This Act authorizes the President to provide any reasonable means of documenting Presidential activities. Stenography would be one reasonable means of maintaining Presidential records. Therefore, since there is no law that forbids WHCA from fulfilling this duty" and it is reasonably related to WHCA's official mission," then the President has the authority to assign this function to WHCA.

In addition, WHCA recommends that the sentence, "WHCA does not benefit in any way by the stenographic services," should be stricken from the report because the term "benefit" is inappropriate in describing WHCA's ability to fulfill its mission. Whether WHCA (or any other government agency) enjoys any "benefit" by providing a service is measured by the degree to which its activities fulfill its stated purpose or goals. WHCA certainly benefits from the effective provision of communications support to the President and Vice President, in keeping with its mission. Any other criteria or measurement of "benefit" must be clearly explained if the draft report's sentence is to have any meaning.

Finally, although there have been previous attempts since 1971 to transfer funding for stenographic support from WHCA to the White House, this in no way indicates that providing such services does not fall within the WHCA mission of providing communication support to the President. Rather it reflects the normal budgetary discussions that occur with all budget items. Funding for stenographic service is currently under consideration as part of the annual budget review process.

WHCA has been providing news wire support to the White House since 1977. The system at that time was a bank of point-to-point teletype machines. That system only provided the user with an ability to pull off hard copy news releases (in-turn) directly from the news wires. In 1993, WHCA upgraded the old point-to-point teletype news wire service with a modern, computer-driven

" 44 U.S.C. 2203. Emphasis added.

" See discussion under President's Authority to Assign Responsibilities.

" See discussion under Authority Supporting WHCA Mission of Providing Audiovisual Functions, supra note 13.

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local area network. This system placed the support closer to the user's office and allowed the user to select news items of interest, making the system more efficient. The current system has been in place supporting the National Security Council and White House staff since that time.

WHCA, the National Security Council and White House staff have initiated a working group to study the news wire support issue. The purpose of that group is to validate the current level of news wire support and compare that to other options. There are several dimensions to this support area. Changes with respect to new technology, user requirements, and funding profiles all combine to make it necessary to conduct such a review periodically. However, as stated before, we are now in an information era. Part of supplying communications support to the President now includes providing the President and White House staff with information so that they may communicate effectively.

Finally, paragraph two of this section states that, "Personnel at WHCA stated officials in the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) verbally directed WHCA to fund the news wire data management system." (Audit, p. 8). WHCA recommends that the sentence be stricken from the report. After an exhaustive search, WHCA management was not able to discover any documentation to support this assertion. In the absence of documentation that proves otherwise, it appears that WHCA and the White House staff jointly determined it appropriate for WHCA to fund the news wire data management system.

The costs presented are the IG's computations of the value of audiovisual, stenographic, and news wire services provided by WHCA for FY 1995. However, for the reasons detailed above, WHCA does not agree at this time that the funding for these services should be transferred to the Office of Administration or to any White House entity. First, WHCA's mission statement explicitly includes those services and ample legal authority and historical practice support the continuation of the longstanding practice. WHCA and the affected parties are examining WHCA's budget as part of an ongoing management review and will consider seriously the draft audit report's suggestions.

With respect to photographic equipment, as stated earlier, from the time of President Roosevelt to today, WHCA, or its predecessors, has provided photographic images to the Presidency. The one change has been the use of civilian, instead of military, photographers as directed by the Johnson administration in 1965. All photographic and laboratory equipment have continued to be DoD assets. WHCA believes that the purchase of camera equipment should continue to be a WHCA responsibility as mandated by previous legal and historical definition. The DCA legal review

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also has found that such equipment does fall within WHCA's communication support mission.

The draft audit report has offered no support for contradicting WHCA's mission statement which includes such "related support" for Presidential communications.

WHCA does not concur with the IG's conclusion that "audiovisual services and contracts for stenographic and news wire services are outside the WHCA telecommunications mission area." (Audit, p. 10). This conclusion contradicts all legal precedent and authority, as well as historical practice and management reviews that support WHCA providing these services. The IG failed to offer any substantive legal or historical support for its opinion.

Accordingly, WHCA believes that these activities fall within its mission of providing communications and related support to the President and Vice President. First, the WHCA mission statement provides authority for WHCA to supply these services to the White House. Second, the IG uses an inappropriate definition of telecommunications to support its analysis, a definition that has never been applied before to determine the scope of WHCA's mission. Third, the previous reviews of WHCA's mission document both the historical basis and the legal authority for WHCA to provide these contested services. Finally, whereas previous reviews analyze the underlying broad Presidential authority to assign functions to Executive Branch agencies, the IG's audit fails to address this issue.

Additionally, the DODIG uses a "telecommunications" definition found in DOD Directive 4640.13, "Management of Base and Long-Haul Telecommunications" to conclude that DOD is providing services (audiovisual, stenographic support, and news wire services) and equipment (camera equipment) to the White House that go beyond the stated mission of WHCA. The WHCA has a broad, multi-faceted information services mission which includes more than just providing telecommunications support to the President. The WHCA mission encompasses information systems support (data, voice, and visual services) to the President. All of these services enable the President to communicate with the public, state and federal agencies, and foreign governments and are key to the transmission of the policies and direction of the President as Commander-in-Chief. The DODIG should consider the broader concept of integrated information services support described in the Defense Information Infrastructure (DII) Master Plan, Jul 95, vice the traditional telecommunication definition.

Comments on Recommendations for Corrective Action:

Nonconcur. WHCA and the appropriate entities, both DISA and the White House, are already reviewing WHCA's activities as part of a thorough management review. WHCA agrees that it should work with the affected parties to determine how its current activities should be funded and organized. This effort may well result in a revised memorandum of agreement or other document of understanding to assist WHCA and the other affected parties in delineating their respective responsibilities.

WHCA believes, however, that the draft audit report must recognize that its suggestions, as now stated, would overturn longstanding legal authority and historical practice. Any suggestions for management strategy or cost transfers, based on the IG's "opinion," must be evaluated in that light. Specific comments on the provision of audiovisual support, stenographic services, news wires, and camera equipment are presented above.

2. FINDING B: REIMBURSEMENT AND REPORTING OF COMMUNICATIONS SUPPORT FOR THE SECRET SERVICE — Concur in Part.

Rationale: Prior to the DoD IG Audit, WHCA had already identified and begun addressing nearly all areas of USSS reimbursable support issues. In 1989, WHCA felt that all reimbursable and nonreimbursable costs were addressed by the Memorandum of Understanding (MOU) between WHCA and the USSS. However, under the DoD IG's interpretation of Public Law 94-524, WHCA had not billed the USSS for all reimbursable costs. Also under this interpretation, the DoD IG identified military labor costs that were not being collected by the Defense Information Systems Agency (DISA) and the Defense Finance and Accounting Service (DFAS). The following items were not being reported in accordance with DoD Directive 3025.13, Employment of Department of Defense Resources in Support of the United States Secret Service and DoD Manual 7220.9-M, DoD Accounting Manual:

1. Equipment Depreciation Cost (four percent of total value of equipment)
2. Military Labor Cost
3. Telephone Circuits to Include Washington Area System (WAS) Radio Circuits
4. Cellular Telephone Air Time
5. Radio Site Rental Fees
6. Digital Conferencing Switching System (DCSS) Lease and Maintenance
7. Portable Radios, Pagers, and Cell Phones

In accordance with Public Law 94-524, the Secret Service is required to reimburse DoD for all "permanent" service. DoD is authorized to provide assistance without reimbursement (Section 6) only when such services are "temporary" and when such support

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involves USSS protection of the President, the Vice President, and other persons immediately in succession to the Presidency. In 1991 the DISA General Counsel ruled that services provided for a duration of 90 days or more constitute permanent service. Based on this guidance, WHCA began negotiating with the USSS in 1991 to amend the MOU to include additional reimbursable costs.

The 1989 MOU does address reimbursable costs which were considered "permanent" support. However, as stated above, after the review in CY 1991, it was determined that several categories of permanent costs were omitted (i. e., equipment depreciation cost, military labor cost, telephone circuits to include WAS; cellular telephone air time; radio site rental fees; DCSS lease and maintenance; and portable radios, pagers, and cell phones).

The report states that as of July 1995, the USSS had not decided whether to continue receiving permanent support from WHCA on a reimbursable basis or, whether the Secret Service should assume the responsibility for all such permanent support. Currently WHCA has drafted revisions to the MOU and Instructions. These revisions are currently being staffed through the USSS and WHCA for coordination and review. In addition, beginning in FY97, the Department of Treasury will have the responsibility to budget for the support, vice the DOD. This will enable the Secret Service to reimburse WHCA for the support.

The DoD IG stated that WHCA should bill the Secret Service for military labor costs on behalf of the military departments. In fact, WHCA has always reported the costs of military labor. However, WHCA understands that DISA was unaware of the requirement to bill for these costs. Upon change of responsibility for billing from DISA to DFAS, WHCA billed USSS for all outstanding labor costs on September 29, 1995. DFAS is now aware of the requirement for reimbursement.

Using a Secret Service Cost Report, WHCA reported costs associated with permanent USSS support and with travel by the First Lady to Washington Headquarters Services every six months. DFAS uses this report as a basis for their collection action. During their investigation, the IG found that \$21,000 in military labor costs was not billed out for FY 94. However, once the issue was identified, WHCA billed the USSS for the \$21,000 in military labor costs in September 1995.

In FY 94, \$133,000 was the total reimbursable cost reported to Washington Headquarters Services. (\$107,000 was the reported amount for the October, 1993 - March, 1994 period and \$26,000 was reported for the April, 1994 - September, 1994 period, totalling \$133,000.) Once services for the first half of FY 94 were reported to Washington Headquarters Services, WHCA then billed the USSS through DFAS for \$86,000 of the \$107,000 (because

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\$21,000 in military labor costs were omitted). Realizing this in September 1995, WHCA billed the USSS for \$47,000 (the omitted \$21,000 in military labor for the first six months and \$26,000 total reimbursable costs for the last six months) to cover the entire period reported for FY 94.

WHCA submitted the Secret Service semi-annual report for October 1, 1994 through March 31, 1995 to Washington Headquarters Services on August 29, 1995. To eliminate future potential errors, WHCA now bills and reports on a monthly basis.

During FY 95, WHCA has initiated billings on behalf of DoD for military labor. New procedures are in place to ensure that all future reimbursable military labor used to support the USSS is billed appropriately.

Comments on Recommendations for Corrective Action:

B1. Concur. Based on the DISA General Counsel's decision which stated that services provided for 90 days or more constitute "permanent" service, WHCA began negotiations with the USSS in 1991 to amend the MOU. WHCA was seeking to include additional reimbursable costs as follows:

1. Equipment depreciation cost (4 percent of total value of equipment)
2. Military Labor Cost
3. Telephone Circuits to include Washington Area System (WAS) Radio Circuits
4. Cellular Telephone Air Time
5. Radio Site Rental Fees
6. Digital Conferencing Switching System Lease and Maintenance
7. Portable Radios, Pagers, and Cell Phones

WHCA projects that the MOU will be ready for presentation to the USSS by 15 Nov 95. Because we cannot estimate precisely when the USSS will agree to the provisions of the MOU, we are unable to estimate when this action will become effective.

B2. Concur. A WHCA Instruction will be completed to reflect the MOU when it is finalized with the USSS. Completion time is approximately 30 days after receipt of the final MOU.

B3. Concur. Report was submitted to Washington Headquarters Services on 29 Aug 95. Action completed.

B4. Concur. Two assessments were made. First, the DISA General Counsel determined the criteria for identifying permanent versus temporary service (see Recommendation B.1, above). Secondly, it was determined that permanent service installed for

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WHCA convenience in meeting temporary requirements would still be considered permanent (and therefore, reimbursable). Given these two considerations, WHCA will initiate billing to the USSS on a monthly basis (beginning 31 Oct 95) for the reimbursable costs listed at B.1. above.

B5. Concur. WHCA has initiated billings to the USSS on behalf of the DoD for the military labor costs during FY 95, and new procedures are in place for all future reimbursable military labor used to support the USSS. Action completed.

3. Finding C: Management of Maintenance Operations — Concur in Part with finding, but concur with recommendations.

WHCA is implementing a Maintenance Control System II (MCS-II) for centralized oversight of critical maintenance functions.
Comments to recommendations:

C1 - Concur. WHCA is developing a comprehensive plan for MCS-II. This plan will include target dates and milestones for implementing subsets of the system, such as repair parts management, automated requisitioning, and maintenance contract management. Projected completion date for the plan is 15 Dec 95.

C2 - Concur. Implementation of the repair parts management functions of MCS-II will facilitate this action. Projected completion date is 29 Feb 96.

C3 - Concur. All WHCA contracting officers representatives will prepare and update lists of equipment under applicable contracts and use periodic, vendor-provided service reports in assessing contract performance. The Maintenance Branch will become the central focal point for management oversight of maintenance contracts within WHCA. MCS-II will be used to automate the management of these contracts and facilitate this oversight. Projected completion date is 29 Feb 96.

C4 - Concur. See comments at #3, above.

4. Finding D: Management of Nonexpendable Property and Expendable Supplies — Concur in Part with finding, but overall concur with recommendations.

WHCA is working towards reconciling property records, ensuring the inventory management system is maintained, and delegating a single point of entry for the property. Comments to the Recommendations:

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D1 - Concur in Part. Of the 91 computers the DoDIG reported finding, 86 were listed by incorrect serial number in the PB. Reports of Survey will be initiated for the remaining 5 computers. Projected completion date is 15 Jan 96.

D2a - Concur. The WHCA Commander issued written guidance to ensure that the Logistics Branch is the only receiving point for property coming into WHCA. WHCA will formalize the guidance in WHCA Instruction 735-1 and aggressively follow-up with O&M units to ensure compliance. Projected completion date is 30 Nov 95.

D2b - Concur. The Logistics Branch is aggressively working with the O&M units to ensure that they properly reconcile their records against the document register that tracks open requisitions. Projected completion date is 30 Nov 95.

D3 - Concur. All purchase requests that have resulted in delivery of property will be closed. All property received will be properly recorded and accountability established. Requisitions no longer required will be closed out. Projected completion date is 30 Nov 95.

D4 - Concur. Action was completed for the computer equipment on 1 Sep 95 and photography equipment on 5 Sep 95.

D5 - Concur. On 21 Jul 95, WHCA implemented a 90-day requisition objective, as recommended.

D6 - Concur. Several items within the SSSC still have inventories in excess of 90 days. We expect these to attrit down to the 90-day level during 1996. Any items in excess of our projected requirements will be turned in. Projected completion date is 15 Dec 95.

5. Finding E: Inauditable Short-Haul Telecommunications Equipment and Services Inventory — Concur in part with finding, but concur with recommendations.

WHCA is establishing a complete and accurate circuit inventory and is formalizing procedures for maintaining inventory records.
Comments to the Recommendations:

E1 - Concur. There is an ongoing effort to complete the inventory of circuits along with a certification. Project completion date is 30 Sep 96.

E2 - Concur. These procedures are being formalized into a WHCA Voice Switching Unit Standard Operating Procedure document. Projected completion date is 31 Mar 96.

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6. Finding F: Termination of Long-Haul Telecommunications Circuits and Equipment Items — Concur in part with finding, but fully concur with recommendations.

WHCA is revalidating circuits and formalizing procedures for circuit review and revalidation. Comments to the Recommendations:

F1 - Concur. Action is underway to revalidate the 11 circuits in question. Projected completion date is 15 Dec 95.

F2 - Concur. Procedures are now being formalized in a unit Standard Operating Procedure that will review and validate one-eighth of WHCA's long-haul circuits each quarter. This will insure 100 percent review every two years. Projected completion date is 31 Dec 95.

F3 - Concur. The establishment of the inventory will be accomplished during the review and validation program established as described in the recommendations above. This is a two-year effort. Projected completion date is 1 Jul 97.

7. Finding G: Verification of Telecommunications Services — Concur with finding and recommendation.

WHCA has changed procedures to ensure the Telecommunications Certification Office will receive and verify the accuracy of the Customer Cost and Obligation Report. This action began on 1 Nov 95.

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