

July 15, 2004



# Financial Management

Promptness of FY 2004 Fourth  
Quarter DoD Payments to the  
Department of the Treasury for  
District of Columbia Water and  
Sewer Services  
(D-2004-100)

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Article I, Section 9

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### **Acronyms**

DCWASA

District of Columbia Water and Sewer Authority



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-4704

July 15, 2004

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
NAVAL INSPECTOR GENERAL  
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE  
AGENCY  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY  
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES

SUBJECT: Report on Promptness of FY 2004 Fourth Quarter DoD Payments to the  
Department of the Treasury for District of Columbia Water and Sewer  
Services (Report No. D-2004-100)

We are providing this report for information and use. This report is one in a series of audits we conducted in response to the requirements of Public Law 106-554, the Consolidated Appropriations Act of 2001. No written response to this report was required, and none was received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the staff. Questions should be directed to Ms. Barbara A. Sauls at (703) 325-5782 (DSN 221-5782) or Ms. Monica M. Harrigan at (703) 325-5930 (DSN 221-5930). See Appendix D for the report distribution. The team members are listed on the inside of the back cover.

By direction of the Deputy Inspector General for Auditing:

*Barbara A. Sauls, CPA*

for  
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Assistant Inspector General  
Defense Financial Auditing Service

## Office of the Inspector General of the Department of Defense

Report No. D-2004-100

July 15, 2004

Project No. (D2003CG-0191.003)

### Promptness of FY 2004 Fourth Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services

#### Executive Summary

**Who Should Read This Report and Why?** This report should be read by civil service managers, uniformed officers, and other individuals who have a direct interest in, or are in need of information about, the promptness of water and sewer payments to the District of Columbia.

**Background.** The audit was conducted in response to Public Law 106-554, the Consolidated Appropriations Act of 2001. The Act requires the inspector general of each Federal agency that receives water and sewer services from the District of Columbia to report to the Congressional Appropriations Committees on the promptness of payments within 15 days of the start of each quarter. The District of Columbia Water and Sewer Authority supplies both water and sewer services to Federal agencies and DoD Components within the National Capital Region. The Department of the Treasury is the collection agent for Federal agencies and DoD Components' water and sewer payments, with the Department of the Treasury submitting a single payment to the District of Columbia Water and Sewer Authority. The DoD Components, composed of 16 separate installations, sites, and organizations, are required to make advance quarterly payments to the Department of the Treasury for estimated bills on anticipated water usage in FY 2004. If the estimated bill is more than actual usage, the DoD Components receive a credit 3 years after the payment, which is the time it takes for billing reconciliation.

**Results.** All DoD Components, except Fort Myer Military Community, promptly made fourth quarter FY 2004 net payments totaling \$1.2 million to the Department of the Treasury for District of Columbia water and sewer services. The Defense Finance and Accounting Service Indianapolis stated that payment was made on behalf of Fort McNair on July 7, 2004, instead of July 2, 2004, as required by law, and a credit was issued on behalf of Fort Myer on July 7, 2004. Fort McNair, the Navy, Bolling Air Force Base, and Walter Reed Army Medical Center were the only DoD Components required to pay this quarter. The National Geospatial-Intelligence Agency, Washington Headquarters Services, Arlington National Cemetery, and Fort Myer have credit balances from prior overpayments and were not required to make quarterly payments for the FY 2004 fourth quarter.

**Management Comments.** We provided a draft of this report on July 12, 2004. No written response to this report was required, and none was received. Therefore, we are publishing this report in final form.

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## Background

This audit was required by Public Law 106-554, the Consolidated Appropriations Act of 2001. Public Law 106-554 states:

Not later than the 15th day of the month following each quarter, the inspector general of each Federal department, establishment, or agency receiving water services [or sanitary sewer services] from the District shall submit a report to the Committees on Appropriations of the House of Representatives and the Senate analyzing the promptness of payment with respect to the services furnished to such department, establishment, or agency.

This report covers FY 2004 fourth quarter payments and is one in a series of reports discussing the promptness of DoD payments to the Department of the Treasury for District of Columbia water and sewer services.

**The District of Columbia Water and Sewer Authority.** The District of Columbia supplies both water and sewer services to Federal agencies and DoD Components within the National Capital Region. Since October 1996, the District of Columbia Water and Sewer Authority (DCWASA) has been responsible for delivery of water and sewer services to DoD Components. DCWASA provides meter readings and annual estimated billings to the Department of the Treasury for water and sewer services provided to the Federal agencies, including DoD Components.

**Department of the Treasury Responsibility.** Under the District of Columbia Public Works Act of 1954, the Federal Government was to receive water and sewer services from the District of Columbia, and the District of Columbia was paid with an annual lump sum in accordance with the District of Columbia Appropriations Act. The District of Columbia Appropriations Act of 1990 (Public Law 101-168) changed the payment process by designating the Department of the Treasury as the collection agent for the Federal agencies' water and sewer payments, with the Department of the Treasury remitting a single quarterly payment to the District of Columbia. Public Law 106-554 amends the process Federal agencies use for making payments to the Department of the Treasury. When agencies do not forward timely payments of amounts that DCWASA bills, the Department of the Treasury is now authorized and directed to automatically withdraw funds from Federal agencies and provide those funds to DCWASA by the second day of each quarter. The Department of the Treasury bills Federal agencies and DoD Components annually for their estimated water and sewer usage and makes quarterly payments to DCWASA based on meter readings and estimates DCWASA provides. The DoD Components are required to make quarterly payments to the Department of the Treasury for those annual estimated bills. See Appendix C for a list of DoD Components, composed of 16 separate installations, sites, and organizations that received DCWASA services.

**Federal Agency Responsibility.** Public Law 101-168 mandates responsibility to the respective Federal agencies for payment of water and sewer services. The

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funds for the DoD Components receiving water and sewer services come through each agency's operating budgets and their respective appropriations bills for the current fiscal year. Each quarterly payment is due to the U.S. Treasury account, "Federal Payment for Water and Sewer Services," on the first day of the quarter. If the estimated bill is more than actual usage, the DoD Components receive a credit 3 years after the payment, which is the time it takes for billing reconciliation.

## **Objective**

The audit objective was to determine the promptness of DoD FY 2004 fourth quarter payments to the Department of the Treasury for District of Columbia water and sewer services. See Appendix A for a discussion of the scope and methodology. See Appendix B for prior coverage related to the objective.

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## **DoD FY 2004 Fourth Quarter Payments to the Department of the Treasury**

All DoD Components, except Fort Myer Military Community, promptly made fourth quarter FY 2004 net payments totaling \$1.2 million to the Department of the Treasury for District of Columbia water and sewer services. The Defense Finance and Accounting Service Indianapolis stated that payment was made on behalf of Fort McNair on July 7, 2004, instead of July 2, 2004, as required by law, and a credit was issued on behalf of Fort Myer on July 7, 2004. Fort McNair, the Navy, Bolling Air Force Base, and Walter Reed Army Medical Center were the only DoD Components required to pay this quarter. The National Geospatial-Intelligence Agency, Washington Headquarters Services, and Arlington National Cemetery have credit balances from prior overpayments and were not required to make quarterly payments for the FY 2004 fourth quarter. Fort Myer also has a credit balance from prior overpayments, and, as stated in prior audits, no longer receives services from the District of Columbia Water and Sewer Authority.

### **Promptness of FY 2004 Fourth Quarter DoD Payments**

All DoD Components, except Fort Myer Military Community, promptly made fourth quarter FY 2004 net payments totaling \$1.2 million to the Department of the Treasury for District of Columbia water and sewer services. The Defense Finance and Accounting Service Indianapolis stated that payment was made on behalf of Fort McNair on July 7, 2004, instead of July 2, 2004, as required by law, and a credit was issued on behalf of Fort Myer on July 7, 2004. Fort McNair, the Navy, Bolling Air Force Base, and Walter Reed Army Medical Center were the only DoD Components required to pay this quarter. The National Geospatial-Intelligence Agency, Washington Headquarters Services, Arlington National Cemetery, and Fort Myer have credit balances totaling \$272,000 for the quarter from prior overpayments.

As shown in the following table, DoD Components were billed \$1.5 million, paid \$1.2 million, and had credits of \$272,000 from prior overpayments for the FY 2004 fourth quarter payments.

**DoD Components' FY 2004 Fourth Quarter Estimated Bills, Credits, and Payments  
(As of July 1, 2004)**

	Estimated Bills		Quarterly Credits <sup>1</sup> (thousands)	Average Quarterly Amount Paid (thousands)
	Annual (thousands)	Quarterly (thousands)		
Washington Headquarters Services	\$ 0	\$ 0	\$ (36)	\$ (36)
Arlington National Cemetery	0	0	(64)	(64)
Walter Reed Army Medical Center	2,270	567	0	567
Fort McNair <sup>2</sup>	51	13	0	13
Fort Myer <sup>3</sup>	0	0	(143)	(143)
Navy <sup>4</sup>	2,051	513	0	513
Bolling Air Force Base	1,661	415	0	415
National Geospatial-Intelligence Agency	0	0	(29)	(29)
<b>Total</b>	<b>\$6,033</b>	<b>\$1,508</b>	<b>\$(272)</b>	<b>\$1,236<sup>5</sup></b>

<sup>1</sup>For FY 2004, Washington Headquarters Services received a total credit of \$144,000, Arlington National Cemetery received a total credit of \$254,000, Ft. Myer received a total credit of \$572,000, and the National Geospatial-Intelligence Agency received a total credit of \$118,000 because of excess charges in prior years.

<sup>2</sup>Fort McNair includes National War College and National Defense University Center. Fort McNair and Fort Myer are both part of the Fort Myer Military Community. Fort McNair amount paid on July 7, 2004.

<sup>3</sup>Fort Myer no longer receives services from DCWASA. Fort McNair and Fort Myer are both part of the Fort Myer Military Community. Fort Myer was issued a credit on July 7, 2004.

<sup>4</sup>Includes Anacostia Naval Station, Bellevue Naval Housing, Naval Observatory, Marine Corps Barracks (8th and I), Naval Research Laboratory, Nebraska Avenue Annex, Potomac Annex, and Washington Navy Yard.

<sup>5</sup>Net payment.

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## Appendix A. Scope and Methodology

We reviewed DoD Component billing and payment information for the fourth quarter of FY 2004 for District of Columbia water and sewer services. Specifically, we reviewed the billing information for DoD Components received from the Department of the Treasury to establish the amounts billed for water and sewer services. We contacted the Department of the Treasury to confirm that funds available to DoD Components were withdrawn to pay the District of Columbia for FY 2004 fourth quarter water and sewer bills. See Appendix C for a list of DoD Components that received water and sewer services from DCWASA.

We performed this audit from June 2004 through July 2004 in accordance with generally accepted government auditing standards.

We did not review management controls because the audit is required every 3 months by statute and an audit of the management control program, Inspector General of the Department of Defense (IG DoD) Report No. D-2002-140, has already been issued.

**Use of Computer-Processed Data.** We relied on the Intra-governmental Payment and Collection Documents provided by The Department of Treasury. However, nothing came to our attention as a result of specified procedures that caused us to doubt the reliability of the computer-processed data.

**General Accounting Office High-Risk Area.** The General Accounting Office has identified several high-risk areas in DoD. This report provides coverage of the DoD high-risk area identified as, “Confront and transform pervasive, decades-old financial management problems.”

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## Appendix B. Prior Coverage

During the last 5 years, the IG DoD has issued 15 reports discussing the promptness of DoD payments to the Department of the Treasury for District of Columbia water and sewer services. Unrestricted IG DoD reports can be accessed at <http://www.dodig.osd.file://c:\tmlinks.tml - 1610613373mil/audit/reports>.

### IG DoD

IG DoD Report No. D-2004-072, "Promptness of FY 2004 Third Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," April 15, 2004

IG DoD Report No. D-2004-043, "Promptness of FY 2004 Second Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," January 15, 2004

IG DoD Report No. D-2004-010, "Promptness of FY 2004 First Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," October 15, 2003

IG DoD Report No. D-2003-118, "Promptness of FY 2003 Fourth Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," July 15, 2003

IG DoD Report No. D-2003-079, "Promptness of FY 2003 Third Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," April 15, 2003

IG DoD Report No. D-2003-049, "Promptness of FY 2003 Second Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," January 15, 2003

IG DoD Report No. D-2003-010, "Promptness of FY 2003 First Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," October 15, 2002

IG DoD Report No. D-2002-140, "Measurement of Water Usage by DoD Components Serviced by the District of Columbia Water and Sewer Authority," August 20, 2002

IG DoD Report No. D-2002-128, "Promptness of FY 2002 Fourth Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," July 15, 2002

IG DoD Report No. D-2002-082, "Promptness of FY 2002 Third Quarter DoD Payments to the Department of the Treasury for District of Columbia Water and Sewer Services," April 15, 2002

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IG DoD Report No. D-2002-040, "Promptness of FY 2002 Second Quarter DoD Payments to the U.S. Treasury for District of Columbia Water and Sewer Services," January 15, 2002

IG DoD Report No. D-2002-007, "Promptness of FY 2002 First Quarter DoD Payments to the U.S. Treasury for District of Columbia Water and Sewer Services," October 15, 2001

IG DoD Report No. D-2001-159, "Promptness and Completeness of FY 2001 Fourth Quarter DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," July 13, 2001

IG DoD Report No. D-2001-100, "Promptness and Completeness of FYs 2000 and 2001 DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," April 13, 2001

IG DoD Report No. D-2001-053, "DoD Payments to the U.S. Treasury for Water and Sewer Services Provided by the District of Columbia," February 15, 2001

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## **Appendix C. DoD Customers of the District of Columbia Water and Sewer Authority**

According to DCWASA, the list below identifies the 16 DoD Components for which DCWASA provided estimated bills to the Department of the Treasury for water and sewer services during FY 2004.

### **Army**

Arlington National Cemetery  
Fort McNair  
Walter Reed Army Medical Center

### **Navy**

Anacostia Naval Station  
Bellevue Naval Housing  
Marine Corps Barracks (8<sup>th</sup> and I)  
Naval Observatory  
Naval Research Laboratory  
Nebraska Avenue Annex  
Potomac Annex  
Washington Navy Yard

### **Air Force**

Bolling Air Force Base

### **Other Defense Organizations**

National Defense University Center  
National Geospatial-Intelligence Agency  
National War College  
Washington Headquarters Services

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## **Appendix D. Report Distribution**

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Deputy Chief Financial Officer  
Deputy Comptroller (Program/Budget)

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Auditor General, Department of the Army  
Commander, Fort Myer  
Commander, Fort Myer Military Community  
Commander, Walter Reed Army Medical Center  
Director, Arlington National Cemetery

### **Department of the Navy**

Naval Inspector General  
Auditor General, Department of the Navy  
Superintendent, Naval Postgraduate School  
Director, Field Support Activity

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

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

### **Combatant Command**

Inspector General, U.S. Joint Forces Command

### **Other Defense Organizations**

Director, National Geospatial-Intelligence Agency  
Director, National Security Agency  
Director, Washington Headquarters Services  
Defense Systems Management College

### **Non-Defense Federal Organizations and Individuals**

Office of Management and Budget  
Inspector General, Department of the Treasury

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## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations  
Senate Subcommittee on Defense, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Governmental Affairs  
House Committee on Appropriations  
House Subcommittee on Defense, Committee on Appropriations  
House Committee on Armed Services  
House Committee on Government Reform  
House Subcommittee on Government Efficiency and Financial Management, Committee on Government Reform  
House Subcommittee on National Security, Emerging Threats, and International Relations, Committee on Government Reform  
House Subcommittee on Technology, Information Policy, Intergovernmental Relations, and the Census, Committee on Government Reform

## **Team Members**

The Office of the Deputy Inspector General for Auditing of the Department of Defense, Defense Financial Auditing Service prepared this report. Personnel of the Office of the Inspector General of the Department of Defense who contributed to the report are listed below.

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