Audit Report

OFFICE OF THE INSPECTOR GENERAL

WHITE HOUSE COMMUNICATIONS AGENCY - PHASE II

Report No. 96-100 April 29, 1996

Department of Defense

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Acronyms

CSA	Communications Service Authorization
DCS	Defense Communications System
DFAS	Defense Finance and Accounting Service
DISA	Defense Information Systems Agency
WHCA	White House Communications Agency
WHMO	White House Military Office

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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ARLINGTON, VIRGINIA 22202-2884

April 29, 1996

MEMORANDUM FOR DIRECTOR, WHITE HOUSE MILITARY OFFICE
ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS AND INTELLIGENCE)
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
COMMANDER, WHITE HOUSE COMMUNICATIONS AGENCY
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit Report on White House Communications Agency-Phase II (Report No. 96-100)

We are providing this report for your information and use. This report is the second of two reports resulting from our audit of the White House Communications Agency. 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.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

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, Audit Project Manager, at (703) 604-9508 (DSN 664-9508) or Ms. Annie L. Sellers, Audit Project Manager, at (703) 604-9534 (DSN 664-9534). The audit team members are listed inside the back cover. See Appendix K for the report distribution.

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Assistant Inspector General
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Office of the Inspector General, DoD

Report No. 96-100 **April 29, 1996**
(Project No. 5RD-5027.01)

White House Communications Agency-Phase II

Executive Summary

Introduction. This report is the second of two reports resulting from our Audit of the White House Communications Agency. 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 activities in the last 5 years.

Audit Objective. The audit objective was to review all activities at the White House Communications Agency and the authorities and management controls under which the activities are conducted. Specifically, the audit was to review the functions and missions of the White House Communications Agency, the activities the White House Communications Agency engages in, and the funding and reporting by the White House Communications Agency of those activities and to assess nonspecific allegations of theft and waste of equipment and resources. The review of the management control program under which the activities were performed is discussed in this 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 The Defense Information Systems Agency has exercised limited administrative, financial, and operational oversight of the White House Communications Agency. As a result, the White House Communications Agency received little or no oversight of budgeting, acquisition planning, and organizational effectiveness. Also, Findings B and C identify needed White House Communications Agency improvements in contracting and paying for telecommunications equipment and services and in reviewing unliquidated obligations. Furthermore, as reported in Report No. 96-033, "White House Communications Agency," November 29, 1995, the White House Communications Agency needed improvements in reporting and collecting reimbursable costs; managing maintenance operations, supply levels, and telecommunications equipment and services; and verifying telephone bills (Finding A).

o The White House Communications Agency did not comply with contracting and payment procedures and did not establish duties and responsibilities to ensure the most cost-effective methods of leasing telecommunications equipment and services. As a result, the White House Communications Agency had no assurance that

telecommunications equipment and services were leased from the most cost-effective vendors and expended about $784,000 without proper contractual authority to incur cost or to obligate funds for Presidential trips within the continental United States. Further, the White House Communications Agency inadvertently authorized an undetermined amount of duplicate payments to vendors and incurred an undetermined amount of interest penalties for late payments (Finding B).

o The White House Communications Agency could not validate outstanding, unliquidated obligations totaling $14.5 million for telecommunications equipment and services. As a result, the White House Communications Agency may have recorded invalid obligations and may not have deobligated funds for obligations that were no longer valid. Finally, the White House Communications Agency may have valid unliquidated obligations for which no supporting documentation exists (Finding C).

Prior audit reports indicate that problems with inadvertently authorizing duplicate payments and having invalid unliquidated obligation balances (Findings B and C) were widespread throughout the DoD.

The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) management control program needs improvement because a material weakness exists in that administrative, financial, and operational oversight was not provided to the White House Communications Agency. Recommendation A.1., if implemented, will improve management controls by establishing the oversight responsibilities of the Defense Information Systems Agency and of the White House Military Office for the White House Communications Agency.

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

o Specify the administrative, financial, and operational oversight that the Defense Information Systems Agency and the White House Military Office are to provide for the White House Communications Agency.

o Transfer the contracting and disbursement functions to the Defense Information Systems Agency for telecommunications equipment and services, and implement procedures to ensure that invoices are properly certified and promptly paid.

o Implement procedures to establish valid obligations, review and validate existing unliquidated obligations, and deobligate the amounts that are not supported.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) submitted joint comments for himself; the Director, Defense Information Systems Agency; and the Commander, White House Communications Agency. The Assistant Secretary concurred in all recommendations under his cognizance. The Army also concurred in the recommendation addressed to it. See Part I for a summary of management comments and Part III for the complete text of the comments.

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Part I - Audit Results

Audit Background

This report is the second of two reports resulting from our Audit of the White House Communications Agency. 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 our review should be as thorough as possible of all the White House Communications Agency (WHCA) activities in the last 5 years and of the authorities and controls under which the activities were performed.

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 networks[1] 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 WHCA mission are in Appendix E, and details on the WHCA organization are in Appendix F.

Staffing and Funding of WHCA. The WHCA is staffed primarily with military personnel. As of December 31, 1995, WHCA was authorized 946 military and 8 civilian positions and had 824[2] military and 7 civilian personnel on board. Details on the staffing at WHCA are in Appendix G.

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

[2]Includes one Coast Guard officer assigned, but not authorized.

The cost to operate WHCA for FYs 1995 and 1996 totaled about $110 million and $122 million, respectively, in DoD appropriated funds (see Appendix H). The Operation and Maintenance ($55 million in FY 1995 and $68 million in FY 1996) and the Procurement ($13 million in FY 1995 and $11 million in FY 1996) funding authorizations are provided through the DISA budget authorization for WHCA. The Military Personnel appropriation provided ($42 million in FY 1995 and $43 million in FY 1996) for military personnel at WHCA. The cost of military personnel pay is not charged to WHCA.

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 assigned to the White House Office of Management and Administration and 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 WHCA and the authorities and management controls under which the activities are conducted. Specifically, the audit was to review the functions and missions of the 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 review of the management control program under which the activities were performed is discussed in this report.

See Appendix A for a discussion of the audit scope, methodology, and the review of the management control program. See Finding A for details on the material weakness in management controls identified by the audit. 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. Oversight of White House Communications Agency Activities

DISA has exercised limited administrative, financial, and operational oversight of WHCA, a DISA organization. DISA did not provide oversight of WHCA because DoD guidance specifies only that DISA should provide administrative support to WHCA. Further, DISA believed that WHCA administrative, financial, and operational activities were subject to the oversight of the White House. As a result, WHCA received little or no oversight of budgeting, acquisition planning, and organizational effectiveness. Other conditions were identified that need improved oversight. For example, Findings B and C of this report identify needed WHCA improvements in contracting and paying for telecommunications equipment and services and in reviewing unliquidated obligations. Furthermore, as reported in Report No. 96-033, "White House Communications Agency," November 29, 1995, WHCA needed improvement in reporting and collecting reimbursable costs; managing maintenance operations, supply levels, and telecommunications equipment and services; and verifying telephone bills.

Mission and Operational Direction of the White House Communications Agency

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. 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. Inspector General, DoD, Report No. 96-033, "White House Communications Agency," November 29, 1995, states that the Circular included services that are not part of the WHCA telecommunications mission and should not be funded by WHCA and DoD. See Appendix B for additional details on that report. The Circular states that "The WHCA is under the operational direction of a designated office of the White House in fulfilling its mission responsibilities." The designated office in the White House is WHMO. Appendix E contains the full text of the WHCA mission and additional information on the overall DISA mission.

DISA Role in Providing Oversight of WHCA

DoD Directive 5105.19 tasks DISA to provide administrative support to WHCA, but the Directive does not discuss DISA oversight responsibilities.

According to the Directive, DISA is responsible to "Provide administrative support to the White House Communications Agency . . . ." Because WHCA supports the President and is under the operational direction of the White House, DISA believed that WHCA operations were subject to the oversight of WHMO. Therefore, in providing support for WHCA, DISA did not review WHCA requirements to determine whether WHCA needed requested funds or goods and services and did not require WHCA to follow certain DISA policies and procedures as other DISA organizations. Instead, DISA ensured that WHCA complied with applicable laws and corrected obvious budgetary errors and omissions.

WHMO tasks WHCA to provide telecommunications and other related support to the President. Although WHMO tasked WHCA to provide that support, WHMO did not provide oversight of how WHCA accomplished its assigned taskings. Because DISA assumed that WHMO provided oversight of WHCA, WHCA operated independently with little external oversight as discussed in the sections that follow.

The responsibility of DISA and WHMO to provide oversight of WHCA should be defined in a memorandum of agreement between DoD and the White House Office of Management and Administration. By evaluating WHCA operations, DISA can verify that WHCA is meeting the level of support needed by the President and is effectively utilizing DoD resources. Once the memorandum of agreement is completed, DoD Directive 5105.19 should be revised to specify the type and extent of oversight DISA should provide for WHCA. The WHCA staff authorizations, budgeting, and acquisition planning have been affected by the lack of DISA oversight as discussed in the sections that follow.

WHCA Organization and Staff Authorizations

The WHCA organization is composed of 14 elements: the Command Group, 6 staff elements, and 7 operational units. Details on the organization of WHCA functions are in Appendix F. WHCA is staffed primarily with military personnel. The Director, Joint Staff, approves the WHCA Joint Manpower Program, which specifies the number, rank, and skill of personnel from each Military Department and the number of civilian personnel authorized for WHCA. Authorized staffing for WHCA has increased from 30 personnel, when the White House Signal Detachment was established in 1942, to 954 (946 military and 8 civilian positions) as of December 31, 1995. As of December 31, 1995, WHCA had 824[3] military and 7 civilian personnel on board. Details on the staffing at WHCA are in Appendix G.

Prior Review of WHCA Staffing. In 1989 through 1990, the Management Engineering Activity (the Engineering Activity), Army Materiel Command,

[3]Includes one Coast Guard officer assigned, but not authorized.

performed a study to validate a WHCA request to increase its staff authorizations by 134 personnel. The Engineering Activity performed the study because the Defense Communications Agency (now DISA) could not perform the study in time for the preparation of the FY 1991 budget. The study did not fully determine the effectiveness of the WHCA organization and did not completely assess the required staffing for WHCA. Study results showed that the Engineering Activity identified the need for an additional 104 personnel. The Engineering Activity opined that some of the increases could be handled with contractor support, but DoD Program Budget Decision 73, November 21, 1990, increased the WHCA authorized staff from 809 to 979, including an additional 66 personnel for campaign-related support.

Compliance of Prior WHCA Staffing Review with DoD Guidance. DoD Instruction 5010.37, "Efficiency Review, Position Management, and Resource Requirements Determination," November 17, 1987, requires that the resource requirements to accomplish the mission shall be determined based on the most efficient organizational structure. The Engineering Activity study was flawed because it did not validate the overall WHCA structure and did not analyze the WHCA detachments at Andrews, Carswell, and Luke Air Force Bases and at Camp David. In addition, when analyzing workload data, the Engineering Activity did not validate data that WHCA submitted and did not consider workload trends and variations, such as during election campaigns. The WHCA Joint Manpower Program based current staffing authorizations on the 1989 study. However, the 1989 data may not be relevant to current technology and to the support WHCA now provides to the White House.

As a result of our audit, DISA and WHCA officials have orally agreed that DISA should perform a study to determine the number of staff needed to accomplish the WHCA mission. The study will enable WHCA to assess how Air Force staff at WHCA will be affected by the recent Air Force mandate to reduce staffing. Further, the study will assist WHCA in identifying functions that could be performed by civilian instead of military personnel. To collect and assess workload data during the peak periods at WHCA, the study should begin during the 1996 Presidential campaign.

Reductions in Air Force Staff for WHCA. The DISA study should help WHCA identify where staff reductions mandated by the Air Force can best be made. In 1993, as part of its overall reduction in authorized strength, the Air Force reduced by about 18 percent the number of staff it would provide to DISA. Because of the WHCA mission to provide support to the President, DISA requested that the Air Force exempt the WHCA staff from the general staffing reduction. However, the Air Force refused to exempt WHCA. Previously, DISA absorbed general reductions made by the Army and the Navy without affecting WHCA, because the reductions were small. DISA could not absorb all the recently planned Air Force reductions, because Air Force enlisted staff positions at WHCA accounted for about 50 percent of the Air Force enlisted staff positions in DISA. In FY 1995, WHCA reduced its authorizations by six enlisted Air Force positions. For FYs 1996 through 1999, the WHCA share of the proposed reductions is 40 (3 officers and 37 enlisted) positions.

Civilian Positions at WHCA. A DISA study should also help WHCA identify staff positions that could be filled by civilians. As of December 31, 1995, WHCA had seven civilian personnel on board which constitutes less than 1 percent of total WHCA staffing. The tour of duty for officers and enlisted personnel in WHCA is 4 years for the Army, Navy, and Air Force and 3 years for the Marine Corps. With the approval of WHCA and the appropriate Military Department, military personnel can extend their tours of duty. We believe civilians would provide the stability and continuity of operations that is lost through the regular rotation of military personnel. We also believe that many WHCA positions do not require military skills and would be suited to civilian employees. The following positions in WHCA could be filled by civilian instead of military personnel.

o All positions in the Resource Management Division. The Resource Management Division manages the financial operations of WHCA to include budgeting; finance; accounting; making purchases valued at less than $25,000; and managing acquisitions. Those functions are primarily administrative and do not rely on military expertise.

o Deputies. Because the length of assignment at WHCA for civilians is not limited, civilian deputies for staff elements and operational units would provide continuity of operations and would have historical knowledge of the element's or unit's operations when the director or military commander transfers from or within WHCA. Two staff elements and one operational unit already have civilian deputies.

o The Information Systems Security Officer in the Security and Safety Division. The position was originally held by a civilian, and no military position description exists. Since being vacated by the civilian, the position has been filled by several military personnel. Each of the military personnel received special training to meet the qualifications of the job. The position has been vacant as of August 1995.

o Other general areas in WHCA that do not rely on military expertise and that may benefit from civilian personnel include logistics, personnel management, and computer operations.

To ensure that WHCA can accomplish its mission using the most efficient staffing level, DISA should perform staffing reviews to determine the most efficient structure and the number of personnel, taking into consideration Air Force staff reductions and positions that can be filled by civilians.

WHCA Budget Requests

Reviews of the WHCA Budget. The WHCA Commander develops and approves the WHCA budget. Before approving the overall WHCA budget, the WHCA Commander reviews budget submissions from the WHCA staff elements and operational units. WHCA submits budgetary documentation to

DISA, and DISA ensures that the documentation complies with DoD guidance and legal requirements. However, in validating the WHCA budget, DISA does not review or analyze WHCA budget requests as extensively as budget requests of other DISA subordinate organizations. For example, if DISA had performed the same type of review for the WHCA budget, DISA would have found that the budget submission by the Resource Management Division did not have sufficient supporting documentation for the communications budget. In addition, although WHMO provides operational direction and control to WHCA, WHMO officials are not required to participate in developing or reviewing the WHCA budget. DISA includes the WHCA budget in the overall DISA budget submitted to the Office of the Secretary of Defense. DISA receives funding from the Office of the Secretary of Defense and allocates funds to WHCA according to the budget WHCA submitted. In meeting its financial oversight responsibilities, DISA should validate requirements in the WHCA budget to ensure that DISA resources are effectively used. Details on the WHCA budget are in Appendix H.

Development of Performance Plans for Justifying Future Budgets. To better justify budgets, DISA began developing performance measures during December 1994 to implement Public Law 103-62, "Government Performance and Results Act of 1993" (the Act), August 3, 1993. One of the purposes of the Act is to improve Federal program effectiveness and accountability by having agencies focus on results, quality of service, and customer satisfaction. To implement the Act, DISA requested that each of its organizations submit a performance plan by June 16, 1995, that identified the agency's operational processes, performance indicators and goals, needed resources, and reporting mechanisms. WHCA submitted a performance plan on January 26, 1996, that identified only performance indicators for acquisitions. To ensure DISA fully implements the Act, WHCA should submit performance plans for all goals and objectives of WHCA functions. In the future, agencies will use the information required by the Act to justify budget submissions. Establishing performance measures for WHCA will help DISA in justifying requested resources.

WHCA Acquisition Planning

Acquisition Planning Guidance. Federal Acquisition Regulation 7.101 defines acquisition planning as the process of using a comprehensive plan to coordinate and integrate the efforts of all personnel responsible for an acquisition. The purpose of acquisition planning is to ensure that the Government meets its needs in the most effective, economical, and timely manner. Acquisition planning should begin when an agency identifies an acquisition requirement, preferably well in advance of the fiscal year in which contract award is necessary. The "Acquisition How To Guide" (the How To Guide), August 1993, contains guidance for DISA organizations on the DISA acquisition process, beginning with definition of the requirement through contract award.

Independent Acquisition Planning. WHCA independently performed acquisition planning and validated procurement requirements, even though

Federal Acquisition Regulation 7.104(c) requires WHCA to obtain contracting officer concurrence for all phases of acquisition planning. DISA contracting officials seldom participated in acquisition planning with WHCA until WHCA forwarded the purchase requests and specifications to DISA. Further, since August 1993 when the How To Guide was issued, WHCA had not submitted any proposed acquisitions to the Acquisition Review Committee for review and validation. The How To Guide requires DISA organizations to submit proposed acquisitions costing more than $1 million to the DISA Acquisition Review Committee for review and validation. Because DISA did not participate in acquisition planning and did not validate WHCA acquisition strategies, WHCA purchased a $4.9 million mobile communications system that did not meet operational needs; planned to purchase six satellite terminals, costing an average of $269,000 each, that were not needed; and did not intend to compete the maintenance contract, costing $2.1 million, for the Washington Area System radio network. Details on those acquisitions follow.

Acquisition Planning Performed by WHCA. WHCA established an acquisition management office in August 1994 to better manage proposed acquisitions costing more than $25,000. The WHCA acquisition management office staff meets with the WHCA Commander, unit commanders, and staff directors once a month to review and validate proposed acquisitions. Although the DISA contracting officers could provide advice to WHCA on contracting strategies, personnel from the WHCA acquisition management office seldom consulted with the DISA contracting officers until WHCA forwarded purchase requests to DISA. During FYs 1991 through 1995, DISA awarded 22 contracts for WHCA that exceeded $1 million each and had a total value of $74 million.

WHCA Acquisitions. WHCA acquisitions were not reviewed and validated by the Acquisition Review Committee and acquisition planning did not involve DISA contracting officers. A few examples follow.

o WHCA expended $4.9 million on a mobile communications system that did not meet WHCA operational needs. WHCA had planned to use the mobile communications system to provide telecommunications support on most Presidential trips. However, the communications system and all WHCA equipment needed to support the President does not fit on one C-141 aircraft and the design of the communications system does not allow WHCA personnel to operate efficiently. Because the communications system did not meet operational needs, WHCA did not exercise contract options to purchase an additional six communications systems and used the communications system on only 3 of 63 Presidential trips during May through December 1995.

o In July 1994, WHCA planned to purchase 12 satellite terminals until the contractor submitted an average price of $618,000 per terminal instead of an average of $269,000 as estimated by WHCA. When WHCA officials realized the actual cost for the terminals, they reevaluated the procurement and concluded six terminals did not have to be replaced.

o WHCA planned to obtain maintenance for the new Washington Area System radio network at a cost of about $2.1 million through other than full and open competition instead of competing the maintenance portion of the contract

as required by the Federal Acquisition Regulation. WHCA officials did not plan to compete the maintenance portion of the contract because they did not perform a market survey, which would have identified potential vendors. During the audit, we recommended that WHCA perform a market survey and, as a result of performing the market survey, WHCA concluded the maintenance portion for the Washington Area System could be obtained through competing the contract.

See Appendix I for additional details on those three acquisitions. Because WHCA did not follow established Federal Acquisition Regulation and DISA acquisition planning procedures, WHCA procured a mobile communications system that has limited utility and planned to replace satellite terminals that did not need replacing. In addition, WHCA planned to avoid competition of a contract for maintenance until we requested that WHCA perform a market survey to identify potential vendors.

Revisions to the DISA How To Guide. As of December 1995, DISA was modifying its acquisition planning procedures in the How To Guide to provide more effective oversight of DISA acquisitions. The How To Guide requires DISA organizations to forward all acquisitions costing more than $1 million to the Acquisition Review Committee for review and validation. DISA draft handbook, "Acquisition Review Panel Handbook," version 1.0, October 1995, supplements the How To Guide and establishes the Acquisition Review Panel as a working panel of the Acquisition Review Committee. The draft handbook, revises acquisition planning procedures in that the Acquisition Review Panel reviews and approves proposed acquisitions costing more than $1 million, but less than $10 million. The Acquisition Review Committee retains approval authority for proposed acquisitions costing more than $10 million.

The How To Guide also requires DISA organizations to forward proposed Military Interdepartmental Purchase Requests valued at more than $1 million to the Acquisition Review Committee for review and validation. Military Interdepartmental Purchase Requests are used to request that another DoD Component or Federal agency procure equipment or services. DISA intended that the review of the Acquisition Review Committee determine whether DISA could efficiently contract for the goods or services instead of having another DoD Component or Federal agency issue the contract. However, according to DISA officials, DISA did not enforce How To Guide requirements and did not require DISA organizations to submit Military Interdepartmental Purchase Requests to the Acquisition Review Committee. On March 3, 1995, DISA issued Director's Policy Letter 95-6, "DISA Interagency Acquisitions," to revise its procedures for Military Interdepartmental Purchase Requests. Policy Letter 95-6 requires DISA organizations to submit Military Interdepartmental Purchase Requests exceeding $100,000 to the Acquisition Review Committee. From March 3, 1995, through September 30, 1995, WHCA issued 17 Military Interdepartmental Purchase Requests exceeding $100,000 each and with a total value of $8.4 million. The draft handbook on the Acquisition Review Panel makes it responsible for approving Military Interdepartmental Purchase Requests valued from $100,000 through $750,000. DISA officials expect

WHCA to comply with the Acquisition Review Committee procedures, but as of February 9, 1996, WHCA had not forwarded any Military Interdepartmental Purchase Requests to either the Acquisition Review Committee or the Panel.

Operational Audits of WHCA by the Inspector General, DISA

DISA has not allocated personnel from the Office of the Inspector General, DISA, to provide audit coverage of WHCA and has excluded WHCA from reviews performed by the Inspector General, DISA. Inspector General, DoD, Report No. 96-033, "White House Communications Agency," November 29, 1995, showed that WHCA needed improvements in reporting and collecting reimbursable costs; managing maintenance operations, supply levels, and telecommunications equipment and services; and verifying telephone bills. See Appendix B for additional details on that report. Findings B and C of the current report identify needed WHCA improvements in contracting and paying for telecommunications equipment and services and in reviewing unliquidated obligations. We believe DISA and WHCA would have previously identified those problems and established effective controls if DISA had performed routine operational audits of WHCA. To ensure DoD resources are effectively used, the Inspector General, DISA, should include WHCA in planned audits.

Memorandum of Agreement to Establish Oversight Responsibilities

We recognize that WHCA must be responsive to the President and that the White House determines the WHCA work load. We also recognize that the WHCA travel work load varies, depending on the travel schedules of the President, Vice President, and First Lady. However, because WHCA is a DoD organization, we believe that DISA should not allow WHCA to operate without oversight and should ensure that WHCA fulfills mission requirements effectively and economically. DISA officials stated that they would provide oversight of WHCA activities if DISA had the explicit authority. The WHCA mission to support the President should not exempt WHCA from the oversight DISA provides to its other organizations. 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 White House Office of Management and Administration to specify the administrative, financial, and operational oversight that DISA is to provide for WHCA. Accordingly, the Assistant Secretary should revise DoD Instruction 5105.19 to specify the DISA oversight of WHCA.

Recommendations, Management Comments, and Audit Response

A.1. 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:

a. Initiate a memorandum of agreement with the White House Office of Management and Administration specifying the administrative, financial, and operational oversight responsibility of the Defense Information Systems Agency and of the White House Military Office for the White House Communications Agency.

b. Revise DoD Directive 5105.19, "Defense Information Systems Agency," June 25, 1991, to specify the administrative, financial, and operational oversight responsibilities of the Defense Information Systems Agency as defined in the memorandum of agreement described in Recommendation A.1.a.

A.2. We recommend that the Director, Defense Information Systems Agency:

a. Collect and analyze the White House Communications Agency workload data during the 1996 Presidential campaign as part of the agreed-upon study of needed staffing to accomplish the White House Communications Agency mission.

b. Determine the most efficient structure and staff authorizations for the White House Communications Agency to include an assessment of reductions in Air Force staff and the identification of positions that could be performed by civilians.

c. Validate the White House Communications Agency budget using the same procedures used in validating budgets for all other Defense Information Systems Agency organizations.

d. Perform operational audits of the White House Communications Agency as part of the regular audit program for all Defense Information Systems Agency organizations.

A.3. We recommend that the Commander, White House Communications Agency:

a. Prepare performance plans for all White House Communications Agency goals and objectives and submit the plans to the Defense Information Systems Agency.

b. Establish procedures to coordinate with contracting officers at the Defense Information Systems Agency immediately after proposed acquisitions are approved.

c. Establish procedures to ensure that the following are submitted for review to the Acquisition Review Panel, Defense Information Systems Agency:

o the acquisitions estimated to cost at least $1 million for contract award by the Defense Information Systems Agency and

o the Military Interdepartmental Purchase Requests estimated to cost at least $100,000 when the draft procedures regarding the Acquisition Review Panel are finalized.

In the interim, submit those acquisitions and Military Interdepartmental Purchase Requests to the Acquisition Review Committee, Defense Information Systems Agency.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) submitted joint comments for himself; the Director, DISA; and the WHCA Commander. The Assistant Secretary either concurred or concurred in part with the recommendations. The Assistant Secretary included a copy of a memorandum of agreement on WHCA oversight that he signed on March 8, 1996, and that the Assistant to the President for Management and Administration signed on March 14, 1996. The Assistant Secretary stated that the memorandum of agreement met the intent of the recommendation to revise DoD Directive 5105.19 to specify the oversight of WHCA and that the suggested changes will be reviewed at the next periodic revision of the DISA charter. Also, a staffing study would begin in April 1996 to collect workload data and to assess the WHCA organizational structure. Further, DISA would validate the WHCA budget beginning October 1996; perform operational audits of WHCA beginning August 15, 1996; and document DISA support to WHCA acquisitions by May 15, 1996.

Audit Response. We agree that the memorandum of agreement with the Assistant to the President for Management and Administration specifies the DISA oversight responsibilities for WHCA. The DISA responsibilities to provide oversight of WHCA should be incorporated in DoD Directive 5105.19 upon its next revision. The Assistant Secretary's comments meet the intent of the recommendations, and no further comments are required.

Finding B. Procurement and Payment of Temporary Telecommunications Equipment and Services

WHCA did not use contracting officers to acquire temporary telecommunications equipment and services, competitively select vendors, establish contracts with selected vendors, validate quoted rates, or establish a formal memorandum of agreement with a contracting office, for Presidential trips within the continental United States. Further, WHCA neither validated for payment nor promptly paid charges incurred for leasing temporary telecommunications equipment and services for Presidential trips within the continental United States. The procurement and payment process was flawed because WHCA did not comply with Federal and DoD telecommunications, contracting, and accounting regulations. As a result, WHCA:

o had no assurance that telecommunications equipment and services were leased from the most cost-effective vendors at the most cost-effective rates or at an accurate price;

o expended about $784,000 without having the contractual authorization to incur cost or to obligate funds for telecommunications equipment and services leased for 140 Presidential trips;

o authorized an undetermined amount of duplicate payments and payments that exceeded the agreed-upon price for telecommunications equipment and services leased for trips; and

o incurred an undetermined amount of interest penalties for late payments to vendors.

Procedures and Processes Related to Contracting and Paying for Telecommunications Equipment and Services

In accordance with requirements in United States Code, title 31, sections 1501 and 3528(a); the Federal Acquisition Regulation; and the Defense Federal Acquisition Regulation Supplement, DoD has established general procedures for establishing contracts and for paying for telecommunications equipment and services. DISA operates the Communications Information Services Activity to procure commercial communications services, facilities, and equipment for DoD and other Government agencies. This procurement function is carried out by the Defense Information Technology Contracting Office, which is a subelement of DISA and the operating arm of the Communications Information Services Activity.

Basic Agreements. The Defense Information Technology Contracting Office prepares basic agreements with frequently used communications vendors and updates basic agreements with pertinent Federal Acquisition Regulation and Defense Federal Acquisition Regulation Supplement changes. Federal Acquisition Regulation 16.702, "Basic Agreements," states that a basic agreement is a written instrument of understanding, negotiated between an agency or contracting activity and a contractor, that contains contract clauses applying to future contracts between the parties during the term of the basic agreement. The contract clauses also contemplate separate, future contracts that will incorporate by reference or attachment the required and applicable clauses agreed upon in the basic agreement. A basic agreement is not a contract. Defense Federal Acquisition Regulation Supplement 239.7407-2, "Communication Service Authorizations (CSAs)," states that the basic agreement with a communications vendor should prescribe the general contract requirements under which telecommunications equipment and services may be provided and that the basic agreement does not provide the specific terms, technical specifications, or prices for a particular leasing action. The Regulation Supplement further states that basic agreements are used widely in conjunction with Communication Service Authorizations (CSAs) to facilitate award of telecommunications services.

Communication Service Authorizations. Equipment and services are ordered against the basic agreement through a CSA. Defense Federal Acquisition Regulation Supplement 239.7407-2 states that a CSA is to be used to award, modify, cancel, or terminate telecommunications services. The CSA shall refer to the basic agreement, specify the types and quantities of equipment to be provided, specify the tariff (or other price if a tariff is not available) of the equipment and services, specify the facilities involved, reference the billing address, identify the disbursing office, and provide funding information. The Defense Federal Acquisition Regulation Supplement further states that the CSA is to include an expiration date and is to be modified to reflect any price increases. The CSA will also include an identifying number, the vendor name, and a description of the contractual relationship between the Government and the vendor.

No formal contract exists until both the basic agreement and CSA are completed by the Defense Information Technology Contracting Office and a contracting officer, and no services should be performed until the basic agreement and CSA are completed. United States Code, title 31, section 1501, lists a number of requirements for recording an obligation against the Government. Section 1501(a)(1) states that an amount shall be recorded as an obligation of the U.S. Government only when supported by documentary evidence of a binding written agreement (the basic agreement and CSA in the case of telecommunications equipment and services) between an agency and another person (including an agency) that is for a purpose authorized by law.

Telecommunications Contract Procedures

The standard DoD contracting procedure for leasing telecommunications equipment and services is to have both the written basic agreement and CSA; however, in urgent and emergency situations, an oral agreement may be used, which is then followed by a written CSA. Without a formal contract, the vendor is not bound to furnish telecommunications equipment and services or to provide the ordered equipment and services, and the Government is not protected from subsequent price increases or extensions of the lease period. Further, without written contracting documents, a Government obligation to pay the vendor cannot be established.

The U.S. Army Information Systems Command Contracting Office, Fort Huachuca, Arizona, establishes contracts and modifies, cancels, or terminates temporary telecommunications equipment and services leased by WHCA for Presidential trips within the continental United States.

DoD Payment Process for Vendor Services. According to their Missions and Functions Statement, the Defense Finance and Accounting Service (DFAS) is a Commercial Accounts Payable Office and is responsible for paying invoices received from customers (DoD organizations). United States Code, title 31, section 3528(a), requires that all Federal disbursements be certified as accurate, proper, and legal. In paying vendors for services, DFAS pays a customer's invoice after DFAS has determined fund availability and that the charges shown on the vendor's invoice are correct, legal, and proper. The DFAS validates vendor charges by comparing the amounts shown on the invoice against those listed in a customer's contracts. It is the customer's responsibility to make sure that the charges reflected in the contracts are accurate and that the charges shown on the vendor's invoice are for equipment and services that have been received.

The DFAS Center in Columbus (DFAS-Columbus), Ohio, makes payments for WHCA for leased temporary telecommunications equipment and services for Presidential trips within the continental United States.

Temporary Telecommunications Support Provided by WHCA for Presidential Trips Within the Continental United States

WHCA provides telecommunications support to the President and Vice President; the President's staff; the First Family; the Secret Service; and others as directed. The temporary telecommunications support is provided in the Washington, D.C., metropolitan area; other locations in the United States; and locations worldwide.

Support for Presidential trips is initiated by WHCA when the WHCA Travel Operations Branch is notified by the President's staff that upcoming travel will

take place. Once the details of a trip are made available, WHCA assigns a Presidential Communications Officer to procure the necessary telecommunications equipment and services for the trip.

Role of the Presidential Communications Officer. The Presidential Communications Officer, rather than a contracting officer at the U.S. Army Information Systems Command Contracting Office, contacts and negotiates agreements with vendors for temporary telecommunications equipment and services. Federal Acquisition Regulation 1.6, "Career Development, Contracting Authority, and Responsibilities," states that contracts may be entered into and signed on behalf of the Government only by contracting officers and that contracting officers may bind the Government only to the extent of the authority delegated to them by agency heads or their designees. Further, contracting officers shall be appointed in writing, stating any limitation on the scope of authority to be exercised. Presidential Communications Officers have not been appointed as contracting officers, and WHCA and the Presidential Communications Officers do not have the authority to enter into contracts on behalf of the Government.

WHCA Vendor Selection. Presidential Communications Officers did not competitively select vendors for procurement of temporary telecommunications equipment and services. Defense Federal Acquisition Regulation Supplement 239.7402 states that contracting officers promote and provide full and open competition in soliciting offers and in awarding Government contracts. Personnel in the WHCA Operations Division stated that they used their prior experience, as opposed to a contractor solicitation process, to determine which vendors to use in leasing temporary telecommunications equipment and services. WHCA personnel stated that because they were not notified of trips early enough, they could not comply with standard Federal contracting procedures and, therefore, created their own procedures for leasing temporary telecommunications equipment and services. However, advance notification was given for 95 percent of the trips taken. WHCA lacks the expertise and information resources necessary to promote and provide for full and open competition for leasing temporary telecommunications equipment and services. WHCA is also not complying with Federal and DoD policies by leasing its own telecommunications equipment and services.

WHCA Contracting Procedures. Presidential Communications Officers did not ensure that contracts were established with vendors selected to provide requested services. At the travel site, the Presidential Communications Officer gave the communications vendor a list of requirements that cited a CSA number. The U.S. Army Information Systems Command Contracting Office gave WHCA the CSA numbers, even though the contracting office had not prepared a written CSA (contracting document) and, therefore, a valid CSA number did not exist. The CSA number should be issued to a vendor only by a contracting officer and only when the written CSA is completed. However, vendors accepted the lists of requirements and CSA numbers, provided temporary telecommunications equipment and services to the Government, and presented an estimated list of charges to the Presidential Communications Officer. Vendors we interviewed indicated they assumed a valid contract existed.

Verification of Telecommunications Rates. Neither the Presidential Communications Officers nor the U.S. Army Information Systems Command Contracting Office verified that the charges provided by vendors were valid or accurately conformed with those in an approved tariff (or other price if a tariff is not available). The Presidential Communications Officers did not verify the rates against the tariffs because the Presidential Communications Officers were generally unaware that tariffs existed. The U.S. Army Information Systems Command Contracting Office, which was responsible for verifying the quotes or rates to the tariff, did not verify the rates charged by the vendors because the contracting officer had no direct contact with the vendor and because the contracting officer does not maintain tariffs. The list of charges provided at the conclusion of a trip should represent the complete, accurate, and final cost for the temporary telecommunications equipment and services. However, numerous vendor invoices differed substantially from the final costs quoted at the travel sites. For example, the final costs for three trips in FY 1994 were quoted by vendors at $12,000; $35,231; and $45,359, but vendors subsequently charged WHCA $17,768, $91,172 and $55,675, respectively. The final costs for three trips in FY 1995 were quoted by vendors at $14,978; $16,155; and $23,420, but the vendor charged WHCA $18,701; $19,520; and $30,472, respectively. WHCA did not document the reasons for the differences or challenge vendor charges that differed from the estimates and instead, certified the invoices for payment. WHCA was unable to challenge increases in vendors invoices because a proper contract did not exist.

Informal Agreement Between WHCA and the U.S. Army Information Systems Command Contracting Office. WHCA and the contracting office did not establish a formal agreement approved by the respective commanders of those organizations that delineated duties and responsibilities of each party. The contracting office is required to negotiate and contract for telecommunication services. However, the U.S. Army Information Systems Command contracting officer accepted that the Presidential Communications Officers performed the contracting function without granting them the procurement authority necessary for entering into a legal contract with vendors. Presidential Communications Officers assumed the negotiating and contracting function because WHCA considered emergency status for all trips and did not believe standard contracting procedures could be accomplished in a timely manner and because the U.S. Army Information Systems Command Contracting Office did not make its staff available to support the WHCA mission. WHCA and the U.S. Army Information Systems Command Contracting Office had a written informal agreement, which states that the contracting office's only involvement in the procurement process was to agree to write the contract (CSA) when the vendor sent copies of the invoices. But because the agreement was informal and was not enforceable, the contracting officer did not prepare contracting documents for 140 Presidential trips taken during a 9-month period in FY 1995. When the contracting office received the invoices, it filed them in a desk drawer.

U.S. Army Information Systems Command Support to WHCA. The U.S. Army Information Systems Command Contracting Office did not maintain a comprehensive library of tariffs for telecommunication carriers to evaluate whether prices for telecommunications equipment and services were accurately quoted. Further, personnel at the U.S. Army Information Systems Command

Contracting Office did not perform cost comparisons or economic analyses of proposals and price quotes to determine whether telecommunications equipment and services were leased from the most cost-effective vendors.

Payment of Telecommunications Invoices

DFAS-Columbus and WHCA established an Interservice Support Agreement in January 1994 to identify the terms and conditions under which DFAS-Columbus would provide support to WHCA.

Under the Interservice Support Agreement with WHCA, DFAS-Columbus was responsible for providing payment services for commercial accounts, determining validity of payments, ensuring proper documentation is provided to justify the payment, and receiving all contract invoices to reconcile against contracts and against certified receipts for temporary telecommunications equipment and services ordered by WHCA for Presidential trips. Further, DFAS-Columbus was responsible for making payments within the terms of the contracts or invoices and for paying interest penalties for late payments.

DFAS Payment Procedures. DFAS-Columbus did not follow the established procedures in the Interservice Support Agreement to ensure the validity of payments and the proper disbursement of funds. Also, DFAS-Columbus did not review payment documentation to verify that an invoice reflected accurate charges. By not validating the payment of invoices, DFAS-Columbus made a small number of duplicate payments. For example, DFAS-Columbus made nine duplicate payments during FYs 1994 and 1995: for FY 1994, duplicate payments totaled $4,500; for FY 1995, duplicate payments totaled $11,200.

DFAS-Columbus considered the payments for temporary telecommunications equipment and services as noncontractual transactions, because DFAS-Columbus did not receive the CSAs necessary to support payments or to reconcile the invoices against the contract and certified receipts. Therefore, DFAS-Columbus did not verify the vendor invoices for payment, and DFAS-Columbus made the disbursement of funds without the required contractual documentation necessary to support payments.

Prompt Payment Procedures. WHCA and DFAS-Columbus did not establish procedures to ensure that the invoices for temporary telecommunications equipment and services were processed for payment in accordance with the provisions of the Prompt Payment Act. The Prompt Payment Act, Amendment of 1988, Public Law 100-496, was the basis for Office of Management and Budget Circular A-125, December 12, 1989, which prescribes policies and procedures to be followed by executive departments and agencies in paying for property and services acquired under Federal contracts. The Circular requires agencies to pay interest penalties automatically from funds available for the administration of the program for which the penalty was incurred without contractors having to request such payments. WHCA, as the designated billing office, did not process invoices promptly in order for DFAS-Columbus to

comply with the provisions of the Prompt Payment Act. In addition, DFAS-Columbus did not validate and consistently pay the invoices promptly once they were received from WHCA. Personnel at DFAS-Columbus stated that the Prompt Payment Act did not apply to telecommunications services because they are considered utilities for payment purposes. The Comptroller General stated in 65 Comptroller General Decision 842, 843-44 (1986), that nothing in the statute or the legislative history provides a basis for not including utilities under the statute's coverage.

The failure to establish procedures that ensure telecommunications invoices were paid in accordance with the provision of the Prompt Payment Act will result in the assessment of interest penalties. Of the 252 invoices we reviewed, only 44 (17 percent) were paid within the 30-day payment period. We did not calculate the amount of interest penalties and late payment amounts because the records were not available at the audited organization.

Functional Transfer of Procurement and Payment Duties

DoD Directive 5105.19 tasks DISA with providing administrative support, such as budgeting, funding, and contracting for WHCA. The mission of the Defense Information Contracting Technology Office, a DISA field organization, is to provide a single, integrated, central, control point in the DoD for the acquisition and management of commercial, private line, communication services. Unlike the U.S. Army Information Systems Command Contracting Office, the Defense Information Contracting Technology Office is staffed with experts in the functional areas of communications, acquisition, and finance and rates and tariffs issued by public utility commissions. Further, the Defense Information Technology Contracting Office maintains a comprehensive library of tariffs for all appropriate telecommunications carriers. Finally, the Defense Information Technology Contracting Office has a staff of accountants who are specially trained in accounting for telecommunication rates and tariffs. The staff performs cost comparisons and economic analyses of proposals and price quotes in procurements for both regulated and nonregulated communications services. In addition, the staff analyzes rates and rate development data to determine whether charges established by carriers are fair and reasonable.

Services procured by the Defense Information Technology Contracting Office are financed through the Defense Business Operations Fund-Communications Information Services Activity. The disbursement function for the Defense Information Technology Contracting Office is performed by DFAS-Pensacola, the designated DFAS office that supports the Defense Information Technology Contracting Office. Employees of DFAS-Pensacola operate out of offices collocated at the Defense Information Technology Contracting Office.

The Defense Information Technology Contracting Office is responsible for all functions associated with procuring, contracting, and accounting for telecommunications equipment and services and works closely with DFAS-Pensacola to facilitate the payment to vendors. The deficiencies

identified in contracting and paying would be corrected by transferring contracting support for WHCA from the U.S. Army Information Systems Command Contracting Office to the Defense Information Technology Contracting Office.

Recommendations and Management Comments

B.1. We recommend that the Director, Defense Information Systems Agency:

a. Direct the Commander, Defense Information Technology Contracting Office, to provide contracting support to the White House Communications Agency for temporary telecommunications equipment and services.

b. Direct the Commander, White House Communications Agency, and the Commander, Defense Information Technology Contracting Office, to initiate a memorandum of agreement and supplemental Interservice Support Agreement to perform contracting functions for the White House Communications Agency.

c. Direct the Commander, White House Communications Agency, to initiate a memorandum of agreement and supplemental Interservice Support Agreement with the Defense Accounting Officer, Defense Finance and Accounting Service-Pensacola Center, to specify the duties and responsibilities required to perform the payment functions for the White House Communications Agency in accordance with DoD Instruction 4000.19, "Interservice, Interdepartmental, and Interagency Support," August 9, 1995.

B.2. We recommend that the Commander, U.S. Army Information Systems Command, through the date of the effective implementation of Recommendation B.1., establish procedures, in compliance with United States Code, title 31, section 1501; the Federal Acquisition Regulation; and the Defense Federal Acquisition Regulation Supplement for the preparation of Communication Service Authorizations, to ensure that a formal contract is in place before communications vendors provide telecommunications equipment and services for the White House Communications Agency.

Assistant Secretary of Defense (Command, Control, Communications and Intelligence) Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) submitted joint comments for himself; the Director, DISA; and the WHCA Commander. The Assistant Secretary concurred with the recommendation, stating that:

o the Defense Information Technology Contracting Office will provide contracting support to WHCA for temporary telecommunications equipment and services;

o a memorandum of agreement to specify payment functions will be negotiated by WHCA and DFAS-Pensacola; and

o interim procedures have been implemented by WHCA and the U.S. Army Information Systems Command to ensure that contracts are established in accordance with regulations.

Department of the Army Comments. Although not required to comment on Recommendation B.1., the Army concurred stating that a Memorandum of Understanding was finalized on March 7, 1996, regarding Information Mission Area Services. The Army concurred with Recommendation B.2., stating that a memorandum ("Procedures for Temporary Services") was issued on July 21, 1995.

Finding C. Unliquidated Obligations

The White House Communications Agency could not validate outstanding, unliquidated obligations totaling $14.5 million for telecommunications equipment and services leased as of February 23, 1996. WHCA could not validate the unliquidated obligations because WHCA had not implemented procedures to properly establish the obligations or to periodically review and validate outstanding obligations. As a result, WHCA may have recorded invalid obligations and may not have deobligated funds for obligations that were no longer valid. Further, WHCA may have valid unliquidated obligations for which no supporting documentation exists.

Guidance for Reviewing Unliquidated Obligations

DoD Financial Management Regulation 7000.14-R, volume 1, "General Financial Management Information," May 1993, defines obligations as orders placed, contracts awarded, services received, and similar transactions that require payment. Unliquidated obligations are obligations for which payment has not yet been made. The Financial Management Regulation requires DoD organizations to review and reconcile obligations against their related source documentation at a minimum of once each fiscal year to ensure authenticity of the obligations.

Processing Obligations

WHCA received funding authority to establish obligations from DISA in quarterly allotments. However, WHCA had not implemented procedures to properly establish obligations for leased telecommunications equipment and services at the transaction level (the subsidiary level). Instead, at the beginning of each quarter, WHCA chose to obligate the entire portion of its quarterly allotments. As a result, some obligations WHCA established for telecommunications equipment and services at the beginning of the quarter may not have been valid because certain transactions requiring payment may have not yet taken place. Obligations should not be established until orders are placed, contracts are awarded, services are rendered, or similar transactions have occurred that require payment.

Verification of Unliquidated Obligations

WHCA did not retain supporting documentation for obligations established before FY 1994 in accordance with DoD Financial Management Regulation 7000.14-R. Therefore, WHCA could not validate the unliquidated obligations established during FYs 1991 through 1993. Further, beginning in FY 1994, WHCA validated unliquidated obligations on a quarterly basis, but limited validation to only unliquidated obligations questioned by the DFAS and those related to overseas Presidential trips. Because of those limitations, WHCA could not determine whether all of its unliquidated obligations were valid.

Unsupported Unliquidated Obligations

WHCA had approximately $14.5 million (Operation and Maintenance appropriation) in unliquidated obligations as of February 23, 1996. The unliquidated obligations are shown by fiscal year in the table below.

Status of WHCA Unliquidated Obligations as of February 23, 1996

Fiscal Year	Obligations Incurred	Obligations Liquidated	Unliquidated Obligations
1991	$ 25,516,824	$22,335,849	$ 3,180,975
1992	28,261,446	22,717,662	5,543,784
1993	21,872,939	20,007,663	1,865,276
1994	17,050,000	15,027,007	2,022,993
1995	17,685,000	15,845,838	1,839,162
Totals	**$110,386,209**	**$95,934,019**	**$14,452,190**

Although WHCA provided no supporting documentation, WHCA stated that the majority of the unliquidated obligations represented liabilities associated with overseas Presidential trips for which WHCA had yet to receive reimbursement documentation from the foreign embassies, through the Department of State, in the countries where the Presidential trips occurred. WHCA stated that invoices had not yet been received due to the length of time (6 months to 5 years) the Department of State takes to process transactions for procuring reimbursable communications support for WHCA.

According to WHCA, the embassies pay invoices received from foreign telecommunications vendors and forward the details of the transactions to the Department of State. The embassies also provide WHCA, by electronic

messages, the amounts charged by foreign vendors for providing communications support for the overseas trips. The Department of State prepares "transactions-by-others" documentation and sends it to DFAS for reimbursement.

During the reimbursement process, WHCA did not obtain detailed documentation to support the obligations for overseas Presidential trips. Specifically:

o WHCA did not consistently obtain estimates of the amounts spent for communications for overseas trips;

o WHCA did not require the Department of State to place a trip document number on the "transactions-by-others" documentation and, therefore, did not frequently receive the information needed to match a disbursement to a related overseas trip; and

o the embassies did not consistently send WHCA, by electronic messages, the cost paid to foreign vendors for communications support for overseas Presidential trips.

As a result, WHCA could not establish valid obligations and did not liquidate obligations that were no longer valid. Therefore, WHCA should establish a memorandum of agreement with the Department of State to ensure that supporting documentation for the costs of overseas trips is properly identified and provided by their embassies in a timely manner to ensure that only valid obligations exist.

Recommendations and Management Comments

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

1. Implement procedures to establish obligations for telecommunications equipment and services at the subsidiary level and to periodically validate unliquidated obligations as required by the Department of Defense Financial Management Regulation 7000.14-R.

2. Review existing unliquidated obligations and deobligate the amounts that are not supported.

3. Establish a memorandum of agreement with the Department of State to ensure that supporting documentation is provided to the White House Communications Agency in a timely manner for all costs associated with overseas Presidential trips.

Management Comments. The Assistant Secretary of Defense (Command, Control, Communications and Intelligence) submitted joint comments for himself; the Director, DISA; and the WHCA Commander. The Assistant Secretary concurred with the recommendations, stating that WHCA:

o has implemented procedures to establish obligations for overseas telecommunications equipment and services;

o is reviewing unliquidated obligations on a monthly basis and deobligating amounts not supported on an as needed basis; and

o will establish procedures with the Department of State to ensure supporting documentation is provided to WHCA in a timely manner.

Part II - Additional Information

Appendix A. Audit Process

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 areas related to the management and activities of WHCA:

- o DISA administrative, financial, and operational oversight of WHCA,
- o procurement and payment of temporary telecommunications equipment and services,
- o unliquidated obligations for telecommunications equipment and services,
- o small purchases using credit cards,
- o travel management,
- o civilian overtime,
- o telecommunications services for the press,
- o telecommunications services supporting other entities,
- o trips for which switches are not required, and
- o telecommunications configuration management.

We reviewed records, dated from November 1987 to February 1996, relating to the management and activities of WHCA.

Methodology

Finding A. Oversight of White House Communications Agency Activities. We determined whether DISA provided administrative, financial, and operational oversight of WHCA. Specifically, we did the following.

- o Reviewed DoD and DISA guidance concerning efficiency reviews, position management, and the process of determining resource requirements.

o Reviewed studies made by the Management Engineering Activity, U.S. Army Materiel Command, on WHCA staffing. The studies were made in 1989 through 1991. We also reviewed DISA organizational effectiveness reviews, completed in 1989, of the Transportation Branch of the WHCA Staff Support Unit and the WHCA Voice Switching Unit.

o Interviewed personnel at WHCA and DISA on budgeting procedures, planned Air Force reductions, additional civilian personnel at WHCA, acquisition planning, and audit coverage of WHCA by the Inspector General, DISA.

o Reviewed DISA and WHCA guidance for budget preparation.

o Selected judgmentally for review WHCA budget submissions to DISA from FYs 1991 through 1995.

o Selected judgmentally for review the detailed documentation used to support the budget submission to the WHCA Commander for the communications area.

o Reviewed yearend budget execution reports from FYs 1991 through 1995.

o Reviewed DISA plans to implement Public Law 103-62, "Government Performance and Results Act of 1993."

o Reviewed the Federal Acquisition Regulation, the DISA Acquisition How To Guide, and WHCA procedures as they applied to acquisition planning and competing contracts.

o Reviewed WHCA procedures for reviewing and validating acquisitions. Selected judgmentally for review 28 WHCA project folders from FYs 1993 through 1995 for acquisitions costing $25,000 or more.

o Reviewed the WHCA "Enterprise Architecture Document," February 3, 1995.

o Evaluated whether purchase requests submitted to other DoD Components and Federal agencies were in compliance with United States Code, title 31, section 1535, "Agency Agreements," (also known as the Economy Act); DoD Instruction 7220.1, "Regulations Governing the Use of Project Orders"; and DoD 7220.9-M, "DoD Accounting Manual."

o Reviewed WHCA financial records to determine the commitment, obligation, and disbursement balances of purchase requests issued to other DoD Components and Federal agencies during FYs 1993 through 1995.

o Compared obligation and disbursement data on WHCA financial records to obligation and disbursement data at two DoD Components.

We used WHCA computer-processed data to determine obligation and disbursement balances of purchase requests submitted to other DoD Components and Federal agencies. We assessed the acccuracy of the data by reviewing WHCA financial records. We did not use statistical sampling procedures for this portion of the audit.

Finding B. Procurement and Payment of Temporary Telecommunications Equipment and Services. We reviewed Presidential and Vice Presidential temporary travel for FYs 1994 and 1995. The review involved travel within the continental Unites States. Specifically, we did the following.

o Reviewed Federal, DoD, and Army guidance for ordering, procuring, processing, and paying for leased telecommunications equipment and services.

o Reviewed temporary trip files at WHCA, DFAS, and the U.S. Army Information Systems Command Contracting Office for trips taken from October 1993 through June 1995.

o Reviewed the procedures for the receipt, certification, and processing of vendor invoices sent to DFAS-Columbus for payment, and determined the amount of time between receipt of vendor invoices at DFAS-Columbus and actual payment dates.

o Obtained tariffs from vendors and compared cited rates to the telephone billing document, WHCA Form 67.

Also, we interviewed personnel:

o at various WHCA organizational units,

o at various vendors to determine services provided and vendor billing processes,

o at the U.S. Army Information Systems Command Contracting Office on procedures for preparing CSAs, and

o at DFAS on payment procedures for temporary telecommunications equipment and services.

We did not use computer-processed data or statistical sampling procedures.

Finding C. Unliquidated Obligations. We reviewed procedures used by WHCA to establish obligations for telecommunications equipment and services. Specifically, we did the following.

o Interviewed personnel from the Financial Analysis Branch, Resource Management Division, and discussed the procedures used by WHCA to establish, validate, and liquidate its obligations and review its unliquidated obligations.

o Determined the cumulative amount of unliquidated obligations for WHCA for FYs 1991 through 1995 to be $52.8 million as of February 22, 1996.

o Selected judgmentally for review unliquidated obligations totaling $14.5 million for telecommunications equipment and services for FYs 1991 through 1995.

We used DISA and WHCA computer-processed data to determine obligation, disbursement, and unliquidated obligation balances. We assessed the accuracy of the data by reviewing WHCA financial records. We did not use statistical sampling procedures for this portion of the audit.

Other Matters of Interest. Our review of short-haul telecommunications equipment and services and of civilian overtime identified systemic problems, but this report makes no recommendations regarding those problems for the reasons discussed below.

Short-Haul Telecommunications Equipment and Services. We agreed to reassess the auditability of the WHCA inventory to determine if WHCA had corrected all the inaccuracies identified during Phase I of this audit. For additional details, see Appendix C. To reassess the base communications inventory, we:

o performed limited tests to determine the accuracy and validity of the inventory and

o performed limited tests to examine the vendor billing and contract reconciliation procedures.

Civilian Overtime. We determined whether WHCA civilian personnel performed overtime in accordance with regulations. For details relating to audit results on civilian overtime, see Appendix C. To review civilian overtime, we:

o reviewed 5 Code of Federal Regulations, Part 550, "Pay Administration," and DISA policy concerning overtime;

o interviewed DISA and WHCA personnel concerning DISA and WHCA overtime policy and reviewed DISA personnel records for WHCA civilians;

o interviewed civilian personnel and supervisors concerning overtime worked and the type of work done; and

o reviewed time and attendance and travel records, dated from January 1, 1995, through February 24, 1996, for WHCA civilians.

Areas Without Systemic Problems. We identified no systemic problems in the following areas: WHCA credit card purchases, travel management, telecommunications services for the press, telecommunications services supporting other entities, trips for which a switch was not required, and telecommunications configuration management.

Small Purchases Using Credit Cards. We determined whether purchases costing less than $25,000 were justified and whether WHCA followed appropriate procedures when using credit cards to make those purchases. Specifically, we:

o reviewed purchase requests, logs, receiving reports, and bills dated from December 1991 through September 1995;

o interviewed personnel from WHCA operational units and staff elements and reviewed records regarding the need for purchases;

o determined whether purchases either exceeded the $25,000 threshold for credit card purchases or were divided to avoid the $25,000 threshold; and

o compared bills with receiving reports.

Travel Management. We assessed the WHCA procedures for approving travel and reviewed the validity of expenses claimed on travel vouchers. In addition, we reviewed the validity of credit card purchases made by the noncommissioned officer in charge of each trip. We also determined whether WHCA paid for lighting and sound systems at political events, such as fund-raisers. Specifically, we:

o reviewed DISA, WHCA, and DoD guidance concerning travel;

o reviewed WHCA trip planning documentation, dated from October 1993 through December 1995, for travel in support of the President, Vice President, and First Lady and for training;

o interviewed WHCA personnel regarding travel management and procurements made in support of travel;

o judgmentally selected travel vouchers for review;

o judgmentally selected for review credit card purchases costing less than $2,500 made by noncommissioned officers in charge of trips outside the Washington, D.C., area;

o reviewed legal opinions concerning Government-funded travel during political trips;

o reviewed trip reports documenting significant events occurring on travel outside the Washington, D.C., area; and

o examined the procurement of lighting and sound equipment for political events.

Telecommunications Services for the Press. We evaluated whether WHCA paid for telecommunications services procured for the press. Specifically, we:

o obtained the final copies of the WHCA Forms 67 and summary bills for Presidential trips taken in FY 1994;

o calculated from the WHCA Forms 67, the cost of the measured business telephone lines supplied for Presidential use; and

o compared calculated totals to those shown on the final summary bills to determine whether WHCA paid for telecommunications services procured for the press.

Telecommunication Services Supporting Other Entities. We reviewed the WHCA long-haul telecommunication services to determine whether WHCA provided communication support to other entities. Specifically, we:

o interviewed personnel from the WHCA operational units;

o reviewed the circuit files for the WHCA long-haul telecommunication services;

o determined whether WHCA had circuits connected to other entities; and

o determined whether the telecommunications services WHCA provided to other entities were outside the WHCA mission.

Trips for Which Switches Are Not Required. We assessed the feasibility of not using switches to complete calls for trips. Specifically, we:

o interviewed personnel from the WHCA operational units;

o reviewed the procedures used for trips for which a switch was not available for use;

o assessed the risk of not using a switch to complete calls for trips.

Telecommunications Configuration Management. We determined whether WHCA effectively managed the configurations of the long-haul telecommunications services. Specifically, we:

o interviewed personnel from the WHCA units and DISA;

o determined whether WHCA had procedures for performing configuration management; and

o performed cost analyses to determine whether reconfiguration opportunities existed for telecommunications services.

Audit Period and Standards. We performed this economy and efficiency audit from October 1995 through February 1996. 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 contracted is in Appendix J.

Management Control Program

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. We reviewed the implementation of the WHCA management control program and assessed management controls related to WHCA operations. Specifically, we reviewed:

o WHCA guidance for implementation of requirements in DoD Directive 5010.38,

o the WHCA management control plan,

o DISA annual statements of assurance that include WHCA as an assessable unit for FYs 1991 through 1995,

o WHCA procedures for performing risk assessments, and

o the WHCA system for tracking management control weaknesses and planned corrective actions.

In addition, we determined whether WHCA provided training to the managers and focal points responsible for management controls. We also determined whether WHCA included responsibilities for management controls in the performance plans for WHCA commanders of operational units and directors of staff elements.

During the first phase of the audit, as discussed in Inspector General, DoD, Report No. 96-033, "White House Communications Agency," November 29, 1995, we reviewed the applicable management control procedures for the following areas:

o services provided by WHCA to the Office of the President;

o accumulating, billing, and reporting of reimbursable communications support provided to the Secret Service;

o management of maintenance operations and physical control over repair parts;

o accountability of nonexpendable property and the management of expendable supplies;

o verification of telephone bills; and

o requirements for single and multi-channel leased and Government-owned, short-haul and long-haul telecommunications equipment and services.

During the second phase of the audit, we reviewed the WHCA management control procedures for the following areas:

o organization and staffing of WHCA;

o acquisition planning for contracts costing more than $25,000;

o approval and payment procedures for purchases costing less than $25,000;

o financial oversight of purchase requests submitted to other DoD Components and Federal agencies;

o management of the WHCA travel function;

o administratively uncontrollable overtime;

o contracting procedures for temporary, long-haul circuits;

o billing procedures and budget preparation for telecommunications equipment and services;

o unliquidated obligations for telecommunications equipment and services;

o telecommunications services for the press; and

o reconfiguration management of permanent, long-haul circuits.

We also reviewed the WHCA self-evaluation of those management controls.

Adequacy of Management Controls. We identified a material management control weakness as defined by DoD Directive 5010.38. Management controls at the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) level were not sufficient to ensure that administrative, financial, and operational oversight was provided for WHCA. Recommendation A.1. of this report, if implemented, will improve management controls by establishing oversight responsibilities of DISA and of WHMO for WHCA.

A copy of this report will be provided to the senior official responsible for management controls in the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence).

Adequacy of Management's Self-Evaluation. Because the oversight responsibilities for WHCA had not been specified in any DoD regulation, the area of oversight was not part of any management self-evaluation. Therefore, the material weakness identified by the audit was not previously identified by management.

Appendix B. Summary of Prior Audits

The Inspector General, DoD, has issued two reports regarding the management of WHCA and related telecommunications services and equipment.

Report No. 96-033, "White House Communications Agency," November 29, 1995. The audit reviewed WHCA activities from FYs 1991 through 1995. The audit results and recommendations are discussed below.

o WHCA provided services and equipment to the White House that were not within the scope of the WHCA mission. The report recommends that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence), in conjunction with the Director, DISA; and the Commander, WHCA, initiate a memorandum of agreement with the Executive Office of the President, to specify the services that WHCA is to provide to the White House and to transfer the 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 The Secret Service did not reimburse WHCA for permanent support as required by law and, because DoD absorbed support costs, the Secret Service budget was improperly augmented by $4.3 million. Further, DoD did not inform Congress of the total cost of support for the Secret Service because WHCA did not report all costs to the Office of the Secretary of Defense. The report recommends that WHCA initiate billings of reimbursable support provided to the Secret Service during FY 1995, report all support costs, and revise the memorandum of agreement with the Secret Service to comply with applicable public laws and DoD directives.

o WHCA managers did not maintain control over repair parts inventories, and contracting officer's representatives did not document maintenance data. The report recommends that WHCA fully implement the existing maintenance management system.

o WHCA had not established accountability for all nonexpendable property on hand and had excess expendable supplies on hand. The report recommends that WHCA 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 WHCA did not maintain a complete and accurate inventory of base communications equipment and services. The report recommends that WHCA establish a complete and accurate inventory of short-haul equipment and services and maintain required inventory records.

o WHCA paid for leased, long-haul telecommunications circuits and equipment that were no longer required. The report recommends that WHCA initiate action to terminate unneeded long-haul circuits and equipment, establish the required review and revalidation program for equipment and services, and establish a compete inventory of equipment and services.

o WHCA did not validate bills for long-haul telecommunications equipment and services before verifying that the bills were accurate. The report recommends that WHCA establish procedures to verify the accuracy of Customer Cost and Obligation Reports on a monthly basis.

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 the responsibility for funding, managing, contracting, and purchasing of audiovisual, news wire, and stenographic services and camera equipment to the Office of Administration, Executive Office of the President (now the White House Office of Management and Administration). After issuance of the final report, the Vice Director, DISA, stated in a January 3, 1996, memorandum that DISA and WHCA would initiate a memorandum of agreement with the Executive Office of the President to specify the services WHCA will provide to the White House.

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, that 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 discontinued 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. 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 shows that WHCA had not yet implemented the biennial review and revalidation program.

Appendix C. Other Matters of Interest

Inauditable Short-Haul Telecommunications Equipment and Services Inventory

We assessed whether WHCA had corrected deficiencies identified in Inspector General, DoD, Report No. 96-033 "White House Communications Agency," November 29, 1995, concerning WHCA short-haul telecommunications equipment and services inventory. Although WHCA made progress in correcting the identified deficiencies, the inventory remained inauditable. WHCA management concurred with that assessment and with our decision to discontinue audit efforts in the area. In addition, management agreed to have auditors from the Office of the Inspector General, DISA, assist in the evaluation of procedures for establishing the short-haul inventory.

Civilian Overtime

WHCA does not have procedures in place to ensure that premium pay, received by civilians for overtime work, is in accordance with requirements set forth in the Code of Federal Regulations. According to 5 Code of Federal Regulations, chapter 1, section 550.151, "An agency may pay premium pay . . . to an employee in a position in which the hours of duty cannot be controlled administratively and which requires substantial amounts of irregular or occasional overtime work . . . ." In addition, section 550.153 defines the bases for determining positions for which premium pay is authorized as those situations in which ". . . the hours of duty cannot be controlled by such administrative devices as hiring additional personnel; rescheduling the hours of duty . . . ; or granting compensatory time off duty to offset overtime hours required." Section 550.154 allows for premium pay at rates ranging from 10 to 25 percent of basic pay, depending on the number of hours of irregular or occasional overtime work.

Section 550.161 states that the head of each agency is responsible for making determinations, at appropriate intervals, on which employees shall receive premium pay, on the number of hours of irregular or occasional overtime employees are required to work, and on the rate of premium pay to be applied to each employee. In addition, the head of each agency is responsible for discontinuing payments or revising rates of premium pay. Our review of premium pay, received by civilians within WHCA, for overtime work showed that one civilian received premium pay without working the necessary overtime hours. As of February 21, 1996, DISA officials were initiating actions to collect premium pay from the civilian who had not earned it and to discontinue future payment of premium pay to him. The WHCA Commander agreed on

February 27, 1996, to develop procedures for civilian overtime work within WHCA. Accordingly, this report contains no recommendations on civilian overtime.

Appendix D. Glossary

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.)

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 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 work with an eligible Section 8(a) vendor.

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 include 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.

Switch. A device that selects paths or circuits for routing telecommunications transmissions.

Tariff. A schedule published by a communications common carrier and filed with a public service commission describing the services provided by the carrier, the rates for services, and the conditions under which they are offered.

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.

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

DoD Directive 5105.19, "Defense Communications Agency (DCA)," November 14, 1961. In November 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 Defense Communications System (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 to 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, effective September 1, 1962. 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 directly respond 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 the Defense Communications Agency, now DISA, on September 1, 1962, the Director, Defense Communications Agency, 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."

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 Defense Communications Agency 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 its 1978 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 hearings* on the FY 1978 budget. According to WHCA personnel, that testimony was the only instance in which WHCA 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."

*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.

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 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 United States Code, title 10, sections 125 and 126, the General Counsel stated 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.

Defense Communications Agency 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 the Defense Communications Agency (DCA) to perform a management review of WHCA. The DCA reviewed 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 Support the WHCA Mission," September 7, 1977, on the WHCA mission and by reviewing 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 Assistant Attorney General 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.

In addition, the Assistant Attorney General 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 (6 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.

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 (17 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.

Operational Units

Audiovisual Unit (113 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 (126 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 (119 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 (133 Authorized Staff)

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

Staff Support Unit (63 Authorized Staff)

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

Transmission Systems Unit (129 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.

Voice Switching Unit (103 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.

Appendix G. Staffing of the White House Communications Agency

Table G-1. Staff Authorized and Assigned to WHCA
(As of December 31, 1995)

	Authorized	On Board
Officers		
Army[1]	38	37
Navy	8	6
Air Force	17	18
Marine Corps	1	1
Coast Guard	0	1[2]
Subtotal	**64**	**63**
Enlisted		
Army	469	412
Navy	161	142
Air Force	249	204
Marine Corps	3	3
Coast Guard	0	0
Subtotal	**882**	**761**
Civilians	8	7
Total	**954**	**831**

[1]Includes commissioned and warrant officers.
[2]Assigned to WHCA, but not authorized.

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

	Fiscal Year					
	1991	1992	1993	1994	1995	1996
Staff Authorized	809[1]	976[2]	976	949[3]	953	954
Staff Assigned	972[1]	1,017[4]	928	933	802	831
Percentage	121	105	98	99	84	87

[1]WHCA 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.
[2]Authorized strength increased by 167. Authorizations increased by 170 billets to compensate for the loss of authority at the end of FY 1991 to have up to 10 percent more personnel assigned than authorized. WHCA transferred three civilian positions to DISA.
[3]Authorizations decreased by 27; personnel were transferred to the Executive Office of the President.
[4]Includes personnel temporarily assigned for the 1991 through 1992 Presidential campaign.

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

	(Dollars in thousands)					
	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996
Operation and Maintenance						
Funding authorization	$74,881	$70,167	$55,008	$53,721	$54,767	$68,202
Actual obligations						
Civilian pay	213	289	379	451	621	674[1]
Utilities and rent	3,477	4,878	4,276	3,301	3,467	3,804[1]
Maintenance	2,918	3,346	3,324	3,868	5,501	6,688[1]
Communications	25,517	28,167	22,145	17,448	17,487	20,581[1]
Travel	4,728	4,696	2,531	4,344	3,226	4,064[1]
Hotels and other services	19,709	18,160	10,950	16,161	13,703	17,635[1]
Supplies	4,325	5,506	4,433	5,045	3,977	4,096[1]
Equipment	13,994	5,125	6,970	3,103	6,785	10,660[1]
Totals	**$74,881**	**$70,167**	**$55,008**	**$53,721**	**$54,767**	**$68,202[1]**
Procurement						
Funding authorization	$14,708	$20,649	$24,069	$19,990	$13,427	$10,678[2]
Actual obligations[3]	13,419	16,449	10,588	14,330	9,735	--[4]
Military Personnel						
Estimated obligations[5]	$32,855	$39,967	$40,594	$41,764	$41,956	$42,756

[1]Budgeted obligation for FY 1996.
[2]As of February 28, 1996, this amount was proposed as Procurement funding subject to DISA authorization.
[3]Procurement funds are available for obligations for a period of 3 years.
[4]Data were not available to determine actual obligation for FY 1996.
[5]The 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. Acquisition Planning by WHCA

WHCA independently performed acquisition planning and validated procurement requirements. WHCA procured equipment that did not meet requirements, planned to procure communication terminals that were not needed, and planned to forego potential cost-effective opportunities achievable through contract competition.

Acquisition of Mobile Communications System

WHCA procured two Air Transportable Integrated Communications Systems (mobile communications systems), valued at a total of $4.9 million, that did not meet the operational needs of WHCA. The mobile communications system is a custom-designed tractor trailer with communications equipment. WHCA intended to use the mobile communications system as the communications hub in support of the President at locations outside the Washington, D.C., area. In July 1994, DISA awarded a contract for WHCA for two mobile communications systems with options to purchase six additional mobile communications systems totaling $5.5 million. WHCA received the first mobile communications system in May 1995 and the second in September 1995.

According to the WHCA "Enterprise Architecture Document," February 3, 1995, WHCA intended for the mobile communications system to be an improved and less expensive method of providing telecommunications support on most Presidential trips. The Enterprise Architecture Document is the WHCA Commander's overall direction for funding, developing, and execution of projects to attain an integrated, nonproprietary, centrally managed telecommunications network. However, the mobile communications system did not meet WHCA operational needs because WHCA had not fully defined requirements for the system. For example, WHCA specified that the mobile communications system must fit on C-141 and C-5 aircraft, but did not consider the additional equipment normally carried on the aircraft. As a result, the mobile communications system and all WHCA equipment needed to support the President does not fit on one C-141 aircraft. In addition, WHCA did not consider whether most hotels would be able to provide the electrical power needed to operate the mobile communications system. Also, WHCA did not determine whether the interior size and design of the mobile communications system allowed personnel to operate efficiently and whether all communications equipment could operate without interfering with other communications equipment.

In July 1995, WHCA officials determined that the mobile communications system could be used only on fewer than 25 percent of Presidential trips and that the mobile communications system would not achieve the expected cost benefits. As a result, the WHCA Commander decided not to exercise the

options for an additional six mobile communications systems. From May through December 1995, WHCA used the mobile communications system on only 3 of 63 Presidential trips.

A DISA review of WHCA acquisitions would help ensure that acquisition strategies are valid and that DoD resources are used efficiently.

Acquisition of Satellite Terminals

WHCA did not prepare an acquisition plan that accurately defined the need to procure satellite communications terminals that would operate on the ku and x frequency bands. Outside the Washington, D.C., area, WHCA uses mobile terminals in the United States to communicate with commercial satellites on the ku frequency band. In overseas areas, WHCA uses the x frequency band to communicate with military satellites. On October 14, 1993, the WHCA Commander approved funding for the acquisition of six (three in FY 1994 and three in FY 1995) ku band satellite communications terminals. The terminals would replace five ku band terminals and provide a spare. After approval by the Commander, WHCA performed a market survey that determined that one terminal could be procured to operate on both the ku and x frequency bands. WHCA prepared an independent cost estimate that showed each of the terminals operating on the ku and x bands would cost an average of $269,000.

On July 8, 1994, WHCA issued a purchase request to DISA along with a statement of work, specifications, and funding of $1.0 million for the FY 1994 procurement of three ku and x band terminals. DISA selected a Section 8(a)* contractor and issued a solicitation on July 25, 1994, that provided for the purchase of 12 ku and x band terminals, 3 in 1994 with options for an additional 9 terminals in FYs 1995 through 1998. The 12 terminals would replace 5 ku band terminals and 6 x band terminals and provide a spare. On September 12, 1994, the contractor gave DISA a cost proposal of about $618,000 per terminal. Because the contractor price exceeded the Government cost estimate by about $349,000, WHCA officials concluded that the x band terminals should not be replaced. Accordingly, DISA amended the contract solicitation on November 8, 1994, to delete the x band requirement. The action to delete the six terminals from the contract solicitation was appropriate, but before DISA issued a contract solicitation, WHCA should have accurately determined whether the x band terminals needed to be replaced and should have accurately estimated the cost of the terminals.

*See Appendix D for an explanation of the Section 8(a) Program.

Acquisition of Radio Network Equipment and Maintenance Services

WHCA Acquisition Strategy. Instead of recommending an acquisition strategy that included full and open competition as required by the Federal Acquisition Regulation, WHCA recommended that DISA procure equipment and related maintenance services for the Washington Area System radio network (the radio network) through other than full and open competition. WHCA uses the radio network to provide radio communications throughout Washington, D.C., to include Camp David, Maryland, and Quantico Marine Corps Base, Virginia. The primary users of the radio network are WHCA, the Secret Service, Presidential and Vice Presidential staffs, and the White House Military Office. Federal Acquisition Regulation 6.101 requires, with certain limited restrictions, full and open competition in soliciting offers and awarding contracts.

Reasons for Using Other Than Full and Open Competition. WHCA estimated that the replacement equipment and maintenance services would cost about $7.1 million. WHCA officials decided to procure the equipment and services as a sole-source acquisition, because the officials wanted to avoid (for security reasons) public knowledge about Presidential communications capabilities and to ensure that the equipment was compatible with the vendor-supported, commercial, encryption system.

Results of Audit and Management's Corrective Actions. On July 10, 1995, we met with DISA contracting officials, the WHCA Commander, and his staff. We recommended that contract negotiations be delayed until WHCA performed market research on other potential commercial vendors, verified that the statement of work and specifications were adequate to facilitate the preparation of proposals by commercial vendors, validated the Government cost estimate, and prepared an acquisition plan. The Commander delayed the contract negotiations until his staff completed those actions. On September 12, 1995, the Commander informed the auditors that as a result of the market survey, maintenance services, valued at $2.1 million, could be competed on a limited basis. Without the market survey, WHCA would have foregone potential cost-effective opportunities achievable through full and open competition.

Appendix J. 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
Assistant Secretary of Defense (Force Management Policy), Washington, DC
Deputy Under Secretary of Defense (Requirements and Resources), Washington, DC
Washington Headquarters Services, Washington, DC

Joint Staff

Directorate for Manpower and Personnel (J-1), Joint Staff, 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 Personnel and Manpower, Arlington, VA
  - Directorate for Procurement and Logistics, Arlington, VA
- National Capital Region Contracting Office, 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
- Defense Information Technology Contracting Office, Europe, Germany

National Security Agency, Fort Meade, MD
Naval Air Warfare Center, Aircraft Division, St. Inigoes, MD

Non-Defense Federal Organizations

Executive Office of the President
- Counsel to the President, Washington, DC
- White House Office of Management and Administration, Washington, DC
  - White House Military Office, Washington, DC
- National Security Council, Washington, DC

General Accounting Office, Washington, DC
General Services Administration, Vienna, VA
House Committee on Government Reform and Oversight, Washington, DC
House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight, Washington, DC

Non-Government Organizations

American Express, Phoenix, AZ
Ameritech, Columbus, OH
Ameritech, Detroit, MI
ATU Telecommunications, Anchorage, Alaska
AT&T, Oakton, VA
Bell Atlantic, Philadelphia, PA
Bell Atlantic, Washington, DC
Bell Atlantic, Williamsburg, VA
Bell South, Raleigh, NC
Bell South, Nashville, TN
New Jersey Bell, Trenton, NJ
NYNEX, New York, NY
Pacific Bell, Sacramento, CA
Southwestern Bell, Austin, TX
Southwestern Bell, Dallas, TX
Southwestern Bell, Houston, TX
Southwestern Bell, San Antonio, TX
Southern New England Bell, Hartford, CT
U.S. West Communication, Inc., Bellevue, WA

Appendix K. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Command, Control, Communications and Intelligence)
General Counsel of the Department of Defense
Assistant to the Secretary of Defense (Public Affairs)
Director, Defense Logistics Studies Information Exchange

Department of the Army

Director, Information Systems for Command, Control, Communications and Computers
Commander, U.S. Army Information Systems Command
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
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, National Security Agency
  Inspector General, National Security Agency

Non-Defense Federal Organizations and Individuals

Executive Office of the President
  Counsel to the President
  Director, 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

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

April 5, 1996

COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

SUBJECT: Audit Report on the White House Communications Agency -Phase II

Please find the attached reply to the draft of a proposed audit report on the White House Communications Agency (WHCA). I fully concur with those comments.

The WHCA is neither chartered for nor able to perform contracting or disbursing (payment) for any activity it undertakes. Responsibility for assuring that contracts are correctly executed lies with the contracting agency. The responsibility for ensuring that a contract underpins any disbursement lies with the appropriate Defense Finance and Accounting Service.

I assure you that the Office of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence and the Defense Information Systems Agency are reviewing, and will continue to review, management processes and procedures. We will take any necessary actions to improve the future efficiency and effectiveness of program oversight, execution, and documentation.

The Department appreciates the opportunity to comment on the draft report.

Emmett Paige, Jr.

Attachment

Final Report Reference

MANAGEMENT COMMENTS TO THE DRAFT AUDIT REPORT ON THE WHITE HOUSE COMMUNICATIONS AGENCY-PHASE II (PROJECT NO. 5RD-5027.01)

GENERAL COMMENTS

The report states that there is no evidence of waste, fraud, and abuse. Moreover, of the ten areas reviewed by this report, six were found to be completely satisfactory. Although the report points out some management problems, the White House Communications Agency (WHCA) has significantly increased its efficiencies during the past five years while reducing O&M expenditures by 37% and while increasing Presidential trips by 11.6%. In addition, WHCA's manpower has been reduced by 23% during this five year period.

FINDING A - OVERSIGHT OF THE WHITE HOUSE COMMUNICATIONS AGENCY ACTIVITIES - Concur with the finding and recommendations.

As an administrative point, all references to the Office of Administration, Executive Office of the President, should be changed to the White House Office of Management and Administration.

Comments to the Recommendations:

A1a - Concur. The MOA has been signed by the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (ASD(C3I)) and the Assistant to the President for Management and Administration. A copy of the MOA is provided at Attachment 1. *

A1b - Concur in Part. The MOA identified in Recommendation A1a meets the intent of the recommendation as it specifies administrative, financial, and operational oversight responsibility that DISA will provide to WHCA. The suggested changes will be reviewed at the next periodic revision of the DISA charter.

A2a - Concur. The manpower staffing standards study will begin in April 1996 to collect and analyze workload data. The estimated completion date is 31 December 1996.

A2b - Concur. The manpower staffing standards study will address required WHCA manpower authorizations based on mission requirements and will include any recommended changes to WHCA's organizational structure. The study will also identify costs associated with converting identified military positions to civilians.

*Attachment 1 omitted because of length. Copies will be provided upon request.

A2c - Concur. DISA will validate WHCA's FY1997 budget beginning in October 1996.

A2d - Concur. Operational audits of WHCA will be performed beginning 15 August 1996.

A3 - Concur. WHCA has already established a performance plan for acquisition management. Performance plans for the remaining functional areas where DISA has oversight responsibilities will be established by 15 July 1996.

A3b - Concur. WHCA has already met with the DISA contracting officer and established procedures for coordination once acquisitions are approved. The procedures will be documented in a Letter of Instruction between the WHCA contracting office and the DISA contracting office. The estimated completion date is 15 May 1996.

A3c - Concur. The WHCA Resource Management Division (RMD) will develop procedures to comply with the recommendation by 15 May 1996. Until those procedures are finalized, WHCA will submit the acquisitions of at least $1 million and MIPRs of at least $100,000 to the Acquisition Review Committee.

FINDING B - PROCUREMENT AND PAYMENT OF TEMPORARY TELECOMMUNICATIONS EQUIPMENT AND SERVICES - Concur with the finding and recommendations.

Comments to the Recommendations:

B1a - Concur. DITCO is preparing to provide contracting support to WHCA for temporary telecommunications equipment and services. Discussions have already begun between DITCO and WHCA to determine WHCA's service requirements.

B1b - Concur. DITCO Circular 350-135-1, dated 12 February 1996, delineates the processes and procedures by which DITCO provides support to its customers. DITCO will determine if the Circular will meet WHCA's requirements or if an MOA should be established.

B1c - Concur. WHCA/DISA and DFAS-Pensacola will negotiate an MOA to specify payment functions. Estimated completion date of the MOA is 30 June 1996.

B2 - Concur. WHCA and USAISC have implemented a set of interim procedures to ensure that a formal contract is in place before communications vendors provide telecommunications equipment and

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services for WHCA. A temporary WHCA/USAISC MOA, dated 7 March 1996, includes the procedures which will be incorporated into a more formal and permanent MOA with DISA DITCO/NCRCO. Estimated completion of the MOA will be 30 June 1996.

FINDING C - UNLIQUIDATED OBLIGATIONS - Concur with the finding and recommendations.

Comments to the finding: The report states that WHCA had not implemented procedures to properly establish the obligations or to periodically review and validate outstanding obligations. While unliquidated obligations pose a problem, WHCA is making significant progress in solving this five year old problem. Periodic follow up with the embassies will continue to expedite timely closure. In addition, the DISA Comptroller will include WHCA in their monthly review of unliquidated obligations to ensure that they are managed in a timely fashion.

Comments to the Recommendations:

C1 - Concur. WHCA RMD has implemented procedures to establish obligations for overseas telecommunications equipment and services on a per trip basis. Stateside trip obligations are established on a quarterly basis and based on the number of trips estimated to occur. Reconciliation and validation of unliquidated obligations are performed on a monthly basis. A copy of the procedures are provided at Attachment 2.

C2 - Concur. WHCA RMD is reviewing unliquidated obligations on a monthly basis and deobligating amounts not supported on an as needed basis. This includes prior year funds.

C3 - Concur. WHCA RMD will work with the Operations Division to establish procedures with Department of State to ensure supporting documentation is provided to WHCA in a timely manner for all cost associated with overseas Presidential trips. Estimated completion date is 15 June 1996.

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Department of the Army Comments

Final Report
Reference

DEPARTMENT OF THE ARMY
OFFICE OF THE SECRETARY OF THE ARMY
107 ARMY PENTAGON
WASHINGTON DC 20310-0107

11 APR 1996

Office, Director of Information Systems for Command, Control, Communications, & Computers

SAIS-C4S

MEMORANDUM FOR INSPECTOR GENERAL, (ATTN: MR. ROBERT MURRELL), DEPARTMENT OF DEFENSE, 400 ARMY NAVY DRIVE, ARLINGTON, VA 22202-2884

SUBJECT: Audit Report on White House Communications Agency-Phase II (Project No. 5RD-5027.01)

1. Subject report has been reviewed. We concur, but offer the following comments concerning audit recommendations B.1 and B.2

a. Recommendation B.1: This recommendation states that the Director, Defense Information Systems Agency (DISA), should direct the Commander, Defense Information Technology Contracting Office (DITCO) to provide support to the White House Communications Agency (WHCA) for temporary telecommuni-cations equipment and services.

Concur with comment. USAISC and WHCA signed a Memorandum of Understanding (MOU), dated 27 Oct 95 and 7 Mar 96 respectively regarding Information Mission Area Services (Encl 1). Request this MOU remain in effect until WHCA and DITCO establish a similar agreement. *

b. Finding B.2: This finding recommends that the Commander, USAISC, through the date of effective implementation of Recommendation B.1, establish procedures, in compliance with U.S.C. Title 31, Section 1501; the Federal Acquisition Regulation; and the Defense Federal Acquisition Regulation Supplement for the preparation of Communications Service Authorizations, to ensure that a formal contract is in place before vendors provide telecommunications equipment and services for WHCA.

Concur. Immediately after the inspection, WHCA met with the USAISC BASECOM Team to jointly discuss recommendations and develop compliant procedures. USAISC DCSOPS Memorandum, ASQP-DD-B, 21 Jul 95, subject, Procedures for Temporary Services, provided audit compliant procedures to WHCA for immediate implementation.

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*Enclosure 1 omitted because of length. Copies will be provided upon request.

SAIS-C4S
SUBJECT: Audit Report on White House Communications Agency-Phase II (Project No. 5RD-5027.01)

2. POC for this action is Cyndy Gardner, (703) 614-6168.

FOR THE DIRECTOR:

Encl

RAIMUND STACHA
Colonel, GS
Deputy Director
C4 Modernization and Integration

CF:
SAIS-IDT

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