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DEFENSE COMMUNICATIONS

White House Communications Agency Activities and Funding

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss (1) our 1994 efforts to assess activities and funding of the White House Communications Agency (WHCA) and (2) events that led to the separate review and reports by the Department of Defense (DOD) Inspector General. Our work originated from a request by Mr. Clinger in March 1994 to provide information on the Defense Information Systems Agency's (DISA) oversight of WHCA, as well as WHCA's activities, funding, and reporting processes. To address Mr. Clinger's request, we discussed DISA and WHCA roles, missions, activities and funding with agency officials and analyzed legal, policy, and regulatory documents. We sought to review and examine budget documents such as funding authorizations and records of expenditure and examine other relevant studies and documentation.

We obtained initial data and made some preliminary assessments, which we discussed with members of the Committee staff and agency representatives in August 1994 and January 1995. We identified the roles and missions of DISA and WHCA, one of its subordinate organizations. However, the executive branch limited DOD contact with us and the release of DOD data, stating its concern about revealing sensitive information on presidential protection to us. Consequently, we were unable to respond fully to Mr. Clinger's request. My comments today are based on the preliminary observations we had at the conclusion of our work in January 1995 and on our reading of the Inspector General's November 1995 and April 1996 reports on WHCA's activities. We have not independently verified the findings and conclusions of the Inspector General.

Results in Brief

Our 1994 work raised questions about the level of oversight pertaining to WHCA's budget justifications and procurement activities, including a recommendation made by a 1987 task force to improve oversight of WHCA's procurement and management that WHCA had not implemented. Our work to that point convinced us that there was reason to focus on the apparently minimal oversight of WHCA by DISA. However, during a January 1995 meeting with DOD and White House staff, White House Counsel staff indicated that we would not be provided the information needed to further pursue these issues. This prompted meetings involving the requester, the White House, DOD, and us, which resulted in the initiation of the DOD Inspector General's review.

The DOD Inspector General reported the results of its review on November 29, 1995, and April 29, 1996.[1] We believe these reports not only support our concerns, but also raise other important issues. The Inspector General report disclosed a material weakness that management controls at the Office of the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) were not sufficient to ensure that administrative, financial, and operational oversight was provided for WHCA. The Inspector General recommended that the Assistant Secretary specify DISA and White House Military Office oversight responsibilities. It also identified problems in a wide range of WHCA activities, including acquisition planning, budgeting, contracting, payment procedures, and controls over assets. Finally, it noted that some WHCA activities were outside of the agency's stated mission.

Background

The former Defense Communications Agency was redesignated DISA in June 1991. DISA is responsible for planning, developing, and supporting command, control, communications, and information systems that serve the national command authorities during peace and war. DISA has a headquarters office and 16 field organizations, including WHCA. Since 1942, WHCA[2] has provided communications to the President, his successors, and others who play key roles in supporting the President in his capacity as Commander in Chief. WHCA provides worldwide support with communications facilities at seven locations. Five facilities are in the Washington, D.C., area, and two are located at Luke Air Force Base, Arizona, and Carswell Air Force Base, Texas.

Although DISA provides administrative oversight of WHCA's budgetary and acquisition processes, the White House Military Office, a civilian office within the White House Office of Management and Administration, develops WHCA's requirements and directs its operations. WHCA's activities are funded through defensewide appropriations for DISA. Total funding has been somewhat greater than $100 million annually for the past 5 years, including both authorized funds for WHCA and an estimate for military personnel who are paid by their respective services.

[1]Audit Report of the Inspector General, White House Communications Agency (Report No. 96-033, Nov. 29, 1995) and Audit Report of the Inspector General, White House Communications Agency - Phase II (Report No. 96-100, Apr. 29, 1996).

[2]WHCA was preceded by the Department of the Army's White House Signal Detachment, created in 1942. In 1962, the Detachment was redesignated WHCA.

Our Attempts to Obtain Data

In response to our requests during 1994, DISA, WHCA, and White House staff and counsel provided us with briefings, summary and policy documents, and a copy of a previous White House management study. However, the documents did not provide enough detail for us to determine specific activities or costs, nor did the agencies provide supporting documents to verify reported activities and funding. Specifically, we requested, but did not receive (1) detailed budget information on WHCA activities, such as WHCA funding authorizations and records of expenditure and (2) detailed records of reimbursements for activities during 1993 and 1994. On three occasions in May, June, and August 1994, DOD representatives advised us that the White House had prohibited DOD contact with us or release of DOD data. In each case, we pursued the matter, and our follow-up discussions with White House representatives resulted in further meetings with DISA and WHCA.

From September 1994 to January 1995, we met periodically with the White House, DOD, and Committee staff to discuss gaining access to WHCA data. However, the White House, WHCA, and DOD did not provide additional information or initiate other efforts to resolve questions following a September 26, 1994, meeting between Mr. Clinger, the Deputy Secretary of Defense, the White House, and our officials. From July 6, 1994, when we requested a tour of WHCA facilities and access to source records for fiscal years 1993 and 1994 purchases, until January 1995, when our work ended, the only documents WHCA made available were blank budget execution review forms and an overview of the requirements process.

During this period, we were told that the White House would not authorize our access to WHCA documents, including those that WHCA and DISA had given to the White House to review before releasing to our staff because of executive branch concerns about revealing sensitive information regarding presidential protection.

In February 1995, our efforts to pursue these matters came to an end. Key officials, including the Committee and Subcommittee Chairmen; the President's Counsel; the Director, White House Military Office; the Commander, WHCA; and representatives from DOD, DISA, and our office, discussed the need for WHCA oversight. The principals agreed that past oversight had been lacking. The Counsel proposed an initial broad scope review by the DISA Inspector General. However, the principals agreed to an in-depth, independent review of WHCA to be conducted under the close supervision of the DOD Deputy Inspector General.

DOD Inspector General Reports Address GAO's Areas of Concern

The DOD Inspector General's 1995 and 1996 reports addressed several areas of concern identified during our preliminary work.

Management Oversight

WHCA is subject to the laws, regulations, and directives that apply to all defense activities. In our August 1994 briefing to Committee staff and January 1995 briefing to White House and DOD officials, we expressed our concerns about the level of oversight given to WHCA. DISA had established controls intended to oversee WHCA activities, including acquisition and funding guidelines, a program review board, and an internal controls program. However, our preliminary examination of overview data and DISA officials' statements indicated that DISA's oversight was minimal. For example:

- DISA's review of WHCA budget requests consisted of periodic meetings between WHCA's commander and DISA's director. In contrast, DISA's finance officers required and reviewed detailed justifications from DISA's other field activities. Also, in contrast to other organizations, DISA officials stated that, except for across-the-board budget reductions, WHCA's requested budget amount had never been reduced. WHCA's budget was viewed differently than other DISA field activities, which received more detailed oversight. According to a DISA financial management officer, WHCA's budget was "immune" from the usual level of review. The DOD Inspector General's detailed examination confirmed that, when DISA validated the WHCA budget, it did not review or analyze WHCA budget requests as extensively as budget requests of other DISA subordinate organizations.
- No external review of WHCA's projects appeared to exist. WHCA's program review board, established to approve funds for projects, validate requirements, and manage project execution, consisted only of WHCA personnel—the commander and his principal staff officers—and had no external participants.

The DOD Inspector General's detailed examination documented that DISA contracting officials seldom participated in WHCA acquisition planning and requirements validation, resulting in acquisition problems. For example, the Inspector General concluded that WHCA expended $4.9 million on two mobile communications systems that did not meet WHCA's operational needs; planned to purchase some unneeded satellite terminals until the contractor submitted an average price of $618,000 —more than double the

$269,000 originally estimated by WHCA; and planned to issue a $2.1-million sole-source radio network maintenance contract that WHCA later found could be competed.

- There appeared to be no oversight of whether WHCA is reimbursed for support provided to other agencies. WHCA performs communications support for other agencies such as the Department of State and the Secret Service. In our initial briefings, DISA officials told us they had no information on the reimbursements, if any, that WHCA had received.

The DOD Inspector General's detailed review disclosed that since 1991, WHCA had provided communications support to the Secret Service on a nonreimbursable basis and failed to report to the Office of the Secretary of Defense all costs for providing communications support to the Secret Service. WHCA had not charged the Secret Service for the support because a 1989 WHCA and Secret Service memorandum of agreement did not clearly delineate reimbursable and nonreimbursable communications support to be provided. As a result, from 1990 to 1995, the Secret Service did not reimburse DOD for annual communications support totaling $4.3 million and Congress was not informed of communications support totaling $3.2 million that WHCA had provided to the Secret Service. Because DOD absorbed costs of support to the Secret Service, the Secret Service's budget was augmented by $4.3 million.

Also, we noted that a 1987 task force report on WHCA criticized management deficiencies. The report stated the White House lacked a master plan to guide the design and procurement of information systems and lacked an effective management mechanism of oversight and configuration control. It concluded that there was a proliferation of nonstandard, redundant telephone and automated data processing hardware throughout the White House that did not interoperate, used scarce floor space inefficiently, and was costly and difficult to maintain. The report's recommendations, among other things, called for a management mechanism, such as a chartered interoffice group, to oversee the telecommunications requirements process, including validating requirements, evaluating alternatives, and designating who should act to meet requirements. The recommended group would include representatives from WHCA as well as members from White House offices and the Secret Service.

The DOD Inspector General's report does not discuss the 1987 management study, but notes that WHCA established an acquisition management office in 1994. However, as noted a moment ago, WHCA's actions were not reviewed

or validated. In addition, the Inspector General found that when WHCA arranged presidential trips, it did not use contracting officers to buy equipment and services, competitively select vendors, negotiate contracts with selected vendors, validate rate quotes, or establish a formal memorandum of agreement with a contracting office. The DOD Inspector General concluded that WHCA spent funds without contractual authorization, authorized an undetermined amount of duplicate payments, incurred an undetermined amount of interest penalties for late payments for vendors, and had no assurance that telecommunications equipment and services were leased cost-effectively.

WHCA Mission

WHCA's activities are undertaken pursuant to a number of laws and regulations. These activities range from providing communications support, such as nonsecure voice, secure voice, and record communications, to other support, including automated data processing and construction of presidential podiums. We did not determine the cost of the activities or how they were funded and reported since the White House would not release the necessary documents to us.

The DOD Inspector General's detailed examination identified $7.8 million in services (audiovisual, news wire, and stenographic services) and the procurement of camera equipment that the Inspector General found were outside of WHCA's mission. For example, WHCA's Audiovisual Unit provides flags at presidential events, develops and prints photographs of the President and First Lady, and mounts and frames photographs. WHCA also provides stenographic services for the White House Office of the Press Secretary. WHCA has tried unsuccessfully since 1971 to transfer funding for these services to the White House or the General Services Administration, but the White House has prevented the transfer. A March 1996 memorandum of agreement between the White House Office of Management and Administration and the Assistant Secretary of Defense for Command, Control, and Communications and Intelligence again assigned these functions and the associated funding to WHCA.

Additional Inspector General Findings

The DOD Inspector General reported on issues beyond those that we noted in our preliminary work. For example, the Inspector General reported that WHCA's inventory of short-haul telecommunications equipment and services, such as circuits and maintenance, was neither complete nor accurate because WHCA failed to record some of the equipment and services, terminate the equipment from the inventory, or update costs. The

Inspector General's April 1996 report found that (1) WHCA had made little progress in correcting deficiencies identified in its earlier November 1995 report and (2) the inventory remained inauditable. The Inspector General then discontinued its audit efforts.

The DOD Inspector General concluded that, taken together, the many problems in planning, budgeting, acquisition, and payment constitute a material weakness needing management attention. By DOD definition, material weaknesses include, for example, weaknesses that violate requirements, or significantly weaken safeguards against fraud, waste, or mismanagement. The Inspector General identified a material weakness at a level sufficient to merit Secretary of Defense attention.[3]

Mr. Chairman, we believe the DOD Inspector General's work has disclosed serious management issues that warrant top management attention at DOD and the White House. The Inspector General's staff informed us that DISA and WHCA have initiated steps to resolve the various deficiencies. The proposed actions are first steps toward resolving these issues. However, because these long-standing problems cannot be solved immediately and because there are still areas of disagreement, we believe continued attention by the Congress is appropriate.

This concludes my prepared statement. I will be happy to answer any questions you or other Members of the Subcommittee may have.

[3]Under the Federal Managers' Financial Integrity Act, the Secretary of Defense is required to review DOD's internal accounting and administrative controls to provide reasonable assurances that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation and that internal management controls emphasize prevention and correction of specific problems.

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