Audit Report

MAINTENANCE AND REPAIR OF DOD
GENERAL AND FLAG OFFICER QUARTERS

Report No. D-2000-071 January 27, 2000

Office of the Inspector General
Department of Defense

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Acronyms

AFB	Air Force Base
GFOQ	General and Flag Officer Quarters
O&M	Operation and Maintenance

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January 27, 2000

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
NAVAL INSPECTOR GENERAL
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit Report on Maintenance and Repair of DoD General and Flag Officer Quarters (Report No. D-2000-071)

We are providing this report for your review and comment. We conducted the audit in response to the Department of Defense Appropriations Act, 2000, Section 8114, which requires the Office of the Inspector General, Department of Defense, to conduct an audit to assess the compliance of each of the Services with applicable appropriations law, Office of Management and Budget Circulars, and Under Secretary of Defense (Comptroller) directives that govern the funding for maintenance and repairs to general and flag officer quarters. The Act also requires an assessment to determine whether there have been violations of the Antideficiency Act resulting from improper funding of such maintenance and repair projects. We considered comments from the Departments of the Army, the Navy, and the Air Force in preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. The Army and the Air Force comments were responsive. The Assistant Secretary of the Navy (Financial Management and Comptroller) comments were not responsive. We request the Navy to reconsider its position and provide additional comments on Recommendation 2 by March 27, 2000.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Wayne K. Million (703) 604-9312 (DSN 664-9312) (wmillion@dodig.osd.mil) or Ms. Eleanor A. Wills at (703) 604-9314 (DSN 664-9314) (ewills@dodig.osd.mil). See Appendix D for the report distribution. The audit team members are listed inside the back cover.

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Office of the Inspector General, DoD

Report No. D-2000-071 **January 27, 2000**
Project No. 9CG-5031

Maintenance and Repair of DoD General and Flag Officer Quarters

Executive Summary

Introduction. This audit was initiated in response to Public Law 106-79, Department of Defense Appropriations Act, 2000, Section 8114, which requires the Office of the Inspector General, Department of Defense, to conduct an audit to assess the compliance of each of the Services with applicable appropriations law, Office of Management and Budget circulars, and Under Secretary of Defense (Comptroller) directives that govern the funding for maintenance and repairs to general and flag officer quarters (GFOQs). The Act also requires an assessment to determine whether there have been violations of the Antideficiency Act resulting from improper funding of such maintenance and repair projects. The Navy and the Air Force disclosed in 1999 that they had supplemented family housing account funds with operation and maintenance account funds. Congress added specific language to the Department of Defense Appropriations Act, 2000, prohibiting the mixing of funds for the maintenance of GFOQs.

Objectives. The overall objective was to conduct the assessments required by Section 8114. We plan to do further audit work on management controls, with emphasis on the accuracy of management information and reporting, and to address results in a subsequent report.

Results. The Services did not properly fund maintenance and repair projects for general and flag officer quarters. Specifically: maintenance and repair spending limitations were exceeded, appropriated budget amounts were exceeded, and regular operation and maintenance funds were used for housing maintenance and repair projects. This condition occurred because congressional guidance and DoD policies and procedures were not followed. As a result, funding violations may have occurred on GFOQ projects, congressional reporting requirements were circumvented, and data supplied to the House Appropriations Committee, Surveys and Investigation staff, were inaccurate.

Summary of Recommendations. We recommend that the Assistant Secretaries of the Army, the Navy, and the Air Force (Financial Management and Comptroller) investigate potential Antideficiency Act violations, spending limitation violations, and other reporting requirement violations involving funding of maintenance and repairs to general and flag officer quarters.

We made no recommendations on guidance related to the future use of operation and maintenance funds for GFOQs. In Section 128 of the Military Construction Appropriations Act, 2000, Congress prescribed the manner in which future repairs and maintenance of family housing will be funded. Policy guidance was issued on January 12, 2000, by the Office of the Under Secretary of Defense (Comptroller) to implement the congressional guidance, and the Military Departments are fully aware of the requirements.

Management Comments. The Army concurred with the recommendation. The Navy nonconcurred with the recommendation and stated that they took exception to conducting further Antideficiency Act reviews and investigations of family housing and maintenance costs that exceeded cost limitations not mandated by statute. The Navy also stated that many quarters assigned to general and flag officers are historic treasures that require extraordinary efforts to maintain in a condition for simple habitation. It is the Navy belief that the DoD needs to do a better job of articulating the requirements to maintain this history. Additionally, they stated that there needs to be better guidance relative to the use of funds on unaccompanied officer quarters, grounds maintenance, and communication facilities. The Navy suggested that we make recommendations to address these issues. The Air Force concurred with the intent of the recommendation and agreed to initiate preliminary reviews and determine whether potential Antideficiency Act violations have occurred and if formal investigations are necessary. A discussion of management comments is in the Finding section of the report and the complete text is in the Management Comments section.

Audit Response. The Army and the Air Force comments are responsive and no additional comments are necessary. The Navy comments are not responsive. The Military Departments have a responsibility to investigate potential administrative violations, such as those identified by the audit. The other issues raised by the Navy have merit, but were beyond the scope of this audit, which by necessity focused on the tasking in Section 8114. We request that the Navy provide further comments on Recommendation 2 by March 27, 2000.

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Background

General and Flag Officers Quarters. The Department of Defense provides Government-owned or -leased housing for military families when suitable housing is not available in the private sector. The military grade and number of dependents determines the maximum size of the available housing. Housing designated as general and flag officer quarters (GFOQs) is reserved for officers of grade O-7 and above. Those quarters may contain up to 2,100 square feet of floor space. If also designated as a special command position, or senior installation commander position, an additional 10 percent, or a total of 2,310 square feet, is authorized. However, for those GFOQs acquired before 1983, an existing larger floor space is authorized. In some instances, those older GFOQs, which may have been constructed 100 to 200 years ago and contain 10,000 square feet or more, are listed on the National Register of Historic Places.

Audit Requirement. This audit was initiated in response to the Department of Defense Appropriations Act, 2000, Section 8114, which requires the Office of the Inspector General, Department of Defense, to conduct an audit to assess the compliance of each of the Services with applicable appropriations law, Office of Management and Budget circulars, and Under Secretary of Defense (Comptroller) directives that govern the funding for maintenance and repairs to general and flag officer quarters. The Act also requires an assessment to determine whether there have been violations of the Antideficiency Act resulting from improper funding of such maintenance and repair projects.

Objectives

The overall objective is to evaluate the circumstances surrounding the use of funds other than family housing funds for maintenance and repair of GFOQs, and determine if violations of appropriations law have occurred. Specifically, we reviewed maintenance and repair expenditures to ensure that the Military Departments correctly cited or reimbursed funds for repair and maintenance work on GFOQs. Although the management control program was an announced objective, we plan to address management controls in a subsequent report.

Maintenance and Repair of General and Flag Officer Quarters

The Services did not properly fund maintenance and repair projects for general and flag officer quarters. Specifically:

- maintenance and repair spending limitations were exceeded,
- spending limits in Service budget justification documents were exceeded, and
- regular operation and maintenance funds were used for housing maintenance and repair projects.

This condition occurred because congressional guidance and DoD policies and procedures were not followed. As a result, potential funding violations have occurred on GFOQ maintenance and repair projects, congressional reporting requirements have been circumvented, and data supplied for a congressional review were inaccurate.

DoD Implementing Guidance

DoD Financial Management Regulation. DoD 7000.14R, "Financial Management Regulation," June 1998, establishes policies and guidelines for program financial management, budgeting, accounting, and reporting for the maintenance and operation of the family housing program. The regulation states that obligations incurred to support the military family housing program shall be charged to the family housing appropriation, and that a series of accounts should be established and maintained for accumulating family housing operation and management costs and reimbursements. The accumulated costs and reimbursements in the accounts should be used to support budget exhibits and budget execution reports.

DoD Housing Management Manual. DoD Manual 4165.63-M, "DoD Housing Management," September 1993, provides guidance, procedures, and responsibilities on all matters associated with family housing. It applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Commands, and the Defense agencies. The directive section specific to GFOQs states that appropriate management controls shall be established to ensure GFOQs are operated and maintained in a prudent manner.

DoD Directive. DoD Directive 1100.12, September 3, 1991, "Authority for Establishing Special Command Positions," establishes policy and assigns responsibilities for the designation of "special command positions," which may be authorized special amenities (table linens, dishes, glassware, silver, kitchen utensils, etc.). The incumbents are general or flag officers (or civilian officials

of equivalent rank) with public relations responsibilities. Those responsibilities require the incumbent to represent U.S. interests in official and social entertainment activities involving foreign or U.S. dignitaries and influential members of the business, industrial, labor, scientific, and academic communities.

Congressional Concerns

GFOQs have traditionally been the most costly quarters to maintain in the DoD family housing inventory. Congress has long been aware of the cost problems associated with GFOQs and relies on those costs being visible in the family housing appropriation. Since the mid-1980s, appropriations committee report language consistently limited the amount of family housing operation and maintenance to $25,000 per house annually, unless otherwise specifically included in the annual budget justification documentation. Additionally, annual reports are required by congressional committees that have cognizance over family housing. In May and June 1999 respectively, the Navy and the Air Force informed Congress that O&M funds had been used for maintenance and repair work on five GFOQs. Navy and Air Force managers had rationalized ways to obtain supplemental GFOQ funding since the cost of maintenance and repairs for some quarters continually exceeded the $25,000 limitation. Both Services justified using funds other than family housing funds for those areas of the GFOQs which they had designated as other than residential living areas (areas to perform official and social activities).

Navy. The Navy identified three housing units on which $5.7 million in other than family housing funds were used during FY 1992 through FY 1999 for maintenance and repair work: the Tingey House, Chief of Naval Operations' residence (12,304 square feet, built in 1802); the Buchanan House, Superintendent's residence at the United States Naval Academy (13,048 square feet, built in 1906); and the Nimitz House, the Commander in Chief, U.S. Pacific Fleet residence (8,202 square feet, built in 1941). The Buchanan and Tingey Houses are listed on historic registers and the Nimitz House is eligible to request historic designation. According to the Navy, because of the size and use of these homes, the Navy re-designated certain portions of the homes as "representational areas." By re-designating those areas as other than general and flag officer housing units, the Navy concluded that the use of O&M, Navy funds rather than family housing funds was justified.

Air Force. The Air Force identified two housing units on which $3.8 million in funds other than family housing funds were used during FY 1987 through FY 1999 for maintenance and repair work: the Carlton House, Superintendent of the Air Force Academy residence (10,846 square feet, built in 1931) and the Otis House, Commandant of Cadets, Air Force Academy residence (11, 553 square feet, built in 1930). According to the Air Force, because of the size of the homes, portions were designated as "miscellaneous recreation buildings." The "miscellaneous recreation buildings" area was primarily used to host Academy functions; such as graduation parties for cadet families and annual

conferences. By designating certain portions of the homes as "miscellaneous recreation buildings," the Air Force also felt justified in using other than family housing funds for any maintenance and repair work to those areas.

House Appropriations Committee GFOQ Survey

After the Navy and Air Force disclosures, congressional committees became increasingly concerned. One committee initiated its own review of GFOQ funding issues in the wake of the Navy and Air Force disclosures. The House Appropriations Committee, Surveys and Investigation staff requested the Military Departments to complete a General and Flag Officer Quarters survey (the S&I survey) by September 15, 1999. Included in the S&I survey was a requirement to show the total maintenance and repair cost for each GFOQ during the past 10 fiscal years. The reported amounts included expenditures using family housing funds and funds other than family housing funds. The Services were to include a statement outlining the rationale and citing the authority for using funds other than family housing funds on GFOQs. The Services reported data for 882 GFOQs. For FY 1999, the Services reported in the S&I survey that they used O&M funds for the maintenance and repairs of 112 GFOQs: 7 in the Army, none in the Navy[1], 105 in the Air Force, and none in the Marine Corps. Aside from the two Air Force Academy GFOQs, the Army and the Air Force cited the use of O&M funds for communication and security systems and in five instances, residence by an unaccompanied officer.[2]

Results of Inspector General, DoD Review

We used the S&I survey data to judgmentally select 18 locations to review the funding at 79 GFOQs. The sampled locations included major commands across all Services. See Appendix B for the GFOQs included in our review. We found that the financial data supporting the S&I survey data was not always reliable. See Appendix C for details.

Summary of Reported Data. Of 79 GFOQs we reviewed, 63 exceeded the current maximum allowable 2,310 square feet. Of the 63 GFOQs, 23 contained more than 4,000 square feet. In addition, 44 of the 79 GFOQs were qualified to be considered for inclusion in the National Register of Historic Places, with 12 of those GFOQs having been built in the 19th Century. Houses listed on the National Register of Historic Places must obtain approval from the State Historical Preservation Office for any maintenance and repair plans prior to the work being performed. The special restrictions placed on those GFOQs ensure

[1] The survey was completed after the Navy reimbursed the O&M, Navy appropriation account; therefore, O&M funds for those houses were not considered in the survey.

[2] Communication equipment, security systems, and unaccompanied officers are topics discussed later in this report.

that the historical significance and standards of the GFOQs are maintained. However, the special processes to maintain and repair those units often incur substantial costs, thus making it more difficult to perform the required maintenance and repairs within the routine limitations imposed by Congress.

Summary of Sampled Data. We reviewed 3 years (FYs 1997 through 1999) of GFOQ maintenance and repair cost documentation and found three different types of conditions in which the spending limitations were exceeded.

Congressional $25,000 Reporting Requirements Exceeded. Congressional language repeatedly limited the amount of family housing maintenance and repairs to $25,000 per house annually, unless specifically included in the annual budget justification documentation. Table 1 lists the GFOQs in our sample of 79 where the Services exceeded the $25,000 congressional reporting requirement without obtaining approval from, or reporting to, Congress.

Table 1. $25,000 Congressional Reporting Requirement Exceeded

Location	Quarters Number	FY	Cost	Reporting Requirement
Ft. Belvoir, VA	60	1997	$47,230	$25,000
Ft. McNair	7	1999	26,380	25,000
McGuire AFB, NJ	4557	1998	25,320	25,000
Bolling AFB, Washington, D.C.	22	1999	25,125	25,000
	25	1999	26,800	25,000

For example, in FY 1997, GFOQ 60, at Ft. Belvoir, underwent a handicap modification to accommodate an exceptional family member. The work began in June 1997, with additional work being performed in early September. Verbal permission was given by the GFOQ Program Manager, Housing Division, to proceed with the modification, with the instructions to re-submit the request as an "after-the-fact notification." The costs for the modification was $21,259, with an additional $1,376 for the installation of a new sidewalk. This modification was in addition to the $24,595 for other maintenance and repair of the quarters; bringing the total expended on the quarters to $47,230. An after-the-fact notification was not processed, causing the quarters to exceed the $25,000 Congressional reporting threshold.

In another example, at GFOQ 4557, McGuire AFB, New Jersey, the reported maintenance and repair costs were $24,120 for FY 1998. Our audit disclosed that Work Order 83683 was submitted for $4,595 but was recorded at a cost of only $3,395 in the tracking document. The actual costs for GFOQ 4557 totaled $25,320.

Congressional Budget Limitation Exceeded. In the following examples, Congress specifically approved spending limitations above the $25,000 per house annual limitation. Table 2 lists the GFOQs in our sample of 79 where the Services exceeded the higher spending limitation without obtaining additional approval.

Table 2. Specifically Approved Spending Limits Exceeded				
Location	Quarters Number	FY	Cost	Spending Limitation
NAS Corpus Christi	1	1999	$295,688	$258,600
Navy Supply Activity, Washington, D.C.	B	1997	37,900	32,900
	B	1998	176,000	171,000
	E	1998	107,800	102,800
	F	1998	154,200	149,200
	O	1998	131,400	126,400

For example, at the Naval Air Station Corpus Christi, Texas, the FY 1999 Navy management report sent to Headquarters for GFOQ 1, reported maintenance and repair costs of $257,999 against an approved budget of $258,600. However, our audit disclosed that actual maintenance and repair costs were $295,688, and that the Navy should have submitted notification for approval to exceed the budgeted amount by $37,689. This occurred because the actual costs for landscaping, irrigation for a flowerbed, privacy fence, floodlights, and a new driveway for the GFOQ were contracted for $71,284. The budget assistant for family housing received a memorandum from the environmental manager recommending an adjustment to the accounting records of $46,456. The basis for the adjustment was OPNAVINST 11101.19E, stating that only grounds maintenance expenses up to one half acre are charged against the Quarters. The costs beyond the one half acre were charged to family housing but not to the specific GFOQ. However, an adjustment of only $27,073 was made in order to bring the cost under budget. Additionally, the cost of floodlights, totaling $2,846, was charged to furnishings (not GFOQ maintenance and repair); and another contract for the GFOQ foundation work, totaling $7,769, was not recorded or reported. All work performed on the GFOQ structure, and all surrounding area for the exclusive use of the resident, should be charged to the GFOQ.

O&M Funds Used for Family Housing Maintenance. Family housing funds are the exclusive source of funds for the maintenance and repair of military family housing units, including GFOQs. For FY 1999, the Services reported in the S&I survey that funds other than family housing funds were used for maintenance and repairs of 112 GFOQs, for grounds maintenance, unaccompanied general or flag officer quarters, and security systems. Table 3 lists the GFOQs in our sample of 79 where funds other than family housing funds were used for family housing units.

Table 3. O&M Funds Used for Family Housing Maintenance			
Location	Quarters Number	FY	O&M Funds Used
West Point, NY	100	1999	$31,409
	101	1999	18,768
	102	1999	18,768
West Point, NY	100	1998	18,435
	101	1998	18,435
	102	1998	18,435
West Point, NY	100	1997	15,118
	101	1997	15,118
	102	1997	15,118
Keesler AFB, MS	7905	1999	9,919
McGuire AFB, NJ	4503	1999	915
Randolph AFB, TX	602	1997	3,461

The GFOQs at the United States Military Academy, West Point, New York (West Point), are similar to the Navy and Air Force academy GFOQs. The Superintendent's residence (10,000 square feet); the Commandant's residence (4,400 square feet); and the Dean's residence (6,000 square feet) were built in 1820, 1819, and 1857, respectively. In October 1966, West Point was also listed as part of the National Historic Landmark District Registry.

Grounds Maintenance and Security Systems. Similar to the Navy and Air Force, the Army also used funds other than family housing funds for grounds maintenance at the three GFOQs. West Point reported the use of O&M funds for grounds maintenance on the S&I survey for the three GFOQs at $31,554 ($10,518 each) for FY 1999. However, West Point actually spent $56,304 on grounds maintenance ($18,768 each) plus $12,640 for maintenance and repair of the gazebo (Superintendent's residence) for a total of $68,945. During FY 1998 and FY 1997, West Point also reported on the S&I survey, $55,305 and $45,355 for grounds maintenance for those three GFOQs.

The Army generally followed past practices of using O&M funds for grounds maintenance. In addition, the Army planned to use O&M funds, rather than family housing funds, to install security systems during the next fiscal year. The Office of the Under Secretary of Defense (Comptroller) policy guidance provides that communications equipment required by the occupant to perform his or her mission may be excluded; however, security and anti-terrorism measures must be funded by the family housing funds.

On September 8, 1999, a representative from Headquarters, Department of the Army family housing office, notified the West Point family housing office that the Army may no longer use O&M, Army funds to maintain the GFOQ grounds. As a result, the West Point family housing office initiated a request for waiver to continue the use of $50,000 per year of O&M, Army funds. They contend that maintaining these grounds at the highest standard is critical for the

benefit of the resident, the installation, and the Army. They further contend that the Superintendent's garden is visited by the public and requires a higher standard of appearance because of its uniqueness, and because it contains plants from every state in the union which have been donated by the Cadet Parents' Club.

Unaccompanied Officer Quarters. At GFOQs 7905, Keesler AFB; 4503, McGuire AFB; and 602, Randolph AFB, the Air Force used O&M funds rather than family housing funds for maintaining GFOQs when occupied by an unaccompanied flag officer, although the GFOQ remained part of family housing. The installation commander has approval authority for temporary conversion of family housing units, normally for a period of less than three years. According to Air Force guidance, when a military family housing unit is temporarily designated as an unaccompanied officer quarters, only minor modifications can be made on approved housing conversions. The Air Force guidance stated that family housing staff should charge all costs associated with operating and maintaining unaccompanied officer quarters, including change of occupancy expenses, to base operating funds, not to the family housing account. In the S&I survey, the Air Force reported five other GFOQs where O&M funds were used for unaccompanied general or flag officers. The installations did not change real estate records for temporary conversions. We believe that family housing funds should be used for maintaining every GFOQ, under any circumstance. The fact that a general or flag officer is living alone in a GFOQ normally occupied by an officer and his or her family does not change the essential character of the quarters. The same functions are served by the quarters as if the officer was accompanied, and the visibility that congress wishes to have over the cost of the facility should be maintained. The quarters should remain part of family housing, and be maintained and repaired accordingly.

Other Inspections and Audits

In May 1999, the Chief of Naval Operations requested the Naval Inspector General to inquire into the circumstances leading to an apparent misuse of O&M, Navy funds for maintenance and repair of the three GFOQs (the Tingey House, the Buchanan House, and the Nimitz house). The Naval Inspector General initiated a potential Antideficiency Act investigation into possible violations. The Navy is currently continuing its investigation addressing potential funding violations related to the three GFOQs. See Prior Audit Coverage in Appendix A for the title and date of the Naval Inspector General Report of Investigation.

The Secretary of the Air Force requested an audit to address concerns regarding the use of O&M, Air Force funds for repair expenditures for the Carlton and Otis Houses. Although the Air Force Audit Agency recommended reimbursing the O&M appropriation, the Assistant Secretary of the Air Force (Manpower, Reserve Affairs, Installations and Environment) stated:

> While we acknowledge the auditor's findings that some public designated areas were in fact used for private activities, as the auditor also points out, these areas had been designated as non-residential areas. Therefore, the Academy did follow existing policy when deciding which source of funds to use when working in these areas. In addition, reimbursing the O&M appropriation with family housing funds will require the Air Force to spend limited housing dollars on a GOQ instead of fixing our inadequate housing units or making repairs and upgrades to our junior enlisted housing units. We see no benefit to be gained from implementing this recommendation.

The Air Force maintains that designation of portions of the homes as "miscellaneous recreation buildings" was in accordance with Air Force regulations at the time. Therefore, the Air Force does not believe that O&M funds should be reimbursed from family housing funds. See Prior Audit Coverage in Appendix A for the title and date of the Air Force Audit Agency report.

At the request of the Deputy Assistant Secretary of the Air Force (Manpower, Reserve Affairs, Installations and Environment), the Air Force Audit Agency also reviewed construction management at McGuire Air Force Base (AFB). The review included an independent assessment of renovation and maintenance costs for four GFOQs (4501, 4502, 4503, and 4557). The review disclosed that the cost of all four GFOQ renovations exceeded the congressional statutory funding limit of $146,790, for each GFOQ, for housing improvements and concurrent maintenance and repair. A determination should be made to evaluate whether exceeding the statutory spending limits resulted in an Antideficiency Act violation, or other administrative violations.

Regulatory Interpretations

The DoD Financial Management Regulation. DoD 7000.14R, Volume 2B, Chapter 6, states that:

> The Defense Family Housing Property Account excludes the following properties, irrespective of the Government's right, title, or interest therein: . . .
>
> (c) Community facilities, which are not integral to a family housing area or are available for use by other than family housing area residents and their house guests. . . .
>
> (e) Telephone and other communication facilities for official use, and telephone facilities for unofficial use, installed in a family housing unit.

The Navy and Air Force interpretation of the guidance led them to re-designate the area used for community functions to fulfill official and social entertainment responsibilities, thus rationalizing the use of O&M funds for related costs. In addition, in some instances, the Services believed that since all communications facilities for official use are excluded from the GFOQ property records, that is justification to exclude those items from family housing funding.

Corrective Action Already Initiated

Congressional Clarification of Guidance for Maintenance and Repair of GFOQs. The family housing appropriation was established by Congress to separate the funding of family housing from other O&M programs. Section 128 of the FY 2000 Military Construction Appropriations Act, now mandates that the "funds appropriated in Military Construction Appropriations Act for operations and maintenance of family housing ***shall be the exclusive source of funds*** [emphasis added] for repair and maintenance of all family housing units, including flag and general officer quarters." In addition, the Act places a statutory ceiling of $25,000 on all maintenance, repair, and minor alterations per fiscal year. The $25,000 limitation cannot be exceeded without a 30-day advance notification to Congress.

Recent DoD Guidance in the Use of Family Housing Funds. After the FY 2000 Military Construction Appropriations Act, the Office of the Under Secretary of Defense (Comptroller) issued policy guidance on January 12, 2000, which implemented the congressional guidance on funding maintenance and repair of GFOQs.

> Section 128 of the FY 2000 Military Construction Appropriations Act mandates that the 'funds appropriated in the Military Construction Appropriations Acts for operations and maintenance of family housing shall be the exclusive source of funds for repair and maintenance of all family housing units, including flag and general officer quarters.' . . . The terms 'repair and maintenance' shall apply to any work performed on family housing structures or family housing areas, which include security and antiterrorism measures, but excludes communication equipment required by the occupant to perform his or her mission. Further, the GFOQs shall not be split for the purpose of funding part of the house with regular operation and maintenance funds provided in the DoD Appropriations Acts. Section 128 also requires that I submit an annual report to Congress.

The Navy and Air Force have taken corrective actions on their prior reported use of O&M funds for maintenance and repairs of GFOQs. The Navy reimbursed O&M, Navy funds with family housing funds and initiated an Antideficiency Act investigation into possible violations, which may have resulted from O&M, Navy expenditures of approximately $5.7 million between 1992 and 1999. The Air Force planned to rescind the split designation of housing units and classify both units as strictly family housing space and fund all future work in both houses out of the family housing appropriation.

Summary

We are making no recommendations on the future use of operation and maintenance funds for general and flag officer quarters. Public Law 106-52, Section 128 and Public Law 106-79, Section 8114 have mandated the desires of Congress. Policy guidance issued by the Office of the Under Secretary of Defense (Comptroller), in January 2000, implements this guidance, and the

Military Departments are fully aware of the requirements. For example, the Department of the Navy is revising SECNAV Instruction, 11101.73A, "Approval Authority for Maintenance and Repair of Flag and General Officer Quarters," October 27, 1989, to comply with the FY 2000 legislative language and anticipates promulgation of the revised instruction in February 2000. However, the Military Departments need to complete investigation of the potential statutory and administrative violations identified in this report.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Assistant Secretary of the Army (Financial Management and Comptroller) initiate actions to investigate potential Antideficiency Act violations, spending limitation violations, and other reporting requirement violations involving funding of maintenance and repairs to the following general and flag officer quarters.

Fort Belvoir, VA, GFOQ 60;

Fort McNair, Washington, D.C., GFOQ 7; and

United States Military Academy, NY, GFOQs 100, 101, and 102.

Army Comments. The Army concurred with the recommendation to initiate an investigation into potential Antideficiency Act violations, spending limitation violations, and other reporting requirement violations involving funding of maintenance and repairs to the following general and flag officer quarters.

2. We recommend that the Assistant Secretary of the Navy (Financial Management and Comptroller) initiate actions to investigate potential Antideficiency Act violations, spending limitation violations, and other reporting requirement violations involving funding of maintenance and repairs to the following general and flag officer quarters.

Naval Air Station, Corpus Christi, TX, GFOQ 1 and

Naval Supply Activity, Washington, D.C., GFOQs B, E, F, and O.

Navy Comments. The Navy nonconcurred with the recommendation to investigate potential violations concerning quarters at Corpus Christi, Texas, and Washington, D.C. The Navy took exception to conducting further Antideficiency Act reviews and investigations of family housing and maintenance costs that exceeded cost limitations not mandated by statute.

The Navy also stated that many quarters assigned to general and flag officers are historic treasures that require extraordinary efforts to maintain in a condition for simple habitation. It is their belief that the DoD needs to do a better job of articulating the requirement to maintain this history. Additionally, they stated that there needs to be better guidance relative to the use of funds on unaccompanied officer quarters, grounds maintenance, and communication facilities. The Navy suggested that we make recommendations to address these issues.

Audit Response. The Navy comments are not responsive. Whether or not statutory violations occurred, the Military Departments also have a responsibility to investigate potential administrative violations, such as those identified by the audit. The other matters discussed in the Navy comments may have merit, but assessing them was not within the scope of the audit, which was mandated by Section 8114. We request that the Navy reconsider their position and provide additional comments on Recommendation 2 by March 27, 2000.

3. We recommend that the Assistant Secretary of the Air Force (Financial Management and Comptroller) initiate actions to investigate potential Antideficiency Act violations, spending limitation violations, and other reporting requirement violations involving funding of maintenance and repairs to the following general and flag officer quarters.

Bolling Air Force Base, Washington, D.C., GFOQs 22 and 25;

Keesler Air Force Base, MS, GFOQ 7905;

McGuire Air Force Base, NJ, GFOQs 4501, 4502, 4503, and 4557;

Randolph Air Force Base, TX, GFOQ 602; and

U.S. Air Force Academy, CO, Carlton and Otis houses.

Air Force Comments. The Air Force concurred with the intent of the report and the recommendation and agreed to initiate preliminary reviews and determine whether Antideficiency Act violations have occurred and if formal investigations are necessary. The Air Force also reserved the right to provide additional comments.

Audit Response. The Air Force comments met the intent of the recommendation. We request that the Air Force provide additional comments on the final report by March 27, 2000.

Appendix A. Audit Process

Scope

Work Performed. We conducted the audit of GFOQs in response to a congressional request. During the audit, we interviewed budgeting personnel and housing managers from major commands across all Services. Specifically, we reviewed family housing appropriations, obligations, and maintenance and repair expenditures for 79 GFOQs from FY 1997 through FY 1999. Also, we analyzed maintenance and repair documentation and the rationale for using regular O&M funds in place of family housing funds. In addition, we analyzed Service-specific computer financial processes for tracking maintenance and repair costs and we compared amounts reported on cost reports to supporting documentation. Our audit included a review of the Naval Inspector General and Air Force Audit Agency reports on alleged misuse of operation and maintenance funds for GFOQs.

Limitations to Scope. Information contained in the Navy and two Air Force Audit Agency reports was accepted without further review. Computer-generated financial cost reports for GFOQs were not reliable, and maintenance and repair supporting documentation was not readily available. Accordingly, we plan to do additional audit work on management controls over the funding of general and flag officer quarters with emphasis on the accuracy of management information and reporting.

DoD-Wide Corporate Level Government Performance and Results Act (GPRA) Goals. In response to the GPRA, the Department of Defense has established 2 DoD-wide goals and 7 subordinate performance goals. This report pertains to achievement of the following goals (and subordinate performance goals):

Goal 2: Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineer the Department to achieve a 21st century infrastructure. **Performance Goal 2.3:** Streamline the DoD infrastructure by redesigning the Department's support structure and pursuing business practice reforms. **(00-DoD-2.3)**

General Accounting Office High Risk Area. The General Accounting Office has identified several high risk areas in the DoD. This report provides coverage of the Defense Infrastructure high risk area.

Methodology

Use of Computer-Processed Data. Computer-processed data was unreliable. However, to achieve the audit objectives, we relied extensively on the computer-processed data contained in the Database Commitment Accounting System,

Integrated Facilities System - Mini/Micro (IFSM), Fund Administration and Standardized Document Automation (FASTDATA), Standardized Accounting Reporting System (STARS), Interim Work Information Management System (WIMS), Standard Accounting, and the Budgeting and Reporting System (SABRS) systems. Our review of system controls and the results of data tests showed errors that cast doubts on the validity of the data reported to the House Appropriations Committee, Surveys and Investigation staff. Because the audit objectives require specific statements based on the data, and sufficient independent evidence is not available, we were unable to provide specific projections, conclusions, or recommendations.

Universe and Sample. To achieve the audit objectives, we used the General and Flag Officer Quarters survey provided to the House Appropriations Committee, Survey and Investigation staff on GFOQ maintenance and repair expenditures during FY 97 through FY 99. We judgmentally selected GFOQs from major commands across all Services based on the amounts expended on maintenance and repair. We visited 18 activities and reviewed documentation for 79 GFOQs.

Audit Type, Dates, and Standards. We performed the financial-related audit from September 1999 through December 1999, in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD. Further details are available on request.

Prior Coverage

During the last 5 years, the Naval Inspector General and the Air Force Audit Agency each issued a report discussing general and flag officer quarters.

Navy

The Office of the Naval Inspector General, Report of Investigation, "Senior Official Case 990441; Alleged Misuse of Operating Funds for Maintenance and Repair of Flag Officer Quarters," October 27, 1999, (FOUO).

Air Force

Air Force Audit Agency Report No. 99052030, "United States Air Force Academy General Officer Quarters," October 26, 1999.

Appendix B. General and Flag Officer Quarters Reviewed

Army GFOQs

Location	Quarters Number	Hist.	Square Feet	Maintenance and Repair Costs		
				FY 1997	FY 1998	FY 1999
Ft. Belvoir, VA	1	Yes[1]	7,262	$21,564	$16,387	$4,551
	2	Yes[1]	4,803	9,261	9,996	1,118
	3	Yes[1]	3,461	14,505	16,485	6,552
	6	Yes[1]	3,295	13,075	2,687	892
	10	Yes[1]	3,575	16,929	3,688	1,776
	13	Yes[1]	4,803	408	271	31,660
	14	Yes[1]	4,803	10,766	10,035	17,993
	17	Yes[1]	4,803	719	15,387	4,325
	18	Yes[1]	4,803	14,344	220	839
	51	Yes[1]	3,295	N/A	23,988	1,047
	54	Yes[1]	2,435	21,013	7,358	946
	56	Yes[1]	4,803	24,984	2,426	1,305
	57	Yes[1]	4,803	3,666	19,909	8,490
	58	Yes[1]	4,803	12,715	8,090	1,847
	59	Yes[1]	2,435	20,746	983	1,130
	60	Yes[1]	2,435	47,230	1,163	1,908
Ft. McNair, Washington, D.C.	1	Yes	3,184	2,446	2,545	2,446
	2	Yes[2]	3,184	7,733	13,503	8,892
	3	Yes[2]	3,184	2,400	16,600	23,200
	4	Yes[2]	3,169	16,918	19,295	23,209
	7	Yes[2]	3,184	11,700	31,900	26,380
	8	Yes[2]	4,057	13,438	16,595	13,585
	10	Yes[2]	3,169	11,258	14,520	15,734
	12	Yes[2]	3,169	1,536	15,800	16,969
	15	Yes[2]	3,169	-[3]	113,032	-[3]
West Point, NY	100	Yes	10,000	24,600	24,200	30,500
	101	Yes	4,400	17,100	12,100	35,800
	102	Yes	6,000	21,935	22,776	13,024

[1] Homes are eligible to be on historic register, but the homes are not listed on the historic register.

[2] Homes are located in a historic district, but the homes are not individually listed on the historic register

[3] Documentation not available.

Navy and Marine Corp GFOQs

Location	Quarters Number	Hist.	Square Feet	Maintenance and Repair Costs		
				FY 1997	FY 1998	FY 1999
Naval Support Activity, New Orleans, LA	A	Yes	6,483	$55,848	$18,242	$26,165
	C	No	3,205	9,454	14,885	22,900
	D	No	3,205	25,000	25,000	86,847
	E	No	4,063	17,065	24,428	126,157
Naval Air Station, Corpus Christi, TX	1	No	5,573	25,000[4]	24,583[4]	295,688
	11	Yes	2,390	20,600[4]	18,624[4]	89,460
Naval Training Station, Great Lakes, IL	AA	Yes	8,923	70,500	24,300	128,576
Naval Air Station, Pensacola, FL	A	Yes	7,562	99,300	70,628	45,047
	4	Yes	4,802	18,100	24,897	174,912
Navy Supply Activity, Washington, D.C.	B	Yes	4,459	37,900	176,000	25,000
	C	Yes	3,200	36,800	25,000	98,600
	E	Yes	4,130	25,000	107,800	22,100
	F	Yes	3,880	24,700	154,200	21,700
	H	Yes	4,030	23,300	24,700	24,500
	O	Yes	2,945	24,000	131,400	23,500
Camp Lejeune, NC	2000	No	2,419	18,799	15,428	21,078
	2001	No	2,419	15,391	7,908	14,946
	2002	No	2,049	8,664	9,568	15,385
	2003	No	2,049	23,621	14,811	9,523
	H-26	No	2,197	23,448	7,078	12,327
	H-27	No	2,197	6,094	5,357	14,431
Cherry Point, NC	316	No	3,030	61,000	9,500	9,700
	317	No	3,058	7,000	53,000	14,600
	318	No	3,030	55,000	9,000	N/A
Albany, GA	A	No	2,600	17,300	18,200	22,100
	B	No	1,986	N/A	N/A	15,335

[4] Amount reported on DD 2405

Air Force GFOQs

Location	Quarters Number	Hist.	Square Feet	Maintenance and Repair Costs		
				FY 1997	FY 1998	FY 1999
Davis-Monthan, Tucson, AZ	4173	No	2,468	$19,300	$8,900	$21,300
	4174	No	2,190	10,200	8,800	9,200
McGuire AFB, NJ	4501	No	2,070	13,300	21,219	1,900
	4502	No	2,373	22,900	21,000	8,200
	4503	No	2,100	900	15,700	600
	4504	No	1,912	5,000	13,700	N/A
	4506	No	1,912	1,600	4,600	N/A
	4557	No	2,077	1,000	25,320	7,000
Luke AFB, Phoenix, AZ	3714	No	2,591	19,000	24,000	13,000
Keesler AFB, MS	7801	No	2,277	3,219	7,726	27,454
	7901	No	1,615	23,800	2,400	19,900
	7905	No	2,247	3,500	20,400	18,700
Randolph AFB, TX	300	Yes[5]	4,442	22,800	20,200	104,600
	346	Yes[5]	2,436	12,061	5,775	15,198
	436	Yes[5]	2,113	6,839	6,476	1,649
	602	Yes[5]	2,436	3,600	4,100	4,400
	636	Yes[5]	2,436	5,582	19,752	3,399
Brooks AFB, TX	483	No	2,073	14,747	331	4,881
Bolling AFB, Washington, D.C.	22	No	2,421	11,200	6,600	25,125
	23	No	2,421	4,300	8,600	4,200
	24	No	2,421	11,600	9,600	9,400
	25	No	2,421	5,400	63,300	26,800
	26	No	2,421	12,200	15,600	*[6]
	27	No	2,421	12,500	2,300	*[6]
	29	No	2,421	6,500	8,300	15,600

[5] Homes are located in a historic district, but the homes are not individually listed on the historic register

[6] Documentation not available.

Appendix C. Unreliable Financial Data Systems

The financial data systems used to provide information for the S&I survey for FYs 1997 through 1999 were not reliable. We found that information contained in the computerized financial data systems were not reliable because costs were omitted, or were reported but lacked supporting documentation; and communication between the family housing personnel, the civil engineers, facilities maintenance departments, and public works was inadequate. At many installations, documentation was not centrally maintained. Time did not permit us to fully determine the scope and the causes of data quality problems. We plan to do additional audit work to evaluate management controls and identify the specific problems in tracking, documenting, and verifying costs. Data reported in these systems are relied upon to:

- support budget exhibits and budget execution reports,
- identify reimbursable family housing funds when O&M funds are initially used for GFOQ repair expenditures,
- track costs to ensure the $25,000 limitation is not exceeded, and
- respond to congressional inquiries.

During the audit, we found 37 instances at the 79 GFOQs reviewed where the financial monthly reports were unreliable. The following are three examples where use of family housing funds was not properly recorded.

- The total cumulative expenses for maintenance and repairs at the Marine Corps Logistics Base, Albany, Georgia, GFOQs A & B were not calculated correctly. The inability to check the monthly status reports by adding the current month expenses to the prior month cumulative expenses resulted from not eliminating prior year data when copying the worksheet into the current year spreadsheet. In addition, adjustments to match the monthly Standard Accounting, Budgeting, and Reporting System reports were erroneously made in the cumulative expenses rather than the monthly expenses. As a result, annual charges for GFOQ A were overstated by $4,170 and GFOQ B were understated by $562. Although those errors resulted in incorrect data submitted to the S&I survey, no funding violation occurred.

- The Marine Corps Air Station, Cherry Point, North Carolina, GFOQ numbers 316, 317, and 318 change of occupancy costs did not include supplies and materials. The costs charged to the quarterly reports included labor only. The family housing office and the facilities management division explained that supplies, such as paint, are bought in bulk and paid from family housing funds; therefore, the supplies were already paid. However, all supplies and materials when used for maintenance and repair of a GFOQ

must be prorated and allocated to that specific GFOQ because of the $25,000 reporting limitation requirement. Although those errors resulted in incorrect data submitted to the S&I survey, no funding violation occurred.

- At GFOQ 4501, McGuire AFB, New Jersey, there were two separate completed work orders (98-009 and 98-018) for sod and shrubs. The GFOQ 4501 annual report showed costs of $19,126 for maintenance and repairs. Costs of $1,673, for sod; and $330.00, for shrubs; were not recorded. Therefore, total maintenance and repair costs for GFOQ 4501 should be $21,219. Although those errors resulted in incorrect data submitted to the S&I survey, no funding violation occurred.

Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
  Deputy Under Secretary of Defense (Installations)
  Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Naval Inspector General
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

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
General Accounting Office
  National Security and International Affairs Division
    Technical Information Center

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member (cont'd)

House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Management, Information, and Technology, Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform

Department of the Army Comments

REPLY TO ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
FINANCIAL MANAGEMENT AND COMPTROLLER
109 ARMY PENTAGON
WASHINGTON DC 20310-0109

January 21, 2000

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE (AUDITING), 400 ARMY NAVY DRIVE, ARLINGTON, VIRGINIA 22202-2884

SUBJECT: Draft Audit Report, Maintenance and Repair of DoD General and Flag Officer Quarters (Project 9cg-5031)

We have completed our review of the subject audit report and have attached our comments to your recommendation.

My point of contact for this action is Mr. Thomas Barrow, 703-697-6147.

William M. Harris
Acting Director, Financial Reporting and Internal Review

Attachment

Printed on Recycled Paper

Inspector General, Department of Defense
Draft Audit Report, Maintenance and Repair of DoD
General and Flag Officer Quarters (Project No. 9cg-5031)

For the Assistant Secretary of the Army
(Financial Management and Comptroller)

Audit Summary: The Services did not properly fund maintenance and repair projects for general and flag officer quarters. Specifically: maintenance and repair spending limitations were exceeded, appropriated budget amounts were exceeded, and regular operation and maintenance funds were used for housing maintenance and repair projects. This condition occurred because congressional and DoD policies and procedures were either misinterpreted or not followed. As a result, potential funding violations have occurred on GFOQ maintenance and repair projects, congressional reporting requirements have been circumvented, and data supplied for a congressional investigation is correct.

Recommendation 1: We recommend that the Assistant Secretary of the Army (Financial Management and Comptroller) initiate actions to investigate potential Anti-Deficiency Act violations, spending limitation violations, and other reporting requirement violations involving funding of maintenance and repairs to the following general and flag officer quarters.

- Fort Belvoir; VA; GFOQ 60
- Fort McNair, Washington, DC, GFOQ 7
- United States Military Academy, NY, GFOQ 101, 102, and 103

Action Taken - Recommendation 1: Concur. Actions will be initiated to investigate potential Anti-Deficiency Act violations, spending limitation violations, and other reporting requirement violations involving funding of maintenance and repairs to the following general and flag officer quarters.

Department of the Navy Comments

Final Report Reference

DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(FINANCIAL MANAGEMENT AND COMPTROLLER)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

MEMORANDUM FOR THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

Subj: DRAFT AUDIT REPORT ON MAINTENANCE AND REPAIR OF DOD GENERAL AND FLAG OFFICER QUARTERS (PROJECT NO. 9CG-5031)

Ref: (a) DoD IG memo of 12 Jan 00

Encl: (1) Recommended technical corrections to draft audit Report.

Enclosure omitted. Copies will be provided upon request.

Thank you for the opportunity provided in reference (a) to provide comments on the draft report. As your report notes, the Navy is investigating potential violations of the Anti-Deficiency Act (ADA) relating to the use of Operations and Maintenance, Navy appropriations for repair and maintenance of three flag quarters. The Navy has already corrected the accounting entries and has applied the proper funds. The investigation should be completed in the near future.

We take exception, however, to your recommendation to conduct further ADA reviews and investigations of repair and maintenance costs (properly funded from family housing appropriations) that exceeded cost limitations not mandated by statute. Your report correctly observes on page 2 that the annual cost for each house is limited by congressional language that is found only in reports. While we try to adhere to such congressional desires, failure to do so creates strained relations with Congress, but not ADA violations. Your draft contains no reference to any statute or any apportionment or allocation document that would make exceeding the cost limitations a violation of either 31 U.S.C. §1341 or 31 U.S.C. §1517. Consequently, we cannot concur in the recommendation on page 15 to investigate potential violations in connection with quarters at Corpus Christi and Washington, D.C.

Many of the quarters assigned to flag and general officers are historic treasures that require extraordinary efforts to maintain in a condition suitable for simple habitation. The official representational responsibilities of their occupants in senior command positions place additional demands on the maintenance responsibility. Within the Department of Defense, we need to do a better job of articulating the requirement to maintain this history. We recommend that you make such a recommendation.

Your report also found several areas where existing guidance is, at best, subject to debate, but you included no recommendations to resolve the ambiguities. For example, on page

11 you discuss unaccompanied officer quarters, on pages 10 and 11 you discuss grounds maintenance, and on pages 11 and 12 you discuss communication facilities. OSD should have a policy that addresses quarters occupied by flag bachelors (BOQ redesignations), formal gardens that require landscaping (such as at the Naval Academy), and the requirements for secure communications (that may require special cables as part of the facility). We suggest that you recommend that the Under Secretary of Defense (Comptroller) address these issues.

Additional recommendations for detailed technical corrections to the draft are included as enclosure (1).

Gladys J. Commons

Department of the Air Force Comments

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE

21 Jan 2000

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

FROM: AF/IL

SUBJECT: DoD IG Draft Audit Report on Maintenance and Repair of DoD General and Flag Officer Quarters (Project No. 9CG-5031)

This is in reply to your memorandum requesting that the Assistant Secretary of the Air Force (Financial Management and Comptroller) provide Air Force comments on the subject report.

The Air Force agrees with the intent of the report and, building upon the Air Force Auditor General's previous audits, will initiate preliminary reviews. The preliminary reviews will gather basic facts and determine whether potential Anti-Deficiency Act violations have occurred and if formal investigations are necessary. However, due to the limited time allotted to review the draft audit report, the Air Force reserves the right to provide additional management comments addressing the issues which appear to be either inaccurate or incomplete.

Our point of contact is Colonel Emmitt Smith, HQ USAF/ILEH, 604-4470. The estimated completion date for the preliminary review is 30 May 00.

JOHN W. HANDY
Lieutenant General, USAF
DCS/Installations & Logistics

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The Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD prepared this report.

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