Audit Report

OFFICE OF THE INSPECTOR GENERAL

DISPOSITION OF TELECOMMUNICATIONS SERVICES AND EQUIPMENT AT PEASE AIR NATIONAL GUARD BASE

Report Number 93-018

November 6, 1992

Department of Defense

The following acronyms are used in this report.

ANGB.....Air National Guard Base
CSA.....Communications Service Authorization
DCS.....Defense Communications System
DECCO.....Defense Commercial Communications Office
DISA.....Defense Information Systems Agency
TSR.....Telecommunications Service Request
WHCA.....White House Communications Agency

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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REPORT
NO. 93-018

November 06, 1992

MEMORANDUM FOR DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY

SUBJECT: Audit Report on Disposition of Telecommunications Services and Equipment at Pease Air National Guard Base (Project No. 2RD-0014.01)

Introduction

During our audit of Disposition of Telecommunications Services and Equipment (Project No. 2RD-0014), we found that telecommunications services between Kennebunkport, Maine, and Pease Air National Guard Base (ANGB), formerly Pease Air Force Base, Portsmouth, New Hampshire, were not discontinued when requirements for the services no longer existed. Had the White House Communications Agency (WHCA) taken prompt action to discontinue the services, about $151,000 in communications costs could have been avoided. When this condition was brought to management's attention, action was taken to discontinue the unneeded services.

Background

The WHCA provides telecommunications support to the President of the United States. Also, the WHCA coordinates matters concerning Presidential telecommunications with other White House organizations, military and commercial communications organizations, the U.S. Secret Service, and the Department of State.

White House long-haul telecommunications services are provided by the Defense Communications System (DCS), a composite of DoD-owned and leased telecommunications subsystems and networks under the management control and operational direction of the Defense Information Systems Agency (DISA). Telecommunications services are obtained by WHCA, which issues Telecommunications Service Requests (TSRs) through its Telecommunications Certification Office to DISA. The TSRs are the basis for Telecommunications Service Orders that are used by the Defense Commercial Communications Office (DECCO) to issue Communications Service Authorizations (CSAs). The CSAs are service contracts placed against basic ordering agreements established with various vendors. The same basic documents and process are used for circuit disconnects.

DoD Directive 4640.13, "Management of Base and Long-Haul Telecommunications Equipment and Services," December 5, 1991, requires that telecommunications circuits leased and owned by the DCS be reviewed and requirements be revalidated at least once every 2 years to identify services that are no longer required. When circuits are identified that lack valid requirements, they are to be promptly disconnected.

Objective

The objective of the audit was to determine whether leased long-haul and base telecommunications services and equipment at Pease ANGB, which was undergoing closure, were effectively and efficiently disconnected, changed, or reconnected elsewhere.

Scope

Data on telecommunications services were extracted from the DISA World-Wide On-Line System and from the data base at the DECCO. The extracts were limited to circuits installed at Pease ANGB, and the cutoff date for the extracts was November 25, 1991. A detailed list of Defense Communications System circuits managed by WHCA at Pease ANGB is in Enclosure 1.

We traced the circuits to the physical installation locations and verified the status of service. We interviewed WHCA personnel to determine whether the requirements for the telecommunications services had been revalidated or were required. We determined the cost of each circuit that remained active after the requirement had ceased.

This economy and efficiency audit was made from January through April 1992. The audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD, and accordingly, included such tests of internal controls as were considered necessary. The activities we visited or contacted are listed in Enclosure 4.

Discussion

We reviewed the 15 DCS long-haul telecommunications circuits, with an annual recurring cost of about $112,000, that were leased for telecommunications support for the President from Kennebunkport, Maine, to Pease ANGB. Our analyses of the 15 circuits showed that service requirements were not revalidated and that 7 circuits (47 percent), with an annual recurring cost of about $62,000, were not disconnected when the requirement for service terminated. Of the seven, two circuits, with an annual recurring cost of about $20,000, had been

disconnected by the WHCA, after unnecessarily remaining in service for 24 months. The remaining five circuits, with an annual recurring cost of about $42,000, were in service at the time of audit and had stayed in service unnecessarily from 10 to 54 months. Details on the analyses are in Enclosure 1.

The WHCA did not maintain the documentation necessary to support telecommunications requirements at Pease ANGB. Accordingly, for this segment of the communications function managed by WHCA, the review and revalidation program for leased telecommunications services was not effective. As a result, costs of about $151,000 were incurred for circuits that were not disconnected when no longer needed. When we brought this matter to management's attention, WHCA took immediate action by issuing TSRs to disconnect the five circuits that were not required, resulting in a cost avoidance of about $272,000 during the execution of the FY 1993 through FY 1998 Future Years Defense Program (Enclosure 2). Copies of the TSRs documenting the disconnect action were provided to us in April 1992. The WHCA also indicated that it would begin a biennial review and revalidation program for leased, long-haul telecommunications circuits. Because of WHCA's initiatives, no recommendations are made in this report.

Internal Controls

Procedural weaknesses in the process for disposing of telecommunications services and equipment at facilities affected by the Base Closure and Realignment Program will be addressed in the report on the overall audit of Disposition of Telecommunications Services and Equipment.

Prior Audits and Other Reviews

Office of the Inspector General, DoD, Audit Report No. 90-005, "Requirements Validation For Telecommunications Services," October 16, 1989, disclosed that 21 percent of the 1,323 sample circuits reviewed at 21 DoD installations continued in service although they were no longer required, were not cost-effective in their configurations, or could not be found. For the sample circuits reviewed, the report identified 135 circuits (10.2 percent) that were no longer required, 130 circuits (9.8 percent) that were considered not cost-effective in their configurations, and 12 circuits (1.0 percent) that could not be found. We recommended that the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) "establish a definitive policy requiring DoD Components to review and revalidate telecommunications circuits leased and owned by the Defense Communications System." Management issued DoD Directive 4640.13 and DoD Instruction 4640.14, "Base and Long-Haul Telecommunications Equipment and Services," December 6, 1991, to implement corrective actions.

Management Comments

We provided a draft of this report to the addressees on June 30, 1992. The DISA provided a response to the report on July 22, 1992 (Enclosure 3). DISA concurred with the finding and monetary benefits and described actions to strengthen management controls to ensure that similar conditions do not occur in the future.

Audit Response to Management Comments

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

The swift actions taken by DISA to correct conditions identified by this audit and to strengthen management controls over leased, long-haul telecommunications circuits are commendable. If fully implemented, strengthened controls should alleviate similar recurrences.

The courtesies extended to the audit staff are appreciated. If you have any questions on this report, please contact Mr. Robert M. Murrell, Program Director, at (703) 692-2945 (DSN 222-2945) or Mr. Charles M. Hanshaw, Project Manager, at (703) 692-2887 (DSN 222-2887). The report will be distributed to the activities listed in Enclosure 5.

Robert J. Lieberman
Assistant Inspector General
for Auditing

cc:
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Deputy Assistant Secretary of Defense (Defense-Wide Command, Control and Communications)
Commander, White House Communications Agency

DEFENSE COMMUNICATIONS SYSTEMS CIRCUITS KENNEBUNKPORT, MAINE, TO PEASE AIR NATIONAL GUARD BASE, PORTSMOUTH, NEW HAMPSHIRE

	5/ CCSD	6/ CSA	Leased Costs 1/ Monthly Recurring	Leased Costs 1/ Annual Recurring	2/ Circuit Requirement Expired	3/ Months to Disconnect	4/ Needless Expenditure
1.	99	AT CC P 03400 111 7/	$ 833	$ 9,996	Oct. 1989	24	$ 19,992
2.	99	AT CC R 03400 150	686	8,232	Oct. 1989	30	20,580
3.	99	AT CC R 03400 151	686	8,232	Oct. 1989	30	20,580
4.	99	AT FF P 03400 102 7/	833	9,996	Oct. 1989	24	19,992
5.	99	AT CC D 99989	691	8,292	Apr. 1989	36	24,876
6.	CVPV 21AA	AT D 96536	703	8,436	June 1991	10	7,030
7.	CVPV 21BV	AT R 73682	711	8,532	Oct. 1987	54	38,394
8.	CVPV 21CH	AT 12 R 17657	723	8,676 8/			
9.	CVPV 21PE	SPCC R 00087	514	6,168 8/			
10.	CVPV 21PF	SPCC R 00088	514	6,168 8/			
11.	CVPV 21PG	SPCC R 00146	514	6,168 8/			
12.	CVPV 21PH	SPCC R 00086	514	6,168 8/			
13.	CVPV 21PJ	SPCC R 00089	514	6,168 8/			
14.	CVPV 21X3	MCIT P 40454 001	464	5,568 8/			
15.	CVPV 21X4	MCIT P 40421 001	464	5,568 8/			
	Totals		$9,364	$112,368			$151,444

1/ Net costs (to the Government) of leased long-haul circuits for telecommunications services paid by the Defense Commercial Communications Office to communications venders

2/ Month and year that the requirement for the circuit expired

3/ Number of months circuits remained in service after requirements expired

4/ Monthly recurring cost multiplied by months to disconnect

5/ Command Communications Service Designator

6/ Communications Service Authorization - Identifies specific contract with vendor

7/ Circuit disconnected by White House Communications Agency before our audit

8/ Requirements valid on date of audit - the circuit remained in service

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Program	Element No.	Element Title	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	6-Year Total
Recurring Savings (Operation and Maintance)									
Intelligence and Communications	0303126K	Long-Haul Communications	$41,724	$43,097	$44,549	$46,068	$47,690	$49,369	$272,497

Note: Using recurring costs ($41,724) for the FY 1993 base year, we applied the established DoD inflation factors (3.29 percent for FY 1994, 3.37 percent for FY 1995, 3.41 percent for FY 1996, 3.52 percent for FY 1997, 3.52 percent for FY 1998) for the next 5 fiscal years, calculating the total recurring costs for the Future Years Defense Program at $272,497.

Defense Information Systems Agency Comments

DEFENSE INFORMATION SYSTEMS AGENCY
701 S. COURT HOUSE ROAD
ARLINGTON, VA 22204-2199

IN REPLY REFER TO: CM

22 JUL 1992

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE
ATTN: Readiness and Operational Support Directorate

SUBJECT: Draft Audit Report on Disposition of Telecommunications Services and Equipment at Pease Air National Guard Base (Project No. 2RD-0014.01)

Reference: DoDIG Memo, subject as above, 30 Jun 92

As requested by the reference, the Defense Information Systems Agency (DISA) has reviewed the subject report. DISA concurs with the report findings and monetary benefits. We are also including specific comments showing actions our agency has taken to ensure that the items identified in the audit are fully corrected and that similar circumstances do not occur in the future. These comments are provided as the enclosure. Point of contact for this action is Ms. Sandi Leicht, Organization Effectiveness and Controls Division (CM), 692-2172.

FOR THE DIRECTOR:

1 Enclosure a/s

GEORGE W. HOFFMAN
Comptroller

Defense Information Systems Agency Comments

COMMENTS ON DRAFT AUDIT REPORT ON
DISPOSITION OF TELECOMMUNICATIONS SERVICES AND EQUIPMENT
AT PEASE AIR NATIONAL GUARD BASE
(PROJECT NO. 2RD-0014.01)

1. Regarding the eight circuits determined still valid at Pease Air National Guard (ANG), circuit history files and all reporting documentation have been reviewed and filed on these circuits. Of the seven circuits deemed no longer needed, disconnect orders have been submitted to DISA Headquarters and to DECCO. Monthly statements will be carefully screened to ensure that payments are not made for those circuits.

2. Prior to the DoDIG audit in February 1992, WHCA had begun action to improve internal management controls on all telecommunications services. As a result of the audit, increased emphasis on the biennial review as required by DoD Directive 4640.13, Management of Base and Long-Haul Telecommunications Equipment and Services, 5 December 1991, will be implemented. At the time of the report, WHCA employed two people full time on circuit management. The WHCA has added three people to this section as of April 1992. A cross reference of circuits on record at DISA Headquarters and DECCO has been completed. Circuit history files have been created on all circuits and documents filed. An IBM mainframe application has been developed to enable the circuit management section to automate all circuit information, track actions, and suspense validations by service month. By the end of FY 1992, all DECCO ordered circuits will be documented, verified, validated and place into a biennial review cycle.

3. An internal management review of telecommunications services will be completed by the end of FY 1992. This review will either: 1) determine that present procedures are adequate; or, 2) identify corrective actions to provide reasonable assurance that this situation will not reoccur. These corrective actions will be implemented promptly.

Enclosure

ACTIVITIES VISITED OR CONTACTED

Department of the Air Force

Headquarters, Air National Guard Bureau, Andrews Air Force Base, Washington, DC
- 157th Air Refueling Group, New Hampshire Air National Guard, Pease Air National Guard Base, Portsmouth, NH

Defense Agencies

Defense Information Systems Agency, Washington, DC
- Defense Commercial Communications Office, Belleville, IL
- White House Communications Agency, Washington, DC
- Telecommunications Services and Management Office, Belleville, IL

REPORT DISTRIBUTION

Office of the Secretary of Defense

Assistant Secretary of Defense (Public Affairs)
Comptroller of the Department of Defense
Deputy Assistant Secretary of Defense (Defense-Wide Command, Control and Communications), Assistant Secretary of Defense (Command, Control, Communications and Intelligence)
Defense Base Closure and Realignment Commission

Department of the Army

Auditor General, U.S. Army Audit Agency

Department of the Navy

Auditor General, Naval Audit Service

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Air Force Audit Agency

Defense Agencies

Director, Defense Information Systems Agency
Commander, White House Communications Agency

Non-DoD Activities

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

Chairman and Ranking Minority Member of the Following Congressional Committees and Subcommittees:

Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Subcommittee on Communications, Committee on Commerce, Science, and Transportation
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Subcommittee on Telecommunications and Finance, Committee on Energy and Commerce
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations

LIST OF AUDIT TEAM MEMBERS

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