Audit Report

OFFICE OF THE INSPECTOR GENERAL

HOTLINE ALLEGATIONS RELATING TO THE WORLDWIDE MILITARY COMMAND AND CONTROL SYSTEM CONSOLIDATION IN THE EUROPEAN THEATER

Report No. 94-006 October 19, 1993

Department of Defense

Acronyms

USEUCOM	United States European Command
WWMCCS	Worldwide Military Command and Control System

Office of the Inspector General, DoD

Audit Report No. 94-006 October 19, 1993
(Project No. 3RE-8001)

HOTLINE ALLEGATIONS RELATING TO THE WORLDWIDE MILITARY COMMAND AND CONTROL SYSTEM CONSOLIDATION IN THE EUROPEAN THEATER

EXECUTIVE SUMMARY

Introduction. In FY 1992, the U.S. European Command, through its subordinate commands, operated four Worldwide Military Command and Control System (WWMCCS) host computer sites. The WWMCCS host computer sites for U.S. Air Forces Europe and U.S. Naval Forces Europe have been consolidated at Ramstein Air Base, Germany. In July 1992, the U.S. European Command submitted a proposal to the Joint Staff to consolidate the WWMCCS host computer sites for the U.S. Army Europe and U.S. European Command at Patch Barracks, Germany. In July 1992, a Hotline allegation was made to the Inspector General, DoD, that the proposed consolidation plan contained major deficiencies and was not cost-effective.

Objective. The audit objective was to evaluate the validity of the Hotline allegations that the U.S. European Command's WWMCCS consolidation plan contained major deficiencies and was not cost-effective.

Audit Results. Six of the seven allegations were not substantiated. The remaining allegation, that the U.S. European Command intended to use personnel paid from WWMCCS funds to perform non-WWMCCS functions, was confirmed. However, we determined that the use of those personnel complied with Office of the Secretary of Defense policy as well as further supported the decision to consolidate at Patch Barracks.

Internal Controls. Because the audit was limited to the allegations in the Hotline complaint, internal controls were not assessed.

Potential Benefits of Audit. There are no potential monetary benefits associated with this report.

Summary of Recommendations. This report contains no recommendations.

Management Comments. We provided a draft of this report to the addressees on August 13, 1993. The U.S. European Command concurred with the audit conclusions. The Department of the Army and the Joint Staff verbally responded that they had no comments. No additional comments are required.

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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ARLINGTON, VIRGINIA 22202-2884

Report No. 94-006 October 19, 1993

MEMORANDUM FOR COMMANDER IN CHIEF, U.S. EUROPEAN COMMAND
DIRECTOR, JOINT STAFF
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Report on the Audit of Hotline Allegations Relating to the Worldwide Military Command and Control System Consolidation in the European Theater (Project No. 3RE-8001)

Introduction

We are providing this final report for your information and use. The audit was performed in response to seven DoD Hotline allegations. The allegations focused on the cost-effectiveness of consolidating the Worldwide Military Command and Control System (WWMCCS) host computer sites for the U.S. European Command (USEUCOM) and U.S. Army Europe.

In FY 1992, USEUCOM, through its subordinate commands, operated four WWMCCS host computer sites in Germany and one site in England: Patch Barracks (USEUCOM), Smith Barracks (U.S. Army Europe), Ramstein Air Base (U.S. Air Forces Europe), and London (U.S. Naval Forces Europe). The WWMCCS host computer sites for U.S. Air Forces Europe and U.S. Naval Forces Europe have since been consolidated at Ramstein Air Base, Germany. In July 1992, USEUCOM submitted a proposal to the Joint Staff to consolidate the USEUCOM and U.S. Army Europe host computer sites at Patch Barracks, Germany. If approved, procurement costs will total about $3.2 million and the expected annual operation and maintenance savings will total about $2.8 million.

Audit Results

Six of the seven allegations concerning the consolidation of the USEUCOM and U.S Army Europe WWMCCS host computer sites were not substantiated. The remaining allegation, that USEUCOM intended to use personnel paid from WWMCCS funds to perform non-WWMCCS functions, was confirmed. However, we determined that the use of those personnel complied with an Office of the Secretary of Defense policy memorandum on WWMCCS resources as well as further supported the decision to consolidate at Patch Barracks.

Objective

The objective of the audit was to determine the validity of the Hotline allegations that USEUCOM's proposed WWMCCS consolidation plan contained major deficiencies and was not cost-effective.

Scope

The audit was performed at the organizations listed in Enclosure 1. We reviewed and evaluated documents dated from 1989 through 1993 that related to the USEUCOM WWMCCS consolidation. Also, we discussed WWMCCS consolidation efforts with personnel from the Joint Staff, the Military Departments, USEUCOM, and the Defense Information Systems Agency. This economy and efficiency audit was made from October 1992 through March 1993 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD.

Internal Controls

Because the audit was limited to the allegations in the Hotline complaint, internal controls were not assessed.

Prior Audits and Other Reviews

There has been no prior audit coverage of the WWMCCS consolidation in USEUCOM.

Background

In 1962, DoD established the WWMCCS as a global command and control system. It supports the President, the Secretary of Defense, the unified and specified commands, and the other DoD Components by providing secure communications to transmit tactical warning and intelligence information for timely decision making.

In April 1990, the Joint Staff requested that the unified and specified commands determine the potential benefits of consolidating their WWMCCS host computer sites. In response, USEUCOM began a study to determine the feasibility of consolidating WWMCCS host computer sites in the European theater. In June 1992, USEUCOM submitted to the Joint Staff a Systems Development Notification that proposed consolidating the U.S. Naval Forces Europe and U.S. Air Forces Europe WWMCCS host computer sites at Ramstein Air Base. The Joint Staff approved the plan. The WWMCCS host computer sites for U.S. Naval Forces Europe and U.S. Air Forces Europe have since been consolidated at Ramstein Air Base, Germany. In February 1992, USEUCOM submitted a Systems Development Notification that proposed consolidating USEUCOM and U.S. Army Europe WWMCCS host computer sites at Smith

Barracks, Baumholder, Germany. In July 1992, USEUCOM submitted a revised Systems Development Notification that proposed consolidating the computer sites at Patch Barracks, Germany. USEUCOM revised the Systems Development Notification on the basis that consolidating at Patch Barracks would result in lower personnel costs.

Discussion

We did not substantiate six of the seven allegations asserting that significant costs or serious flaws were ignored in the decision to consolidate the WWMCCS host sites at Patch Barracks. Each allegation is discussed below.

Allegation 1. USEUCOM will need about $2.4 million to upgrade its facility to support only the USEUCOM and U.S. Army Europe consolidation to Patch Barracks.

Audit Results. We could not substantiate this allegation. The costs specified in the Hotline complaint are shown in the table below.

Alleged Costs

Upgrade	Costs
Electrical Power	$ 80,000
Air Conditioning	1,000,000
Uninterrupted Power Source	85,000
Dilapidated Ceiling	85,000
Communications Path	70,000
Communications Vault Expansion	40,000
Dry Pipe Fire Suppression	800,000
Circuit Breaker Box	5,000
Total	$2,165,000

The complainant alleged that the total cost for facility upgrades was $2.4 million, but provided detailed costs totaling $2.165 million. We could not account for the $235,000 difference.

Facility Upgrades. The upgrades for the Patch Barracks facility are required regardless of the site chosen for consolidation. In addition to WWMCCS, the facility also supports the USEUCOM Command and Control System and the Single Integrated Operations Plan system. The Commander in Chief, U.S. European Command, uses the USEUCOM Command and Control System in the execution of his command and control responsibilities. The Commander in Chief also uses the Single Integrated Operations Plan, a classified system, in performing mission requirements. The upgrades are required to correct facility deficiencies that affect all three systems.

Costs for Upgrades. We reviewed the upgrades planned for the Patch Barracks WWMCCS facility and found that USEUCOM either completed or planned upgrades totaling about $1.2 million. With the exception of the communications path (primarily a cable) and the communications vault expansion, USEUCOM either has completed or has requested funds to complete the upgrades identified in the allegation.

We discussed with USEUCOM representatives the costs for additional communications paths and the expansion of the communications vault. USEUCOM officials considered the risk for failure of a single communications path as low. Therefore, USEUCOM did not plan for additional paths. Additionally, USEUCOM officials were aware that funds may be required for the expansion of the communications vault, but the amount of funds needed is dependent on the amount of excess equipment from Baumholder that will be reused.

Allegation 2. The Baumholder facility is capable of supporting USEUCOM, U.S. Naval Forces Europe, and U.S. Air Forces Europe at no additional costs.

Audit Results. We could not substantiate this allegation. We found that upgrades would be required to consolidate at Baumholder. First, Germany has banned halon (an oxygen displacement gas) fire suppression systems. Halon has been removed from the fire suppression system at Patch Barracks facility, but not from the system at the Baumholder facility. The estimated cost for removing halon at the Baumholder facility is $80,000. Additionally, our review of documentation at Baumholder disclosed that a June 1992 contractor study showed the need for electrical power and air conditioning upgrades if consolidation occurred at Baumholder.

Allegation 3. By consolidating at Patch Barracks, 10 staff years may be saved. Based on information obtained from the USEUCOM Comptroller's office, the cost of a staff year is about $32,500 for a total annual savings of about $325,000 in personnel costs.

We could not substantiate the allegation. By consolidating at Patch Barracks, USEUCOM proposes to save 40 billets, or about $2.0 million in annual personnel costs. The WWMCCS consolidation at Patch Barracks would require a total of 90 personnel versus a total of 130 personnel at Baumholder. If consolidation occurred at Baumholder, an additional 40 personnel would be needed: 22 to support operations for the USEUCOM Command and Control System and 18 to support USEUCOM WWMCCS requirements.

We were not able to substantiate the alleged $32,500 staff year cost. Therefore, to calculate annual personnel costs and savings, we applied the FY 1993 Civilian and Wage Grade Rates used by the U.S. Army Cost and Economic Analysis Center and the FY 1993 Army Composite Standard Military Rates to the authorized and proposed billets.

As of the time of the audit, annual authorized personnel costs totaled about $3.0 million at Patch Barracks and about $3.3 million at Baumholder. If WWMCCS consolidation occurs at Baumholder, proposed personnel costs

would total about $6.7 million annually. However, if consolidation occurs at Patch Barracks, personnel costs would total about $4.7 million, for a savings of about $2.0 million a year.

Allegation 4. When $325,000 in personnel savings is divided by the $12 million cost for the Baumholder facility, DoD would not receive a return on its investment for about 36.9 years. This return on investment does not seem to be in the best interest of the DoD and should be classified as fraud, waste, and abuse.

Audit Results. We could not substantiate the allegation. The $12 million in construction cost is a sunk cost and should not be applied in evaluating consolidation at either Patch Barracks or Baumholder. A sunk cost is an incurred expenditure that is not considered in determining alternative courses of action. Regardless of whether consolidation occurred at Patch Barracks or Baumholder, the $12 million will not be recouped. As discussed above, the $325,000 annual savings alleged in the Hotline complaint could not be substantiated.

Allegation 5. USEUCOM intends to reutilize personnel paid from WWMCCS funds to perform non-WWMCCS functions.

Audit Results. The Deputy Assistant Secretary of Defense, Defense-Wide Command, Control, and Communications, approved the use of WWMCCS resources for non-WWMCCS functions in a July 15, 1991, memorandum, if there was a "direct linkage" between the WWMCCS and the non-WWMCCS function. The USEUCOM Command and Control System is connected directly to WWMCCS and uses the WWMCCS data bases, files, and communications.

Also, since the WWMCCS, USEUCOM Command and Control System, and Single Integrated Operations Plan are located in the same computer room, WWMCCS personnel perform similar functions on the systems. Computer operators who monitor and operate the WWMCCS computers also monitor and operate the computers for the USEUCOM Command and Control System and Single Integrated Operations Plan. Further, USEUCOM uses WWMCCS personnel to perform other related functions that may be required, such as software applications, configuration management, communications, and user support. Even though the allegation was confirmed, management had authority to realign funds and we found no evidence that inappropriate actions were taken.

Allegation 6. The WWMCCS budgets for USEUCOM and U.S. Army Europe are expected to total about $13.7 million. Based on the USEUCOM plan, about $1 million will be returned to DoD. The annual operating costs for consolidating at Baumholder would be about $5 million, thereby making as much as $8 million available to DoD. Therefore, USEUCOM is willing to spend about $8 million per year to save $325,000, and the $8 million will not be spent on WWMCCS mission and functions.

Audit Results. We could not substantiate the allegation. No documentation supported the $13.7 million, the $5 million to operate the Baumholder facility,

or the $1 million savings referenced in the allegation. Rather, we obtained data on FY 1992 costs for WWMCCS host computer sites and determined that the annual operating costs at Baumholder and Patch Barracks were $8 million and $8.2 million, respectively. Additionally, rather than a savings of $1 million, based on our analysis of Allegation 3, about $2.0 million will be saved if consolidation occurs at Patch Barracks.

Allegation 7. An analysis needs to be performed to assess the effects of the cancellation of the WWMCCS automatic data processing equipment modernization (modernization program) on WWMCCS consolidation.

Audit Results. Terminating the WWMCCS modernization program will affect consolidation requirements regardless of location and will be assessed during the Systems Development Notification approval process. On September 1, 1992, the Under Secretary of Defense for Acquisition terminated the modernization program. We discussed the affects on the proposed consolidation plans with USEUCOM personnel and the WWMCCS Program Manager. The WWMCCS Program Manager has developed a termination plan that is being used by the Joint Staff and the Military Departments during the approval process. Therefore, the suggestion in the allegation has been considered and is no longer valid.

Management Comments

We provided a draft of this report to the addressees on August 13, 1993. USEUCOM concurred with the audit conclusions (Enclosure 2). The Department of the Army and the Joint Staff verbally responded that they had no comments. Because there are no unresolved issues on this report, additional comments are not required.

The courtesies extended to the audit staff are appreciated. If you have questions on this audit, please contact Ms. Mary Lu Ugone at (703) 692-3320 (DSN 222-3320) or Ms. Cecelia Miggins at (703) 692-2897 (DSN 222-2897). Copies of this report will be distributed to the organizations listed in Enclosure 3.

Robert J. Lieberman

Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosures

Organizations Visited or Contacted

Joint Staff

Director, Command, Control, Communications and Computers (J-6), Washington, DC

Department of the Army

Office of the Deputy Chief of Staff Operations and Plans, Washington, DC

U.S. European Command

Headquarters, U.S. European Command, Patch Barracks, Germany
Headquarters, U.S. Army Europe, Campbell Barracks, Germany
Command and Contract Support Activity-Europe, Smith Barracks, Baumholder, Germany
Headquarters, U.S. Naval Forces Europe, London, England
Headquarters, U.S. Air Forces Europe, Ramstein Air Base, Germany

Defense Agencies

Director, Joint Interoperability and Engineering Organization, Defense Information Systems Agency, Sterling Park, VA
Director, Defense Information Systems Agency, Europe, Patch Barracks Germany
Director, Defense Command-International, Defense Contract Management Area Operations, Frankfurt, Germany

U. S. European Command Comments

HEADQUARTERS
UNITED STATES EUROPEAN COMMAND
APO AE 09128-4209

ECJ6 23 September 1993

MEMORANDUM FOR Inspector General, Department of Defense,
400 Army Navy Drive, Arlington, VA 22202-2884

SUBJECT: Draft Audit Report on Hotline Allegations Relating to the Worldwide Military Command and Control System Consolidation in the European Theater (Project No. 3RE-8001)

1. References:

a. Department of Defense Inspector General Memorandum, Subject as Above, dated 13 August 1993 (Enclosure 1).

b. ECCM Memorandum, Subject: DODIG Audit/Review/Survey Information, dated 17 August 1993 (Enclosure 2).

2. The referenced audit contained no findings or recommendations. We appreciate the professionalism with which the audit was conducted, and concur with conclusions reached by the audit team.

2 Encl
as

JEROME A. LANDRY
Brigadier General, USAF
Director, Command, Control,
and Communications Systems

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House Committee on Budget
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations
House Permanent Select Committee on Intelligence
House Subcommittee on Oversight and Evaluation, Permanent Select Committee on Intelligence

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