

**Union Calendar No. 394**

104th Congress, 2nd Session - - - - - House Report 104-748

A TWO-YEAR REVIEW OF THE WHITE  
HOUSE COMMUNICATIONS AGENCY RE-  
VEALS MAJOR MISMANAGEMENT, LACK  
OF ACCOUNTABILITY, AND SIGNIFICANT  
MISSION CREEP

---

TWELFTH REPORT

BY THE

COMMITTEE ON GOVERNMENT  
REFORM AND OVERSIGHT

together with

DISSENTING VIEWS



AUGUST 2, 1996.—Committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE

26-163 CC

WASHINGTON : 1996

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

WILLIAM F. CLINGER, Jr., Pennsylvania, *Chairman*

BENJAMIN A. GILMAN, New York	CARDISS COLLINS, Illinois
DAN BURTON, Indiana	HENRY A. WAXMAN, California
J. DENNIS HASTERT, Illinois	TOM LANTOS, California
CONSTANCE A. MORELLA, Maryland	ROBERT E. WISE, Jr., West Virginia
CHRISTOPHER SHAYS, Connecticut	MAJOR R. OWENS, New York
STEVEN SCHIFF, New Mexico	EDOLPHUS TOWNS, New York
ILEANA ROS-LEHTINEN, Florida	JOHN M. SPRATT, Jr., South Carolina
WILLIAM H. ZELIFF, Jr., New Hampshire	LOUISE McINTOSH SLAUGHTER, New York
JOHN M. McHUGH, New York	PAUL E. KANJORSKI, Pennsylvania
STEPHEN HORN, California	GARY A. CONDIT, California
JOHN L. MICA, Florida	COLLIN C. PETERSON, Minnesota
PETER BLUTE, Massachusetts	KAREN L. THURMAN, Florida
THOMAS M. DAVIS, Virginia	CAROLYN B. MALONEY, New York
DAVID M. McINTOSH, Indiana	THOMAS M. BARRETT, Wisconsin
RANDY TATE, Washington	BARBARA-ROSE COLLINS, Michigan
DICK CHRYSLER, Michigan	ELEANOR HOLMES NORTON, District of Columbia
GIL GUTKNECHT, Minnesota	JAMES P. MORAN, Virginia
MARK E. SOUDER, Indiana	GENE GREEN, Texas
WILLIAM J. MARTINI, New Jersey	CARRIE P. MEEK, Florida
JOE SCARBOROUGH, Florida	CHAKA FATTAH, Pennsylvania
JOHN B. SHADEGG, Arizona	BILL BREWSTER, Oklahoma
MICHAEL PATRICK FLANAGAN, Illinois	TIM HOLDEN, Pennsylvania
CHARLES F. BASS, New Hampshire	ELIJAH CUMMINGS, Maryland
STEVEN C. LATOURETTE, Ohio	
MARSHALL "MARK" SANFORD, South Carolina	
ROBERT L. EHRlich, Jr., Maryland	BERNARD SANDERS, Vermont
SCOTT L. KLUG, Wisconsin	(Independent)

JAMES L. CLARKE, *Staff Director*  
KEVIN SABO, *General Counsel*  
JUDITH McCoy, *Chief Clerk*  
BUD MYERS, *Minority Staff Director*

SUBCOMMITTEE ON NATIONAL SECURITY, INTERNATIONAL AFFAIRS, AND CRIMINAL JUSTICE

WILLIAM H. ZELIFF, Jr., New Hampshire, *Chairman*

ROBERT L. EHRlich, Jr., Maryland	KAREN L. THURMAN, Florida
STEVEN SCHIFF, New Mexico	ROBERT E. WISE, Jr., West Virginia
ILEANA ROS-LEHTINEN, Florida	TOM LANTOS, California
JOHN L. MICA, Florida	LOUISE McINTOSH SLAUGHTER, New York
PETER BLUTE, Massachusetts	GARY A. CONDIT, California
MARK E. SOUDER, Indiana	BILL BREWSTER, Oklahoma
JOHN B. SHADEGG, Arizona	ELIJAH CUMMINGS, Maryland

EX OFFICIO

WILLIAM F. CLINGER, Jr., Pennsylvania      CARDISS COLLINS, Illinois

ROBERT CHARLES, *Staff Director*  
JIM WILON, *Professional Staff Member*  
IANTHE SAYLOR, *Clerk*  
CHERRI BRANSON, *Minority Professional Staff*

**LETTER OF TRANSMITTAL**

---

HOUSE OF REPRESENTATIVES,  
*Washington, DC, August 2, 1996.*

Hon. NEWT GINGRICH,  
*Speaker of the House of Representatives,*  
*Washington, DC.*

DEAR MR. SPEAKER: By direction of the Committee on Government Reform and Oversight, I submit herewith the committee's twelfth report to the 104th Congress.

WILLIAM F. CLINGER, Jr.,  
*Chairman.*



## CONTENTS

---

	Page
I. Introduction .....	1
II. DOD Inspector General's investigation .....	3
A. Mission creep .....	3
1. Description of mission creep .....	3
2. Factors in mission creep .....	5
a. Mission statements .....	5
b. Chain-of-command .....	6
B. Lack of accountability and major mismanagement .....	7
1. Procurement .....	7
a. Lack of prior review and approval .....	7
b. Lack of competitive bidding .....	8
2. Financial management .....	8
3. Property accountability .....	9
a. Nonexpendable property .....	9
b. Expendable property .....	9
c. Long-haul telecommunications .....	10
d. Short-haul telecommunications .....	10
4. Maintenance management .....	10
5. Lack of oversight by DISA .....	11
6. Identification of material weakness .....	11
C. Management response to the audit .....	11
III. Hearings before the subcommittee .....	12
A. First hearing—May 16, 1996 .....	13
1. Testimony of Mr. Henry L. Hinton, Jr., GAO .....	13
2. Testimony of Mr. Robert J. Lieberman, DOD IG .....	14
3. Testimony of Col. Joseph J. Simmons, IV, WHCA .....	14
B. Second hearing—June 13, 1996 .....	15
1. Testimony of Col. Joseph J. Simmons, IV, WHCA .....	15
2. Testimony of Emmett Paige, Jr., ASD/C3I .....	16
IV. Conclusions and recommendations .....	16
A. Proper mission of WHCA .....	16
B. Accountability and internal controls .....	17
C. Continued congressional oversight .....	18

### VIEWS

Dissenting views of Hon. Cardiss Collins, Hon. Karen L. Thurman, Hon. Henry A. Waxman, Hon. Robert E. Wise, Jr., Hon. Major R. Owens, Hon. Edolphus Towns, Hon. Louise M. Slaughter, Hon. Paul E. Kanjorski, Hon. Carolyn B. Maloney, Hon. Thomas M. Barrett, Hon. Barbara-Rose Collins, Hon. Eleanor Holmes Norton, Hon. James P. Moran, Hon. Carrie P. Meek, Hon. Chaka Fattah, and Hon. Elijah E. Cummings .....	19
---	----

## Union Calendar No. 394

104TH CONGRESS }  
2nd Session } HOUSE OF REPRESENTATIVES { REPORT  
104-748

---

---

### A TWO-YEAR REVIEW OF THE WHITE HOUSE COMMUNICATIONS AGENCY REVEALS MAJOR MISMANAGEMENT, LACK OF ACCOUNTABILITY, AND SIGNIFICANT MISSION CREEP

---

AUGUST 2, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

Mr. CLINGER, from the Committee on Government Reform and Oversight, submitted the following

#### TWELFTH REPORT

together with

#### DISSENTING VIEWS

On July 25, 1996, the Committee on Government Reform and Oversight approved and adopted a report entitled “A Two-Year Review of the White House Communications Agency Reveals Major Mismanagement, Lack of Accountability, and Significant Mission Creep.” The chairman was directed to transmit a copy to the Speaker of the House.

#### I. INTRODUCTION

A 2-year review of the White House Communications Agency reveals major mismanagement, lack of accountability, and an unsettling degree of mission creep. These findings are discussed in detail below, with concrete bipartisan recommendations for overall improvement in the agency’s management, accountability and mission containment.

The Committee on Government Reform and Oversight (“the committee”) has primary legislative jurisdiction for the “overall economy, efficiency and management of Government operations and activities” and for “[r]eorganizations in the executive branch of the Government.” [Rules of the House of Representatives, 104th Con-

gress, X, 1(g)(6) and (12).] In addition, the committee has primary oversight responsibility to “review and study, on a continuing basis, the operation of Government activities at all levels with a view to determining their economy and efficiency.” [Rules of the House of Representatives, 104th Congress, X, 2(b)(2).] Finally, the committee “may at any time conduct investigations of any matter without regard to the provisions . . . conferring jurisdiction over such matter upon another standing committee.” [Rules of the House of Representatives, 104th Congress, X, 4(c)(2).]

Pursuant to the foregoing grants of jurisdiction, the Subcommittee on National Security, International Affairs, and Criminal Justice (“the subcommittee”) initiated an investigation, and subsequently convened two oversight hearings, to assess the mission, structure and operations of the White House Communications Agency (“WHCA”). WHCA is an agency of the Department of Defense (“DOD”) and is primarily responsible for providing communications support to the White House. Specifically, the subcommittee examined the various missions performed by WHCA to determine whether they were appropriate for the agency, and the subcommittee examined the conduct of WHCA’s operations to determine whether they were conducted in accordance with applicable DOD policies and regulations.

The subcommittee’s investigation arose from concerns regarding long-term mission creep at WHCA, as well as a general lack of accountability at the agency. Historically, WHCA’s predecessor, the White House Signal Detachment (“the detachment”), was established in December of 1941 to assist then-President Roosevelt in his direction of the United States’ World War II operations. Staffed by 30 military personnel, the detachment allowed the President to communicate with United States forces in the Pacific, the Atlantic, North Africa and Europe, as well as with America’s wartime allies. At the end of the war, the detachment remained active, providing successive Presidents with national security-related communications support.

In 1954, DOD changed the detachment’s name to the White House Army Signal Agency. In 1962, the Secretary of Defense changed the name again, this time to the White House Communications Agency. At the same time, the Secretary transferred WHCA from the U.S. Army to the Defense Communications Agency (DCA), now called the Defense Information Systems Agency (DISA).

When the name changed, the mission and organization of WHCA also began to expand in directions which were unrelated to the agency’s original national security and war fighting mission. The White House began to use WHCA for clerical, technical and public relations tasks that did not call for any military expertise. And, as the WHCA mission expanded, so did WHCA: by the early 1990’s, WHCA had over a thousand active-duty military personnel in its ranks, and the agency was costing the American taxpayer well over a hundred million dollars a year.

Further, as WHCA grew in size and began to do more and more for the White House, the agency gradually slid out from underneath any meaningful DOD supervision or control. In fact, for almost 55 years, there was no comprehensive audit or inspection of

WHCA's operations, and the agency's internal accountability decayed seriously in crucial areas such as procurement, financial management, property inventory, and equipment maintenance.

## II. DOD INSPECTOR GENERAL'S INVESTIGATION

In March of 1994, alarmed by reports of possible fraud, waste and abuse at WHCA, Representative William F. Clinger, Jr., the chairman of the committee, and Representative William H. Zeff, Jr., the chairman of the subcommittee, requested that the current administration permit the General Accounting Office ("GAO") to conduct a comprehensive audit of WHCA's operations. Unexpectedly, the Clinton administration strongly and consistently opposed any such audit, on the ground that any inspection of WHCA would create a national security risk. Representatives Clinger and Zeff, along with the GAO, met three times with representatives of the administration, including Presidential Counsel Mikva. The Congressmen and the GAO pointed out that most of the information which would be involved in an audit of WHCA was not classified in any way, and that GAO has effective mechanisms for auditing defense organizations which deal with classified information. Despite these reassurances, the Clinton administration inexplicably blocked an audit for over a year. Finally, in mid-1995, as a result of continued pressure by Representatives Clinger and Zeff, the administration agreed to let the DOD Inspector General ("IG") conduct such an audit.

In 1995, at congressional direction and after continued congressional insistence, the Clinton White House permitted the first comprehensive audit in the history of WHCA; the Department of Defense IG subsequently published its findings in two substantial reports. (DODIG Report No. 96-033, "White House Communications Agency," dated November 29, 1995, and hereinafter referred to as the "First IG Report," and DODIG Report No. 96-100, "White House Communications Agency—Phase II," dated April 29, 1996, and hereinafter referred to as the "Second IG Report.") The IG's audit reports confirmed that WHCA was (a) suffering from significant mission creep, and (b) suffering from serious accountability and mismanagement problems.

### A. MISSION CREEP

#### 1. *Description of mission creep*

The IG reported that WHCA had made significant additions to its original mission of providing military and wartime communications for the President of the United States, and now provides numerous and varied services to the President, First Lady, Vice President, and to White House staffers in general.

Specifically, the IG found that WHCA's Audiovisual Unit—with 113 authorized personnel—has become, in effect, an adjunct to the White House press and publicity offices.<sup>1</sup> For example, WHCA provides sound amplification and media-quality lighting systems, audio and video recording and editing, lecterns, flags, seals, and speech teleprompter support for all White House media events.

<sup>1</sup> See First IG Report at 5-6, 8, 64-66; Second IG Report at 48-49.

WHCA also develops, prints and frames pictures of the President, Vice President, First Lady and other White House personnel, and provides camera equipment, developing and printing services to White House photographers. In addition, WHCA retains negatives of all pictures taken during an administration, and makes audio and videotape recordings of all Presidential events and speeches, for the National Archives. While all these may be legitimate White House functions, it is not clear why they should be accomplished by military telecommunications personnel, particularly with DOD funding.

In addition to employing and maintaining all the equipment required by the above-described functions, WHCA's Audiovisual Unit also operates a system that provides closed-circuit television and distributes cable television broadcasts for the entire White House. Each day, WHCA personnel videotape selected television news broadcasts which are thought to be of interest to the President and his staff. Also, WHCA provides graphic arts and reproduction services, such as the production of briefing charts, the printing of boarding passes for Air Force One, and general document reproduction. Again, these perquisites are wholly unrelated to military telecommunications requirements.

Besides those services provided by the Audiovisual Unit, the IG reported numerous other examples of mission creep. For example, WHCA provides stenographic services—a steno pool—for the White House Office of the Press Secretary.<sup>2</sup> Also, WHCA's Data Systems Unit—with 126 authorized personnel—provides general-purpose computer, information systems, automation and data processing services to the White House.<sup>3</sup> Further, WHCA provides news wire services so that White House personnel can have ready access to the latest dispatches from the Associated Press, United Press International, Reuters America, Knight Ridder, Dow Vision, the Los Angeles Times, and The Washington Post.<sup>4</sup>

Regarding all of the above-described services, the IG concluded that they should not be provided and paid for by the Department of Defense, but rather should be funded by the Office of Administration, Executive Office of the President.<sup>5</sup> The IG noted that WHCA itself had been consistently and unsuccessfully attempting, since at least 1971, to transfer funding for many of these services, most notably the stenographic and news wire services, back to the White House, but successive administrations have prevented such transfers.<sup>6</sup>

Finally, the IG also found that since at least fiscal year 1991, WHCA has provided telecommunications support to the Secret Service, without collecting reimbursement for that support as required by law.<sup>7</sup> Once again, while the IG did not go so far as to question the necessity of services provided to the White House or the Secret Service, it did take the position that these services should not be funded by the military.

<sup>2</sup> First IG Report at 6–7.

<sup>3</sup> First IG Report at 64; Second IG Report at 49.

<sup>4</sup> First IG Report at 7.

<sup>5</sup> First IG Report at 9–11.

<sup>6</sup> First IG Report at 7, 70–72.

<sup>7</sup> See First IG Report at 12–18.

Although the IG did not provide a current total dollar figure for money spent on all of the above-described activities, it estimates that WHCA's audiovisual, stenographic and news wire services, in fiscal year 1995, cost over \$7.8 million, and that WHCA's unreimbursed Secret Service expenditures amounted to roughly \$1 million in fiscal year 1994.<sup>8</sup>

Due in large part to this mission creep, WHCA has steadily increased its manpower and funding during the past 55 years. As of December 31, 1995, WHCA had 946 military and 8 civilian personnel authorized, of which 824 military and 7 civilian personnel were actually assigned. (As of June 13, 1996, the number of assigned personnel had increased to 856.) The cost to operate WHCA for fiscal years 1995 and 1996 will have totaled approximately \$110 million and \$122 million, respectively.<sup>9</sup>

Tangentially, it should also be noted that WHCA's manning and budget have tended to increase most substantially during Presidential election years.

## 2. Factors in mission creep

### a. Mission statements

The IG reports concluded that WHCA's mission creep has been fostered by a number of factors. First, WHCA's mission statement has been expanded over the years.<sup>10</sup> While initially WHCA and its predecessor agencies were solely devoted to military and war fighting missions in support of the President, a broader mission statement was formulated and promulgated by the Defense Communications Agency ("DCA")—to which WHCA was then assigned as a subcommand—in its Instruction 4850.7, "White House Communications Agency," dated September 6, 1962. Instruction 4850.7 stated that "the mission of the White House Communications Agency is to provide telecommunications *and other related support* to the President of the United States *and to other elements related to the President.*" (Emphasis added.) This mission statement left ample room for mission creep.

WHCA's mission statement was further expanded in DCA Circular 640-45-48, dated March 3, 1978, and revised on July 17, 1989. The mission statement read as follows:

*Mission.* The mission of WHCA is to provide telecommunications and other related support to the President of the United States and to other elements related to the President.

A. Other related support includes, but is not limited to, audiovisual services, including videotape recording for the President *and others as directed*; photographic laboratory and drafting support of the White House; and general purpose automated data processing support for the National Security Council (NSC) and the White House.

B. Elements related to the President are his staff, the First Family, the Vice President, the U.S. Secret Service Protective Forces, *and others as directed.*

<sup>8</sup>First IG Report at 8, 15-16, 73-75.

<sup>9</sup>Second IG Report at 2-3; original transcript of June 13, 1996 hearing at 24; *see also* First IG Report at 67-69; Second IG Report at 50-52.

<sup>10</sup>First IG Report at 58-61; Second IG Report at 4, 43-46.

(Emphasis added.) Again, the new mission statement was extremely open-ended and allowed many different tasks to be assigned to WHCA.

Furthermore, in 1977, the Director of DCA testified before Congress that, as a practical matter, DCA would defer to the President and the White House in their determinations of what missions were appropriate for WHCA. [Hearings before the Subcommittee on the Department of Defense, Committee on Appropriations, House of Representatives, 95th Congress, First Session, part 3, page 758, March 29, 1977.] On September 7, 1977, the DCA General Counsel issued a legal opinion memorandum, “Legal Authorities That Support the WHCA Mission,” which indicated that there were almost no practical limits on the types of missions that could be assigned to WHCA. The opinion letter stated that “the President can make almost any assignment he wants of functions to an executive branch organization so long as the assignment is not one which is vested by law in one department or agency and he proposes to abolish it or reassign it to another agency; such abolition or reassignment requiring the consent of the Congress.”

Finally, a DCA Report entitled “Management Review of the White House Communications Agency,” dated June–July 1987, retrospectively approved much of the mission creep which had already taken place. Specifically, the report concluded that WHCA’s provision of audiovisual support for political and media events, and its provision of various photographic, drafting, graphics, and data processing services to the White House and the National Security Council, were well-established and valid missions.

In short, the IG reported that over the years, successive administrations in the White House began to use WHCA for an increasing number and variety of missions, and DCA repeatedly validated the mission creep by broadening WHCA’s mission statement.

#### *b. Chain-of-command*

The second factor contributing to WHCA’s mission creep was the historical transfer of command and control of WHCA from the Department of Defense to the White House. Although WHCA is now technically under the supervision of the Defense Information Systems Agency (“DISA”), the successor agency to DCA, DISA does not in fact direct the operations of WHCA. Rather, WHCA receives its day-to-day orders and directions from the White House Military Office (WHMO), which is staffed by political appointees and is part of the Executive Office of the President. The Director of WHMO—who is a civilian and a political appointee, and also holds the position of Deputy Assistant to the President—directs the activities of WHCA, and also writes the annual Officer Evaluation Report which determines the future career prospects of the WHCA Commander. This Officer Evaluation Report is also reviewed, supplemented and signed by the White House Chief of Staff.<sup>11</sup>

Thus, although WHCA is technically a subcommand of DISA, and theoretically under the supervision of DISA, in practice the power relationship is exactly reversed. Because of WHCA’s proximity and direct responsibility to the President, DISA has generally

<sup>11</sup> First IG Report at 3; Second IG Report at 3–5.

taken a deferential and subservient attitude toward WHCA, and has focused on ministering to the requirements of WHCA rather than exercising effective supervision. In light of the power relationships involved, it is not surprising that WHCA has been willing to expand its mission steadily to accommodate successive Presidents, even though many of the new missions should be funded and performed by other agencies.

#### B. LACK OF ACCOUNTABILITY AND MAJOR MISMANAGEMENT

The IG also found that WHCA suffered from serious accountability problems in a number of different areas.

##### 1. Procurement

###### a. Lack of prior review and approval

In order to ensure that military procurements are fully justified and as cost-effective as possible, DOD regulations require that every procurement contract be reviewed and approved by an authorized contracting officer. Additionally, to provide further review, DISA contracting procedures require that every commercial acquisition valued at more than \$1 million—and every intra-DOD purchase valued at more than \$100,000—be reviewed and approved by the DISA Acquisition Review Panel. However, WHCA has consistently ignored these requirements. The IG reported that WHCA has consistently approved its own contracts without consulting a DISA contracting officer or the Acquisition Review Panel. In addition, WHCA personnel have frequently made purchases without any official written contractual documents, simply making purchases on an *ad hoc* basis.<sup>12</sup>

Because WHCA's acquisitions are not reviewed as carefully as they should be, WHCA has made some serious and expensive procurement errors. Recently, at Clinton administration direction, WHCA expended \$4.9 million on two air-transportable mobile communications systems that did not meet operational needs. Although the systems were originally designed to accompany the President on most Presidential trips, it soon became apparent that (a) the system, together with its associated personnel and equipment, could not fit on one C-141 cargo aircraft as originally planned; (b) the system could not draw electrical power from many of the hotels visited by the Presidential party; and (c) the interior design of the system made it difficult for a full complement of personnel and communications equipment to operate without mutual interference.<sup>13</sup> Thus, the systems were employed on only 3 of 63 Presidential trips during the period from May to December of 1995. As a result, WHCA chose not to exercise its option to purchase another six systems for an additional \$5.5 million; however, the original \$4.9 million has already been wasted.

The IG also noted an instance where due to lack of prior review and approval, WHCA officials independently estimated that a certain type of satellite terminal would cost \$269,000 per terminal. WHCA was later surprised to learn that the cost was actually \$618,000 per terminal. After making this discovery late in the pro-

<sup>12</sup>Second IG Report at 8–11.

<sup>13</sup>Second IG Report at 8, 53–54.

curement process, WHCA was forced to reduce its purchase to only 6 terminals, although the original intent and purpose of the procurement had been to replace 11 older model terminals by purchasing 12 new terminals.<sup>14</sup> Once again, lack of prior review by the designated contracting authorities resulted in a severely flawed procurement process.

The IG reported that WHCA officials purchasing temporary telecommunications services have generally proceeded without written contracts.<sup>15</sup> For example, no contracting documents were prepared for 140 Presidential trips taken during a 9-month period in fiscal year 1995. The contracting officer merely filed the invoices in a desk drawer. In part because there are no written contracting documents, WHCA officials also have generally neglected to verify that WHCA is being charged according to the proper tariff of telecommunications rates. This has resulted in WHCA paying many overcharges without protest.

*b. Lack of competitive bidding*

In addition to short-circuiting the prior approval process, the IG found that WHCA has generally avoided DOD competitive bidding requirements. The IG reports cited various examples, including multimillion dollar WHCA procurements, such as the Washington Area System radio network, the above-described satellite communications terminals, and the entire category of temporary telecommunications equipment and services.<sup>16</sup> The IG noted that WHCA has used a number of different mechanisms to avoid competitive bidding, including (a) improperly using Small Business Administration set-asides; (b) reducing purchase amounts to below the dollar amount where competitive bidding is required; (c) claiming that “national security considerations” make competitive bidding impossible; (d) claiming that time requirements make competitive bidding impossible; or (e) simply ignoring the competitive bidding requirements. The IG concluded that WHCA’s justifications were generally insufficient, and that WHCA should take steps to insure that competitive bidding is used in the future so that the American taxpayer can be sure that WHCA is getting the most for its money.

*2. Financial management*

As a result of WHCA’s sloppy procurement procedures, WHCA has experienced difficulties keeping track of its disbursements. The IG noted that WHCA sometimes makes duplicate payments to contractors, or even pays for equipment or services which were never delivered; worse yet, the IG reported that WHCA has been paying only 17% of its invoices on time, so that interest and penalties must be paid on the other 83% of WHCA’s obligations.<sup>17</sup> Again, the American taxpayer has been ill-served by this management.

One example of WHCA’s failure to validate its contractual disbursements is in the purchase of “long-haul” telecommunications facilities, which provide long-distance telecommunications between remote sites and facilities. (“Short-haul” telecommunications, by

<sup>14</sup> Second IG Report at 9, 54.

<sup>15</sup> See Second IG Report at 14–21.

<sup>16</sup> See First IG Report at 51–53; Second IG Report at 55.

<sup>17</sup> Second IG Report at 19–20.

way of contrast, are used to communicate within a single base or facility.) DOD regulations require that charges for long-haul telecommunications services must be validated—i.e., the using agency must determine that each charge is legitimate and accurate. However, the IG found that WHCA was not validating these charges, and as a result WHCA was erroneously paying for some services that were previously terminated, and for some services that were ordered but not delivered.<sup>18</sup>

Agency-wide, WHCA had recorded approximately \$14.5 million in “unliquidated obligations” as of February 23, 1996.<sup>19</sup> Due to inadequate recordkeeping, the majority of these unliquidated obligations—many of which go back as far as 1991—could not be validated; thus, WHCA was unable to determine when or whether they should be paid.

### 3. Property accountability

#### *a. Nonexpendable property*

In every military unit, all nonexpendable property—i.e., major durable goods—must be recorded in the unit property book when it is received, so that it can be regularly inventoried and accounted for. If property is received by a unit but is not recorded in the property book, that property becomes especially vulnerable to loss, theft or damage.

The IG found that WHCA failed to exercise internal controls over its property book procedures.<sup>20</sup> Specifically, many of WHCA’s operational units were in the habit of ordering and/or receiving property without reporting it to WHCA’s Logistics Branch, which maintains the unit property book. As a result, significant quantities of nonexpendable property—including \$555,000 worth of computers and \$22,000 worth of photographic equipment—were never recorded in the property book, and the IG estimated that the total dollar figure for nonrecorded property may have been as high as \$738,000. In addition, because of the lack of centralized property accountability, it was often difficult to determine whether nonexpendable property which had been ordered and paid for, had actually been received. In fact, the IG report noted that WHCA had 102 open purchase requests requiring investigation and reconciliation.

#### *b. Expendable property*

In addition to its problems managing nonexpendable property, WHCA also was engaged in wasteful practices regarding the management of its expendable property.<sup>21</sup> (Expendable property generally consists of lower-cost, consumable items, such as cleaning supplies or office products.) The IG found that WHCA did not keep the required records of demand histories for its expendable supplies, so that it could not accurately predict its future needs. WHCA compensated for this uncertainty by maintaining excessive stocks of its expendable supplies, and in some cases by stocking

<sup>18</sup>First IG Report at 38–40.

<sup>19</sup>Second IG Report at 23–25.

<sup>20</sup>First IG Report at 24–27, 76–77.

<sup>21</sup>First IG Report at 27–28.

items which had no demand histories at all. The IG estimated that by following sensible practices and applicable regulations regarding expendable supplies, WHCA could save over \$225,000.

*c. Long-haul telecommunications*

The IG found that WHCA was not following DOD regulations which require regular inventory and revalidation of long-haul telecommunications circuits and equipment.<sup>22</sup> As a result, WHCA was continuing to pay for 21 leased circuits, and associated equipment, which were no longer required. The IG estimated that those unnecessary circuits and equipment were costing WHCA over \$117,000 a year.

*d. Short-haul telecommunications*

Finally, the IG found that WHCA was completely unable to provide a reasonably accurate inventory of its “short-haul” telecommunications, which are the internal telephone lines used to communicate within a base, installation, headquarters, or Federal building.<sup>23</sup> The IG found that WHCA had been disregarding DOD regulations which require regular inventory and revalidation of short-haul telecommunications equipment and services. Because WHCA was unable to provide an inventory, the IG could not conduct a thorough audit of WHCA’s short-haul telecommunications. Rather, the IG simply noted that in the absence of regular inventory and revalidation of requirement, it was highly likely that WHCA was wasting funds on obsolete, unnecessary or duplicative short-haul telecommunications equipment and services.

*4. Maintenance management*

The IG found that WHCA’s maintenance management suffered from a grave lack of internal controls.<sup>24</sup> First, WHCA was unable to keep accountability of its repair parts inventory. In response to the IG’s request for an inventory, six of WHCA’s seven operational units failed to adequately describe, quantify, or provide the value for their repair parts on hand. Although WHCA was invited to remedy this situation during the 5 months intervening between the IG’s first and second reports, WHCA failed to do so.

A related deficiency was that until June of 1995, WHCA’s Logistics Branch did not keep records of the historical demand frequency for repair parts, and thus could not accurately predict WHCA’s future needs. Taken together, the lack of historical demand frequency data and the failure to keep an accurate inventory of repair parts on hand resulted in two problems: (1) WHCA’s operational capabilities were always in danger of being hampered by shortages of critical repair parts, and (2) WHCA wasted time and money by ordering and maintaining excessively large inventories of repair parts, in order to compensate for the uncertainty caused by poor inventory management.

Second, WHCA failed to keep adequate records of its maintenance contracts with outside contractors. For 20 of its 32 maintenance contracts, WHCA failed to keep accurate lists of the equip-

<sup>22</sup> First IG Report at 34–37, 79–84.

<sup>23</sup> First IG Report at 30–33; Second IG Report at 39.

<sup>24</sup> First IG Report at 19–23.

ment covered by each contract. In addition, WHCA failed to keep historical records of the type, frequency and cost of maintenance provided under each contract. These two failings contributed to the creation of an operational environment where critical maintenance could be forgotten or overlooked, and, in addition, money could be wasted on maintenance contracts which were not cost-effective.

The IG noted that military units avoid such problems by implementing maintenance management systems which schedule maintenance activities, record historical data, and forecast future needs. WHCA did purchase a maintenance management system, in 1993, at a cost of \$303,000. However, because the system has generally not been used, it has not resulted in increased efficiency or cost savings for WHCA; rather, the maintenance management system has merely resulted in a net acquisition cost of \$303,000.

##### *5. Lack of oversight by DISA*

The IG report attributed at least part of the responsibility for WHCA's widespread failure of internal controls, and lack of accountability, to a lack of oversight by DISA.<sup>25</sup> Although WHCA is nominally a subsidiary command of DISA, and thus DISA is technically in charge of WHCA, DISA has exercised almost no oversight and supervisory control over WHCA's administration, finances, and operations. Historically, DISA has taken the position that its mission with respect to WHCA is merely to provide administrative support when needed, and that WHCA is subject to WHMO as far as oversight is concerned. Neither DISA nor WHMO have exercised oversight to insure that WHCA follows DOD procedures and regulations.

##### *6. Identification of material weakness*

As a result of WHCA's widespread failure of accountability and lack of oversight, the IG concluded that "the Assistant Secretary of Defense (Command, Control, Communications and Intelligence) management control program needs improvement because a material weakness exists in that administrative, financial and operational oversight was not provided to the White House Communication Agency."<sup>26</sup> The IG identified the Assistant Secretary of Defense for Command, Control, Communications and Intelligence (the ASD/C3I) as the responsible entity because the ASD/C3I is in charge of DISA, which in turn is technically in charge of WHCA.

#### C. MANAGEMENT RESPONSE TO THE AUDIT

The required management response to the IG audit was provided by Emmett Paige, Jr., the ASD/C3I, who submitted joint comments on his own behalf and on behalf of the Director of DISA and the Commander of WHCA. In response to the IG's findings of mission creep, the ASD/C3I denied that any problem existed. The ASD/C3I took the position that all of WHCA's activities were within the parameters of WHCA's mission statement, if that mission statement was properly (i.e., broadly) construed.<sup>27</sup>

<sup>25</sup> See Second IG Report at 4-13.

<sup>26</sup> Second IG Report at ii.

<sup>27</sup> First IG Report at 95-107.

However, the ASD/C3I did concur with almost all of the IG's findings and recommendations regarding WHCA's lack of accountability and internal controls.<sup>28</sup> The ASD/C3I acknowledged not only that each individual accountability problem needed to be corrected, but also that the scope and nature of WHCA's accountability problems, taken as a whole, demanded an overarching, systemic solution. To that end, the ASD/C3I entered into consultations and negotiations with White House staff, with a view to resolving WHCA's accountability problems.

As a result of those meetings, the ASD/C3I eventually executed a two-page Memorandum of Agreement with the White House Office of Management and Administration, which is the White House office in charge of WHMO.<sup>29</sup> The Memorandum of Agreement was signed on March 8, 1996 by Secretary Paige, and was also signed, on March 14, 1996, by Ms. Jodie R. Torkelson, the Assistant to the President for Management and Administration. The memorandum purported to set out some of the terms and conditions governing WHCA's future operations.

Sadly, with regard to mission creep, the memorandum did not recognize or address any existing problems; rather, the memorandum fully validated the *status quo*, and included a WHCA mission statement broad enough to encompass almost any White House activity whatsoever. Regarding WHCA's accountability problems, the memorandum also validated the *status quo*, noting that "The WHMO provides operational direction and control to WHCA," and "The DISA provides administrative support to the WHCA." On the other hand, the memorandum also included the following language emphasizing DISA's oversight responsibilities over WHCA: "To ensure that WHCA manages information technology services efficiently and effectively, DISA will provide administrative support for WHCA and functional oversight of the WHCA information technology services." Unfortunately, the memorandum did not go on to define or elaborate DISA's "functional oversight."

### III. HEARINGS BEFORE THE SUBCOMMITTEE

After the release of the IG Reports, the subcommittee announced a hearing to take testimony, draw conclusions, and recommend long-term, systemic solutions to a set of pervasive, deeply-rooted and long-standing problems. The subcommittee scheduled its hearing for Thursday, May 16, 1996, and invited the following representatives of the agencies involved: Ms. Jodie R. Torkelson, Assistant to the President for Management and Administration; Mr. Alan P. Sullivan, Deputy Assistant to the President and Director, White House Military Office; Emmett Paige, Jr., ASD/C3I; Col. Joseph J. Simmons IV, the Commander of WHCA; Mr. Robert J. Lieberman, Assistant Inspector General for Auditing for the DOD IG; and Mr. Henry L. Hinton, Jr., Assistant Comptroller General for the GAO's National Security and International Affairs Division.

Unfortunately, both Ms. Torkelson and Mr. Sullivan unequivocally refused to participate in the subcommittee's hearing. In fact,

<sup>28</sup> See First IG Report at 107-112; Second IG Report at 63-67.

<sup>29</sup> "Memorandum of Agreement Between the White House Office of Management and Administration and the Assistant Secretary of Defense for Command, Control, and Communications and Intelligence," undated.

the subcommittee received two letters from Mr. Jack Quinn, the White House Counsel, summarily stating that neither Ms. Torkelson nor Mr. Sullivan would testify because “White House officials generally do not testify before Congress.”<sup>30</sup> In fact, White House officials do testify before Congress on many different issues, and on a fairly frequent basis. Thus, the subcommittee was surprised and disappointed at the administration’s apparent decision to obstruct its investigation. Since Mr. Sullivan and Ms. Torkelson are in charge of WHCA, their self-enforced absence from the subcommittee’s oversight process was remarkable; and it should be noted that the White House, having chosen not to participate in the oversight process, has forfeited the opportunity to contribute to the subcommittee’s conclusions and recommendations.

To avoid further delays, the subcommittee chose not to subpoena, at the time of the hearing, either Ms. Torkelson or Mr. Sullivan, but proceeded instead with the witnesses who were available. The subcommittee may revisit this issue in the near future.

#### A. FIRST HEARING—MAY 16, 1996

##### *1. Testimony of Mr. Henry L. Hinton, Jr., GAO*

Mr. Hinton’s testimony<sup>31</sup> contained four important points. First, Mr. Hinton described the current administration’s resistance to GAO’s investigation of WHCA. During 1994, the administration consistently limited DOD contact with GAO and the release of DOD data. Citing “national security concerns,” the administration kept GAO from receiving copies of WHCA’s budgeting and financial records, and on three occasions—in May, June, and August of 1994—DOD officials informed GAO that the White House had prohibited DOD contact with GAO or release of DOD data. In January of 1995, White House Counsel staff informed GAO that GAO would not be provided with the information needed to conduct its investigation of WHCA, and in February of 1995, GAO’s efforts to investigate WHCA were terminated.

Second, Mr. Hinton provided historical background information regarding the oversight relationship between DISA and WHCA. Although WHCA is technically a subcommand of DISA, GAO found that it was not historically treated in the same way as DISA’s other subcommands. For example, in approving the budgets of its other subcommands, DISA required and reviewed detailed written justifications for all expenditures; however, WHCA’s budget approval process consisted of periodic meetings between the Commander of WHCA and the Director of DISA.<sup>32</sup> Similarly, while DISA’s other subcommands often had their budget requests cut, WHCA’s requested budget amounts had never been reduced, except as part of an across-the-board reduction. According to one DISA financial management officer, WHCA was strangely “immune” from the usual level of review.

<sup>30</sup>Letter from Mr. Jack Quinn, Counsel to the President, to the Honorable William H. Zeff, Jr., subcommittee chairman, dated May 8, 1996; letter from Mr. Jack Quinn, Counsel to the President, to the Honorable William H. Zeff, Jr., subcommittee chairman, dated May 15, 1996.

<sup>31</sup>See “Defense Communications: White House Communications Agency Activities and Funding,” Statement of Henry L. Hinton, Jr., Assistant Comptroller General, National Security and International Affairs Division, GAO/T-NSIAD-96-168, dated May 16, 1996.

<sup>32</sup>See also Second IG Report at 7-8.

In addition, WHCA's acquisition and contracting decisions were generally made without the participation or approval of DISA contracting officers; WHCA's failure to obtain reimbursement for services provided to other agencies was unreviewed by DISA; and WHCA generally did not suffer the same personnel reductions as DISA's other subcommands. In short, the GAO's research painted a picture of WHCA as an DOD agency which was essentially excused from DOD oversight because of its proximity to the power and influence of the White House.

Third, Mr. Hinton noted that the necessary oversight of WHCA, which was not provided by DISA, was also not provided by the White House. Although a 1987 task force report on WHCA criticized management deficiencies and concluded that the White House was not exercising effective oversight over telecommunications procurement and deployment, successive administrations did not improve their oversight over WHCA.

Fourth and finally, Mr. Hinton stated the GAO's conclusion and recommendation, based on the longstanding and pervasive nature of WHCA's deficiencies and on the fact that there is still disagreement regarding many of the IG's recommendations: Continued congressional oversight of WHCA is important and appropriate.

### *2. Testimony of Mr. Robert J. Lieberman, DOD IG*

Mr. Lieberman's testimony summarized the IG's audit findings, which are set out in greater detail in part II of this report, above. His testimony did not alter or vary the findings, conclusions and recommendations arrived at in either IG report.

### *3. Testimony of Col. Joseph J. Simmons, IV, WHCA*

On May 15, the day before the hearing, the subcommittee received two different testimony submissions from Col. Simmons. The disparities between the statements engendered considerable controversy.

Col. Simmons' prepared testimony was delivered to the subcommittee offices early on May 15. However, following the delivery of that document (version 1), subcommittee staff received two telephone calls from WHCA notifying the subcommittee that there were major revisions going on, and that Col. Simmons would be submitting a revised version of his prepared testimony later in the day. At 5:30 p.m., on May 15, another messenger arrived with the updated testimony (version 2).

Upon careful review, it turned out that the two versions of Col. Simmons' prepared testimony differed in important respects. For example, version 1 made it clear that WHMO exercises complete operational direction and control over WHCA and its commander, and stated that "[i]f oversight is needed to ensure WHCA purchases only those goods and services necessary to fulfill its mission, this oversight should come from WHMO [i.e. a political office in the White House]." However, all references to WHMO's presence in the chain-of-command, or to WHMO's oversight responsibility, were deleted from version 2, which merely indicated that DISA provides administrative support and "functional oversight" to WHCA.

Also, version 1 contained descriptions of some of WHCA's more questionable activities—such as photographic and graphics serv-

ices, audiovisual and speech teleprompter services, and various types of support furnished to Secret Service personnel, White House staffers, and “traveling dignitaries”—all of which were deleted from version 2. Overall, version 2 was a less forthright and more defensive document than version 1.

In itself, this revision of prepared testimony might have been excused, even if the revisions occurred at the behest of the White House. However, when Representative Mica moved to include both versions of Col. Simmons’ prepared testimony in the record, Col. Simmons denied knowledge of, and responsibility for, version 1 of his prepared testimony, stating that he had “no idea” where it came from. Given the similarities in form and content between version 1 and version 2—and the circumstances surrounding the delivery of version 1, the interim revisions, and the delivery of version 2—Col. Simmons’ statements were unsettling. To give all the involved parties an opportunity to resolve their questions regarding the provenance or genuineness of version 1, Subcommittee Chairman Zeff recessed the hearing for the day.

#### B. SECOND HEARING—JUNE 13, 1996

The WHCA hearing reconvened on Thursday, June 13, 1996. Shortly after the first hearing, Subcommittee Chairman Zeff, Chairman Clinger and Representative Thurman, the ranking minority member, met with Col. Simmons. As a result of that discussion, and a follow-on discussion, Col. Simmons told Subcommittee Chairman Zeff that he was prepared to stand by either version of his prepared testimony at the second hearing.

##### *1. Testimony of Col. Joseph J. Simmons, IV, WHCA*

In response to questions regarding the IG’s findings, Col. Simmons generally acknowledged WHCA’s shortcomings but attributed them to the faulty oversight and support provided by DISA, and by other DOD agencies such as the Defense Finance and Accounting Service (DFAS) and the Army Information Systems Command.<sup>33</sup> However, on the matter of the \$4.9 million mobile communications systems, Col. Simmons unequivocally stated that the systems were working quite well, and that the IG’s criticisms of the mobile communications systems were entirely incorrect and unjustified.<sup>34</sup> Col. Simmons was unable to explain why he had earlier concurred in writing with the IG’s findings on this matter, and since the IG representatives were not present at the second hearing, the question could not be debated in detail.

To resolve the issue, Subcommittee Chairman Zeff requested that Col. Simmons send him a letter explaining why the IG’s conclusions regarding the mobile communications system were incorrect.<sup>35</sup> However, Col. Simmons did not do so. Subcommittee Chairman Zeff subsequently sent a letter to the DOD IG requesting clarification and substantiation of their conclusions on this matter, and the IG responded with a detailed analysis of the systems’

<sup>33</sup> See original transcript of June 13, 1996 hearing at 34, 43, 103.

<sup>34</sup> See original transcript of June 13, 1996 hearing at 73–81, 103–107, 109–111, 114.

<sup>35</sup> See original transcript of June 13, 1996 hearing at 115.

shortcomings.<sup>36</sup> The IG also provided copies of internal WHCA analyses—both prospective and retrospective—which confirmed that although WHCA had originally planned to use the systems on almost all Presidential trips, WHCA officials discovered after purchasing the systems that they suffered from a number of significant limitations which made them more expensive, less convenient, and as a practical matter useful for only a small percentage of Presidential trips.

#### *2. Testimony of Emmett Paige, Jr., ASD/C3I*

On the issue of mission creep, Secretary Paige took the position that WHCA's present mission is appropriate. The Secretary did not agree with the IG's recommendation that some of WHCA's taskings be transferred to the Executive Office of the President.

Regarding the accountability issues, the Secretary stated that primary responsibility for the efficiency of WHCA's operations resides with the WHCA Commander.<sup>37</sup> The secretary went on to say that the new Memorandum of Agreement between ASD/C3I and the White House Office of Management and Administration, together with a new commitment to oversight and support on the part of DISA, should ensure that WHCA conducts its operations in accordance with all applicable DOD policies and regulations in the future.

### IV. CONCLUSIONS AND RECOMMENDATIONS

#### A. PROPER MISSION OF WHCA

Since the end of the Cold War in 1989, the U.S. Armed Services have been steadily downsized to the point where the United States today has less than two-thirds of the combat power which it had as recently as the 1991 Gulf War. This reduction in combat power has been accompanied by concomitant reductions in manpower and funding, with the defense budget continually declining in terms of constant dollars.

At the same time as the Armed Services have experienced drastic reductions in manpower, funding, and combat power, they have been called upon to perform an ever-increasing quantity and variety of new missions. United States Forces have been keeping the peace in Bosnia, maintaining a United States presence in Saudi Arabia, patrolling the waters off Taiwan, guarding refugees in Cuba, supporting the Olympics in Atlanta, and assisting in the war on drugs, to name just a few of their higher-profile missions. With fewer and fewer units performing more and more missions, our men and women in uniform are subjected to ever-greater strains as they maintain their personal and professional readiness.

In this climate, it is crucial that our limited military assets not be diverted into the performance of civilian tasks. While no one will deny that the White House is entitled to have audiovisual support for press conferences, stenographic services, news wire services, and so on, these services should not be provided by soldiers, sailors, airmen and marines. Rather, such tasks should be accomplished

<sup>36</sup> Letter from Eleanor Hill, Department of Defense Inspector General, to the Honorable William H. Zeff, subcommittee chairman, dated July 8, 1996.

<sup>37</sup> See original transcript of June 13, 1996 hearing at 46.

and paid for by the Executive Office of the President, not by the Department of Defense. In short, each agency of Government should be used for the purpose for which it is designed, which means that the military should not be used for civilian tasks and political ends.

Furthermore, if the Executive Office of the President is required to pay for the services which it uses, then it will have an incentive to insure that such services are procured and paid for in an economical and efficient manner. This would be a marked improvement over the present situation, where the Executive Office of the President has little incentive to exercise careful control over DOD funds.

Thus, the committee recommends that legislation be enacted limiting WHCA's mission to the provision of national security-related telecommunications services required by the President in his capacity as Commander-in-Chief of the U.S. Armed Forces, and providing that all other functions presently performed by WHCA be transferred to the Executive Office of the President. It should be noted that legislation addressing some of the committee's concerns is currently pending in the House of Representatives, having been put forward by Representative Floyd Spence, Chairman of the National Security Committee, in the form of an amendment to H.R. 3230, a Department of Defense authorization bill.

#### B. ACCOUNTABILITY AND INTERNAL CONTROLS

WHCA's accountability problems have arisen from the same source as its mission creep: the complete separation of responsibility from control. DOD bears direct and complete responsibility for WHCA, in that it must provide the personnel, equipment and funding required by WHCA to perform its assigned missions. However, while DOD has complete responsibility for WHCA, DOD has no effective control over WHCA, because that control is entirely in the hands of the White House Military Office.

The current administration has struggled valiantly to obscure this basic fact by withholding witnesses, altering testimony, and seeking to put the blame for WHCA's shortcomings on DISA. However, it remains obvious that the reason why DOD and DISA have been completely unable to exercise effective oversight over WHCA, is that WHCA is under the complete protection and influence of the White House. As long as WHCA takes its primary direction from WHMO, and as long as the WHCA Commander is rated and reviewed by the Director of WHMO and the White House Chief of Staff, WHCA will always strive singlemindedly to fulfill White House requirements, while freely ignoring DOD and DISA requirements.

Thus, the committee recommends that the WHCA Commander be rated by the Director of DISA, and reviewed by the ASD/C3I. The DISA Director and the ASD/C3I will ensure that WHCA continues to support the national security-related requirements of the Commander-in-Chief with maximum effectiveness, and are also much more likely than White House staffers to ensure that WHCA sticks to its military mission and adheres to applicable DOD policies and regulations.

## C. CONTINUED CONGRESSIONAL OVERSIGHT

Finally, the lack of cooperation from the White House, together with the attempts made by the ASD/C3I and especially the WHCA Commander to minimize the nature and extent of WHCA's continuing difficulties, make it clear that WHCA will probably not undergo any substantial reform unless it is overseen by Congress. To that end, the committee recommends that legislation be enacted requiring WHCA, WHMO, and the DOD IG to provide annual reports to the subcommittee over a period of 5 years, to include fiscal years 1996, 1997, 1998, 1999, and 2000. These reports should describe the continuing progress (or lack thereof) toward solving the problems identified by the DOD IG and by this subcommittee, and each report should be submitted within 90 days after the end of the fiscal year to which it applies.

DISSENTING VIEWS OF HON. CARDISS COLLINS, HON. KAREN L. THURMAN, HON. HENRY A. WAXMAN, HON. ROBERT E. WISE, JR., HON. MAJOR R. OWENS, HON. EDOLPHUS TOWNS, HON. LOUISE M. SLAUGHTER, HON. PAUL E. KANJORSKI, HON. CAROLYN B. MALONEY, HON. THOMAS M. BARRETT, HON. BARBARA-ROSE COLLINS, HON. ELEANOR HOLMES NORTON, HON. JAMES P. MORAN, HON. CARRIE P. MEEK, HON. CHAKA FATTAH, AND HON. ELIJAH E. CUMMINGS

From January 1995 until July 1996, the Inspector General (IG) of the Department of Defense (DOD) has issued no fewer than 350 reports detailing problems of the Department of Defense. Yet the White House Communications Agency (WHCA) is the only matter involving oversight of any Department of Defense agency that the Subcommittee on National Security, International Affairs, and Criminal Justice has held under the control of the Republican majority.

It should be noted that in FY 1995, the Department of Defense had a budget of \$260 billion and issued an average of \$35 million an hour in checks. In that same year, the White House Communications Agency had a total budget of \$68 million, less than 2 hours worth of Defense Department spending.

The Inspector General found no evidence of waste, fraud or abuse in the agency's disbursement of resources. Moreover, the Inspector General noted that some of the management and oversight problems found in WHCA were widespread throughout the Department of Defense. When problems specific to WHCA were identified, the Assistant Secretary of Defense for Command, Control, Communications and Intelligence and the Defense Information Systems Agency concurred with the Inspector General's findings. The corrective procedures adopted by the agency were those recommended by the Inspector General.

In its review of WHCA, the Department of Defense Inspector General found "no evidence of theft or significant waste of agency resources." However, one would never know that basic fact by an examination of the majority's report based on the Department of Defense's audit. The majority report entitled "A Two-Year Review of the White House Communications Agency Reveals Major Mismanagement, Lack of Accountability and Significant Mission Creep" attacks the Armed Forces personnel who serve in this highly sensitive communications complex known as the White House Communications Agency.

The majority fails to note that as a Department of Defense entity, WHCA immediately implemented several corrective actions recommended by the DOD IG. Moreover, instead of allowing the Department of Defense to oversee the completion and review of corrective actions undertaken, the majority proposes three unneces-

sary and ill-advised legislative “remedies.” We disagree with the majority’s report and with the legislative remedies which they propose.

Moreover, it should be noted that for 55 years, no other administration has allowed this agency to be audited or inspected by any agency, inside or outside of the Department of Defense. The Clinton administration should be commended for allowing this inspection and assuring that sound management and oversight procedures are implemented. By taking these steps, this administration has changed five decades of lax practices. It would seem that the Committee on Government Reform and Oversight would want to applaud such an effort, not ensure that it may never happen again.

## I. BACKGROUND<sup>1</sup>

The White House Communications Agency (WHCA) began as an informal organization in December 1941 called the White House Signal Detachment. It was officially activated in March 1942 to operate telecommunications radio networks for security forces and for backup telephone services. The Signal Detachment established private telephone exchanges with lines to key offices in Washington, DC and to persons the President wished to summon in emergencies. In 1962, the Secretary of Defense reassigned WHCA from the Army to the Defense Communications Agency (DCA), now the Defense Information Systems Agency (DISA).

WHCA provides telecommunications and other related support to the President and Vice President, the President’s staff, the First family, the Secret Service and others as directed. Support provided by WHCA includes secure and nonsecure voice and data communications, printed message communications, audiovisual services and photographic and graphics services. WHCA also provides general purpose automated data processing support for the National Security Council and the White House Military Office.

As defined in the Department of Defense, Defense Communications Agency Circular 640-45-489, issued in 1989, the mission of WHCA is to provide “telecommunications and other related support” to the President. Other related support is defined as “including, but not limited to, audiovisual services, including video tape recording; photographic laboratory and drafting support of the White House and general purpose automated data processing support of the National Security Council and the White House.”

## II. ALLEGATIONS OF “MISSION CREEP”

### A. DUTIES OF WHCA

The majority contends that the basic telecommunications mission has expanded. It should be noted the rapid change in telecommunications technology in the last 50 years may account for some of this alleged “creep.” As defined in the Department of Defense, Defense Communications Agency Circular 640-45-489, issued in 1989, the mission of WHCA is to provide “telecommunications and other related support” to the President. Other related support is defined as

<sup>1</sup>All background information on WHCA is taken from the White House Communications Agency study done by the Department of Defense Inspector General, Report No. 96-100.

“including, but not limited to, audiovisual services, including video tape recording; photographic laboratory and drafting support of the White House and general purpose automated data processing support of the National Security Council and the White House.”

Additionally, in a 1987 classified document (nonclassified portions were quoted in the DOD IG’s audit), other services provided by WHCA were examined and deemed to be “well documented and supported” by the Defense Communications Agency (DISA’s predecessor). DCA examined WHCA’s role in political events, including providing audiovisual services, photographic laboratory support, drafting, and other graphic services for the White House staff. If the provision of these services is acceptable where the President participates in a political event, then contrary conclusions are not warranted concerning nonpolitical events involving duties squarely within the scope of the presidency.

The majority does not contend that the President is not entitled to these services. Their argument is that DOD should not pay for them or should be reimbursed through the Executive Office of the President. This is essentially an argument about bookkeeping. Given that their major contention is one of bookkeeping, the “mission creep” allegation becomes a bit murky because it attempts to argue on one hand that the services are impermissible, but on the other hand that some other entity ought to be responsible for providing them. It seems that adopting the majority’s contention that another entity ought to provide services would only serve to create an inefficient and artificial division of labor. Currently, there is one entity which provides these services efficiently.

On the other hand, to adopt the majority’s premise that the services should be provided by the Department of Defense but paid for by the Executive Office of the President seems to undercut the majority’s concern over who will control the provision of the services. Under the current arrangement, the services are provided by, paid for and controlled by the Department of Defense. Under the majority’s scheme, the services would be provided by Defense, but paid for by the White House. It seems that such an arrangement would necessitate the Executive Office of the President having direct control over an entity of the Department of Defense. Such a system would create an unworkable and highly inefficient bureaucracy.

Finally, as noted by an opinion of a Bush administration Assistant Attorney General (“White House Communications Agency Expenses Incurred on Presidential Political Travel,” October 22, 1990):

As Commander in Chief as well as in his other official roles, the President requires dependable means by which to communicate instantly with individuals anywhere in the world at any moment. In an age when conflict may develop and escalate to crisis proportions in minutes, the President cannot be expected to rely on unpredictable and variable private communications facilities. Indeed, it was precisely to eliminate the need for reliance upon such nongovernmental facilities that WHCA was created.

The minority believes that neither national nor international affairs have changed in such a way to render this opinion of the Bush administration Assistant Attorney General moot.

#### B. WHCA BUDGET AND SPENDING

If the majority's concerns about "mission creep" were valid, it would seem that WHCA's budget and spending would have increased significantly during the Clinton administration. Instead of increased spending the agency has returned money to the Treasury. Under the Clinton administration, WHCA suffered a decrease of 18 percent authorized personnel and a 37 percent budget cut. Despite those limitations, the agency returned \$6 million to the Treasury (\$3 million in FY 1993 and \$3 million in FY 1994). Therefore, if WHCA increased its activities under this administration, as alleged by the majority, it has done so with less money and fewer people while achieving a surplus. Such an outcome is unlikely. However, if such an outcome were to occur, it would seem that WHCA's methods should be applauded and not castigated as they are in the majority's report.

It should be noted that according to the DOD IG, the greatest increase in personnel and spending for WHCA occurred during FY 1991 and FY 1992, under the Bush administration. At that time WHCA posted a 66-percent increase in personnel for campaign related personnel.

Finally, it appears that the allegations of "mission creep" have been rendered moot by the passage of the Spence amendment to the FY 1997 Defense Authorization bill on May 14, 1996, 2 days before the subcommittee's first hearing on WHCA. The Spence amendment specifically limits WHCA to providing "telecommunications services" and uses "mission creep" as a justification for restricting WHCA's functions. It should be noted that no other hearings on WHCA were held in this Congress by any committee. Therefore, it would appear that partisan concerns have overridden the legitimate oversight role of this committee.

#### III. INVOLVEMENT OF THE WHITE HOUSE IN WHCA

The majority contends that WHCA is under the operational control of the White House Military Office (WHMO). In the alternative, they assert that WHCA is a "defacto agent of the White House under the direction and control of the Special Assistant to the President for Management and Administration through the White House Military Office." Neither assertion is accurate. According to DOD Directive 5105.15, dated June 25, 1991, the Defense Information Systems Agency (DISA) provides administrative support to the White House Communications Agency. Administrative support is defined as "budgeting, funding, contracting, legal counseling and personnel management." DISA is under the operational control of the Assistant Secretary of Defense for Command, Control, Communications and Intelligence.

The Inspector General found that DISA did not carry out those responsibilities despite this directive because it erroneously believed that the WHMO was responsible for these functions. Moreover the audit found that the White House Military Office did not

carry out these functions because it correctly believed that the responsibility belonged to DISA.

However, despite the audit's findings that the WHMO did not exercise control over WHCA, the majority sought the testimony of two White House political appointees, Ms. Jody Torkelson, Assistant to the President, and Mr. Alan Sullivan, Deputy Assistant to the President and head of the White House Military Office (a civilian entity). The White House Counsel's office objected to the appearance of these witnesses and declined the invitation.

The White House argued that under the Separation of Powers Doctrine, there is long-standing precedent of declining invitations to testify before congressional panels for White House officials who are involved in policymaking. However, exceptions have been made under extraordinary circumstances involving issues of fact which only the requested witness can address.<sup>2</sup> Conversely, objections are not raised where invitations to testify are issued to White House employees involved in "operations."

This policy has evolved to the generally accepted principle that the testimony of White House employees involved in "operations"<sup>3</sup> is open to formal congressional inquiry, while the testimony of an employee involved in "policy"<sup>4</sup> is not subject to formal congressional inquiry.<sup>5</sup> This principle has been recognized and applied by all previous administrations. (See June 16, 1992 letter below to Chairman Jack Brooks from Mr. Nicholas Calio). The majority recognizes this principle yet seeks to evade it by redefining the roles and responsibilities of these two requested witnesses. They assert that they are not responsible for policy but for operations, which the majority terms "administrative decisionmaking."

This is a distinction without a difference. It can be argued that any position requiring "decisionmaking" is one involved with forming positions or constructing policy. Discussions, factors and considerations involved in forming policy (administrative or otherwise) would be open to questioning. Therefore, the Office of White House Counsel declined the invitations for policy personnel under well-established precedent.

THE WHITE HOUSE,  
Washington, June 16, 1992.

Dear Mr. Chairman:

I am writing in response to your letter of June 11 to the President regarding your June 23 scheduled hearing. In that letter, you invited the Administration to send appropriate Administration officials to testify. We would propose to send Mr. Robert Mueller, Assistant Attorney General, Criminal Division, Department of Justice, and

<sup>2</sup>While the majority notes that White House policy officials have appeared before congressional investigative panels, it fails to mention that such appearances were limited to proceedings involving allegations of criminal and quasi-criminal actions by the officials in question or which said officials were believed to have personal knowledge. Notably, White House policy officials appeared before Congress during the Watergate Investigation and the Iran-Contra investigation. None of the allegations surrounding WHCA is criminal in nature.

<sup>3</sup>As a practical matter, testimony about the operations or day to day affairs of an agency are essentially factual questions which would necessitate the statements of one who has been present during the occurrence of the events at issue.

<sup>4</sup>As a practical matter, testimony about "policy" involves inquiring into discussions surrounding the facts and considerations that were reviewed in reaching the decision or setting the policy.

<sup>5</sup>This does not mean that Congress has no other means to obtain requested information from individuals who hold policy positions. Letters, meetings and informal discussions are not precluded. It could be argued that informal discussions may actually yield more information than formal proceedings. Additionally, the subpoena is always available to compel the appearance of any unwilling witness whose testimony is critical to the issue at hand.

Mr. Laurence Urgenson, Acting Deputy Assistant Attorney General, Criminal Division, Department of Justice. In addition, I would note that the Administration has previously testified in great detail regarding pre-Desert Storm Iraq policy, the administration of the relevant programs and related investigations. I attach a copy of this testimony and ask that it be made available to all Committee Members before the hearing.

Your letter also requested the appearance of Mr. Nicholas Rostow, Special Assistant to the President and Senior Director for Legal Affairs, National Security Council; and Mr. C. Boyden Gray, Counsel to the President. As I advised the Chairman of the Committee on Banking, Finance and Urban Affairs in response to a similar request, it is the longstanding practice of the Executive Branch to decline requests for testimony by members of the President's personal staff. For that reason, I must decline your request for personal testimony by Messrs. Gray and Rostow. In light of the unusual circumstances presented here, however, the Administration is prepared to work with you to develop an alternative, mutually acceptable mechanism for making available to Members of the Committee the White House officials whose testimony you have sought.

Finally, attached to your letter was a request for documents from the Department of Agriculture, the State Department, the Department of Justice, the White House, the Department of the Treasury/U.S. Customs Service, and the Department of Commerce. In order to expedite a response to that request, we have forwarded it to the listed Departments outside the White House, and have directed them to respond directly to the Committee. In light of the large number of documents requested, it is unlikely that they or the White House will be able to meet the June 18 response date, but we have requested that they respond as quickly as possible.

Sincerely,

NICHOLAS E. CALIO,  
*Assistant to the President for Legislative Affairs.*

Chairman Jack Brooks,  
Committee on the Judiciary,  
House of Representatives,  
2138 Rayburn House Office Building,  
Washington, D.C. 20515-6218.

cc: The Honorable Hamilton Fish, Jr.  
attachments

#### IV. INVOLVEMENT OF THE GENERAL ACCOUNTING OFFICE

The majority contends that the General Accounting Office (GAO) was prevented from obtaining information in its attempt to conduct an audit of WHCA pursuant to a request by Chairman Clinger. In raising the issue of the involvement of GAO, the majority's concern seems to be that GAO did not obtain what they believed to be adequate responses to certain inquiries. Specifically, in response to GAO's requests for information, DISA, WHCA, White House Office of Management and White House Counsel's Office provided briefings, summary documents and a White House management study.

However, GAO deemed that this information was insufficient to determine specific activities or costs. In May 1994, GAO provided a list of additional data requirements. After several meetings, representatives of GAO were told that the DOD expressed concerns about the handling of classified data. Because of WHCA's role in providing secured communications for several entities including the Office of the President, the Office of the Vice President, the National Security Council and any official in the line of Presidential Succession, such a concern should not be taken lightly. This basic function could be seriously compromised through inadvertent release of information concerning the operation of WHCA, the number and locations of existing secured circuits used in its telecommunications functions as well as information concerning the identity of vendors of such secured lines and circuits.

GAO seemed to believe that DOD was not sufficiently sensitive to its ability to handle such delicate information. DOD believed that the likelihood of release of such security information was in no small way related to the number of people who had access to it. Therefore, DOD determined that the optimal solution would be for the information to remain in-house and for the audit to be conducted by the agency's Inspector General.

However, this issue is moot because in February 1995, Chairman Clinger and Subcommittee Chairman Zeff requested the appointment of Derek Vander Schaff, Department of Defense Deputy Inspector General, as auditor of WHCA. Mr. Vander Schaff conducted the audit which formed the basis of the Department of Defense Inspector General Report on WHCA (DOD Report No. 96-100). The majority has not criticized the outcome or methodology of the audit.

#### V. INSPECTOR GENERAL FINDINGS AND WHCA RESPONSES

In its review of all activities at WHCA, the functions and missions of the agency and the funding and reporting of those activities, the DOD IG chosen by Chairman Clinger and Chairman Zeff, found "no evidence of theft or significant waste of resources." However, they did note 38 instances of management deficiencies and a lack of oversight. In 36 instances, the Assistant Secretary of Defense for Command, Control, Communications and Intelligence fully concurred with the findings and implemented the IG's suggestions for correcting the deficiencies. In two instances, there was a partial concurrence with the findings.

The following is a summary of the major deficiencies found by the Department of Defense Office of Inspector General and WHCA's responses:

1. The IG found that DOD provides audiovisual, news wire and stenographic services and camera equipment to the White House, which exceed the stated mission of WHCA to provide telecommunications support to the President. As a result, DOD funded about \$7.8 million for services and equipment during FY 1995 that would have been more appropriately funded by the Office of Administration, Executive Office of the President. The IG recommended a memorandum of understanding between the Director of Defense Information Systems Agency, the Commander of WHCA and the Executive Office of the President detailing specific services to be provided. That memo was signed in March 1996.

2. The IG found that WHCA provided reimbursable services to the Secret Service and had not reported such to the Secretary of Defense or obtained reimbursement from the Secret Service. Thus, between October 1990 and March 31, 1995, the Secret Service was enriched by about \$4.3 million. The IG recommended a revised memorandum of understanding with the Secret Service concerning reimbursable expenses. However, Congress voided this necessity by exempting the Secret Service from such reimbursements.

3. The IG found that WHCA did not maintain control over repair parts inventories and contracting officers representatives did not document equipment maintenance information in accordance with DISA guidelines. The IG recommended the development of a comprehensive plan to oversee maintenance systems, inventory excess repair parts and to comply with DISA guidelines. The Assistant

Secretary of Defense for Command, Control, Communications and Intelligence agreed and is developing a plan.

4. The IG found that WHCA had not established accountability for all nonexpendable property (equipment with a value over \$100, such as radios, computers and vehicles) and had excess expendables (supplies with a value under \$100) on hand. The Assistant Secretary concurred in the findings and agreed to revise instructions on property accountability no later than November 1995. By issuance of the report, WHCA had recorded the computer and photographic equipment and implemented a procedure to reduce excess supplies.

5. The IG found that WHCA's inventory of short-haul telecommunications equipment and services is neither complete nor accurate. The Assistant Secretary concurred and WHCA is currently conducting an inventory and formalizing procedures for maintaining inventory records. These were completed on March 31, 1996.

6. The IG found that WHCA paid for 21 leased long-haul telecommunications circuits and equipment items that were no longer required. They failed to maintain an inventory of long-haul equipment and services and did not keep records of all telecommunications equipment. The Assistant Secretary concurred and stated that WHCA is currently revalidating 11 circuits that were specifically questioned and formalizing its process to review one-eighth of its long-haul circuits each quarter. WHCA will establish an inventory during implementation of the review and validation program.

7. The IG found that WHCA did not validate Customer Cost and Obligation reports that list charges for long-haul telecommunications equipment and services. WHCA had no procedure for verifying the accuracy of vendor charges. The Assistant Secretary concurred with the findings and stated that WHCA had changed procedures to ensure the accuracy of vendor charges.

8. The IG found that DISA has exercised limited administrative, financial and operational oversight of WHCA, a DISA organization. The IG found that the Memorandum of Agreement discussed in item No. 1 resolved this issue.

9. The IG found that WHCA did not use contracting officers to acquire temporary telecommunications equipment and services, competitively select vendors, establish contracts with selected vendors, validate quoted prices, or establish a formal memorandum of agreement with a contracting office. The procurement and payment process was flawed because WHCA did not comply with Federal and DOD telecommunications, contracting and accounting regulations. The Assistant Secretary concurred and agreed to assign the Defense Information Technology Contracting Office to provide contract support to WHCA for temporary telecommunications equipment and services; entered into a memorandum of agreement to specify payment functions by WHCA and Defense Finance and Accounting Service (finalized March 7, 1996) and instituted interim procedures to ensure that contracts are established in accordance with regulations.

10. The IG found that WHCA could not validate outstanding unliquidated obligations totaling \$14.5 million or equipment and services leased as of February 1996. An unliquidated obligation is a bill for which there is insufficient "backup" documentation. It may be

legitimate but it is difficult to tell. The Assistant Secretary agreed and has implemented procedures to establish obligations for overseas trips; establish procedures to review unliquidated obligations on a monthly basis and agreed to establish procedures with the Department of State to ensure supporting documentation is provided to WHCA in a timely manner.

#### VI. MAJORITY'S LEGISLATIVE RECOMMENDATIONS

A. The majority recommends that legislation be enacted that limits WHCA's mission to the provision of national security related telecommunications services required by the President in his capacity as Commander in Chief. We disagree with this recommendation. We note that the recommendation is moot because of the above-referenced Spence amendment. Moreover, we note that contrary to the majority's implication of a neat delineation of Presidential duties (Commander in Chief versus non-Commander in Chief), no such clear distinction is manifest in law or fact. As noted by an Assistant Attorney General during the Bush administration ("White House Communications Agency Expenses Incurred on Presidential Political Travel," October 22, 1990), "As Commander in Chief as well as in his other official roles, the President requires dependable means by which to communicate instantly with individuals anywhere in the world at any moment."

B. The majority recommends that legislation be enacted requiring that the Commander of WHCA be rated by the Director of DISA instead of the Head of the White House Military Office. We disagree with this recommendation. This is an effort to unnecessarily micromanage an agency of the executive branch. Concerns about which official writes the personnel evaluation for another official does not rise to the level of importance necessary for congressional action.

C. The majority recommends that legislation be enacted requiring annual reports to Congress by WHCA, WHMO and DOD IG. We disagree with this recommendation because it is unnecessary. The DOD IG currently issues semiannual reports to Congress. Moreover, any legitimate oversight concerns the majority may have concerning the implementation of corrective actions by WHCA can be addressed by followup audits by the DOD IG. Finally, the majority has presented no evidence tending to show that additional oversight of WHMO is necessary.

#### CONCLUSION

In its review of WHCA, the Department of Defense Inspector General found "no evidence of theft or significant waste of agency resources." However, one would never know that basic fact by an examination of the majority's report based on the Department of Defense's audit. The Clinton administration should be commended for allowing this inspection and assuring that sound management and oversight procedures are implemented. By taking these steps,

this administration has changed five decades of lax practices. It would seem that the Committee on Government Reform and Oversight would want to applaud such an effort, not ensure that it may never happen again.

HON. CARDISS COLLINS.  
HON. KAREN L. THURMAN.  
HON. HENRY A. WAXMAN.  
HON. ROBERT E. WISE, Jr.  
HON. MAJOR R. OWENS.  
HON. EDOLPHUS TOWNS.  
HON. LOUISE M. SLAUGHTER.  
HON. PAUL E. KANJORSKI.  
HON. CAROLYN B. MALONEY.  
HON. THOMAS M. BARRETT.  
HON. BARBARA-ROSE COLLINS.  
HON. ELEANOR HOLMES NORTON.  
HON. JAMES P. MORAN.  
HON. CARRIE P. MEEK.  
HON. CHAKA FATTAH.  
HON. ELIJAH E. CUMMINGS.

